Exhibit D

University District Small Business Vulnerability Study

Survey Findings and Recommendations

U District Small Businesses

U District Advocates

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December, 2017

Preface

Jane Jacobs, in her famous book, *The Death and Life of Great American Cities*, wrote:

> **"The trust of a city street is formed over time from many, many little public sidewalk contacts. It grows out of people stopping by at the bar for a beer, getting advice from the grocer and giving advice to the newsstand man, comparing opinions with other customers at the bakery and nodding hello to the two boys drinking pop on the stoop..."**

Small, independent, owner-operated neighborhood businesses such as pubs and cafes, bakeries, pharmacies, galleries, retailers, makers, dance studios, professional services, and nonprofit organizations are what define neighborhood character and authenticity, and the foundation for vibrant, walkable, and sustainable communities.[1]

Purpose

The purpose of this survey is to better inform the city, small businesses and local community on issues affecting small businesses and nonprofits in the University District. To accomplish this, a series of meetings were convened with small, independently owned businesses within the University District Urban Center to identify and assess small business owners' perceptions of proposed land use zoning changes, concerns, and possible vulnerabilities related to future development and changing economic conditions.

Methodology

The U-District Small Business survey questions were developed through a community process, informed by local businesses and nonprofits, with input from the City's Office of Economic Development and City Council staff. The survey protected respondents' anonymity, and was conducted in-person over a two-week period, between July 24 – August 10, 2017. The survey was conducted by community volunteers with training and supervision by consultant Steinbrueck Urban Strategies. Franchise businesses and larger employers such as the University Bookstore were not included in the survey.

[1] City of San Francisco, Legacy Business Program, 2017

The Ave Survey Corridor

U-District Small Business Survey Summary Results

Based on surveyor field observations, the city's Office of Economic Development (OED) database of active businesses is outdated, particularly where upper floor businesses have not been counted, and other businesses have moved on or are not listed. From field observations it is estimated that there may be 225 or more active small businesses along the Ave, from 40nd NE to Ravenna Boulevard NE. However, no actual count was taken. 123 small independent businesses responded to the survey, with 90% along University Avenue and about 10 % on side streets (to alley line) from 41st NE to 58th NE. There is a broad mix of small businesses ranging from restaurants and cafés to brew pubs, vintage shops, other retail, professional services, non-profits, social services, and arts, dance and performance studios.

Business Characteristics

- Most (85%) are managed by an owner-operator.
- About half the businesses have a 25-foot or less storefront width, (note: some businesses were located above ground floor).
- Over half the businesses surveyed have been operating on the Ave for more than 10 years.
- 65% of the businesses surveyed are women and/or minority-owned.
- Over half employ just 1-5 people, and another 37% employ 5-15.
- 70% of businesses have minority and/or immigrant employees.
- Only 10% of the businesses own their commercial space. Nearly 15% are on a month to month rental basis.
- In size (floor area) almost all the businesses surveyed were below 5,000 SF, with the largest group reporting 1,000-2,000 square foot spaces.

Existing Conditions, Perceptions, and Outlook

- Most businesses (75%) say their current space is "sufficient"
- 73% envision that in ten years they will likely remain in business in the same U-District location, however, increasing rents is a high concern.
- 75% were aware of the U-District rezoning.
- Regarding an upzone of the Ave, nearly 50% of businesses expressed that it would have a negative effect on their business, and 25% are unsure or don't know the results.
- Only 32% of respondents knew that they were BIA ratepayers, while 59% didn't know.
- 71% have never attended a BIA or University District Partnership meeting, and many (50%) would like more information from the city about business assistance programs.
- About half of the employees drive alone to work, followed closely by transit, walking, and biking. Some indicated they may use of more than mode of travel to work.
- Many employers (60%) offer little or no transportation benefits such as transit passes and free parking.
- About a third of businesses provide some type of transportation benefit to their employees. The most common form was free parking, followed by a subsidized transit pass and bicycle storage.

- 60% were unaware of the ORCA LIFT program.
- Many respondents were unaware of the city's business support services, and there is strong interest in learning more about them.

General Recommendations

1) **Gentrification and Displacement:** Many of the small businesses in the U-District are immigrant and minority owned-operated, where English may be a second language. Many tenants are on month to month or short-term leases, making them especially vulnerable to displacement, as the current trend shows parcels being aggregated, smaller buildings are torn down, and full block sites are redeveloped. Sites that have already been determined by the city for planning purposes as "potential development sites" (see Potential Development Map), particularly those determined to have "a higher likelihood" of being redeveloped, have the highest risk of displacement. The redevelopment map provides a means to more accurately identify the locations and number of small businesses that may be at greater risk, where anti-displacement measures and small business protections should be considered.

2) **Zoning and Development Standards:** Re-zoning can have unintended consequences. From these survey results, more outreach by the city, BIA and University District Partnership would be beneficial and highly recommended prior to making substantial revisions to zoning, development standards and the city's design review program. To ensure independent small businesses can remain and prosper on the Ave, a refinement of the zoning, development standards and design guidelines is strongly recommended. For example, the City should craft new zoning and development standards to support a range of sizes for small business tenant spaces (2,000 SF or less) in the zoning.

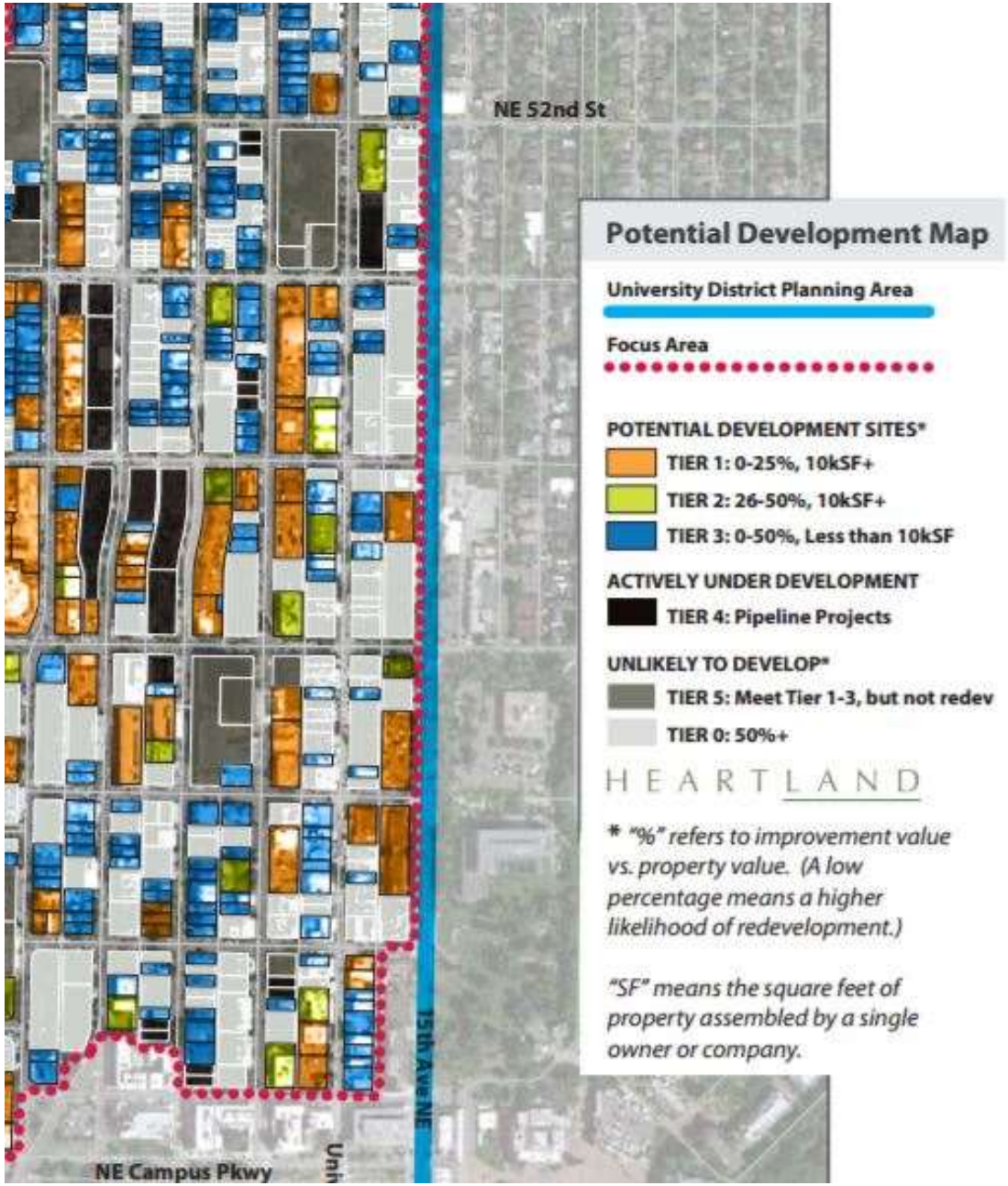
3) **Transportation**: Commute trip modes by employees are still dominated by driving alone. Lack of accessible parking for customers and employees is consistently raised as a concern and a high priority by merchants, while incentive programs such as the Orca Lift appear to be underutilized. A common complaint from businesses is loss of short term street parking due to new construction blockages, street reconfigurations and added bike lanes. It is doubtful that the supply of public parking will be increased – however, the 2021 opening of the U-District light rail station, with an estimated 60,000 riders on the Northgate Link added per day by 2030, should have a long term positive impact on mode shift and reducing traffic congestion.

4) Business Services: The City's (Office of Economic Development) small business support services are under-utilized. This is "low hanging fruit," where additional outreach and resources could serve to strengthen small business success and retention on the Ave. Many of the small businesses are minority and immigrant owned, where language barriers and cultural differences may make communication and outreach more challenging. An updated database of small businesses on the Ave, managed by the City or BIA, would provide a useful planning resource for data collection, tracking, and outreach. The BIA could also provide more flexible ways (e.g. multiple languages, door to door, after hours, etc.) for businesses to share input on its strategies and services.

Some additional strategies to consider:

1) Identify and adopt best practice anti-displacement measures to protect small businesses, such as San Francisco's Legacy Business Program, and PolicyLink's Equitable Development Toolkit. Consider temporary relocation assistance, commercial rent stabilization tools, and incentives for owners to rent to their original tenant even after redevelopment (at an affordable rent).
2) New design guidelines for the Ave are being developed. Besides the citywide design guidelines, a complement of Ave-specific design guidelines could be created and administered through the City's design review program. This would enhance the neighbor business and pedestrian experience by coordinating such things as building facades, signage, streetscape furnishings, lighting, small business storefronts, materials textures, and historic character of the Ave.
3) To avoid "eleventh hour" reactions to an impending redevelopment where an undesignated, but potentially historic, building may be involved, the City's inventory of eligible Historic Landmark buildings on the Ave should be updated with new nominations. The City should aggressively market its Transfer of Development Rights (TDR) program for designated historic buildings, as well as its Special Tax Valuation, which provides financial incentives to rehabilitate historic landmarks.
4) Adopt a size restriction on single tenant development for large corporate businesses to prevent big box and whole block corporate franchise businesses.
5) Develop a coordinated parking management plan of both public (on street) and private (lots and garages) for short-term shoppers and access for the Ave.
6) Strengthen social services and support to address chemical dependency and homelessness.

BOBBINS BUILDING
moksha
Zoomcare
Seoul
OPEN



Source: U-district Urban Design Framework, City of Seattle, DPD, 2013, page 15.

Some Anti-Gentrification Best Practices and Resources

Equitable Development Toolkit for Commercial Stabilization -PolicyLink

"Equitable development is an approach to creating healthy, vibrant, communities of opportunity. Equitable outcomes come about when smart, intentional strategies are put in place to ensure that everyone can participate in and benefit from decisions that shape their neighborhoods and regions. Commercial Stabilization tools help communities build the economic strength of their neighborhood commercial district so that it is better equipped to both serve neighborhood residents' needs and withstand gentrification pressures… With these tools, community organizations can play a role in the management of commercial district to ensure it serves as a community asset." This online toolkit identifies common commercial stabilization elements, and includes 27 tools to reverse patterns of segregation and disinvestment, prevent displacement, and promote equitable revitalization.

http://www.policylink.org/sites/default/files/commercial-stabalizing.pdf

San Francisco Legacy Business Program

The City of San Francisco believes that small neighborhood businesses are a valued cultural and economic asset critical to anchoring unique neighborhoods, and maintaining sense of place and authenticity. The City's Office of Business Legacy Business Program includes an innovative a Legacy Business Registry & Business Historic Preservation Fund, a San Francisco Heritage Legacy Bars and Restaurants Initiative, Business financial assistance grants, and rent stabilization grants.
http://sfosb.org/legacy-business

Small Business Displacement

"Preventing the displacement of small businesses through commercial gentrification: are affordable workspace policies the solution?" Jessica Ferm, Planning Practice and Research, 2016

Abstract: "The displacement of small businesses in cities with rising land values is of increasing concern to local communities and reflected in the literature on commercial or industrial gentrification. This article explores the perception of such gentrification as both a problem and an opportunity, and considers the motivations and implications of state intervention in London, where policies requiring affordable workspace to be delivered within mixed use developments have been introduced. Based on case studies of 13 mixed use developments in London,

the findings reveal the limitations and unintended consequences of affordable workspace policies, leading to a call for planners to revisit and strengthen more traditional planning tools."

http://dx.doi.org/10.1080/02697459.2016.1198546

Addressing Small Business Displacement in San Mateo County
A student project in partnership with Urban Habitat (a Bay-Area non-profit working to create a just and connected Bay Area for low-income communities and communities of color), to address the issue of small business displacement in San Mateo County. Urban Habitat collaborates with Peninsula Faith in Action, and the Lawyers' Committee for Civil Rights of the San Francisco Bay Area to approach the issues of gentrification and displacement from an interdisciplinary standpoint. The primary goal of the study was to identify, through fieldwork involving solicitation of written surveys and voice-recording personal testimonies, the principal causes of small business displacement, and suggest methods of relieving pressures associated with these causes. The team made frequent visits to small businesses along the main commercial strip of Middlefield and conducted interviews, primarily in Spanish, with owners and employees of taquerías, salons, other small retail shops and professional services. The key finding of the study: "Despite steadily increasing commercial rent, most owners felt that increasing rent in the residential areas was forcing the relocation of lower-income community members to more affordable cities, thereby decreasing clientele and constituting the major cause of small business displacement." The study includes a good literature review "to better identify and understand the causes of small business displacement as a part of overall gentrification, as well as investigate different solutions to prevent this displacement."

http://sustainablecities.weebly.com/uploads/1/2/3/3/12335040/urbanhabitat_finalreport.pdf

Urban Habitat
Founded in 1989 by architect and regional planner Carl Anthony, to address "perceived inequitable distribution of public funds and undemocratic decision-making disadvantaged low-income communities of color," and the "structural inequalities in regional land-use and transportation planning." Urban Habitat works to "democratize power and advance equitable policies to create a just and connected Bay Area for low-income communities and communities of color. Its mission is "to confront structural inequities impacting historically disenfranchised communities. Through strategic partnerships, we support increasing the power and capacity in low-income communities and communities of color."

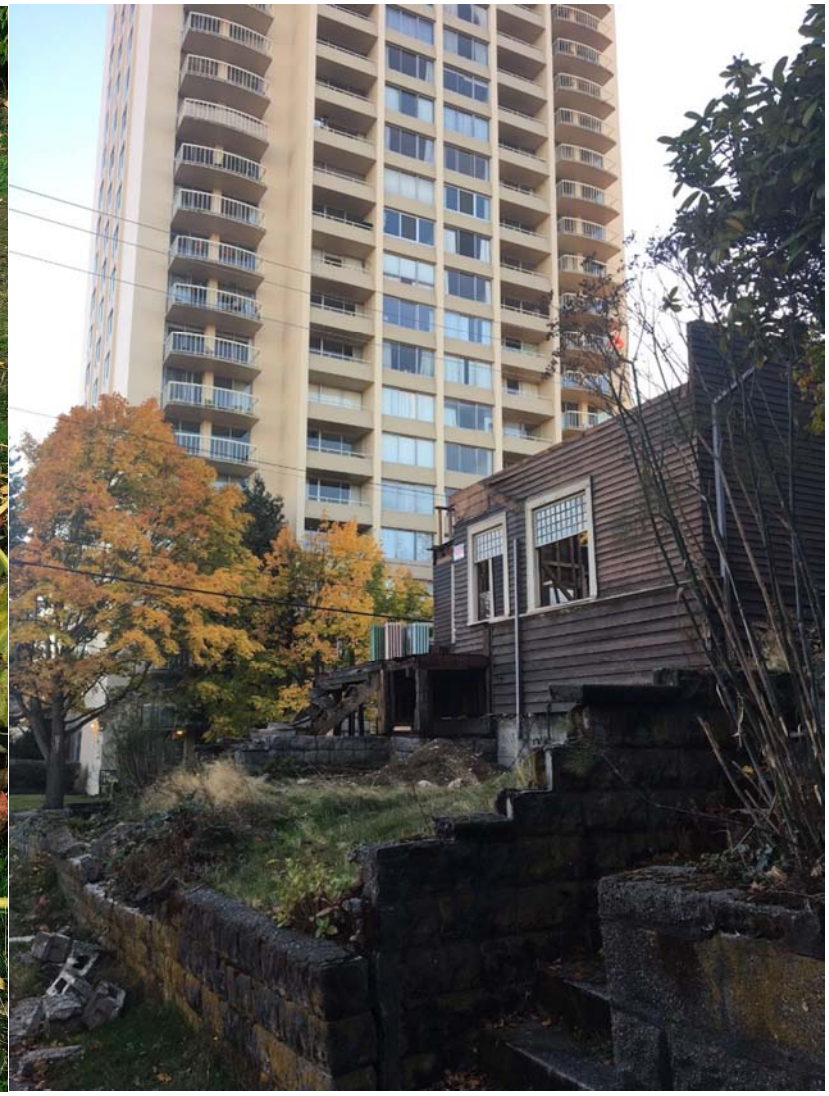
Urban Displacement Project, Berkeley, University of California, 2015
The Urban Displacement Project is a research and action initiative of UC Berkeley in collaboration with researchers at UCLA, community based organizations, regional planning agencies and the State of California's Air Resources Board. The project objective is to better understand the nature of gentrification and displacement in the Bay Area and Southern California. It focuses on creating tools to help communities identify the pressures surrounding them and take more effective action.
http://urbanhabitat.org/

Literature Review on Gentrification and Displacement

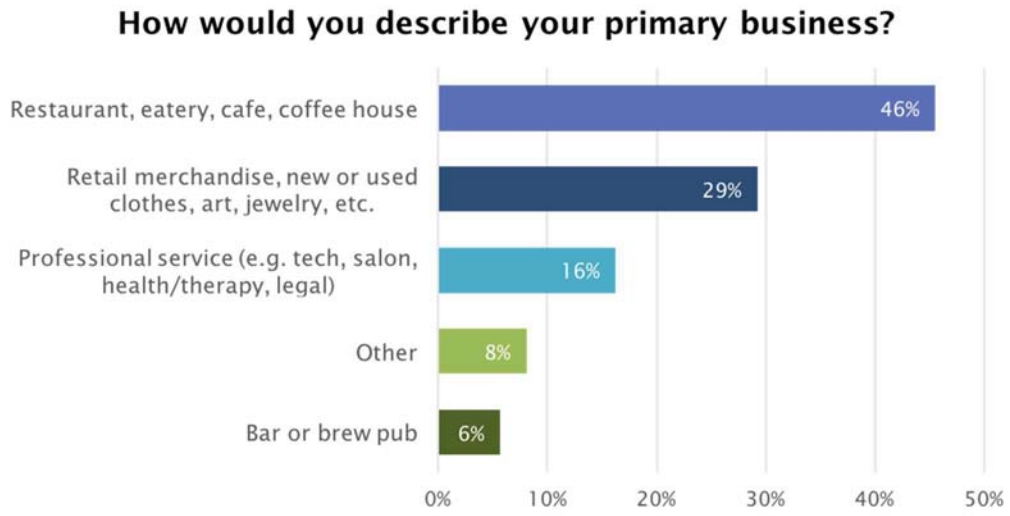
In 2015, the researchers at UC Berkeley and UCLA completed a review of the academic and practitioner literature on gentrification, displacement and its relationship to public and private investments. This review highlights many limitations in the literature and provides detail on the following findings:

1. Neighborhoods change slowly, but over time are becoming more segregated by income, due in part to macro-level increases in income inequality.
2. Gentrification results from both flows of capital and people. The extent to which gentrification is linked to racial transition differs across neighborhood contexts.
3. Commercial gentrification can also transform a neighborhood's meaning, but research is mixed on whether it is positive or negative for existing residents and businesses.
4. New fixed-rail transit has a generally positive effect on both residential and commercial property values, but its impact varies substantially according to context.
5. Proximity to high quality schools and parks, as well as access to highways, increases home values.
6. Displacement takes many different forms—direct and indirect, physical or economic, and exclusionary—and may result from either investment or disinvestment.
7. Despite severe data and analytic challenges in measuring the extent of displacement, most studies agree that gentrification at a minimum, leads to exclusionary displacement and may push out some renters as well.
8. Previous studies have failed to build a cumulative understanding of displacement because they have utilized different definitions, compared different populations, and adopted a relatively short timeframe; there is not even agreement on what constitutes a significant effect. Existing studies rarely account for regional market strength, which undermines their relevance to particular contexts. http://www.urbandisplacement.org/

SQUASH
GENTRIFICATION
FOOD = SQUASH-
FOR YOU

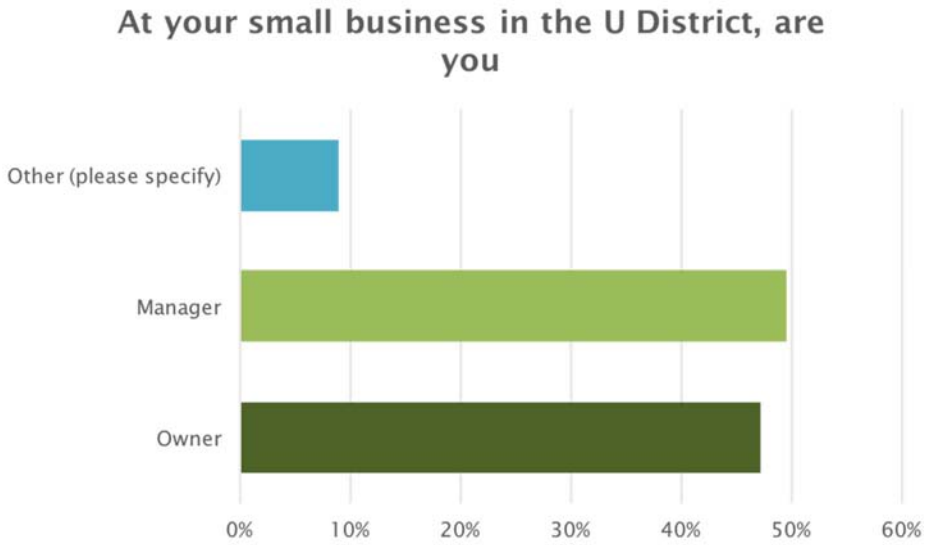


Question 1



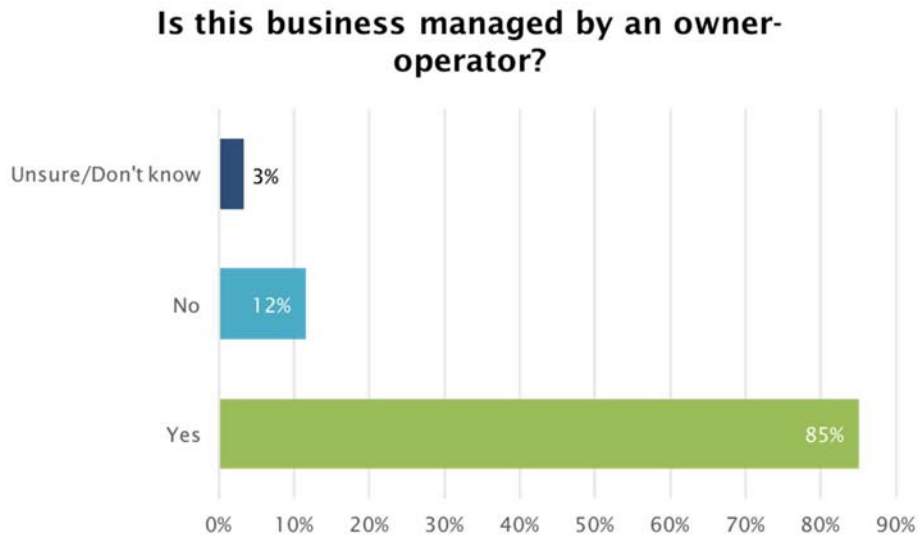
Answer Choices	Responses	
Bar or brew pub	5.69%	7
Other	8.13%	10
Professional service (e.g. tech, salon, health/therapy, legal)	16.26%	20
Retail merchandise, new or used clothes, art, jewelry, etc.	29.27%	36
Restaurant, eatery, cafe, coffee house	45.53%	56
Answered		**123**
Skipped		**1**

Question 2



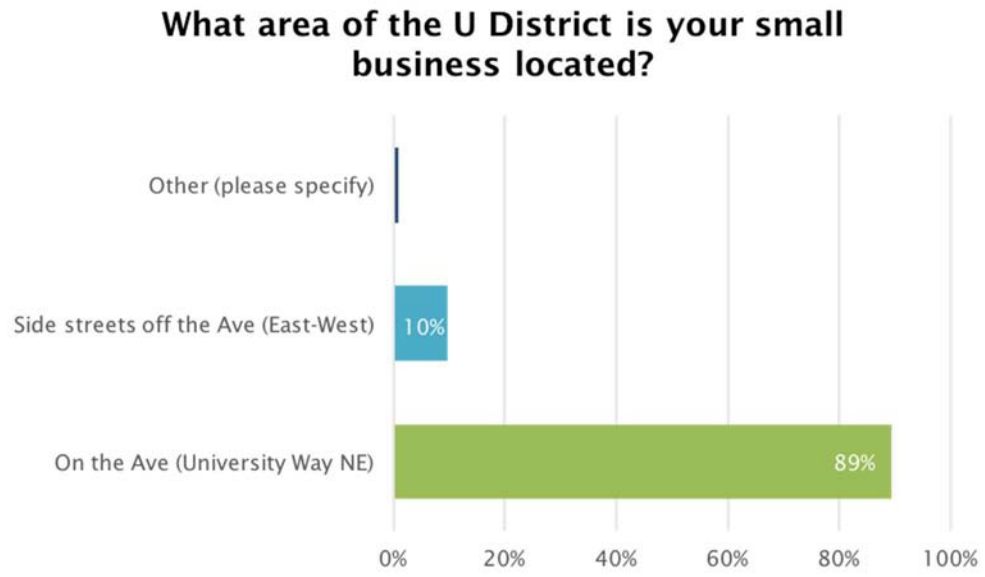
Answer Choices	Responses	
Owner	47.15%	58
Manager	49.59%	61
Other (please specify)	8.94%	11
Answered		**123**
Skipped		**1**

Question 3



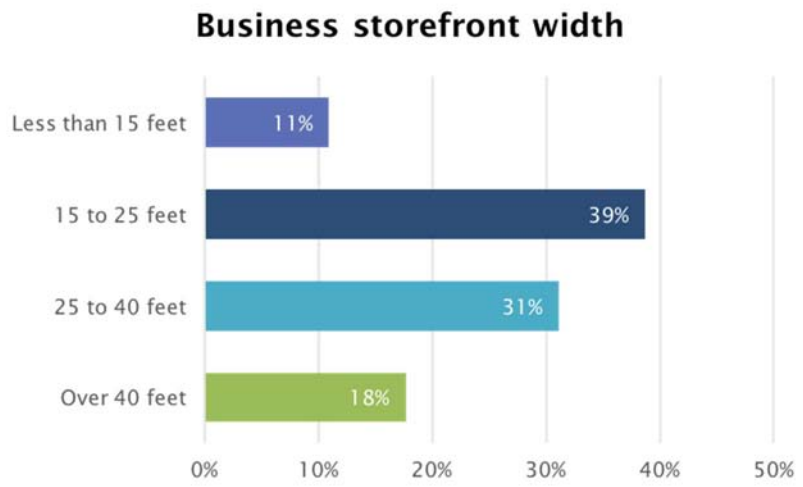
Answer Choices	Responses	
Yes	85.12%	103
No	11.57%	14
Unsure/Don't know	3.31%	4
	Answered	**121**
	Skipped	**3**

Question 4



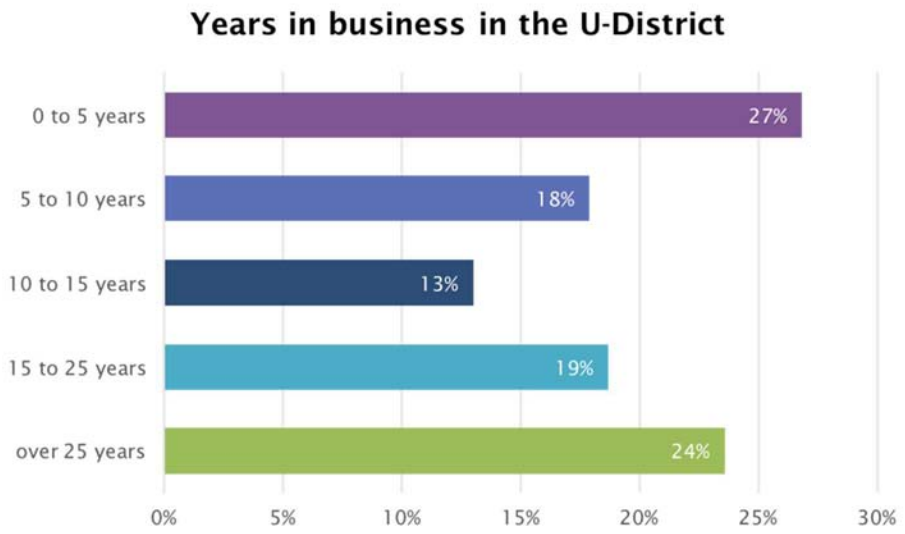
Answer Choices	Responses	
On the Ave (University Way NE)	89.43%	110
Side streets off the Ave (East-West)	9.76%	12
Other (please specify)	0.81%	1
Answered		**123**
Skipped		**1**

Question 5



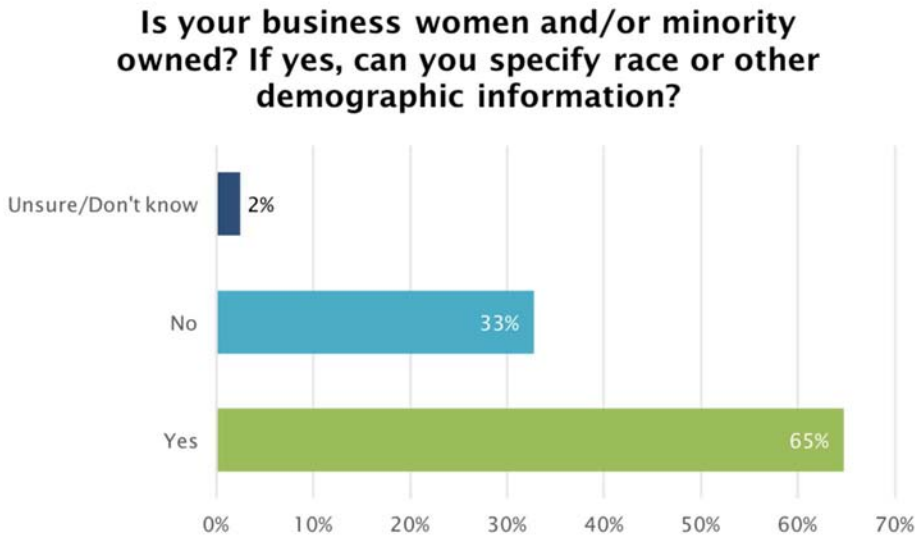
Answer Choices	Responses	
Unsure/Don't know	1.68%	2
Over 40 feet	17.65%	21
25 to 40 feet	31.09%	37
15 to 25 feet	38.66%	46
Less than 15 feet	10.92%	13
Answered		**119**
Skipped		**5**

Question 6



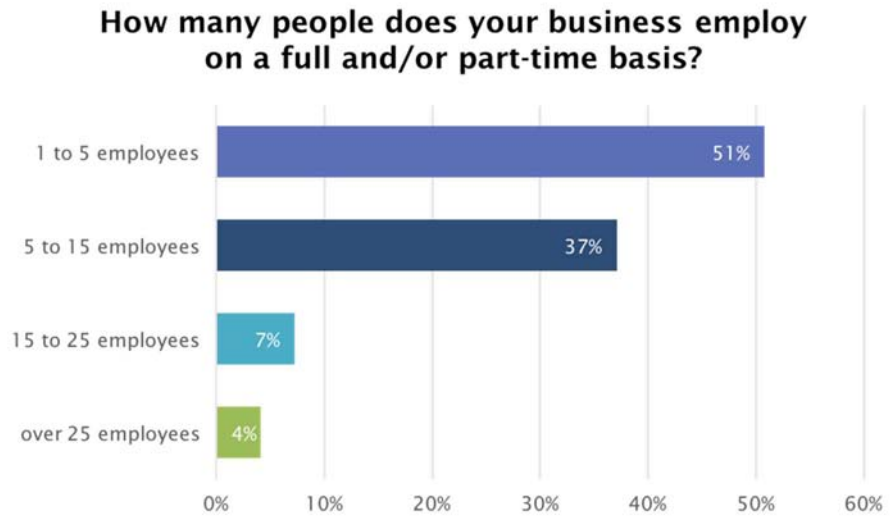
Answer Choices	Responses	
over 25 years	23.58%	29
15 to 25 years	18.70%	23
10 to 15 years	13.01%	16
5 to 10 years	17.89%	22
0 to 5 years	26.83%	33
Unsure/Don't know	0.00%	0
Answered		**123**
Skipped		**1**

Question 7



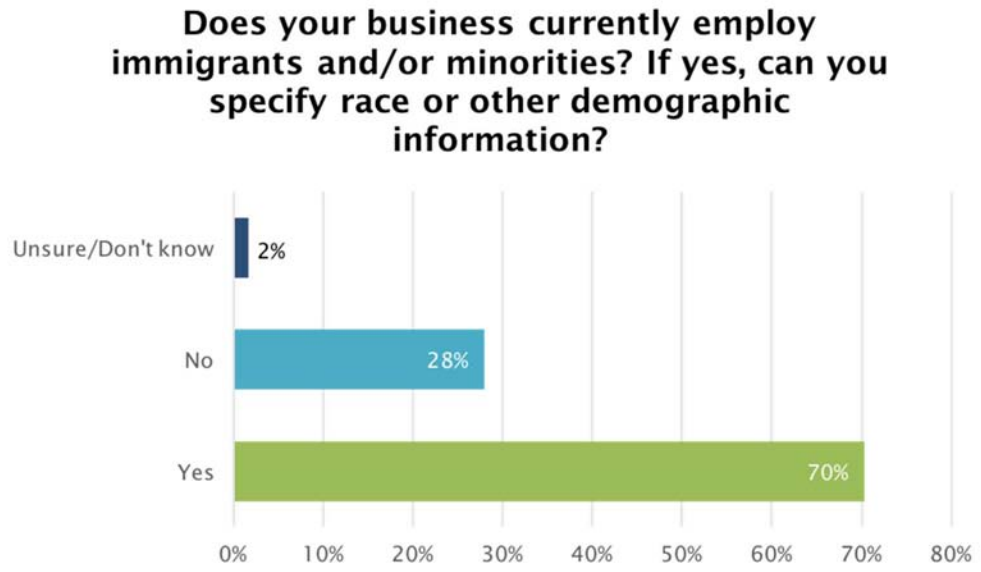
Answer Choices	Responses	
Yes	64.75%	79
No	32.79%	40
Unsure/Don't know	2.46%	3
Please explain:		46
Answered		**122**
Skipped		**2**

Question 8



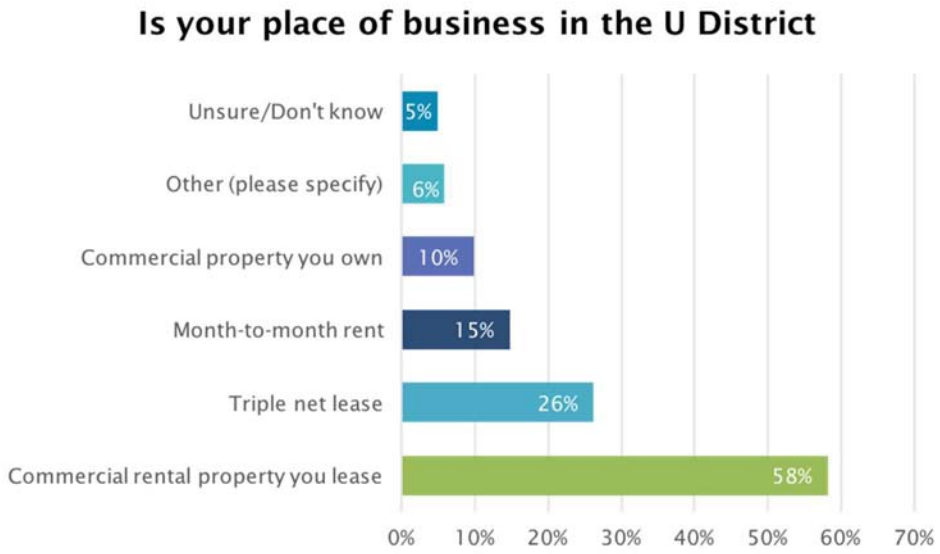
Answer Choices	Responses	
over 25 employees	4.03%	5
15 to 25 employees	7.26%	9
5 to 15 employees	37.10%	46
1 to 5 employees	50.81%	63
Unsure/Don't know	0.81%	1
	Answered	**124**
	Skipped	**0**

Question 9



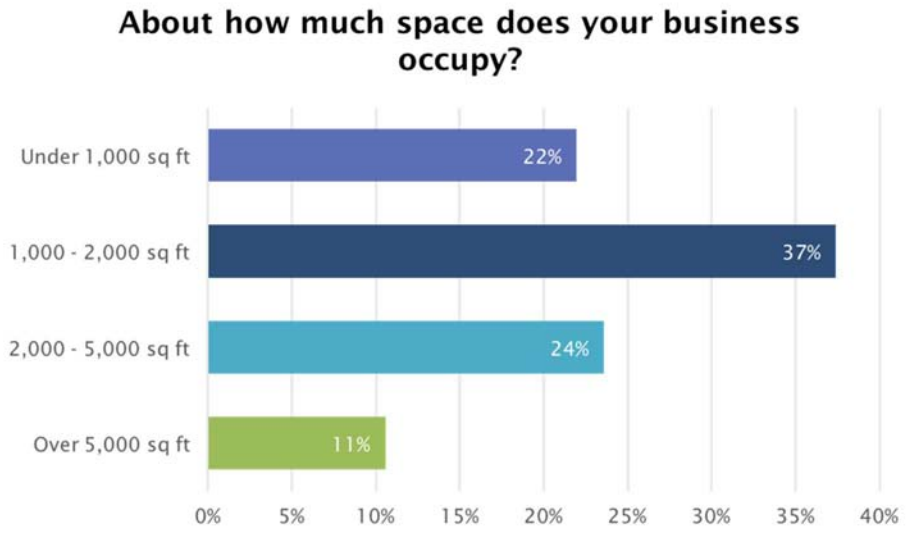
Answer Choices	Responses	
Yes	70.34%	83
No	27.97%	33
Unsure/Don't know	1.69%	2
Please explain:		53
Answered		**118**
Skipped		**6**

Question 10



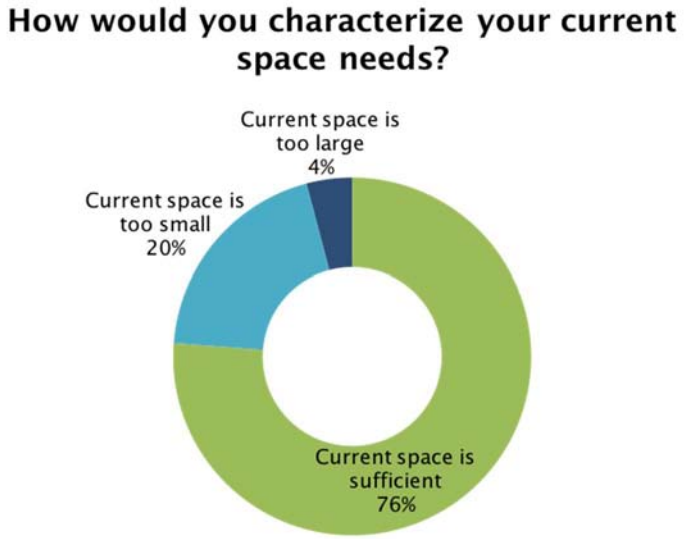
Answer Choices	Responses	
Commercial rental property you lease	58.20%	71
Triple net lease	26.23%	32
Month-to-month rent	14.75%	18
Commercial property you own	9.84%	12
Other (please specify)	5.74%	7
Unsure/Don't know	4.92%	6
Answered		**122**
Skipped		**2**

Question 11



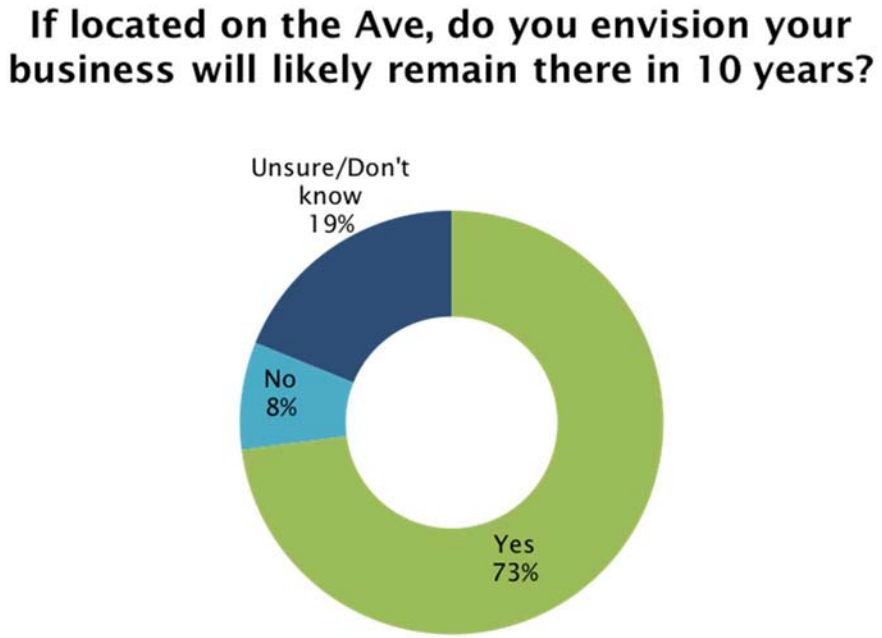
Answer Choices	Responses	
Over 5,000 sq. ft.	10.57%	13
2,000 - 5,000 sq. ft.	23.58%	29
1,000 - 2,000 sq. ft.	37.40%	46
Under 1,000 sq. ft.	21.95%	27
Don't know	6.50%	8
	Answered	**123**
	Skipped	**1**

Question 12



Answer Choices	Responses	
Current space is sufficient	75.61%	93
Current space is too small	19.51%	24
Current space is too large	4.07%	5
Street frontage or other (please specify)	0.81%	1
	Answered	**123**
	Skipped	**1**

Q13: If located on the Ave, do you envision your business will likely remain there in 10 years?



Answer Choices	Responses	
Yes	72.95%	89
No	8.20%	10
Unsure/Don't know	18.85%	23
Answered		**122**
Skipped		**2**

Question 14: (If "Yes") What opportunities or concerns for your business do you have?

- Rent is high/increasing 31
- Homeless 27
- Not enough/loss of parking 25
- Public safety 25
- Don't want neighborhood character to change 17
- Afraid of displacement due to redevelopment 14
- Not enough/volatile business 14
- Concerned about upzoning 14
- Street/alleys are too dirty 12
- Construction disruptions 12
- Drug use 11
- Foot traffic/customer base will increase 9
- High business operating costs 7
- Traffic/access 5
- Link light rail/transit service 5
- Competition 4
- Rising taxes 4
- Online retail cutting into business 3
- Lack of political responsiveness to small business concerns 3
- Want more community input/neighborhood autonomy 3
- Like police presence/want more foot patrols 2
- ADA accessibility 2
- Keeping up with technology 1
- Need more residences for locals, not just students 1

Question 14: (if “No”) What would be needed for your business to remain or relocate in the U District?

- Increased customers/foot traffic 8
- Protection from redevelopment 3
- Affordable rent 3
- More/cheaper parking 3
- Bigger space 2
- Cleaner streets 2
- Lower sales tax 2
- More control over street activity 2
- More marketing 1
- More mental health/social service help 1
- Shift away from online retail 1
- Innovation/new products 1
- Better transportation access 1
- Keep character of U District 1
- No bike lane 1

Question 15: If the property where your business is located were to be up-zoned higher than the existing 65 feet, would it have a positive or negative effect on your small business?

Positive:

- More density/foot traffic = more customers 25
- Area gets developed/cleaned up 2
- Increase in property value 1
- Additional housing would help 1
- Access to TDRs 1

Unsure/don't know:

- Don't expect much/any effect 10
- Don't know how it will affect business 3

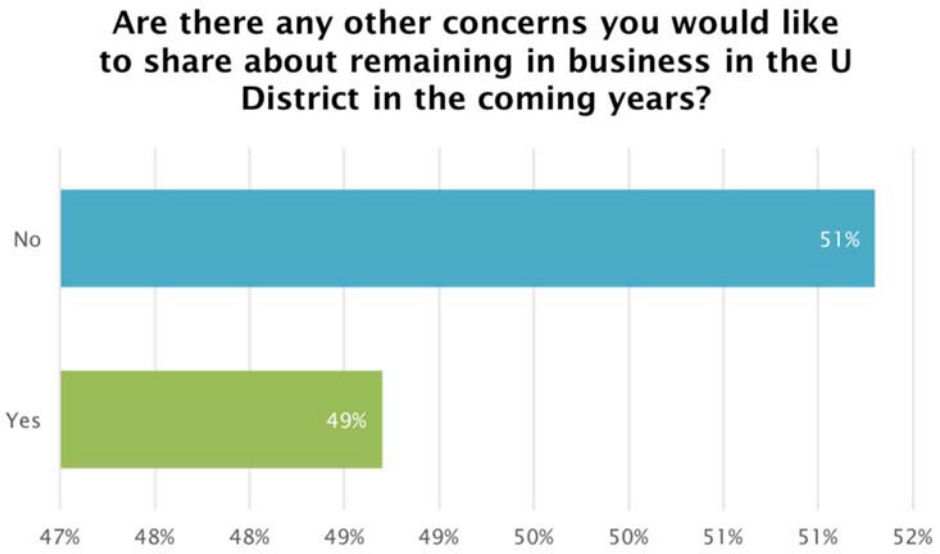
Negative:

- Rent increase 19
- Might be displaced by redevelopment 15
- Construction disruptions 6
- Stress for business 5
- Need more parking 5
- Property tax increase 4
- Losing light to large buildings 3
- Don't want character of the Ave to change 3
- Growth would not guarantee new business 2
- Don't want to lose affordable apartments 1
- Noise 1

Question 15 comments (continued)

- Too much traffic 1
- Too much competition 1
- Current space too small to accommodate increased business 1

Question 16

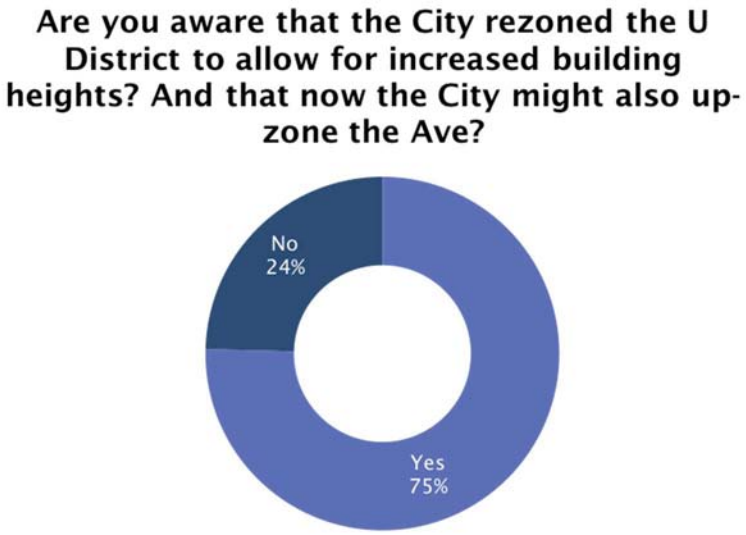


Answer Choices	Responses	
Yes	48.70%	56
No	51.30%	59
Please explain		59
	Answered	**115**
	Skipped	**9**

Other Concerns: Comments (58)

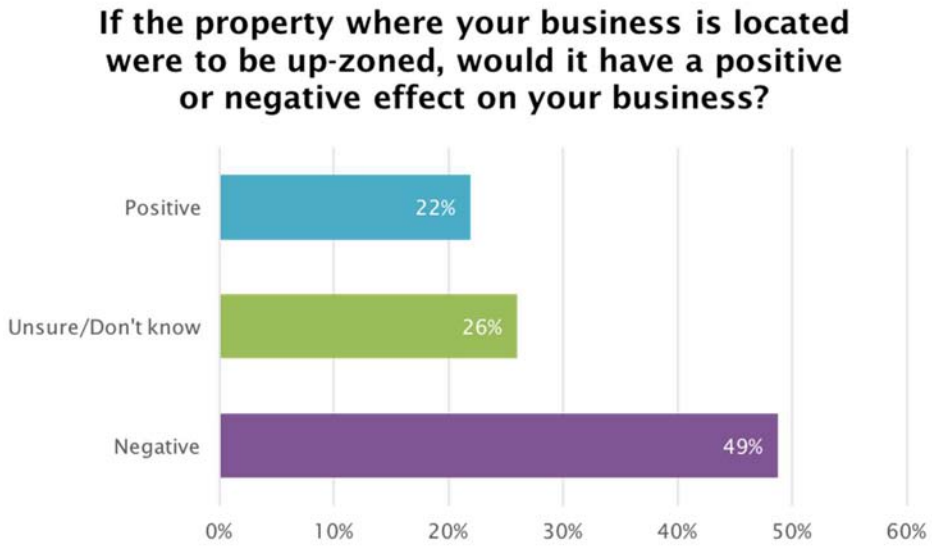
- Gentrification (19)
- Public Safety (12)
- Loss of Character (10)
- Homelessness (7)
- Lack of Parking (4)
- Increasing rents (4)
- Construction Disruption (2)
- Clean Streets (2)
- Uncategorized (5)

Question 17



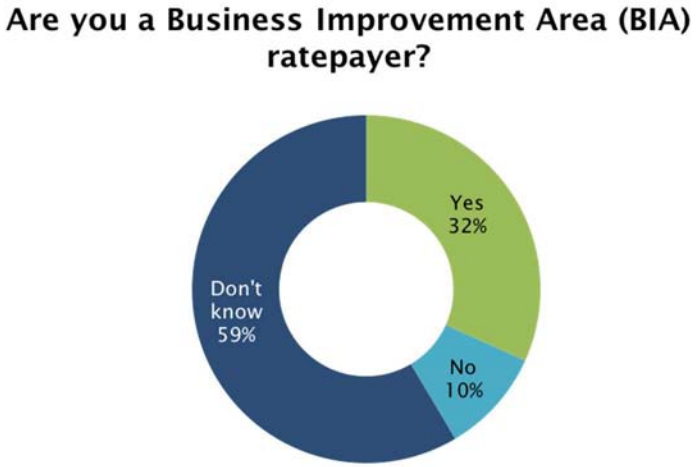
Answer Choices	Responses	
Yes	74.80%	92
No	24.39%	30
Other (please specify)	0.81%	1
Answered		**123**
Skipped		**1**

Question 18



Answer Choices	Responses	
Negative	48.78%	60
Unsure/Don't know	26.02%	32
Positive	21.95%	27
Prefer not to answer	3.25%	4
Please explain		78
Answered		**123**
Skipped		**1**

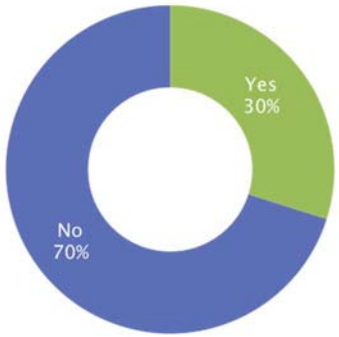
Question 19



Answer Choices	Responses	
Yes	31.71%	39
No	9.76%	12
Don't know	58.54%	72
	Answered	**123**
	Skipped	**1**

Question 20

If you are a BIA ratepayer, do you ever attend any BIA or U District Partnership meetings or events?

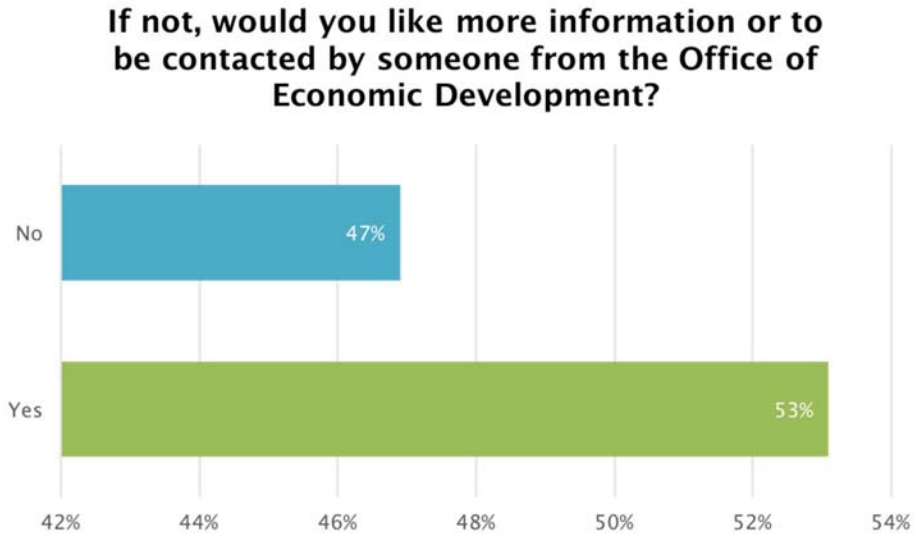


Answer Choices	Responses	
Yes	29.90%	29
No	70.10%	68
Answered		**97**
Skipped		**27**

Question 21

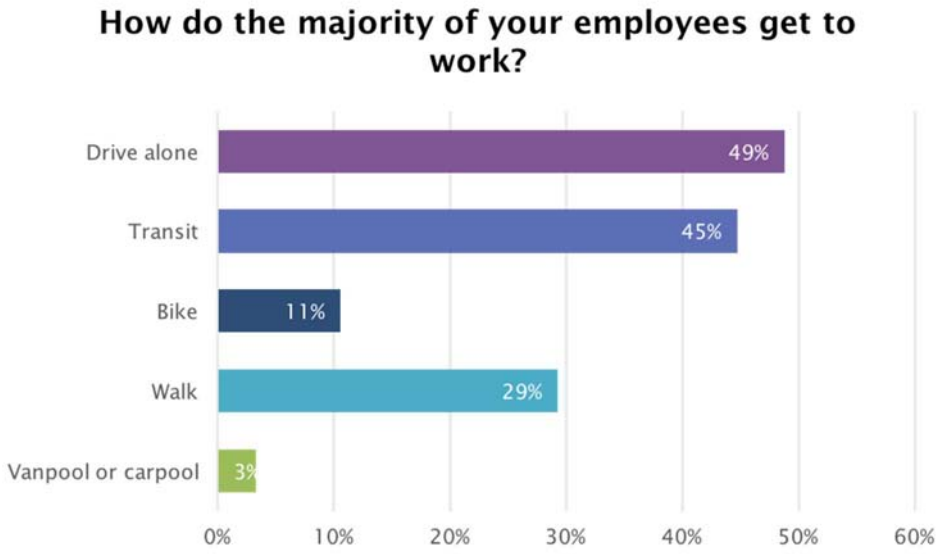
Answer Choices	Responses	
Yes	40.65%	50
No	59.35%	73
	Answered	**123**
	Skipped	**1**

Question 22



Answer Choices	Responses	
Yes	53.10%	60
No	46.90%	53
	Answered	**113**
	Skipped	**11**

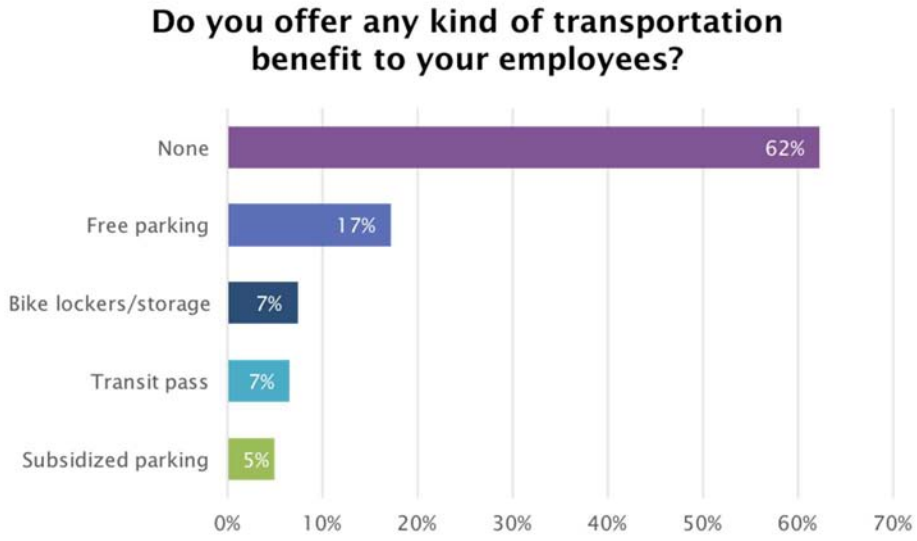
Question 23



Answer Choices	Responses	
Vanpool or carpool	3.25%	4
Bike	10.57%	13
Walk	29.27%	36
Transit	44.72%	55
Drive alone	48.78%	60
Unsure/Don't know	0.00%	0
Answered		**123**
Skipped		**1**

NOTE: some respondents answered more than one option

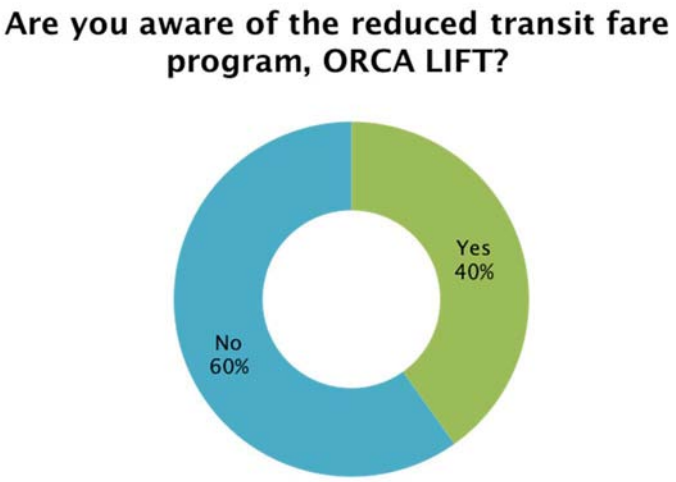
Question 24



Answer Choices	Responses	
Subsidized parking	4.92%	6
Transit pass	6.56%	8
Bike lockers/storage	7.38%	9
Free parking	17.21%	21
None	62.30%	76
Other (please specify)	8.20%	10
Answered		**122**
Skipped		**2**

NOTE: some respondents answered more than one option

Question 25



Answer Choices	Responses	
Yes	40.16%	49
No	59.84%	73
	Answered	**122**
	Skipped	**2**

This survey of U District small businesses and nonprofits along the Ave was commissioned by the U District Small Businesses and Nonprofits Association with financial support from the community with donations from concerned individuals, affected businesses and nonprofits, and by the U District Partnership.

For more information on activity and programs by the association, visit www.udistrict.biz.