



Faster Permitting, Lower Fees: San Francisco Moves to Streamline Small Business Approvals

City Officials Push Forward Planning Code Changes to Ease Opening Process



San Francisco officials are trying to streamline the city's planning and approvals process. (CoStar)

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[San Francisco](#) is moving toward streamlining its criticized approvals process for retailers seeking to open brick-and-mortar locations, a

step that reflects growing efforts by cities nationwide seeking ways to reduce vacant real estate.

A group of city officials propose changes to the planning code for eligible small businesses, which have criticized the process for what they call years-long delays, mounting expenses and illogical requirements. The Board of Supervisors' Land Use and Transportation Committee is backing legislation that would expedite the city's conditional use authorization review and approval process and reduce the application fee for certain uses of commercial space. The full Board of Supervisors is scheduled to vote on the ordinance at its meeting Aug. 11.

For retailers big and small, San Francisco's stringent planning procedures have given it the reputation as one of the most challenging markets in the United States in which to open storefront space. The city's average rents and fees are substantially higher than other metropolitan areas across the country, but the retail industry's increasing shift to e-commerce in recent years has prompted officials in other cities to take the growing vacancy problem into their own hands.

In Fairfax, Virginia, for example, the city's Department of Economic Initiative created its Activate Fairfax program that solicits requests to fill former retail spaces, such as an empty Container Store that has been collecting dust since the retailer of products designed to foster organization moved half a mile away to a busier location. Washington, D.C., raised the commercial property tax rate for vacant properties

several years ago in an effort to provide incentive for landlords to keep space occupied. San Francisco later emulated the move with its own empty-storefront tax, a voter-approved measure that passed just a week before the city's stay-at-home order was issued.

As the economic fallout from the pandemic continues to push more retailers to the brink of permanent closings, more cities could follow in taking a proactive role in preventing streets lined by empty storefronts or soon-to-be-closing signs.

San Francisco Supervisor Aaron Peskin, a co-sponsor of the proposed ordinance, said at the committee meeting that relatively pedestrian uses were taking as long as a year to get through San Francisco's planning process.

The proposed legislation is meant to "vastly reduce, if not eliminate, delays in that process," Peskin said, adding that applications would get lost or repeatedly transferred from one planner to another. He said small businesses are often treated similarly to large and complicated development requests.

If approved, the ordinance would make it possible for eligible applicants to benefit from priority processing. And the planning commission would be barred from granting more than one continuance, which often creates a 60-day delay, in approving certain conditional use authorizations. In addition to the 50% fee reduction, applicants would be entitled to a full refund if the planning commission doesn't hold a hearing within 90 days of the application's

completion. Big-box and formula retailers won't be eligible under the proposed expedited permitting procedure.

"There is no reason that small business owners, particularly during this pandemic, should be hiring lawyers and permit expeditors to make their case," the supervisor said. "This legislation would slash the fees in half, which is just common sense during this pandemic."

For some brokers who have long struggled to help prospective tenants navigate San Francisco's approval process, the new ordinance is simply too little, too late.

"I don't think it will make any difference," said Pam Mendelsohn, a retail partner at brokerage Maven Commercial. "Small merchants won't spend a ton of money on openings because they don't have that right now. It's going to be formula retail that will prop up the neighborhoods for the foreseeable future, and the city needs to make it easier and open up restrictions for them right now. It can't take 10 months and \$75,000 for consultants while they continue to pay rent. They'll just go to a different city."

The legislation is part of a string of recent efforts the city has made to try to make it easier for smaller businesses to open space, and to help fill San Francisco's increasing number of ground-floor storefront vacancies, an issue officials and brokers feel will only worsen as the economic fallout of the pandemic continues.

In addition to the proposed planning code amendments, city officials

are also weighing a plan to loosen restrictions on ground-floor uses.

The Board of Supervisors also recently voted to postpone the implementation of a criticized vacancy tax that would have taken effect at the start of 2021 and penalized landlords who left their ground-floor spaces empty for an extended time. The tax will now take effect in 2022.