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June 17, 2022

Planning and Land Use Management
Committee
City Council
City of Los Angeles
200 North Spring Street
Los Angeles, CA 90012

Re: 1911 W. Sunset Boulevard; Council File 22-0297; Sustainable Community Project
Exemption (SCPE) No. ENV-2020-3141-SCPE

Honorable Members of the Planning and Land Use Committee:

We are writing on behalf of our client, 1911 Sunset LLC, which is the Applicant for the proposed Taix Square Project to supplement our submission of March 14, 2022 and request your recommendation that the City Council approve the SCPE for the Project. CEQA Section 21155.1 provides that projects are statutorily exempt from CEQA if a hearing is held by the City Council and the City Council finds, based on the whole of the administrative record, that the project qualifies as a transit priority project, and further meets all of the criteria set forth in CEQA Section 21155.1 (a) and (b) and one of the criteria of subdivision (c). We appreciate the work of the Department of City Planning, which has reviewed the SCPE prepared for the Project and is recommending that the City Council determine that the project is exempt from CEQA pursuant to CEQA Section 21155.

The Applicant is unaware of any objection to the SCPE other than a disagreement regarding what constitutes the historic resource at the Project Site and how it should be best preserved. As the Committee is aware, one of the central objectives of the Taix Square Project is to facilitate the continuation and rejuvenation of the Taix French Restaurant, which has been continually operated by the same family that founded it since 1927, in the same location where it has served the community since 1962. The Taix Square Project will also provide 166 critically needed apartments (including 24 apartments reserved for Very Low Income Households) in a pedestrian-oriented mixed-use development carefully designed to activate and tie-together Echo Park's central hub at Sunset Boulevard, Reservoir Street and Park Avenue.

Opponents of the Taix Square Project dismiss the cultural and historic value of preserving Taix French Restaurant as a living and continuing business, and are interested only in compelling retention of the building in which the restaurant currently operates. As discussed in detail below, doing so would result in the permanent closure of the restaurant – the very

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resource which the City Council determined should be preserved. Specifically, at the culmination of lengthy proceedings to consider the designation of Taix French Restaurant as a City of Los Angeles Historic Cultural Monument, the City Council identified the value of the restaurant as a historic-cultural resource, and adopted findings, including the following:

“In order to continue over its nearly 100 years in business, Taix Restaurant has previously been required to adapt and repeatedly change. Yet despite the many changes, the Taix family has successfully maintained the continuity of the restaurant and its significance as a Los Angeles cultural institution. The Taix family has informed the City that the revenues of the restaurant can no longer support the overhead associated with its current property, over-sized building, and aged and outdated infrastructure. **Accordingly, preservation of the Taix French Restaurant as a historic-cultural resource and legacy business requires that it be able to respond to economic and social challenges that compel changes in its current physical premises.**” (emphasis added)

Because, as discussed in detail below, substantial evidence supports a conclusion on the part of the City Council that the Taix Square Project will not have a significant effect on the Taix French Restaurant as a historic resource, and because the Taix Square Project will result in the preservation of Taix French Restaurant as a historic resource, we respectfully request the City Council's approval of the SCPE.

A. Background

As explained by Mike Taix's in his September 22, 2020 letter to the Cultural Heritage Commission, the Taix family founded Taix French Restaurant in 1927, and through their cooking and hospitality, have made it an institution dear to the hearts of Angelinos for now close to one hundred years. Moreover, the Taix family's entrepreneurship and perseverance has stewarded and preserved Taix through numerous changes, including the Great Depression, World War II, several recessions, the federal government's condemnation of the restaurant's original downtown location, urban decline, numerous remodelings, and periodic changes in public taste.

Long before anyone coined the term “legacy business,” the City of Los Angeles recognized the cultural and historic value of Taix French Restaurant's importance to the City for its *intangible values*, and notwithstanding the numerous changes to the restaurant's, its premises and its dining format that had taken place over the years. As the City Council acknowledged in its resolution celebrating Taix's 60th anniversary:

“Whereas circumstances, time and places have changed during the [...] decades, the warmth, camaraderie and simply good food and service remain the same. The spirit of the brothers – Le Freres – lives.”¹

¹Exhibit A, attached hereto.

In 2018, well before the COVID-19 pandemic, the Taix family determined that the Taix French Restaurant could not continue in its existing over-sized and aged building. The age and condition of the building and infrastructure – and the property taxes, operational, staffing, maintenance and insurance costs associated with them – as well as changing public tastes, had made the restaurant no longer profitable. The restaurant’s extensive banquetting facilities had become under-patronized. The restaurant no longer needed - and could not afford - its large parking lot. As Mr. Taix stated in his September 22, 2020 letter to the Cultural Heritage Commission:

“Organizations that used to meet in our banquet rooms weekly or monthly are now far and few between, and most no longer exist. We are now long-past the point where Taix’s operating revenue is able to support this unnecessary overhead. Maintaining and insuring our aged-infrastructure consumes a major portion of our reduced revenue. Even if we could snap our fingers and down-size the restaurant and our property, millions of dollars would be required to accomplish the build-out we require and provide capital to restart the business – millions of dollars which the non-existent profits of the restaurant cannot provide.”

In order to continue their family legacy business, the Taix family therefore determined that it would be necessary to move into a new ‘right-sized’ format (with new kitchen, storage and HVAC facilities infrastructure) designed to retain the restaurant’s identity while responding to current public tastes and preferences. Our March 14, 2022 submission to the Hearing Examiner describes in detail how the Taix Square Project meets these objectives and will provide the premises that will enable the Taix family to continue their legacy business consistent with the direction of the City Council.

B. The Taix Square Project will Enable the Preservation of Taix French Restaurant as a Historic Resource

The City Council’s identification of Taix French Restaurant’s legacy business as an intangible historic and cultural resource is consistent with leading opinion in the field of historic preservation, which recognizes the question of how to preserve legacy businesses as one of the most significant preservation challenges today. These entities include the National Trust for Historic Preservation. See Exhibit B, attached hereto (*Seven Tips for Preserving Legacy Businesses*), and San Francisco Heritage, which stated in its 2014 report entitled, *Sustaining San Francisco’s Living History, Strategies for Conserving Cultural Heritage Assets*, “[t]raditionally focused on architecture and monuments, the field of historic preservation in the United States has in recent years begun to respond to calls from organized communities to develop new tools for identifying and protecting intangible social and cultural resources.” See Exhibit C, attached hereto.²

²See also “The Doctor Is In: Learning from the Legacy Business Program in San Francisco,” presentation to the California Preservation Foundation by Mike Buhler, President and CEO of *San Francisco Heritage*, originally recorded online July 2, 2020, <https://californiapreservation.org/events/legacy-business/>, video

Building preservation is not always the answer. As San Francisco Heritage stated in the chapter of its 2014 report entitled the “The Limits of Landmarking,” San Francisco Heritage further noted that:

“Despite their effectiveness in conserving architectural resources, traditional historic preservation protections are often ill-suited to address the challenges facing cultural heritage assets. While cultural touchstones such as City Lights Bookstore, Castro Camera and Harvey Milk Residence, Sam Jordan’s Bar, Twin Peaks Tavern, and Marcus Books have been declared San Francisco City Landmarks, **historic designation is not always feasible or appropriate, nor does it protect against rent increases, evictions, challenges with leadership succession, and other factors that threaten longtime institutions.**” (emphasis in original)

San Francisco is not alone in seeking to grapple with this preservation challenge. Several other cities, including the City of Seattle, have conducted studies and initiated legacy business preservation programs of various types.³ Indeed, the City of Los Angeles is considering adopting a program to provide financial assistance to qualified legacy businesses; hoping that providing grants may be helpful in some cases. See Council File 19-0781 (incorporated herein by reference).

While recognition of the legacy businesses as cultural and historic resources is not new, the factors that give rise to the closure of a given legacy business vary from case to case, and must be addressed with individually crafted solutions. As noted in Seattle’s *Legacy Business Study*, “[d]ifferent types of legacy businesses face difference [sic] challenges. However, several key themes emerged: 1. Changing Marketplace. 2. Narrow profit margins. 3 Rising commercial rents. 4. Exposure to labor costs.” Exhibit C at page 28.

Consistent with the observations of San Francisco Heritage and the City of Seattle, in the present case the City Council has recognized that building preservation would be “ill suited” to address the challenges faced by Taix French Restaurant – and indeed – that requiring building preservation would actually be counterproductive and result in the restaurant’s permanent closure.

Moreover, the City Council determined, based on the advice and deliberations of the City’s Cultural Heritage Commission, that the architecture and interior of the restaurant are not significant. A full transcript of the Cultural Heritage Commission’s deliberations was included in our March 14, 2022 submission to the Hearing Examiner. Relevant excerpts include the following:

Commissioner Milofsky: “I’m totally torn on this. I think there’s no question but that it’s a legacy business and every effort should be made to save the business. And a lot of what I was hearing from the community is their love of the business. I’m having a hard time and so reading the staff report, and sort of have a hard

³ See Exhibit D, attached hereto.

time voting to preserve an applique to the façade. The sign has changed any number of times over a period of the history of the building. And the interiors, which the owners represented have been done within the last 25 years. **I think what's important is the business, the feeling of the business, the warmth of the community and the spaces, but I'm not sure how we sort of do that and still allow the business to sort of maintain itself into the future, which I think is what is important."**

Commissioner Richard Barron: **"Yes, well, the thing is that the business has evolved over time from the original business downtown to this one, and then this one has been evolving over time. So there's one way to look at it where this is another further evolution of the restaurant."** March 14, 2022 submission to Hearing Examiner; Exhibit E at page 29, lines 4-19 (emphasis added).

...

Commissioner Milofsky: **"I'm finding it hard to sort of deal with 25-year-old interior decoration changes and some applique, stucco and clinker brick as being significant. So if we could find as the Criterion Number 1, which leaves the owner and I guess the commission a lot more latitude in how that is maintained, I could support that."**

Commissioner Diane Kanner: **"I agree. I agree with Commissioner Milofsky."** March 14, 2022 submission to Hearing Examiner; Exhibit E at page 33, lines 12-17 (emphasis added).

Both Commissioner Kennard and President Barron concurred with the assessments of Commissioners Milofsky and Kanner characterizing the building's architecture as slapped on set design... and "not architecture as to what we want to consider architecture." . March 14, 2022 submission to Hearing Examiner; Exhibit E at page 33, line 28 continuing through page 34.

In summary, the City Council has properly rejected building preservation as necessary or appropriate as the means to address the problems challenging the continuation of Taix French Restaurant or as the means to preserve it as a cultural and historic resource.

C. The City Council has Identified Physical Characteristics of Taix French Restaurant that Convey Its Significance as a Historic Resource

After receiving extensive evidence and testimony in designating Taix French Restaurant as a Historic-Cultural Monument, the City Council identified several physical characteristics of Taix French Restaurant that the Council determined should be preserved to convey its historic significance; specifically:

- The red and white east-facing Taix billboard sign along Reservoir Street;
- The vertical red and white 'Cocktails' sign along Sunset Boulevard: and

- The restaurant's original cherry wood bar top.

Opponents of the Taix Square Project object to the Council's determination and would have preferred that the Council determine that entire restaurant building and its interior were significant. However, as a Certified Local Government under the Federal Preservation Program Partnership charged with protecting and designating a community's historic resources, and as the body charged with administering the City's preservation ordinance, the City Council is vested with the authority and discretion to make determinations of this type – even where interested parties disagree – as they frequently do. Indeed, evaluating the significance of a historic resource, and applying the standards for designating a resource as a local, state, or national monument, is an inherently subjective exercise.

The Cultural Heritage Ordinance provides that the City Council may designate any "site, building or structure" as a Historic-Cultural Monument, and that the Council may approve or disapprove a nomination "in whole or in part." In this capacity, and as a CEQA lead agency, the City Council routinely evaluates and determines what physical characteristics of that should be preserved to convey the significance of a historic resource. Examples are numerous. Here are only an illustrative few:

- Although the entirety of the Original Farmers Market had been nominated for designation as a Historic-Cultural Monument, the City Council carefully identified discrete portions of the property and specific physical features that were to be preserved to convey the Market's historic-cultural significance, providing a diagram and finding that the "general pattern of aisles, patios and tributary open space is recognized as integral to the nature of the Original Farmers Market Area, and the essence thereof shall be maintained." The Council further determined that non-essential components of the Market could be demolished and replaced, finding that "it is the intent of the City Council that modifications of the Original Farmers Market Area shall be liberally allowed..." The Council further recognized the importance of allowing change to preserve the Original Farmers Market as a legacy business, finding that "in order for the Market to operate as it has over the past 57 years, it is recognized that the Original Farmers Market Area will change over time..."⁴
- Although the entirety of the James Goldstein Office at 10100 Santa Monica Boulevard was nominated as a Historic-Cultural Monument, the Council limited its designation to specific wall, tile and ceiling treatments affixed to the interior of the office apart from the suite itself and the building in which they were located. Moreover, the Council also determined that the treatments could be removed from the office they were designed for and moved to entirely new and unidentified premises. The treatments have since been removed. At one point they were to be

⁴HCM #543; Council File 91-0496 (incorporated herein by reference as if set forth in full).

installed by LACMA at the former May Company building, which has since sold and redeveloped as the Academy of Motion Pictures Museum.⁵

- In 2009, the City Council designated the Bob Baker Marionette Theater as Historic-Cultural Monument 829. In 2016, the City Council determined that as part of a project to build 102 apartments at the site of the theater, only portions of the building needed be retained. The Council determined that the theater space could be truncated and repurposed into a residential building lobby displaying photographs of what had been the theater, and that the existing commercial building and certain areas of the theater could be demolished; all without resulting in a significant impact to the historic resource.⁶
- Although the entirety of the Studio City Golf and Tennis Club had been nominated for designation as a Historic-Cultural Monument, with the Cultural Heritage Commission finding that its “primary character-defining feature being recreational open-space,” the City Council determined that the clubhouse, golf ball light standards, putting green, and brick wall with weeping mortar surrounding the front lawn at the northeast edge of the property were the physical features that conveyed the significance of the historic resource that should be preserved while the rest of the golf course could be redeveloped.⁷

Besides the foregoing examples, the City Council has routinely found that limited physical features could convey the significance of a historic resource. For example, Historic Cultural Monument 5370 (façade of former camera store only); Historic Cultural Monument 585 (exterior and interior stairways and hallways only); Historic Cultural Monument 431 (exterior of residence only); Historic Cultural Monument 433 (exterior of residence only); Historic Cultural Monument 443 (exterior of residence only); Historic Cultural Monument 570 (exterior of airport theme building only); Historic Cultural Monument 620 (exterior of residence only); and Historic Cultural Monument 852 (exterior of residence only).

In summary, even though opponents disagree with its decision, the City Council has acted within its authority and discretion – and consistent with previous precedent – in identifying the physical features of Taix French Restaurant that convey its historic significance and should be preserved.

⁵HCM #829; Council File 05-2594 (incorporated herein by reference as if set forth in full).

⁶HCM #829, Council File 09-0724; ENV-2015-1041-MND, Council File 16-0902 (incorporated herein by reference as if set forth in full).

⁷HCM #1240; Council File 21-0470 (incorporated herein by reference as if set forth in full).

D. Substantial Evidence Supports the Finding that the Taix Square Project will not have a significant effect on the Taix French Restaurant as a historic resource

As indicated in the SCPE and the project plans submitted to the City for review, the physical features identified by the City Council as conveying the historic significance of Taix French Restaurant will be preserved and included in the Taix Square Project. The evaluation prepared by the City Planning Department in support of the SCPE therefore appropriately finds that the Taix Square Project will not:

- (i) Demolish or materially alter in an adverse manner those physical characteristics of an historical resource that convey its historical significance and that justify its inclusion in, or eligibility for, inclusion in the California Register of Historical Resources;
- (ii) Demolish or materially alter in an adverse manner those physical characteristics that account for its inclusion in a local register of historical resources pursuant to section 5020.1(k) of the Public Resources Code or its identification in an historical resources survey meeting the requirements of section 5024.1(g) of the Public Resources Code; or
- (iii) Demolish or materially alter in an adverse manner those physical characteristics of a historical resource that convey its historical significance and that justify its eligibility for inclusion in the California Register of Historical Resources as determined by a lead agency for the purposes of CEQA.

In reaching these findings, and the Planning Department explained its reasoning based upon substantial evidence in the administrative record, including the Historic-Cultural Monument proceedings pertaining to Taix French Restaurant:

- (a) the historic-cultural significance of Taix Restaurant is in its continuity and value as a legacy business, rather than in the restaurant's current physical premises;
- (b) substantial evidence demonstrates that a legacy business may be considered a historic resource apart from its physical premises;
- (c) the question of how best to support the survival and continuation of legacy businesses, such as Taix Restaurant, and thereby preserve them as historic-cultural resources, presents unique issues that must be evaluated on a case-by-case basis;
- (d) the premises of Taix French Restaurant do not constitute its significance as a historical resource and their demolition will not materially impair the significance of Taix French Restaurant as a historical resource;



(e) approval of the Transit Priority Project will enable the preservation of Taix French Restaurant as a historical resource by avoiding its permanent closure and providing a new facility, sized to meet the current needs of Taix French Restaurant and designed by the Taix family, with upgraded and code compliant infrastructure, outdoor dining, which the Taix family has determined will be financially viable to operate in terms of its size and format;

(f) disapproval of the Transit Priority Project would result in significant and unavoidable adverse impacts to Taix French Restaurant as a historical resource because it would result in the permanent closure of the restaurant and thus the permanent loss of the historical resource; and

(g) Taix French Restaurant is designated as a City of Los Angeles Historic-Cultural Monument and, as a historically significant legacy business, will remain eligible for inclusion in the California Register of Historical Resources after the Transit Priority Project is implemented.

E. Conclusion

As substantial evidence in the record demonstrates, the Taix Square Project will enable the preservation and continuation of Taix French Restaurant as a legacy business and historic resource. By contrast, if the Taix Square Project is not developed, Taix French Restaurant will be permanently closed, and the historic resource that has been identified and determined by the City Council will be lost forever.

Accordingly, we respectfully request that the Council approve the SCPE pursuant to Public Resources Code Section 21155.1.

Sincerely,

A handwritten signature in black ink, appearing to read "Allan J. Abshez".

Allan J. Abshez
Partner

cc: Mike Taix
George Elum
Councilmember Mitch O'Farrell, 13th District

EXHIBIT A

City of
Los Angeles
State of California

RESOLUTION

Les Freres Taix

WHEREAS, MEMBERS OF THE TAIX FAMILY CAME FROM THE FRENCH ALPS TO LOS ANGELES MORE THAN A CENTURY AGO, BRINGING A WORK ETHIC AND CULINARY TALENTS THAT WOULD GRACE AND SATISFY THE PALATES OF A GROWING CITY; AND

WHEREAS, THE TAIX BROTHERS - LES FRERES TAIX - PLUNGED INTO LIFE IN THEIR NEW ENVIRONMENT, COMMITTING THEIR SKILLS TO WHATEVER ENTREPRENEURIAL ENTERPRISE WAS NECESSARY TO SURVIVE, OFTEN TIMES DIFFERENT FROM THEIR TRAINING AS BAKERS; AND

WHEREAS, THOSE VERSATILE YEARS - DURING WHICH PARTNERSHIPS WERE FORMED, LAND AND PROPERTIES WERE ACQUIRED AND SHUFFLED AND FAMILY MEMBERS SEPARATED - FOCUSED IN ON 1927 WHEN THE SON OF ONE OF THE PIONEERING BROTHERS, MARIUS TAIX JR., TOOK OVER MANAGEMENT OF A RESTAURANT IN DOWNTOWN LOS ANGELES NEARBY THE THEN-NEW LOS ANGELES CITY HALL; AND

WHEREAS, THE DYNAMICS OF TIME AND GROWTH, HOWEVER, LEFT NO ROOM FOR THE RESTAURANT THAT FOR 75 YEARS WAS TO BE POPULAR WITH CIVIC CENTER HABITUE, AND THE RESTAURANT WAS FORCED TO MOVE; AND

WHEREAS, MARIUS TAIX JR. AND HIS SONS PIERRE AND RAYMOND, ALONG WITH PARTNERS LOUIS SANGUARD AND JOHN NARE, DID NOT MOVE FAR, ACQUIRING PROPERTY ON SUNSET BOULEVARD NEAR ALVARADO STREET, TO CONTINUE THE TRADITION OF LE FRERES TAIX, A RESTAURANT OF SUPERLATIVE CUISINE, UNMATCHABLE HOSPITALITY AND GRACIOUS CORDIALITY; AND

WHEREAS, LES FRERES TAIX THIS YEAR CELEBRATES ITS 60TH ANNIVERSARY AS A LOS ANGELES TRADITION WITH RAYMOND TAIX AS THE PATRIARCH RESTAURATEUR, AND MICHAEL TAIX AND JON BRUNO MANAGING WITH THE SAME GUSTO THAT FIRST BROUGHT THE RESTAURANT TO THE ATTENTION OF A PATRONAGE THAT APPRECIATED CLASS AND STYLE; AND

WHEREAS, CIRCUMSTANCES, TIME AND PLACES HAVE CHANGED DURING THE PAST SIX DECADES, BUT THE WARMTH, CAMARADERIE AND SIMPLY GOOD FOOD AND SERVICE REMAIN THE SAME, THE SPIRIT OF THE BROTHERS - LE FRERES - LIVES;

NOW, THEREFORE, BE IT RESOLVED THAT BY ADOPTION OF THIS RESOLUTION, THE LOS ANGELES CITY COUNCIL CONGRATULATES LES FRERES TAIX ON ITS 60 ANNIVERSARY AS ONE OF THE PREMIER RESTAURANTS IN LOS ANGELES AND ON THE WEST COAST.

RESOLUTION BY

Jim Aguero
Councilman 4th District

I HEREBY CERTIFY that the foregoing resolution was adopted by the Council of the City of Los Angeles at its meeting held August 14, 1987.

Jim Aguero
President of the Council

SECONDED BY

Richard L. ...
Councilman 13th District

Christ

Elias Martinez
City Clerk



EXHIBIT B



National Trust *for*
Historic Preservation®



November 17, 2015

Seven Tips for Protecting Legacy Businesses

More:

[Preservation Tips and Tools](#)

By:

David Weible

Earlier this month, San Francisco voters [passed](#) a piece of [transformative legislation](#) intended to help keep [legacy businesses](#) (small businesses that have existed for more than 30 years and have made a significant contribution to the city's identity) in their spaces in the face of skyrocketing rent prices.

More specifically, the legislation aims to help successful small businesses with histories afford rent increases, while also encouraging property

owners to enter into long-term leases with commercial tenants.

The proposition is revolutionary in many ways, not least of which in recognizing the need for communities to preserve not only historic structures, but the intangible elements of culture and community that these businesses have created over time.

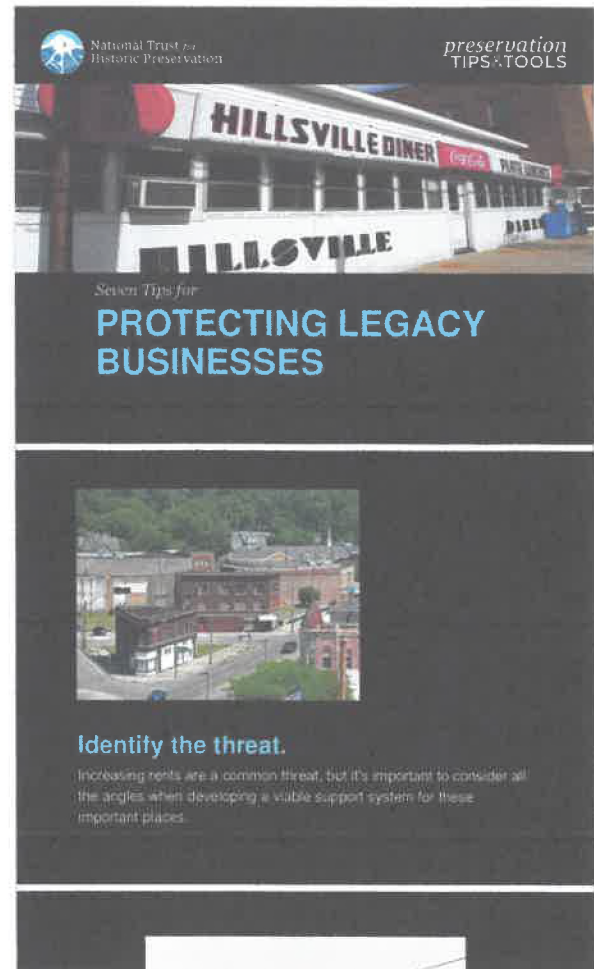
And while property values in most parts of the country might not be increasing as dramatically as in San Francisco, the nation-wide trend of urbanization, and the increasing attractiveness of historic downtown districts, means new financial competition for many older businesses.

With that in mind, these seven tips will help you protect legacy businesses in your neighborhood.

1. Identify the threat.

In order to protect legacy businesses, you must first [determine how they are threatened](#) [Link: /preservation-tips-and-tools-how-to-save-a-place-do-your-research-know-the-threat] .

Increasing rents are a common threat, but it's important to consider all



Seven Tips for Protecting Legacy Businesses from **PreservationNation**

angles when developing a viable support system for these important places.

2. Determine businesses that matter.

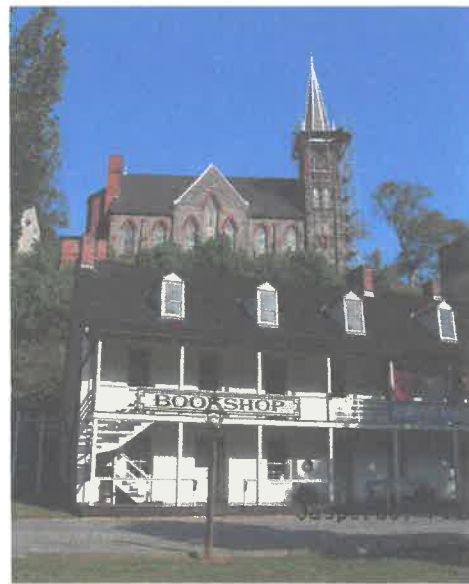
Is there a specific area of focus for your campaign? Is the area in question known for a specific business type? [Historic bars and restaurants](#) [Link: /preservation-tips-tools-save-historic-food-establishments] are often popular places in the community's collective mind, but book stores, art galleries, and other businesses are valuable too. For example, every good New Yorker knows their neighborhood wouldn't be the same without its corner bodegas.

It's important to understand what the community values in its legacy businesses, and which types might generate the most support. What makes your area special?

3. Recognize places of value.

Once you know what you're trying to save, you can determine which businesses qualify for protection.

Start by drawing up specific



A historic bookshop at Harpers Ferry National Historic Park in Harpers Ferry, West Virginia.

Chuck Coker, Flickr

Unique Shell Station

This historic Shell gas station, one of the last of its kind, stands in Winston-Salem, North Carolina.

qualifications and guidelines to identify significant legacy business.

Your support group can begin with their own [nominations to the program](#) [Link: <http://www.sfheritage.org/legacy/legacy-business-registry-preservation-fund/>], but it's important to involve the community too. Solicit nominations via Facebook and other social media, and have community members vote on the businesses that are most important to them. This strategy helps identify places you may have missed, and gives the community ownership over, and investment in, the campaign.

4. Study the effects.

To the extent that you can, study the value that the legacy businesses in your area add to the community. You should focus both on economics, and less tangible areas like charm and historic integrity.

Write a report and share your findings. The more people are aware of what these places contribute to their community, the more they'll want to help you protect them.

5. Work with elected officials.

In order to get effective parameters in place to protect legacy businesses, you'll likely need the support of elected officials. Share the findings of your report with them and talk to them about their importance in the community. Protecting places like these are often attractive to local politicians because they directly benefit the constituents whose votes and support they rely on.

Try to find an elected official with ties to a local business, and work with them to produce effective and fair legislation that will specifically address the threat at hand.

Don Shall, Flickr



The interior of the St. Johnsbury Athenaeum in St. Johnsbury, Vermont.

6. Mitigate opposition.

It's important to understand who all of the stakeholders are and to minimize any potential negative effects on everyone involved.

For example, in the case of Prop J in San Francisco, an outright rent control measure would have negatively impacted property owners and developers. With this in mind, preservationists pushed for an alternative solution that supplemented businesses with money to help close financial gaps.

Because the proposed legislation didn't threaten the profits of other groups, there was little opposition to the movement and the proposition passed.

7. Generate support.

Once you've worked with an elected official to propose legislation and get it on the ballot, it's time to [get the word out](#) [Link: /preservation-tips-tools-how-to-save-a-place-get-the-word-out] and garner support.

Take the campaign to [social media](#) [Link: /preservation-tips-tools-7-tips-hosting-instagram-tour-historic-place] and collaborate with local business owners and other interested parties. You might also think about organizing a legacy business day or weekend that encourages locals to shop at these places and helps people recognize their true value.

With these seven steps completed, it's time to head to the polls and hope for the best. If things don't work out, remember to take as many lessons as you can from the experience and try to determine a new way of achieving your goals. Perhaps a few small tweaks will help a new measure pass in the next voting cycle.

Good luck!

David Weible is a former content specialist at the National Trust, previously with Preservation and Outside magazines. His interest in historic preservation is inspired by the '20s-era architecture, streetcar neighborhoods, and bars of his hometown of Cleveland.

EXHIBIT C



SUSTAINING SAN FRANCISCO'S LIVING HISTORY

Strategies for Conserving Cultural Heritage Assets

**San Francisco Heritage
September 2014**



SAN FRANCISCO HERITAGE

Since 1971, a nonprofit member-supported organization with a mission to preserve and enhance San Francisco's unique architectural and cultural identity.

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ON THE COVER

Clockwise from top left:
Japantown (San Francisco Heritage); Ross Alley
Chinatown Alleyway Tours; "The Great Cloud of
Witnesses," by Roland Gordon (Dani Vernon); Esta
Boche (Twitta2005); Fisherman's Wharf (Nathan
Bolesji); Parol Lantern Festival (Steve Rhodes).
Center: "Culture Contains the Seed of Resistance
that Blossoms into Liberation," by Miranda
Bergman and O'Brien Thiele (Jeremy Blakeslee)

Acknowledgements

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contributions to this report:

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Vincent Michael, Bernadette Seward,
Anthony Veerkamp

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Table of Contents

3	Introduction
6	Summary of Strategies
7	Precedents for a Holistic Approach to Cultural Heritage Conservation
10	Existing Cultural Heritage Conservation Initiatives in San Francisco
14	Community Summit: Sustaining San Francisco's Living History
16	Recommended Strategies and Case Studies
36	Conclusion and Next Steps
37	Notes
43	Appendices

A Report by San Francisco Heritage

Mike Buhler, Executive Director

Desiree Smith, Preservation Project Manager

Laura Dominguez, Communications and Programs Manager

The San Francisco Heritage Board of Directors reviewed and adopted this report on August 14, 2014.

Culture is not only economically beneficial to cities; in a deeper sense, it's what cities are for. A city without poets, painters and photographers is sterile... It doesn't contain the mirrors of its own inner workings, in the form of creativity, criticism or cultural memory. It's undergone a lobotomy.

- Rebecca Solnit, in a conversation with Nato Thompson, October 21, 2013

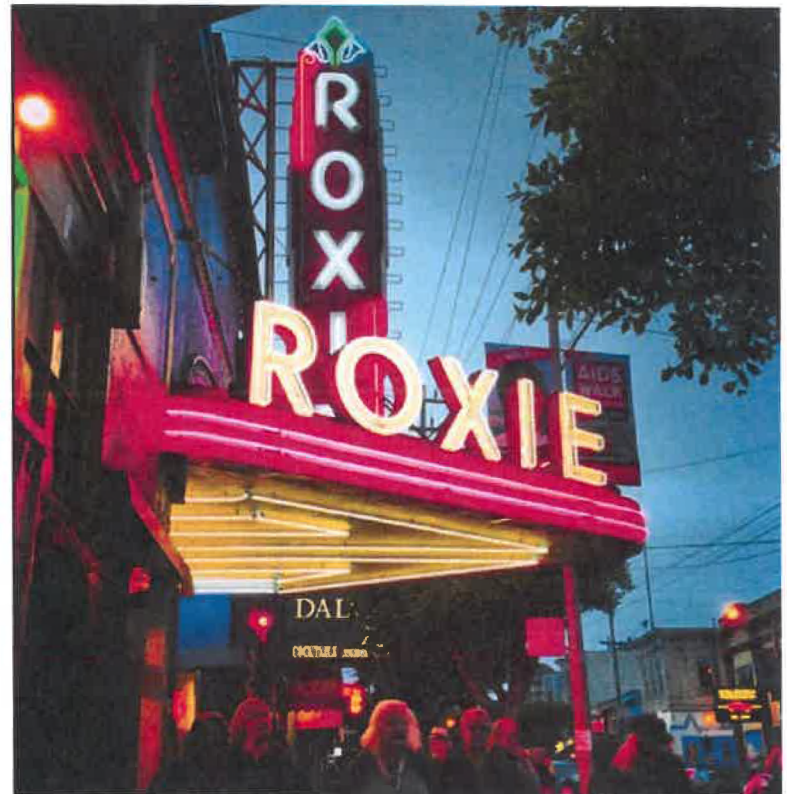
For generations, San Francisco has been home to a thriving collection of local businesses, nonprofits, and traditions that reflect the city's history, culture, and people. These places have the power to bring people together, provide a sense of continuity with the past, and lend the city a rich and layered identity. Annual rituals such as the Cherry Blossom Festival in Japantown and Carnival in the Mission District showcase living traditions in public spaces. Long-operating businesses foster civic engagement and pride as neighborhood gathering spots. Arts and community centers offer opportunities for youth and adults to study cultural traditions and innovate in multi-generational environments. Many of the city's cultural signifiers, from public art to historic buildings, embody the social and artistic movements that have occurred in San Francisco.

Amid unprecedented economic pressures, mainstays of San Francisco's cultural landscape – our **cultural heritage assets**¹ – are increasingly imperiled by skyrocketing rents and property values, encroaching new development, and incompatible adjacent uses. Others are at risk because of ongoing challenges that have nothing to do with the current boom cycle, such as leadership succession and diminishing numbers of traditional arts and craft practitioners.

Our Goals

With this report, San Francisco Heritage advocates a conservation-driven, incentive-based response to the loss of cultural heritage assets in San Francisco, both in the short and long-term. We aim to:

1. Define the problem and identify challenges to conserving local cultural heritage assets;
2. Summarize existing efforts to conserve San Francisco's cultural heritage assets;
3. Create a common language that will advance citywide public policy and neighborhood-level cultural heritage conservation initiatives; and
4. Provide useful examples of strategies and case studies that can be employed by communities, nonprofits, academic institutions, foundations, and City agencies.



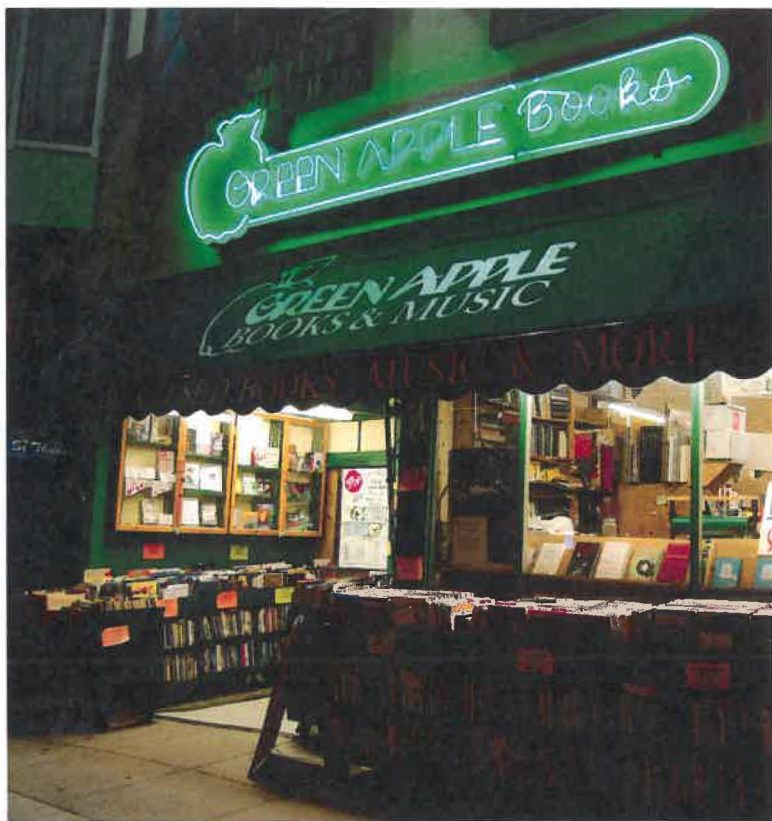
ROXIE THEATER

"As the oldest-running movie art house in the country, the Roxie serves as a vital bridge between older generations of Mission residents, its arts community, and young tech workers and families moving into the neighborhood," notes board member Jane Reed. Like many historic theaters, it faces perennial fundraising challenges that imperil its continued operation.

Disparity and Displacement

In his 2014 State of the City Address, San Francisco Mayor Ed Lee highlighted the urgent need for action to address the negative side effects of the city's booming economy:

Our neighborhoods are revitalized and new construction is all around us, but some still look to the future, anxiously, and wonder whether there's room for them in a changing San Francisco... This rising cost of living, the financial squeeze on our city's working families and middle class



— these are the fundamental challenges of our time, not just for our city, but for great cities around the world.

A 2014 study conducted by the Brookings Institute confirms that San Francisco has one of the highest rates of income inequality in the country, with the gap between the wealthiest and poorest segments of the population growing faster here than in any other U.S. city.² In 2013, San Francisco rents climbed 10.6 percent, the steepest increase in the country at more than three times the national average.³ The average sale price for a condominium in the city now tops \$1,000 per square foot.⁴

San Francisco's highly-publicized housing crisis is a major threat to cultural heritage assets, as the city's residents are the primary owners, employees, sponsors, and patrons of cultural activities. But residential displacement is only one facet of a broader problem. This report focuses on another side effect of San Francisco's hyper-speculative economy that has been largely absent from the public discourse and policy proposals: the alarming loss of heritage businesses, nonprofits, and other arts and cultural institutions.

The Limits of Landmarking

Despite their effectiveness in conserving architectural resources, traditional historic preservation protections are often ill-suited to address the challenges facing cultural heritage assets. While cultural touchstones such as City Lights Bookstore, Castro Camera and Harvey Milk Residence, Sam Jordan's Bar, Twin Peaks Tavern, and Marcus Books have been declared San Francisco City Landmarks, **historic designation is not always feasible or appropriate, nor does it protect against rent increases, evictions, challenges with leadership succession, and other factors that threaten longtime institutions.** This report responds to the limits of historic designation by presenting a range of new strategies for communities to employ, in conjunction with existing preservation tools, to stabilize and protect significant uses.

Discussions about how to best conserve the city's non-architectural heritage have taken place among neighborhood and community groups, San Francisco Heritage, the San Francisco Planning Department (Planning Department), and the Historic Preservation Commission (HPC) over the last several years. As part of neighborhood planning in Japantown, the Planning Department developed a groundbreaking methodology to comprehensively document cultural fabric that takes into account "both tangible and intangible [elements] that help define the



KORBORIN (FLICKR) ABOVE / TORSAKHOPPER (FLICKR) BELOW

Above: Green Apple Books (506 Clement Street) has been a neighborhood anchor since 1967. Below: San Francisco's annual Carnival celebration enlivens the Mission District each May.

beliefs, customs, and practices of a particular community.”⁵ Tangible elements may include a community’s land, buildings, public spaces, or artwork, while intangible elements may include organizations and institutions, businesses, cultural activities and events, and even people.

Although being able to define cultural heritage assets is an important first step, decisive action will be required to meaningfully address the “fundamental challenge” of how to maintain the cultural vitality that makes San Francisco one of the world’s great cities.

The ideas offered here are intended to prompt a broader understanding of the city’s multi-layered identity; our purpose is not to promote one culture over another, but instead to foster an inclusive narrative of our city’s history. Because cultural heritage assets widely vary, the range of strategies offered will not be applicable to every situation. Existing historic preservation methods, such as historic designation, can complement new strategies, if desired by community members. **Fundamentally, it is critical that individual communities serve as the primary agents for developing programs that recognize and support their own cultural heritage assets.**

About San Francisco Heritage

San Francisco Heritage, or “Heritage,” was founded in 1971 with a mission to preserve and enhance San Francisco’s unique architectural and cultural identity. The organization emerged during a time when urban renewal policies resulted in the displacement and destruction of entire neighborhoods. The razing of historic buildings with little or no public process compelled a group of activists to form the “Foundation for San Francisco’s Architectural Heritage,” now “San Francisco Heritage.” Over the past 40 years, Heritage has dedicated itself to advocacy and education, working collaboratively with communities to document, protect, and interpret the city’s architectural and cultural resources.

As San Francisco’s leading historic preservation membership organization, Heritage remains committed to tackling the most pressing preservation challenges of our time. This report is intended to stimulate discussion and offer solutions for addressing the increasing loss – if not demolition – of the city’s cultural heritage assets. Its publication represents Heritage’s long-term commitment to advocate for public policies, incentives, and educational programs to support their long-term sustainability and vitality.



L-R: SEBASTIAN (FLICKR) AND SAN FRANCISCO HERITAGE ABOVE / SAN FRANCISCO HERITAGE BELOW

The “Save the Gold Dust Lounge” campaign unsuccessfully nominated the popular piano lounge for historic designation in an attempt to forestall eviction. The bar relocated to Fisherman’s Wharf in 2013; its former Union Square location is now a chain clothing store (top right and below).

Strategies for Sustaining San Francisco's Living History

1. Develop a consistent methodology for identifying and documenting cultural heritage assets

- A. Encourage the development of historic context statements that include cultural and social themes
- B. Inventory cultural heritage assets through culturally-specific processes
- C. Include policies in the proposed Preservation Element of the City's General Plan that advance conservation of cultural heritage assets

2. Support neighborhood cultural heritage conservation initiatives

- A. Issue a Mayoral Directive prioritizing conservation of cultural heritage assets
- B. Ensure that neighborhood conservation initiatives underway in Japantown, Western SoMa, and the Mission District are implemented
- C. Provide financial, design, and technical services to community groups wishing to promote neighborhood identity based on cultural heritage
- D. Advance cultural heritage conservation through Community Benefit Agreements

3. Support mentoring and leadership training programs that transmit cultural knowledge to the next generation

- A. Utilize partnerships to foster apprenticeship, training, and leadership succession programs to ensure the longevity of cultural heritage assets
- B. Fund youth educational programs that expose future generations to cultural heritage assets

4. Develop financial incentives and property acquisition programs for owners and stewards of cultural heritage assets

- A. Expand City and/or nonprofit property acquisition programs for owners of identified cultural heritage assets
- B. Institute tax benefits for cultural heritage assets and the owners of buildings in which they operate

5. Promote cultural heritage assets through public education and, when desirable, sustainable models of heritage tourism

- A. Encourage the development of heritage and cultural trails
- B. Establish a voluntary citywide heritage tourism program that focuses on neighborhood cultural heritage assets

6. Establish a citywide "Cultural Heritage Asset" designation program with targeted benefits



GERARD KOSKOVICH

Often referred to as the "queer Smithsonian," the GLBT Historical Society Archives and Research Center houses one of the world's largest collections of lesbian, gay, bisexual, and transgender historical materials. In June 2014, the Society announced that it would be vacating its Downtown location due to a 30 percent rent increase.

Precedents for a Holistic Approach to Cultural Heritage Conservation

Traditionally focused on architecture and monuments, the field of historic preservation in the United States has in recent years begun to respond to calls from organized communities to develop new tools for identifying and protecting intangible social and cultural resources. While efforts to conserve both tangible and intangible heritage are relatively new in this country, a number of charters have been adopted internationally to provide comprehensive protection and management strategies.

In 1999, the Australia chapter of the International Council on Monuments and Sites (ICOMOS) adopted *The Burra Charter*, outlining essential procedures for conserving historic places and associated culture. In 2000, *Principles for the Conservation of Heritage Sites in China* was drafted by China ICOMOS in consultation with the Getty Conservation Institute. Known as the “China Principles,” the charter adapted international best practices for a local context, accounting not only for the management of heritage sites and other resources, but also economic development, tourism, nationalism, and globalization.

In 2003, the United Nations Educational, Scientific and Cultural Organization (UNESCO) adopted the *Convention for the Safeguarding of Intangible Cultural Heritage*, including the following definition of “intangible cultural heritage”:

The practices, representations, expressions, knowledge, skill – as well as the instruments, objects, artifacts and cultural spaces associated therewith – that communities, groups, and, in some cases, individuals recognize as part of their cultural heritage. This intangible heritage, transmitted from generation to generation, is constantly recreated by communities and groups in response to their environment, their interaction with nature and their history, and provides them with a sense of identity and continuity, thus promoting respect for cultural diversity and human creativity.⁶

In the U.S., the National Park Service has developed guidelines and evaluative criteria for recognition of “**traditional cultural properties**” (TCPs). Most frequently applied to Native American sites, TCPs are associated with cultural practices or beliefs that are rooted in a community’s history, are still practiced and valued in the present day, and are important in maintaining the continuing cultural identity of the community.⁷ TCPs in urban areas include Honolulu’s Chinatown, New York’s Bohemian Hall and Park, and South Bronx’s Casita Rincón Criollo. Likewise, the California Office of Historic Preservation has ad-



DULUOZ CATS (FLICKR)

Located in New York City’s Astoria neighborhood, the 1911 Bohemian Hall and Park is one of the few non-Native American places to be designated a “traditional cultural property.” For over a century, it has been the social and cultural hub for the region’s Czech-American community.

vocated a “values-centered” model of preservation, including youth heritage education, a reevaluation of the requirements for physical integrity, and greater diversity on review boards and commissions.⁸

Far from a purely academic exercise, some of the world’s great cities – Barcelona, Buenos Aires, London, Paris – have embraced these principles through legislation and government funding to sustain their tangible and intangible cultural heritage. As illustrated in the case studies in this report, these cities provide instructive models as San Francisco grapples with how to sustain cultural heritage assets and secure the properties that house them.

Existing Historic Preservation Tools and Cultural Heritage Assets

While a range of tools exists to protect the historic built environment, there is increasing recognition that traditional preservation methods have not evolved adequately to meet emerging goals within the broader movement. In the Spring 2014 issue of *Forum Journal*, a publication of the National Trust for Historic Preservation, Professor Raymond Rast examined inequities that have long frustrated community advocates. Despite widespread support for cultural diversity as a “fundamental goal” of the field, he writes, “the fundamental methods of the preservation movement continue to spring from – and tend to contribute to – the designation and protection of properties (mostly old buildings) associated with prominent, white, male architects and their wealthy clients, just as they did for most of the 20th century.”⁹

The most controversial preservation standard is the “integrity” requirement, which measures a property’s ability “to convey its significance” based on physical condition. The integrity standard can be misleading when applied to places of social or cultural significance, where the original physical fabric may no longer be intact. Experience shows that non-architectural cultural resources are especially susceptible to alteration, neglect,



ALVIS E. HENDLEY

Located at 362 Capp Street, the Girls' Club (now Mission Neighborhood Centers) first opened in 1911 and was listed on the National Register of Historic Places in 1979. The founder, Rachel Wolfsohn, envisioned the club as a gathering place for disadvantaged young women to engage in cultural and educational activities.



SAN FRANCISCO HERITAGE ARCHIVE

The International Hotel (848 Kearny Street) was listed on the National Register of Historic Places in 1977. One of the last surviving buildings in the city's Manilatown and home to generations of Filipino Americans, it was demolished in 1981 despite fierce community opposition. The new I-Hotel was completed in 2005.

and demolition. Rather than treating the loss of the physical fabric as a justification for intervention, the integrity standard can lead to the opposite result by disqualifying properties from eligibility for landmark protection. The impact of these shortcomings is acute: fewer than 8 percent of the 87,000 property listings in the National Register of Historic Places are associated with the histories of communities of color, women, and LGBTQ communities.¹⁰

Despite the limitations, traditional historic preservation methods - especially historic context statements and historic designation - are frequently an essential component of more comprehensive cultural heritage conservation strategies.

Historic Context Statement: A “historic context statement” is a tool frequently used in preservation practice to document historic resources within a specific geographic area, time period, and theme. Their purpose is to provide a framework for identifying and evaluating potential historic resources within a defined scope and make recommendations for their preservation. In San Francisco, historic context statements have increas-

ingly focused on cultural and social themes (the HPC passed a resolution in December 2012 recommending that all future City-sponsored historic context statements account for social and cultural heritage themes).¹¹ Recent context statements for Japantown and Western SoMa reflect this trend, with similar initiatives underway to document the contributions of African American, Latino, and LGBTQ communities in San Francisco.

Related projects have been undertaken statewide and nationally. In 1988, the California Office of Historic Preservation (OHP) published *Five Views: An Ethnic Historic Site Survey for California*, including a narrative history and preliminary survey of historic sites associated with the state's five largest ethnic minority groups (African Americans, American Indians, Chinese Americans, Japanese Americans, and Mexican Americans). In 2013, OHP initiated a statewide study on Latinos in 20th-century California. Picking up where *Five Views* left off, the statewide historic context statement will delve further into California's Latino history and offer recommendations for the designation of specific historic sites. The NPS released *American Latinos and the Making of the United States: A Theme Study* in 2013, presenting the most recent scholarship on Latino history and serving as a tool for those seeking to identify and evaluate Latino-related places for historical significance. National theme studies are currently underway for Asian Americans and Pacific Islanders, women, and LGBTQ communities.

Historic Designation: While not possible or desirable for all cultural heritage assets, historic designation can be a powerful tool for bringing attention to a particular historic site and, in some cases, providing legal protection against demolition or insensitive alterations. Historic sites can be designated under local, state, or federal programs, each with their own set of nominating procedures, requirements, and benefits. Locally, a handful of buildings have been designated City Landmarks based on their association with important persons or cultural movements, including Marcus Books/Jimbo's Bop City. Located in the Fillmore, the historic home of Marcus Books and Jimbo's Bop City was declared San Francisco Landmark #266 on January 29, 2014. Official recognition came at a difficult time in the building's history: The property was sold in foreclosure in 2013 and, despite community efforts to repurchase the building, Marcus Books and its owners, who lived on the second floor, were evicted in May 2014.



ANOMALOUS A (FLICKR)

In 2014, the proposed City Landmark designation of the Design Center at 2 Henry Adams, which would have allowed its owners to convert the building to office use and displace longtime Production, Distribution, and Repair (PDR) tenants, sparked an intense debate about the role of historic preservation incentives in spurring gentrification.



JEREMY BLAKESLEE

Although Marcus Books/Jimbo's Bop City was declared a City Landmark in January 2014, the designation could not prevent the eviction of the business and its owners.

Existing Cultural Heritage Conservation Initiatives in San Francisco

Neighborhoods, nonprofits, and City agencies are already employing innovative new tools and strategies for documenting, recognizing, and sustaining San Francisco's tangible and intangible cultural heritage assets. This section summarizes six different initiatives currently underway, many with active support from the Planning Department, Mayor's Office, HPC, and Heritage. Some of these efforts are nascent, while others represent a culmination of years of work.

"Calle 24 SF" Latino Cultural District

In the Mission District, community leaders have long sought to establish a cultural district and economic development program for the lower 24th Street corridor, roughly bounded by Mission, Potrero, 22nd, and Cesar Chavez Streets. This effort began in the late 1990s under the leadership of then-Supervisor Jim Gonzalez in response to gentrification. His successor, Supervisor Susan Leal, and the 24th Street Revitalization Committee explored the creation of a "Cultural Historic District," but the idea went dormant without tools for implementation. Interest in establishing a cultural district for lower 24th Street reemerged in 2013 with the neighbors' and merchants' association – known as "Calle 24 SF" – taking the lead. In 2014, the Board



IVONNE IRIONDO

Supervisor David Campos (second from right) and Joaquin Torres, Deputy Director of the Mayor's Office of Economic and Workforce Development (right), join Mission youth in celebrating the new Calle 24 SF Latino Cultural District on May 23, 2014.



JUANA ALICIA

Balmy Alley mural, "No One Should Obey an Unjust Law," by artist Juana Alicia, whose work reflects her commitment to social justice and human rights (© 1996 by Juana Alicia. World Rights Reserved).

of Supervisors unanimously passed a resolution introduced by Supervisor David Campos to officially name lower 24th Street the "Calle 24 SF Latino Cultural District." The ordinance was signed into law by Mayor Lee on May 28, 2014.¹²

With input from Heritage and the San Francisco Latino Historical Society, the final resolution describes significant Latino-based organizations, family-owned businesses, murals, festivals, cultural movements, landmarks, parks, and public plazas that contribute to the district's strong Latino and Chicano identity. Calle 24 SF has also received a grant from the City's Invest in Neighborhoods program, administered by the Mayor's Office of Economic and Workforce Development (OEWD), to undertake a community planning process for the cultural district.

A complementary effort to document San Francisco's Latino heritage commenced in 2013. The San Francisco Latino Historical Society and Heritage are collaborating on a series of projects that will inform the district, including a youth-developed, bilingual walking tour, *Calle 24: Cuentos del Barrio* (published in 2013), and a citywide historic context statement, *Nuestra Historia: Documenting the Chicano, Latino, and Indígena Contribution to the Development of San Francisco*.¹³

"SoMa Pilipinas" Social Heritage District (Proposed)

In the Western South of Market (SoMa) area, the Filipino So-

cial Heritage District Committee and the Western SoMa Citizens Planning Task Force have proposed a “Social Heritage District” to preserve and perpetuate the neighborhood’s deeply-rooted Filipino community. The task force engaged neighborhood residents and stakeholders to map important schools, churches, housing, businesses, parks, murals, streets, and festivals. Although many of the sites would not qualify for City Landmark status, they nonetheless provide space for cultural activities that express the continuing Filipino presence in SoMa.

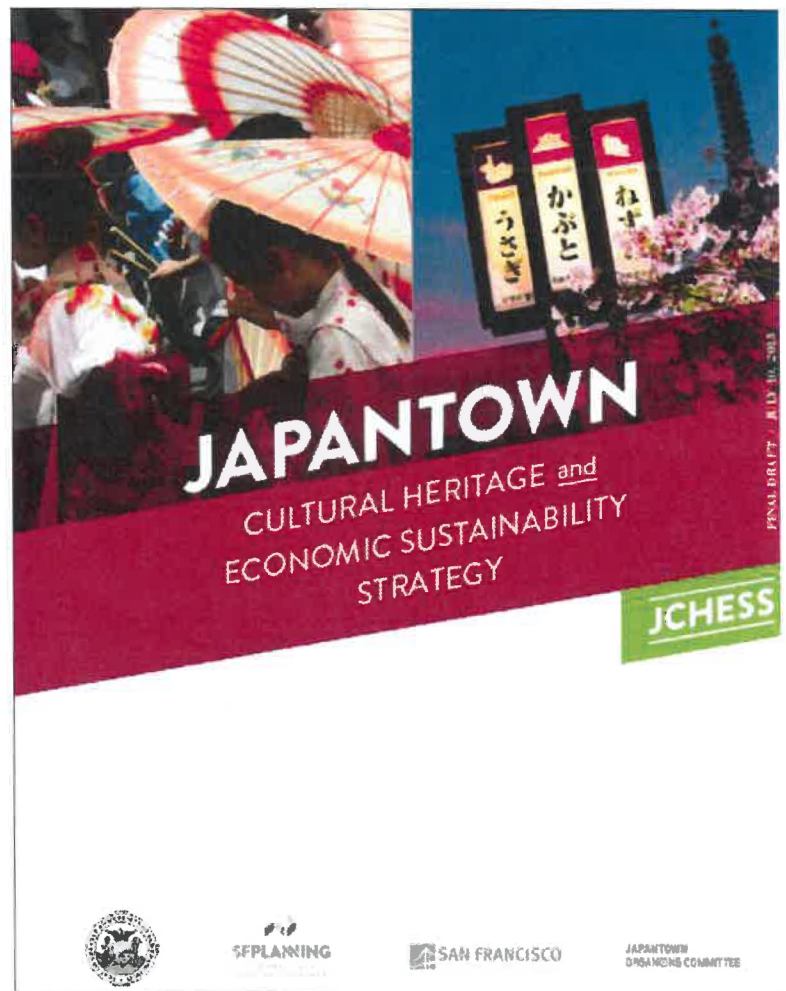
From 2008-2011, the community collaborated with the Planning Department on a proposal for a Filipino Social Heritage Special Use District (called “SoMa Pilipinas”) that would utilize urban design elements, zoning tools, and economic incentives to protect certain uses (but not necessarily existing buildings). While the proposal has not yet been finalized for adoption by the City, community leaders remain committed to the creation of a Filipino heritage district in SoMa.¹⁴

Additionally, the Filipino-American Development Foundation produced an educational “Ethnotour” and bilingual (English/Tagalog) printed booklet of important Filipino historic and cultural sites. The self-guided walking tour booklet was utilized by Heritage during the 2013 *Discover SF! Summer Camp in Heritage Conservation*, a pilot program in which 25 middle school students from the Galing Bata After-School Program at Bessie Carmichael School were led on a series of field trips to historic sites to learn about Filipino and Filipino American history in San Francisco.¹⁵

Japantown Cultural Heritage and Economic Sustainability Strategy

On September 24, 2013, the Board of Supervisors unanimously adopted the *Japantown Cultural Heritage and Economic Sustainability Strategy* (JCHESS), paving the way for Japantown to implement a range of tools to preserve and enhance the neighborhood’s tangible and intangible cultural heritage. Prepared by the Planning Department, Japantown Organizing Committee, and OEWD, **the JCHESS is the first City-adopted policy document to officially endorse a comprehensive approach to neighborhood cultural heritage conservation.**

The JCHESS includes a needs assessment and vision for Japantown informed by over 25 stakeholder groups through successive community planning initiatives dating back to 1999. The report describes more than a dozen economic-based strategies aimed at securing Japantown’s future as the historical and cultural heart of the Japanese and Japanese American



STEVE RHODES (FLICKR) ABOVE / CITY OF SAN FRANCISCO AND JAPANTOWN ORGANIZING COMMITTEE BELOW

Above: Produced by the Filipino American Development Foundation, the San Francisco Parol Lantern Festival and Parade takes place in Yerba Buena Gardens each December. Below: The JCHESS represents more than a decade’s worth of community-led efforts to preserve tangible and intangible resources in Japantown.

Existing Cultural Heritage Conservation Initiatives in San Francisco

community, including the creation of a Japantown Neighborhood Commercial District and a Japantown Community Land Trust (see p. 26). The JCHESS also promotes the utilization of City Landmark designation to protect the most important historic sites.¹⁶

During the process of developing the JCHESS, the Planning Department and its preservation consultant, Page & Turnbull, created a **"Social Heritage Inventory Form"** to document the full range of cultural heritage assets associated with Japanese and Japanese American history in Japantown, including the Day of Remembrance March, the Japanese Benevolent Society, and May's Coffee Shop, to name a few (see p. 17).

Legacy Bars & Restaurants

Threats to popular San Francisco businesses like the Gold Dust Lounge, the Eagle Tavern, Tonga Room, Tosca Café, and Sam Wo Restaurant have called into question the role of City government — and historic preservation laws — in conserving beloved community anchors that may not be eligible for historic designation. While a City Landmark nomination for the Gold Dust Lounge was unsuccessful, the debates surrounding the potential designation of this and other businesses underscored the need for a different approach to conserving the city's cultural heritage assets.

One response is the *Legacy Bars & Restaurants* initiative launched by Heritage in 2013. Inspired by the Bares Notables program in Buenos Aires (see p. 35), the Legacy project features an interactive online guide that enables users to experi-



CHEN DESIGN ASSOCIATES (ABOVE AND BELOW)

From Guardian Cities: "The Legacy Bars and Restaurants programme is part of a worldwide movement, from Barcelona to Buenos Aires, to identify and protect places of social significance."¹⁷

ence the history of some of San Francisco's most legendary eating and drinking establishments. Under Heritage's selection criteria, "certified" businesses must have achieved longevity of 40 years or more, possess distinctive architecture or interior design, and/or contribute to a sense of history in the surrounding neighborhood. **A Legacy Bars & Restaurants logo and decal program heightens the visibility of Legacy establishments, with a free printed pocket guide to the first 100 businesses to be certified released in June 2014.**

Legacy Bars & Restaurants represents an important milestone in Heritage's efforts to create meaningful new tools beyond formal historic designation that recognize places that



embody tangible and intangible cultural values. The project's continuing popularity and strong media interest underscores the relevance of heritage businesses in the modern era, creating multiple platforms for interpreting this rich history for audiences on and offline. Bars and restaurants represent only one facet of the city's intangible cultural heritage, however, and significant work remains to recognize and sustain the full range of cultural heritage assets.

LGBTQ Social Heritage Special Use District (Proposed)

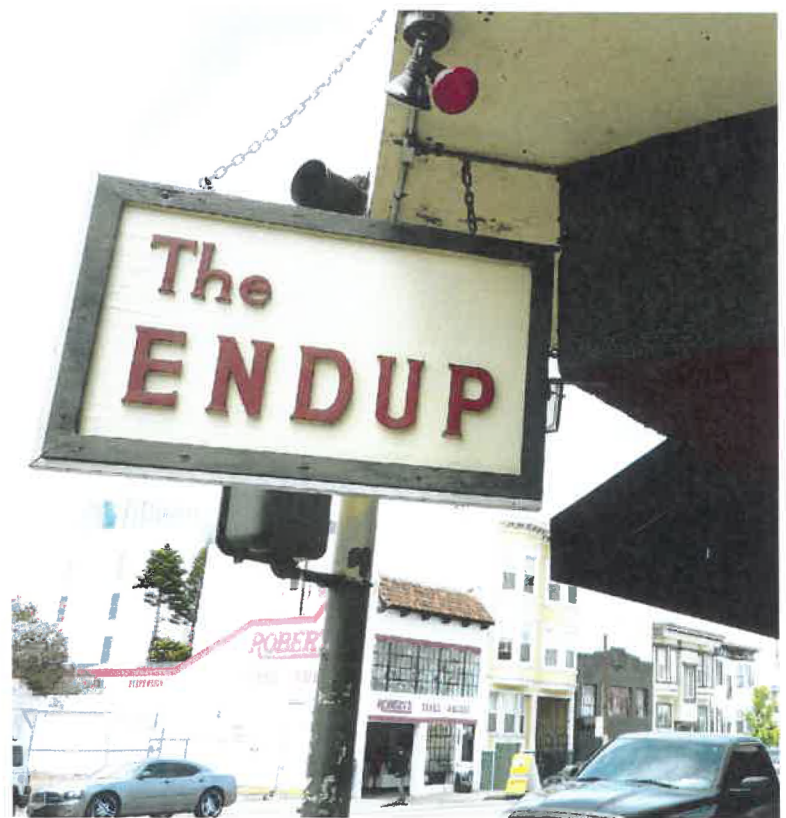
The Western SoMa Citizens Planning Task Force is proposing an LGBTQ Social Heritage Special Use District (SUD), which would establish a Social Heritage Citizens Advisory Committee to guide the Planning Department on the preservation of cultural heritage assets, support LGBTQ businesses, and leverage Community Benefit Agreements (see p. 22).

The proposed district would “use the urban landscape to celebrate public history, using public features as a way to educate and accept diversity, leaving an important legacy at the heart of the neighborhood.”¹⁸ Among other interpretive strategies, the plan includes a “**Heritage Path**” tracing significant places and events within the district from the latter half of the 20th century through today, such as fairs, festivals, social services and continued business operations. The SUD includes an Administrative “**Certificate of Heritage Compliance**” process that would allow a new development to qualify for a Floor Area Ratio (FAR) exemption for “replacement in-kind” of a traditional retail business in order to keep the business local or, if replacement in-kind is not possible, dedicating a portion of the project to community arts projects and public events.¹⁹

A draft report describing the proposed district, individual “social heritage resources,” urban design guidelines, economic incentives, and zoning programs was presented to the Planning Commission in 2011, but no further actions have been taken.

HPC Proposal for a Citywide Cultural Heritage Resource Designation Program

In an attempt to address concerns over the sustainability and longevity of cultural heritage assets in San Francisco, Historic Preservation Commission members Alan Martinez and Diane Matsuda presented a “Proposal for Formal Social Heritage Resource Designations” to the HPC in December 2012. The proposal recommends the establishment of a citywide designation program for both districts and individual cultural heritage as-



SAN FRANCISCO HERITAGE

In continuous operation since 1973, The EndUp (401 6th Street) is one of San Francisco's oldest and hippest gay dance clubs. It is both a “social heritage resource” in the proposed LGBTQ Social Heritage District and one of 100 Legacy Bars & Restaurants to be certified by San Francisco Heritage.

sets, paired with targeted economic incentives. The commissioners argued that the inherent benefits of cultural traditions in civic life, such as tourism, economic stability, and a sense of community, make them worthy of preservation through formal action undertaken by the City.

The proposal highlights the need for new economic benefits to incentivize the participation of important businesses and institutions whose existence may be threatened. For example, if a building houses a designated cultural heritage asset, the property could be exempted from reassessment for tax purposes after a sale or building improvement so long as the asset remains in the building. This would be similar to the Mills Act property tax abatement program that currently exists for the owners of designated historic buildings.²⁰ The report also proposes reducing permit and other fees for designated events, such as festivals and parades. (For discussion of similar historic designation programs in Barcelona, Buenos Aires, and London, see pp. 32-35).

Community Summit: Sustaining San Francisco's Living History

In June 2013, San Francisco Heritage partnered with state and local agencies, nonprofits, and community groups to convene a summit aimed at initiating an inclusive dialogue on the documentation, interpretation, conservation, and promotion of the city's cultural heritage assets through new policy and partnerships. Entitled "Sustaining San Francisco's Living History," the summit brought together planners, preservation professionals, cultural workers, business owners, and community leaders from throughout the city for an exploration of existing cultural heritage conservation initiatives, as well as the inherent challenges and opportunities facing San Francisco communities when undertaking this work.

The goals of the community summit were:

- A. To promote the wellbeing and longevity of all communities within San Francisco
- B. To ensure respect for the cultural heritage of underserved communities, groups, and individuals in City planning and preservation practices
- C. To provide for citywide communication, coordination, and mutual support among organized community groups regarding the conservation of cultural heritage assets
- D. To better understand the role and opportunities of economic strategies in revitalizing and preserving historic commercial corridors

A complete agenda and list of presenters and expert panelists is included in Appendix A.

Framing the Issues

Summit presenters cited a variety of examples, in their own words, of how cultural heritage is manifested in their communities, establishing a broad context for the ensuing discussion on needs and potential solutions. Examples of cultural heritage assets, as defined by participants, include:

- » Active resident leadership base
- » Community, civic and cultural organizations
- » Cultural events (e.g. Carnaval, Cherry Blossom Festival, Parol Lantern Festival)
- » Historic places (e.g. buildings, parks, sites)
- » Housing (e.g. residential top units, senior and affordable housing)
- » Language (e.g. bilingual education programs)
- » Locally-owned businesses
- » Mixed-use commercial corridors (e.g. residential units, farmers' markets, restaurants, retail, and nonprofits)



San Francisco Heritage Community Summit

Sustaining San Francisco's Living History



ANGELENE HOFFERT

- » Religious and community rituals (e.g. Día de la Virgen the Guadalupe procession at Our Lady of Guadalupe Church in North Beach)
- » Social support services
- » Spaces for social interaction (e.g. open space, alleyways, BART plazas)
- » Traditional arts (e.g. martial arts, foodways)
- » Urban features (e.g. public art, streetscapes)
- » Youth programs (e.g. youth-led walking tours)

Attendees were also asked to identify challenges faced by their communities in efforts to conserve cultural heritage assets. Nearly every community represented at the Summit found itself in the midst of a cultural crisis purportedly due to the emergence of San Francisco's hyper-speculative economy. Cultural institutions, events, buildings, and cultural corridors are particularly vulnerable to eviction and/or displacement due to skyrocketing rents. Additional threats identified include:

- » Aging building stock
- » Destruction and defacement of murals in the Mission District
- » Diminishing number of traditional business, art, and craft practitioners
- » Lack of consensus on a vision of what the community wants to preserve and/or how to guide preservation
- » Lack of quality language programs
- » Lack of space in Chinatown for people to interact organically
- » Leadership transitions within heritage businesses and nonprofit organizations
- » Loss of neighborhood identity amid rapid change
- » Missed economic opportunities due to lack of cultural heritage tourism programs
- » Out-migration of ethnic populations from historic ethnic hubs to other parts of the city and region (particularly relevant to Japantown, Filipino SoMa, and historically African American neighborhoods)²¹

Summit participants offered a number of specific recommendations to address these concerns and promote the long-term sustainability of San Francisco's cultural heritage assets, including:

- » Develop recognition programs for heritage businesses
- » Educate new residents about neighborhood history
- » Explore Central Business District and/or Community Land Trust models to promote acquisition of properties that house cultural heritage assets
- » Explore new business models to support cultural heritage assets
- » Offer direct technical assistance to heritage businesses for leadership succession planning
- » Offer financial incentives to heritage businesses and property owners that rent to heritage businesses
- » Reinforce neighborhood identity by using marketing tools to promote cultural heritage tourism (although some questioned whether tourism might actually spur gentrification)²²

A recurring theme raised during the Summit was the importance of neighborhood authenticity. Participants felt strongly that community identity needs to be built and maintained internally, an elusive task in many instances. In order to sustain neighborhood identities that have developed organically over time, participants expressed a critical need to preserve the signifiers of neighborhood identity, such as art and culture, family



SAN FRANCISCO HERITAGE

As a precursor to the June 2013 Community Summit, Heritage hosted a special walking tour, "Tenderloin Living: 1908 - Today." Tour guides Felicia "Flames" Elizondo, Donna Graves, Katherine Petrin, and Shayne Watson led participants on an exploration of the Tenderloin's layered history, including themes associated with LGBTQ and Southeast Asian communities.



NATHAN DOLEJSI

Exploring new business models: The Crab Boat Owners Association has represented family-owned boats berthed at Fisherman's Wharf since 1907. In response to escalating costs and competition from out-of-state boats, CBOA has partnered with the nonprofit Ecotrust and the San Francisco Community Fishing Association to develop a sustainable fish market at Pier 47 that will help maintain the city's fishing heritage.

histories, buildings, and community events. While recognizing that change is inevitable, Summit participants believed that it is possible for neighborhoods to evolve while also maintaining the authenticity that lends the neighborhood its identity.

Recommended Strategies

Based on proven models, the following section proposes a series of effective strategies for stabilizing and revitalizing San Francisco's cultural heritage assets for communities, nonprofits, small businesses, festivals, foundations, and government agencies.

1. Develop a consistent methodology for identifying and documenting cultural heritage assets

A fundamental first step in neighborhood conservation planning is for community members to determine which elements of their heritage they wish to protect for the future. While the City can provide a framework for identification of cultural heritage assets, organized communities must ultimately steer such initiatives. Although resources, goals, and strategies will vary from community to community, there are common methods for documenting cultural heritage assets with citywide applicability.



SAN FRANCISCO HERITAGE ARCHIVE

An anchor in North Beach's early Latino community, Our Lady of Guadalupe Church was designated San Francisco Landmark #204 in 1993 after parishioners rallied to halt its proposed sale by the Archdiocese. Efforts to sell the property were revived in 2011 despite community outcry.

Case Study: Launching a Community-Based Historic Context Statement on Latinos in San Francisco

In 2014, San Francisco Heritage and the San Francisco Latino Historical Society launched, *Nuestra Historia: Documenting the Chicano, Latino, and Indígena Contributions to the Development of San Francisco*. *Nuestra Historia* is a community-based project to document and preserve the city's rich Latino heritage, including the completion of a historic context statement with recommendations for how to best preserve architectural, cultural, and historical resources associated with the Latino community. In addition to informing future planning decisions, the project will document Latino businesses and commerce, public art, community gathering places, cultural events, and important community groups.

As a community-based project, *Nuestra Historia* is overseen by a Latino Community Advisory Board that promotes community participation through public meetings, community archive days, oral history interviews, and focus groups. Although the project is nascent, this model has already proven effective in galvanizing public participation. Its holistic approach to architectural, historical, and cultural conservation will ensure that the information gathered can be used to develop strategies for conserving both architectural and non-architectural cultural heritage assets.

A. Encourage the development of historic context statements that include cultural and social themes

Historic context statements are an ideal starting point for any cultural heritage conservation effort because they provide a mechanism for collecting and organizing information, while laying the groundwork for further studies and action. They compile background information needed to identify cultural heritage assets and establish their significance by tying them to broader historical, cultural, or social patterns. If carried out in a community-centered way, the process of developing a historic context statement can be a catalyst for engaging the public and devising appropriate conservation strategies. In 2012, the HPC adopted a resolution recommending that all future City-sponsored historic context statements account for social and cultural heritage themes.²³ This recommendation should be formalized as

City policy in the proposed Preservation Element of the General Plan (see p. 18).

B. Inventory cultural heritage assets through culturally-specific processes

Conservation goals, desired outcomes, and cultural context all need to be taken into account when devising a process and strategy for sustaining a neighborhood's cultural character. For example, some communities may prioritize continuation of tra-

ditional uses over protection of the buildings that house them, while others may insist on demolition controls to preserve the physical fabric of a neighborhood. Because these factors vary from community to community, it is imperative that communities seeking to protect their heritage use a methodology for documenting important resources that reflects their own goals and motivations. A universal documentation tool such as the Planning Department's "Social Heritage Inventory Form" allows for consistent utilization by City agencies, professionals, and com-

Case Study: Inventorying Japantown's Cultural Heritage Assets

In conjunction with the JCHESS, the Japantown Organizing Committee, Planning Department, and preservation firm Page & Turnbull developed a new methodology for identifying, documenting, and evaluating cultural heritage assets in Japantown. The community identified a total of 322 cultural heritage resources that were divided into four categories: "traditions and history," "cultural property, building structures, archives," "businesses," and "institutions." A database was compiled with names, addresses, sources of information, and the type of resource. A smaller number of priority resources were then documented in detail using a "Social Heritage Inventory Form."

The **Social Heritage Inventory Form** is based on existing methodology used by preservation professionals to document historic resources, known as the "Primary Record" or "Department of Parks and Recreation (DPR) Form." Although broader in scope, the Social Heritage Inventory Form shares many similarities with the DPR Form, including a section for categorizing the resource by type, period of significance, and historic context. It is a model that can be used to develop a standardized methodology for documenting cultural heritage assets, while also allowing for flexibility to reflect the priorities and sensitivities of a particular community. Completed forms are provided in Appendix B.

In order for inventory forms to be useful, however, a historic context statement identifying important historical themes, periods of significance, and contextual information must be completed in advance. It is also important to note that cultural heritage assets identified in the Japantown inventory are not presumed to be historical resources under the California Environmental Quality Act (CEQA).²⁴



SAN FRANCISCO HERITAGE

Public workshops in the Mission District (June 2014, above) and Japantown (August 2011, below) yielded important information about places with historical and cultural significance in those communities, giving local stakeholders an opportunity to shape the final reports. "Nuestra Historia" project partners will host six community meetings before publishing the final historic context statement.

Recommended Strategies

Case Study: Eastside Heritage Consortium

In 2010, a group of community advocates in unincorporated East Los Angeles formed the Eastside Heritage Consortium with the goal of identifying significant historic places in the area. Representatives from the Los Angeles Conservancy, Maravilla Historical Society, and other local organizations collaborated on a simple survey to engage residents in a conversation about places important to local identity.

One of the primary goals of the survey was to counteract common negative perceptions of unincorporated East Los Angeles, using history to empower locals and, in particular, youth. Because of the community's complicated and sensitive history, outsiders often assume that the area is dangerous or that it lacks significant historic places and cultural institutions. The absence of a County preservation ordinance has left important historic sites vulnerable to development or demolition by neglect, and community members often find themselves at a disadvantage in the planning process.

The Consortium distributed surveys at local schools, libraries, businesses, senior centers, and on social media over a period of four months. Nearly 200 people contributed to the project, and survey

responses were evaluated according to the following criteria:

- Sites must reveal significant social or cultural themes in East Los Angeles or be representative of an important architectural style.
- Sites must be mentioned by more than two members of the community, unless compelling evidence of their significance is provided.
- Sites should be representative of a multiethnic interpretation of local history, should be referenced in the scholarly literature of the area, and should be at least 25 years of age.

The criteria were broadly defined in order to capture a diverse range of responses. While the survey emphasized history over present time, it also encouraged participants to list sites that might one day have historic or cultural significance. Based on the responses, the Consortium compiled an initial list of nineteen places to serve as a basis for conducting additional research and developing tours, interpretive projects, curriculum, and landmark nominations. The survey form is provided in Appendix C.



LOS ANGELES CONSERVANCY

Built brick-by-brick by East LA residents in the 1920s, the Maravilla Handball Court and adjacent El Centro Grocery Store were identified in the Eastside Heritage Consortium's survey and listed in the California Register of Historical Resources in 2012.

munities while providing flexibility to address culturally-specific considerations. This section presents community-based models for documenting cultural heritage assets, including the "Social Heritage Inventory Form" devised for Japantown, that have the potential for broad applicability (see pp. 16-18).

C. Include policies in the proposed Preservation Element of the City's General Plan that advance conservation of cultural heritage assets

San Francisco's General Plan is a comprehensive planning document that guides City decision-making on land use issues for public and private property. It presently includes eleven elements ranging from transportation to community facilities to arts, with each element featuring a statement of needs, overall objectives, and a series of policies necessary to achieve objectives. The General Plan often spurs the creation of new legislation and changes to existing City policies and the Planning Code. Moreover, it identifies priorities for the Planning Department and informs the Department's work program.

In 2014, the Planning Department revived a long-dormant initiative to add a Preservation Element to the General Plan. The new element provides an opportunity for the City to adopt a standard definition of “cultural heritage assets” and prescribe implementation measures for their protection. For example, one policy might be to increase the number of heritage businesses and nonprofits that own the building in which they operate and, when that option is not feasible, promote acquisition by a community land trust. Similarly, a policy should be added to develop targeted financial, zoning, and process-driven incentives to encourage cultural heritage conservation, drawing on the case studies in this report.

2. Support neighborhood cultural heritage conservation initiatives

San Francisco is known as a city of neighborhoods, diverse in composition and character. Japantown, the Mission, and Western SoMa – where cultural heritage conservation efforts are underway – originated as ethnic or social enclaves that ultimately shaped their unique identities. Historically, such enclaves formed out of necessity as restrictive covenants and outright segregation prevented people of color from living in certain areas. Even after restrictive covenants were banned, new arrivals to the city chose to live in close proximity to friends and family, where they could purchase or sell culturally-specific products and access goods and services in their native language. Due to patterns of migration and out-migration, rent increases, and evictions, many ethnic and social communities in San Francisco are facing displacement (in some cases, for the second, third, or fourth time). The city’s diverse collection of neighborhoods, from North Beach to Bayview to the Castro, is an essential part of its identity and allure. The inherent benefits of maintaining San Francisco’s cultural diversity – in civic life, tourism, and economic stability – warrant prioritization and conservation through a sustained commitment by the City.

A. Issue a Mayoral Directive prioritizing conservation of cultural heritage assets

In 2013, Mayor Lee issued a directive to accelerate the production and preservation of affordable housing.²⁵ A multi-departmental working group was formed to make recommendations for City policies and administrative actions that would support the development of new affordable housing. The working group is responsible for creating an advisory board to City

departments that have permitting authority, which in turn are tasked with streamlining code compliance checks.

A similar task force could be formed to examine various types of cultural heritage assets (i.e. festivals, events, public art, educational or art programs), determine which City departments interface with them, and devise methods for improving service to stakeholders. “Prioritizing” cultural heritage assets may translate into: City resources for implementation of existing neighborhood conservation initiatives in Japantown, Western SoMa, and the Mission; streamlining permitting processes for festivals; waiving or reducing permit fees for events; giving special consideration for City funding to arts and cultural programs; developing a protocol for the protection and maintenance of murals; and/or requiring discretionary review (triggering protection under CEQA) for proposals that would result in the loss of a recognized cultural heritage asset.



BLICK VIC (FLICKR)

Founded in 1967, the Northern California Cherry Blossom Festival takes place in Japantown each spring and is the second largest festival of its kind in the United States.

Recommended Strategies

B. Ensure that neighborhood conservation initiatives underway in Japantown, Western SoMa, and the Mission District are implemented

Recognizing that the demographics of any neighborhood will change over time, residents in Japantown, SoMa, and the Mission have been working with the City for many years on separate plans to preserve community character, recognize the history of various ethnic and social groups, and promote continued sustainability of cultural institutions, festivals, events, and businesses.

The Planning Department and/or OEWD provided critical funding and staff resources to support these community initiatives, although some of the plans have yet to be adopted (i.e. SoMa Pilipinas, LGBTQ Social Heritage Special Use District) and none have been fully implemented. City leaders should prioritize finalization of these programs and apply lessons learned from their implementation to future citywide policy initiatives (e.g. Cultural Heritage Asset designation program, discussed pp. 32-33).

C. Provide financial, design, and technical services to community groups wishing to promote neighborhood identity based on cultural heritage assets

The City administers a variety of grant programs that could be leveraged to benefit cultural heritage assets, including OEWD's "Invest in Neighborhoods" and "SF Shines Façade Improvement" programs, the General Service Administration's Community Challenge Grant Program, and public art funding through the San Francisco Arts Commission.

The Invest in Neighborhoods program offers the greatest potential for comprehensive assistance to neighborhood cultural heritage conservation initiatives. The program aims to "strengthen and revitalize commercial districts throughout the city by marshaling and deploying resources from across multiple departments and nonprofit partners."²⁶ Such resources include neighborhood improvement grants, streetscape improvements, Biz Fit SF, a Small Business Revolving Loan Fund, SF Shines, Jobs Squad, and a citywide vacancy-tracking system. SF Shines, for example, assists façade improvement projects through grants, design services, and project management services. Invest in Neighborhoods recently awarded a grant to Calle 24 SF to lead a community planning process to develop a program to support the continued vitality of the newly-formed "Calle 24 SF" Latino Cultural District.



FUZZY TRAVELER (FLICKR)

Located along the Third Street commercial corridor in the Bayview, soul food restaurant Auntie April's received a grant from the "SF Shines Façade Improvement" program to renovate its exterior.

As illustrated by the case studies below, other potential projects that could be assisted through Invest in Neighborhoods and other City grant programs, as well as Community Benefit Agreements, Community Benefit Districts, Community Development Corporations, nonprofits, and private foundations include:

- » Business and nonprofit assistance programs (i.e. business succession, legal assistance, land acquisition, etc.)
- » Mentoring programs (i.e. apprenticeship programs, leadership succession programs, peer-to-peer mentoring for heritage businesses or nonprofits, etc.)
- » Public history programs (i.e. walking tours, lectures, interpretive installations, commemorative plaques, etc.)
- » Events such as Heritage's June 2013 Community Summit, "Sustaining San Francisco's Living History," to provide opportunities for exchanging information between neighborhoods

Case Study: Little Tokyo Service Center (Los Angeles)

Established in 1979, the Little Tokyo Service Center (LTSC) is an excellent model for a holistic approach to heritage conservation and neighborhood services that addresses the social, economic, cultural, and historic needs of a community. As one of only three recognized Japantowns in the United States, Little Tokyo is a National Historic Landmark District and the heart of Los Angeles' Japanese community.

LTSC formed as a Community Development Corporation and eventually grew to operate affordable housing, literacy, and small business assistance programs, counseling, and historic preservation projects. LTSC is also an advocate for the continuation of intangible cultural traditions, values, customs, and festivals. A website promoting historic sites, businesses, and cultural attractions (littletokyo.org) is the primary vehicle for LTSC's neighborhood marketing efforts.



BAMALIBRARYLADY (FLICKR)

Funded with a \$250,000 grant through the federal Preserve America program, the "Asian Pacific Islander Neighborhood Cultural Heritage and Hospitality Education and Training" program supported the development of a critical assessment of cultural and historical assets, hospitality training, and instructional materials to guide Los Angeles' Little Tokyo (pictured), Thai Town, and Chinatown communities on how to become self-sustaining heritage centers.

Case Study: Spanish Speaking Unity Council (Fruitvale, Oakland)

The Fruitvale District is the most densely populated and culturally diverse neighborhood in Oakland. It also boasts a rich array of cultural heritage assets, including the Cinco de Mayo and Día de los Muertos festivals, traditional Posadas Navideñas, St. Elizabeth Church, Cesar Chavez Park, Spanish Speaking Citizens Foundation, the nonprofit Spanish Speaking Unity Council, and scores of local businesses. A targeted promotional program for the neighborhood began in 1996 with its induction into the National Trust for Historic Preservation's Main Street program. The "Main Street approach" addresses five main components: safety and cleanliness, economic development, design, promotion, and community organizing.

Although Fruitvale's Main Street program officially ended in 2001, property owners voted to create a Business Improvement District (BID) to continue revitalization efforts, and today the Unity Council manages

the Fruitvale BID and administers a comprehensive commercial revitalization program supporting more than 350 businesses.

Over the past two decades, the district has seen nearly 200 façade improvement projects, installation of public art, streetscape improvements, daily sidewalk cleanings, tree and flower plantings, and regular graffiti removal, as well as new business assistance programs for local merchants. The Unity Council also sponsors the annual Día de los Muertos parade and festival and operates a homeownership center, Latino Men & Boys program, a public market, youth services, and workforce development programs. Their Fruitvale Public Market is a small business incubator that provides low-cost rental space to eleven small businesses and professional business assistance to micro-entrepreneurs.

Recommended Strategies



SAN FRANCISCO HERITAGE

In 2013, Zendesk contributed 1,400 hours to Tenderloin nonprofits through its Community Benefit Agreement, including Glide Memorial Church. Founded in 1929, Glide provides numerous social services to local residents.

D. Help sustain cultural heritage assets through Community Benefit Agreements

Community Benefit Agreements (CBAs) are legal contracts negotiated between developers or companies moving into an area and community coalitions representing neighborhood associations, nonprofits, labor unions, faith-based organizations, and others who stand to be impacted.²⁷ In exchange for meaningful benefits, amenities, mitigations, and/or volunteer services, community groups offer public support for specific projects.

In San Francisco, CBAs have been reached between tech companies and community coalitions in the Mid-Market area.

In 2011, the City enacted the Central Market/Tenderloin Payroll Expense Tax Exclusion for companies that remain in or move to the neighborhood, known colloquially as the “Twitter Tax Break.”²⁸ Companies with a payroll of \$1 million or more can take advantage of a payroll tax break for new employees for up to six years of the eight-year life of the program.²⁹ In exchange, companies must devote a portion of the tax savings to supporting the local community through a CBA.

The most common issues addressed in the Mid-Market agreements include affordable housing, homelessness, food justice, public health, neighborhood infrastructure, access to technology, support for the arts, and legal assistance. In 2012, the Central Market Citizen’s Advisory Committee developed a “Framework for Community Benefit Agreements” to serve as a guideline for companies looking to fulfill their CBA obligation.³⁰ The document outlines a series of measures intended to prevent displacement of existing residents, small businesses, nonprofits, and services in the Mid-Market area.

Specific provisions for advancing cultural heritage conservation could be incorporated into new CBAs both within and outside Mid-Market. Potential benefits and mitigation measures related to cultural heritage assets might include: funding for youth programs (e.g., language classes, field trips to historic sites, and leadership training in heritage conservation); apprenticeship programs at heritage businesses; marketing initiatives (e.g., printed collateral, tours, and websites); capital improvements (e.g., façade, accessibility, or seismic safety upgrades); financial contributions to community land trusts; mural restoration funds; down-payment assistance programs for heritage businesses and nonprofits; and City Landmark nominations.

3. Support mentoring and leadership training programs that transmit cultural knowledge to the next generation

Language and traditional arts and craft skills are often essential to maintaining the viability of heritage businesses and cultural organizations. In addition to physical displacement, certain forms of traditional skills are at risk of disappearing, particularly among younger generations. Examples of dwindling and highly specialized cultural arts in San Francisco include Filipino kulintang and Filipino food, carnival costume-making, and Sekisui rock garden, bonsai, and traditional flower arranging. Active intervention is required through education, training, and mentoring programs. With critical support from private founda-



PAUL DUNN (CENTRAL CITY EXTRA)

From the New America Media Special Report, "Old and Poor in Tech City": At JT Restaurant in Mint Mall, Tess Diaz-Guzman, or "Mama Tess," serves elderly residents, construction workers, and Filipino and Latino families homestyle chicken and pork adobo, while also serving a vital role as a community space.

tions, academic institutions and nonprofits can help transmit business, language, and traditional practices to the next generation of cultural practitioners.

A. Utilize partnerships to foster apprenticeship, training, and leadership succession programs to ensure the longevity of cultural heritage assets

Cultural heritage assets that represent an organization (e.g. business, nonprofit, festival, etc.) or a specialized skill (i.e. traditional art, craft, skill, or language) will inevitably experience the need to transfer knowledge and "know-how" to future generations. In the case of family-owned heritage businesses, for example, the transition from one generation to the next can be so complicated that it sometimes threatens the business's existence. Members of the younger generation may be unprepared or have no desire to own or manage the family business. Other family-related occurrences – death, disability, divorce, or substance abuse – can further impede succession plans. The case studies presented in this section offer useful models for apprenticeship, training, and leadership succession programs related to cultural heritage assets.

Case Study: Gellert Family Business Resource Center (San Francisco)

Located within the School of Management at the University of San Francisco, the Gellert Family Business Resource Center has developed a successful three-pronged approach to supporting Bay Area family businesses and mentoring for the next generation of business leaders. Each year, the Center showcases two family-owned businesses, providing intensive technical assistance while promoting them throughout the Bay Area. These businesses are recognized at an awards ceremony each spring.

Recent inductees into the program include Marcus Books, Casa Sanchez, and Cathy's Chinese California Cuisine. In addition, the Center works to keep family businesses informed of networking, continuing education, and scholarship opportunities. The Center also advises current students seeking coursework related to family businesses, helping foster the next generation of leaders.



SAN FRANCISCO HERITAGE

Founded by Roberto and Isabel Sanchez in 1924, Casa Sanchez was the first mechanized tortilla factory in northern California. Now in its fourth generation, Casa Sanchez received a Gellert Family Business Award in 2012 for its business achievements and record of community service.

Recommended Strategies

Case Study: Alliance for California Traditional Arts

The Alliance for California Traditional Arts (ACTA) is a statewide nonprofit organization with a mission to promote and support ways for cultural traditions to thrive through advocacy, resources, and connections for folk and traditional artists. In 1998, ACTA launched its Apprenticeship Program, which supports the sustainability and longevity of the state's traditional arts and cultures by contracting with master artists to provide qualified apprentices with intensive one-on-one training and mentoring.

ACTA defines a "master artist" as "someone who is recognized as an exemplary practitioner of a traditional art form by his or her community and peers." Small grants of \$3,000 are awarded to California-based master artists that can be used for fees, supplies, and travel. ACTA works closely with each apprenticeship team to develop and refine work plans and assess their progress. Each team must produce a public offering, such as a performance, exhibit, or demonstration, to convey the acquisition and development of the traditional skills. Nearly 500 master artists and apprentices have participated in the program since 1998, representing a wide range of crafts and art forms, including Afro-Latin percussion, Chicano mural painting, Trinidadian Carnival costumes

and foodways, Filipino kulintang, and Chumash textile arts. ACTA receives support from a variety of private and public sources, including the Walter and Elise Haas Fund, San Francisco Foundation, Columbia Foundation, and the California Arts Council, among others.



SAN FRANCISCO HERITAGE

A three-time participant in ACTA's Apprenticeship Program, Danongan Kalanduyan (right) is a master of the kulintang, an instrument and musical style rooted in the Muslim traditions of the southern Philippines.

B. Fund youth educational programs that expose future generations to cultural heritage assets

Youth engagement is an essential part of maintaining cultural memory and transmitting traditional knowledge and skills from generation to generation.

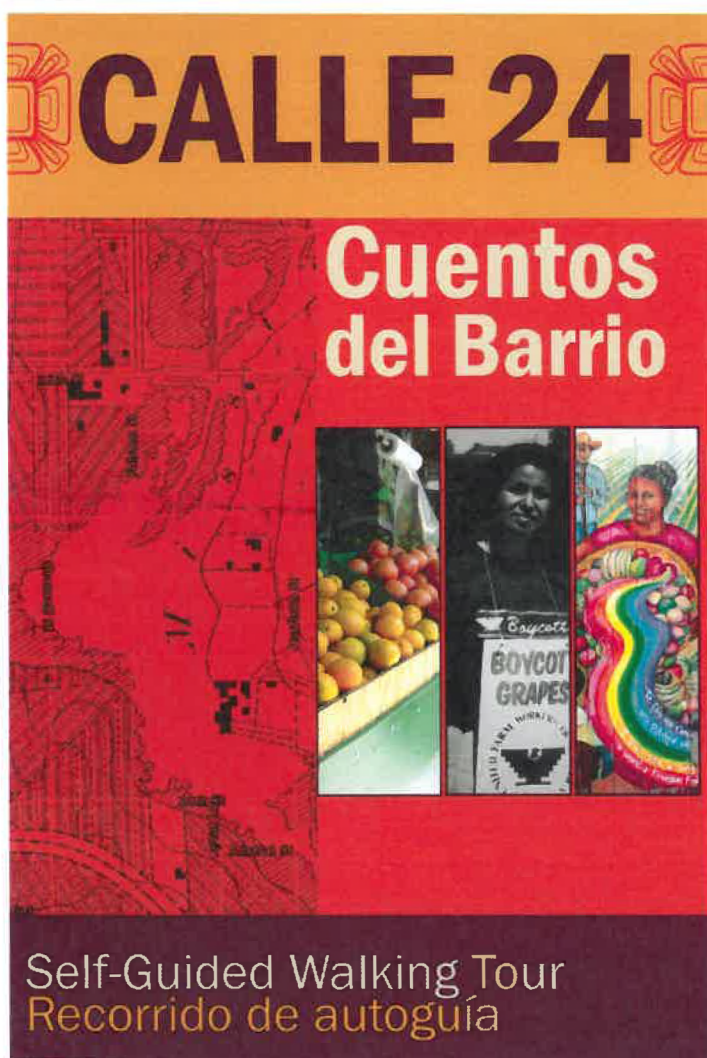
Youth-Led Walking Tours

Youth-led walking tour programs are especially effective at documenting and promoting neighborhood history while cultivating leadership skills and community pride among younger generations, particularly high school and college-age students. Several communities in San Francisco have already developed successful youth-led tour programs that share neighborhood history and culture with a broader audience. The following models could be emulated through partnerships among nonprofits,

schools and universities, neighborhood associations, and City agencies:

The Chinatown Community Development Center (Chinatown CDC) introduced its "**Alleyway Tours**" program in 2001 under the umbrella of the "Adopt-An-Alleyway" initiative. Youth participants conduct archival research and oral history interviews and develop a tour route, script, and training manual. Scores of students have participated in the program, which aims to illuminate new perspectives on Chinatown's history and culture that are not part of the conventional tourist experience. The "Alleyway Tour" program demonstrates the potential links between heritage tourism and community empowerment, particularly among youth.

In 2013, San Francisco Heritage partnered with the San Francisco Latino Historical Society to produce **Calle 24: Cuentos del Barrio**, a youth program to document and bring visibility to



CHINATOWN ALLEYWAY TOURS ABOVE / SAN FRANCISCO HERITAGE AND
SAN FRANCISCO LATINO HISTORICAL SOCIETY BELOW

Above: Ju Yun plays the erhu in front of his barber shop at 32 Ross Alley for students in the Alleyway Tours program.
Below: "Calle 24" Self-Guided Walking Tour Booklet.

the Latino heritage of 24th Street in the Mission. Participants received training in urban history and oral history methodology and conducted interviews with community leaders. The information gathered inspired content for a bilingual (English/Spanish) self-guided walking tour booklet, which was presented in a series of youth-led tours during a "Sunday Streets" event.

Language-Based Learning

From people speaking their native language on the street or in their homes, to bilingual business and street signage, language is a key community identifier. Although nearly half of all San Francisco residents do not speak English at home, language is a diminishing cultural heritage asset in many ethnic communities. Despite the diversity of languages spoken in San Francisco, there are few quality bilingual programs to impart this knowledge to younger generations.

Case Study: Heritage Schools - Kinmon Gakuen/Golden Gate Institute

Founded in 1911, the Kinmon Gakuen/Golden Gate Institute in San Francisco's Japantown is an excellent example of a community language school that also sustains broader cultural traditions, including karate, calligraphy, flower arranging, and tea ceremonies. In its century-long history, it has served as a neighborhood center for Japanese Americans wanting to participate in cultural and political activities. It is also the first Japanese language school to receive the "Heritage School" designation from the California Department of Education, which allows for streamlined regulations and reduced licensing fees. Among other requirements, qualified heritage schools must: offer education or academic tutoring, or both, in a foreign language; include curriculum on the culture, traditions, or history of a country other than the U.S.; and offer culturally enriching activities such as art, dancing, games, or singing, based on the culture or customs of a country other than the U.S.³¹

The building that houses the Kinmon Gakuen Institute (2031 Bush Street) is identified as an important cultural resource in the Japantown Historic Context Statement and was added to the Planning Department's Work Program as a priority candidate for City Landmark designation.

Recommended Strategies

4. Develop financial incentives and property acquisition programs for owners and stewards of cultural heritage assets

A common thread throughout Heritage's June 2013 Community Summit was the question of how to preserve cultural heritage in a speculative economy (versus a "normal" economy). In San Francisco's current economic climate, many successful, longstanding heritage establishments are struggling to survive despite continued value in their services. Heritage businesses and nonprofits, particularly those that do not own their building, are especially vulnerable to displacement and warrant City intervention to secure long-term leases and ownership.

Indeed, Mayor Lee has called for increased vigilance by the City and artistic community "to use the city's economic success [to] control land costs" and secure space for arts and cultural organizations by leveraging City resources such as the Office of Community Infrastructure and Investment (Successor Agency to the San Francisco Redevelopment Agency). "If we don't do that, if I don't get more of these land costs under control," he cautioned, "then we're subject to the natural forces that are going on."³² This section highlights local and international property acquisition programs aimed at securing space for cultural uses.

Another challenge is aging building stock with expensive capital improvement, seismic safety, and ADA accessibility requirements. Heritage businesses and nonprofits often lack access to capital to pay for code upgrades. A small amount of reinvestment could go a long way in helping businesses meet code requirements and address routine maintenance issues. Summit panelists proposed a number of ideas for tax breaks and other financial tools to help stabilize neighborhoods, described below.

A. Expand City and/or nonprofit property acquisition programs for owners of identified cultural heritage assets

Heritage businesses and nonprofits at risk of displacement could benefit most from technical and legal services to help them purchase the building in which they operate. If direct purchase is not possible, a citywide acquisition program similar to the Community Arts Stabilization Trust (CAST), established in 2013 to help secure arts space in San Francisco's Mid-Market neighborhood, could play a critical role in preventing displacement of longtime establishments. This section discusses several case studies of existing models for promoting property ac-



SAN FRANCISCO HERITAGE

Located in the Mid-Market neighborhood, the Luggage Store Gallery was among the first properties to be purchased by the Community Arts Stabilization Trust as a long-term affordable arts space (see p. 27).

quisition among cultural heritage assets.

Community Land Trusts

A community land trust (CLT) is membership-based nonprofit organization whose primary purpose is to acquire or facilitate the preservation of targeted properties within a specific area for community preservation and use. CLTs acquire property and then sell or lease buildings located on that property to individuals, businesses, or nonprofits, helping to ensure permanent affordability. The JCHESS, for example, recommends a Japantown CLT as a key potential strategy to "remove...properties from the speculative market and place long-term control of their use and disposition into the hands of the local community."³³ The non-

profit CAST, for example, is an exemplary model that could be expanded into other neighborhoods and/or emulated by new CLTs focused on cultural heritage assets.

Most of the hundreds of CLTs that have been formed in the U.S., such as the San Francisco Community Land Trust, focus on affordable housing. However, some CLTs also own, lease and sell neighborhood commercial spaces, arts spaces, and community centers. Although nonprofit organizations typically form CLTs, some local governments have taken the lead in funding and staffing CLTs, including Chicago, Portland, and Burlington, Vermont.³⁴ Funding can come from a variety of sources, including grassroots fundraising, foundations, businesses, banks, development fees, New Markets Tax Credits, Transfer of Development Rights and grants for land acquisition.

Case Study: Community Arts Stabilization Trust (San Francisco)

As the Mid-Market area of San Francisco continues to attract new tech companies like Twitter, Yelp, Zendesk, and Zoosk, existing arts and cultural organizations have struggled to keep up with rising rents. The Community Arts Stabilization Trust (CAST) was established in 2013 by the Northern California Community Loan Fund to permanently secure space for arts organizations in the Tenderloin and Mid-Market. As a 501(c)(3) nonprofit organization, CAST's mission is to "create stable physical spaces for arts and cultural organizations to facilitate equitable urban transformation."

With a \$5 million seed grant from the Kenneth Rainin Foundation, CAST has acquired two properties in its first year: The Luggage Store Gallery at 1007 Market Street and 80 Turk Street, the future home of CounterPULSE. By purchasing these buildings, CAST was able to freeze rents and permanently secure low-cost arts space. CAST has entered into long-term leases with each organization, including an option to buy in seven to ten years, combined with ongoing technical assistance to help build their financial and organizational capacity.

To fund its work, CAST leverages funds from private donors, foundations, New Market Tax Credits, and the sale of TDRs (Transfer of Development Rights).³⁵ CAST also collaborates with civic partners such as OEWD.

Case Study: Preserving Threatened Uses - "Vital' Quartier" Program (Paris)

The goal of the Vital' Quartier program, administered by the Paris planning agency SEMAEST, is to preserve commercial diversity amid exceedingly high real estate and rental costs. SEMAEST purchases properties in eleven predefined areas and then leases to local businesses for specific uses. For example, SEMAEST rents several buildings in Paris' Latin Quarter solely to bookstores, with other sites reserved for artisans or bakeries. Prioritizing specific uses counteracts the proliferation of tourist shops and formula retail outlets vying for Paris' prime real estate.

SEMAEST has acquired hundreds of properties since the Vital' Quartier program was launched in 2008. Once SEMAEST purchases property and secures a tenant, the agency will either sell it to the tenant or a real estate subsidiary with a covenant to maintain the use. In the case of the Latin Quarter, however, the City owns the properties outright. In addition to property acquisition, SEMAEST offers a variety of services to help priority uses succeed, including technical training, marketing assistance, and access to credit.



CRAIGFINLAY (FLICKR)

The Abbey Bookshop in Paris's Latin Quarter. In defending the Vital' Quartier program, Mayor Bertrand Delanoë insisted any attempt to resemble big "Anglo-Saxon" cities would be disastrous: "It would be madness. It would be an insult to our soul, an insult to our identity but also to our economic interests."

Recommended Strategies



RADIO NICOLE (FLICKR) ABOVE / GALERIA DE LA RAZA BELOW

Above: After 100 years, Chinatown's Sam Wo Restaurant closed its doors on April 20, 2012 due to the prohibitive costs of correcting numerous health and building code violations. Below: Founded in 1970 by a group of local artists, Galeria de la Raza is an internationally recognized Latino art gallery. The nonprofit does not own the building in which it operates (2857 24th Street).

Right of First Refusal Program

Another strategy to promote ownership of cultural heritage assets would be through a Right of First Refusal (ROFR) program. A "Right of First Refusal" is a contractual right that entitles its holder to enter into a business transaction, in this case purchase property, before the owner may sell to a third party. In other words, a ROFR could ensure that heritage businesses and nonprofits are given an opportunity to purchase the building in which they operate before it is placed on the market. To encourage participation from the building owner, the City could make a ROFR a condition of a grant or other subsidy benefiting owners of buildings that house cultural heritage assets. The City of London's "Community Right to Bid" program, which imposes a six-month moratorium on the sale of designated "Assets of Community Value," could inform the development of a City-sponsored ROFR program in San Francisco (see discussion on p. 34).

B. Institute tax benefits for cultural heritage assets and the owners of buildings in which they operate

Property owners who lease space to heritage businesses and nonprofits have little incentive to retain longstanding tenants when they can charge more from a newer, wealthier tenant. Conversely, business owners and nonprofits that already own their buildings may find it very profitable to sell their property and relocate.

Just as the City provides targeted tax exclusions to advance policy priorities or attract large employers,³⁶ San Francisco should explore targeted tax incentives to heritage businesses, nonprofits, and landlords who rent to them. In consultation with the County Assessor-Recorder and the Office of the Treasurer and Tax Collector, the Office of Small Business and OEWD could develop various financial incentives to help stabilize cultural heritage assets.³⁷ Examples include:

- » If a building houses a qualified heritage business or nonprofit, the property could be exempted from reassessment after a sale or major upgrade so long as the business or nonprofit occupies the building
- » Institute a financial incentive similar to the Mills Act program whereby property owners of qualified heritage business sites receive property tax abatement.
- » Eliminate transfer, recordation, and property tax fees for heritage businesses or nonprofits that purchase the property in which they have operated historically.

Case Study: Longtime Owner Occupants Program (Philadelphia)

Through the Longtime Owner Occupants Program (LOOP), the City of Philadelphia freezes property taxes for ten years for qualifying homeowners who have experienced steep increases in the assessed value of their property for tax purposes. To qualify, applicants must own and have lived on the property for ten years; have an annual income of less than about \$110,000 (varies depending on household size); and experienced a 300 percent or more increase in their property assessment.³⁸ While targeted to homeowners, a program similar to LOOP could be developed in San Francisco for owners of commercial properties that house cultural heritage assets. This would provide a powerful incentive for owners to renew leases with heritage businesses or nonprofits.

Case Study: “Association Center” Property Tax Exemption (New York)

In an effort to secure downtown space for non-profit tenants, the New York City Industrial Development Agency (NYCIDA) partnered with Silverstein Properties to establish the city’s first, and only, “Association Center” in 1992 at 120 Wall Street. Through state legislation authorizing NYCIDA to support not-for-profit civic facilities, the “Association Center” designation exempts the building owner from real estate taxes that are usually passed through by landlords to tenants as part of the rent. The center occupies 400,000 square feet, or 20 floors of the 34-story building, which was built in 1929.

Prospective nonprofit occupants have the choice of renting space or buying it at below-market rates that reflect the property tax exemption. Nominal title to Association Center space is held by the NYCIDA, thereby removing the space from property tax rolls and also allowing the agency to issue bonds to finance tenant improvements. Five years after it was established, the Association Center at 120 Wall Street was 100 percent occupied.³⁹

New York City’s “Association Center” model demonstrates how government-sponsored incentives can help secure long-term space for nonprofit tenants through targeted property tax relief.



SAN FRANCISCO HERITAGE

Octogenarian Tony Rosellini has been a fixture of Edwin Klockars Blacksmithing (City Landmark #149) for over half a century. Located at 443 Folsom Street, the 1912 wood structure with dirt floors is surrounded by skyscrapers today.

5. Promote cultural heritage assets through public education and, when desirable, sustainable models of heritage tourism

Whether targeted to local school children, families, or out-of-town guests, public history and interpretive programs provide opportunities to build awareness of significant places, communicate their importance, and maintain cultural memory. Similarly, heritage tourism can offer meaningful learning opportunities and cultural experiences for visitors while generating revenue to support residents, businesses, and conservation efforts in cultural corridors. In 2013, San Francisco hosted 16.9 million visitors who spent over \$9.38 billion at local businesses – an all-time record.⁴⁰ Among self-described cultural travelers, the city’s “historic sites and attractions” rank highest among arts and cultural attributes that visitors consider when choosing to travel to San Francisco.⁴¹ Increased visitation to neighborhood commercial corridors, particularly those rich in cultural heritage

Recommended Strategies

assets, would expand the customer base while bringing awareness to lesser-known parts of the city.

Heritage tourism can also help build community pride, reinforce neighborhood identity, promote intercultural understanding, encourage conservation of traditional crafts, and heighten internal and external support for preservation initiatives. Tourism, however, can also present challenges for local communities that must be carefully managed and avoided. Potential negative impacts include: commodification and denigration of cultural traditions; loss of unique cultural identity; displacement of longtime residents and businesses; loss of authenticity; controversy within communities over who should benefit from tourist activities; and conflicts related to land rights and access to resources.

For individual sites or neighborhoods looking to build awareness of their history and/or embrace heritage tourism, this section highlights public education programs and heritage tourism models that balance increased economic activity and visitation with a respect for the cultural values, businesses, and traditions that define community identity.

A. Encourage the development of heritage and cultural trails

As noted by Dolores Hayden in *The Power of Place: Urban Landscapes as Public History*, “**Networks of related places, organized in a thematic way, exploit the potential of reaching urban audiences more fully and with more complex histories.**” A heritage trail can be an effective interpretive and educational strategy for connecting places and eras – both extant and vanished – that express a common historical theme. Similarly, cultural trails promote living traditions and opportunities to experience local culture. There are numerous examples of heritage and cultural trails in cities throughout the United States, including San Francisco.⁴²

Heritage trails typically consist of a self-guided map, physical markers, and in some cases, interactive websites and mobile apps that layer photographs, maps, videos, and other media. Washington D.C.’s African American Heritage Trail, for example, features over 200 sites in an online database and free printable booklet, with 100 sites marked by physical plaques. A project of the nonprofit Cultural Tourism DC in cooperation with the



SOUTH BRONX HERITAGE TRAIL

Dating to 1969, Casa Amadeo is the oldest continuously operating Latino music shop in the South Bronx. The business occupies the space that previously housed Casa Hernández, which opened in 1927 as the first Puerto Rican-owned music store in New York City.

Case Study: South Bronx Cultural Trail

Casita Maria Center for Arts and Education in the Bronx, New York received a grant from the Rockefeller Foundation Cultural Innovation Fund to create the South Bronx Culture Trail to “protect [their] community’s great cultural heritage and use it as a motor for future creative and economic development.” The Bronx served as ground zero for the development of New York-style salsa, birthed hip-hop, and launched the “voguing” dance phenomenon. Over the last decade, however, many theaters and clubs have closed and performers have left the area or passed on, leaving many young people completely unaware of their neighborhood’s cultural legacy.

What makes the South Bronx Culture Trail unique from other heritage trails is its focus on producing and promoting new programming to illuminate the neighborhood’s culture. Events include concerts, evenings of storytelling, and a new presenting program for emerging Bronx-based performers that includes stipends, work space, and technical support. A cultural history map, project website, and tours have also been developed. By launching the cultural trail, Casita Maria and their community partners “are beginning to arrest the loss of community memory.”⁴³

city's Historic Preservation Office, the heritage trail highlights sites significant to local African American history.

B. Establish a voluntary citywide heritage tourism program that focuses on neighborhood cultural heritage assets

Myriad domestic and international cultural heritage tourism programs provide models for San Francisco neighborhoods

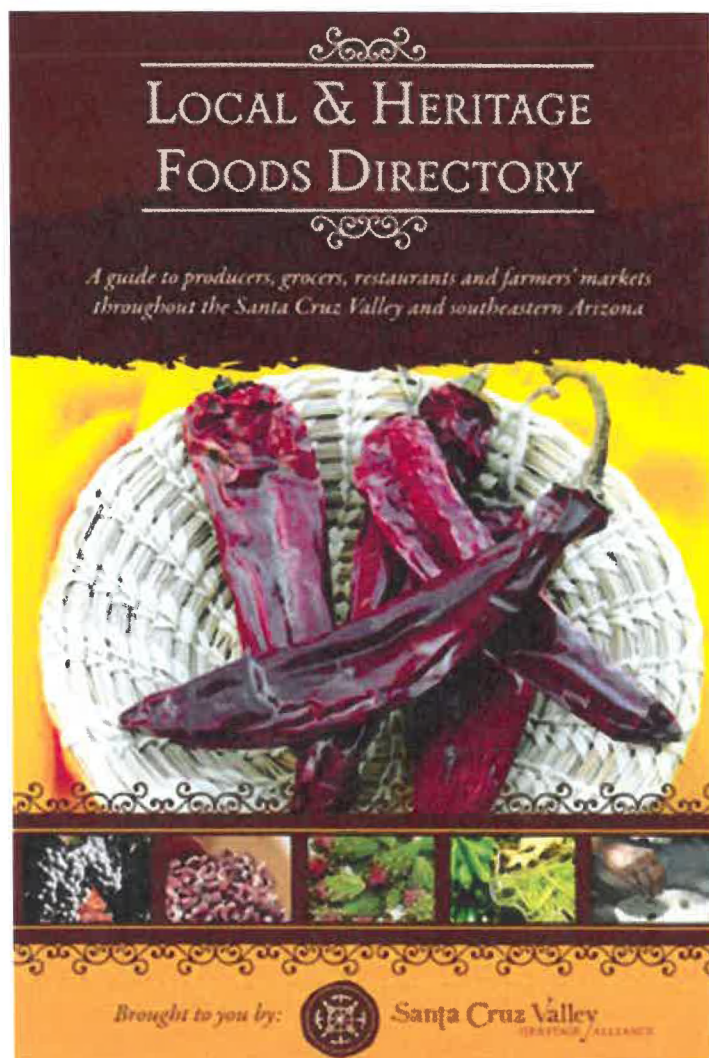
Case Study: Santa Cruz Valley Heritage Alliance (Arizona)

The Santa Cruz Valley Heritage Alliance, a non-profit based in southern Arizona, is an excellent model for a holistic approach to heritage conservation with an emphasis on sustainable heritage tourism. In partnership with local businesses and government agencies, including the Metropolitan Tucson Convention and Visitors Bureau, the Heritage Alliance developed the area's first-ever regional heritage tourism map, "Experiences of the Santa Cruz Valley."⁴⁴ The map highlights destinations in the Santa Cruz Valley that reveal themes and stories from a proposed National Heritage Area. In addition to publicizing heritage resources, the Heritage Alliance promotes local heritage businesses on its website, including lodgings, restaurants, and businesses that maintain particular foodways.

The Heritage Alliance has also partnered with other local organizations on its "Heritage Foods Program," which seeks to preserve and promote traditional foods through online resources, business directories, tourism, special workshops and events, and farm-to-chef networking. In 2013, the Heritage Alliance developed a proposal for a "Santa Cruz Valley Harvest" Heritage Food Brand Program, which provides a marketing tool for food producers, restaurants, and grocers to connect the local food movement to the Valley's history as one of the longest continually cultivated regions in the United States. In order to participate in the program, members must commit to purchasing local ingredients directly from sustainable regional producers which, in turn, helps perpetuate local agricultural varieties, supports the local economy, and reduces the environmental costs of transporting goods over long distances. While the "Experiences of the Santa Cruz Valley" map is intended to reach both out-of-town and local visitors, the "Heritage Foods Program," particularly the marketing component, is inherently designed to promote and sustain heritage assets among local residents.

seeking to attract visitors to spur economic activity. Heritage tourism programs can contribute to the long-term sustainability of cultural heritage assets, provided they are culturally-specific and enjoy broad community support.

A heritage tourism program in San Francisco would help promote both tangible and intangible resources, including heritage businesses, festivals, workshops, and traditional crafts. Participation in the heritage tourism initiative would be voluntary and, again, may not be desirable or appropriate for every neighborhood or cultural heritage asset. A promotional platform could be incorporated into the plan, modeled on the *Santa Cruz Valley Harvest* program or Heritage's *Legacy Bars & Restaurants* initiative, in order to incentivize business participation and help consumers easily identify heritage resources. Such a program would also appeal to local residents and regional travelers who may be less likely to visit congested tourist attractions.



SANTA CRUZ VALLEY HERITAGE ALLIANCE

Recommended Strategies

The **San Francisco Travel Association**, or “SF Travel,” is well-positioned to coordinate a citywide heritage tourism program as an extension of its **Neighborhood Partners Program**, which “strives to extend the economic impact of tourism, San Francisco’s #1 industry, into the city’s diverse neighborhoods.” SF Travel is a private, nonprofit organization that markets the city as a leisure, convention, and business travel destination. With nearly 1,500 partner businesses, it is one of the largest partnership-based tourism promotion agencies in the country. Each year, the Neighborhood Partners Program selects unique, “only in San Francisco” businesses, nonprofits, and cultural destinations based on their potential to attract visitors to the neighborhood. Grantees receive a complimentary two-year membership, online and printed listings, admission to SF Travel member events, and individual mentoring.

6. Establish a citywide “Cultural Heritage Asset” designation program with targeted benefits

Based on successful programs in other international cities, Heritage believes that development of a formal, citywide designation program for cultural heritage assets would help ensure equal access to City-sponsored incentives and programs, as well as diverse representation of San Francisco communities. A formal designation program would also encourage owners to “self-select” and allow for consistent evaluation of assets seeking designation through a clearly-defined public process.

Some international cities, such as Barcelona, have expanded historic designation programs that traditionally focus on architecture to encompass intangible cultural resources. Inspired by the “Guapos ser sempre” award program, which honors historic shops and their shopkeepers for their long-lasting contributions



SHEEP'R'US (FLICKR)

Café de l'Opéra, Barcelona. In 1993, the Barcelona Urban Landscape Institute unveiled the “Guapos ser sempre” (“Forever Beautiful”) award, which recognizes historic shops and their shopkeepers for their ongoing contributions to the city’s identity.



ANDVARANAUT (FLICKR)

Escriba, Barcelona. In 2013, Barcelona created a new cultural resources category for intangible heritage - “cultural assets and historical ethnological heritage” - paving the way for additional policies to protect traditional forms of commerce and other intangible resources.

to the city's heritage, the Barcelona City Council established the new "cultural assets and historical ethnological heritage" category in 2013 to pave the way for additional policies to protect traditional forms of commerce and other intangible resources.⁴⁵

Significantly, the San Francisco Historic Preservation Commission has already expressed support for a citywide cultural heritage asset designation program with targeted benefits. On December 19, 2012, the HPC passed a resolution "endorsing further exploration of a City program to document, designate, and incentivize social and cultural heritage."⁴⁹ Recognizing that "social and cultural heritage is a vast and important issue confronting the City's communities," the resolution identifies the HPC as a willing forum to develop and refine the proposed designation program and solicit public input, both within and outside the preservation community. The HPC observed that the appropriate body to administer the program "may be an organization or agency, other than the Planning Department, that is dedicated to the support of arts and culture in the City." The HPC resolution also endorses the methodology developed by the Planning Department and Page & Turnbull for Japantown, recommending that the "Social Heritage Inventory Form" be augmented to identify ownership and past uses with their dates of activity at the site.

Given the diverse range of businesses, organizations, festivals, and customs that comprise "cultural heritage," Heritage recommends a standalone, incentive-based cultural heritage asset designation program, completely separate from the City Landmark designation process under Article 10 of the Planning Code. A Board of Supervisors-appointed Advisory Panel would guide the program with an agency such as the Planning Department, OEWD, or the Arts Commission providing staff and resources for its administration.

The proposed designation program would establish: a definition of "cultural heritage asset," the process and criteria for nominating resources, standards for review, and the role and composition of the Cultural Heritage Advisory Panel. Designation as a Cultural Heritage Asset would provide automatic eligibility for targeted City-sponsored programs, loans, grants, fee waivers, and tax incentives. As demonstrated by the following case studies in London and Buenos Aires, municipalities play an essential role in designating, promoting, and protecting intangible cultural heritage assets.



ROCKETLASS (FLICKR) ABOVE / TORBAKHOPPER (FLICKR)

Above: Founded in Japantown in 1906, Benkyo-do Company is a third-generation family-owned business. Today, it is a popular lunch counter and the last remaining manufacturer of the traditional Japanese confections mochi and manju in San Francisco. The treats are handmade on-site using the original methods from 1906. Below: Carnaval performers pose on 24th Street in the Mission District.

Recommended Strategies

Case Study: "Assets of Community Value" Designation and "Community Right to Bid" (London)

In response to the rapid disappearance of the city's pubs, in 2013 the Mayor of London directed borough councils to work with communities and local organizations to list distinguished pubs as "Assets of Community Value," thereby tightening planning procedures. By the end of the year, over 100 London pubs had received the designation. The nonprofit Campaign for Real Ale (CAM-RA), which has advocated for the preservation of historic pubs since the early 1990s, launched the #ListYourLocal initiative to raise awareness about the program.

Any building or parcel can be listed as an Asset of Community Value based on its "social interest," particularly its sustained use. The law defines "social interest" broadly to include cultural, recreational, and sporting interests, extending coverage to places such as businesses, libraries, parks, and community centers. A property should be considered an Asset of Community Value if:

- Its current use (or use in the recent past) furthers the social wellbeing and interests of the community, and is not ancillary
- For property in current community use, it is realistic to think that there will continue to be a use that furthers social wellbeing and interests; or for property in community use in the recent past, it is realistic to think that there will be community use within the next five years (in either case, whether or not that use is exactly the same as the present or past)
- It does not fall within the exemptions listed in the legislation (e.g. residential premises)⁴⁶

The application process is open to any local organization with ties to the resource. Applicants must provide a description of the property or building, its address, information about the current occupants, a narrative justifying its value to the community, and evidence indicating the nominator's eligibility to submit the application.⁴⁷ The borough council has eight weeks to review the application and render a decision, during which the owner and leaseholder are notified of the application. If the council elects to designate the property, the owner can appeal the decision. While the law does not directly restrict the owner's rights to the property once it has been listed, the local planning department must take the designation into account if any

applications for a change of use are submitted.

To support listed pubs, the City enacted a series of benefits and protections for businesses and community groups. It reduced the beer tax, doubled small business tax relief, and expanded pub community services, including £150,000 for the "Pub is the Hub" program and public education about converting pubs to co-ops. Most significantly, the City expanded the "Community Right to Bid" program (introduced under the Localism Act of 2011) to include pubs that are listed as Community Assets. The program places a six-month moratorium on any proposed sales of registered assets, granting community groups time to develop takeover proposals and bids when the property goes to market. Property owners can file claims with local authorities for any losses incurred during the moratorium period, and the provisions set forth in the law do not restrict the final sale in any way.



SELCAMRA (FLICKR)

The Ivy House Pub in South East London became the first Community Right to Bid-acquired pub in April 2013 and now operates as a co-operative enterprise, enabling individuals to purchase shares in the business.

Case Study: "Bares Notables" (Buenos Aires)

The City of Buenos Aires launched "Bares Notables" in 1998, an official designation program for bars, cafes, billiard halls, and confectioneries whose enduring impact on the city's history and architecture has rendered them worthy of preservation.⁴⁸ To qualify, businesses must have distinctive architectural features, occupy a special place in the neighborhood's identity, and/or contribute to a sense of history in Buenos Aires. The list expands yearly and includes both famous and lesser-known establishments throughout the city. As of 2013, there were 73 designated businesses. The City also administers a grant program for conservation projects at designated establishments and distributes window decals indicating certified status. The Ministry of Culture and #54Bares (a citizens' group) promote the initiative through an online map, social media, smart phone application, tours, and special events.



ITALO20 (FLICKR)

Plaque installed outside *El Barbaro*, which was founded by artist Luis Felipe Noé in 1969. The interior is adorned with paintings, writings, and sculptures of famous artists and writers dating to the 1970s.



GOBIERNO DE LA CIUDAD DE BUENOS AIRES (FLICKR)

Mar Azul, recognized in Buenos Aires' "Bares Notables" program, first opened in the 1940s in the San Nicolás neighborhood.

Conclusion and Next Steps



ANDY BROOKS (FLICKR) TOP / ©PAMELA PALMA PHOTOGRAPHY, MIDDLE AND BOTTOM

Located at 22nd and Valencia streets, Lucca Ravioli Co. first opened in 1925. The shop is one of the last remaining classic Italian delis in the Mission District. The ravioli is prepared on-site daily.

One of the greatest challenges facing heritage conservation in San Francisco today is how to translate the need for a more inclusive definition of cultural heritage — and the tools to sustain it — into coordinated citywide policy and action. Fledgling grassroots initiatives at the neighborhood level, as evidenced by the examples in this report, provide powerful insights into the challenges facing local communities that the City and preservation field must address. Drawing on domestic and international best practices, San Francisco Heritage is committed to working with City policy makers to establish a citywide framework for the identification of cultural heritage assets and to advocating for incentives and other assistance needed to support them.

To this end, we will seek out collaborative partnerships with City agencies and commissions, community groups, nonprofit organizations, and elected officials to identify and implement priority strategies, including:

1. Advocating for policies in the City's General Plan that further cultural heritage conservation;
2. Providing technical assistance to communities seeking to inventory and document cultural heritage assets;
3. Partnering on youth educational programs that expose future generations to cultural heritage assets;
4. Providing funding to community groups through the **Alice Carey Preservation Fund** (to be launched by Heritage in fall 2014) for conservation of cultural heritage assets; and
5. Supporting the implementation of existing neighborhood heritage conservation initiatives, including projects in Japantown, Western SoMa, and the Mission District.

As part of our ongoing commitment to supporting the city's cultural heritage assets, San Francisco Heritage will continue to produce educational programs that explore these and related topics, including the *Discover SF! Summer Camp in Heritage Conservation* and the *Legacy Bars & Restaurants* initiative.

Community-based heritage conservation initiatives have definitively altered the scope of traditional historic preservation efforts in San Francisco. The recommendations presented in this report are intended to infuse the citywide dialogue surrounding cultural heritage conservation with ideas and potential solutions, contributing to the continuously growing body of work in this area. We look forward to further exploring these and other ideas with local stakeholders. ■



DANI VERNON

"The Great Cloud of Witnesses" is a collage covering the walls of the Gymnasium (aka Rev. Roland Gordon Fellowship Hall) at Ingleside Presbyterian Church. The collage, which has spilled into the hallways and most rooms in the church, features heroes and heroines of the civil rights movement and local leaders and residents. Rev. Roland Gordon has continuously worked on this collage over the past three decades.

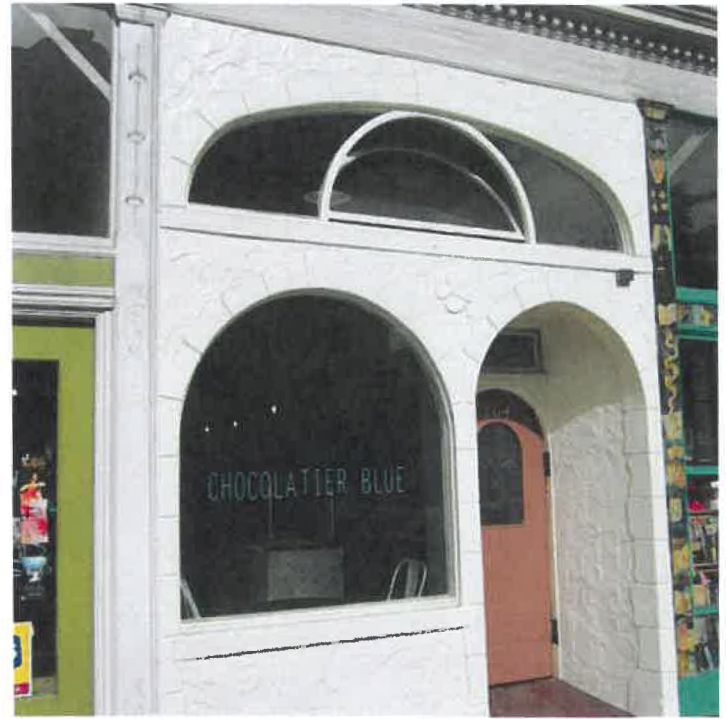
1. In order to distinguish intangible cultural resources from tangible historic resources that are currently eligible for protections under existing City Landmark designation and incentive programs, Heritage proposes the term "cultural heritage asset" to describe historic businesses, nonprofits, and other types of institutions that contribute to the city's cultural identity. Existing programs may describe these elements as "social heritage resources" or "cultural heritage resources" to reflect the diverse range of historical themes embodied in these places and institutions, and this report will reference both of those terms.
2. Berube, Alan. "All Cities Are Not Created Equal," Brookings Institution. 2014. <<http://www.brookings.edu/research/papers/2014/02/cities-unequal-berube>>.
3. "San Franciscans pay more than any other urban dwellers, with average rents of \$3,057 a month, three times the national average. As tech money has flooded the city with new well-heeled residents, longtime locals have witnessed a 10.6 percent growth in rents during the last year and a transformation of their neighborhoods." Schou, Solvej. "Forget NYC and S.F.—the Rent Is Too Damn High Everywhere." *TakePart*, 25 June 2014. <<http://www.takepart.com/article/2014/06/24/affordable-housing-nation-wide>>.
4. Torres, Blanca. "New Normal in the Mission: \$1,000 sq. ft." *San Francisco Business Times*, 18 April 2014.
5. San Francisco Planning Department. *Japantown Cultural Heritage and Economic Sustainability Strategy* (10 July 2013): 17. <http://www.sf-planning.org/ftp/files/plans-and-programs/in-your-neighborhood/japantown/JCHES_FinalDraft_07-10-13.pdf>. The Planning Department's definition and criteria for "cultural heritage" represent a hybrid of definitions developed by the International Council on Monuments and Sites (ICOMOS) and the National Park Service (NPS), particularly the NPS' definition of "traditional cultural properties" and criteria for listing on the National Register of Historic Places.
6. UNESCO. *Convention for the Safeguarding of Intangible Cultural Heritage* (2003). <<http://www.unesco.org/culture/ich/index.php?pg=00006>>.



SAN FRANCISCO HERITAGE

Artist Johanna Poethig and her assistants painted the “Ang Lipi Ni Lapu” (The Descendants of Lapu Lapu) mural in 1984 on the San Lorenzo Ruiz Center, a residential building for low-income Filipino seniors in SoMa.

7. Designation as a traditional cultural property requires verification by the cultural community and concurrence by the National Park Service, and can lead to listing of the property in the National Register of Historic Places. See <http://www.nps.gov/nr/publications/bulletins/pdfs/nrb38.pdf>.
8. Donaldson, Milford Wayne. “To Whom Does Cultural Heritage Belong?” *Preservation Matters* 5.3 (2012): 1-5, 12.
9. Rast, Raymond W. “A Matter of Alignment: Methods to Match the Goals of the Preservation Movement.” *Forum Journal* 28.3 (2014): 14.
10. Graves, Donna. *The Legacy of California’s Landmarks: A Report for the California Cultural and Historical Endowment* (Sept. 2012): 36-37.
11. San Francisco Historic Preservation Commission, Resolution No. 0698, “Endorsing Further Exploration of a City Program to Document, Designate, and Incentives Social and Cultural Heritage,” 19 December 2012. <http://commissions.sfplanning.org/hpcpackets/Social%20Heritage_12_5.pdf>.
12. San Francisco Board of Supervisors, Resolution 168-14, “Resolution establishing the Calle 24 (Veinticuatro) Latino Cultural District in San Francisco,” 20 May 2014. <http://www.sfbos.org/ftp/uploadedfiles/bdsupvrs/committees/materials/LU051914_140421.pdf>.
13. To download a copy of “Calle 24: Cuentos del Barrio,” visit: <http://www.sfheritage.org/Calle24Booklet.pdf>.
14. For more information about the proposed Filipino Social Heritage District, see <http://www.sf-planning.org/Modules/ShowDocument.aspx?documentid=7348> and http://commissions.sfplanning.org/SoMa/DRAFT%20SoMa%20Philippines%20SUD_PAL%206_11.pdf.
15. Walser, Lauren. “Young Explorers Discover San Francisco’s Architectural and Cultural Heritage.” *PreservationNation Blog*, 4 December 2013. <<http://blog.preservationnation.org/2013/12/04/young-explorers-discover-san-franciscos-architectural-and-cultural-heritage>>.
16. The *Japantown Cultural Heritage and Economic Sustainability Strategy* can be downloaded from the San Francisco Planning Department’s website at www.sf-planning.org/index.aspx?page=1692.
17. Shoot, Brittany. “San Francisco – and Sean Penn – show a city’s heritage bars are worth saving.” *Guardian Cities*, 11 June 2014. <www.theguardian.com/cities/2014/jun/11/san-francisco-sean-penn-city-heritage-bars-tosca-cafe>.
18. San Francisco Planning Department. *Recognizing, Protecting and Memorializing South of Market LGBTQ Social Heri-*



COMOTEVAS (FLICKR) LEFT / SAN FRANCISCO HERITAGE RIGHT

In 2013, Encantada Gallery was evicted from its longtime location at 908 Valencia Street despite repeated attempts to work with the new landlord. "We were one of the first retail galleries in the Mission District to promote Chicano, Mexican, and Latino cultural heritage and memories through exhibitions and popular arts," said gallery owner Mia Gonzalez at the time. "We regularly host openings where the artists and community come together for education and insights into the artistic process..."

tage Neighborhood Resources (18 July 2011): 2. <http://commissions.sfplanning.org/SoMa/DRAFT%20LGBTQ%20Proposal_PAL_6_11.pdf>.

19. *Id.* at 23.

20. The Mills Act is an economic incentive program to encourage maintenance and rehabilitation of historic buildings. This state enabling legislation, enacted in 1972, significantly reduces property taxes for owners of historic properties in exchange for a 10-year commitment by the owner to maintain and improve their historic property. For newly improved or recently purchased properties, it can result in a property tax savings of 50 percent or more.

21. Recent articles on out-migration and displacement of ethnic and social populations include, "Black History Month? Not In San Francisco" by Caille Millner (*San Francisco Chronicle*, 31 Jan. 2014) at www.sfgate.com/living/article/Black-History-Month-Not-in-San-Francisco-5194221.php and "Queer Flight: Does the Success of Gay Rights

Mean the End of Gay Culture?" by Pete Kane (*SF Weekly*, 4 June 2014) at <http://www.sfweekly.com/2014-06-04/news/lgbt-castro-gay-bars/>.

22. Because the focus of the afternoon working session, "Sustaining San Francisco's Heritage Businesses and Corridors," was heritage businesses, most of the objectives listed for the June 2013 Community Summit relate to that topic. Businesses represent only a fraction of all cultural heritage assets and, as such, strategies and case studies addressing other types of resources are presented in the *Recommended Strategies* section of this report, on page 16.

23. San Francisco Historic Preservation Commission, Resolution No. 0698, "Endorsing Further Exploration of a City Program to Document, Designate, and Incentives Social and Cultural Heritage," 19 December 2012. <http://commissions.sfplanning.org/hpcpackets/Social%20Heritage_12_5.pdf>.

Notes

24. Some cultural heritage assets may also qualify as historical resources for the purposes of CEQA, but that determination would need to be made through a separate evaluation process.
25. Office of the Mayor, Executive Directive 13-01, "Housing Production and Preservation of Rental Stock," 18 December 2013. The directive "order[s] all City departments that have the legal authority over the permitting or mapping of new or existing housing to prioritize in their administrative work plans the construction and development of all net new housing including permanently affordable housing." <<http://www.sfmayor.org/modules/showdocument.aspx?documentid=374>>.
26. The Invest in Neighborhoods program is focused on 25 different neighborhood commercial corridors, all of which

have been identified as priority areas due to demonstrated economic need, potential for economic growth, and/or existing social capital. For more information, see <http://oewd.org/IIN.aspx>.

27. Marcello, David. "Community Benefit Agreements: New Vehicle for Investment in America's Neighborhoods," 39 *Urban Lawyer* 657 (2007).
28. Geron, Tomio. "The Twitter Tax And Zendesk: How Tech Companies Affect The City." *Forbes*, 5 Nov. 2012. <www.forbes.com/sites/tomiogeron/2012/11/05/the-twitter-tax-and-zendesk-how-tech-companies-affect-the-city/>.
29. Cote, John. "S.F. Mid-Market tax-break program grows up," *San Francisco Chronicle*, 9 Jan. 2014. <www.sfgate.com/bayarea/article/S-F-Mid-Market-tax-break-program-grows-up-5125877.php>.
30. Central Market Citizens Advisory Committee, "Framework for Community Benefit Agreements." 21 June 2012. <www.sfgsa.org/modules/showdocument.aspx?documentid=10356>.
31. Other designated "heritage schools" in San Francisco include the Central Chinese High School in America, Centro Las Olas, Marineros Program, Cumberland Chinese School, Integr-ARTE San Francisco (Las Casa de los Sentidos), Monica Learning SF Center, and Star Learning Center. See www.cde.ca.gov/ls/pf/he/hsfaq.asp.
32. Remarks by Mayor Ed Lee at Bayview Opera House groundbreaking ceremony, 12 March 2014. Video on SF-GovTV at http://sanfrancisco.granicus.com/MediaPlayer.php?view_id=18&clip_id=19567.
33. San Francisco Planning Department. *Japantown Cultural Heritage and Economic Sustainability Strategy* (10 July 2013): 58. See also, Burlington Associates in Community Development, "Assessing the Feasibility of a Community Land Trust in Japantown" (2011) and Seifel Inc., "Economic Analysis of the Japan Center by a Community Land Trust" (2011).
34. Davis, John Emmeus. 2007. *Starting a Community Land Trust: Organizational and Operational Choices*. Burlington, VT: Burlington Associates in Community Development. <http://library.uniteddiversity.coop/Community_Land>



SAN FRANCISCO HERITAGE

Gloria Toolsie, a Master Artist with the Alliance for California Traditional Arts and a co-founder of San Francisco's Carnival, poses with her grandchildren at the June 2013 Community Summit.



SAN FRANCISCO HERITAGE

Incorporated in 1987, nonprofit Acción Latina (2958 24th Street) strengthens Latino communities by promoting and preserving cultural traditions and by encouraging meaningful civic engagement to build and sustain healthy, informed communities. One of its most well-known programs is "El Tecolote" newspaper, which originated as a class project in the Raza Studies Department at San Francisco State University in 1970.

Trusts/Starting_a_Community_Land_Trust-Organizational_and_Operational_Choices.pdf>.

35. CAST applied to have the building that houses the Luggage Store Gallery reclassified as a historic resource under Article 11 of the Planning Code so that the Luggage Store Gallery can sell TDR and use funds from the sale to put towards purchasing the property from CAST.
36. The City of San Francisco offers payroll tax exclusions for clean technology and biotechnology, including a tax exclusion for up to 10 years to clean energy technology firms and payroll tax exclusion to biotech firms for 7.5 years.
37. Some ideas for financial incentives for cultural heritage assets are drawn from the "Proposal for Formal Social Heritage Resource Designations," presented to the San Francisco Historic Preservation Commission by Commissioner Diane Matsuda and then-Commissioner Alan Martinez on December 5, 2012.
38. For more information on Philadelphia's Longtime Owner Occupants Program, see www.phila.gov/loop/Pages/de-

[fault.aspx](#).

39. Rothstein, Mervyn. "Nonprofits' Wall St. Home Filling Up," *New York Times*, 3 Sept. 1997. <www.nytimes.com/1997/09/03/nyregion/nonprofits-wall-st-home-filling-up.html>.
40. San Francisco Travel Association (SF Travel), San Francisco Visitor Industry Statistics, at www.sanfrancisco.travel/research/.
41. *San Francisco Arts & Cultural Travel Study*, December 2010. Prepared for SF Travel by Destination Analysts, Inc. <<http://news.californiapreservation.org/wp-content/uploads/2014/03/San-Francisco-Arts-and-Cultural-Travel-Study-2010.pdf>>.
42. In San Francisco, heritage trails have been installed or are planned in the Upper Tenderloin Historic District (sidewalk plaques), the Castro (sidewalk etchings and "Rainbow Honor Walk"), and Western SoMa (LGBTQ "Heritage Path").



SAN FRANCISCO HERITAGE

Established in 1916, the Verdi Club is an Italian American social club that moved to 2424 Mariposa Street in 1935. For nearly a century, its members have been dancing, dining, and socializing in the hall. In its appeal of the 480 Potrero project - currently under construction next door - the club raised concerns about the incompatibility of locating residential units atop noise, cooking exhaust, and parking demands created by its events.

43. For more information on the South Bronx Culture Trail, see www.casitamaria.org/southbronxculturetrail.
44. For more information on the Santa Cruz Heritage Alliance's heritage tourism program, see www.santacruzheritage.org/heritagetourism.
45. In July 2013, the Barcelona City Council introduced legislation to create a new cultural resources category for intangible heritage. For more information on the legislation, see www.btv.cat/btvnoticies/2013/07/16/lajuntament-vol-protegir-les-botigues-emblematicues.
46. Assets of Community Value (England) Regulations 2012. <http://www.legislation.gov.uk/ukdsi/2012/9780111526293/pdfs/ukdsi_9780111526293_en.pdf>.
47. Murillo, Antonia. "Recent developments in relation to Assets of Community Value." *Local Government Lawyer*, 31 Oct. 2013. <www.localgovernmentlawyer.co.uk/index.php?option=com_content&view=article&id=16072%3Arecent-developments-in-relation-to-assets-of-community-value&catid=58&Itemid=26>.
48. Articles on the "Bares Notables" program include "Buenos Aires Spotlights Its Cafes" by Camille Cusumano (*New York Times*, 9 July 2009) at www.nytimes.com/2009/07/12/travel/12journeys.html?_r=0 and "The Buenos Aires 54" by Rachel Hall (*The Argentina Independent*, 11 Jan. 2010) at www.argentinaindependent.com/life-style/thecity/the-buenos-aires-54/.
49. San Francisco Historic Preservation Commission, Resolution No. 0698, "Endorsing Further Exploration of a City Program to Document, Designate, and Incentives Social and Cultural Heritage," 19 December 2012. <http://commissions.sfplanning.org/hpcpackets/Social%20Heritage_12_5.pdf>.

Appendix A: Community Summit Agenda

AGENDA

9:30

Registration & Coffee

10:00

Welcome & Performance

Mike Buhler & Desiree Smith, *SF Heritage*
Performance by: Danongan Kalanduyan

10:30

Opening Statements

Supervisor Jane Kim, District 6

10:45

Sustaining Neighborhood Cultural and Social Heritage in San Francisco

Presentations from: Japantown
Mission
SoMa
Chinatown
Bayview

Moderator: Bill Sugaya

12:25

Demonstration: Costume & Foodways

Gloria Toolsie

12:45

Lunch Break

1:00

Keynote "Urban Transformation"

Darlene Rios Drapkin
Introduction by: Carol Roland-Nawi,
California Office of Historic Preservation

1:45
Working
Session

Sustaining San Francisco's Heritage Businesses and Commercial Corridors

Panel: Steve Adams, *Sterling Bank & SF Small Business Commission*
Mike Buhler, *SF Heritage*
David Diaz, PhD, *Cal State University, Los Angeles*
Lou Lucaccini, *USF Gellert Family Business Center*
Joaquin Torres, *Office of Economic and Workforce Development*

Moderators: Alan Martinez & Diane Matsuda

3:15

Closing Remarks

Alan Martinez & Mike Buhler
Emcees: Desiree Smith & Laura Dominguez, *SF Heritage*

Community Summit: Sustaining San Francisco's Living History June 15, 2013

"Sustaining San Francisco's Living History" was presented by San Francisco Heritage in partnership with the Alliance for California, Traditional Arts, California Office of Historic Preservation, Gellert Family Business Resource Center (USF), Japantown Organizing Committee, National Trust for Historic Preservation, Page & Turnbull, San Francisco Latino Historical Society, San Francisco Planning Department, and SoMa Pilipinas.

The event was held at the Bayanihan Community Center with support from the California Office of Historic Preservation and the San Francisco Planning Department.

Additional Presenters:

- » Erick Arguello, *Calle 24 SF*
- » Mary Brown, *San Francisco Planning Department*
- » Shelley Caltagirone, *San Francisco Planning Department*
- » M.C. Canlas, *Filipino American Development Foundation*
- » Anne Cervantes, *San Francisco Latino Historical Society*
- » Clyde Colen, *Sam Jordan's Bar*
- » Robert Hamaguchi, *Japantown Task Force*
- » Karl Hasz, *San Francisco Historic Preservation Commission*
- » Jonathan Lammers, *San Francisco Planning Department*
- » Angelina Yu, *Chinatown Community Development Center*

Appendix B: Social Heritage Inventory Record

SAN FRANCISCO PLANNING DEPARTMENT	Record # _____
SOCIAL HERITAGE INVENTORY RECORD	SH Code: _____

Resource Name: Benkyo-do Manju Shop District: 5
 Prepared By: Page & Turnbull (JGL) Date: 11/5/2012

Location:				
a. Address:	Block:	Lot:	b. Neighborhood:	c. City:
1745-1747 Buchanan Street	0686	035	Japantown	San Francisco

Type of Resource				
a. Tangible: <input type="checkbox"/> Site <input type="checkbox"/> Structure <input checked="" type="checkbox"/> Building <input type="checkbox"/> Object				
b. Intangible: <input type="checkbox"/> Organization/Institution <input checked="" type="checkbox"/> Business <input type="checkbox"/> Cultural Event <input type="checkbox"/> Traditional Art/Craft/Practice				
Type of Use: _____ Active/Inactive: Active				

Description (attach continuation sheets if needed):
 The following are excerpts from various reports regarding Japantown:

- "Business established in 1906. One of oldest businesses in Japantown, and last remaining manufacturer of mochi and manju, uses traditional methods with dedicated facilities in building. Still operated by Okamura family. Current location since 1959. Building modern, though not a product of redevelopment." (JTCPE:20)
- The business reopened quickly following Japanese internment (JHCS:49).
- "The family-run business, Benkyodo Manju Company, remains one of the oldest businesses in Japantown. Hirofumi Okamura ... operated the store for 30 years before his sons Bobby and Ricky took over." (JIOA:90) (Continued)



(http://www.bunrab.com)

Cultural/Social Affiliation:	<input checked="" type="checkbox"/> Japanese-American Culture	<input type="checkbox"/> African-American Culture	<input type="checkbox"/> Filipino-American Culture
	<input type="checkbox"/> Chinese-American Culture	<input type="checkbox"/> Korean-American Culture	<input type="checkbox"/> Jewish-American Culture
	<input type="checkbox"/> Latino-American Culture	<input type="checkbox"/> Other (specify): _____	

Social Heritage Criteria: B	
A	Resources that are associated with historical events that have made a significant contribution to the social or cultural heritage of the area.
B	Resources that are, or are associated with, persons, organizations, institutions or businesses that are significant to the social or cultural heritage of the area.
C	Resources that are valued by a cultural group for their design, aesthetic or ceremonial qualities, such as:
	1) Embodiment of the distinctive characteristics of a type, period or style of architecture that represents the social or cultural heritage of the area.
	2) Representation of the work of a master architect, landscape architect, gardener, artist or craftsman significant to the social or cultural heritage of the area.
	3) Association with the traditional arts, crafts, or practices significant to the social or cultural heritage of the area.
	4) Association with public ceremonies, festivals and other cultural gatherings significant to the social or cultural heritage of the area.
D	Archaeological resources that have the potential to yield information important to the social or cultural heritage of the area.

Period of Significance: Select appropriate code(s): 1B, 2A, 2B			
1-3	1. Early Japantown History	2. Japanese Resettlement and Renewal	3. Continuing Japantown Legacy
a	Japanese Settlement in San Francisco (1880s-1905)	Nikkei Return to Japantown (1945-1954)	Contemporary Japantown (1991-present)
b	Japanese Settlement in the Western Addition (1906-1920)	Redevelopment in the Western Addition (1955-1990)	
c	Japantown Comes of Age (1921-1941)		
d	Japanese WWII Internment (1942-1944)		
e	Other: _____	Other: _____	Other: _____

Sources: Japantown Historic Context Statement (JHCS) pages 32,49,70,79; Japantown Cultural Preservation Strategy Report (JCPSR) pages 4, 17; Japantown Images of America (JIOA) page 90; Japantown Traditional Cultural Property Evaluation (JTCPE) page 20; Japantown DPR 523 B&D Form Recommendation (B-FORM) pages 2,6

Recommended Treatment:

Social Heritage Criteria Rating
 File path

Page 1 of 2

SAN FRANCISCO PLANNING DEPARTMENT
SOCIAL HERITAGE INVENTORY RECORD

Record # _____

SH Code: _____

Resource Name: Benkyo-do Manju Shop

District: Japantown

Prepared By: Page & Turnbull (JGL)

Date: 11/5/2012

Description (Continued):

- Selected as one of 10 properties "that would be most logical and effective for DPR 523 B form documentation, in relation to the Pine & Octavia Japanese American historic district area ..." (B-Form:6)
- "The historic resource survey conducted by Page & Turnbull in 2007-2008 identified one additional property, the Benkyo-do Co. at 1745-1747 Buchanan Street, that appears eligible for listing in the National Register and therefore for listing in the California Register." (JCPSR:17)
- *National Register Bulletin#38: Guidelines for Evaluating and Documenting Traditional Cultural Properties* indicates that "traditional uses that were discontinued and then resumed can still be contributing properties to a TCP. This may mean that the Japanese American community, particularly businesses and community organizations that were present in Japantown historically, but interrupted by events like World War II internment and redevelopment evictions, might still be considered significant though they are currently housed in buildings that are less than 50 years old. Examples of this are many, but include business like the Benkyo-do Candy Co., which has operated in Japantown for over 100 years, but is located in a building on Buchanan Mall that was constructed in 1959." (JTCPE:15)
- "JCOONC hosted the 2006 premiere of "Nihonmachi; The Place to Be," a musical play by the Los Angeles-based theater group Grateful Crane Ensemble. Written by native San Franciscan Soji Kashiwagi, the play centers on the struggles of a third-generation manju shop owner, whose dilemma over closing the business founded by his immigrant grandparents held powerful resonance for the audience. The packed crowd knew that San Francisco's own Benkyo-do manju shop was struggling for survival just across Sutter Street. In Kashiwagi's version, the press of history -- Issei sacrifices, WWII internment and resettlement, urban renewal, the Asian American and redress movements -- convinces the play's Sansei manju-maker to keep trust with previous generations who have passed on the legacy of Japantown." (JHCS:70-71)
- Benkyo-do is identified as part of a "list of institutions and organizations, businesses, and places ... [that] begins to identify those elements that give Japantown its character and make the neighborhood what it is today." (JCPSR:4)

Social Heritage Criteria Rating
File path


Page 2 of 2

Appendix B: Social Heritage Inventory Record

SAN FRANCISCO PLANNING DEPARTMENT	Record # _____
SOCIAL HERITAGE INVENTORY RECORD	SH Code: _____

Resource Name: Cherry Blossom Festival District: 5
 Prepared By: Page & Turnbull (JGL) Date: 11/5/2012

Location:				
a. Address:	Block:	Lot:	b. Neighborhood:	c. City:
n/a	n/a	n/a	Japantown	San Francisco

Type of Resource	
a. Tangible:	<input type="checkbox"/> Site <input type="checkbox"/> Structure <input type="checkbox"/> Building <input type="checkbox"/> Object
b. Intangible:	<input type="checkbox"/> Organization/Institution <input type="checkbox"/> Business <input checked="" type="checkbox"/> Cultural Event <input type="checkbox"/> Traditional Art/Craft/Practice
Type of Use:	Active/Inactive: <u>Active</u>
Description (attach continuation sheets if needed): The following are excerpts from various sources regarding Japantown: <ul style="list-style-type: none"> ▪ "Japantown hosts several performances and installations throughout the year, including the Cherry Blossom Festival and Fall Festival." (JCPSR:15) ▪ The first Cherry Blossom parade was held in 1967. (JIOA-115). Part of the parade includes participants carrying the "Taru-Mikoshi— an altar of wooden sake barrels weight about one-and-a-half tons, to close out the Cherry Blossom Parade. The Taru Mikoshi has been carried in the parade for over 37 years." (JIOA:117) (Continued) 	
Resource Photograph:  (www.sfjapantown.org)	

Cultural/Social Affiliation:	<input checked="" type="checkbox"/> Japanese-American Culture <input type="checkbox"/> Chinese-American Culture <input type="checkbox"/> Latino-American Culture	<input type="checkbox"/> African-American Culture <input type="checkbox"/> Korean-American Culture <input type="checkbox"/> Other (specify): _____	<input type="checkbox"/> Filipino-American Culture <input type="checkbox"/> Jewish-American Culture
-------------------------------------	--	--	--

Social Heritage Criteria: C	
A	Resources that are associated with historical events that have made a significant contribution to the social or cultural heritage of the area.
B	Resources that are, or are associated with, persons, organizations, institutions or businesses that are significant to the social or cultural heritage of the area.
C	Resources that are valued by a cultural group for their design, aesthetic or ceremonial qualities, such as:
	1) Embodiment of the distinctive characteristics of a type, period or style of architecture that represents the social or cultural heritage of the area.
	2) Representation of the work of a master architect, landscape architect, gardener, artist or craftsman significant to the social or cultural heritage of the area.
	3) Association with the traditional arts, crafts, or practices significant to the social or cultural heritage of the area.
	4) Association with public ceremonies, festivals and other cultural gatherings significant to the social or cultural heritage of the area.
D	Archaeological resources that have the potential to yield information important to the social or cultural heritage of the area.

Period of Significance: Select appropriate code(s): 2B		
1-3	1. Early Japantown History	2. Japanese Resettlement and Renewal
a	Japanese Settlement in San Francisco (1880s-1905)	Nikkei Return to Japantown (1945-1964)
b	Japanese Settlement in the Western Addition (1906-1920)	Redevelopment in the Western Addition (1955-1990)
c	Japantown Comes of Age (1921-1941)	
d	Japanese WWII Internment (1942-1944)	
e	Other:	Other:
		3. Continuing Japantown Legacy
		Contemporary Japantown (1991-present)

Sources: <i>Japantown Historic Context Statement (JHCS)</i> pages 69; <i>Japantown Cultural Preservation Strategy Report (JCPSR)</i> pages 12,15; <i>Japantown Images of America (JIOA)</i> pages 115,117; <i>Japantown Traditional Cultural Property Evaluation (JTCEP)</i> page 22
Recommended Treatment:

Social Heritage Criteria Rating
 File path

Page 1 of 2

SAN FRANCISCO PLANNING DEPARTMENT
SOCIAL HERITAGE INVENTORY RECORD

Record # _____

SH Code: _____

Resource Name: Cherry Blossom Festival

District: Japantown

Prepared By: Page & Turnbull (JGL)

Date: 11/5/2012

Description (Continued):

- The parade route typically follows Post Street between Laguna and Webster streets (JTCPE:22)
- The following description of the 2012 Cherry Blossom Festival describes various festival events: "The five-acre Japan Center, at Post and Buchanan Streets, and the adjacent blocks of Japantown will be filled with exquisitely costumed performers and will echo with thunderous rhythms of huge taiko drums, ethereal strains of koto music, crackling of boards being splintered by martial artists, and the gentle sounds of tea ceremonies. And, wafting through and above this cultural banquet will be the delicious aromas emanating from the Festival's community-sponsored food bazaar. Thousands of Japanese American performers and behind-the-scenes coordinators will take part in the celebration along with scores of participants who will be coming from Japan to join in staging the exhibits, demonstrations, and entertainments. Classical and folk dancers will perform both weekends. Experts in karate, kendo (a style of fencing with bamboo swords), aikido, and judo will demonstrate their skills, and collectors of samurai swords and armor will display their treasures.

There will be exhibits and demonstrations of ikebana (flower arranging), sumi-e (brush/ink painting), calligraphy, bonsai (tree dwarfing), origami, and doll-making. Also on the agenda are an arts and crafts fair featuring works with a Japanese theme, as well as activities planned especially for youngsters. Traditional Japanese music will fill the air at recitals spotlighting koto (harp-like instruments), shakuhachi (bamboo flutes), and shamisen (similar to a three-string banjo). There will be taiko and karaoke concerts, too, plus performances by several of the Bay Area's most popular bands, which will add a contemporary "East meets West" dimension.

A two-hour Japanese-style parade will bring the Festival to a dazzling close on Sunday afternoon. Colorfully costumed dancers and musicians by the hundreds, modern-day samurai, floats, ladies in exquisite kimonos, taiko drummers, and scores of young men and women carrying mikoshi (portable shrines) will take part in this unique procession which begins at City Hall, Polk and McAllister Streets, at 1 p.m. and winds its way along a fifteen block route to Japantown.

Reigning over the entire celebration will be the 2012 Cherry Blossom Festival queen who will be chosen at a gala on Saturday evening. Throughout the Festival, the timeless significance of cherry blossoms (sakura) will be in mind. The blossoms, which stay on the trees for only a few days before the spring breezes carry them away, evoke the unsurpassed beauty of nature and the transience of life. Everyone is invited to join in the festivities, which will be in full swing by 11 a.m. each day of the two-weekend celebration. Most events are free." (<http://www.sfiapantown.org/Events/cherry.cfm> accessed 5 November 2012)

Appendix C: Eastside Heritage Consortium (Survey Excerpt)

SURVEY OF SIGNIFICANT PLACES IN EAST LOS ANGELES

The purpose of this survey is to create a list that will bring attention and increased visibility to significant historical, cultural and present-day places in the unincorporated area of East Los Angeles. Places/sites that are significant to the East LA community are not always acknowledged by the powers that be. That is why it is up to the community to document and legitimize these places/sites for ourselves and for future generations. **Members of the unincorporated area of ELA and those who have strong ties to this area: please help us by identifying significant historical, cultural or present-day places in unincorporated ELA (see attached map) and by writing the requested information below. Before filling out the survey, please look at the attached map to get a sense of what area this survey focuses on.**

PLACE A

1. Name of place/site (if any) _____
2. Address or location of place (or nearest cross streets) _____

3. Why is this place significant? _____

4. On the attached map, please mark the letter **A** for where this place is located.

PLACE B

1. Name of place/site (if any) _____
2. Address or location of place (nearest cross streets) _____

3. Why is this place significant? _____

4. On the attached map, please mark the letter **B** for where this place is located.

PLACE C

1. Name of place/site (if any) _____
2. Address or location of place (or nearest cross streets) _____

3. Why is this place significant? _____

4. On the attached map, please mark the letter **C** for where this place is located.

Recommendations for Further Reading

Existing Preservation Programs, Incentives, and Funding Sources

- » Alice Carey Preservation Fund (San Francisco Heritage will launch in fall 2014): www.sfheritage.org
- » California Register of Historic Places (California Office of Historic Preservation): http://ohp.parks.ca.gov/?page_id=21238
- » City of San Francisco Historic Preservation Program, including information about local Landmark procedures, the City's Mills Act program, and the California Environmental Quality Act (CEQA): <http://www.sf-planning.org/index.aspx?page=1825#landmarks>
- » Historic Preservation Fund (City of San Francisco): <http://sfgsa.org/index.aspx?page=676>
- » National Register of Historic Places (National Park Service): <http://www.nps.gov/nr>
- » National Trust for Historic Preservation Grants: <http://www.preservationnation.org/resources/find-funding>
- » Traditional Cultural Properties (National Park Service): <http://www.nps.gov/nr/publications/bulletins/pdfs/nrb38.pdf>

Culturally-focused Historic Context Statements in San Francisco

- » African American Historic Context Statement: <http://www.sf-planning.org/index.aspx?page=3552>
- » Japantown Historic Context Statement: <http://www.sf-planning.org/modules/showdocument.aspx?documentid=1696>
- » Latino Historic Context Statement: <http://www.sfheritage.org/social-heritage/latino-heritage>
- » LGBT Historic Context Statement: <http://www.sf-planning.org/index.aspx?page=3673>
- » SoMa Historic Context Statement: <http://www.sf-planning.org/modules/ShowDocument.aspx?documentid=372>

Culturally-focused Historic Designation Reports

- » Chicano Park and the Chicano Park Murals, National Register Nomination: <http://ohp.parks.ca.gov/pages/1067/files/chicano%20park%20national%20register%20nomination%20final.pdf>
- » Detroit Industry Murals, National Register Nomination: <http://www.nps.gov/nhl/news/LC/spring2013/DetroitIndustryMurals.pdf>
- » Epic of American Civilization Murals, National Register Nomination: <http://www.nps.gov/nhl/news/LC/fall2012/EpicOfAmericanCiv.pdf>
- » Jimbo's Bop City/Marcus Books Building, Landmark Designating Ordinance: http://ec2-50-17-237-182.compute-1.amazonaws.com/docs/landmarks_and_districts/LM266.pdf
- » Sam Jordan's Bar, Landmark Designating Ordinance: http://ec2-50-17-237-182.compute-1.amazonaws.com/docs/landmarks_and_districts/LM263.pdf
- » Twin Peaks Tavern, Landmark Designating Ordinance: http://ec2-50-17-237-182.compute-1.amazonaws.com/docs/landmarks_and_districts/LM264.pdf

State and Federal Reports and Initiatives

- » Asian Pacific Islander Heritage Initiative: <http://www.nps.gov/aapi>
- » American Latino Theme Study: <http://www.nps.gov/latino/latinothemestudy>
- » California Office of Historic Preservation's "Preserve Latino History" Initiative: http://ohp.parks.ca.gov/?page_id=27915
- » Five Views: An Ethnic Historic Site Survey for California: http://www.cr.nps.gov/history/online_books/5views/5views.htm
- » The Legacy of California's Landmarks: A Report for the California Cultural and Historical Endowment: <http://resources>

Appendix D: Resources

ca.gov/cche/docs/TheLegacy_of_CaliforniasLandmarks.pdf

- » Lesbian, Bisexual, Gay, and Transgender Heritage Initiative: <http://www.nps.gov/heritageinitiatives/LGBThistory>

International Resources

- » The Burra Charter: The Australia ICOMOS Charter for Places of Cultural Significance: <http://australia.icomos.org/publications/charters>
- » English-language translation of the Principles for the Conservation of Heritage Sites in China: http://www.getty.edu/conservation/publications_resources/pdf_publications/pdf/china_prin_heritage_sites.pdf
- » UNESCO's Convention for the Safeguarding of Intangible Cultural Heritage: <http://www.unesco.org/culture/ich/index.php?pg=00006>

San Francisco Cultural/Social Heritage Programs and Proposals

- » Calle 24 Latino Cultural District
 - » Calle 24 SF website: www.calle24sf.org
 - » San Francisco Board of Supervisors, Resolution 168-14, "Resolution establishing the Calle 24 (Veinticuatro) Latino Cultural District in San Francisco": http://www.sfbos.org/ftp/uploadedfiles/bdsupvrs/committees/materials/LU051914_140421.pdf
 - » Calle 24: Cuentos del Barrio: <http://www.sfheritage.org/Calle24Booklet.pdf>
- » Filipino Social Heritage District (proposed): <http://www.sf-planning.org/Modules/ShowDocument.aspx?documentid=7348> and http://commissions.sfplanning.org/SoMa/DRAFT%20SoMa%20Philippines%20SUD_PAL%206_11.pdf
- » HPC proposal for a Citywide Cultural Heritage Resource Designation: http://commissions.sfplanning.org/hpcpackets/Social%20Heritage_12_5.pdf
- » Japantown Cultural Heritage and Economic Sustainability

Strategy: http://www.sf-planning.org/ftp/files/plans-and-programs/in-your-neighborhood/japantown/JCHESS_Final-Draft_07-10-13.pdf

- » LGBTQ Social Heritage District (proposed): http://commissions.sfplanning.org/SoMa/DRAFT%20LGBTQ%20Proposal_PAL_6_11.pdf

Educational, Interpretive, and Promotional Programs

- » California Department of Education's Heritage Schools Program: www.cde.ca.gov/ls/pf/he/hsfaq.asp
- » Chinatown Alleyway Tours: <https://chinatownalleywaytours.org>
- » Legacy Bars & Restaurants: <http://www.sfheritage.org/legacy>
- » Planning Interpretive Walking Tours for Communities and Historic Districts: http://portal.uni-freiburg.de/interpreteurope/service/publications/recommended-publications/veverka_planning-interpretive-walkingtours.pdf

Resources for San Francisco Neighborhoods

- » Central Market Citizens Advisory Committee, "Framework for Community Benefit Agreements": www.sfgsa.org/modules/showdocument.aspx?documentid=10356
- » Local Initiatives Support Corporation (LISC) Bay Area: http://www.lisc.org/bay_area
- » San Francisco Travel Association: <http://www.sanfrancisco.travel>
- » SF Mayor's Office of Economic and Workforce Development: <http://www.oewd.org>
 - » City of San Francisco Community Benefit Districts: <http://www.oewd.org/Neighborhood-Revitalization-Community-Benefit-Districts.aspx>
 - » Invest in Neighborhoods: <http://www.oewd.org/Neighborhoods.aspx>

Resources for Businesses in San Francisco

- » Gellert Family Business Resource Center: http://www.usfca.edu/management/centers/Gellert_Family_Business_Resource_Center
- » SF Office of Small Business: <http://sfgsa.org/index.aspx?page=3805>
- » Small Business Commission: <http://sfgsa.org/index.aspx?page=4204>
- » Small Business Revolving Loan Fund: <http://sfgsa.org/index.aspx?page=4214>

Resources for Cultural Organizations and Individual Artists in San Francisco

- » Alliance for California Traditional Arts (ACTA): <http://www.actaonline.org>
- » The Cultural Conservancy: <http://www.nativeland.org>
- » NEA Folk and Traditional Arts Programs: <http://arts.gov/artistic-fields/folk-traditional-arts>
- » NEA National Heritage Fellowships: <http://arts.gov/honors/heritage>
- » San Francisco Arts Commission: <http://www.sfartscommission.org>

Community Land Trusts

- » Community Arts Stabilization Trust: <http://cast-sf.org>
- » National Community Land Trust Network: <http://cltnetwork.org>
- » SF Community Land Trust: <http://www.sfcft.org>



CRAIG BUCHANAN

For over forty years, San Francisco Heritage has been leading the civic discussion about the compatibility of rapid change and protecting our past. Built on its activist underpinnings, SF Heritage has been instrumental in establishing the preservation protections that have allowed our city to evolve and flourish.

SF Heritage is a nonprofit 501(c)(3) membership organization with a mission to preserve and enhance San Francisco's unique architectural and cultural identity.

EXHIBIT D



LEGACY BUSINESS STUDY

September 2017



CONTENTS

Executive Summary.....	2
Project Background.....	6
What is a Legacy Business?.....	10
What Does the Data Tell Us?.....	12
Challenges Facing Legacy Businesses.....	22
What Have Other Places Done to Support Legacy Businesses?.....	32
What Could Seattle Do?.....	42
Endnotes and Credits.....	50

EXECUTIVE SUMMARY

►► Why is the study being done?

In September 2016, the City of Seattle's Office of Economic Development released Mayor Ed Murray's Commercial Affordability Advisory Committee Recommendations Report. The report included a recognition that legacy businesses make important economic and cultural contributions and recommended further study around support systems and policies for such businesses. Consequently, the City Council included funding for a study to better understand issues around legacy businesses. The primary questions addressed in the study include:

- What attributes define a "legacy business"?
- What data best describe the challenges in maintaining an operable small business model for legacy businesses?
- What methods, priorities, and systems have been used for supporting legacy businesses in other jurisdictions?
- What is the feasibility of implementing said strategies within existing Washington State and City of Seattle legal parameters?
- What recommendations and/or public policy strategies to support legacy businesses should the Council consider moving forward?



Napoli Pizzeria has been in its South Park location for more than twenty-five years.

►► A “legacy” business is a special type of small established business

Legacy businesses are defined as a type of established business (minimum of 10 years in operation) that is small (typically less than ten employees), accessible (i.e. pedestrian-oriented, contributes to the ground-level streetscape), retail or food service sector oriented, and independently owned. However, the primary defining attribute is that these businesses serve some community function that goes above and beyond the simple sale of goods and services. Legacy businesses serve as community gathering spots, hubs of social capital and cohesion, and valuable “third spaces” apart from home and work that support local culture and stability.

Using criteria developed in this study, there are roughly 1,160 businesses that might be considered a legacy business. This is 5% of all businesses in Seattle.

►► Seattle is not losing older businesses at a higher rate

Overall, the available data does not support the conclusion that legacy (or older) businesses in Seattle are closing at higher rates now in the past.

- Closure is an inevitable part almost all businesses. Across the US, about half of companies close within five years of opening.
- In general, businesses are not closing at higher rates now than in the past. Exit rates have been consistent through time, both in the US, Washington State, and the Seattle region.

- Two of the key characteristics of legacy businesses are their age (legacy businesses are old) and their size (legacy businesses are small). Old age and small size have conflicting implications for the rate of business closure:
 - Controlling for size: Older businesses are less likely to close than their younger counterparts. Most closures of older businesses are due to business owner preference.
 - Controlling for age: Small businesses are at more risk of closing than their larger counterparts. Among businesses older than ten years, very small firms (less than five employees) are three-times more likely to close than larger firms of a similar age.
 - This suggests that small size—not age—is the largest risk factor for the closure of legacy businesses, suggesting that many challenges faced by legacy businesses are shared by other types of small businesses.
- There has not been a recent uptick in closures of older businesses in Seattle. As a percent of all business closures, businesses over ten years old make up a smaller proportion of closures today than they did ten years ago. In fact, there are increasing numbers of older, smaller (less than ten employees) firms in the Seattle region.
- The exit rates for older businesses and smaller businesses are not uniform across the City of Seattle, suggesting that underlying community and neighborhood conditions need to be acknowledged.

However, this does not mean that legacy businesses do not face challenges, or that there is nothing that the City could do to assist.

►► Legacy and small businesses share many of the same challenges

Owning and operating any small business is a rewarding yet difficult proposition, and different types of legacy businesses face different challenges. However, both quantitative and qualitative research into the issue shows the following key challenges:

- **Changing marketplace:** Increased competition, technological changes, shifting consumer preferences, and neighborhood change present challenges for almost every legacy business at one point or another.
- **Narrow profit margins:** Many legacy businesses are in industries that have narrow profit margins even at the best of times.
- **Exposure to rent increases:** As documented in the Mayor's recent report on Commercial Affordability, Seattle businesses are facing rising rents and low vacancy rates. Businesses that are coming off expiring long-term leases may struggle to find ways to make increases in lease costs work for their business.
- **Exposure to changing labor costs:** Wages represent a large share of expenses for many legacy businesses and are expected to continue to increase as a share of operating costs.

►► There is limited evidence of how best to support legacy businesses

There are limited examples of legacy business programs in the US and other places. The survey of relevant programs, both domestic and abroad, yielded the following key findings:

- Promotion of legacy businesses is a new concept in the United States, meaning evidence of what works is scarce.
- Formal responses to small business displacement typically consist of technical and financial assistance, land-use regulations or covenants to maintain current uses, and business promotion.
- Programs in US cities primarily target small, local businesses in general, as opposed to legacy businesses in particular.

Programs in other places fit into four general categories: financial assistance, protection, promotion, and technical assistance:

- **Promotion Activities:** While legal, low-cost and easily scalable, it is unlikely that promotional activities alone will result in the large-scale preservation of legacy businesses.
- **Technical Assistance:** This requires more resources than promotional campaigns, but is scalable. There are no legal restrictions, and effectiveness would depend on the quality and type of assistance provided.
- **Protections & Covenants:** This has a higher potential for impact due to mandated protections for legacy businesses, but would require legislative changes that may have to navigate legal issues.
- **Financial Assistance:** This could have a higher degree of impact depending on the level of assistance provided, however, there are restrictions on providing financial assistance to for-profit businesses in the State of Washington. Additional study is

needed to determine if there are alternative revenue sources that could be used to support legacy businesses and to identify opportunities for a public/private partnership.

This research implies that existing policy environment in Seattle lacks “low hanging fruit”—potential programs that are both easy to implement and likely to produce impactful outcomes for legacy businesses. Any new program must also fit within the legal framework in which the City of Seattle operates.

►► **Seattle has options for expanding its support for legacy and small businesses**

The Office of Economic Development (OED) currently offers support to small businesses through direct contact from OED staff, partnerships with local service providers, and support to neighborhood business districts. Based on limitations in Washington law, the City of Seattle cannot provide direct financial support to private businesses. Based on our work in this study, there are three potential courses of action that the City could pursue to support legacy (and small) businesses that would be within legal constraints of Washington State law:

1. Refine or expand existing OED programs to better support legacy businesses. OED has many existing programs that promote economic development and support small businesses, including the Only In Seattle Initiative and the Mayor’s Commercial Affordability Initiative. These programs could be modified to add a legacy business lens.
2. Create new business assistance programs specifically targeted towards legacy businesses. Older legacy businesses may face specific challenges that are not currently emphasized in OED

programs. For example, new technical assistance programs could be targeted towards successful succession planning or lease education.

3. Work with other city departments to create a comprehensive legacy program that includes community groups and non-profits. Non-profits may play similar roles to legacy businesses, in that they provide community gathering places and strengthen the social fabric of the city.

In addition to these options, the city should advance its data and business intelligence capabilities. The City of Seattle has some administrative data from business and occupation and retail sales tax filing that could potentially be used to assess trends in these firms, but this data would need to be integrated and enhanced.

PROJECT BACKGROUND

►► Context

The City of Seattle is committed to supporting a strong and resilient economy that generates economic opportunity and prosperity for all of Seattle's diverse communities. Small, long-tenured businesses—also known as legacy businesses—are an important part of this vision.

Over the past ten years, the city has seen significant increases in population and employment. Amid this tremendous and unprecedented change, many residents and community leaders have expressed a sense of loss at the closing of longtime businesses challenged under new local and global economic realities.

Legacy businesses have been singled out as a class of business that needs to be better understood due to the unique role they play in the city's economic, cultural, and social fabric. As part of OED's 2016 work on commercial affordability, Mayor Ed Murray's Advisory Committee suggested that legacy businesses might face unique challenges and identified the need for further follow-up work.

The conversation about legacy businesses is best understood in the context of other local and national trends:

- **Rapid population growth and increased rents:** Seattle's rapid population and employment growth have been well-documented and publicized. In 2016, Seattle's population grew by about 65 people per day.¹ The booming economy creates upward pressure on land prices, which can lead to large increases in commercial rents. As documented in the Commercial Affordability Report, commercial space has become more expensive and harder to find in the last 5 years.



Earl's Cuts & Styles opened in 1993 and serves as an informal hub for the black community in the Central District. The share of black residents in the CD has declined dramatically since Earl's opened, falling from 55% in 1990 to 18% in 2014.²

- **Changing communities:** As Seattle's economy booms, previously affordable neighborhoods are experiencing increased construction and an influx of new residents. Declining commercial affordability can impact legacy businesses in several ways. As housing costs rise, the customer base of a legacy business may be priced out the neighborhood. In addition, the types of commercial spaces in new construction tend to be larger and do not suit the needs of many small neighborhood businesses.
- **Changing national and global business climate:** New business models (including the rise of online retail) create pressure on small independent businesses. In the last several decades, the share of GDP concentrated in large national and multinational firms has grown. In 1994, revenue of Fortune 500 companies was 58% of GDP; in 2014, that number had grown to 73% of GDP.³
- **Declining social and economic mobility:** There is increasing evidence that neighborhood-level characteristics have significant effects on the social and economic outcomes of the people who grow up there.^{4,5} Areas with less residential segregation and greater social capital tend to produce higher levels of upward mobility. The City has led a broad conversation around displacement and the challenges that vulnerable populations face when they lose access to opportunity.⁶

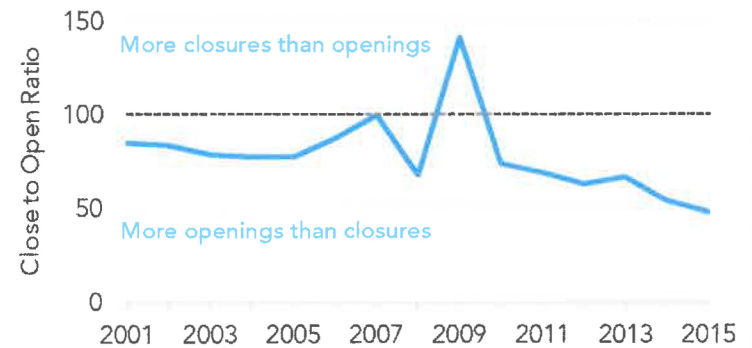
Defining and finding ways to support legacy business may offer some promise in creating more diverse economic development in the city. It also offers the opportunity to find and foster local talent, energy, and support to build both sustainable businesses and cohesive neighborhoods.

Seattle has more businesses opening than closing.

Other than during the Great Recession, Seattle has had more business openings than closures every year since 2001.⁷ In 2015, about two businesses opened for every one business that closed.

RATIO BETWEEN BUSINESSES CLOSING AND BUSINESSES OPENING, CITY OF SEATTLE, 2001-2015⁸

Ratios above 100 indicate more closures than openings.



►► Study Questions

The purpose of this study is to provide a base of facts about the trends and challenges facing legacy businesses in the City of Seattle and to provide policy response options for City Council to consider. This report seeks to answer the following questions:

- What exactly is a legacy business?
- What challenges do legacy businesses face in Seattle today? Have those challenges changed over time?
- How have other cities supported legacy businesses? What methods, priorities, and systems have been most effective?
- What are the recommendations and/or public policy strategies to support legacy businesses? Of those, which strategies are most feasible within existing State and City legal parameters?

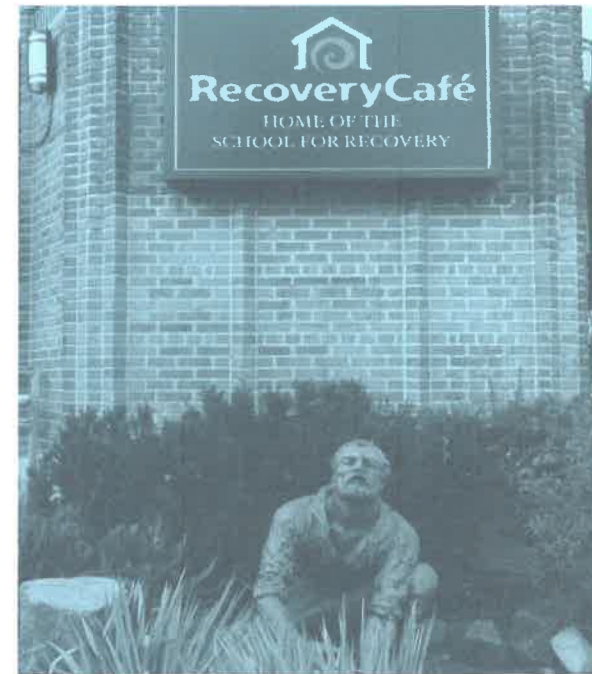
►► Data and Inputs on the Study

At the local level, limited data is available on the number of legacy businesses or why legacy businesses close. We took a multi-pronged approach to data analysis that included:

- Interviews with owners of legacy businesses
- Outreach to business districts and business support organizations
- Review of U.S. and international legacy business programs, including interviews with local experts
- Workshops with Advisory Committee, OED, and Council Staff
- Development of legacy business typologies using data from various business financial reporting sources
- Analysis of data from the U.S. Census (Business Dynamics Statistics, Entrepreneur Survey, Survey of Business Owners, County Business Patterns, Zip Code Business Patterns), Bureau of Labor Statistics (Business Employment Dynamics), and City of Seattle (Business permit database, Only In Seattle data)

Does this study address non-profits?

This project focused on the issues and potential solutions for supporting legacy businesses. As the project evolved, it became clear that stakeholders also associated non-profits and other community institutions as critical parts of the community's social fabric. These groups share an important thread with legacy businesses in they provide places and services for community cohesion and stability. However, nonprofits often face different challenges and opportunities than for-profit businesses. While this study is focused specifically on the business community, many of the recommendations and possible policy proposals could be equally effective in the not-for-profit community.



Recovery Café opened its doors 2004 to help individuals affected by homelessness, addiction, and mental health issues. Located in the Denny Triangle neighborhood, Recovery Café provides classes and other resources that offer support, mentorship, and education on addiction and recovery.

East African Community Services was founded in 2001 to provide culturally responsive education and services for Seattle's East African refugee community. Based out of the Central District, East African Community Services provides after-school enrichment, summer learning programs, and naturalization assistance.

WHAT IS A LEGACY BUSINESS?

►► Key Attributes of Legacy Businesses

Many recent discussions of legacy businesses in the media use a gut-level “you know it when you see it” approach to identifying legacy businesses. Typically, it is a beloved business that, were it to close, would leave a hole in the neighborhood that would be hard to fill. It might be a grocer, corner store, florist, barber shop, bookstore, or cafe. Legacy businesses serve as community gathering spots, hubs of social capital, and valuable “third spaces” apart from home and work.

However, evaluating the challenges faced by legacy businesses and forming an effective policy response requires a more formal definition. For this study, we define legacy businesses based on four dimensions:

- **Longevity:** Legacy businesses have been a part of the neighborhood for a long time—long enough to become an important part of the community. For this study, we use ten years as a threshold for long tenure based on feedback from business and community groups but acknowledge other longer-terms might be appropriate. We also present additional information for businesses older than 20 years and 30 years.
- **Economic characteristics:** Legacy businesses are small (typically less than ten employees). Legacy businesses are also publicly accessible, pedestrian-oriented, and contribute to the ground-level streetscape. For this study, we focus on businesses in the Retail and Accommodations & Food Services industries.
- **Ownership characteristics:** Legacy businesses are independently-owned firms with employees. Firms with no employees and franchise chains are not legacy businesses. Although non-profits may share many of the characteristics of legacy businesses, they typically face different challenges and are not the focus of this study.
- **Community value:** Finally, legacy businesses serve some community function that goes above and beyond the simple sale of goods and services. Legacy businesses fulfill a community role through one or more of the following:
 - Providing a community gathering space
 - Serving as a linchpin for a distinct cultural community
 - Contributing to the community through volunteering, fundraising, or in-kind donations
 - Providing an opportunity for diverse people to come together
 - Strengthening social networks and community cohesion

A legacy business is a
type of small business
that supports community
identity and stability
through its long tenure.

►► How many legacy businesses might there be in Seattle?

Based on size, age, and industry, Seattle has more than 1,100 potential legacy businesses (extending the age of firm to 20 years reduces that estimate to approximately 490 firms). However, this preliminary estimate does not consider community value, public accessibility, or independent ownership. Incorporating these variables would result in a lower estimate of the number of legacy businesses.

		Retail	Accommodations & Food Services	Total
	Number of employer establishments in Seattle ⁹	2,530	2,823	5,353
	Percent of firms with <10 employees, King County ¹⁰	67%	50%	
	Estimate of number of Seattle firms with <10 employees	1,695	1,412	3,107
10+ years	Percent of firms with <10 employees that are 10+ years old, by industry sector, U.S. ¹¹	36%	39%	
	Estimate of Seattle firms with <10 employees that are 10+ years old	616	545	1,162
20+ years	Percent of firms with <10 employees that are 20+ years old, by industry sector, U.S. ¹²	15%	17%	
	Estimate of Seattle firms with <10 employees that are 20+ years old	250	244	493

WHAT DOES THE DATA TELL US?

Any program targeted towards legacy businesses should be grounded in data about trends in business dynamics and the specific challenges facing small established businesses. This section provides an overview of trends in business closure rates, focusing on small established businesses in the retail and food services industries. Key findings include:

- The closure is an inevitable part almost all businesses. Across the US, about half of companies close within five years of opening.
- Two of the key characteristics of legacy businesses are their age (legacy businesses are old) and their size (legacy businesses are small). Old age and small size have conflicting implications for the rate of business closure:
 - Controlling for size: Older businesses are less likely to close than their younger counterparts. Younger businesses are more susceptible to economic shocks than their older counterparts, perhaps pointing to the relative resilience of established businesses. Most closures of older businesses are due to business owner preference.
 - Controlling for age: Small businesses are at more risk of closing than their larger counterparts. Among businesses older than ten years, very small firms (less than five employees) are three-times more likely to close than larger firms of a similar age.
- In general, businesses are not closing at higher rates now than in the past. Exit rates for having been consistent through time, both in the US, Washington State, and the Seattle region.

- There has been a significant increase in business closures in the retail and food services industries, increasing the number of firms in the industry.
- The exit rates for businesses are not uniformly high, underlying the need to be acknowledged.

Overall, the data on legacy (or older) businesses now in the past is limited. It is also important to note that this data. This section of the Bureau of Labor Statistics of these data is limited to the industry, and cross-sectional data is limited data on food service businesses. This limitation, therefore, and, where possible, to be acknowledged.

There has not been a recent uptick in closures of older businesses in Seattle. As a percent of all business closures, businesses over ten years old make up a smaller proportion of today than they did ten years ago. In fact, there are growing numbers of older, smaller (less than ten employees) businesses in the Seattle region.

Closure rates for older businesses and smaller businesses are uniform across the City of Seattle, suggesting that citywide community and neighborhood conditions need to be acknowledged.

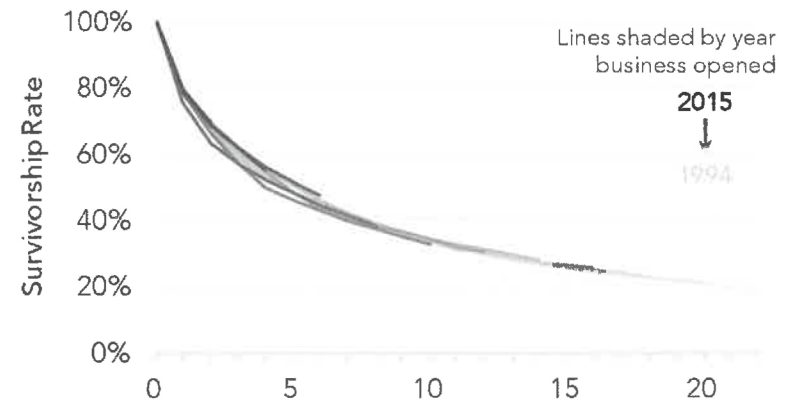
The available data does not support the conclusion that older businesses in Seattle are closing at higher rates than in the past.

It is important to note limitations in the granularity of available data. This section draws upon data from the U.S. Census, U.S. Labor Statistics, and the City of Seattle. Although many data sources provide information by business size, age, and location, they often do not provide detail for specific segments of the business community. In other words, there is a lack of data about how small, old businesses in Seattle's retail or services industries have performed over time. To overcome this limitation, this section looks at each of these dimensions individually where possible, in combination.

►► Business closure rates have remained consistent over time.

Business turnover is natural and normal. Across the US, about half of companies close within five years of opening.¹³ Nationwide, business survival rates have been very consistent over the past 20 years, with a slight trend toward higher survival rates.

SURVIVORSHIP RATES BY NUMBER OF YEARS IN BUSINESS, 1994-2015, U.S., ALL INDUSTRIES¹⁴

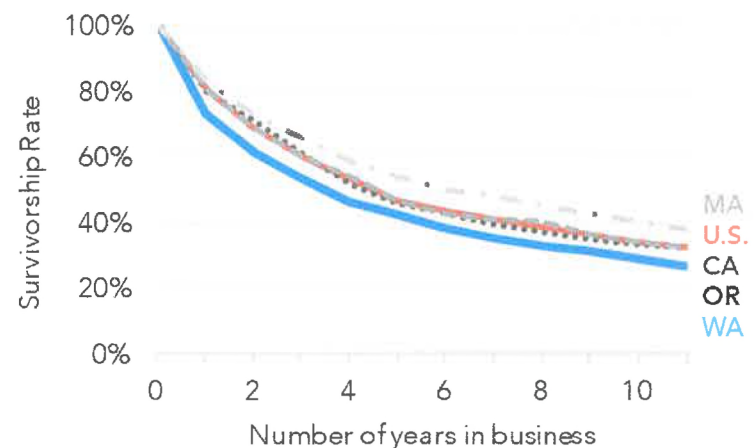


►► Closure rates vary by industry and location.

Businesses in retail and food service industries (where legacy businesses are concentrated) have higher survival rates than businesses in other industries.¹⁵ Again, this trend is consistent over the past 20 years.

Washington's business survival rate is lower than other coastal states and the national average.¹⁶ This relationship is consistent over time. Like other states, Washington has seen a slight trend towards higher survival rates over time. It is not clear what factors are contributing to the difference between Washington's business survival rate and those of other states, but this issue may deserve more scrutiny as Seattle considers ways to support its older businesses.

SURVIVORSHIP RATES BY STATE, 2005, ALL INDUSTRIES¹⁷



WHAT DOES THE DATA TELL US?

▶▶ Older firms are more resilient than younger businesses.

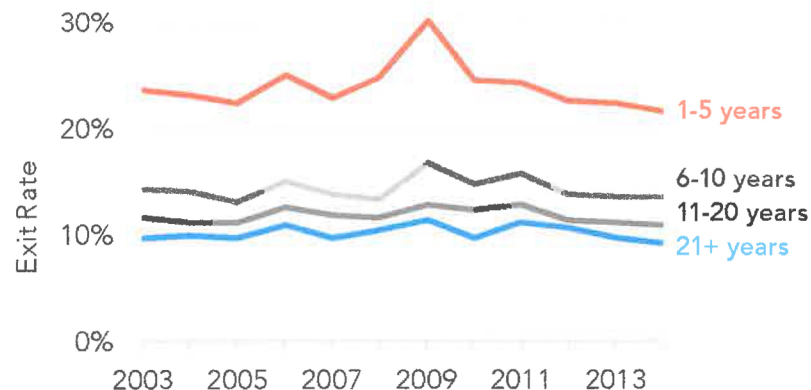
As shown on the previous page, new businesses are most susceptible to closing during their first few years of operation. Controlling for size, younger businesses are more susceptible to economic shocks than their older counterparts, perhaps pointing to the relative resilience of established businesses.

▶▶ Older businesses are more likely to close due to owner preferences.

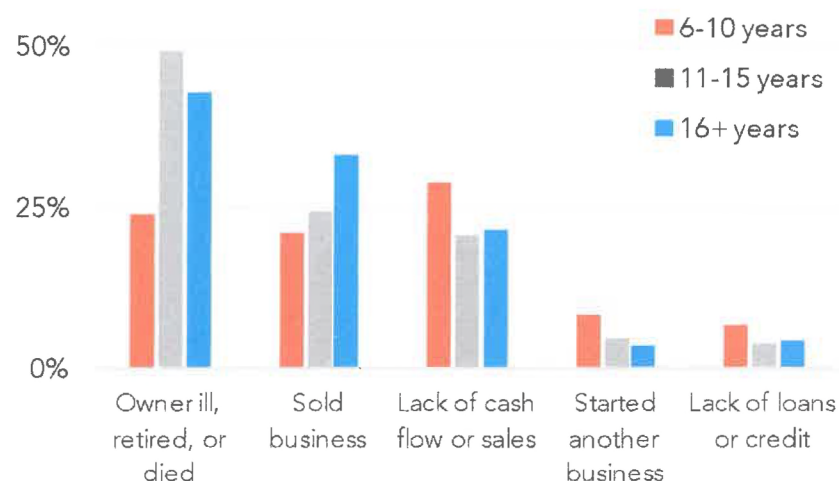
Older businesses close for different reasons than younger businesses, sometimes because they have already successfully navigated many of the challenges which fell their younger counterparts. Compared with younger businesses, older businesses are more likely to close due to an owner/operator's sale of the business, retirement, illness, or death. Nationally, over 58% of businesses more than ten years old close for these reasons.¹⁹

While many of these business closures are natural as owners age, when they happen to legacy businesses there may be an undesired loss of a valued community space. Succession and transition planning may be a useful tool in preventing the closures of legacy businesses.

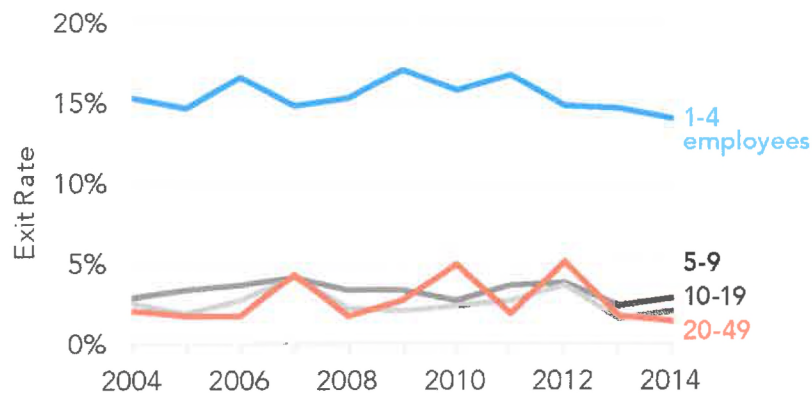
EXIT RATES FOR SMALL FIRMS (<10 EMPLOYEES)
BY FIRM AGE, SEATTLE MSA, 2003-2014¹⁸



REASON FOR BUSINESS CLOSURE, BY AGE, U.S., 2014²⁰



EXIT RATES FOR ESTABLISHED FIRMS (10+ YEARS)
BY FIRM SIZE, SEATTLE MSA, 2004-2013²¹

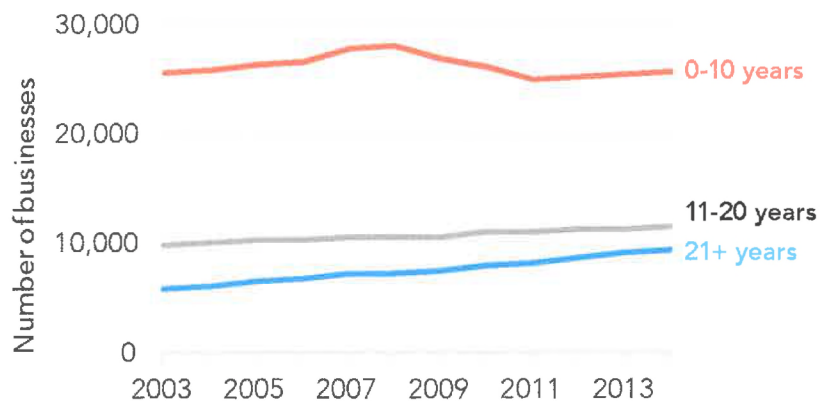


►► **Small businesses, in general, are at higher risk of closing than larger businesses.**

Controlling for age, small businesses are at more risk of closing than their larger counterparts.²²

This is true even when looking only at established businesses; very small old firms are more likely to close than their larger counterparts. Within established firms, very small businesses (<5 employees) have much higher and more volatile exit rates than establishments with more employees. Businesses with fewer employees are less able to weather economic downturns and other market fluctuation by cutting costs or laying off employees.

NUMBER OF SMALL FIRMS (<10 EMPLOYEES)
BY AGE, SEATTLE MSA, 2003-2014²³



►► **The Seattle area has seen an increase in the number of small, older firms.**

The number of small, old firms in the Seattle MSA increased steadily from 2003-2014.²⁴

WHAT DOES THE DATA TELL US?

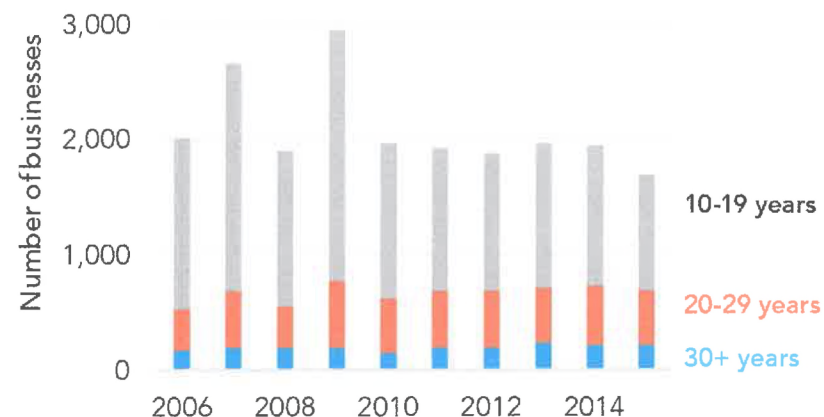
►► Fewer older businesses close today in Seattle than ten years ago.

Except for the Great Recession, the number of established businesses closing in Seattle has remained flat over the decade.²⁵ Businesses over ten years of age make up a smaller proportion of businesses closures today than they did in 2006. Firms over the age of 30 have accounted for between 1.4% and 2.9% of all business closures in the city since 2001.

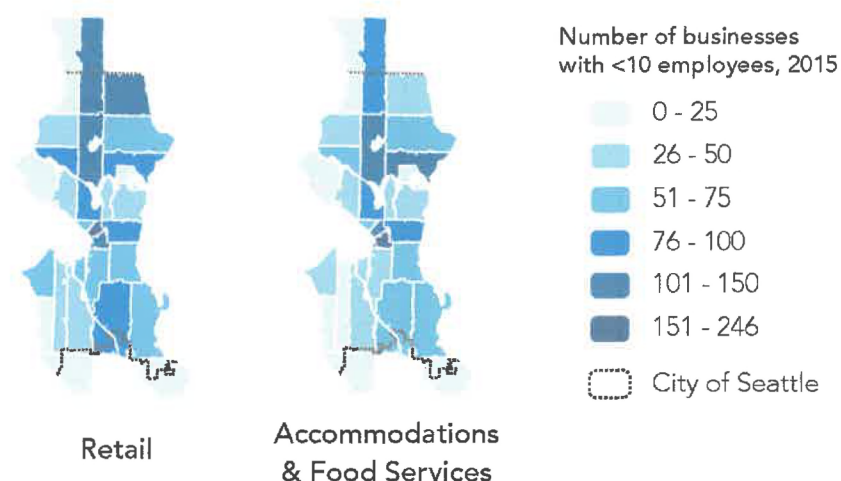
►► Neighborhood-specific variation is meaningful.

Within Seattle, many of the challenges facing legacy businesses vary by neighborhood. As a starting place, different neighborhoods have different numbers of small businesses in the retail and accommodations and food services sectors.

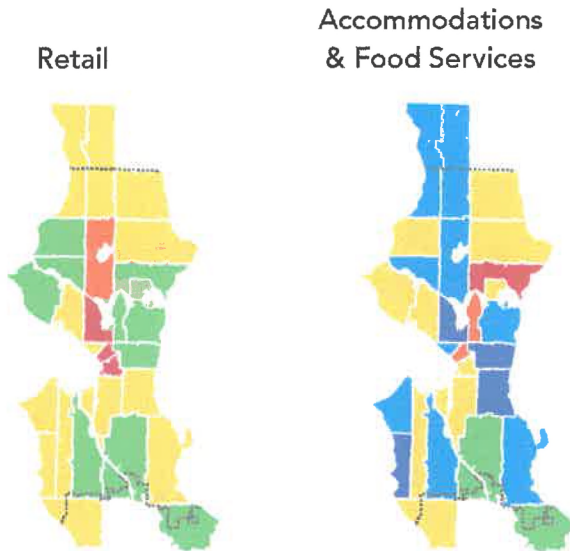
NUMBER OF BUSINESS CLOSURES BY BUSINESS AGE, CITY OF SEATTLE, 2006-2015²⁶



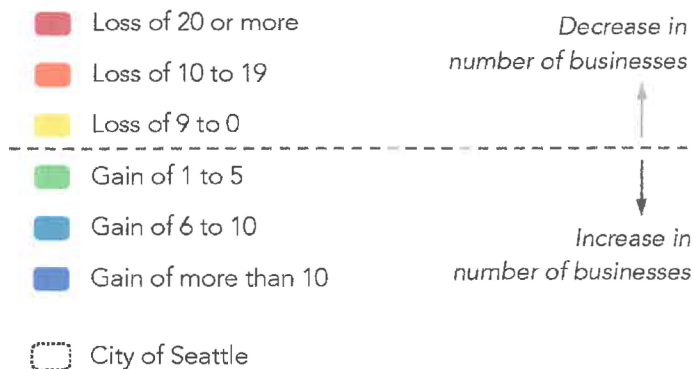
NUMBER OF SMALL BUSINESSES (<10 EMPLOYEES) BY ZIP CODE, 2015²⁷



CHANGE IN NUMBER OF SMALL BUSINESSES
(<10 EMPLOYEES) BY ZIP CODE, 2008-2015²⁸



Change in number of small businesses (<10 employees)
from 2008 to 2015, by zip code



Citywide, the number of small retail stores (those with fewer than ten employees) decreased by 6% (118 businesses) between 2008 and 2015, while the number of small businesses in the accommodations and food services sector increased by 4% (55 businesses).²⁹

However, these trends were not universal across the city. Some neighborhoods—including Magnolia, Ballard, University District, Capitol Hill, South Park, and Georgetown—saw increases in the number of small retail businesses between 2008 and 2015. The University District, Eastlake, and Downtown each experienced net declines of 10 or more small accommodations and food services businesses.

WHAT DOES THE DATA TELL US?

The number of closures of established businesses (those in business for 10 or more years at the time of closure) also vary by neighborhood.³⁰ Between 2006 and 2015, neighborhoods in downtown and north Seattle experienced the largest raw numbers of closures of established retail, accommodations, and food services businesses.

When normalized by a total number of business closures, South Lake Union, Downtown, and Ravenna/Wedgwood had the largest share of closures of retail businesses.³¹ Queen Anne/Interbay and Fauntleroy had the largest share of closures of accommodations and food services businesses.

Neighborhood-specific effects facing legacy businesses are particularly pronounced for challenges related to residential displacement, neighborhood change, and declining commercial affordability. The Seattle 2035 Growth and Equity Report analyzes variations in vulnerability to displacement and access to opportunity across the city and identified urban centers and urban villages with high displacement risk and high access to opportunity.³³ Several of those neighborhoods—including Downtown, Chinatown-International District, and Ravenna—are in zip codes where a higher percentage of business closures are of established businesses.

CLOSURES OF ESTABLISHED BUSINESSES (10+ YEARS OLD) AS A SHARE OF ALL BUSINESS CLOSURES, 2006-2015³²



Legacy Businesses in High-Risk Displacement Areas

When a legacy business with deep ties to its surrounding community closes, the effects can ripple throughout the neighborhood. Economically, the closure of a legacy business can mean the loss of economic support flowing back to the community. Many legacy businesses not only employ community members but also serve as space for the community to gather. They also give back to the community through hosting events in the store, sponsoring local children's sports teams, donating time and goods to worthy causes, leading neighborhood committees, and much more.³⁴

The loss of the economic support and social space of a legacy business does not affect all neighborhoods equally: it can be especially hard on certain neighborhoods that already face a scarcity of these community-based businesses. When a legacy business closes, there may be fewer places that can serve the same role. Research shows that if a business closes in a gentrifying neighborhood, it's more likely to be replaced with a chain or a business offering new types of services.³⁵ For some neighborhoods, when a cherished business closes, they lose much more than their goods and services that were offered.

PERCENT OF BUSINESSES THAT CLOSED DUE TO LACK OF LOANS/CREDIT, U.S., 2014³⁶



►► Women or minority-owned firms have unique challenges.

National data on reasons why businesses close shows that minority-owned businesses are much more likely than average to close due to lack of access to loans or credit. In 2014, more than 10% of minority-owned firms closed because of lack of access to loans or credit, compared with about 6% on average.³⁷

Women-owned businesses are slightly more likely to close due to lack of personal loans or credit.

Minority business owners may face language, cultural, or other access barriers that make it more difficult deal with changing business conditions. These businesses may also be more likely to be located in neighborhoods that are vulnerable to displacement.

►► What does all this mean for legacy businesses in Seattle?

Small established firms in Seattle do not appear to be facing higher closure rates than they have in the past. However, this does not mean that legacy businesses do not face challenges, or that there is nothing that the City could do to provide assistance.

The data indicates that small size—not age—is the largest risk factor for the closure of legacy businesses, suggesting that many challenges faced by legacy businesses are shared by other types of small businesses. Support for the overall small business community in Seattle would likely yield dividends for legacy businesses as well.

However, due to their age and community characteristics, legacy businesses may have challenges and needs that differ from those of an emerging small business. The need for succession planning is an example of a challenge that may be more common among legacy business owners than the business community as a whole.

It is also important to note that this analysis is limited by the available data. The lack of detailed local data about business dynamics by size, ownership characteristics, tenure (own/rent), length of time in business, and neighborhood makes it more difficult to ask precise policy questions about the challenges facing legacy businesses in different parts of the City and how those challenges may have changed over time.



Saigon Deli, in Little Saigon, opened in 2004 and serves Vietnamese food at an affordable price point.



CASE STUDY ON SERVING A COMMUNITY ROLE: **ASSIMBA ETHIOPIAN CUISINE**

Assimba Ethiopian Cuisine has been a gathering space for the Central Area community for more than 25 years. Messeret Habeti and her co-owner Messeret Ferede opened the Ethiopian Café in 1992 when there were few other dining options in the immediate neighborhood.³⁸ Within a few years, they had outgrown their original storefront, moved to nearby larger space owned by the same landlord, and rebranded as Assimba.

From the beginning, Assimba's business model was focused on giving back to the community. In addition to the restaurant space, Assimba has a sizable meeting room that is used for local meetings and performances by the East African community and Central Area residents. Over the years, Habeti mentored several young people who lived in the neighborhood and helped inform other business owners about City policies and resources. The restaurant's strong community connection sometimes affected its bottom line; Habeti reports providing price discounts to regular customers who could not afford the menu price.

One element in Assimba's survival over the decades was a strong relationship with their landlord. The landlord kept rents low and provided options for Assimba to lease more space as the business grew.

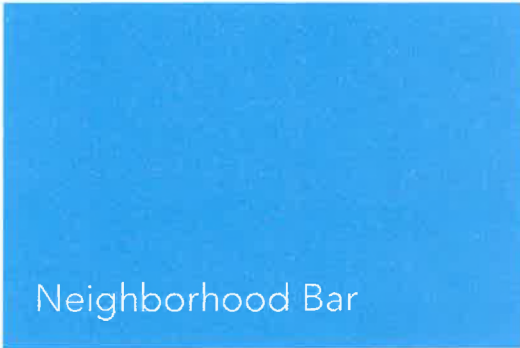
The business was hit hard by the recession. Assimba had to lay off staff and revenues were cut in half. Habeti relied on strong relationships with the community, adjacent businesses, and with their property owner to keep their doors open.

In early 2017, after 25 years in business, Habeti decided to begin succession planning. In Summer of 2017, she and her partners sold the business to family friends. The restaurant, now named Zagol, remains open in the same location and using the same recipes. Using some of those funds Habeti's focus has now shifted to teaching people how to cook healthy Ethiopian food. She is currently looking for space to open a new venture.

CHALLENGES FACING LEGACY BUSINESSES

To better understand the challenges and changing market conditions faced by legacy businesses, we analyzed five types of legacy businesses in greater detail. These typologies were chosen because they are common examples of small businesses that serve as community gathering places.³⁹

While some challenges—such as rising commercial rents—are shared by all types of legacy businesses, others are unique. The following pages provide more information about each typology.⁴⁰



►► Ethnic Grocery Store

Specialty and ethnic grocery store revenues have increased steadily as Asian and Hispanic populations have grown in size and spending power.⁴¹ Changing tastes have also expanded their customer base beyond specific ethnic communities. However, competition from larger grocers threatens small stores in an industry where profit margins are low, and establishments are vulnerable to neighborhood changes. Average industry-wide profit margins are only about 2.5% of revenue.⁴²

- **External competition.** Ethnic markets face competition mostly from traditional grocery stores, but also from farmers' markets and restaurants.
- **Residential displacement.** As ethnic communities are priced out of neighborhoods by rising rents, specialty grocers face the prospect of losing a loyal customer base. About 40% of ethnic grocery customers are households earning less than \$50,000,⁴³ making them particularly susceptible to displacement.
- **Commercial affordability.** Rent and property tax increases represent a large share of uncontrolled costs for businesses.
- **Increasing food costs.** The cost of goods sold represents a very large share of revenue for grocers.⁴⁴ The price of many food inputs has increased over the past five years, which has forced specialty and ethnic grocers to pay higher prices, and either absorb the increased costs or attempt to raise their prices.
- **Marketing.** To compete with larger grocery stores, independent establishments have to fill a niche demand and yet also keep prices low.
- **Labor costs.** Wages are expected to increase as a share of operating costs.



Lam's Seafood Market, in Little Saigon, specializes in southeast Asian ingredients.

About 40% of ethnic grocery customers are households earning less than \$50,000.

►► Independent Bookstore

The vast majority of small independent bookstores are managed by owner-operators with just one establishment. Nationwide, industry-wide profit margins are only about 1.6% of revenue on average, or about \$11,040.⁴⁵ To compete with online sales and chain bookstores, independent establishments must fill a niche demand and create an appealing atmosphere. Many bookstores also incorporate book signings and other community events.

Even very well established bookstores may feel financial pressure from increases in operations costs, primarily in rent costs, price competition from online sellers, and higher wages. The primary challenges to well-established bookstores are:

- **Online sales.** More than forty percent of new books are bought online.⁴⁶ It is near impossible for a brick-and-mortar retailer to compete on price with an online warehouse.
- **Labor costs.** Bookstores rely on having a knowledgeable, well-educated staff. Attracting and retaining staff with deep subject-matter expertise requires paying above minimum wage but must be balanced against narrow profit margins.
- **Commercial affordability.** Rent and property tax increases represent a large share of uncontrolled costs for business owners. When rent costs rise, bookstores have no choice but to raise prices, cut costs in other areas, or exit the market.
- **Declines in discretionary spending.** The recession led to steep declines in leisure spending, including books and magazines. Industry-wide revenues are expected to continue to fall.



The Secret Garden Bookshop, which opened in 1977, regularly hosts author readings, book clubs, and book release parties.

More than 500 independent
bookstores nationwide
closed between 2002–2016.⁴⁷

Average profit margins are
about 1.6% of revenue, or
about \$11,000 per year.

►► Independent Record Store

Most independent record stores are managed by owner-operators with just one store. Like bookstores, record stores require high volumes of inventory and staff with deep subject matter knowledge. The record store industry has been steadily declining in revenues since 2003, and this trend is expected to continue. Industry-wide profit margins are only about 1.2% of revenue on average and declining.⁴⁸

Despite the resurgence in the popularity of vinyl over the past few years, sales of vinyl have not substantially changed the overall trend of declining revenues. The primary challenges to well-established record stores are:

- **Changing technological landscape for music consumption.** The combination of online music piracy, sales lost to online download services such as iTunes, and the ascendancy of streaming services like Spotify and Pandora means that industry revenues will continue to decline in the years to come.
- **Commercial affordability.** Rent and property tax increases represent a large share of uncontrolled costs for business owners.
- **Marketing.** To compete with online sales and big box stores, independent establishments have to fill a niche demand or create an appealing atmosphere. Many record stores must also incorporate special events, such as Record Store Day, record release parties, and other events to promote themselves.
- **Labor costs.** The industry has already made cuts to hours and staff levels. Further cuts are unlikely to be sustainable, so wages are expected to increase as a share of operating costs.
- **Declines in discretionary spending.** The recession led to steep declines in leisure spending, including music.



Easy Street Records in West Seattle has hosted more than 1,000 free in-store shows since it opened in 1988.

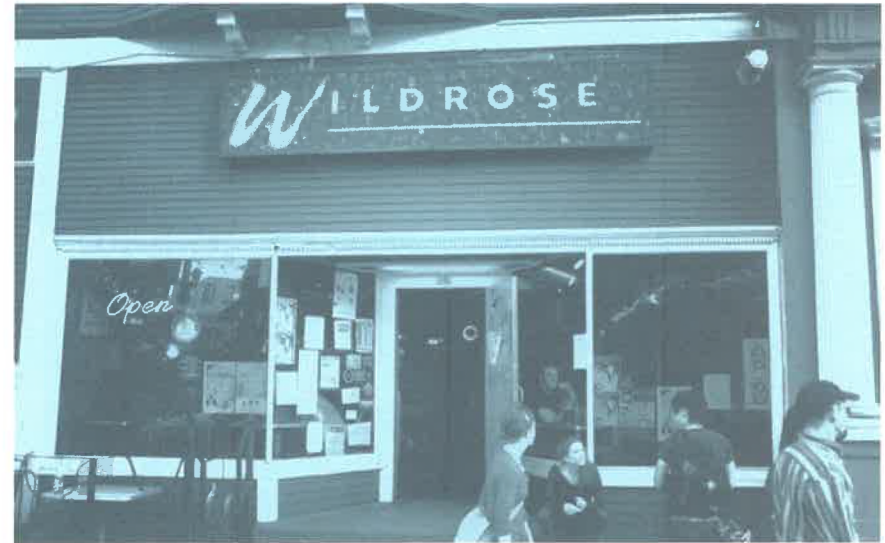
Nationwide, 7.2% of record stores closed each year from 2011 to 2016.⁴⁹

Industry-wide profit margins are only about 1.2% of revenue and declining.

►► Neighborhood Bar

Operating a neighborhood bar is highly labor-intensive, and industry trends are very location-specific. The primary challenges to well-established bars are:

- **Commercial affordability.** Rent and property tax increases represent a large share of uncontrolled costs for business owners.
- **Residential displacement.** As regular customers also leave the neighborhood due to rising rents, owners often feel reluctant or unable to raise their prices on their remaining regulars.
- **Labor costs.** The cost structure for many bars and restaurants has been based on lower wages and employees working for tips. Increases in the minimum wage and other changes to labor laws have required bars to raise prices and/or adapt their business model.
- **Market competition.** Even a temporary decline in sales due to new nearby competition can threaten the solvency of an established neighborhood bar.
- **Changing customer tastes.** Coffee shops and fast-casual dining restaurants are most likely to replace neighborhood bars. Trends toward craft beer and cocktails have increased costs of goods sold.
- **Lack of a succession plan.** Long-time bar owners often do not have an exit strategy. The value of the business is almost entirely tied up with the continued presence of the owner-operator.
- **Legal and insurance costs.** The costs of commercial liability, workers compensation, and liquor liability insurance rise dramatically in the event of a claim. The economic shock of absorbing deductible payments and increases in premiums may be enough to lead a bar to close.



The Wildrose Bar is Seattle's only lesbian bar and has been open in its current Capitol Hill location since 1985.

In 2014, six neighborhood bars
in the U.S. closed every day.⁵⁰

Average profit margins are
about 5.7% of revenue
or about \$20,000 per year.⁵¹

►► Small Café/Deli

Industry-wide profit margins are about 5.2% of revenue on average, but revenues are low—only \$181,000 per establishment.⁵² This means that average profits are only about \$9,400.

Small cafés and delis face competition from an increasingly tight market. Location is a key success factor, and the sudden loss of a nearby employer can have an enormous effect on a café's bottom line. The primary challenges to well-established cafés and delis are:

- **External competition.** Cafés and delis face competition from large grocery stores, farmers' markets, and chain restaurants.
- **Staff turnover.** Relatively low wages and the lack of a well-defined career path deter most employees from perceiving the industry as a long-term employment opportunity.
- **Controlling costs.** Food waste and overstock are major cost areas. Increasing vendor costs may also drive small cafés and delis to attempt cost-savings elsewhere, but knowing where and when to sacrifice quality for cost is challenging.
- **Changing consumer tastes.** Shifting trends in food and health may add to the number, complexity, and cost of ingredients.
- **Commercial affordability.** Rent and property tax increases represent a large share of uncontrolled costs for businesses.
- **Marketing.** To compete with larger grocery stores and limited-service chain restaurants, independent establishments have to fill a niche demand and yet also keep prices low.
- **Labor costs.** Wages represent a large share of revenues for small cafés and delis and are expected to continue to increase as a share of operating costs.



Husky Deli, in West Seattle Junction, opened in 1932 and is in the 3rd generation of family ownership.

The majority of small cafés and delis have fewer than six full- or part-time employees.⁵³

Average **profits** are only about \$9,400 per year.

As illustrated in the typology profiles, different types of legacy businesses face different challenges. However, several key themes emerged:

1. Changing marketplace
2. Narrow profit margins
3. Rising commercial rents
4. Exposure to labor costs

The next pages provide more detail about these key challenges faced by legacy businesses of all types, drawing upon information gained from interviews, focus groups, and data analysis.

►► Changing marketplace

Increased competition, technological changes, shifting consumer preferences, and neighborhood change present challenges for almost every legacy business at one point or another.

For legacy retail stores of all types, competition from online platforms has fundamentally altered the market landscape. Amazon, Spotify, and Netflix offer consumers new and often less expensive ways to buy books, listen to music, and watch movies. Some legacy businesses find that the product they offer is no longer in demand.

Legacy businesses in the food services industry also face increased competition from fast-casual chains and large groceries. This competition may require legacy businesses to shift to new business models. Businesses that provide community value (such as a local gathering place) may find it easier to compete with lower-cost online, chain, or big-box options.

Changing consumer preferences and neighborhood demographics can also present challenges for legacy businesses. As lower-income residents are priced out of neighborhoods, local legacy businesses may see a loss in business as their core clientele moves away. Changing consumer tastes over time—such as the rising popularity of craft beer and cocktails—may require businesses to adapt their offerings to remain competitive.

One key theme from the stakeholder interviews was the importance of building a diverse and loyal clientele so that the business can adapt to changing market conditions.



Cappy's Boxing Gym opened in 1999 in the Central District with a mission of "boxing for everyone." In 2014 Cappy's raised \$15,000 through a crowdfunding campaign, with much of the proceeds going towards marketing.

►► Narrow profit margins

Many legacy businesses are in industries that have narrow profit margins even in the best of times. Nationally, retail and food services businesses are more likely than average to close because of lack of sales or inability to obtain loans or credit.⁵⁵

Narrow profit margins make it difficult to absorb economic shocks, weather recessions, and invest in marketing or other business improvements. Businesses with narrow profit margins are also generally more vulnerable to liquidity, credit, inventory, and legal problems. It also complicates succession planning, as it may be more difficult to find a buyer for a low-margin business.

In interviews, several businesses noted challenges in obtaining working capital due to low-profit margins. This makes it more difficult to invest in business improvements, marketing, or expansion.

►► Rising commercial rents

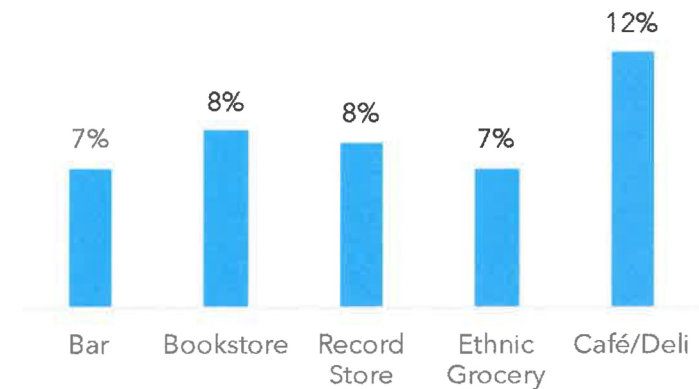
As documented in the Mayor's recent report on Commercial Affordability, Seattle businesses are facing rising rents and low vacancy rates.⁵⁷ Legacy businesses may be forced to close if the property owner decides to sell or redevelop the building or raises rent beyond what the business can afford to pay. Recent examples of Seattle businesses that closed because the property was being redeveloped include Alki Tavern, the Harvard Exit Theater, and B&O Espresso.

Rising real estate prices manifest differently for business owners who own versus those who rent. For a business owner who owns the building, a generous offer from a developer may entice them to sell the property and retire. For example, Piecora's Pizza on Capitol Hill closed in 2014 after 32 years of operation when the Piecora family sold the property for \$10.3 million.⁵⁸

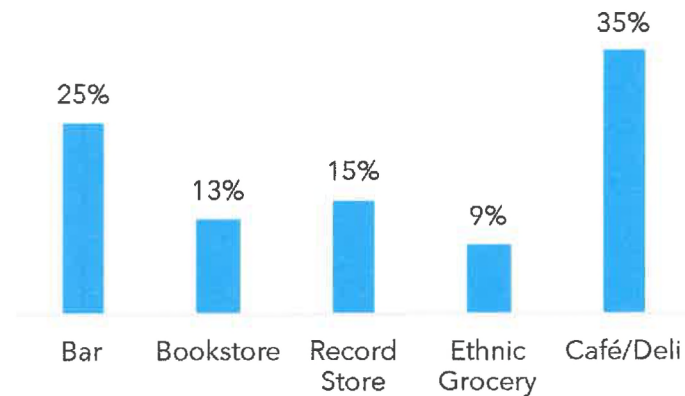
Business owners who rent have less control over the fate of their business. If the building is demolished or if rents increase beyond what the business can afford to pay, the business has no choice but to relocate or close. In interviews, owners noted that good relationships with landlords are particularly important for business stability and longevity. Property owners that understand the needs and community impact of the legacy business are crucial for long-term business success.

Of the legacy business typologies, cafés and delis pay the largest share of their expenses on rent and are particularly exposed to rent increases.⁵⁹ Changes in commercial affordability also vary by neighborhood.

PERCENT OF OPERATING EXPENSES
SPENT ON RENT, BY TYPOLOGY⁶⁶



PERCENT OF OPERATING EXPENSES
SPENT ON WAGES, BY TYPOLOGY⁶¹



Legacy businesses in the food services industry (bars, cafés, delis, and restaurants) spend a large portion of operating expenses on wages and are most vulnerable to rising labor costs.

►► Exposure to labor costs

Wages represent a large share of expenses for many legacy businesses and are expected to continue to increase as a share of operating costs. Increases in the minimum wage and other changes to labor laws may require businesses to raise prices, cut costs in other areas, and/or adapt their business model.

Food service businesses like cafés, delis, and bars are particularly exposed rising labor costs because labor represents a larger share of their costs.⁶⁰

Many legacy businesses are “high road” employers who offer wage increases and benefits packages before being required to do so by law, either as part of their community mission or as a way to attract and retain more skilled employees.

In interviews, businesses also noted challenges in navigating and anticipating changing labor workplace laws. In the five years, Seattle has passed ordinances regulating minimum wage, paid sick leave, and secure scheduling. These ordinances add important protections for workers, but many legacy businesses feel overwhelmed by the number of changes.

WHAT HAVE OTHER PLACES DONE TO SUPPORT LEGACY BUSINESSES?

►► Review of relevant programs in other cities

Displacement of small, local businesses is an emerging concern in fast-growing US cities. While residential displacement is typically at the forefront of conversations on growth and displacement, cities like San Francisco, Boston, New York, Portland, and Chicago have begun to react to concerns about business displacement or lack of commercial affordability. Support for “legacy” businesses, however, has thus far been limited. San Francisco is the only city with an explicit focus on legacy business preservation, defining “legacy” as existing at least 30 years and having contributed to a neighborhood or community’s identity or history. This review expands the definition to include programs that preserve and promote other categories of businesses—such as independent retail or women and minority-owned businesses—that could be adapted to support legacy businesses. The survey of relevant programs, both domestic and abroad, yielded the following key findings:

- Promotion of legacy businesses is a new concept in the United States, meaning evidence of what works is scarce. San Francisco’s legacy business program approved the first legacy businesses to its registry in mid-2016. A similar program was proposed in Chicago in 2016 but did not move forward.
- Formal responses to small business displacement typically consist of technical and financial assistance, land-use regulations or covenants to maintain current uses, and business promotion.
- Programs in US cities primarily target small, local businesses in general, as opposed to legacy businesses in particular, but several programs in cities abroad (i.e. Paris, London, Buenos Aires) target legacy businesses.

See Appendix A for additional detail on relevant programs.

“These regulations will mean protections for small mom and pop businesses and the preservation of the Latino culture including its foods and products...I won’t feel forced out and will be able to keep my costs low for my clients that are of Latino background.”

—Gabby Lozano, business owner,
San Francisco Latino Cultural District

►► Types of interventions

Interventions used in other places fall into four general categories: financial assistance, protection, promotion, and technical assistance. Some cities offer grants or tax abatements to businesses or property owners (i.e., San Francisco, New York), and others restrict the number of chain businesses in certain neighborhoods to protect independent businesses (i.e., Sonoma, San Francisco). Other cities (i.e., London, Buenos Aires) promote legacy businesses through media campaigns.

Many programs combine multiple intervention types: In England, the More than a Pub program provides financial and technical assistance to community groups seeking to take over ownership of their local pub. Groups may be eligible for \$114,000 in grants and loans and receive technical assistance in the form of an advice phone line, workshops, and site visits to learn from their peers. The program, which started in 2016, has resulted in 50 community-owned pubs, preserving them for future community benefit.

In Paris's Vital'Quartier program, for example, the city's economic development agency purchases buildings in target neighborhoods, then renovates and rents them to local, independent businesses. The businesses receive technical and marketing assistance and access to capital. At the end of the project, the agency either sells the building to the business or to a third party with a covenant to maintain the use.

Financial Assistance

- Direct grants (U.K., San Francisco)
- Access to capital (Suffolk County, NY; Paris)
- Tax incentives (New York City)
- Subsidized rent (Portland)

Protections and Covenants

- Restrictions on changing the use of the space (U.K., San Francisco Latino Cultural District)
- Restrictions on chain businesses in certain neighborhoods (San Francisco, Aspen, Sonoma)
- Covenants that require landlords to maintain use (Paris, SF)
- Building acquisition (Paris, U.K., SLC)
- Mandatory set-aside in new developments (Cambridge, MA)

Promotion Activities

- Directories (San Francisco's Legacy Bars & Restaurants directory and map, Buenos Aires "Barres Notables" list)
- Media campaigns (London's #ListYourLocal campaign)

Technical Assistance

- General technical assistance (Paris)
- Lease education or negotiation assistance
- Technical assistance with transition to a cooperative (U.K.)



CASE STUDY: SAN FRANCISCO LEGACY BUSINESS PROGRAM

When San Francisco residents saw long-time businesses shutting their doors at ever-increasing rates, they turned to historic preservation advocacy organization San Francisco Heritage. But existing preservation tools used by the nonprofit could only protect the physical structures in which businesses reside, not the businesses themselves.

In 2013, SF Heritage launched Legacy Bars & Restaurants, modeled after a similar program in Buenos Aires. The program served as a public education campaign to draw attention to the importance—and vulnerability—of San Francisco’s legacy businesses. An online guide and window decals identify and promote legacy businesses. SF Heritage inducted 100 bars and restaurants onto the list; each had existed for 40 years or more, possessed distinctive architecture or interior design, and/or contributed to its neighborhood’s sense of history. SF Heritage focused on bars and restaurants because of their visibility and their importance as community gathering places.

In March 2015, the City of San Francisco Board of Supervisors voted unanimously to create the San Francisco Legacy Business Registry. Businesses must be nominated by a member of the Board of Supervisors or the Mayor and approved by the Small Business Commission if they meet the following qualifications:

1. Minimum of 30 years of operations in San Francisco, with no break in operations exceeding two years;
2. Contribution to the history or identity of a particular neighborhood or community;
3. Commitment to maintaining the physical features or traditions that define the business.

In November 2015, voters passed Proposition J, which created the Legacy Business Historic Preservation Fund. Through Proposition J, businesses on the registry are eligible for annual grants of \$500 per FTE employee, capped at 100 employees or \$50,000 per year. To encourage property owners to sign long-term leases with legacy businesses, property owners that sign a minimum 10-year lease with a registry business are eligible for annual grants of \$4.50 per square foot, up to \$22,500 per year. (However, property owners receiving awards are not required to pass savings along to tenants, nor must they agree to limit annual rent increases.)

In addition to financial support, the program delivers some direct technical assistance to legacy businesses (serving 26 in the first year) and provides referrals to partner agencies. In the coming year, the Office of Small Business plans to provide succession planning resources and training.



It is too early to tell if the program will be enough to keep legacy businesses in San Francisco. With 76 businesses added in the first year, registration has fallen short of the 300-business annual cap. This does not necessarily indicate lack of demand; with just one full-time staff member, the capacity to promote the program and process applications is limited. Another unknown is whether the financial assistance is enough to offset rising costs.

Finally, funding is the largest threat to the program. Funds are appropriated from the general budget so are not guaranteed in perpetuity. The program cost just short of \$700,000 last year, but as new businesses join the registry and seek annual grants, program costs will increase.

Although the effectiveness of both programs has not yet been determined, they have the potential to galvanize additional support for legacy businesses. Above all, these initiatives codify the city's understanding, appreciation, and desire to preserve the unique benefits that long-standing businesses bring to individual neighborhoods and the city as a whole.

76 businesses and non-profits have joined the registry as of March 2017.

\$399,000 was awarded to 51 establishments in FY 2016-17, with an average award size of \$7,824.

15% of grantees are non-profits, and non-profits received 31% of the total grant amount awarded. Two large organizations received awards of \$50,000 and \$48,500.

73% of businesses proposed using the funds for rent or tenant improvements.

\$34,200 in Rent Stabilization Grants have been awarded, for a total of \$34,200.

►► Possible eligibility criteria

When designing a program to support legacy businesses, a key area of concern is the criteria used to define eligibility. The criteria determine who the program will help and have implications for the application process and administration of the program. Eligibility criteria that are subjective (e.g., community impact) may be more difficult to operationalize than rule-based criteria.

San Francisco's legacy business program targets older businesses, but programs in other municipalities in the United States, conversely, target broader subsets of businesses without concern for tenure or specific community impact: In Suffolk County, NY, for example, the county provides affordable capital to help local retail businesses – new and old – move into new transit-oriented developments.

In Portland, OR, preference for Prosper Portland's Affordable Commercial Tenancing Program goes to minority-owned businesses and those displaced by recent development. The program, which recently launched, will lease space in four new developments to local businesses. In one of the developments, the Alberta Commons, tenants will pay rent at 10 percent below-market during the duration of Prosper Portland's 10-year master lease. In addition to subsidized rent, businesses will work with a tenancing coordinator to design their new space and access local technical assistance providers.

Many programs outside of the U.S., including in Buenos Aires, U.K., and Paris, are targeted towards specific business types that are considered culturally important, such as pubs or bookstores.

“We have known for hundreds of years just how valuable our local [pubs] are. Not just as a place to grab a pint but also to the economies and communities of those they serve, and that is why we are doing everything we can to support and safeguard community pubs from closure.”

—Brandon Lewis
U.K. Community Pubs Minister

Community Impact

Some programs target businesses that contribute to a community's identity, history, architectural character, or sense of place, or provide some other community benefit (i.e., gathering space):

- Cultural identity or history (Paris, SF, London, Buenos Aires)
- Community benefit (U.K.)
- Preservation of architecture (SF, Buenos Aires)

Industry/Business Type

Some programs target specific industries because they contribute to a community's identity, provide community gathering spaces, are particularly vulnerable, or are otherwise important to a community:

- Bars & Restaurants (Buenos Aires, SF)
- Pubs (U.K.)
- Bookstores (Paris)

Local/Independent

Some programs target any local and independent business, regardless of industry, tenure, or ownership:

- Independent retail businesses (Suffolk County, NY)
- Non-chains (SF, Aspen, Sonoma)

Owner Characteristics

Some programs focus on businesses that are owned by individuals or groups considered particularly vulnerable, disenfranchised, or underrepresented in the business community, such as:

- Minority-owned businesses
- Women-owned businesses
- Businesses owned by low-income individuals

Tenure

Some programs have explicit criteria based on the age of the business:

- 30 years in business or 20 years if facing imminent threat (SF, proposed in Chicago)
- Start-up businesses (Cambridge)

►► What programs work? How would they translate in Seattle?

A program must fit within the legal framework in which OED operates. While this study did not uncover a low-cost, high-impact set of solutions, many of the programs reviewed appear to provide at least some degree of support to vulnerable businesses and/or respond to community concerns. When comparing the relative strength of interventions, it is important to consider both the feasibility and impact of a program. The feasibility of a program can be thought of as some combination of its legality (or regulatory constraints) and the resources required to support it. The impact can be defined as the product of how effective the program is in assisting businesses by the number of businesses that the program could serve. The following are a set of questions that are used to assess these approaches.

Program Feasibility:

1. **Legal/Regulatory framework:** Is the City of Seattle authorized to implement the program? Would it require a legislative change?
2. **Cost/Scalability:** What is the level of resources (financial, staff) required to implement the program? Are there savings related to scaling the program up?

Program Impact:

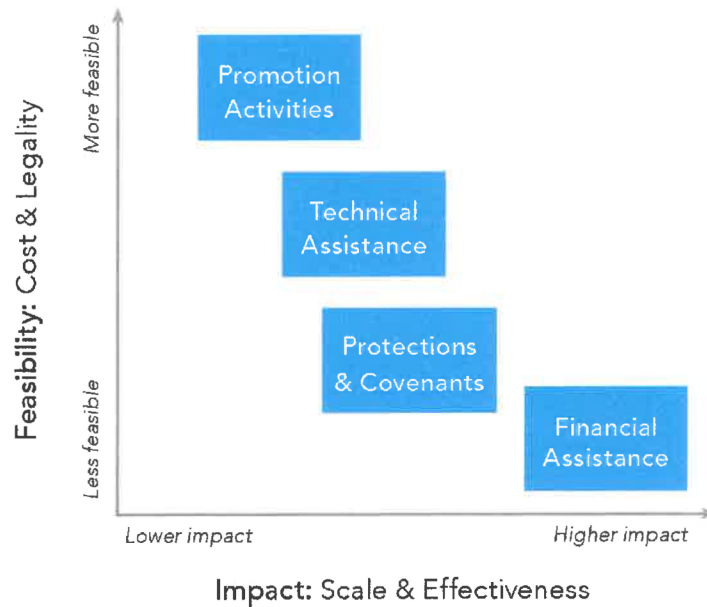
1. **Number of businesses served:** How many businesses can the program reach?
2. **Effectiveness:** Does the program significantly improve a legacy business's viability? Does the program result in the preservation of legacy businesses and their contributions to Seattle's culture and community?

Most of the programs reviewed are still in the initial stages of development, so it is too early to gauge their long-term effectiveness. Another challenge is the lack of rigorous study of program results: most cities report program outputs but fall short of reporting outcomes and impact. For example, we know that San Francisco has registered 76 businesses to the Legacy Business Registry and distributed \$399,000 in direct financial assistance to legacy businesses during the first year. We do not yet know, however, the long-term result of this assistance.

Additionally, many programs reviewed combine multiple interventions, so it is difficult to tease out drivers of success: in the UK, for example, the More than a Pub program has resulted in 50 community-owned cooperative pubs nation-wide. The program provided both technical and financial assistance, so it is uncertain which drove the program's success. It is also uncertain whether the program's assistance is enough to preserve community pubs for the long-term in cities like London where costs of doing business continue to rise.

While a precise measure of program effectiveness may not exist, we use initial program outputs, and interviews with practitioners to relatively compare program types on a continuum of feasibility and potential impact.

QUALITATIVE ASSESSMENT OF PROGRAM TYPES
BY FEASIBILITY AND IMPACT



Promotion Activities: While legal, low-cost and easily scalable, it is unlikely that promotional activities alone will result in the widespread preservation of legacy businesses. Existing programs have shown some positive impact, however: San Francisco’s Legacy Bars & Restaurants promotion raised awareness of legacy businesses and spurred further public investment.

Technical Assistance: Requires more resources than promotional campaigns, but is scalable to some extent because technical assistance providers can assist multiple businesses. There are no legal restrictions, and effectiveness would depend on the quality and type of assistance provided. The best technical assistance is targeted in both substances and to those in need.

Protections & Covenants: High potential for impact due to mandated protections for legacy businesses, but would require legislative changes and some program administration. Depending on the action, some protections or covenants would need to be evaluated for legal issues or unintended consequences.

Financial Assistance: High degree of impact depending on the level of assistance provided. Feasibility is low, as there are legal restrictions on providing financial assistance to for-profit businesses in Washington. The number of businesses served is directly proportional to the financial investment, so there are no cost savings related to scale.

WHAT IS SEATTLE CURRENTLY DOING TO HELP LEGACY BUSINESSES?

The Office of Economic Development (OED) currently offers support to small businesses through direct contact from OED staff, partnerships with local service providers, and support to neighborhood business districts. These programs are not explicitly targeted at legacy businesses but may benefit legacy businesses nonetheless. OED staff members connect with small businesses to provide information and support via outreach to neighborhood organizations, presence at trade shows and other community events, or through direct contact from business owners seeking assistance.

Technical Assistance

Direct business support includes the following:

- Information and assistance navigating city regulations and permitting processes.
- One-on-one technical assistance: a consultant contracted by OED provides one-on-one assistance to entrepreneurs with business plan development and operational management, marketing, and financial management. The current focus is on businesses directly impacted by major infrastructure construction projects.
- Referrals to local technical assistance providers.
- Market and industry information: The Business Decision Engine, an online tool offered on the OED website, provides businesses with data related to industry trends, competition, workforce, etc.

Support to Business Districts

The City works with neighborhood business districts to support thriving commercial districts:

- Only in Seattle Initiative: Provides ongoing support to business districts and approximately \$1,400,000 in grants for districts to work in five strategy areas: organization, marketing & promotion, business and retail development, appearance & pedestrian environment, and safety.
- Peer network for business owners and community partners in business districts to build skills and share lessons learned.

Small Business Lending and Financial Assistance

OED promotes access to capital through referrals to alternative lenders and direct partnerships with Community Development Financial Institutions (CDFIs).

- Grow Seattle Fund: Offered in partnership with the National Development Council (NDC), the Grow Seattle Fund provides flexible and patient expansion loans for existing businesses. Loans range from \$100,000 to \$3,000,000.
- Financial support for micro businesses: The program offers zero-percent interest loans and Individual Development Accounts (IDAs) to low-income entrepreneurs. Offered through MercyCorps Northwest, the program incentivizes small businesses to build long-term assets. Participants save \$500 over six months and receive an 8:1 match (\$4,000) to invest in their business.

New Programs Currently Under Development

In addition to current programs, the City is working on several new initiatives that will improve the resources available to legacy businesses. These include:

- Exploring ways to incentive affordable commercial space in publicly owned properties.
- Commercial Affordability Consulting Team to assist small businesses and small-scale property owners.
- Revisions to the existing SCDI design review process to solicit and incorporate community input (including input from business groups and businesses) sooner in the permitting process.

WHAT COULD SEATTLE DO?

Seattle is already delivering effective business retention programs, and additional work could further support legacy businesses.

►► Challenges

The City of Seattle does face several challenges in formulating an effective program to assist legacy businesses.

- **Legal context.** Washington State has strict constitutional limitations on economic development. Cities (or counties) may not directly give or loan money to private businesses for economic development. Specifically, Article 8, Section 7 of the State Constitution provides: “No county, city, town or other municipal corporation shall hereafter give any money, property, or loan its money, or credit to or in aid of any individual, association, company or corporation, except for the necessary support of the poor and infirm.” This means that programs like San Francisco’s program, which provides grants directly to businesses and landlords, would face legal hurdles in Seattle.
- **Underlying market conditions.** City programs have limited ability to impact key underlying market conditions and consumer tastes that frame the business prospects of small businesses. Many of the challenges facing legacy businesses—such as low-profit margins and shifts in consumer spending habits—are rooted in market realities.
- **Limitations in economic development resources.** Direct economic development efforts can utilize federal funding received by Seattle that authorizes that use. The largest fund source available is the federal Community Development Block Grant Program (CDBG). The bulk of Seattle’s CDBG budget is

reserved for social service programs benefitting low-income individuals, and economic development assistance only receives a small portion of the City’s CDBG budget. Moreover, the City continues to experience federal budget cuts to its annual CDBG entitlement. Current efforts are exploring the ongoing effects of utilizing federal and other non-City funding sources.

- **Definition of legacy businesses.** There are no widely accepted definitions of “legacy businesses.” This analysis has established some working terms, but there is room for further refine the definition regarding firm tenure, ownership, size, sector orientation, and community impact. The most challenging of these is community impact where there are no easily accessible definitions (or data) on how businesses might support the short- or long-term welfare or people in the community.
- **Limited data about legacy businesses.** Also the definitional issues described above, there is limited Seattle-specific, comprehensive, and precise data on business characteristics and the reasons why long-tenured firms go out of business. Also, there is little professional or academic study on the effectiveness of programs targeted at “legacy” businesses as defined in this study.
- **Unintended consequences.** Public efforts to support legacy businesses can achieve a socially efficient allocation of resources if they support the viability of culturally and historically important businesses without harming consumers or other businesses. However, it is not in the public’s best interest to protect poorly run firms from competition, arbitrarily pick winners and losers, and create barriers to entry for new firms.

►► Program options

Based on our work in this study, there are three potential courses of action that the City could pursue to support legacy businesses:

1. **Refine or expand existing OED programs to better support legacy businesses.** OED has many existing programs that promote economic development and support small businesses, including the Only In Seattle Initiative and the Mayor's Commercial Affordability Initiative. These programs could be modified to add a legacy business lens.
2. **Create new business assistance programs specifically targeted towards legacy businesses.** Older legacy businesses may face specific challenges that are not currently emphasized in OED programs. For example, new technical assistance programs could be targeted towards successful succession planning or lease education.
3. **Work with other city departments to create a comprehensive legacy program that includes community groups and non-profits.** Non-profits may play similar roles to legacy businesses, in that they provide community gathering places and strengthen the social fabric of the city. OED could partner with other City departments (including the Department of Arts and Culture and the Department of Neighborhoods) to create a comprehensive program that provides resources to support these community legacy businesses and groups.

The following pages discuss each of these program options in more detail.

Better data on legacy and small businesses is needed.

In addition to the three program options, the City could pursue the creation of a comprehensive business and employment data set for Seattle. This dataset would provide more insight into legacy businesses (and other small businesses) and help the City formulate effective policy responses.

The creation of a business and employment data set would improve the City's understanding of firm dynamics about many of the issues confronted as part of this study, including how many legacy businesses exist, why old firms go out of business, and neighborhood-level impacts. Using current administrative data gathered by state and city agencies, the City can link employment, business license, business output information to create deeper intelligence on firms on their performance and differentials by relevant issues.

►► Option 1. Refine or expand existing OED programs to better support legacy businesses.

Seattle OED currently operates a range of local, small business assistance retention programs (see page 40 for additional details). While legacy businesses are not a focal point of these programs, finding ways to better reach or tailor programs to legacy business would be beneficial. OED already offers technical assistance to businesses and those services could be tailored to better reach legacy businesses.

Opportunities to refine OED programs through a legacy lens include:

- **Targeted outreach for the Grow Seattle Fund.** Grow Seattle is a partnership with the National Development Council (NDC). It provides flexible and patient expansion loans for existing businesses. Loans range from \$100,000 to \$3,000,000. Legacy businesses may be able to access these funds to deal with one-time space planning or other business needs. Targeted outreach to minority and women business owners may be warranted to account for greater observed challenges from those groups accessing lending.
- **Marketing and promotion.** All small business struggle effective marketing and promoting their business to customers. Targeted marketing technical assistance or recognition programs could be beneficial. Local chambers, business groups, and government agencies periodically recognize local businesses. OED could work with these groups to tailor a legacy business award that would recognize the business for their impact on the local community.

- **Commercial Affordability.** Based on the Commercial Affordability Advisory Committee's recommendations, the City of Seattle will implement provisions to include affordable commercial space for food and retail businesses in publicly owned spaces and deploy a Commercial Affordability Consulting Team to assist small businesses and small-scale property owners. As part of these initiatives, special attention can be given to legacy businesses for affordable commercial space or assistance given from the consulting team.
- **Only in Seattle Initiative.** The Only in Seattle initiative provides ongoing support to business districts to work in five strategy areas: organization, marketing & promotion, business and retail development, appearance & pedestrian environment, and safety. As part of their cooperation with OED, the business districts can incorporate approaches to be inclusive of legacy businesses along the respective strategy areas.

These would be lower cost options that could likely be implemented within existing resources, yet some additional support may be necessary. Since the activities are mostly outreach and definitional or exist within current program efforts, there will likely be no legal implementation efforts.

►► Option 2. Tailor existing technical assistance programs specifically addressing unmet needs of legacy businesses.

Seattle OED currently operates a range of local, small business assistance retention programs (see next page for additional details). While legacy businesses are not a focal point of these programs, finding ways to better reach or tailor programs to legacy business would be beneficial. OED already offers technical assistance to businesses and those services could be tailored to better reach legacy businesses.

Based on analysis and outreach conducted as part of this study, legacy businesses may face challenges for which outside technical assistance could be beneficial. OED already provides technical assistance and could expand its offerings to include new programs specifically tailored to fit the needs of legacy businesses. This includes succession planning, commercial leasing support, and exploring ways for businesses to buy their space as opposed to lease. Potential technical assistance programs include:

- **Succession planning.** Many small business owners have no exit strategy for their businesses in the event of their disability or retirement. Running a small business is challenging and all-consuming affair. Most small business owners focus their energies on business survival and future growth. However, a planning for a business exit strategy means planning for retirement (or a next venture) but also means having a plan for the succession or transfer of ownership of the business. Finding a suitable successor is a difficult proposition. Not all employees or family member are well suited to run a business. As part of the OED technical assistance offerings, succession planning services could be offered to inform business of succession planning services and connect business owners with other entrepreneurs that might be interested in purchasing the company.

- **Lease and space planning assistance.** Leasing commercial space is one of the largest expenses incurred by small business. Rent costs are one of the largest operation costs (outside cost of goods sold) that many legacy businesses will confront. Many small businesses are not familiar with the terms of leases or lack the resources to be connected with reputable professionals. OED could provide specialized resources for leasing commercial space that could cover key items such as the general lease agreement (i.e. price and term), expense items outside of rent such as common area charges, maintenance and repair responsibilities, add-on clauses, and default provisions.
- **Condominium-ization or joint ownership of retail space.** There are many issues related to the creation of condos for retail that could be explored as way for legacy businesses to own and control their space. While upfront capital would be needed, owning the space could be advantageous to longer tenured businesses where because ownership insulates them from rapid increases in commercial rents or physical displacement. There could be an opportunity as Seattle sees more demand for condo properties but this would also need to consider the entanglements that co-op or condo boards might present. Commercial land trusts are another option that the City could explore as a way to help legacy businesses control their spaces.

In comparison with Option 1, this is a slightly higher cost option that could likely be implemented with expanded resources. The technical assistance offered in these actions would require expanded services regarding succession and real estate assistance. Because these are new services, legal review would be required to ensure that the programs comply with Washington State law.



CASE STUDY ON THE IMPORTANCE OF SUCCESSION: **OLD SCHOOL FROZEN CUSTARD**

Old School Frozen Custard opened in 2007 and quickly became a Capitol Hill favorite. While the two other Seattle locations of the small chain closed in the coming years, the Capitol Hill location remained, much to residents' delight. When its co-owners were ready to retire after nine years, they wanted to keep the store alive and sought to sell to new owners. They were initially unsuccessful; Old School closed in 2016 and was duly eulogized in various neighborhood blogs.⁶²

Fortunately, two locals and longtime fans of Old School saw the closure and decided to step in to resurrect the store.⁶³ Meg and CJ Chaney had loved Old School for years, so much so they served it at their wedding instead of cake. Passionate about the product, they bought and quietly reopened the store, keeping the classic recipes and community atmosphere. They've kept their day jobs as a producer for an app store games company and founder of a tech company, respectively, in addition to continuing to run "Meg's Retro Cookies," which Meg founded in 2014. Naturally,

the cookie company now supplies Old School with baked goods for ice cream sandwiches. Thanks to the quick involvement of the Chaney's, Seattleites continue to enjoy Old School's frozen custard.

While the serendipity—and a strong neighborhood connection—worked out well for Old School, many small businesses do not have succession or sale plans that might allow for their continued operation. Viable businesses may close when an owner decides to move on and cannot find a willing buyer. However, succession planning is complicated, and all situations are unique yet assistance in finding buyers, transitioning out of business, and structuring the financial sale or lease of business. For example, SBA's 7(a) loan program can help a qualified buyer finance the purchase of business over as many as ten years.

►► Option 3. Work with other city departments to create a comprehensive Legacy Program that includes community groups and non-profits.

Many business and community stakeholders related the community impact of legacy business to the services provided by a range of community, housing, arts, and social service organizations that tend to be non-profit in composition. In addition to OED, the City may consider bringing in a number of other city departments that have working and informal relationships with these groups, such as Department of Neighborhoods and Department of Arts and Culture. Coordination between departments would likely be necessary to create a more comprehensive legacy program and find dedicated resources to support actions.

A formal legacy program would require additional City resources to support any assistance/incentives offered along with increased administrative expenses. Of the three options, it would have the highest cost. Since this would be an entirely new program, there would be higher programmatic costs associated with staffing, legal review, and program design.

At a minimum, this effort should be focused on defining the following program parameters:

- **Definitional and eligibility criteria.** As noted above in the legacy business definition section, there are myriad of dimensions that must be addressed, considered, and defined to identify the population of entities. This study has settled on a workable definition, but city decision-makers may desire to amend the particulars.
- **Nomination or application process.** Given the complexity of issues surrounding community impacts, many national and international programs have used some form of application or nomination process to formalize consideration. In some settings, a business may petition to be considered, or local community and elected officials may nominate entities.
- **Screening, scoring, and selection process.** Following the nomination or application process, there may need to be some screening (which could include some formal scoring process) to select and confer legacy status on an entity. Here, a critical issue will be the determination of what body determines the status and the process for doing so. Would city council decide or would that authority be delegated to some existing or new body?
- **Resources for Support.** As stated above, the city has limited ways it can support businesses due to legal, constitutional limitations. Further, it has limited financial resources at its disposal from which it could draw to support new activities. Moving forward, it would be likely that legacy support programs would need to

WHAT COULD SEATTLE DO?

either 1) reprogram existing levels of funding, or 2) seek new forms of incentives or financial support. Based on the review in the study, a handful of ideas were considered below. Regardless, any deployment of resources would need to consider, at a minimum, how long would the support last; who would administer the funds; and what oversight or audit measures would need to be in place. Options for funding sources include:

- **Use of existing CDBG monies.** CDBG monies are a fixed amount, and no new money is available for legacy businesses. The City has some flexibility with its use of CDBG, but using CDBG for legacy businesses and community organizations would require re-examining existing priorities.
- **Preferential tax treatment.** The City could extend preferential tax treatment to a new class of legacy businesses through the exemption of business and occupation taxes or utility rate/tax exemptions. The tax expenditure for these programs would mean less tax revenue collected or that the burden of funding them is shifted to other taxpayers.
- **Other City Programs**
 - The City may explore the use of affordable housing programs that the city administers to create affordable commercial space that non-profits may occupy. This may be challenging given the limitations of commercial programming spaces in these projects as well as the impact it would have on available resources for affordable housing.
 - The City may consider using the street/alley vacation process and require that the project must provide affordable commercial space and sign a long-term lease with a legacy entity as part of its community benefit requirements.
 - The City may revise its incentive zoning-density bonus program to include a provision for commercial affordability as a condition of participating in the program. This may be challenging given the focus of the incentive program on housing affordability and the implementation timeline of the Mandatory Housing Affordability program.
 - The City may consider the creation of an 8-year multifamily property tax exemption (MFTE) program targeted towards legacy businesses. As a condition of approval of the tax exemption, a project must provide affordable commercial space and sign a long-term lease with a legacy business or community group. The legality of this program would need to be reviewed, as well as its impact on city property tax collections and how it would work in conjunction with the 12-year affordable program currently in place.



CASE STUDY ON NAVIGATING THE TRANSITION FROM LEGACY BUSINESS TO NON-PROFIT: **SCARECROW VIDEO**

Scarecrow Video is a globally recognized haven for film preservation and movie aficionados. Founded as a video rental store in 1988 in the University District, Scarecrow is known for both the quality and size of its collection; with more than 130,000 titles, it is well over ten times the size of Netflix's catalog. Many of its titles are rare films preserved from around the world, some of which are only available at Scarecrow. Despite the rarity of its catalog, every title is accessible to the public, making Scarecrow a beloved establishment for generations of Seattleites.

Scarecrow successfully changed hands when its founder retired in 1998. In the late 2000's, however, rental business steadily declined due to competition from online downloads and streaming services. Between 2007 and 2013, revenues fell by 40%.⁶⁴ In 2013, Scarecrow's owner sent out a plea for the community support that resulted in a temporary uptick in business, but the store's future remained uncertain.

Fortunately, store employees created a plan to save Scarecrow by turning to a non-profit business model. In 2014 the owners of the original for-profit business donated the collection to the new non-profit, The Scarecrow Project. The board of the non-profit is made up of employees and community members. To fund the transition to non-profit, Scarecrow raised \$130,000 through a Kickstarter campaign,⁶⁵

which served as both financial support and a signal of the public's willingness to support Scarecrow's mission.

Three years later, Scarecrow continues to be a community landmark. While the transition continues to be demanding, the non-profit model allows for flexibility in membership, donations, and volunteers.⁶⁶ Scarecrow's focus is on maintaining a high-quality, accessible public archive and hosting community events both at their location and in the community. On a recent survey of the businesses that Seattleites most fear will close, Scarecrow topped the list, but fortunately, the change in business model provides opportunities for a brighter future. With the continued dedication from Scarecrow's many employees, volunteers, and board members, and with the community's continued financial investment, this film sanctuary could be around for many future generations to come.

The Scarecrow example highlights a business whose underlying market place changed necessitating a shift from a private enterprise to one with a public mission. Similar types of organizations with community legacies can be explored as part of a larger legacy program that more holistically examines the public contributions from a range of organizations.

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Roundtables, Focus Groups, and Interviews

U District Partnership Roundtable:

Al's Music Video & Games	Gargoyles
Big Time Brewery	Hardwicks
Brooklyn Ave Dental	Magus Books
Brooklyn Frame Shop	Pink Gorilla
Bulldog News	Scarecrow
Café Allegro	Ugly Mug Café

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Elizabeth McCoury • U District Partnership
Erin Goodman • SODO Business Improvement Area
Karen True • Alliance for Pioneer Square
Larry Reid • South Park Business Association
Leslie Smith • Alliance for Pioneer Square
Lynn Dennis • West Seattle Chamber of Commerce
Maiko Winkler-Chin • SCIDPDA
Paul Dobosz • Downtown Seattle Association
Shanti Breznau • SCIDPDA
Taylor Huang • Ethnic Business Coalition
Tracy Taylor • Capital Hill Chamber of Commerce

Interviews:

Alex Hudson • First Hill Improvement Association
David Lee • Ugly Mug Café
Eugenia Woo • Historic Seattle
Jaimee Garbacik • Ghost of Seattle's Past
Kate Barr • Scarecrow
Messeret Habeti • Assimba Ethiopian Cuisine
Tracy Taylor • Elliott Bay Book Company
Big Mario's, Comet Tavern, 5 Point Café
Northwest African American Museum
Zagol Ethiopian Restaurant