

City Hall bottleneck on legacy businesses

63 applications languish at Small Business Office

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how fast the city enacted the minimum wage increases that dramatically affect his bottom line, and how slowly it is rolling out the legacy status and annual grants that could help him survive.

Legacy businesses become eligible for annual grants of \$500 per employee. Landlords who extend leases of 10 years or more to legacy tenants can get annual grants of \$4.50 per square foot on the commercial property. The Legacy Fund caps registry businesses at \$50,000 and landlords at \$22,500 per year. The annual grants continue for the life of the business or the end of the lease, subject always to the city's budget allocations.

Small businesses employ 326,000 citywide, nearly 30% of San Francisco's workforce. Mayor Lee has called them "the true strength of San Francisco's economy." In May, he allocated \$2.5 million to the fund.

The minimum wage in the city moved to \$13 hourly on July 1 and will increase by \$1 per hour in each of the following two years, reaching \$15 per hour on July 1, 2018. Future increases rise with the Consumer Price Index.

"My workers average about 2,000 hours a year. Under the minimum wage increases, that's approaching \$2,000 a year more per employee. If I'm granted legacy status, the annual grants won't offset the increases, but they would help some," Cerf said.

Eight months after the electorate approved Measure J, no business has been given legacy status.

The mayor's Office of Small Business, charged with processing applications for the registry, had received 63 applications as of June 2. The Historic Preservation Commission, the arbiter of guidelines to determine whether a small business has contributed to the community's history, has yet to announce the legacy criteria.

Below: Tu Lan has been at 8 Sixth St. since 1977, making it perhaps the first full-menu Vietnamese restaurant in San Francisco. The same family has had it since it opened, and famously received Julia Child's blessing for the quality of its fare. Friendly and affordable, Tu Lan is a fixture from the days Sixth Street was San Francisco's Skid Row. Right: EXIT Theatre has produced absurdist dramas and cutting edge contemporary performances from ethnic productions to personal showcases such as "Confessions of a Catholic Child" on Eddy Street since 1983. That's EXIT co-founder Christina Augello with the cigarette, playing Regina Frederickson, alongside Mikka Bonel as Spirit. EXIT Theatre's annual highlight is the San Francisco Fringe Festival, which has given EXIT's community-minded concept somewhat of a global reach.

ria and the Small Business Commission hasn't conducted any public hearings for applicants.

On June 2 at the supes' Government Audit and Oversight Committee, Regina Dick-Endrizzi, director of the Office of Small Business, predicted the Historic Preservation Commission would review the first set of applicants in late July, prompting committee Chair Aaron Peskin to blast the continued delays.

"There was no implementation of this legislation until mid-May. I'm not confident the legacy program will succeed. The rules seem to be made up as we go along. It's unfair," Peskin said.

Supervisor David Campos, co-author of the registry legislation, shared Peskin's concern. "We have so much catching up to do. The city has dropped the ball."

That 30-year requirement for legacy applicants can be shortened to 20 years — if the business is in danger of displacement. Such is the case for Fog Hill Market, a classic mom-and-pop corner grocery on upper Kearny Street. Hanna Chedyak, Fog Hill owner, is in limbo.

"We've been here for more than 20 years. Last year they raised my rent from \$3,600 to \$5,000. I can't pay. Okay, they say, negotiate with the new owner. The building's been for sale since last November, but we hear nothing. Offers are in, but the seller hasn't decided," Chedyak said. He's filed his legacy application, with a nomination from Supervisor Peskin, but he hasn't heard from anyone at the Office of Small Business.

George Leeson began Image Conscious, an art publisher, in the basement of his future wife's home in 1980. He's been in SoMa selling fine art posters on Tenth Street for 27 years. He has 14 employees and filed his legacy application and Kim's nomination earlier this year.

"When I heard about Measure J, I was excited. I voted for it, so did many others.

Now, I feel the city has disenfranchised me. It's denying my vote. The process for legacy review is near nonexistent," Leeson said. "I've called the Office of Small Business many, many times. They don't call back. Miss your payment of property taxes by one day and you pay a penalty. So, I know the city can move fast when it wants to," he added.

Henry Karnilowicz, head of the South of Market Business Association and president of the San Francisco Council of District Merchants Association, thinks the real potential of the legacy legislation lies in the inducements to landlords to extend leases.

"Look, if you've been in business 30 years or more, you know what you're doing. You probably don't need grants, but longer leases can be helpful. None of the new rules really change commercial rent laws. If you've got a greedy landlord, someone who thinks he can double or triple your rent, a legacy designation isn't going to stop him," Karnilowicz said. To him, the real problem is the erosion of small services — the loss of street-level retailers when big development takes hold.

"A neighborhood thrives when people can walk easily to buy ice cream, stationery, fruit and produce. When you tear down a corner store and put up medical offices, you're changing the whole tone of a community," he said.

Kim hopes the Small Business Office will accelerate the process so her office can reach out to potential legacy candidates. "More businesses should apply for this funding," said Kim aide Barbara Lopez.

The Government Audit and Oversight Committee will again review the legacy problems on July 7. Repeated requests by The Extra to the Office of Small Business for an update on application numbers and status have gone unanswered. ■



PHOTO: JESSICA ESTRADA

10 potential Legacy Business candidates

The Tenderloin is an old residential neighborhood dense with apartment buildings and hotels and offices that went up after the 1906 earthquake and fire. Commerce is on every block, and nonprofit businesses proliferate.

Many small businesses, profit and nonprofit, could qualify for legacy status. The Extra has selected 10 that qualify for longevity but, more important, for their contribution to the community.

- **Harry Harrington's Pub**, a neighborhood watering hole, anchoring the corner of Turk and Larkin since 1922.
 - **Curry Senior Center** in place at 333 Turk Street since 1972.
 - **San Francisco Senior Center**, a mainstay at 481 O'Farrell Street for more than 40 years.
 - **Tu Lan** at 8 Sixth Street since 1977, arguably the first full menu Vietnamese restaurant in the city.
 - **Vietnamese Youth Development Center**, founded in 1978, now at 166 Eddy Street.
 - **San Francisco AIDS Foundation**, 1035 Market Street, an educator and advocate battling the HIV epidemic since 1982.
 - **EXIT Theatre**, 150 Eddy Street, a forum for theatrical arts since 1983.
 - **Daldas**, the go-to corner grocer at Eddy and Taylor for more than 30 years.
- Next year, both the **Luggage Store Gallery** at 1007 Market St. and **Aunt Charlie's Lounge** at 133 Turk St. will pass 30 years in business.



BASIL GLEW-GALLOWAY



PHOTOS: JONATHAN NEWMAN

Top, left: Vietnamese Youth Development Center participant tallies butts after a day of scouring 24 Tenderloin blocks, during Let's Stop Tobacco, a 2011 center project. Founded in 1978 and now located at 166 Eddy St., the center encourages high school and college students' leadership skills and organizes them to help make their neighborhood a more positive, healthy environment for all residents. Top, right: Harry Harrington bought the corner bar, first opened in 1922, in the 1940s. He renamed it for himself and ran it as a cozy, slightly dingy refuge into the mid-1980s. Now, in the new hands of a new owner, former patron Peter Friel, the beer taps have more than doubled, the grime has been cleansed, but the friendly surroundings — so inviting to the neighborhood and the thirsty city, state and federal workers in the Civic Center — remain constant. Bottom, right: Luggage Store Gallery's 2012 exhibition "Baby and the Nacirema" featured this hand-made, collapsible Pacific outrigger canoe by Michael Arcega. Against tough odds, Laurie Lazer and Darryl Smith cofounded 509 Cultural Center 29 years ago on the gritty Ellis and Leavenworth corner, then moved the gallery to 1007 Market St. in 1989 and opened the husband Tenderloin National Forest in an alley off Ellis in 2009. They've shown an eclectic collection of more than 1,000 local, national and international artists in those years and are in the process of raising money to pay back a loan to buy the gallery building.



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