

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST
1390 Market Street, Suite 1150, San Francisco, CA 94102
(415) 552-9292 FAX (415) 252-0461

Policy Analysis Report

To: Supervisor Mandelman
From: Budget and Legislative Analyst's Office
Re: Commercial Vacancies in the Upper
Market/Castro and City Permitting
Date: March 5, 2019



Summary of Requested Action

Your office requested that the Budget and Legislative Analyst: (1) identify vacant commercial properties in the Upper Market/Castro District and determine how many of these properties have submitted applications for approval from the Planning Department and/or Department of Building Inspection and how long these approval processes have taken; and (2) analyze conditional use authorizations and other discretionary approvals decided over the last three years including how long those processes took.

For further information about this report, contact Fred Brousseau at the Budget and Legislative Analyst's Office.

Project staff: Fred Brousseau and Christina Malamut

Executive Summary

- Though methods for identifying vacancies vary, both the City and private sources report increases in commercial storefront vacancies in the Upper Market/Castro District between 2015 and 2017. The City's Office of Economic and Workforce Development (OEWD) report an increase from 7.2 to 10.1 percent during that period; the Upper Market/Castro Community Benefit District and neighborhood blog Hoodline report an increase from 8.5 to 12.9 percent between 2015 and 2017, as summarized in Exhibit A. Most of the 53 reported vacancies by Hoodline for 2017 were on Market Street, between Dolores and Castro Streets.

Budget and Legislative Analyst

Exhibit A: Commercial Vacancy Rate Increases in the Upper Market/Castro as reported by OEWD, the Upper Market/Castro Community Benefit District, and Hoodline, 2015 & 2017

	2015			2017		
	Vacant Store-fronts	Total Store-fronts	Vacancy Rate	Vacant Store-fronts	Total Store-fronts	Vacancy Rate
OEWD data	23	319	7.2%	33	326	10.1%
Upper Market/Castro CBD data	33	388 ^a	8.5%	53	412	12.9%

Sources: Upper Market/Castro Community Benefit District 2015 Retail Strategy (2015 CBD data); Hoodline (2017 CBD data); and OEWD

^a We estimated there were 388 storefronts in 2015 based on the reported vacancy rate (8.5%) and number of vacancies (33)

OEWD reported a slight decrease in the vacancy rate in the Upper Market/Castro commercial district to 9.5 percent as of March 2018 (not shown in Exhibit A).

- While City permitting and approval processes contribute to commercial storefront vacancies in the normal course of new commercial construction, renovations and/or changes in use, a key question is if the building permit and discretionary land use approval processes are taking longer than necessary and thus contributing to the rate and duration of commercial vacancies. Our conclusion is that there are other factors that contribute to vacancies, but there are also opportunities to streamline City processes in the interest of reducing commercial vacancy rates and durations.
- Average elapsed time for building permit approvals and final sign-offs for additions, alterations, and repairs by the Department of Building Inspection and for conditional use authorizations by the Planning Department, the most common approval required for the Upper Market/Castro district, are shown in Exhibit B.

Exhibit B: Average number of days for Building Permits approvals by Department of Building Inspection and Conditional Use Authorizations by the Planning Department, 2015 - 2017

Building permit approval and final construction sign-off for additions, alterations, and repairs (Department of Building Inspection, 2017)	260 days
Conditional use authorization approval (Planning Department, 2015-2017)	332 days

Sources: Department of Building Inspection and Planning Department

- Building permit applications for commercial property alterations, additions and repairs submitted to the Department of Building Inspection (DBI) took an average of 172 days, or nearly six months, to be issued and 88 days for construction/renovation work to be completed and approved in 2017, for a total of 260 days, or approximately 8.7 months.
- Planning Department records show that conditional use authorizations, the most common type of discretionary approval issued in the Upper Market/Castro commercial district between 2015 and 2017, took an average of 332 days, or nearly one year, to be approved. When combined with obtaining a building permit and approval for construction work performed, the entire process can take over one and a half years for projects requiring both approvals. The associated commercial storefronts are often vacant during this application review and construction time.
- The Upper Market/Castro commercial district is subject to more restrictive conditional use authorization requirements for commercial development projects than two other comparable commercial areas: Valencia Street and Hayes Valley. For example, some uses like restaurants, financial services, and bars are permitted as of right in Hayes Valley, but require a conditional use authorization in the Upper Market/Castro commercial district. Further, new bars are no longer permitted in the Castro Neighborhood Commercial District. Additionally, unlike the Upper Market/Castro district, businesses can open larger spaces in Valencia Street and Hayes Valley without a conditional use authorization.
- The conditional use authorization process takes longer for projects in the Upper Market/Castro District. Between 2015 and 2017, the conditional use authorization process in the Upper Market/Castro commercial district took an average of 332 days for approvals, or 56 days longer compared to a 276 day average for Hayes Valley and Valencia Street.
- As of March 2018, OEWD reports that there were 31 vacant commercial storefronts in the Upper Market/Castro District. Of these 31 storefronts, thirteen, or 41.9 percent, could not be leased and occupied as they were undergoing renovation or awaiting approval from the City to proceed with their project. Improving the efficiency of the City's review and

permitting processes could reduce the vacancy time for storefronts such as these thirteen Upper Market/Castro properties and other commercial properties in the City.

- Some factors adding to total elapsed time for commercial projects subject to the City's building permit and discretionary approvals are explained by:
 - a) Backlogs in processing applications for DBI and Planning Department approvals,
 - b) Time consuming processes that the Planning Department reports could be streamlined and/or have little impact on final outcomes such as neighborhood notifications and land use surveys,
 - c) Applicant-caused delays in preparing architectural drawings and filing Notices of Special Restrictions with the Assessor's Office,
 - d) For projects subject to Planning Commission approval, awaiting time for an opening on the Commission's agenda, and
 - e) Sequential rather than simultaneous review of building permit applications by various City departments such as DBI, Public Health and the Fire Department, adding to total review time.
- Streamlining these processes and possible staff enhancements supported by applicant fees to address backlogs in the two departments could help reduce the amount of time smaller commercial properties remain vacant in the Upper Market/Castro District and elsewhere in the City.
- Recognizing that opening or expanding a business in San Francisco can be time-consuming, complicated, and costly, two City programs established in recent years assist small- and mid-sized business with the permit approval process: 1) the Planning Department's Community Business Priority Processing Program (CB3P), an expedited conditional use review process, and 2) OEWD's Open in SF program, which provides a case manager to assist entrepreneurs who need permits and licenses from multiple departments to start a food-based business such as a restaurant or bakery. As of May 2018, OEWD's Open in SF program has served 192 businesses since its inception in Fiscal Year 2016-2017.
- For 32 Citywide conditional use authorization applications from small- and mid-sized businesses processed through the Planning Department's expedited CB3P program between January 2015 and March 2018, it took an average of 173 days to obtain approval, compared to 291 days for regular applications, a savings of 118 days. Applications processed through the program are guaranteed a Planning Commission hearing within 90 days of their application being accepted as complete and placement on the Commission's consent

calendar rather than a regular full hearing. Expanding project eligibility for this program could help expedite conditional use authorizations for some commercial projects in the Upper Market/Castro commercial district and other districts throughout the City.

Policy Options

The Board of Supervisors could consider the following options to address lengthy timelines for building permits, conditional use authorizations, and other discretionary approvals that contribute to the rate and durations of commercial vacancies.

1. The Board of Supervisors could propose legislation to reduce the number of projects that require neighborhood notification in the Upper Market/Castro District and other neighborhood commercial districts through amendments to the Planning Code, replacing this time-consuming process with approaches such as online information for neighbors.
2. The Board of Supervisors could request that the Department of Building Inspection and Planning Department develop a more streamlined process for sending notification requirements so that they are administered by administrative staff in one of the departments instead of waiting for planner staff to begin processing the application which may be delayed due to planner staff backlogs.
3. The Board of Supervisors could propose legislation to reduce the number of projects that require conditional use authorizations in the Upper Market/Castro District through Planning Code amendments to make the requirements more like those in other similar commercial corridors such as Hayes Valley and Valencia Street.
4. The Board of Supervisors could request that the Planning Department and Planning Commission consider and report back on possible changes that would shorten the timeline for review for conditional use authorizations, including elimination of the requirement for land use surveys for certain conditional use authorization applicants and expansion of eligibility for the Community Business Priority Processing Program expedited application processing program (CB3P program).
5. The Board of Supervisors could request that the Planning Department add additional staff to decrease approval timelines. The cost of additional staff

would be at least partially offset by additional fee revenue from processing more applications.

6. The Board of Supervisors could request that the Department of Building Inspection report back on alternatives for reducing the 172 day timeline for issuing building permit applications for commercial properties, such as developing an expedited process for smaller scale neighborhood commercial properties comparable to the Planning Department's Community Business Priority Processing Program (CB3P) program.
7. The Board of Supervisors could request that the Department of Building Inspection, in consultation with other agencies that review building permits, consider and report back on possible changes that would shorten the review timeline for building permits, including inter-agency parallel review of neighborhood commercial project plans.
8. The Board of Supervisors could increase support for small businesses to navigate City processes. Funding for the City's Open in SF Program could be enhanced to provide additional case managers to assist small business owners with permit and license applications.
9. The Board of Supervisors could propose legislation to reform the Discretionary Review process.

Background

The Upper Market/Castro District has experienced an increase in the rate of commercial vacancies since 2015, and some storefronts in the District have been vacant for prolonged periods, according to analyses by Hoodline¹ and others. The 2015 Retail Strategy report prepared by the Upper Market/Castro Community Benefit District reported 33 vacant storefronts and an eight to nine percent retail vacancy rate. A March 2017 analysis by Hoodline reported an increase to 53 vacant storefronts and a 12.8 percent retail vacancy rate, which is greater than the Office of Economic and Workforce Development's (OEWD) target range of five to 10 percent for commercial corridors.² OEWD, which tracks commercial storefront vacancy rates in the District and 23 other commercial districts, reports lower storefront vacancy rates in both 2015 and 2017 compared to the Community Benefit District and Hoodline, but their data similarly show an increase in the vacancy rate over the period, from 7.2 percent in June 2015 to 10.1 percent in December 2017.

A number of stakeholders have suggested that, among the causes of commercial vacancies, particularly extended vacancies, is delays while commercial property owners or tenants are attempting to obtain building permits, conditional use authorizations or other discretionary approvals from the City, or delays after building permits are issued. Delays can be costly for small business owners as they may be paying rent on a property without earning income while they are waiting for City approvals. Additionally, construction costs may rise or the City or State may pass new regulations while small businesses are waiting for approvals, which may increase costs for opening beyond what the business owner initially planned.

In this report we: (1) identify vacant commercial properties in the Upper Market/Castro District and determine how many of these properties have submitted applications for approvals from the Planning Department or Department of Building Inspection and how long they have been in the process; and (2) analyze building permit, conditional use authorizations, and other discretionary approvals decided over the last three years and how long the processes took.

¹ Hoodline is a blog focused on neighborhood news and analysis.

² According to *State of the Retail Sector: Challenges and Opportunities for San Francisco's Neighborhood Commercial Districts*, a 2018 report prepared by Strategic Economics for OEWD, a ground floor vacancy rate in the range of five to 10 percent of storefronts is considered healthy, as it is "low enough to support a vibrant corridor but not so low that there is no room for turnover."

Becoming an operational small business in San Francisco is complicated, time-consuming, and costly

This report focuses on Planning Department and Department of Building Inspection processes for opening a new brick and mortar store in the City. Starting a new small business in San Francisco requires interacting with a number of departments to obtain the necessary registration, permitting and licensing applications. A list of the departments and their responsibilities for implementing the business, tax and other municipal codes can be found in the Appendix.

In recognition that permitting requirements can be onerous and difficult to navigate, the City offers two programs specifically targeted for small business owners looking to open a new brick and mortar shop to help them navigate the permitting process: (1) the Office of Economic and Workforce Development's (OEWD) Small Business Acceleration Program, which is also called Open in SF; and (2) the Planning Department's Community Business Priority Processing Program (CB3P), which provides expedited permit processing for small businesses.

OEWD's Open in SF Program offers free services to people opening small brick and mortar food-based businesses in San Francisco. The pilot program, which began in Fiscal Year 2016-17, provides one dedicated case manager to assist entrepreneurs with permits and licenses needed (from multiple departments) to start a food-based business, such as a restaurant or bakery. As of May 2018, the program has served 192 businesses, or an average of 34 businesses per month.

The Planning Department's CB3P streamlines the conditional use review process for certain small and mid-sized business applications and guarantees a hearing date within 90 days of filing a complete application and placement on the Planning Commission's consent calendar. Between January 2015 and March 2018, 30 small and mid-sized business owners filed and completed the conditional use review process via the CB3P program.

In addition to the two programs described above designed to help small business owners get through the permitting process more quickly, the City also provides information on the permitting process via the online Business Portal and counseling to small businesses before they begin the process. The Business Portal, developed by the Mayor's Office and the Department of Technology, provides a list of all of the registrations, permits and licenses that may be required, by business type. It also includes detailed "starter kits" for more common business types that require many steps. The "starter kits" include step-by-step instructions about how to start a compliant business in the City. The Office of Small Business advises small business owners prior to their starting the permitting process and provides support staff to the Business Portal, but does not walk businesses

through the permitting process from start to finish as is done by the Open in SF Program.

Storefront Retail Vacancies in the Upper Market/Castro District are Increasing According to Multiple Sources

The City's Office of Economic and Workforce Development (OEWD) conducts door-to-door surveys to determine vacancy status and tracks commercial storefront vacancy rates in twenty-four commercial corridors, including the Upper Market/Castro Street District. The Upper Market/Castro Community Benefit District (CBD)³, a private non-profit organization, also tracks vacant commercial properties in the District. This report section presents the vacancies tracked by the CBD and compares them to the vacancies reported by OEWD for the Upper Market/Castro District as well as to those reported for other commercial corridors in the City by OEWD. It also includes a one-time commercial vacancy count for the Upper Market/Castro area prepared by Hoodline, an online neighborhood news blog, in 2017.

OEWD's estimate of commercial vacancies is consistently lower than the CBD's and Hoodline's from 2015 and 2017. The differences are partially due to differences in how vacancies are defined and counted and slight geographic differences in how the Upper Market/Castro District is defined by the organizations. The Upper Market/Castro CBD Retail District⁴ is slightly larger by area than OEWD's Upper Market/Castro commercial corridor. While both districts include the same stretches of Market Street and Castro Street, the CBD Retail District includes more properties located along streets that branch off of the two main streets, as shown in Exhibit 1 below. Three areas included in the Upper Market/Castro CBD Retail District but not in OEWD's commercial corridor are circled in Exhibit 1. According to Hoodline, there are 412 commercial storefronts in the Upper Market/Castro CBD Retail District, which is 86 storefronts greater than OEWD's estimate of 326 storefronts in the commercial corridor.⁵ In addition, OEWD has a more narrow definition of vacant commercial storefronts than Hoodline.

³ A community benefit district is a non-profit, community-based organization funded by a special property tax assessment fee on properties within the district boundaries.

⁴ The retail district contains a subset of properties within the community benefit district, primarily located along Market Street and a portion of Castro Street.

⁵ Hoodline. "It's a fact: the Castro's retail vacancy problem has gotten even worse." March 20, 2017. Available at: <http://hoodline.com/2017/03/castro-retail-vacancy-rising>

Exhibit 1: OEWD and Upper Market/Castro Community Benefit District Boundaries for Upper Market/Castro Commercial Area

OEWD Commercial Corridor

Upper Market/Castro CBD Retail District



Sources: OEWD, Upper Market/Castro CBD

Although the total number of commercial vacancies reported by OEWD versus the Upper Market/Castro CBD and Hoodline differs, both reported an increase in the number of commercial vacancies and the commercial vacancy rate in 2017 compared to 2015, as shown in Exhibit 2. As can be seen, OEWD reported an increase in the commercial vacancy rate from 7.2 to 10.1 percent between 2015 and 2017 whereas the Upper Market/Castro Community Benefit District/Hoodline data shows an increase from 8.5 to 12.9 percent during the same period.⁶ As of March 2018, OEWD reports that there were 31 vacant storefronts and a vacancy rate of 9.5 percent.

⁶ The 2015 Retail Strategy report prepared by the Upper Market/Castro CBD reported a vacancy rate of 8.5 percent in the area's retail district, with 33 vacant storefronts. A March 2017 analysis conducted independent of the CBD by Hoodline reported an increase in the commercial vacancy rate in the Upper Market/Castro area to 12.9 percent. Hoodline's rate was based on their count of 53 vacant storefronts in the area's retail district, including 15 that had been vacant since at least 2015.

Exhibit 2: Commercial Vacancy Rate Increases in the Upper Market/Castro as reported by OEWD and the Upper Market/Castro Community Benefit District, 2015 & 2017

	2015			2017		
	Vacant Store-fronts	Total Store-fronts	Vacancy Rate	Vacant Store-fronts	Total Store-fronts	Vacancy Rate
OEWD data	23	319	7.2%	33	326	10.1%
Upper Market/Castro CBD data	33	388 ^a	8.5%	53	412	12.9%

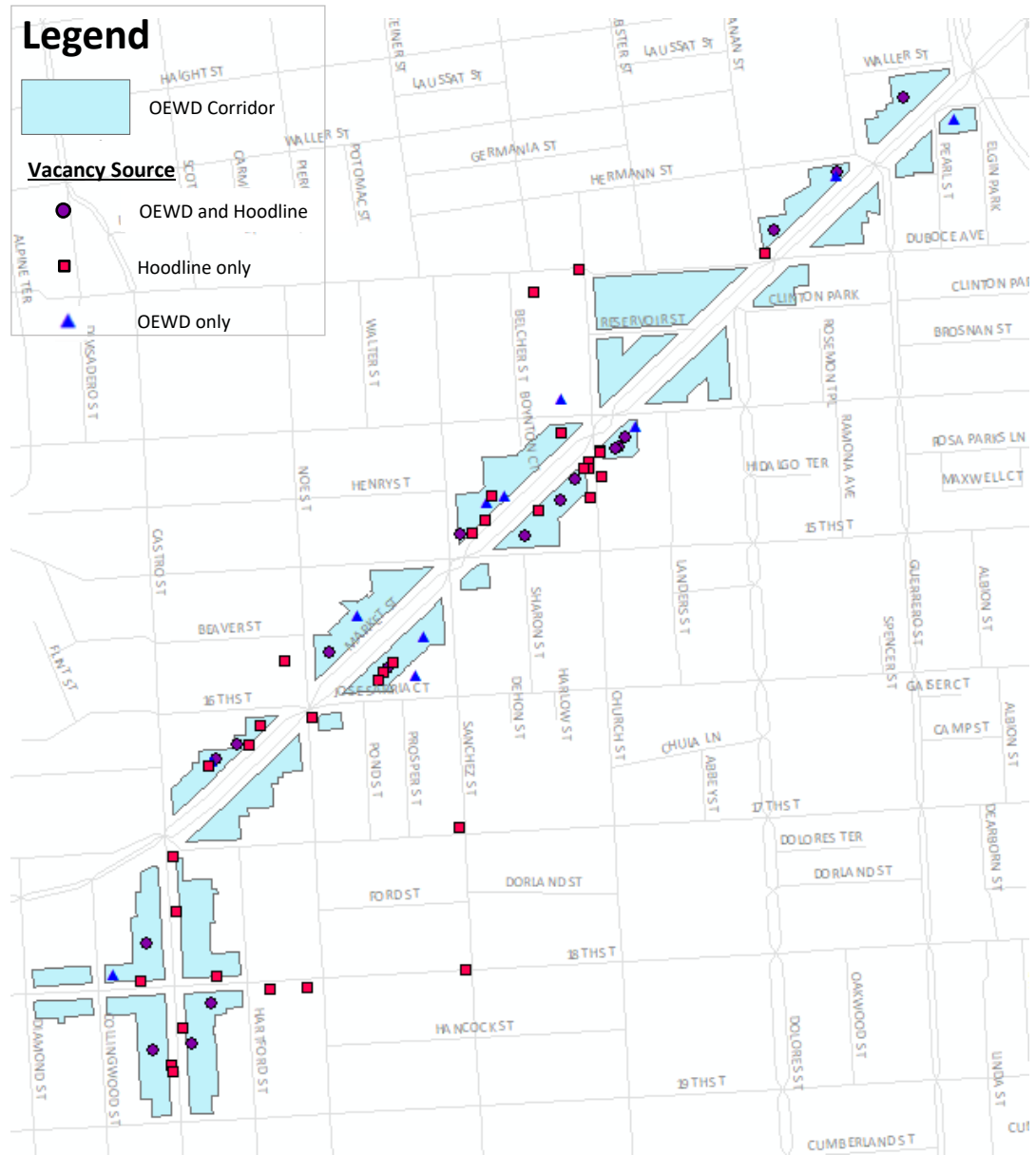
Sources: Upper Market/Castro Community Benefit District 2015 Retail Strategy (2015 CBD data); Hoodline (2017 CBD data); and OEWD

^a We estimated there were 388 storefronts in 2015 based on the reported vacancy rate (8.5%) and number of vacancies (33)

Exhibit 3 below shows the location of vacant storefronts according to the most recent information available from OEWD and Hoodline. As can be seen in Exhibits 3 and 4, the majority of vacant commercial storefronts are located along Market Street (74 percent of OEWD’s list and 55 percent of Hoodline’s list), and there is a high concentration between Sanchez and Church Streets.

Some of the vacant storefronts counted by Hoodline but not OEWD are clearly outside of OEWD’s commercial corridor, and there does appear to be vacant storefronts within OEWD’s commercial corridor that are counted by Hoodline but not by OEWD. This is partly due to differences in points in time when the information was collected - Hoodline’s count occurred in March 2017 and OEWD’s most recent survey occurred in March 2018 - but it is also due to differences in how each organization defines vacancy.

Exhibit 3: Commercial Storefront Vacancies in the Upper Market/Castro as reported by Hoodline and OEWD, March 2017 and March 2018



Sources: OEWD and Hoodline

Exhibit 4: Commercial Storefront Vacancies by Street in the Upper Market/Castro as reported by OEWD and Hoodline, 2017

Street	OEWD (March 2018)		Hoodline (March 2017)	
	Vacant Storefronts	Percent of Total	Vacant Storefronts	Percent of Total
Market St	23	74%	29	55%
Castro St	3	10%	8	15%
18th St	2	6%	5	9%
14th St	2	6%	0	0%
16th St	1	3%	0	0%
Church St	0	0%	7	13%
Noe St	0	0%	1	2%
Sanchez St	0	0%	1	2%
17th St	0	0%	1	2%
Duboce Ave	0	0%	1	2%
Total	31	100%	53	100%

Sources: OEWD and Hoodline

Vacant Commercial Storefronts that Require Department of Building Inspection and Planning Department Approvals

While some vacant commercial storefronts may be on the market and available to rent, others may not be available to rent because they already have a tenant lined up who has not yet occupied the space, the property owner must make improvements to the property before leasing, or for other reasons. OEWD defines commercial vacant properties that are available for prospective tenants to rent and occupy as “active” vacancies and commercial vacant properties that are not available for prospective tenants to rent as “inactive” vacancies. By OEWD’s definition, inactive vacancies include properties that have been leased but need improvement work before the tenant moves in, those that are unoccupied, not leased, and those with no improvement work taking place, and other circumstances.

In this report, we primarily focus on vacancies classified as “inactive” by OEWD as delays in building permit processes and conditional use permit approvals and other City discretionary approvals directly contribute to “inactive” vacancies. However, such delays may also indirectly contribute to “active” vacancies if prospective tenants are dissuaded from renting available properties due to the high costs associated with delays.

Of the 31 vacant commercial storefronts in the Upper Market/Castro area reported by OEWD as of March 2018, 13 were classified as inactive, or not

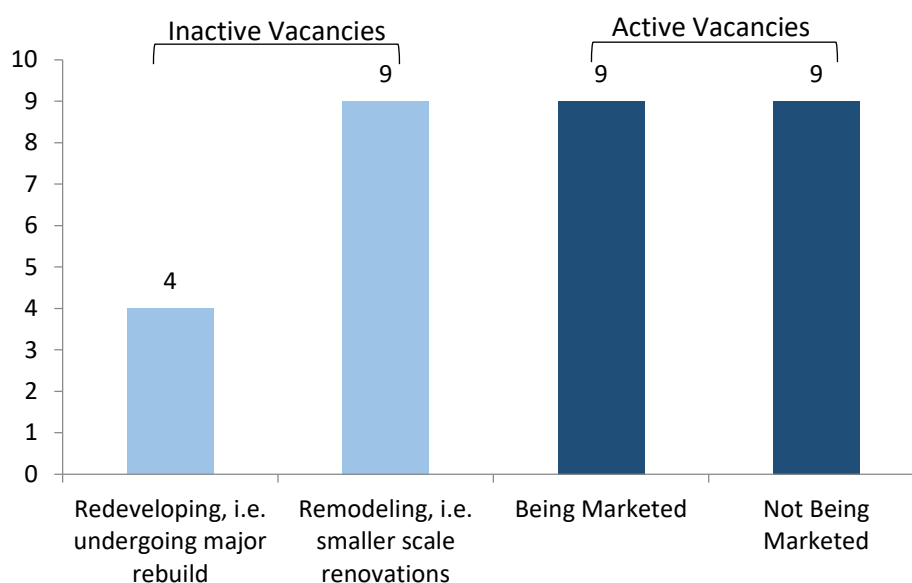
available to be leased, mostly because they were being renovated and may or may not already have had a lease signed. Because building and related permits are required for much of the improvement work done on commercial properties, this means that work on these 13 storefronts has most likely been affected by Department of Building Inspection building permit processes and timelines. In some cases, the properties have also been subject to the Planning Department's approval process and timelines. The longer these City processes take for vacant commercial storefront properties, the longer they remain vacant.

As discussed later in this report, building permits issued by the Department of Building Inspection for additions, alterations, and repairs take 172 days, or nearly six months, on average to issue. Neighborhood notification, which is required for building permits for certain business classifications, can add up to four to six months to the amount of time a commercial storefront is vacant. These time-consuming approvals must be completed before actual renovation work can begin. Building permit issuance is generally quicker for simpler projects as discussed further below.

In addition to the time required for Department of Building Inspection approvals, the 13 vacant commercial storefronts in the Upper Market/Castro with renovation work underway as of March 2018 may also have been subject to the more lengthy Planning Department review and approval before work could begin, depending on the nature of the planned new use and the work being performed. In fact, of the 13 storefronts classified as inactive vacancies by OEWD, two had open applications being processed by the Planning Department as of March 2018, including one conditional use authorization application. The associated properties will remain vacant at least as long as it takes for them to receive approvals from the Planning Commission (they could remain vacant longer than that if renovations are performed after the approvals). As discussed later in this report, the conditional use approval process takes 332 days on average in the Upper Market/Castro District.

As shown in Exhibits 5 and 6, the remainder of the 31 vacant commercial storefront properties in the Upper Market/Castro area are classified as active by OEWD and are either available for lease and are being marketed (9) or are available for lease but are not being marketed for unknown reasons (another 9).

Exhibit 5: Upper Market/Castro Vacancies by OEWD Classification, March 2018



Source: OEWD

Exhibit 6: Upper Market/Castro Commercial Vacancies by OEWD Classification, March 2018

Vacancy Description	Number	Percent of Total
Active Vacancies (could be rented)	18	58.1%
Being marketed	9	29.0
Not being marketed	9	29.0
Inactive Vacancies (cannot be rented)	13	41.9%
Redeveloping (i.e. undergoing major rebuild , with no leases signed)	4	12.9
Remodeling, with leases signed	9	29.0
Total	31	100.0%

Source: OEWD

OEWD Vacancy Rates in 24 Commercial Corridors, including Upper Market/Castro

OEWD biannually collects data to calculate the commercial storefront vacancy rate in 24 selected commercial corridors throughout San Francisco. For all of the commercial corridors it tracks, OEWD reported a commercial storefront vacancy rate of 11.2 percent as of December 2017, ranging from 2.6 percent in West Portal to 27.6 percent in the Leland Avenue commercial corridor. As discussed above,

OEWD's vacancy rate reported for the Upper Market/Castro commercial corridor in 2017 was 10.1 percent, or lower than the 12.9 percent vacancy rate reported for the district by Hoodline for 2017.

OEWD's rate measures storefront vacancies in 24 commercial corridors only and is calculated using data collected by OEWD staff. Brief descriptions of the 24 commercial areas are provided in the Appendix. Exhibit 8 shows the commercial storefront vacancy rate in each of the commercial corridors as of December 2017.

OEWD's commercial vacancy rate focuses specifically on vacant commercial storefronts. OEWD defines a commercial vacancy as a ground-floor storefront commercial space that is vacant with no active use. As discussed above, OEWD further divides commercial vacancies in to "active" and "inactive" vacancies, the definitions of which are provided in Exhibit 7.

Exhibit 7: OEWD's Active and Inactive Vacancy Definitions

Vacancy Type	Definition includes
Active Vacancies	Storefronts that are available for rent, including: <ul style="list-style-type: none">• Storefronts that are empty, on the market, and ready for tenant occupancy. They may be undergoing minor improvements.• Storefronts that are not leased and are not on the market. These are currently vacant for unknown reasons.
Inactive Vacancies	Storefronts that are not available for rent, including: <ul style="list-style-type: none">• Storefronts that have been leased and have an identified future tenant but are currently vacant. These may be undergoing review by the Planning Department or Department of Building Inspection.• Storefronts at sites that have not been leased and are slated for or undergoing demolition or major rebuilding or are in unusable condition. These may also be undergoing review by the Planning Department or Department of Building Inspection.• Storefronts occupied with a non-commercial and/or unidentified use (e.g. personal storage, residential, etc.).

Source: Office of Economic and Workforce Development

Vacant storefronts could move between these two categories if, for example, a tenant leases an "active" vacant space that is ready to be occupied but proposes a use that requires conditional use approval. It would be classified as "inactive" by OEWD while it is leased but unoccupied awaiting Planning Commission approval. While many factors affect the duration of a vacancy, inactive vacancies can be

prolonged due to either the building permit or Planning Commission discretionary approval processes.

OEWD reported a 10.1 percent vacancy rate for the Upper Market/Castro commercial corridor as of December 2017. Of the vacant storefronts, at least 42 percent were subject to the building permit approval process and, in some cases, the Planning Department's discretionary approval process as well. To the extent there are inefficiencies and/or delays in these processes, the properties remain vacant longer than necessary.

As of December 2017, all 24 commercial corridors throughout the City where vacancies are tracked by OEWD had a combined total commercial vacancy rate of 11.2 percent with 686 vacant storefronts, including 394 storefronts (57.4 percent) available for rent and 292 storefronts (42.6 percent) not available for rent.

With 33 vacant storefronts out of 326 total storefronts counted in December 2017, the Upper Market/Castro Street commercial corridor had a total commercial vacancy rate of 10.1 percent, or slightly less than the rate for all 24 commercial corridors tracked by OEWD. Like the vacancy rates based on CBD and Hoodline data reported above, OEWD's 2017 rate also represents an increase over the 7.2 percent rate it reported for 2015.

OEWD's 2017 vacancy rate for the Upper Market/Castro District closely mirrored the mix of vacant storefronts in all 24 corridors the agency tracks with 33 vacant storefronts, including 19 storefronts (57.6 percent) active and available for rent and 14 storefronts (42.4 percent) inactive and not available for rent. Exhibit 8 presents the number of vacant storefronts and vacancy rates reported by OEWD for 24 commercial corridors, including the Upper Market/Castro, as of December 2017.

Exhibit 8: Vacant Storefronts in OEWD Commercial Corridors, December 2017

Corridor	Total Storefronts	Number of Vacant Storefronts			% of Total Storefronts		
		Inactive Vacant	Active Vacant	Total Vacant	Inactive Vacant	Active Vacant	Total Vacant
Broad St	50	6	5	11	12.0%	10.0%	22.0%
Central Market	377	15	38	53	4.0	10.1	14.1
Chinatown	970	32	54	86	3.3	5.6	8.9
Excelsior	540	35	45	80	6.5	8.3	14.8
Fillmore	120	4	12	16	3.3	10.0	13.3
Geary Blvd	234	8	10	18	3.4	4.3	7.7
Inner Mission	716	43	47	90	6.0	6.6	12.6
Irving St	152	4	10	14	2.6	6.6	9.2
Japantown	157	7	6	13	4.5	3.8	8.3
Leland Ave	76	11	10	21	14.5	13.2	27.6
Lombard St	155	9	7	16	5.8	4.5	10.3
Lower Polk	157	4	14	18	2.5	8.9	11.5
Middle Polk	110	1	11	12	0.9	10.0	10.9
Mission Bernal	224	20	11	31	8.9	4.9	13.8
Noe Valley	170	6	8	14	3.5	4.7	8.2
Noriega St	183	4	5	9	2.2	2.7	4.9
North Beach	221	6	22	28	2.7	10.0	12.7
Ocean Ave	157	9	6	15	5.7	3.8	9.6
San Bruno Ave	157	7	7	14	4.5	4.5	8.9
Taraval St	259	17	10	27	6.6	3.9	10.4
Third St	174	20	21	41	11.5	12.1	23.6
Union St	288	8	14	22	2.8	4.9	7.6
Upper Market/Castro*	326	14	19	33	4.3%	5.8%	10.1
West Portal	152	2	2	4	1.3	1.3	2.6
All Corridors	6,125	292	394	686	4.8%	6.4%	11.2%

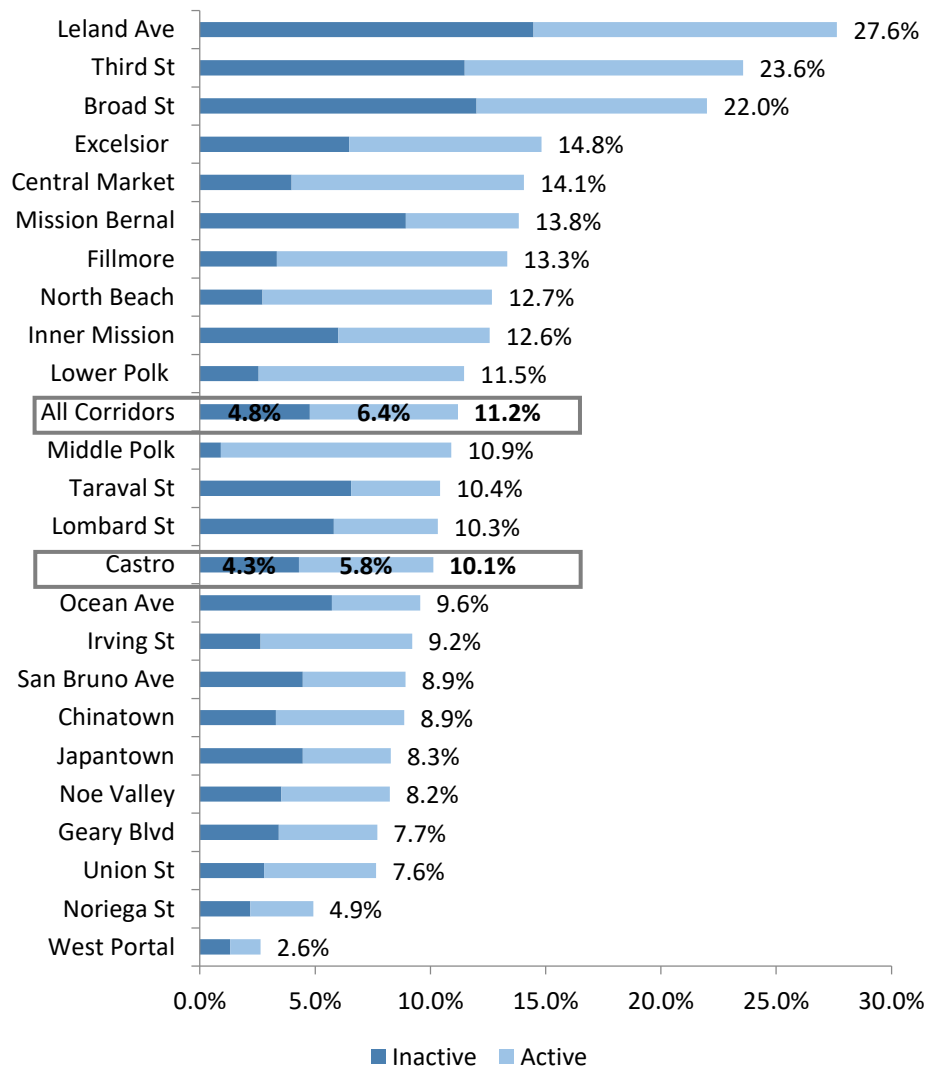
Source: OEWD Invest in Neighborhoods Survey

*Referred to as "Castro" commercial corridor by OEWD, but incorporates most of the same area defined as Upper Market/Castro CBD.

Relative to the 24 commercial corridors tracked by OEWD, the Upper Market/Castro's vacancy rates are slightly below average

The Upper Market/Castro commercial corridor's total vacancy rate of 10.1 percent in December 2017 was slightly less than the total vacancy rate of 11.2 percent for all 24 commercial corridors as shown in Exhibit 9.

Exhibit 9: Storefront Vacancy Rates in OEWD Commercial Corridors, 2017



Source: OEWD Invest in Neighborhoods Survey

Since June 2015, the percentage of storefronts that are vacant and not available for rent has increased in the Upper Market/Castro and in all 24 commercial corridors throughout the City tracked by OEWD, indicating more vacancies where renovation is occurring

In both the Upper Market/Castro commercial corridor and all corridors combined, the total vacancy rate increased between June 2015 and December 2017, largely driven by an increase in the percentage of storefronts that are vacant but not available for rent due to renovation occurring (“inactive” as classified by OEWD). In general, the total vacancy rate in all 24 commercial corridors increased from 9.6

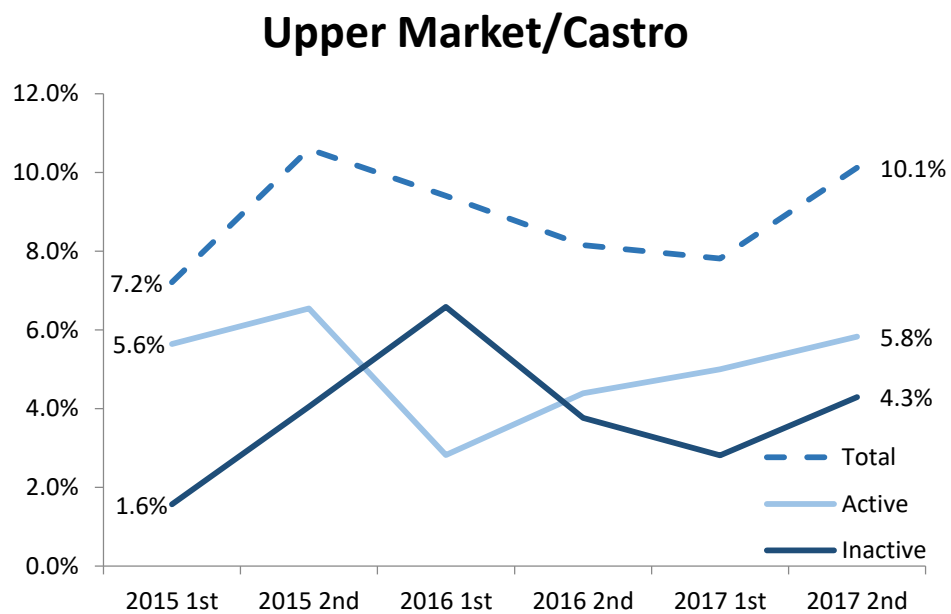
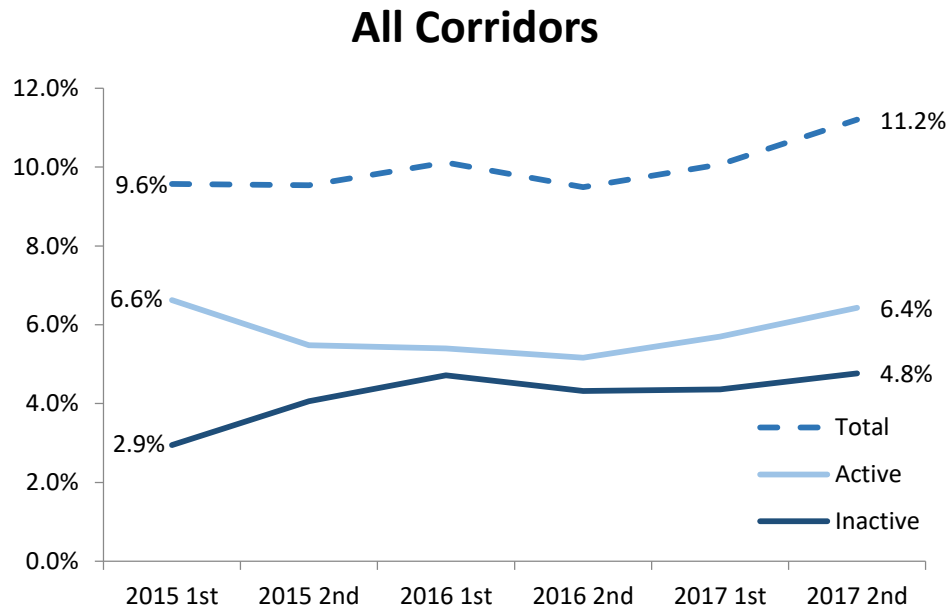
percent in June 2015 to 11.2 percent in December 2017. While the active vacancy rate remained relatively consistent over the three year period, the inactive vacancy rate increased from 2.9 percent in June 2015 to 4.8 percent in December 2017, indicating that more commercial storefronts are vacant and not available for lease. This could indicate an increase in the number of storefronts undergoing renovations and/or longer processing times for the permit processes administered by the Department of Building Inspection and Planning Department.

Trends in the Upper Market/Castro commercial corridor over the review period of June 2015 through December 2017 largely mirrored trends in all commercial corridors tracked by OEWD although vacancy rates in the Upper Market/Castro were more volatile compared to vacancy rates in all corridors, as shown in Exhibit 10. The total vacancy rate increased from 7.2 percent in June 2015 to 10.1 percent in December 2017, largely driven by an increase in the inactive vacancy rate from 1.6 percent in June 2015 to 4.3 percent in December 2017, indicating that more properties are vacant and not available to be leased and occupied.

Impact of Asking Rents

One potential cause of ongoing commercial property vacancies is landlords that are asking rents that the market will not bear. A point-in-time review of asking rents for commercial space in the Upper Market/Castro District (zip code 94114) compared to those of the Mission District (zip code 94110) and the Lower and Upper Haight districts (zip code 94117) showed that average asking rents in the Upper Market/Castro were \$49.37 per square foot per year compared to \$57.55 in the Lower and Upper Haight and \$56.69 in the Mission district. While average asking rents can vary based on the particular mix of properties available at any one time, this one day review taken on September 27, 2018 using listings on the LoopNet website indicated that rents being asked in the Upper Market/Castro are not out of line on average with nearby comparable areas. There may be individual properties where a landlord is asking more than is reasonable for the particular space for lease but, overall, unreasonable asking rents for commercial space does not appear to be a distinguishing characteristic of the Upper Market/Castro District.

Exhibit 10: OEWD Storefront Vacancy Rates in Castro Compared to All Corridors, 2015-2017



Source: OEWD Invest in Neighborhoods Survey

Discretionary Planning Approvals for Commercial Properties

The Planning Department verifies zoning compliance for all new projects and reviews building permit and land use entitlement applications for compliance with the Planning Code. Among its responsibilities, the City Planning Commission reviews projects when a use or project feature is not clearly prescribed by zoning requirements or if a project sponsor requests an exception to Planning Code standards. As discussed below, changes in use that require neighborhood notification by the Planning Department can add four to six months to the time commercial storefront properties are vacant. In addition, the process for obtaining a conditional use authorization is especially time-consuming. Required for applications such as formula retail and some new restaurants in the Upper Market/Castro⁷, conditional use authorizations can add ten months or more to the time commercial storefront properties are vacant. Business owners that are required to obtain conditional use authorizations cannot obtain building permits or begin construction until the Planning Department approves the conditional use authorization. In some cases, the tenant has signed a lease and may be paying rent, but cannot operate their business until they receive all required approvals. The shorter the approval process, the less time such properties should remain vacant.

The Planning Department provided data on Planning Department applications filed for discretionary approval for commercial properties since 2015 in the Castro Neighborhood Commercial District (NCD) and the Upper Market Neighborhood Commercial Transit-Oriented District (NCT), referred to jointly as the “Upper Market/Castro”.

Planning Department records show that there were 51 applications filed for discretionary approvals in the Upper Market/Castro area between 2015 and 2018 and 41 completed as of March 2018. A breakdown of the types of applications processed and the processing time for each is presented in Exhibit 11, with definitions provided in Exhibit 12. On average, it took 332 days or approximately 11 months for the Planning Department to issue conditional use authorizations in the Upper Market/Castro, during which time the associated properties may have remained vacant. However, not all conditional use timeframes can be correlated with commercial storefront vacancy durations as they are also required for demolition or conversion of dwelling units to commercial use and new construction of larger buildings, which require significant time to review. Approval

⁷ Restaurants are conditionally permitted in the Upper Market/Castro District. A conditional use authorization is required in the district when there is a change of use and the new use is a restaurant (e.g. retail to restaurant), but it would not be required if there is no change of use (e.g. restaurant to restaurant).

timelines for applications related to building expansion projects, such as shadow studies and variance applications, impact businesses but do not contribute to commercial storefront vacancies.

Exhibit 11: Number of Applications Closed and Processing Time for Planning Department Approvals: Upper Market/Castro Commercial Properties, 2015-2018

Application Type	Number of Applications	Average Number Processing Days
Certificate of Appropriateness	6	78
Conditional Use Authorization	24	332
Discretionary Review- Mandatory	1	21
Discretionary Review- Public Initiated	1	244
Shadow Study	1	290
Variance	8	320
Total	41	282

Source: Planning Department

Exhibit 12: Planning Department Application Definitions

Application Type	Definition
Review of Building Permits Issued by DBI	The Planning Department reviews building permit applications (when they involve a change of use, building expansion, new signs, or building exterior work) for compliance with zoning codes and notification requirements.
Certificate of Appropriateness (COA)	An entitlement required for exterior alterations requiring a permit for local landmarks and properties located within a local landmark district
Conditional Use Authorization (CUA)	An entitlement that allows for a certain use that is not permitted as of right ⁸ in a particular Zoning District. Approval includes conditions that minimize the impact on the neighborhood
Discretionary Review-Mandatory (DRM)	Review required by the Planning Commission for certain projects ⁹ to address important policy issues that are not yet reflected in permanent zoning controls
Discretionary Review- Public Initiated (DRP)	Review requested by neighbors or any member of the public to object to changes in the area and bring a project before the Planning Commission for a public hearing
Shadow Study (SHD)	Study required for new structures over 40 feet
Variance (VAR)	Request for an exception to a Planning Code standard, such as restrictions on the size, design, and siting of buildings that may be constructed ¹⁰

Source: Planning Department

Planning Department Review of Building Permits and Neighborhood Notification

According to Planning Department staff, the majority of applications reviewed by the Planning Department are applications for building permits. The Department of Building Inspection forwards building permits to the Planning Department that involve a change of use, building expansion, exterior work, or storefront change, and the Planning Department reviews plans for compliance with zoning codes and notification requirements. Many of these permit applications are processed by the Planning Department over the counter, such as changes in use that are principally-permitted and do not require neighborhood notification. Building permits that require neighborhood notification (under Planning Code Section 311 or 312), conditional use authorization, or other Planning Department authorizations are

⁸ The Planning Code contains use charts for each Zoning District that lists use types and whether or not that use is: (a) permitted as of right, (b) conditionally permitted, or (c) not permitted.

⁹ Mandatory Discretionary Review is required for: residential demolitions, dwelling unit mergers, and certain uses in the Ball Park area, the Industrial Protection Zones, and Eastern Neighborhoods.

¹⁰ The Planning Codes has standards for building features such backyards, front setbacks, open space, height, and parking.

assigned to a planner for review. Even if discretionary approval from the Planning Commission is not required for the project but neighborhood notification is, the Planning Department's planner staff administers the notification process. As discussed below, the Planning Department may have up to a three-month backlog of applications to review, depending on staffing levels and volume of work and the notification process is not conducted until all applications received prior are processed by Department planner staff. As a result, projects that require neighborhood notification but no Planning Department discretionary approvals process can be delayed and commercial vacancies extended unnecessarily due to Planning Department backlogs.

Neighborhood Notification for Changes in Use

In the Upper Market/Castro area and other neighborhood commercial (NC) districts, some changes in use, such as retail to restaurant, require neighborhood notification to all residents within 150 feet of the property. Whether or not discretionary approval is required from the Planning Commission, the Planning Department administers the neighborhood notification process for all building permits. This entails notifying residents by mail; the applicant is responsible for posting a sign on the property.¹¹ Residents have a 30-day window to contact the applicant or planner to express concerns and to file a request for Discretionary Review with the Planning Department. If no requests for Discretionary Review are filed, the project is approved by the Planning Department. According to Planning Department staff, the process to approve building permits that require neighborhood notification can take four to six months, incorporating the three month backlog mentioned above before the application is even reviewed by Planning Department staff, then sending out the notices, allowing 30 days for responses, and more time for any follow up.

Changes of use to any of the following nineteen uses require neighborhood notification in the NC districts, including the Upper Market/Castro:¹²

- Adult Business
- Bar
- Cannabis Retail
- General Entertainment
- Group Housing
- Limited Restaurant
- Liquor Store
- Outdoor Activity Area
- Post-Secondary Educational Institution
- Private Community Facility
- Public Community Facility
- Religious Institution
- Residential Care Facility

¹¹ Applicants are required to sign an affidavit saying that they posted a sign on the property for 30 days.

¹² Planning Code §312 (c) (1)

- Massage Establishment
- Medical Cannabis Dispensary
- Nighttime Entertainment
- Restaurant
- School Tobacco Paraphernalia Establishment
- Trade School

According to Planning Department staff, almost all projects that require neighborhood notification are ultimately approved. In July 2018, the Board of Supervisors approved a two-year pilot program to reduce neighborhood notification requirements in Supervisorial Districts 4 and 11 to address storefront vacancies.

The Conditional Use Authorization Approval Process and Timelines

Regular conditional use authorization applications are assigned to a planner based on geography, complexity of the project, and perceptions regarding community support or opposition. Depending on the volume of work and staffing levels, the Department may have backlogs that affect the duration of review for a conditional use authorization. According to Planning Department staff, the backlog can be as short as two weeks or as long as three months. Once assigned, planners review the application and prepare a report in advance of the Planning Commission hearing. According to the City's Charter, all conditional use authorization applications must be heard by the Planning Commission, which determines whether or not the entitlement will be approved. According to Planning Department staff, it can take up to two months to get onto the Planning Commission calendar for a hearing depending on the time of year and volume of applications. The average conditional use authorization application in the Upper Market/Castro had a planner assigned 19 days after filing; a packet published 259 days after filing, or approximately 8.6 months, after filing; and was closed 332 days after filing, or after approximately 11.1 months total. The Planning Department does not track the hearing date for applications in its electronic tracking system, but staff typically publishes a packet on the application one week before the hearing.¹³

Exhibit 13 below describes the stages of the conditional use process and shows the elapsed time to complete each stage for a hypothetical application submitted on March 1, 2017 based on average actual Planning Department times.

¹³ Some applications that were withdrawn may not have had a hearing

Exhibit 13: Hypothetical Application Timeline: Conditional Use Authorization Process Stages in the Upper Market/Castro using Elapsed Times from 2015-2018

Stage	Description	Date Completed if Filed on 3/1/2017
Application Filed	Minimum submittal requirements are met and fee is paid	3/1/2017
Planner Assigned	Manager assigns planner, and initial review by the assigned planner may begin	3/20/2017
Packet Published	Planning staff publish a packet for the Planning Commission Hearing	11/15/2017
Hearing by Planning Commission	The Planning Commission hears the item and issues a determination (approved or disapproved)	11/22/2017*
Application Closed	Project file is closed by Planning staff	1/27/2017

Source: Budget and Legislative Analyst calculations based on permit data from the Planning Department

*Estimated as one week after packet published.

Common Sources of Delays for Conditional Use Authorization Applications

As mentioned above, the Planning Department may have up to a three month backlog of applications to review, depending on staffing levels and volume of work, and it can take up to two months to get onto the Planning Commission calendar for a hearing depending on the time of year and volume of applications, contributing up to five months of elapsed time when no substantive activity is occurring on the application.

Applicants may also be the source of delays, as planners cannot review an application deemed incomplete. After first submitting their applications to the Planning Department, applicants are frequently asked to provide more information before their application can be accepted as complete. This can occur multiple times and is not counted as part of application processing time shown in Exhibit 13. Some applicants claim that Department requirements are not clear or that new requirements are added as the process evolves. Exhibit 14 below summarizes common sources of delays in the approval process for conditional use authorizations.

The Planning Department reports that land use surveys, required for some applications, and incomplete architectural plans are two common application requirements that can cause delays for applicants in advance of a hearing. Land use surveys, which are presented to the Planning Commission, provide data on how many businesses similar to the proposed new use are in a 300-foot radius. Formula retail chains often hire land use attorneys to conduct the surveys, but

small businesses often cannot afford the expense and must complete the surveys, which require a review of all business types within a given radius, themselves. However, the Planning Department reports land use surveys bear little influence on the success of an application in the Planning Commission hearing and that community support is often the most important factor. In addition, applications also require high quality architectural floor plans of the commercial space, and applicant-prepared plans that are inadequate (e.g. not drawn to scale) can impede progress on the application. The Planning Department reports that they sometimes work with the Office of Small Business to help applicants provide adequate land use surveys and floor plans.

Additionally, the Planning Commission may continue the hearing on an application if there is community opposition to the project. The Planning Department reports that a continuance can delay a project for up to three months.

Another source of delays for conditional use applications is the recording of the Notice of Special Restriction after the Commission hearing. It is common for there to be a delay on the part of the applicant in getting a Notice of Special Restrictions signed by the property owner(s), notarized, and recorded at the Assessor's Office. This can take anywhere from two days to three to four months. In particular it may be challenging for the applicant if there is an absentee landlord, or multiple owners.

In some jurisdictions, conditional uses in some circumstances are decided by a zoning administrator instead of the planning commission. If the City Charter was amended (via voter approval) to allow for some uses to be decided in this way, or if the need for conditional use authorizations for certain land uses was eliminated through amendments to the zoning code, conditional use authorization timelines could be reduced. In addition, if other methods were employed in the Planning Department to expedite staff assignment and review of more small businesses in certain districts, the number and duration of commercial vacancies in the Upper Market/Castro and other commercial districts could potentially be reduced. Further, eliminating the requirement for land use surveys, which bear little influence on the success of an application, could reduce approval timelines for some applicants and would require legislation to amend the Planning Code.

Exhibit 14: Sources of Delays in Conditional Use Authorization Approvals

Delay	Description
Planning Staff Resources	Planners may have up to a three month backlog of projects requiring review.
Applicant caused delays/miscommunications between applicant and Department	<p>Incomplete applications can cause delays before a planner reviews the project (elapsed time for resubmitting applications is not tracked by the Planning Department). Some applicants state that Department requirements are not clear or new requirements are added while the application is being considered.</p> <p>Architectural plans and land use surveys (required for some applications) are two requirements after an application has been submitted that can be challenging for applicants to complete.</p> <p>Applicant recording of Notice of Special Restrictions with the Assessor-Recorder can delay approval after the hearing by up to four months. Absentee landlords or multiple owners can make this process time-consuming for applicants.</p>
Planning Commission Calendar	It typically takes six weeks to schedule a hearing, but can take as long as two to three months depending on the time of year and volume of applications, and the pipeline of other projects or plans requiring the Commission’s attention.
Community Opposition	The Planning Commission may continue an application if there is community opposition to a project, delaying the process by two weeks to three months.

Source: Planning Department

On average, the Planning Department’s expedited CB3P Conditional Use applications were closed four months sooner than regular Conditional Use Authorization applications

The Planning Department’s Community Business Priority Processing Program (CB3P) streamlines the conditional use review process for certain small and mid-sized business applications and guarantees a hearing date within 90 days of filing a *complete* application and placement on the Planning Commission’s consent calendar. CB3P applications are reviewed by the Flex Team, which includes seven planners and was created in 2014, regardless of where the business is located. The analysis of CB3P-projects is documented through a two-page Project Summary and Motion, rather than the lengthier Executive Summary and Draft Motion

documents prepared in connection with conventional applications. To be eligible for expedited processing for conditional use authorization, the project must comply with the following criteria:

- No **formula retail** locations that have more than 20 locations
- No **expansion of hours** of operation beyond what is permitted as-of-right in the zoning district
- No **storefront consolidation**
- No **removal of dwelling units**
- No **sale of alcoholic beverages** (except beer and/or wine sold at a restaurant)
- No **building expansion** or new construction is involved
- Additionally, **select uses**¹⁴ are not eligible, such as massage establishments, offices located on the ground floor, and medical cannabis dispensaries.

There was one CB3P application, which was still open as of May 2018, filed in the Upper Market/Castro District from the review period between 2015 and May 2018 and 42 filed in the City overall. On average it took approximately six months (173 days) to close the 32 CB3P conditional use authorization applications compared to approximately ten months (291 days) to close 424 regular conditional use authorization applications as shown in Exhibit 15 below.

Exhibit 15: Number of Days for Planning Department’s Expedited CB3P Conditional Use Authorization Applications Compared to Regular Conditional Use Applications Citywide, 2015-2018, as of May 2018

Total Applications	Regular	CB3P	Total
Open	207	10	217
Closed	424	32	456
Total	631	42	673
Average Days to Close	291	173	283
Average Time Saved by CB3P applicants			118 days

Source: Planning Department

¹⁴ The following uses are not eligible for CB3P: massage establishments, tobacco paraphernalia establishments, adult entertainment, medical cannabis, fringe financial services, drive-up facilities, wireless telecommunications, outdoor activity areas, bars, nighttime entertainment (e.g. nightclubs, music venues), offices closed to the public located on the ground floor, off-street parking in excess of what is principally permitted.

Public Initiated Discretionary Review

Although public-initiated discretionary review applications are much less common than conditional use authorizations, they can also add time to the length of time a storefront is vacant. Anyone can file a discretionary review application and bring a principally-permitted project before the Planning Commission for a public hearing. There is no requirement that applicants obtain signatures from other neighbors, and the Planning Department does not have the discretion to determine that some applications be denied a hearing. While only one commercial property in the Upper Market/Castro was subject to a public-initiated discretionary review between 2015 and 2018, it took 250 days before it was closed, potentially adding to the duration of a commercial vacancy. Establishing a threshold for who can file a discretionary review and decision-makers other than the Planning Commission for certain type of small business projects could help expedite these types of discretionary approval proceedings.

In 2011, the Land Use Committee of the Board of Supervisors tabled proposed Discretionary Review reform legislation. The Committee previously requested Planning Department staff to report back on the effectiveness of procedural improvements to Discretionary Review, including: an expanded pre-application process, the adoption of thresholds to require review of projects by Planning staff, clarification on the definition for “exceptional and extraordinary circumstances,” and timelines to review applications.

Comparisons between Three Commercial Districts: the Upper Market/Castro, Hayes Valley, and Valencia Street commercial districts

We compared zoning restrictions as well as the number of Planning Department applications and approval timelines in the Upper Market/Castro District to the Valencia and Hayes Valley Neighborhood Commercial Transit-Oriented Districts (NCTs). Planning Department records show there were 117 applications filed for commercial uses in the three districts between January 1, 2015 and March 31, 2018. Of these, 27 were open or pending and 90 were completed as of March 31, 2018. Approximately 44 percent of all applications (52 out of 117) were for conditional use authorizations.

More Planning Department applications were filed in the Upper Market/Castro than Valencia or Hayes Valley in the three year period due to more restrictive zoning in the district, contributing to more commercial properties being vacant for longer periods of time.

According to Planning Department staff, the Castro Neighborhood Commercial District (NCD) has more restrictive use and size controls than other zoning districts. For example, some uses like restaurants, financial services, and bars are

permitted as of right in Hayes Valley, but require a conditional use authorization application in the Upper Market/Castro District. Further, new bars are no longer permitted in the Castro Neighborhood Commercial District (this is limited to the areas of Castro Street between 17th and 19th Streets, and 18th Street between Diamond and Noe Streets and does not apply to the Upper Market NCT). Additionally, businesses can open larger spaces in Hayes Valley compared to the Castro NCD without a conditional use authorization.

In Hayes Valley, a conditional use authorization is required for non-residential uses of 3,000 square feet and above. However, in the Castro NCD, a conditional use authorization is required for non-residential uses of 2,000 square feet to 3,999 square feet. Further, no non-residential uses of 4,000 square feet or above are permitted in the Castro NCD. Large companies that can afford the time and expense for a hearing process may require larger floor areas than what is permitted in the Castro NCD, and potential small business owners that are attracted to smaller floor areas could more readily open for business in other commercial districts where the time and expense of a hearing process is not required. Differences in conditional use authorization requirements between districts are summarized in Exhibit 17.

Due to more restrictive zoning in the Upper Market/Castro, there were more permits filed in the Upper Market/Castro over the three year period compared to Valencia and Hayes Valley, as shown in Exhibit 16. There were:

- 51 total applications filed in the Upper Market/Castro, including 32 conditional use authorizations, or 62 percent of all conditional use applications.
- 20 applications filed in Hayes Valley, including nine conditional use authorizations, or 17 percent of all conditional use applications.
- 46 applications filed in Valencia, including 11 conditional use authorizations, or 21 percent of all conditional use applications.

Exhibit 16: Applications Filed in Three Commercial Districts, 2015-2018

Application Type	Upper Market/Castro	Hayes Valley	Valencia	Total
Certificate of Appropriateness	6	3	20	29
Conditional Use Authorization	32	9	11	52
Discretionary Review- Mandatory	1			1
Discretionary Review- Public Initiated	1	1	3	5
Eastern Neighborhood Exception*			2	2
Shadow Study	1	1	1	3
Variance	10	6	9	25
Total	51	20	46	117

Source: Planning Department

*Requests for exceptions from the Planning Code for a large project in the Eastern Neighborhoods. Similar to shadow studies and variance applications, Eastern Neighborhoods exceptions do not contribute to storefront vacancies.

As shown in Exhibit 17, the Upper Market district has the most conditional use authorization requirements of the districts shown, with five uses requiring authorizations out of eight uses shown. As discussed above and shown in Exhibit 17, the Castro district has the most restrictions by commercial use size. Overall, there are more conditional use authorization requirements in the Upper Market/Castro commercial district taken together compared to the Hayes Valley and Valencia Street districts.

Exhibit 17: Differences in Conditional Use Authorization Requirements in Comparison Districts*

<i>Zoning Control</i>	Castro	Upper Market	Hayes-Gough	Valencia
Conditional Use Authorizations Required for Commercial Use Size				
Up to 1,999 sq. ft.				
2,000 to 2,999 sq. ft.	CU			
3,000 to 3,999 sq. ft.	CU	CU	CU	CU
4,000 sq. ft. and above	<i>Not Permitted</i>	CU	CU	CU
Conditional Use Authorizations Required for Commercial Uses				
Bar	<i>Not Permitted</i>	CU		CU
Restaurant	CU**	CU		
Limited Restaurant		CU		
Financial Service	CU	CU		
Limited Financial Service	CU			
Medical Service			CU	
Business or Professional Service			CU	
Massage Establishment		CU	CU	CU
Total Requirements by Use	3 CU and 1 NP	5 CU	3 CU	2 CU

Source: Neighborhood commercial district zoning control table (derived from Planning Code Article 7).

CU = conditional use authorization required.

*Table shows differences in CU requirements and is not exhaustive list of all CU requirements, i.e. uses that require CU (or are principally-permitted) in all four zoning districts are not shown

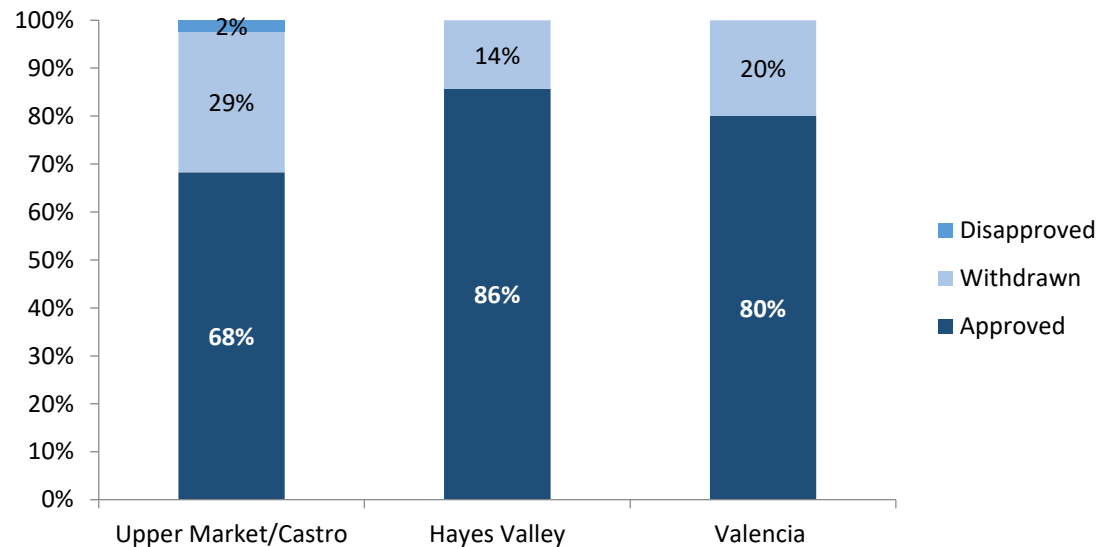
**Restaurant can only have certain liquor license types (types 47, 49, or 75). Restaurants with other liquor license types are not permitted in the Castro.

The Upper Market/Castro had a higher rate of application withdrawals compared to Valencia and Hayes Valley, indicating that more owners and tenants are discouraged by the process, change plans, and may keep their commercial properties vacant longer

Although only one application was disapproved in the Upper Market/Castro over the 2015-2018 period, the Upper Market/Castro District had a much higher rate of application withdrawals compared to Hayes Valley and Valencia, as shown in Exhibits 18 and 19 below. Twelve out of 41 closed applications, or 29.3 percent, in the Upper Market/Castro were withdrawn. Application withdrawals are more common for conditional use authorizations and are more likely to occur when there is community opposition to the business. A higher withdrawal rate for the Upper Market/Castro District indicates that more commercial property owners

and tenants are discouraged by the time and financial resources consumed by the Planning Department approval process or that approval is unlikely due to community opposition, and they may make other choices such as opening a different kind of business that can be approved more quickly, or leaving the property vacant while they regroup and come up with other plans for how to use it.

Exhibit 18: Closed Applications by Approved Status in Three Commercial Districts, 2015-2018



Source: Planning Department

Exhibit 19: Closed Applications by Status in Three Commercial Districts, 2015-2018

Closed Application Status	Upper Market/Castro	Hayes Valley	Valencia	Total
Approved	28	12	28	68
Disapproved	1	0	0	1
Withdrawn	12	2	7	21
Total	41	14	35	90

Source: Planning Department

The Conditional Use Authorization process takes two months longer on average in the Upper Market/Castro compared to Valencia and Hayes Valley

On average, it took approximately 11 months (332 days) to close 21 conditional use authorization applications in the Upper Market/Castro, which is two months longer than the average time to close these permits in Hayes Valley and Valencia (276 days or approximately nine months). Exhibit 20 below shows the number of closed applications by type and the average number of days to close applications in the three districts.

Exhibit 20: Closed Applications and Average # of Days Duration in Three Commercial Districts, 2015-2018

<i>Average # of Days for Closed Applications</i>				
Application Type	Upper Market/Castro	Hayes Valley	Valencia	Total
Certificate of Appropriateness	6	2	15	23
Conditional Use Authorization	24	7	8	39
Discretionary Review- Mandatory	1			1
Discretionary Review- Public Initiated	1	1	3	5
Eastern Neighborhood Exception			1	1
Shadow Study	1		1	2
Variance	8	4	7	19
Total	41	14	35	90

<i>Average # of Days to Close</i>				
Application Type	Upper Market/Castro	Hayes Valley	Valencia	Total
Certificate of Appropriateness	78	189	134	125
Conditional Use Authorization	332	276	276	311
Discretionary Review- Mandatory	21			21
Discretionary Review- Public Initiated	244	101	213	197
Eastern Neighborhood Exception			209	209
Shadow Study	290		267	279
Variance	320	261	357	321
Total	282	247	224	254

Source: Planning Department

Discretionary Building Approvals for Commercial Properties

The Department of Building Inspection (DBI) verifies building code compliance for all construction projects, including tenant improvements, and commercial changes in use. The Permit Services Division is responsible for reviewing building permit applications and routing applications to other departments for review, such as the Department of Public Health and the Fire Department. Contractors may begin work on a project once DBI issues the building permit, and throughout construction and after construction is completed, the Inspection Services Division inspects the premises for compliance with code requirements and approved plans and permits. As discussed below, the process for obtaining a building permit can be time-consuming for businesses (if the permit cannot be approved over the counter), even for projects that are small in scope, particularly when neighborhood notification is required and when multiple agencies must review project plans.

The Department of Building Inspection provided data on building permit applications filed for discretionary approval for commercial uses in 2017. Exhibit 22 below summarizes the permit data by application status, both Citywide and in the Upper Market/Castro area.

Department records show that there were 9,673 applications filed for building permits for commercial uses in the City in 2017 of which 8,723 had been issued as of September 2018. Of the 8,723 permits that had been issued, 7,891 or 90.5 percent were approved over the counter, or did not require Planning Department approvals. Applications that involve minor tenant improvements and no change in use (or neighborhood notification) may be approved over the counter.

The remaining permits included permits for demolitions, signs, and “additions, alterations, and repairs”, which includes some permits that involve a change of use. A breakdown of the types of applications issued and the processing time for each is presented in Exhibit 21, below.

On average, it took approximately six months for the Department of Building Inspection to issue building permits for additions, alterations, or repairs, during which time the associated properties may remain vacant. The Department of Building Inspection issued five such permits for additions, alterations, or repairs, in the Upper Market/Castro area in 2017. However, projects that file for this permit type vary widely in scope and the experience of individual businesses depends on the scope of work, approval requirements of other agencies, and whether or not neighborhood notification is required under the Planning Code.

Exhibit 21: Number of Building Permits Issued Citywide and Duration of Time to Issue, 2017*

Building Permit	Permits Issued Citywide (incl. Upper Market/Castro)	Permits Issued in Upper Market/Castro	Average Number of Days to Issue
Additions, Alterations or Repairs	399	5	172
Demolitions	29	-	209
Over-the-Counter Alterations	7,891	123	19
Sign	404	11	53
Total	8,723	139	28

Source: Department of Building Inspection
 *As of September 27, 2018

Exhibit 22: Number of Citywide and Upper Market/Castro Applications for Building Department Approvals, by Application Status, 2017*

Citywide Building Permits (incl. Upper Market/Castro)	Open (not issued)	Issued (const. can begin)	Closed (const. and inspections complete)	Other	Total
Additions, Alterations or Repairs	259	235	251	7	752
Demolitions	30	19	14	-	63
Over-the-Counter Alterations	447	2,808	5,114	18	8,387
Sign	63	277	130	1	471
Total	799	3,339	5,509	26	9,673

Upper Market/Castro Building Permits

Additions, Alterations or Repairs	6	5	1	-	12
Demolitions	1	-	-	-	1
Over-the-Counter Alterations	14	35	88	-	137
Sign	-	8	3	-	11
Total	21	48	92	-	161

Source: Department of Building Inspection
 *As of September 27, 2018

Building Permit Application Process and Sources of Delays

We describe the process for building permit applications that involve a change of use and may not be approved over the counter (e.g. retail to restaurant). DBI reviews applications to determine if review by the Planning Department is required. If the permit involves a change of use, building expansion, or work on the exterior of a building, DBI forwards the application to the Planning Department, which reviews plans for compliance with zoning codes and notification requirements. Some building permits may be processed by the Planning Department over the counter. Permits that require neighborhood notification (under Planning Code Section 311 or 312), conditional use authorization, or other Planning authorizations are assigned to a planner for review. As mentioned above planners may have a two-week to three-month backlog so forwarded applications needing neighborhood notification only but not Planning Department or Commission approvals will be delayed up to three months until a staff planner is able to begin processing the application.

After the plans have been reviewed and signed off by the Planning Department, DBI assigns applications for all additions, alterations, or repairs to a staff plan checker, who reviews the architectural and structural plans for compliance with the Building Code. According to DBI, plan checkers can have up to a six-week backlog, depending on the volume of building applications filed, and plans may need to be reviewed both by an engineer and an inspector depending on the scope of work. Applications are assigned to plan checkers based on the complexity of the project and staff availability. Plan checkers often send the application back to the applicant if the application is incomplete or lacks sufficient detail (e.g. if architectural plans are not legible or not drawn to scale). After plan checkers have completed their review of an application, the plans are forwarded to other departments to review depending on the type of use and scope of work. The Department of Public Health reviews plans for food service businesses, and other agencies, such as the Department of Public Works, the Public Utilities Commission, and the Fire Department may also review the project plans for compliance with municipal codes. Once all agencies have completed their review of the application, DBI issues the building permit. In addition to DBI staff backlogs, inter-agency coordination can also cause delays, as plans are reviewed by various City agencies in sequence, not in parallel.

Contractors may begin work on a project once DBI issues the building permit, and DBI conducts inspections of the premises throughout construction. After construction is completed, the business owner schedules final inspections with DBI and other departments, such as Public Health and Fire, if required. After all inspections are completed, DBI issues a certificate of final completion and

occupancy. Exhibit 23 below describes the stages of the building permit process, and Exhibit 24 summarizes the common sources of delays.

Exhibit 23: Building Permit Process Summary

Stage	Description
Application Filed	DBI determines that minimum submittal requirements are met and collects application fee
Plan review by Planning Department	DBI forwards building permit application to the Planning Department if it involves a change of use, building expansion, exterior work, or storefront change. The Planning Department reviews plans for compliance with zoning codes and notification requirements. Some permits may be processed by Planning over the counter. Changes in use that require neighborhood notification or conditional use authorization are assigned to a planner for review.
Plan Review by Department of Building Inspection	Plan checkers review architectural and structural plans for compliance with the Building Code.
Plan Review by Department of Public Health (if required)	The Department of Public Health reviews plans for food service businesses.
Plan review by Other City Agencies (if required)	Other departments review plans for compliance with municipal codes depending on the type of business and the scope of work. The Department of Public Works reviews plans when they involve the public right-of-way, including sidewalks and driveways. The Public Utilities Commission reviews plans when new water fixtures are added that may increase water usage. The Fire Department reviews plans for high-rise buildings and large restaurants.
Permit Issuance by Department of Building Inspection	DBI issues building permit to applicant after review by other departments is complete.
Construction	Contractors can begin work on property. DBI recommends that contractors not begin work until 14 days have passed after permit issuance in case appeals are filed.
Inspections	Once work is completed by contractor, the business owner schedules inspections with DBI and other departments, such as Public Health and Fire, if required.
Permit Closed	After all inspections are completed, DBI issues a certificate of final completion and occupancy.

Source: Department of Building Inspection

Exhibit 24: Sources of Delays in Building Permit Approvals

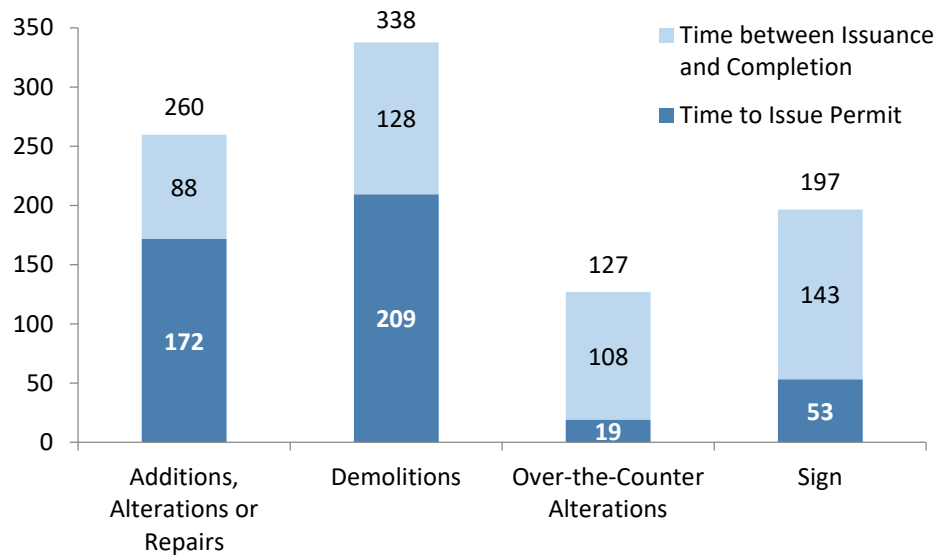
Delay	Description
Planning Department Staff Resources if discretionary approval and/or neighborhood notification required for project)	Planners may have up to a three month backlog of projects requiring review, which impacts permits that require neighborhood notification (under Planning Code Section 311 or 312), conditional use authorization, or other Planning authorizations. Some building permits can be approved by Planning over the counter or do not require review by Planning. Other sources of Planning Department delays summarized in Exhibit 14 may be relevant depending on the scope of work and commercial use.
Department of Building Inspection Staff Resources	Plan checkers may have up to a six-week backlog of permits requiring review.
Applicant caused delays/miscommunications between Department and applicant	Incomplete applications can cause delays before DBI (and other departments) can review the project. Architectural plans, which must be drawn to scale and give sufficient detail, can be challenging for applicants to complete. Some applicants report that new requirements are added by Department once application is under review.
Inter-Agency Coordination	Applications that require review by multiple agencies take longer. Plans are reviewed by agencies in sequence, not in parallel.

Source: Department of Building Inspection

Comparisons between Timelines for Restaurants and Non-Restaurants

On average, it took approximately 260 days, or approximately 8.7 months, to close projects for building permits filed in 2017 for additions, alterations or repairs, composed of 172 days to clear the backlog and for the building permit to be issued and 88 days for the actual construction and inspections, as shown in Exhibit 25. The process to approve building permits for additions, alterations, and repairs took approximately two months (73 days) longer on average for permits filed for restaurants compared to similar permits filed for other commercial uses, due to additional regulations and review requirements for food service businesses. Of the 399 permits filed in 2017 that were issued for additions, alterations, and repairs, 24 were for restaurants, and the remaining 375 were for other commercial uses. Exhibit 26 compares permit timelines for restaurants and other commercial uses.

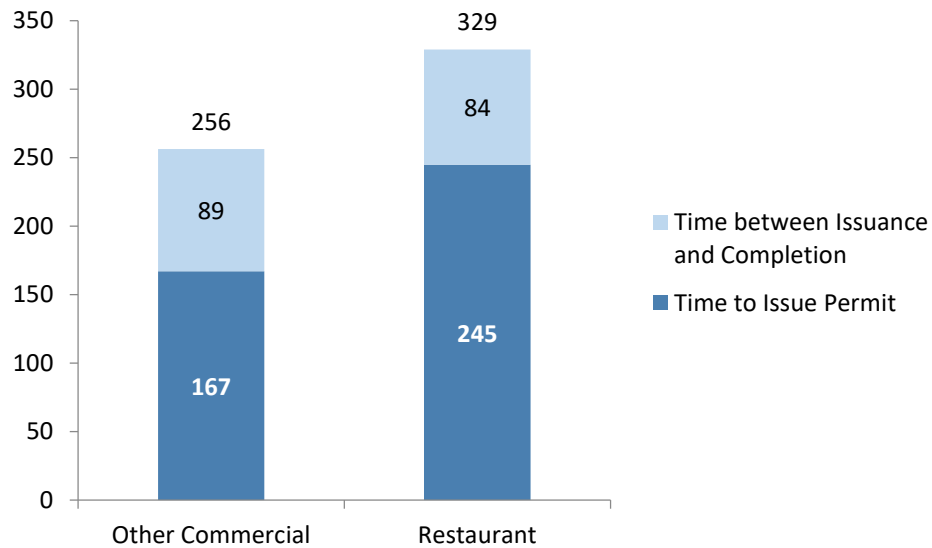
Exhibit 25: Average Time to Issue and Close Building Permits Citywide, 2017



	Time to Issue Permit	Time between Issuance and Completion	Total time to Close
Additions, Alterations or Repairs	172	88	260
Demolitions	209	128	338
Over-the-Counter Alterations	19	108	127
Sign	53	143	197
Total	28	105	133

Source: Department of Building Inspection

Exhibit 26: Addition, Alterations, and Repair Permit Timelines for Restaurants and Other Commercial Uses Citywide, 2017



	Time to Issue Permit	Time between Issuance and Completion	Total time to Close
Restaurant	245	84	329
Other Commercial	167	89	256
<i>Difference</i>	<i>78</i>	<i>(5)</i>	<i>73</i>
All Commercial	172	88	260

Source: Department of Building Inspection

Conclusion

Commercial vacancy rates have increased in the Upper Market/Castro District since 2015, and the Office of Economic and Workforce Development estimate that 42.4 percent of vacant commercial storefronts are not available to lease to potential tenants because the property is undergoing redevelopment or the storefront already has a future tenant identified who has not yet opened for business, perhaps because they have not yet received the proper approvals from City departments. More projects require conditional use authorization in the Upper Market/Castro District compared to other districts due to more restrictive zoning, and the process is longer on average compared to other districts. Delays while commercial property owners or tenants are attempting to obtain building permits, conditional use authorizations, or other discretionary approvals from the City can increase the amount of time a commercial storefront is vacant, and

lengthy timelines can dissuade prospective tenants from renting available properties due to the high costs associated with delays.

Policy Options

The Board of Supervisors could consider the following options to address lengthy timelines for building permits, conditional use authorizations, and other discretionary approvals.

1. The Board of Supervisors could propose legislation to reduce the number of projects that require neighborhood notification in the Upper Market/Castro District and other neighborhood commercial districts through amendments to the Planning Code, replacing this time-consuming process with approaches such as online information for neighbors.
2. The Board of Supervisors could request that the Department of Building Inspection and Planning Departments develop a more streamlined process for sending notification requirements so that they are administered by administrative staff in one of the departments instead of waiting for planner staff to begin processing the application which may be delayed due to planner staff backlogs.
3. The Board of Supervisors could propose legislation to reduce the number of projects that require conditional use authorizations in the Upper Market/Castro District through Planning Code amendments to make the requirements more like those in other similar commercial corridors such as Hayes Valley and Valencia Street.
4. The Board of Supervisors could request that the Planning Department and Planning Commission consider and report back on possible changes that would shorten the timeline for review for conditional use authorizations, including elimination of the requirement for land use surveys for certain conditional use authorization applicants, which would require legislation to amend the Planning Code, and expansion of eligibility for the Community Business Priority Processing Program expedited application processing program (CB3P program).
5. The Board of Supervisors could request that the Planning Department add additional staff to decrease approval timelines. The cost of additional staff would be at least partially offset by additional fee revenue from processing more applications.
6. The Board of Supervisors could request that the Department of Building Inspection report back on alternatives for reducing the 172 day timeline for

issuing building permit applications for commercial properties, such as developing an expedited process for smaller scale neighborhood commercial properties comparable to the Planning Department's Community Business Priority Processing Program (CB3P) program.

7. The Board of Supervisors could request that the Department of Building Inspection, in consultation with other agencies that review building permits, consider and report back on possible changes that would shorten the review timeline for building permits, including inter-agency parallel review of neighborhood commercial project plans.
8. The Board of Supervisors could increase support for small businesses to navigate City processes. Funding for the City's Open in SF Program could be enhanced to provide additional case managers to assist small business owners with permit and license applications.
9. The Board of Supervisors could propose legislation to reform the Discretionary Review process.

Appendix

OEWD's 24 Targeted Commercial Corridors

Exhibit 27: OEWD's 24 Targeted Commercial Corridors

1. 24th Street in Noe Valley	13. Mission Street between Cesar Chavez and Bosworth (Mission Bernal)
2. Broad Street in Oceanview/Merced/Ingleside	14. Mission Street in the Excelsior
3. Central Market Street/Tenderloin	15. Noriega Street in the Sunset District
4. Chinatown	16. North Beach
5. Geary Boulevard in the Richmond District	17. Ocean Avenue in Oceanview/Merced/Ingleside
6. Japantown	18. Outer Irving Street in the Sunset District
7. Leland Avenue in Visitacion Valley	19. San Bruno Avenue in Portola
8. Lombard Street in Cow Hollow	20. Taraval Street in the Sunset District
9. Calle 24 and Mission Street (Inner Mission)	21. Third Street in the Bayview District
10. Lower Fillmore Street in the Western Addition	22. Union Street in Cow Hollow
11. Lower Polk Street	23. Upper Market and Castro Street in the Castro District
12. Middle Polk Street	24. West Portal

Source: Office of Economic and Workforce Development

City Departments' Responsibilities for Implementing the Business, Tax and Other Municipal Codes

Starting a new small business in San Francisco requires interacting with a number of departments to obtain the necessary registration, permitting and licensing applications. The section below summarizes the departments and their responsibilities for implementing the business, tax and other municipal codes to present a more complete picture of the complexity of City requirements that small business owners must navigate in order to open for business.

Some permits or licenses must be processed consecutively, while others can be processed simultaneously. Many permits require interdepartmental referrals for approval that, if delayed, add to the total amount of time needed to issue the permit.

City Departments' Responsibilities for Implementing the Business, Tax and Other Municipal Codes

- The Treasurer-Tax Collector collects the business registration fee, gross receipts tax and some of the business license fees and renewals.
- The Planning Department verifies zoning compliance for all new businesses, and the City Planning Commission approves applications when the new business is not clearly prescribed by zoning requirements.
- The Department of Public Health inspects and issues permits for food service businesses, massage parlors, medical cannabis dispensaries, and other businesses.
- The Department of Building Inspection and Fire Department inspect and issue permits for business facilities to ensure compliance with Building, Fire, and other Municipal Code requirements.
- The Department of Public Works issues permits for business activities in the public right of way, such as sidewalk cafes and merchandise stands.
- The Entertainment Commission issues permits for extended business hours and other entertainment uses.
- The Municipal Transportation Agency issues permits for curb colors for valet services and other business uses.
- The Police Department issues permits for a range of activities governed by the Police Code, including conducting background investigations for businesses to ensure that the business has no prior criminal record.

Citywide Tables

Exhibit 28: Number of Applications by Status in All Commercial Zones, Jan 2015 - Mar 2018

Application Type	Open/ Pending	Closed Applications			Total
		Approved	Dis- approved	Withdrawn	
Certificate of Appropriateness	7	28		2	37
Conditional Use Authorization	62	113	4	45	224
Discretionary Review- Mandatory			1	4	5
Discretionary Review- Public Initiated	9	21		15	45
Eastern Neighborhood Exception	6	2		3	11
Shadow Study	7	8			15
Variance	34	48	1	13	96
Total	125	220	6	82	433

Source: Planning Department

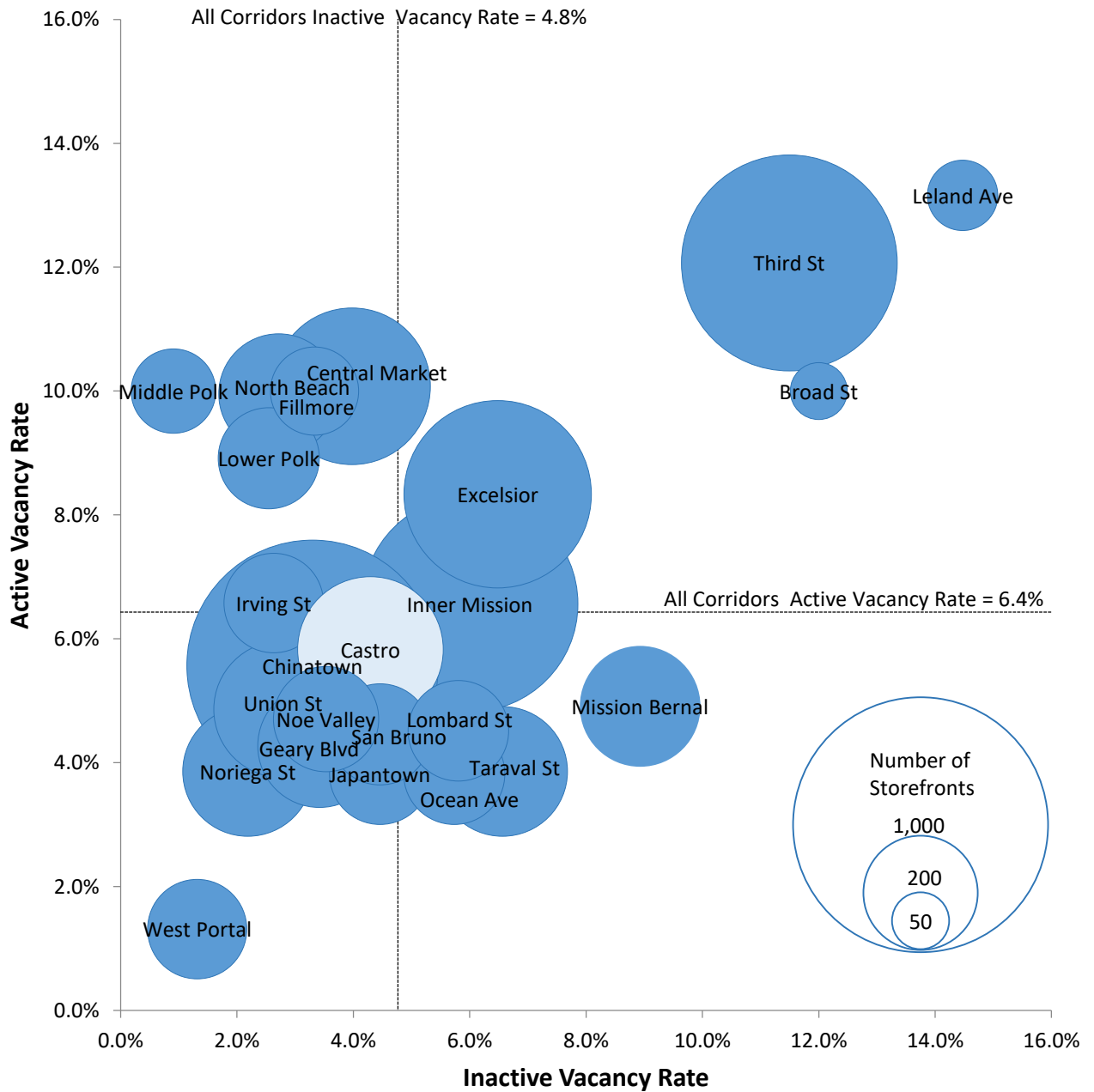
Exhibit 29: Average Duration of Closed Applications in All Commercial Zones, Jan 2015 – Mar 2018

Application Type	Number of Closed Applications	Average of Days to Complete
Certificate of Appropriateness	30	137
Conditional Use Authorization	162	270
Discretionary Review- Mandatory	5	422
Discretionary Review- Public Initiated	36	213
Eastern Neighborhood Exception	5	399
Shadow Study	8	174
Variance	62	282
Total	308	255

Source: Planning Department

Vacancy Rates in OEWD Commercial Corridors, 2015-2017

Exhibit 30: Storefront Vacancy Rates in OEWD Commercial Corridors by Number of Storefronts, 2017



Source: OEWD Invest in Neighborhoods Survey

Exhibit 31: Vacancy Rates by OEWD Commercial Corridor, 2015-2017

Corridor	2015 1st			2015 2nd			2016 1st			2016 2nd			2017 1st			2017 2nd		
	Inactive	Active	Total Vacancy	Inactive	Active	Total Vacancy	Inactive	Active	Total Vacancy	Inactive	Active	Total Vacancy	Inactive	Active	Total Vacancy	Inactive	Active	Total Vacancy
Geary Blvd	2.1%	3.0%	5.1%	3.0%	1.7%	4.7%	4.7%	0.9%	5.6%	3.8%	1.3%	5.1%	3.4%	1.3%	4.7%	3.4%	4.3%	7.7%
Union St	1.4	5.0	6.4	2.6	3.6	6.2	3.5	4.2	7.7	2.1	3.1	5.2	3.1	3.5	6.6	2.8	4.9	7.6
Lombard St	2.7	9.4	12.1	3.4	7.4	10.7	4.5	4.5	9.0	3.2	4.5	7.7	5.1	3.8	9.0	5.8	4.5	10.3
North Beach	2.2	8.4	10.7	3.6	6.8	10.4	3.6	7.3	10.9	3.2	7.7	10.9	2.7	10.4	13.1	2.7	10.0	12.7
Chinatown	1.3	3.9	5.2	1.8	3.9	5.7	2.2	5.4	7.7	3.3	5.1	8.3	2.5	4.8	7.2	3.3	5.6	8.9
Middle Polk	1.9	8.3	10.2	4.6	5.6	10.2	3.7	5.5	9.2	1.8	5.5	7.3	0.9	7.3	8.2	0.9	10.0	10.9
Taraval St	4.6	6.1	10.7	5.0	3.5	8.5	5.4	3.4	8.8	6.1	2.3	8.4	6.5	3.8	10.3	6.6	3.9	10.4
Noriega St	2.7	1.1	3.8	2.2	0.5	2.7	2.1	1.6	3.7	2.1	1.1	3.2	2.2	1.6	3.8	2.2	2.7	4.9
Irving St	2.0	7.3	9.3	2.7	4.7	7.4	2.7	3.4	6.1	2.7	5.4	8.1	3.3	6.0	9.3	2.6	6.6	9.2
Fillmore	1.8	10.9	12.7	3.6	9.9	13.5	2.6	7.7	10.3	3.4	10.3	13.7	3.3	10.8	14.2	3.3	10.0	13.3
Japantown	1.9	2.5	4.4	2.5	2.5	5.1	2.5	4.4	7.0	2.5	3.2	5.7	3.8	3.8	7.6	4.5	3.8	8.3
Central Market	6.7	12.3	19.0	7.2	8.2	15.4	8.1	6.6	14.8	6.6	6.4	13.0	5.5	6.8	12.2	4.0	10.1	14.1
Lower Polk	2.1	7.0	9.1	1.4	6.9	8.3	1.3	6.5	7.8	1.9	7.7	9.6	2.6	8.3	10.9	2.5	8.9	11.5
West Portal	0.6	1.3	1.9	0.7	1.3	2.0	1.3	1.3	2.6	0.0	2.6	2.6	0.7	2.0	2.6	1.3	1.3	2.6
Ocean Ave	5.2	7.1	12.3	7.1	6.4	13.5	8.9	6.3	15.2	7.6	3.2	10.8	5.7	3.8	9.6	5.7	3.8	9.6
Castro	1.6	5.6	7.2	4.0	6.5	10.6	6.6	2.8	9.4	3.8	4.4	8.2	2.8	5.0	7.8	4.3	5.8	10.1
Noe Valley	2.2	2.8	5.0	3.5	4.0	7.5	3.4	3.4	6.9	2.9	2.9	5.8	1.8	3.5	5.3	3.5	4.7	8.2
Mission Bernal	3.2	6.3	9.5	4.5	6.3	10.8	5.4	7.1	12.5	7.6	5.8	13.5	5.4	5.8	11.2	8.9	4.9	13.8
San Bruno Ave	2.6	5.9	8.6	4.0	5.3	9.3	3.3	3.9	7.2	3.3	3.9	7.2	3.8	5.1	8.9	4.5	4.5	8.9
Inner Mission	4.2	6.1	10.3	7.5	5.6	13.0	4.7	7.7	12.3	4.7	5.7	10.3	6.1	6.4	12.6	6.0	6.6	12.6
Third St	4.5	16.5	21.0	8.0	11.9	19.9	9.1	12.6	21.7	9.7	10.3	20.0	9.2	13.3	22.5	11.5	12.1	23.6
Leland Ave	10.4	16.9	27.3	11.7	16.9	28.6	11.7	16.9	28.6	14.3	16.9	31.2	13.2	14.5	27.6	14.5	13.2	27.6
Excelsior	2.7	6.5	9.2	3.8	6.5	10.3	4.2	5.9	10.1	2.6	7.1	9.7	6.3	6.8	13.1	6.5	8.3	14.8
Broad St	7.8	17.6	25.5	17.6	9.8	27.5	19.6	7.8	27.5	17.6	7.8	25.5	12.0	8.0	20.0	12.0	10.0	22.0
All Corridors	2.9%	6.6%	9.6%	4.1%	5.5%	9.5%	4.7%	5.4%	10.1%	4.3%	5.2%	9.5%	4.4%	5.7%	10.1%	4.8%	6.4%	11.2%

Source: OEWD Invest in Neighborhoods Survey 2017 Q4