Calle 24 Retail Study

Final Report

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prepared for:

Office of Economic and Workforce Development

City of San Francisco

STRATEGIC ECONOMICS

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I. INTRODUCTION

The City of San Francisco is working in close partnership with the Calle 24 Latino Cultural District Community Council to support businesses on the Calle 24 commercial corridor and preserve the corridor's unique character as a center of Latino culture and commerce. In order to support the development of a comprehensive approach for supporting retail businesses, the Office of Economic and Workforce Development (OEWD) commissioned Strategic Economics to conduct a retail study of the Calle 24 commercial corridor, defined as the parcels fronting 24th Street between Bartlett Street and Potrero Avenue. The City's efforts on the corridor build on the Board of Supervisors' May 2014 resolution that formally recognized the Calle 24 Latino Cultural District (see text box, below).

This report summarizes the results of Strategic Economics' technical analysis of recent retail trends on the corridor,[1] and provides a menu of strategies for the City and the Calle 24 Latino Cultural District Community Council (referred to as the LCD Council, throughout this report) to consider. The strategies presented in this report are intended to support a thriving retail environment, retain existing retailers, and help preserve Calle 24's distinct cultural identity. The strategies were informed by the results of the technical analysis, as well as research on national and regional retail trends, the changing nature of the Latino consumer market, and examples of cultural heritage district strategies from around California and the U.S.

The Calle 24 Latino Cultural District: 2014 Board of Supervisors Resolution

In May 2014, the San Francisco Board of Supervisors passed a resolution, co-sponsored by Mayor Edwin Lee and Supervisor David Campos, formally recognizing the Calle 24 Latino Cultural District. The District is centered around the Calle 24 commercial corridor, and bounded by Mission Street to the west, Potrero Street to the east, 22nd Street to the north, and Cesar Chavez Street to the south. The Board resolution acknowledged the important role that the district has played in San Francisco's history, and the critical concentration of Latino cultural landmarks, businesses, institutions, and festivals located in the district. The resolution also commended the work of the Calle 24 Latino Cultural District Community Council, the San Francisco Latino Historical Society, San Francisco Heritage, and City elected officials in their efforts to

> "…stabilize the displacement of Latino businesses and residents, preserve Calle 24 as the center of Latino culture and commerce, enhance the unique nature of Calle 24 as a special place for San Francisco's residents and tourists, and ensure that the City of San Francisco and interested stakeholders have an opportunity to work collaboratively on a community planning process."

[1] See the *Calle 24 Retail Study Background Report* for the full technical analysis.

REPORT ORGANIZATION

The remainder of this report is organized as follows:

- **Section II** summarizes findings from Strategic Economics' technical analysis of retail trends on the Calle 24 commercial corridor, and provides a brief discussion of the changing nature of the Latino consumer market. The section concludes with a summary of the key issues facing the corridor.
- **Section III** presents a menu of 20 strategies that are either underway, new or can be expanded, using information provided by case studies, interviews and data. Implementation partners include Office of Economic and Workforce Development (OEWD), the Latino Cultural District Council, and other partner organizations
- **Appendix A** provides a matrix summarizing the menu of retail strategies.
- **Appendix B** provides a more detailed literature review of Latino consumer market trends, as well as information on recent changes in the demographics of Latinos living in the Bay Area.

II. SUMMARY OF FINDINGS

In order to provide a baseline understanding of existing conditions on the Calle 24 commercial corridor and inform potential retail strategies, Strategic Economics conducted a survey of ground floor uses on the corridor, analyzed data on business turnover, real estate market conditions, and local demographics, and interviewed over a dozen local business owners, representatives of cultural institutions, property owners, and real estate brokers. This analysis helped identify Calle 24's distinctive market niche relative to other corridors in the Mission District, and demonstrated how changes in the consumer market are affecting the business environment. The full technical analysis is provided in the *Calle 24 Retail Study Background Report*. This section summarizes the opportunities and challenges identified in the analysis, and concludes with a discussion of the key issues that the City and Latino Cultural District will need to address in order to support the continued success of retail on Calle 24.

OPPORTUNITIES

Calle 24 has many assets that support its success as a retail corridor. These are described below.

Unique concentration of cultural institutions and murals: Calle 24 has retained much of its distinctive character and reputation as the cultural heart of the Mission, thanks to the corridor's unique mix of arts and cultural destinations, other institutions, and murals and other public art (shown in Figure 1). The retail and restaurants on Calle 24 benefit from the visitors attracted by the arts and cultural institutions, murals, and public art along the corridor.

Distinctive cluster of restaurants, food stores, and other specialty retail: Restaurants, cafés, and bars account for a third of all the businesses on Calle 24, while specialty food, grocery, and other food and liquor stores account for another 15 percent. Combined with the many arts and cultural institutions, the concentration of food and dining establishments – including many Latino restaurants, groceries, and other businesses – help create a distinctive destination and attract customers who stay to shop along the corridor. Calle 24's cluster of dining and specialty food and retail also makes the corridor more resilient as retail sales increasingly shift from brick and mortar stores to online outlets. Local shopping districts that offer a unique experience and a mix of businesses that do not compete directly with online shopping – such as restaurants, groceries, specialty food stores, and personal services – tend to perform most strongly in the current retail climate.

Affordable goods and services for local residents: While some of the arts and cultural organizations on the corridor serve a citywide or even regional constituency, the groceries, restaurants, and other retail establishments have historically served a primarily local customer base. Many restaurants, cafés, grocery stores, salons, and other businesses remain affordable and continue to serve the daily needs of residents from the Mission District and adjacent neighborhoods, even as the corridor attracts more visitors.

Vibrant atmosphere and significant pedestrian activity: Calle 24 is characterized by several outdoor dining opportunities, and almost all the commercial uses on the corridor have display windows. Local business owners report that the corridor's appearance and the perception of security have improved in recent years, further enhancing Calle 24's retail environment. The proximity of the 24th Street BART station and San Francisco General Hospital, as well as the important function that the street plays in linking the Mission with Noe Valley, Potrero Hill/the Dogpatch, and other neighborhoods, also help attract pedestrians.

Figure 1: Calle 24 Cultural Assets

Sources: City of San Francisco, 2016; Strategic Economics, 2016.

Small storefronts suitable for small, independent retailers: Calle 24 has smaller, narrower retail spaces than other corridors in the Mission, particularly compared to Mission Street. Smaller spaces tend to be more affordable overall than larger spaces and can serve both new, independent businesses with lower profit margins as well as more established businesses that do not require much space. At the same time, the small storefronts that are generally available on Calle 24 make the corridor a less attractive location for upscale or formula retailers and restaurants that require larger spaces to display their inventory or provide extensive seating for diners.

Healthy vacancy rate: The Strategic Economics survey of ground floor uses found a vacancy rate of 7 percent (including storefronts that were under construction at the time of the survey). As a rule of thumb, a healthy vacancy rate for a typical shopping district is between 5 and 10 percent.

Growing number of visitors: Many visitors are drawn by the Mission's distinctive Latino heritage, including the neighborhood's cultural institutions, public art, Latino stores and restaurants, and special events. According to retailers, former residents also return to the area to find specific goods and services. Other visitors come to the Mission for high-end and trendy restaurants, bars, and nightlife.

CHALLENGES

While Calle 24 is in many ways a thriving retail corridor, business owners, residents, and other stakeholders have identified concerns related to supporting existing businesses and maintaining the cultural district's distinctive mix of Latino cultural institutions, retailers, and restaurants over time as the neighborhood's demographics change. These challenges are discussed below.

Changing local consumer base: Most of the retail and restaurants on Calle 24 have historically served a primarily local consumer base. However, over the past several decades, the Latino population in the Mission District has declined, while the neighborhood has gained many new, non-Latino white residents and the area's demographics have become higher-income and more educated. As a result of these demographic changes, some long-standing retailers on Calle 24 have experienced a decline in business, and have either closed or struggled to adapt. On the other hand, the changing consumer market has created opportunities for other businesses. Grocery stores, specialty food stores, and arts and artesanía stores appear to have been particularly successful at offering new goods and services to take advantage of local demographic changes and/or expanding marketing efforts to attract tourists and other visitors.

Tourism-related impacts: While many business owners see the recent rise in tourism as a plus, some stakeholders raised concerns about culturally insensitive tours, temporary declines in business during major events, and increased traffic and parking demand.

Concerns about displacement as a result of rising rents: Many well-established businesses on Calle 24 are concerned about being displaced by rising rents, especially as their long-term leases expire. Displacement is a particular concern for neighborhood-serving businesses that offer affordable goods and services to the Mission District's lower-income residents, such as grocery stores, beauty salons, taquerías, and pupuserías. Some arts and cultural institutions that rent their space are also at risk of displacement.

Recruiting and retaining employees: Some Calle 24 business owners have expressed concerns about recruiting and retaining workers as living costs escalate in San Francisco and the region. Although the labor shortage is affecting many different industries throughout the Bay Area, the region's retail and restaurant businesses have been particularly affected because they tend to offer low wages relative to the cost of living. The restaurant industry faces the added challenge of competing for kitchen staff with corporate campuses that may offer better pay and more consistent scheduling. In response to these challenges, retailers and restaurant owners throughout the Bay Area are offering higher wages and better benefits, experimenting with new tipping structures, and creating programs to train workers with limited experience. However, these strategies can be difficult for small, independent retailers to afford and in some cases may result in higher prices for consumers.[2]

Managing and maintaining public space: While acknowledging recent improvements, business owners noted that perceived concerns around safety, cleanliness, and disorder continue to deter some customers from patronizing Calle 24. For example, business owners cited challenges involving the presence of homeless persons, the mentally ill, and those with substance use disorders. Business owners suggested that increased lighting and trimming street trees could help create a more welcoming environment, especially at night. Business owners also stressed the need for increased traffic safety measures, strategies to reduce litter, and more frequent power-washing of the sidewalk.

A lack of access to capital for investing in tenant and façade improvements: Many business owners interviewed for this study expressed a desire to undertake capital improvements, but lack the funds. Some have benefitted from small grants or loan programs from the City of San Francisco, or are in the process of obtaining funds to help carry out improvements.

KEY ISSUES FOR THE RETAIL STRATEGY TO ADDRESS

Based on the opportunities and challenges described, the strategies presented in Chapter III are focused on addressing four key issues facing the corridor. These include:

1. **Retail retention and recruitment:** As described above, some of the major challenges facing existing businesses on the corridor include shifting neighborhood demographics, employee recruitment and retention, and rising rents. These issues in part reflect broader trends that are best addressed at the city or regional level. However, there are a number of strategies that the City and LCD Council can consider to assist local businesses with these and other challenges. Potential strategies include assisting businesses with lease negotiations, marketing, tenant and façade improvements, and access to capital; connecting businesses with workforce training programs seeking to place graduates; and exploring creative solutions to rising rents such as connecting existing retailers with entrepreneurs looking to share space. In addition, as vacancies arise, the City and LCD Council can recruit and support culturally relevant businesses that will complement and enhance the existing cluster of restaurants, specialty retail, and arts and entertainment uses.
2. **Marketing and promotions:** The City and LCD Council can help support successful retail on Calle 24 by promoting the corridor's distinctive blend of retail, heritage, arts, and culture, supporting events and programming that attract visitors seeking a unique experience, and addressing potential conflicts associated with increased visitation. Marketing efforts should target both the region's Latino population – which has continued to grow, even as the number of Latinos living in the Mission District has declined – as well as other visitors from across San Francisco and the Bay Area. The text box below describes some of the key trends in the national and regional Latino consumer market that the City and LCD Council should consider in crafting a marketing strategy.
3. **Land use and public realm:** New land use policies and improvements to the public realm can help preserve the corridor's unique character and contribute to an attractive environment for residents and

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[2] See, for example: Annie Sciacca, "Bay Area Restaurants Struggle to Keep Workers as Living Costs Rise," *Bay Area News Group*, May 12, 2016, http://www.mercurynews.com/bay-area-news/ci_29884761/bay-area-restaurants-search-workers; Jonathan Kauffman, "Restaurants Finding Workers Among the Disadvantaged," July 2, 2016, http://www.sfchronicle.com/food/article/Restaurantsfindingworkersamongthe8338643.php.
Peter Fimrite, "Not All New North Bay Train Workers Can Afford to Live There," *San Francisco Chronicle*, July 30, 2016, http://www.sfchronicle.com/travel/article/Not-all-new-North-Bay-train-workers-can-afford-to-8743714.php.

visitors. Business owners stressed the need for improvements to the safety, cleanliness, and attractiveness of the corridor. For example, these could include increased lighting, trimming street trees, increasing security and litter control, and managing parking. Other neighborhood improvements – such as arches, tiles, banners, public art, historic information plaques – could help reinforce Calle 24's image as a Latino Cultural District. The City is also exploring zoning controls to help maintain neighborhood character and retain existing uses.

4. **Arts and cultural preservation:** This report is focused on supporting commercial uses on the corridor. However, arts and cultural institutions play a critical role in supporting Calle 24's success as a unique retail destination, both by contributing to the district's distinctive cultural identity and attracting visitors from around the city and the region. The City and LCD Council can help support the long-term sustainability of Calle 24's arts and cultural institutions by extending small business services to non-profits, fostering connections between businesses and non-profits, and exploring other strategies.

The following chapter presents a more detailed menu of specific strategies for supporting the Calle 24 retail corridor.

The Changing Latino Consumer Market

The Latino consumer market is growing rapidly in San Francisco and the Bay Area. Between 1990 and 2014, the Bay Area's Latino population increased by nearly 90 percent, while San Francisco's Latino population grew by 26 percent. Within the city, much of the growth in the Latino population has occurred in the southern and eastern neighborhoods, including the Outer Mission, Excelsior, Visitacion Valley, and Ingleside. The Mission District continues to be home to one of the largest concentrations of Latinos in San Francisco. However, between 1990 and 2014, the Latino population in the Calle 24 trade area* declined by 23 percent.

The Mission District – and Calle 24 in particular – remains a central hub of Latino cultural life in San Francisco. However, as the region's Latino population has grown, the availability of Latino goods, services, and cultural events has also increased. Shoppers who once may have needed to travel to the Mission to find goods and services catering to the Latino community can now find those products in many locations throughout San Francisco and the Bay Area. In order to remain competitive and attract Latino shoppers from around the city and region, retailers on Calle 24 will need to adapt to changing consumer characteristics and preferences. While the Latino market is diverse, including many native U.S. residents as well as immigrants from countries across Latin America, recent research on the Latino consumer market has identified some common characteristics (discussed in more detail in Appendix B). These include:

- **Latinos tend to be younger compared to the population at large.** The median age of Latinos is 28 for the U.S. and 29 for the Bay Area – nearly 10 years younger than the median for the population as a whole, both nationally and regionally. Nearly 30 percent of all Latinos in the U.S. and the Bay Area are Millennials (age 18 to 34).
- **An increasing majority of the Latino population was born in the U.S.** Latinos born in the U.S. now represent 64 percent of the U.S. Latino population, and 61 percent of the Bay Area Latino population. Latinos born in the U.S. tend to be younger, live in smaller households, and earn higher incomes compared to foreign-born Latinos.
- **Latinos are highly engaged with technology.** Nearly 80 percent of Latinos in the U.S. own a smartphone, compared to 70 percent of the non-Latino population.
- **Latinos of all generations tend to identify strongly with Latino culture, heritage, family, and community.** A recent national study by Univision surveyed Latinos about the importance of family and cultural relationships, and found that all groups – including Millennials born in the U.S., Millennials born outside the U.S., and older Latinos – were deeply connected to Latin American culture. Latinos are more likely to shop with their families compared to other groups, and Latino households are more likely to include children (52 percent of Latino households in the Bay Area include children, compared to 30 percent of all households).
- **Despite the continued importance of cultural connections for young Latino consumers, the younger generation appears less interested in certain types of traditional products.** For example, commercial districts as diverse as the Downtown Los Angeles Jewelry District, Boyle Heights in East Los Angeles, and Pacific Boulevard in Huntington Park are struggling to maintain jewelry, bridal, and quinceañera stores that primarily serve older Latinos. In response, some entrepreneurs are focusing on more experience-oriented business models intended to appeal to Millennial Latinos, such as hosting tequila-tasting events, dancing, and music.
- **While Latinos tend to have lower incomes than the overall Bay Area population, they exercise substantial spending power.** In 2014, the median income for Latino households was $57,478 – significantly less than the median income for the Bay Area overall ($79,863). Fifty-one percent of disposable income of households in this income bracket is typically spent on housing and transportation, leaving 49 percent for discretionary spending. However, on average, 98 percent of household income is spent, and the aggregate income for all Bay Area Latino households totaled $33 billion in 2014.

For retailers seeking to serve the Latino market, these trends suggest the importance of focusing marketing on culturally relevant messages related to family and lifestyle, reaching a diverse audience including families and young Millennial adults, maintaining an online presence, and creating a unique shopping and dining experience. Chapter III of this report provides a number of strategies to help retailers on Calle 24 and the district as a whole thrive in this changing marketplace.

*For the purposes of this analysis, the Calle 24 trade area was defined as those Census Block Groups that have a majority of their land area within a one-mile radius of the study area. See the Background Report for more information.

III. MENU OF POTENTIAL RETAIL STRATEGIES

This section describes 20 potential strategies that the City, the Calle 24 Latino Cultural District Community Council (referred to as the LCD Council), and other partner organizations could consider to support a thriving retail corridor and help preserve Calle 24's distinct cultural identity. The strategies are organized around the four issues introduced in Chapter II:

- Retail retention and recruitment;
- Marketing and promotions;
- Land use and public realm; and
- Arts and cultural preservation.

In order to inform the strategies, Strategic Economics researched cultural heritage districts around the country. The text box on the following page summarizes some of the key findings from this research. While many cities take a proactive role in supporting retail districts – for example, by providing technical assistance, recruitment, marketing, and other economic development services – the City of San Francisco's proactive approach to cultural preservation in the Calle 24 Latino Cultural District (and Japantown) appears to be unique. Cities often play a supporting role, but Strategic Economics was not able to identify examples from other communities where the city government has not only explicitly designated specific cultural districts, but also helped lead the effort to preserve and enhance retail, historic, and cultural uses as part of a comprehensive strategy.

While San Francisco's comprehensive approach appears to be unique, the research into other cultural districts did help identify examples of potential strategies for Calle 24. These examples, as well as examples of successful programs and approaches that are already being implemented in San Francisco but could be expanded to better support Calle 24 businesses, are profiled in additional text boxes throughout this chapter.

The remainder of this chapter describes the strategies in more detail, including the agencies and organizations that are best suited to implement each strategy. These strategies were informed by the examples cited above, case studies, interviews and analysis conducted for this study.

Cultural Heritage Districts: Key Findings

Strategic Economics researched cultural heritage districts around the country to identify best practice and inform the strategies presented in this chapter. This text box describes the general lessons learned from this research; examples of specific strategies that have been used to support retail, arts, and cultural organizations in other districts are provided in additional text boxes below.

In general, there are two main types of approaches to cultural district strategies:

- ***District Revitalization:*** These strategies focus on addressing challenges associated with long-term neighborhood disinvestment, with an emphasis on filling retail vacancies, creating jobs, providing social services to local residents, and addressing neighborhood blight, while retaining and building on a neighborhood's historic character and cultural heritage. Examples of districts where communities have focused on this type of district revitalization include the Fruitvale District, a long-time Latino district in Oakland; and the Old Fourth Ward (also known as the Martin Luther King, Jr. National Historic District), an historically African-American neighborhood in Atlanta.
- ***District Preservation:*** These strategies focus on preserving retail, arts, or cultural districts that are perceived as being at risk due to gentrification and/or demographic change. Examples of districts where non-profit community organizations and cities have taken a proactive approach to historic and cultural preservation include Japantown in San Francisco and Little Tokyo in Los Angeles – two of California's historic Japantowns that have struggled to maintain their cultural heritage through a history of discrimination, internment, urban renewal, and (most recently) the dispersion of the Japanese American population. The City of Seattle recently created an Arts and Cultural Districts Program (profiled in more detail below) focused on preserving the presence of arts and culture in designated neighborhoods.

Most cultural district strategies around the country are driven by community development corporations (CDCs) or other non-profit community organizations. CDCs are non-profit organizations that focus on revitalizing the neighborhoods where they are located through community-led economic development, affordable housing development, neighborhood planning, and other efforts. For example, the Unity Council CDC has led revitalization efforts in the Fruitvale since the 1960s; the Historic District Development Corporation, which has been active in the Old Fourth Ward since the 1980s; and the Little Tokyo Community Council is leading efforts to preserve LA's Japantown. One exception is the Seattle Arts and Cultural Districts Program, which is City-sponsored; however, this strategy is focused more narrowly on historic preservation and promotion of the arts, and does not include a retail support component.

There is often a tension between cultural district revitalization or preservation strategies, and concerns about gentrification and displacement. For example, as the Fruitvale and Old Fourth Ward have succeeded in attracting new investment over time, community concerns have increasingly shifted towards preventing gentrification and displacement of long-time residents.

Successful retail strategies often involve the establishment of Business Improvement Districts (BIDs) or Community Benefit Districts (CBDs). These organizations (discussed in more detail below) provide a long-term revenue source for retail support, marketing, and other economic development activities. In addition, they are led by business and commercial property owners, who are often in the best position to identify strategies for supporting a sustainable retail environment.

RETAIL RETENTION, RECRUITMENT, AND SUPPORT

Strategy 1: Provide information to business owners about existing programs designed to assist small businesses, such as the SF Shines façade and tenant improvement grants, BizFitSF, the Legacy Business Registry and Historic Preservation Fund, and small business loan and technical assistance programs.

OEWD is currently piloting two new business assistance programs on Calle 24 and a handful of other retail corridors: SF Shines, which provides grants for façade and tenant improvements, and BizFit, which provides customized technical assistance. Although funding for the pilot programs is limited, the City is still accepting applications. The Office of Small Business also offers a number of loan programs to assist entrepreneurs in launching or expanding their businesses. Other City programs that may be of interest to businesses on Calle 24 include the City's free Americans with Disability Act (ADA) compliance inspections, and the Legacy Business Historic Preservation Fund (see text box). In addition, a variety of organizations including the San Francisco Small Business Development Center (SBDC) and the Mission Economic Development Agency (MEDA) provide a variety of technical assistance services to support small businesses. The City and its partners should ensure that all business owners on Calle 24 who might be eligible for these programs are informed about funding availability and the application process.

- **Partners:** OEWD, Calle 24 Corridor Manager, Office of Small Business, SBDC, non-profit partners (e.g., MEDA)

Strategy 2: Expand efforts to assist individual businesses with business planning, website development, online marketing, access to capital, tenant and façade improvements, and lease negotiations.

Currently, fewer than half of businesses on the Calle 24 corridor have hours of operation clearly posted either on the storefront or online. While a number of business owners are already advertising actively on websites such as Yelp, Facebook, and Trip Advisor, many business owners recognize a need for marketing assistance in order to keep their business visible both on- and off-line. Several business owners have also expressed a desire to undertake capital improvements, but lack the funds. OEWD should monitor the success of the BizFit and SF Shines pilot programs in addressing these and other challenges facing businesses on the corridor, and look for opportunities to expand the range of services offered to businesses, either directly by the City or through partnerships with organizations such as MEDA and SBDC. In the long-term, these programs will require an ongoing source of funding, such as a Community Benefit District, in order to be sustainable (see discussion under Strategy #10).

- **Partners:** OEWD, SBDC, non-profit partners (e.g., MEDA)

San Francisco's Legacy Business Registry and Historic Preservation Fund

In 2015, the City of San Francisco established the Legacy Business Registry, with the goal of bringing recognition and providing educational and promotional assistance to long-standing, community-serving businesses in the city. In order to appear on the registry, businesses must have been in operation for at least 30 years, be nominated by a Supervisor or the Mayor, and demonstrate that they have made a significant impact on the history or culture of their neighborhood.

Shortly after the establishment of the registry, San Francisco voters approved an initiative to establish a Legacy Business Historic Preservation Fund. This fund is open to Legacy Businesses and is meant to help prevent their displacement due to increased commercial rents. If the property owner of a space occupied by a Legacy Business agrees to renew the business' lease for a minimum of 10 years, both the business and the property owner could benefit from grants from the Historic Preservation Fund. Funding available to businesses and property owners will depend on City allocation and the amount of businesses and property owners that apply to receive the fund. Specifically, Legacy Businesses will be eligible for an annual grant of up to $500 per full time employee, and property owners can receive $4.50 per square foot of space leased per year if lease terms are for at least 10 years. While other cities in Europe (including Paris and London) have mechanisms in place to preserve notable neighborhood businesses, this innovative program is the first in the U.S. to recognize small businesses as historic assets and to incentivize their preservation. Precita Eyes on Calle 24 was among the first organizations to be added to the Legacy Business Registry.

Sources: San Francisco Planning Department, Legacy Business Registry, http://sf-planning.org/legacy-business-registry; SF Heritage, Legacy Business Registry & Preservation Fund, http://www.sfheritage.org/legacy/legacy-business-registry-preservation-fund/; San Francisco Planning Department, Mission Street Public Life Plan, Final Report, February 2015, http://sf-planning.org/mission-street-public-life-plan; SF Curbed, "Here Are San Francisco's Very First Legacy Business Recipients", Adam Brinklow, August 11, 2016, http://sf.curbed.com/2016/8/11/12441574/first-legacy-businesses-sf.

Image: Strategic Economics, 2016.

Strategy 3: Explore partnerships with local educational institutions, tech companies, and other organizations that may be able to provide assistance with website development and online marketing.

Research on the Latino consumer market shows that Latinos of all ages – but particularly members of the Millennial generation – are highly engaged with technology and often use the Internet to find out about products, services, and events. The City could consider expanding partnerships with the City College of San Francisco's business and/or computer science departments, computer science programs at local high schools, local tech companies or non-profit organizations that provide information technology (IT) training to local youth and improve their chances of joining local technology companies. These programs could also pair students and tech workers with local businesses to assist with website development and online marketing efforts. One possible model for this type of partnership is Mission Economic Development Agency's (MEDA) Mission Techies program, which provides technology training for local residents under 25 and incorporates website building assistance for local businesses (see text box). Another model initiative is Urban Solutions' Big Tech for Small Biz Program, a SOMA-based program that supports local small businesses by providing them with a number of services (including counseling, training, and real estate assistance) through courses taught by representatives of tech and other companies with a significant local presence.

- **Partners:** OEWD, MEDA, City College of San Francisco, San Francisco Unified School District, local tech companies.

Mission Economic Development Agency's Mission Techies

Mission Techies is a 12-week free training program created by Mission Economic Development Agency (MEDA). The program is open to participants between 17 and 24 years of age, and provides them with essential IT training on hardware, software, networking, and coding. Participants receive a $500 stipend, bolster their job-readiness, and provide tech support to low-income families and small businesses, by helping them build their websites. This program stems from the observation of the under-representation of Latinos in tech firms; MEDA aims to bridge that gap by providing unemployed and underemployed, primarily Latino youth with the support and skills to start a career in the technology sector. As of Summer 2016, the program had 88 alumni, many of who have moved on to leading technology companies such as Facebook, Google, Pandora and Twitter. Over 80 percent of graduates were employed or continuing their education, and those who had secured internships or full-time positions made on average $25 per hour.

Sources: MEDA, Mission Techies, http://medasf.org/programs/mission-techies/; "Mission Techies Empowers SF's Youth to Pursue Technology Careers", Todd Johnson, San Francisco Business Times, June 20 2016, http://www.bizjournals.com/sanfrancisco/blog/techflash/2016/06/mission-techies-sf-youth-tech-careers-coding.html; "Mission Critical: Programs Like Mission Techies Invite SF Youth to the Tech Party", Annie Gaus, San Francisco Business Times, June 17 2016, http://www.bizjournals.com/sanfrancisco/print-edition/2016/06/17/technology-education-recruitment-diversity-sf.html; "MEDA: Mission Techies Program (2015)", Full Circle Fund, http://www.fullcirclefund.org/project/meda-2015/; Accessed December 2016.

Strategy 4: Support efforts for existing retailers to share space with other, complimentary uses.

Small, independent retailers and restaurant owners in markets throughout the country are finding creative ways to use their space in order to both create a unique experience that attracts customers, and assist in paying rent and meeting other business expenses. Examples include sharing retail space among multiple users (see text box below), and hosting pop-up events, sales, or dining opportunities. OEWD can facilitate these creative approaches by coordinating with other City departments to streamline the permitting process, connecting existing tenants with prospective sub-lessors or entrepreneurs who are looking for pop-up space, assisting businesses in negotiations with property owners, and providing technical assistance on drafting effective sub-leases and other needed legal documents. Local non-profits that work regularly with emerging local businesses, such as MEDA and La Cocina, may also be able to help bring business owners together.

- **Partners:** OEWD, Planning, Health, Building, other departments with permitting authority; non-profit partners (MEDA, La Cocina, etc.)

Sharing Retail Space

One creative way for retailers to reduce the cost of rent is to enter into agreements with other retail businesses to share their space. In some cases, these arrangements serve as a stepping stone for new businesses that need to keep costs low, but later plan to graduate into their own storefronts. In addition to reducing rent costs, sharing space can help attract new customers, especially if the businesses serve complementary markets (for example, pairing an alternative medicine bookstore and a yoga studio, or a bakeshop and a café). In some cases, businesses have been able to integrate their activities seamlessly. In Atlanta, for example, Octane Coffee and the Little Tart Bakeshop share a space and appear as one entity from the customer's perspective. Sales are reconciled using a sophisticated point-of-sale software that allows each business to collect its share of the revenue.

It is important to note that in order for this strategy to work, the original lease must permit the tenant to sublet part of their space. In the Mission, an example of retail space sharing is Angela's Joyeria, a jewelry store that shares a small storefront with other businesses including a computer repair shop and a perfume boutique.

Sources: Entrepreneur, "How Small Shops Economize by Sharing Space", Jane Hodges, June 13, 2012, https://www.entrepreneur.com/article/223702; SmallBusiness.com, "Retail Space Sharing Businesses Can Go Together Like Coffee and Pastry", April 16, 2015, http://smallbusiness.com/vision/basics-of-retail-space-sharing/; DNA Info, "Store-Within-a-Store Concept Helps Retail Businesses Stay Afloat", Serena Solomon, August 19, 2014, https://www.dnainfo.com/new-york/20140819/lower-east-side/store-within-a-store-concept-helps-retail-businesses-stay-afloat.

Strategy #5: Consider piloting a small market or food court to provide affordable space for emerging small businesses.

A small market or food court could provide affordable space for emerging small businesses that complement existing uses on the corridor, and serve as both a community gathering space and unique destination within the Mission. As discussed in the text box below, the market could be operated as a private business, or as a non-profit project that provides business services as well as physical space. While a non-profit organization or private property owner or investor will likely need to take the lead in developing this type of space, OEWD could assist in identifying an appropriate storefront on or near Calle 24, providing funding for tenant improvement costs, identifying appropriate tenants, and connecting tenants with existing business services.

- **Partners:** Non-profit partners (e.g., MEDA, La Cocina, etc.); private property owners and investors, OEWD

Strategy #6: As vacancies arise, recruit new, culturally relevant businesses that support the existing cluster of restaurants, specialty retail, nightlife, and arts and entertainment uses.

As storefronts on the corridor become vacant, the Calle 24 Corridor Manager can serve as the primary point person for retail recruitment. The Corridor Manager could work with OEWD, non-profit partners, property owners, and local retail brokers to identify and recruit businesses that compliment and build on the corridor's existing strengths as a destination for Latino food, arts, heritage, and culture.

- **Partners:** Calle 24 Corridor Manager, OEWD, non-profit partners, property owners, retail brokers

Strategy #7: Explore opportunities to connect local retailers and restaurant owners with workforce training programs.

OEWD's Hospitality Initiative serves as an entry point for workers looking for training and positions in the hospitality industry (see text box, below). OEWD could work to connect retail businesses and restaurants on Calle 24 with graduates of the Hospitality Initiative program, and make sure that local businesses are aware of and involved in other City programs intended to connect employers and job seekers. For example, the Department of Children, Youth, and their Families (DCYF) operates neighborhood job fairs for youth. The Human Services Agency of San Francisco (HSA) provides employment services for San Francisco's public assistance recipients, and offers job listings, career counseling, and job placement services to the general public through its Career Link Centers (including one center located in the Mission).

- **Partners:** OEWD, Department of Children, Youth and their Families (DCYF), Human Services Agency (HSA), workforce service providers

Public Markets and Food Courts

Public markets and food courts provide space for multiple small vendors. The markets can take a wide variety of physical forms, from neighborhood storefronts to large scale marketplaces, and be operated by either private owners or non-profit organizations that also offer business services. Whatever the size and structure, a successful market requires identifying an appropriate space and drafting a business plan that identifies the market's goals, sources of funding for start-up and long-term operations costs, and (if appropriate) the business services that will be offered. A successful market also requires a long-term commitment to management and operations (i.e., managing the tenant mix, ensuring consistent hours, and providing technical services if appropriate).

Examples include:

- **331 Cortland** is a small (1,000 square foot) food court in Bernal Heights that was opened in 2010 by building owner Debra Resnick, who was struggling to find a tenant for her space during the recession. The space hosts six small restaurants, several of which are former participants in La Cocina's business incubator program.
- **Mercado La Paloma** is a public marketplace, business incubator, community gathering space, and home to social service non-profit organizations located in South Central Los Angeles, near the University of Southern California. The Mercado is an economic development project of the Esperanza Community Housing Corporation, a non-profit community development corporation. The project involved the redevelopment of a vacant, deteriorated 34,000 square foot, two-story warehouse and adjacent half-acre plaza. Acquisition and rehabilitation of the building cost nearly $10 million, with funding provided from a variety of sources including the Los Angeles Department of Cultural Affairs, the Los Angeles Community Redevelopment Agency, the Community Development Block Grant Program, other federal grants, and donations from foundations, private companies, and individuals. Community discussions about the need for a marketplace began in 1996, and the engagement and outreach process lasted several years before construction began in 1999. The market opened to the public in 2001, and now hosts approximately a dozen restaurants and businesses, plus a community meeting room and outdoor plaza for use as a community gathering site. Seven non-profit social service groups are located on the second floor.
- **The Fruitvale Public Market** is a 7,000-square foot business incubator that provides affordable space and technical assistance to eleven small businesses. The market was developed by the Unity Council in order to support small business and job development, create community gathering space, and serve as a physical link between the Fruitvale Transit Village and International Boulevard. The project involved extensive renovations to a former Masonic temple, with much of the funding provided by the City of Oakland. The Public Market opened in 2008, and employs a full-time professional manager.

Sources: Strategic Economics, "Anchor Institution Case Studies," prepared for the U.S. EPA, 2012; Interview with Marsha Murrington (Bay Area LISC; formerly Executive Vice President, Unity Council), August 2016; Unity Council, "Public Market," http://unitycouncil.org/property/public-market/, accessed August 2016; Anna Roth, "331 Cortland: Entrepreneurs Share Space and Success," *SF Weekly*, November 14, 2014, http://archives.sfweekly.com/sanfrancisco/331-cortland-entrepreneurs-share-space-and-successes/Content?oid=2187014.

Workforce Training Programs and the Hospitality Industry

In San Francisco and other parts of the Bay Area, a number of public and non-profit workforce training programs are working to address the growing challenge that retailers and other businesses in the hospitality industry face in recruiting and retaining workers. In 2011, the Office of Economic and Workforce Development launched the Hospitality Initiative, a program designed to coordinate training and employment resources to prepare San Francisco residents for jobs in the hospitality sector, and to fulfil the hiring needs of hospitality sector employers. As part of the program, job seekers go through an orientation that provides them with an overview of the sector, followed by an assessment with a workforce specialist to identify the job seeker's goals and next steps. Job seekers can complete job readiness and vocational skills training, and are finally referred to appropriate employers. Partners of the initiative include the San Francisco Hotel Council, the Golden Gate Restaurant Association, San Francisco Travel, the Moscone Center, City College of San Francisco, San Francisco Unified School District, Unite Here Local 2, and various community-based organizations including the Mission Hiring Hall and Mission Language Vocational School.

Some hospitality workforce training programs are specifically targeted at bringing disenfranchised individuals back into the workforce. For example, Episcopal Community Services in San Francisco (one of the City's partners in the Hospitality Initiative) runs a program called "Conquering Homelessness through Employment in Food Services" (CHEFS). This seven-month culinary program is open to people who are homeless, in transitional housing or in shelters. The program does not pay participants, but provides classes, hands-on training, and internships in local restaurants, kitchens and bakeries. The program has been in existence for 19 years and, upon completion, 75 percent of its graduates find steady employment and housing. In the last few years, CHEFS has begun to cater meals to tech companies in the Mid-Market and Tenderloin neighborhoods, as part of Community Benefit Agreements signed by companies receiving tax incentives from the City of San Francisco.

Sources: Episcopal Community Services San Francisco, Conquering Homelessness through Employment in Food Services, http://ecs-sf.org/programs/chefs.html; KQED, "From Shelters to Startups: CHEFS Program Helps Homeless by Cooking for Tech Companies", Angela Johnston, July 11, 2014, http://ww2.kqed.org/bayareabites/2014/07/11/from-shelters-to-startups-chefs-program-helps-homeless-by-cooking-for-tech-companies/; San Francisco Office of Economic and Workforce Development, Hospitality Initiative, http://oewd.org/hospitality-initiative.

Strategy #8: Explore parking demand management strategies to improve the availability of customer parking on the corridor.

Business owners have expressed concerns about the availability of customer parking. As an urban retail district, parking on Calle 24 is inherently constrained. However, the City can explore strategies to help manage the existing supply of parking spaces, so that customers can more easily find a space if needed. For example, potential strategies include expanding signage to assist customers in finding parking quickly and conveniently, working with businesses to manage employee parking demand, adjusting time limits, and considering pricing strategies help manage demand, location, and duration of parking.

- **Partners:** San Francisco Municipal Transit Agency (SFMTA), OEWD, Planning

Strategy #9: Continue efforts to engage merchants in the Latino Cultural District effort.

The LCD Council currently has several local business owners on its leadership council. To date, however, the effort to establish and preserve a Latino Cultural District has been largely led by residents and non-profits, and few of the business owners interviewed for this study are involved with the LCD Council. Many community groups find it challenging to engage business owners, who are typically very busy with running their businesses and are not available for community meetings. However, business owners are in the best position to identify strategies for sustaining the corridor's long-term success as a retail district. Successful engagement strategies include building relationships with individual business owners by visiting their stores during business hours, and offering grants, loans, and services to meet their needs (see text box, below, on business and commercial property owner engagement in the Fruitvale District in Oakland). The new Calle 24 Corridor Manager can lead the effort to engage businesses and expand their participation in the LCD Council, and serve as a liaison between local businesses, the LCD Council, and OEWD.

- **Partners:** Calle 24 Corridor Manager, LCD Council, OEWD, Business owners

Strategy #10: Explore the potential to establish a Community Benefit District as a long-term strategy to fund retail support and other economic development activities.

Community Benefit Districts (CBDs), also known as Business Improvement Districts or Property-Based Business Improvement Districts (PBIDs), are public/private partnerships in which commercial property or business owners agree (by majority vote) to pay special assessments to create an ongoing funding source for the provision of economic development activities and services such as street and public realm cleaning, public safety, beautification, streetscape improvements, marketing, promotions, and advocacy. In addition to providing a long-term revenue source, CBDs have the advantage of being managed by non-profit organizations that are formed by representatives of the business and property owners who pay the assessment, and are in a position to receive donations and grants to fund additional activities.[3] San Francisco currently has 12 property-based CBDs in place.

Establishing a CBD typically requires a multi-year effort to build support among businesses and property owners, develop a service plan, budget, and district boundaries, and create a management plan, among other steps. While the process is community led, OEWD provides support in the form of grants and technical assistance. In the short-term, the LCD Council and the Corridor Manager can continue to explore the possibility of creating a CBD by meeting with the executive directors of other San Francisco CBDs, and lay the ground work for potential CBD formation by continuing to reach out to local merchants (Strategy #9). If and when Calle 24 business and property owners decide to move forward with establishing a CBD, they may wish to consider partnering with stakeholders on Mission Street or other corridors in the Mission to form a larger district that could leverage additional resources.

- **Partners:** LCD Council, Calle 24 Corridor Manager, Business and Property Owners, OEWD

[3] For more information on the CBD model, see San Francisco OEWD, "Impact Analysis of San Francisco's Property & Business Improvement Districts (CBDs/BIDs)," Fall 2012, http://oewd.org/sites/default/files/FileCenter/Documents/786-CBD%20BID%20Eval%20Report%20FY%2012-13%20updated.pdf.

The Fruitvale PBID and Business and Property Owner Engagement in the Fruitvale

The Fruitvale Property-Based Business Improvement District (PBID) in Oakland works with the City of Oakland to provide sidewalk cleaning, landscaping, and security, community building activities and attractions, and business assistance. The PBID's membership currently includes over 350 businesses and property owners on three commercial corridors (International Boulevard, Fruitvale Avenue, and Foothill Boulevard), with an annual budget of several hundred thousand dollars. Commercial property owners have voted to extend the PBID twice since its initial formation in 2001.

The PBID's success reflects a long history of business engagement led by the Unity Council, a local non-profit community development corporation (CDC). The Unity Council began reaching out to businesses in the mid-1990s, as part of a broader neighborhood revitalization effort aimed at creating a vibrant Latino retail destination, reducing the district's retail vacancy rate (estimated at approximately 40 percent at the time), and ensuring that existing businesses would not be negatively impacted by the CDC's plans to build a mixed-use development at the nearby BART station. The Unity Council began its outreach to business owners by offering a matching grant program for façade improvements, funded by Community Development Block Grant (CDBG) funds provided by the City of Oakland. The CDC also worked with individual business owners who were interested in purchasing their buildings to obtain bank financing. (Unlike Calle 24, where most of the storefronts are located on the ground floor of mixed-use buildings, much of the retail in the Fruitvale is in single-use retail buildings – making a real estate acquisition strategy simpler.)

In 1996, the Local Initiatives Support Council (LISC) and National Trust for Historic Preservation selected the Fruitvale as one of six urban neighborhoods to participate in a pilot program for establishing a Main Streets program. The Fruitvale was chosen in part because of the work that the Unity Council had already begun to engage and strengthen local businesses. The Main Street program continued the façade improvement program, and expanded services to include graffiti abatement, fundraising for streetscape improvements, planting trees, organizing an annual Día de los Muertos festival, developing improved relationships with the police department, and organizing business assistance events.

Finally, in 2001, commercial property owners voted to form the PBID, creating a property-based assessment that provides an ongoing funding source for safety and cleanliness, marketing and promotions, business assistance, and neighborhood improvement services.

Sources: Interview with Marsha Murrington (Bay Area LISC; formerly Executive Vice President, Unity Council), August 2016; Fruitvale Merchants, "About Us," 2003, http://www.geocities.ws/fruitvalemerchants/aboutus.html; The Unity Council, "Fruitvale Business Improvement District," http://unitycouncil.org/program/fruitvale-business-improvement-district/ (accessed August 2016).

MARKETING AND PROMOTIONS

Strategy #11: Create and implement a branding and marketing strategy centered around Calle 24's identity as a destination for Latino food, arts, heritage, and culture.

OEWD is in the process of hiring marketing consultants to work with the Calle 24 Corridor Manager to develop a tailored branding and marketing strategy for Calle 24. The marketing strategy should appeal to a diverse audience of Latinos and other visitors from around the city, including families, Millennials, and older adults. As discussed in Chapter II, recent marketing research shows that key factors to consider in reaching Latinos include stressing the importance of heritage and family, providing unique cultural experiences (such as dining, music, and other entertainment), and maintaining a strong online presence.

- **Partners:** Calle 24 Corridor Manager, OEWD, LCD Council

Strategy #12: Work with business owners to identify and promote cultural events that support the corridor's cultural identity and complement existing uses.

Events such as Carnaval, Día de Los Muertos, and the Cesar E. Chavez Holiday Celebration help draw visitors from around the city and region, both during the events themselves and in the longer term by raising Calle 24's visibility. However, some business owners and other stakeholders have raised concerns about short-term declines in business during events, especially for events that include food trucks and other vendors who might compete with brick-and-mortar retail and restaurants. The Calle 24 Corridor Manager could work with business owners to identify and implement additional, culturally relevant events that will complement, rather than compete with, existing uses. For example, local retailers and restaurants could host mariachi nights to encourage visitors and diners to linger on the corridor (see text box on Noches de Serenata in Boyle Heights, below).

- **Partners:** Calle 24 Corridor Manager, OEWD, LCD Council, cultural organizations

Strategy #13: Work with business owners to highlight the visual and performing arts in storefronts and restaurants.

OEWD, the LCD Council, and Calle 24 cultural organizations can help connect businesses with local artists and musicians who may be interested in displaying their work or performing in storefronts and restaurants on the corridor. In addition, OEWD can help business owners obtain needed permits for hosting live performances, and negotiate legal licensing requirements for playing music at a commercial enterprise.

- **Partners:** OEWD, LCD Council, Business owners, local artists, cultural organizations

Noches de Serenata in Boyle Heights

In May 2016, two non-profit neighborhood organizations in Boyle Heights, First Street Community Businesses – Boyle Heights and the Organización De Mariachis Unidos De Los Angeles (Los Angeles United Mariachis Organization), started a series of monthly events called Noches de Serenata (Serenade Nights). The third Thursday of each month, local musicians play at various locations along East First Street, drawing the public to Mariachi Plaza, and inviting them to dance. The event also includes performances from folk dancers, as well as booths where local retailers sell art, handicrafts, and Latin American food.

Sources: First Street Community Businesses – Boyle Heights, http://www.firststreetcommunity.org/; Facebook page Noches de Serenata – Art Walk, https://www.facebook.com/nochesdeserenata/.
Image: First Street Community Businesses – Boyle Heights, http://www.firststreetcommunity.org/prior-event-photos.

Strategy #14: Work with SF Travel, tour operators, and other tourism organizations to highlight Calle 24's assets in a culturally relevant way, and to address parking, traffic, and other conflicts that may arise.

While many business owners see increased tourism on Calle 24 as a positive development, some stakeholders raised concerns about culturally insensitive tours and increased traffic and parking demand. The Calle 24 Corridor Manager could reach out to the city's tourism organizations to expand marketing while managing these potential conflicts. For example, the Corridor Manager could work with San Francisco Travel, which maintains a website (http://www.sftravel.com/) that helps visitors plan trips to San Francisco, to advertise historic and cultural attractions, retail, and restaurants on Calle 24 in a culturally relevant way. The Corridor Manager could also work with tour operators to organize tours that respectfully highlight the district's culture and history, and encourage walking and bicycle (rather than bus) tours to minimize traffic and parking impacts.

- **Partners:** Calle 24 Corridor Manager, OEWD, LCD Council, San Francisco Travel, tour operators, cultural organizations, local businesses

LAND USE AND PUBLIC REALM

Strategy #15: Implement neighborhood improvements that identify Calle 24 as a Latino Cultural District and highlight the corridor's unique history and culture.

The LCD Council should work with City departments, local cultural organizations, and the city's historic societies to design and implement distinctive public realm improvements such as arches, tiles, banners, and public art. In addition, bilingual historic information plaques could help guide visitors to important destinations and expand their appreciation for the district's unique history and culture. Effort to develop informational signs should build on the existing self-guided walking tour brochure ("Calle 24: Cuentos del Barrio") developed by San Francisco Heritage and the San Francisco Latino Historical Society. Calle 24 cultural organizations can also help identify important landmarks and provide interpretive information.

- **Partners:** LCD Council, OEWD, Planning Department, Public Works, Public Utilities Commission, SFMTA, cultural organizations, SF Heritage, SF Latino Historical Society

Strategy #16: Invest in public realm improvements such as pruning trees, fixing broken sidewalks, adding pedestrian lighting and landscaping, reducing litter, and graffiti abatement.

These types of public realm improvements may involve coordination with multiple City departments, as well as businesses and private property owners. Calle 24 is one of the few areas in San Francisco where the Department of Public Works is responsible for tree trimming; in other parts of the city, street tree maintenance is the responsibility of adjacent property owners. However, on Calle 24 as in other neighborhoods, property owners are responsible for maintaining the sidewalks that front their parcels and abating graffiti. The Department of Public Works also operates a cleanup crew that collects trash and litter. Depending on the improvement, other departments that may be involved include Planning, the Public Utilities Commission, and SFMTA. The Calle 24 Corridor Manager and LCD Council can help coordinate with these departments to ensure that needed improvements are made. In the longer term, a CBD (discussed in Strategy #10) could provide funding for lighting, landscaping, and streetscape improvements, litter and graffiti abatement, sidewalk cleaning, and increased security above and beyond the level typically provided by the City.

- **Partners:** OEWD, Calle 24 Corridor Manager, Public Works, Planning Department, Public Utilities Commission, SFMTA, Property Owners

Strategy #17: Develop unique zoning controls to protect and enhance the Latino Cultural District.

The City is considering a Calle 24 Latino Cultural District Special Use District (SUD) that would impose special zoning controls with the intention of preserving the prevailing neighborhood character (including architectural design, storefront size, signage, streetscape enhancements, and artwork), retaining spaces for the arts and non-profits, preserving designated Legacy Businesses (see text box on San Francisco's Legacy Business Registry, above), and retaining and enhancing existing neighborhood-serving businesses. In addition to protecting existing uses, any new regulations should accommodate new uses – especially those that contribute to the existing cluster of restaurants and other food products, arts, and entertainment uses.

- **Partners:** Planning, OEWD, LCD Council, Supervisor's office

ARTS AND CULTURAL PRESERVATION

Strategy #18: Extend small business services to non-profits.

Non-profit organizations are already eligible to receive assistance through several of the City's existing programs, including SF Shines façade and tenant improvement grants and the Legacy Business Registry and Historic Preservation Fund. Other programs that the City could consider expanding to serve non-profits as well as commercial enterprises include BizFit SF and the City's small business loan programs. In addition, OEWD could work with the SBDC, MEDA, and other non-profit partners to extend their technical assistance services to arts and cultural organizations on the corridor.

- **Partners:** OEWD, Calle 24 Corridor Manager, Office of Small Business, SBDC, non-profit partners (MEDA, Mission Asset Fund etc.)

Strategy #19: Foster connections between stores, restaurants, and arts and cultural organizations.

Many stores and restaurants on Calle 24 already allow cultural organizations to hang posters for upcoming shows and other events. OEWD and the LCD Council could help foster additional connections between local businesses and non-profits. For example, local restaurants could offer theater night dinner specials or other promotions tied to arts and cultural events, stores and restaurants could expand their advertising in theater playbills, and cultural organizations could help businesses identify local artists and musicians who might be interested in displaying their work or performing live (see Strategy #13).

- **Partners:** OEWD, LCD Corridor Manager, LCD Council, business owners, cultural organizations

Strategy #20: Continue to involve Calle 24 arts and cultural organizations in efforts to preserve and promote the Latino Cultural District.

Arts and cultural organizations play a critical role in supporting the success of Calle 24 as a retail destination, and several cultural organizations and local artists are represented on the LCD Council. The LCD Council and OEWD should continue to ensure that artists and cultural organizations help lead efforts to market and promote the corridor, develop the Special Use District zoning controls, design and install neighborhood improvements, and implement other strategies. In addition, while this study identified some of the challenges facing cultural organizations on the corridor – such as concerns about affordability and displacement – further study may be required to identify additional strategies for supporting non-profit institutions. The Seattle Arts and Cultural District Program (profiled in the text box below) provides a model of how cultural organizations can play a central role in district preservation, with support from city departments.

- **Partners:** LCD Council, cultural organizations, OEWD

Seattle Arts and Cultural Districts Program

In 2014, Seattle established an Arts and Cultural Districts program aimed at recognizing and preserving arts and culture in the city's neighborhoods. The City has designated two official Arts & Cultural Districts to date, in the Capitol Hill and the Historic Central Area neighborhoods. The Capital Hill District, designated in 2014, is the densest arts neighborhood in the state of Washington, home to over 40 arts and cultural organizations. The Historical Central Area District, designated in December 2015, is a historically African-American neighborhood. Arts and Culture Districts are created upon petition of a lead community partner (such as a business improvement district, chamber of commerce, local non-profit, or community group). However, both districts involve more than a dozen arts and cultural organizations, and one of the goals of the program is to increase collaboration among the organizations.

Once a district is approved, the City of Seattle puts a one-time grant of $50,000 at the disposal of local arts and culture groups in order to fund district marketing and promotions efforts such as branding and signage to identify the district and guide the public to arts attractions and events; historic and educational markers; parklets; pop-up activation of empty storefronts with artistic projects; and a certification program for new development that includes cultural space. The City's Office of Arts and Culture also employs a full-time Cultural Space Liaison who helps implement the Arts and Cultural District Program, works with the Department of Planning and Development to adjust city codes and policies to incentivize the development and maintenance of cultural spaces within Seattle, and launched a new Spacefinder website that connects arts and arts organizations to available spaces for rehearsals, performances, and other events.

Note that unlike San Francisco's efforts in the Calle 24 Latino Cultural District, Seattle's Arts and Cultural District Program is focused primarily on promotion of the arts, and does not include a retail support component.

Source: City of Seattle, Office of Arts and Culture, Arts & Cultural Districts, http://www.seattle.gov/arts/arts-and-cultural-districts; Interview with Matthew Richter, Cultural Space Liaison, City of Seattle, conducted by Flavio Coppola, Strategic Economics, August 25, 2016.

APPENDIX A: SUMMARY OF POTENTIAL RETAIL STRATEGIES

Figure A-1. Calle 24 Retail Study: Menu of Potential Strategies

Strategy			Objective	Partners
RETAIL RETENTION, RECRUITMENT, AND SUPPORT	1	Provide information to business owners about existing programs designed to assist small businesses, such as the SF Shines façade and tenant improvement grants, BizFitSF, the Legacy Business Registry and Historic Preservation Fund, and small business loan and technical assistance programs.	Facilitate retailers' access to assistance programs designed for them.	OEWD, Calle 24 Corridor Manager, Office of Small Business, SBDC, non-profit partners (e.g., MEDA.)
	2	Expand efforts to assist individual businesses with business planning, website development, online marketing, access to capital, tenant and façade improvements, and lease negotiations.	Provide small businesses with targeted support matching their needs.	OEWD, SBDC, non-profit partners (e.g., MEDA)
	3	Explore partnerships with local educational institutions, tech companies, and other organizations that may be able to provide assistance with website development and online marketing.	Build tech skills within the community, respond to small businesses' specific needs and build lasting collaborations.	OEWD, City College of San Francisco, San Francisco Unified School District, non-profit partners (MEDA, etc.), local tech companies
	4	Support efforts for existing retailers to share space with other, complimentary uses.	Reduce rental costs and create synergies between businesses.	OEWD, Planning, Health, Building, other City Departments with permitting authority; non-profit partners (MEDA, La Cocina, etc.).
	5	Consider piloting a small market or food court to provide affordable space for emerging small businesses.	Support emerging local businesses with limited resources.	OEWD, Non-profit partners (e.g., MEDA, La Cocina, etc.), private property owners and investors
	6	As vacancies arise, recruit new, culturally relevant businesses that support the existing cluster of restaurants, specialty retail, nightlife, and arts and entertainment uses.	Strengthen Calle 24's assets by attracting businesses that support its existing clusters.	OEWD, Calle 24 Corridor Manager, non-profit partners, property owners, retail brokers

Strategy			Objective	Partners
RETAIL RETENTION, RECRUITMENT, AND SUPPORT	7	Explore opportunities to connect local retailers and restaurant owners with workforce training programs.	Help local businesses recruit and retain employees.	OEWD, Department of Children, Youth and their Families (DCYF), Human Services Agency (HSA), workforce service providers
	8	Explore parking demand management strategies to improve the availability of customer parking on the corridor.	Facilitate parking access for customers driving to the corridor.	SFMTA, OEWD, Planning
	9	Continue efforts to engage merchants in the Latino Cultural District effort.	Strengthen the Latino Cultural District by increasing representation of local retailers.	LCD Council, Calle 24 Corridor Manager, OEWD, Business owners
	10	Explore the potential to establish a Community Benefit District as a long-term strategy to fund retail support and other economic development activities.	Support retailers and economic development activities using local revenues.	LCD Council, Calle 24 Corridor Manager, Business and Property Owners, OEWD
MARKETING AND PROMOTIONS	11	Create and implement a branding and marketing strategy centered around Calle 24's identity as a destination for Latino food, arts, heritage, and culture.	Improve the corridor’s visibility and attract more customers to local businesses.	Calle 24 Corridor Manager, OEWD
	12	Work with business owners to identify and promote cultural events that support the corridor's cultural identity and complement existing uses.	Bolster local retailers’ sales and promote Calle 24’s cultural identity.	Calle 24 Corridor Manager, OEWD
	13	Work with business owners to highlight the visual and performing arts in storefronts and restaurants.	Promote local artists and support merchants’ sales.	OEWD, LCD Council, Business owners, local artists, cultural organizations
	14	Work with SF Travel, tour operators, and other tourism organizations to highlight Calle 24's assets in a culturally relevant way, and to address parking, traffic, and other conflicts that may arise.	Continue attracting tourists from all over the world while ensuring existing businesses are supported.	Calle 24 Corridor Manager, OEWD, LCD Council, SF Travel, tour operators

Strategy			Objective	Partners
LAND USE AND PUBLIC REALM	15	Implement neighborhood improvements that identify Calle 24 as a Latino Cultural District and highlight the corridor's unique history and culture.	Ensure that Calle 24 is promoted, improved, and preserved as an essential location for Latino Culture.	LCD Council, OEWD, Planning Department, Public Works Department, Public Utilities Commission, SFMTA, cultural organizations, SF Heritage, SF Latino Historical Society
	16	Invest in public realm improvements such as pruning trees, fixing broken sidewalks, adding pedestrian lighting and landscaping, reducing litter, and graffiti abatement.	Increase the corridor's appeal and cleanliness.	OEWD, Calle 24 Corridor Manager, Public Works Department, Planning Department, Public Utilities Commission, SFMTA, property owners
	17	Develop unique zoning controls to protect and enhance the Latino Cultural District.	Preserve neighborhood character, retain spaces for the arts and non-profit organizations, preserve Legacy Businesses, retain and enhance existing neighborhood-serving businesses.	Planning, OEWD
ARTS AND CULTURAL PRESERVATION	18	Extend small business services to non-profits.	Further support the non-profit organizations that are part of Calle 24's neighborhood fabric.	OEWD, Calle 24 Corridor Manager, Office of Small Business, SBDC, non-profit partners (e.g., MEDA)
	19	Foster connections between stores, restaurants, and arts and cultural organizations.	Create a tightly woven community of merchants, non-profit organizations, and cultural institutions on Calle 24.	OEWD, LCD Council, business owners, cultural organizations
	20	Continue to involve Calle 24 arts and cultural organizations in efforts to preserve and promote the Latino Cultural District.	Ensure that the Latino Cultural District integrates and showcases the corridor's arts and cultural organizations.	LCD Council, cultural organizations, OEWD

Acronyms and abbreviations:

OEWD: San Francisco Office of Economic and Workforce Development
LCD Council: Calle 24 Latino Cultural District Community Council
SBDC: San Francisco Small Business Development Center
MEDA: Mission Economic Development Agency
SFMTA: San Francisco Municipal Transit Agency

APPENDIX B: THE CHANGING LATINO CONSUMER MARKET

This appendix provides a literature review of Latino consumer market trends, as well as information on how the Bay Area's Latino demographics – and thus the consumer market for goods, services, and cultural events on Calle 24 – are changing. For a more detailed demographic profile of the Calle 24 trade area and San Francisco, see the Calle 24 Retail Study Background Report.

NATIONAL TRENDS: LITERATURE REVIEW

The Latino consumer market is experiencing rapid growth. There are more than 55 million Latinos in the U.S., making up over 17 percent of the population.[4] The group's buying power increased by 40 percent between 2010 and 2014, reaching approximately $1.4 trillion a year.[5] California's Latino market, where the group's total spending power is estimated at $304.3 billion annually, is the country's largest.[6]

Compared to the U.S. population at large, Latinos tend to be younger, more engaged with technology, and are more likely to be bilingual. With a median age of 28, Latinos are almost 10 years younger than the average resident of the U.S.[7] Overall, nearly 30 percent of all Latinos are part of the Millennial generation (age 18 to 34).[8] Latinos are also very engaged with current technology: 79 percent own a smartphone, compared to 70 percent among the non-Hispanic population.[9] More than one-third of Latino households speak both Spanish and English at home.[10]

As immigration from Latin America decreases, the Latino community is increasingly defined by the U.S.-born population. Latinos born in the U.S. now represent 64 percent of the overall Latino population. The median age of native-born Latinos is 18, significantly younger than foreign-born Latinos (for whom the median age is 40.) Native-born Latinos also tend to have smaller households than foreign-born Latinos, and to earn higher incomes.[11]

Whether native- or foreign-born, Latinos of all generations tend to identify strongly with Latino culture, heritage, family, and community. Univision recently conducted a survey of Latinos that measured cultural connectivity using an index based on an individual's relationship to their family, their heritage (including cultural traditions and food) and their community (in terms of closeness to other Latinos). The study compared cultural connectivity among a variety of Latino groups – including Non-Millennials, Millennials born in the U.S., and Millennials born outside the U.S. – and found that all groups were deeply connected to Latino culture, although Millennials born in the U.S. received slightly lower cultural connectivity scores on average compared to the other groups studied. The study concluded that

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[4] Jens Manuel Krogstad and Mark Hugo Lopez, "Hispanic Population Reaches Record 55 Million, But Growth Has Cooled," Pew Research Center, June 25, 2015, http://www.pewresearch.org/fact-tank/2015/06/25/u-s-hispanic-population-growth-surge-cools/.
[5] Nielsen, "State of the Hispanic Consumer: The Hispanic Market Imperative," Q2 2012; Eva Gonzalez and Maria Monistere, "Engaging the Evolving Hispanic Consumers: A Look at Two Distinct Sub-Groups," Nielsen, September 9, 2015, http://www.nielsen.com/us/en/insights/news/2014/engaging-the-evolving-hispanic-consumers.html.
[6] Pantera Digital, "The 2014 Hispanic Consumer Report," 2014.
[7] Nielsen, 2012.
[8] Univision, "The Cultural Connection: How Hispanic Identity Influences Millennials," Ad Age Insights," 2012.
[9] Gonzalez and Monistere, 2015.
[10] Ibid.
[11] Ibid.

marketing efforts targeted at Latinos should go beyond merely translating advertising into Spanish, and focus on culturally relevant messages related to family and lifestyle.[12]

Latinos are more likely to shop with their families. In addition, Latinos tend to spend more per household on groceries, quick-service restaurants, and consumer goods compared to other households.[13]

Despite the continued importance of cultural connections for young Latino consumers, generational shifts are creating challenges for many commercial districts that have traditionally catered to Latinos. Commercial districts as diverse as the Downtown Los Angeles Jewelry District and Pacific Boulevard in Huntington Park (a suburban community in southeastern Los Angeles County) are struggling to maintain jewelry, bridal, and quinceañera stores that primarily serve older Latinos who are scaling back spending on clothes and luxury goods. Younger Latinos appear less interested in these types of products. In response, some entrepreneurs are focusing on more experience-oriented business models – for example, hosting tequila-tasting events, dancing, and music.[14] In some dense urban districts like the Jewelry District and Boyle Heights in L.A., and Calle Ocho in Miami, the challenge of reorienting business models to serve a changing marketplace is compounded by rising retail rents and proposals to redevelop old commercial buildings.[15]

BAY AREA LATINO DEMOGRAPHICS

Many of the trends discussed above are mirrored in the Bay Area. This section provides a brief overview of recent demographic trends among Bay Area Latinos, based on a demographic analysis of the nine-county region.[16]

Latinos comprise 24 percent of the region's population, and the Latino population has grown by 89 percent since 1990. In 2014, there were over 1.7 million Latinos in the nine-county Bay Area (Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma counties).

While all of the Bay Area counties (including San Francisco) experienced an increase in the Latino population between 1990 and 2014, the fastest growth occurred in the East Bay, South Bay, and North Bay. As shown in Figure 2, San Francisco added more than 25,000 new Hispanic residents since 1990, a

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[12] Univision, "The Cultural Connection: How Hispanic Identity Influences Millennials," Ad Age Insights," 2012.
[13] Ad Age Insights, Univision, "The Cultural Connection: How Hispanic Identity Influences Millennials", May 2012.
[14] Ruben Vives, "Huntington Park Looks to Bring Shoppers Back to Pacific Boulevard," *Los Angeles Times*, February 25, 2016, http://www.latimes.com/business/la-me-huntingtonpark-pacific-20160225-story.html; Nina Agrawal, "Jewelry District Struggles to Maintain Glitter in Changing Downtown," *Los Angeles Times*, July 29, 2016, http://www.latimes.com/local/lanow/lamelnjewelrydistrictdecline20160715snapstory.
Html,
[15] Brittny Mejia, "How One Boyle Heights Market Is Trying to Be 'Something That Hipsters Are Into,'" *Los Angeles Times*, July 11, 2016, http://www.latimes.com/local/lanow/la-me-ln-mercado-boyle-heights-20160621-snap-story.html; Robert Silk, "Preservation Group Says Little Havana Endangered," *Travel Weekly*, July 1, 2015, http://www.travelweekly.com/North-America-Travel/Insights/Preservation-group-says-Little-Havana-endangered.
[16] Note that the U.S. Census uses the category "Hispanic" to refer to a person of "Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin regardless of race," rather than the term "Latino" (which is used throughout this report). The Census includes two separate questions about (1) race and (2) Hispanic. In 1990, respondents were asked first about race and secondly about whether they were Hispanic. Beginning in 2000, the order of the questions was reversed. Placing the question about Hispanic identity before the one on race is believed to have improved the response rate to the former question. Source: "Changing The Way U.S. Hispanics Are Counted", Carl Haub, Population Reference Bureau, November 2012, http://www.prb.org/Publications/Articles/2012/us-census-and-hispanics.aspx

26 percent increase. However, Alameda, Contra Costa, and Santa Clara counties experienced the greatest population growth, each adding 170,000 or more new Latino residents between 1990 and 2014. In percentage terms, the Latino population grew most quickly in Contra Costa, Marin, Napa, Solano, and Sonoma counties – each of which saw their Latino population more than double during this period. Reflecting these trends, communities as diverse as Santa Rosa, Napa, Vallejo, Fairfield, Suisun City, Richmond, Bay Point, Pittsburg, and Hayward have attracted large Latino populations over the past several decades, while Oakland, San Jose, and cities along the Peninsula have seen existing concentrations of Latino residents expand.

Figure 2: Bay Area Latino Population, 1990 and 2014

	1990		2014		Change 1990-2014	
County	**Population**	**% of Total**	**Population**	**% of Total**	**Population**	**% Change**
Alameda	181,805	20%	352,500	20%	170,695	94%
Contra Costa	91,282	10%	267,859	15%	176,577	193%
Marin	17,930	2%	40,414	2%	22,484	125%
Napa	15,941	2%	45,937	3%	29,996	188%
San Francisco	100,717	11%	126,524	7%	25,807	26%
San Mateo	114,627	12%	187,635	11%	73,008	64%
Santa Clara	314,564	34%	492,546	28%	177,982	57%
Solano	45,517	5%	104,865	6%	59,348	130%
Sonoma	41,223	4%	125,674	7%	84,451	205%
Total	**923,606**	**100%**	**1,743,954**	**100%**	**820,348**	**89%**

Sources: U.S. Census Bureau, 2000 Census and American Community Survey 5-Year Estimates, 2010-2014; Strategic Economics, 2016.

As the Latino population has expanded, the availability of Latino goods, services, and cultural events has also increased throughout the region, creating more competition for long-standing Latino retail districts like the Mission. In order to serve the growing population, full service Latin American grocery stores and restaurants, as well as smaller markets and taquerías, opened up across the Bay Area. Residents can celebrate holidays such as Día de los Muertos at parades, festivals, and arts and culture events in cities large and small across the region.

While Latinos tend to have lower incomes than the overall Bay Area population, they exercise substantial spending power. In 2014, the median income for Latino households was $57,478 – significantly less than the median income for the Bay Area overall ($79,863). According to consumer expenditure surveys, households in this income category in the Western United States typically spend 51 percent of their "disposable income," or income after taxes, on housing and transportation, leaving 49 percent of income for "discretionary spending".[17] Latino households also experienced a greater decline in median household incomes between 2000 and 2014 compared to the population overall (Figure 3). This reflects a significant increase during this time period in the share of Latino households earning less than $50,000 a year, accompanied by a decrease in Latino households earning $75,000 or more (Figure 4). Despite the decline in Latino household incomes, the aggregate income for all Latino households totaled $33 billion in 2014 – accounting for 11 percent of total aggregate household income in the Bay Area, which is up from 8 percent of the region's aggregate earnings in 1990. This aggregate household income translates

[17] Data on disposable and discretionary income is based on the Bureau of Labor Statistics' Consumer Expenditure Survey (CES), for the Western region, 2014-2015. The CES provides median housing and transportation expenditures for households in the $50,000 to $69,999 income bracket. It characterizes spending patterns for all households of the Western region in this income category, and does not provide spending patterns specifically for Latino households. Disposable income refers to household income after income tax, and discretionary income refers to disposable income after necessities (in this case housing and transportation) have been paid.

into significant spending power, as households in the same income bracket as median Latino households in the Bay Area spend 98 percent of disposable income.[18]

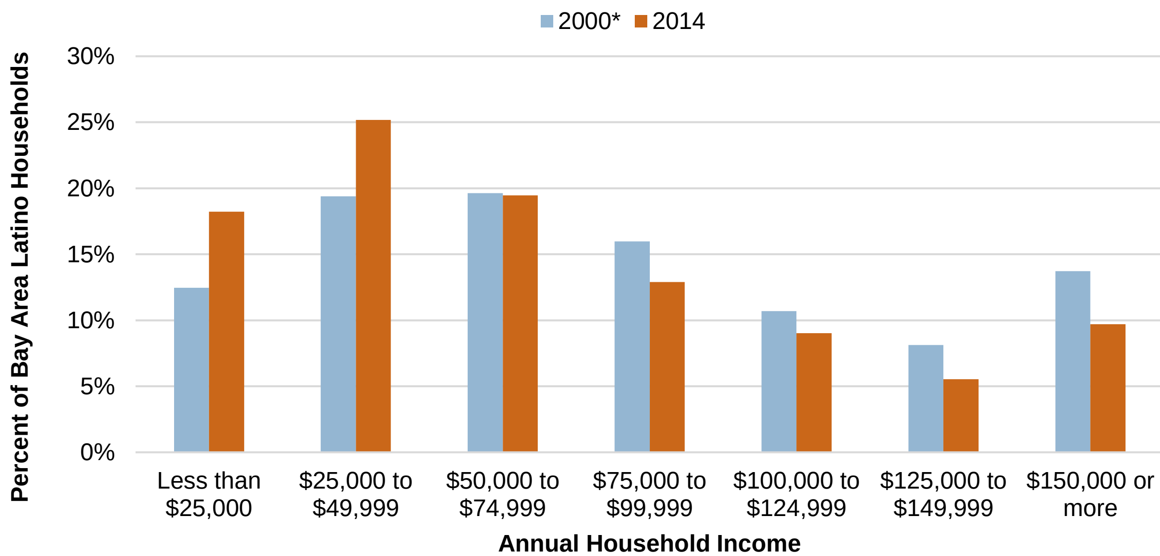
Figure 3: Median Household Incomes, 2000 and 2014

			Change 2000-2014	
	2000*	**2014**	$	%
Hispanic or Latino Householder	$72,538	$57,478	-$15,060	-21%
All Bay Area Households	$88,873	$79,863	-$9,010	-10%

*Adjusted to 2014 dollars.

Sources: U.S. Decennial Census, 2000 and American Community Survey 5-Year Estimates, 2010-2014; Strategic Economics, 2016.

Figure 4: Bay Area Latino Households by Income Level, 2000 and 2014

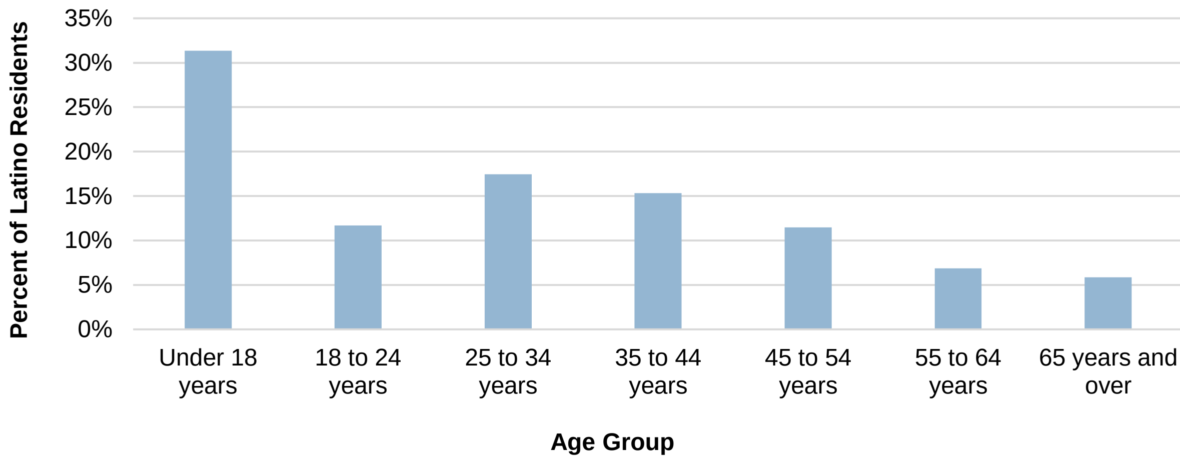


*Adjusted to 2014 dollars.
Sources: U.S. Decennial Census, 2000 and American Community Survey 5-Year Estimates, 2010-2014; Strategic Economics, 2016.

Bay Area Latinos tend to be relatively young, and more than half of Latino households include children. In 2014, the median age of Bay Area Latinos was 29, compared to 38 for the total population. Among Latinos, the largest age groups are children under 18, and Millennials aged 18 to 34 (Figure 5). Just over half of Latino household include children, compared to only 30 percent of all Bay Area households.

[18] Bureau of Labor Statistics, Consumer Expenditure Survey, Western region, 2014-2015.

Figure 5: Bay Area Latino Population by Age Group, 2014



Sources: U.S. Decennial Census, 2000 and American Community Survey 5-Year Estimates, 2010-2014; Strategic Economics, 2016.

The majority of Bay Area Latinos were born in the U.S., and most are bilingual. In 2014, 61 percent of Latinos in the nine-county region were native born U.S. citizens. While 70 percent of Latinos spoke Spanish at home, approximately 80 percent were fluent or nearly fluent in English.[19]

The Bay Area's Latino population has origins in many different Latin American countries. While the U.S. Census does not collect data on the countries with which Latinos have family ties, it does collect information on the country of birth for foreign-born residents in the United States. Figure 6 shows the Bay Area's foreign-born residents by country of birth, for those born in Latin America. Mexico is the country of birth of 70 percent of Bay Area residents born in Latin America. The remaining 30 percent of Bay Area residents born in Latin America come from a diverse range of countries.

Figure 6: Country of Birth for Bay Area Residents Born in Latin America, 2014

Country	Number	Percent of Total
Mexico	488,267	70%
El Salvador	70,838	10%
Guatemala	34,576	5%
Nicaragua	22,605	3%
Peru	20,443	3%
Caribbean Countries	10,629	2%
Other South American Countries	36,863	5%
Other Central American Countries	14,045	2%
Total	**698,266**	**100%**

Sources: American Community Survey 5-Year Estimates, 2010-2014; Strategic Economics, 2016.

[19] Only 13 percent of Latino respondents in the 2010-2014 American Community Survey reported speaking English "not well;" 5 percent reported not speaking English at all.