

Tenderloin/Central Market Community-Serving Retail Analysis

Executive Summary



Urban Studies 164: Sustainable Cities

March 2015

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Acknowledgments

Our team would like to acknowledge a number of people and organizations that made this project possible. First, we would like to thank Ryan Thayer and Lorenzo Listana, our project partners at the Tenderloin Neighborhood Development Corporation, for their guidance and availability throughout the quarter. Without them, this project would not have come to fruition. More specifically, we would like to thank them for putting us in touch with people and resources, without which our research and subsequent deliverables would not have been nearly as prosperous.

We would also like to extend our thanks and appreciation to the various Tenderloin residents who we met with at the beginning of our project and who so thoughtfully opened up to us about the neighborhood that they care so much about. Ultimately, this project was guided by the interests of the Tenderloin community and without the voices of its residents, we would have been lost.

Thirdly, we would like to extend our thanks to David Medeiros from the Stanford Geospatial Center for meeting with us and guiding us on our CartoDB map deliverable.

Finally, we would like to thank our professor, Deland Chan, who offered endless guidance and support throughout this project undertaking. Specifically, we found her lectures on the sustainability issues facing the Bay Area extremely useful in helping us frame our individual project within a broader context.

Project Purpose

With around 39,321 residents, the Tenderloin is the most densely populated neighborhood in San Francisco. Among this incredibly diverse population, over $\frac{1}{4}$ live on an income of less than \$10,000 per year and $\frac{1}{3}$ with a disability. Just as we have bared witness to the displacement of people all over the Bay Area, we see the Tenderloin as especially susceptible to such a fate given that many of its residents are low-income and are often left out of important decision-making processes.

Our project on Tenderloin/Central Market Community-Serving Retail was carried out in conjunction with the Tenderloin Neighborhood Development Corporation (TNDC), a non-profit organization based in the Tenderloin. The TNDC's mission is grounded in their commitment to providing affordable housing for low-income residents of the Tenderloin and to promoting equitable access to opportunity and resources. As the housing prices and cost of living rises throughout San Francisco and the Bay Area, the Tenderloin is one of the last neighborhoods to seriously push back against gentrification. Despite this pushback, new development is a nearly inescapable reality. Opportunities for new development within the Tenderloin are on the rise and the TNDC is interested in assessing what types of services and retail might serve the community best. Feeding into this interest, our project aims to present an analysis of opportunities for commercial and retail businesses within these new developments in the Tenderloin. Furthermore, we have determined a set of criteria for identifying community-serving retail to allow stakeholders and policymakers to promote community stabilization policies and decrease the magnitude of displacement risk - both physical and mental/cultural - within the neighborhood.

One of the most significant issues facing the Tenderloin is the existence of barriers inhibiting access to healthy diet among residents. Some of these barriers include a lack of access to adequate cooking facilities, a lack of knowledge on nutrition and food preparation, and perhaps most surprisingly, the lack of a grocery store and healthy food options in general. What this means is that residents' food shopping either takes place in corner stores (of which there are an abundance) or in grocery stores in other neighborhoods.

This is just an example of one area in which we focused in on in terms of identifying community-serving retail needs, but it is not the only. As we have gathered and assessed data on upcoming retail and commercial opportunities in the Tenderloin, the main question we wanted to address was about what types of retail would best serve the community. Drawing from research on best practices in community-serving retail around the US through our literature review, combined with the voices of Tenderloin residents about their wants and needs, we have created a database of upcoming developments and suggestions for appropriate community-serving retail within those spaces, as well as criteria for determining whether or not a certain retail/service is community-serving.

Literature Review

The following pieces of reviewed literature include summary and analysis of prior research and reports as well as a series of examples and potential models for community-serving retail that could be of use to the Tenderloin Neighborhood Development Corporation (TNDC) in their efforts to promote and support diverse, sustainable community-based businesses in the Tenderloin. The (thirteen) case studies, examples and research below informed our own fieldwork throughout these ten weeks, providing foundation and inspiration for a community-based approach to data collection - rooting our analysis of stores and retail space and in community members' stories.

“Can Retail Space be an Extension of the Public Realm? A Look at Seattle’s Third Place Books”. Project for Public Spaces Blog Website. January 5th 2016.
<http://www.pps.org/blog/can-retail-space-be-an-extension-of-the-public-realm/>

This blog post article on the Project for Public Spaces website opens with a reference to sociologist Ray Oldenburg and his concept of the “third place” (in addition to home and workplace), which is defined as “a public space on neutral ground where people can gather and interact while experiencing a sense of ease and belonging” and which is essential to community and public life (*The Great Good Place*, 1991). The rest of the article goes on to discuss a retail case study of a bookstore in Seattle called Third Place Books and analyzes the positive aspects this retail space provides for the community. This source is helpful in helping conceptualizing and modeling actual community-serving retail projects that could be possible in the Tenderloin and may be useful in showing developers potential utilization of ground floor spaces.

Lane, Bridget & Maureen McAvey. "Retail in Underserved Communities." Urban Land Institute. 2014. <http://uli.org/wp-content/uploads/ULI-Documents/Underserved2014f.pdf>

This paper provides very detailed commentary on the promotion of community-serving retail in underserved urban neighborhoods. It delves deeply into 3 case studies - in Washington D.C., New York City and Houston. Included within these case studies are specific funding sources and breakdown, ending with helpful "lessons learned" for each undertaking. The authors speak on how to relate retailers to the market/available spaces as well as how to large varied retailers (and incorporating online sells into profit acquisitions). It provides models/examples of businesses that provide GED certificates for entry level jobs in neighborhood businesses and of changing perceptions of crime as a design issue rather than a siting decision. Even having one large store spurred by the city's financial backing has created a chain of investments in community-serving retail.

Cater, Franklyn. "Big-Box Retailers Move To Smaller Stores In Cities." All Things Considered, National Public Radio. 2010. <http://www.npr.org/2010/12/21/132231472/big-box-retailers-move-to-smaller-stores-in-cities>

Within the context of the Tenderloin, the lack of large retail (in particular of grocery stores) as well as the ethics of larger corporations moving into potential developments is important to explore. This article discusses large stores like Target and Walmart moving into densely packed urban spaces and the positives and negatives of these types of developments. Although the spaces we are looking at in the Tenderloin are not very large, this article reveals modes in which large retailers fit themselves into urban neighborhoods (multiple floors with cart

escalators, etc.) and attract residents particularly with the grocery section of the store. Although we may find large chain stores to be problematic, we also see the importance of these stores in creating jobs for local community members.

Hino, Hayiel and Goldman, Ariele. "Supermarkets vs. traditional retail stores: diagnosing the barriers to supermarkets' market share growth in an ethnic minority community." *Journal of Retailing and Consumer Services*. Volume 12, Issue 4, July 2005, Pages 273–284

This article presents a study of the food retail system serving an ethnic minority community. The purpose of the study is to determine which factors play a role in the limitation on supermarkets' market share growth within the community. Analysis of survey data shows that the reason for this limitation is that people from the community are shopping at smaller, specialized food retailers. This research offers important information with regards to focusing on potential "big box" vs. smaller grocery retailers. It also highlights the importance of potential chain stores taking stock of community (and consumer) needs both for the sake of the community and their own profit margins.

Corapi, Sarah. "Why it takes more than a grocery store to eliminate a 'food desert'" February 2014. <http://www.pbs.org/newshour/updates/takes-grocery-store-eliminate-food-desert/>

This article presents a case study on a supermarket in Philadelphia, funded by the Pennsylvania Fresh Food Financing Initiative. It describes how the market improved perception of the neighborhood by residents but how it ultimately did not improve healthy eating. Some of the reasoning provided was that people are creatures of habit - meaning, they like to shop where they feel most comfortable and where they are familiar with the cost. Another conclusion drawn was that there is more temptation for consumers to overspend at a larger store. In general, there

is a wealth of research that connects food deserts and low income neighborhoods to poor health, but not much that has studied the longer term effects. While stores providing healthier food options are essential in solving the problem of food deserts, they are not a magic bullet. In addition to these stores, access to nutrition education programs and dissemination of resources teaching people how to buy and cook with these healthy foods are equally as important.

Evans, Dwight. "Pennsylvania Fresh Food Financing Initiative". *Report on Key Issues from the House Appropriations Committee: Budget Briefing*. March 2010.
http://www.ncsl.org/documents/labor/workingfamilies/PA_FFFI.pdf

This report provides a briefing on the Pennsylvania Fresh Food Financing Initiative (FFFI), a statewide financing program designed to attract supermarkets to underserved urban and rural communities. The goals of the FFFI are as following: to reduce the high incidence of diet-related diseases by providing healthy food, stimulate investment of private capital in low-wealth communities, remove financing obstacles and lower operating barriers for supermarkets in poor communities, create living wage jobs, and prepare and retain a qualified workforce. The initiative recognizes the benefits of supermarkets in low-income communities, but remains aware of the research indicating that operating costs within an urban environment are often very high. Ultimately, this report is valuable because it provides an example grounded in market analysis, leveraged capital, and public policy on how certain barriers can be surpassed in order to provide healthier food options to disadvantaged communities.

Wilbourn, Mary Stennes. "Bringing Grocery Stores to Low-Income Urban Food Deserts". *Cooperative Grocer Network*. December 2015.
<http://www.grocer.coop/articles/bringing-grocery-stores-low-income-urban-food-deserts>

This article explores the key barriers (funding, feasibility, neighborhood attachment, and sustainability) that exist in bringing retail stores to low-income neighborhoods that are in need of more healthful food options. The article looks at ways to overcome these barriers by considering co-ops and nonprofits as possible alternatives to corporate retail. There are a number of case studies of successful co-operative grocery stores from cities around the country, which provide inspiring examples for a way to provide healthful food through retail that is based on community involvement and participation. These examples of co-operative grocery stores could serve as useful examples for potential developments in the Tenderloin.

The Laundromat Project. <http://laundromatproject.org/who-we-are/about/>

The Laundromat Project is a project wherein a group of artists have transformed a New York laundromat into a creative space with art, music, and yoga. With this transformation, they have turned the mundane and necessary nature of the laundromat into a new and engaging space that people can take part in when they already have the downtime that comes with waiting for laundry. If a project like this were to be feasible in the Tenderloin, it would need arts (public, private, or nonprofit) funding, but it could be a great addition to some of the laundromats already in existence in the neighborhood.

Anzilotti, Eillie. "Are Retail Store the New Community Centers?" *The Atlantic*. January 2016. <http://www.citylab.com/navigator/2016/01/are-retail-stores-the-new-community-centers/424983/>

This article discusses the rise of the "multifunctional lifestyle store" and its potentially positive impacts. It details the model of the Shinola watches flagship store that recently opened in NYC, but which shares space with a newsstand and coffee shop. With this example, we see

the opportunity for collaboration between outside retail coming that is coming into communities and the community itself; Shinola watches has their store, but it also hosts a coffee shop that has become somewhat of a community stomping ground. There is the potential to emulate this model of retail within the Tenderloin as new developments come in, helping reduce risk of profit loss by having two businesses coexisting and support each other and also providing a community space within outsider retail.

Destiny Arts Center, Oakland. <http://www.destinyarts.org/>

Destiny Arts is a community center in North Oakland whose mission is to end isolation, prejudice and violence in the lives of young people. They attempt to do this by offering skills training to youth in the performing and martial arts on site and elsewhere, by providing youth with caring adult mentors, and by giving youth opportunities to share a message of peace and empowerment through performances, events, and workshops. Destiny uses corporate and private donors and sponsors to fund their programs, a system which could also be utilized in a similar way in the Tenderloin.

826 Valencia. <http://826valencia.org/about/>

As we discovered through our field work, the address of 180 Golden Gate will soon become “826 Valencia”, a nonprofit organization dedicated to supporting under-resourced students with their creative and expository writing skills as well as helping teachers inspire their students to write. This model is similar to Destiny, and this new development can potentially provide a wonderful community space for Tenderloin children and their families and could possibly partner with other organizations or retail developments there.

The Kitchener, Oakland. <http://www.kitcheneroakland.com/rental-rates.html>

This is a potential project idea/model for a community-serving development within the Tenderloin. Kitchener Oakland is a fully-operating commercial kitchen for fledgling food entrepreneurs and rents out a clean, communal space for startup food businesses to cook/bake and store food at affordable rates as they build their businesses. In the Tenderloin, this model could also work to provide cooking space for residents with limited access to these facilities. We would potentially need to find funding or help subsidize rates for people not selling their goods, as the food justice organization Phat Beets Produce does in Oakland for their Farmers' Market business incubator program.

In our literature review we found a wealth of information on how people are attempting to solve issues surrounding food insecurity and injustice, as well as other, non-food related examples of successful community-serving retail. We hope that the above summaries of articles and projects can aid the TNDC in thinking about possibilities for community-serving retail, and also when in communication with the city and private developers.

Methodology

An initial meeting with the TNDC and a diverse range of community leaders helped to humanize the research and surveys around retail in the Tenderloin that we had previously reviewed. Our conversation with these leaders focused primarily on the food retail disparity and the access they had to other goods and services. This meeting was our introduction to some of the key stakeholders and advocates for community-serving retail in the Tenderloin. Each community leader brought a different perspective and were very dedicated in their work to see a change in the neighborhood that they called home. In addition to speaking to community members directly, we also attended coalition meetings and meetings held by developers for community response, observing the tense interactions between these two stakeholder categories.

After meeting with community leaders and observing meetings, we began surveying the Tenderloin area with regard to upcoming construction projects. From the list of known construction sites and upcoming developments, we reached out to specific developers to obtain information about those sites. We also conducted on-the-ground fieldwork in the Tenderloin, taking photos of the sites and noting the existing stores and services that existed around the point of interest. From this information, we put together a database of new developments for which we make potential recommendations for retail spaces partially from models and examples from around the country that are noted in our literature review.

Although the mix of online and on-the-ground research and methodology worked well for the breadth of this project, one of the largest limitations for our project was the short amount of time we had to complete it. As students living in the South Bay, it was also difficult to spend an extensive amount of time gathering data and getting to know the Tenderloin deeply. If we had

more time to continue this project, meeting with a wider array of community members to gather ethnographic data as well as meeting one-on-one with developers would be a first step to strengthen the mapping recommendations and list of criteria we provide to help define community-serving retail in the neighborhood.

Project Deliverables

Map Database and Recommendations

Through the production of our map of new developments, we were able to visualize how these developments will fit into the existing landscape in the Tenderloin. The map shows twelve new mixed use developments in the Tenderloin. Each of the projects will contain some market rate housing units, some affordable housing units, and ground floor retail space. Some projects also will contain other types of spaces, such as office. These projects are each at different points in the approval process, but most will not be retaining the current retail tenant (if any). The map can be found at the following link:

https://stanford.cartodb.com/u/caseyrobbins/viz/857a866c-e419-11e5-bdb4-0ecd1babdde5/public_map

Unfortunately, since we were using a student version of the CartoDB program, we were unable to map a comprehensive view of business types in the Tenderloin. Instead, within the entry for each of the developments we studied, we included information on businesses within a one block radius of the development.

The table on the next page displays some of the information shown on the map, including square footage of the ground floor retail at each development and a list of neighboring businesses.

address ▾ string	ground_floor_retail ▾ string	neighboring_retail ▾ string
1028 Market Street	9,000 ft ²	High end food court
101 Hyde Street	4,923 ft ²	Post Office, Allstars Donuts & Burgers
1066 Market Street	1,885 ft ² on Market, 2,678 ft ² on Golden Gate	busy area with a variety of businesses
145 Leavenworth Street	Two spaces, square footage unknown	Market/deli, taqueria, tobacco/market
25 Mason Street	2,825 ft ²	Restaurant, bar, taqueria, multiple delis
105 Turk Street	11,000 ft ²	<i>null</i>
469 Eddy Street	2,600 ft ²	Corner store, laundromat, bar, coffee shop
555 Golden Gate Avenue	2,000 ft ²	3 restaurants
651 Geary Street	1,100 ft ²	Thai restaurant, multiple cafes, liquor store
719 Larkin Street	1,400 ft ²	Thai restaurant, fruit/veggie market
950 Market Street	15,000 ft ² , mostly occupied	MetroPCS store, other busy retail
135 Hyde Street	Square footage unknown	Mex Express, Salon

There are ten unoccupied retail spaces whose size was provided to us by the developer, which we split into four categories (with square footage rounded to the nearest hundred): 1100-1400 square feet, 1900-2800 square feet, 4900-9000 square feet, and 11,000 square feet.

These retail spaces are surrounded by small markets, delis, liquor stores, and restaurants. Our observations line up with our interviews with community members--the neighborhood is lacking coin laundry, dry cleaners, notaries and printing services, women specific services such as salons, and office supplies.

For the largest space of 11,000 square feet, at 105 Turk Street, we suggest a TargetCity. While this space is smaller than the average TargetCity, we believe it could really add to the

neighborhood, since one of the biggest takeaways from our interviews was that residents need a more full service grocery store. While a Target in such a small space cannot offer all the services of a grocery store, it could provide more healthy food options to the neighborhood than a corner store.

The smallest category of retail spaces between 1100 and 1400 square feet are too small for most uses, but would work well as a print shop or dry cleaner. Neither of the smallest retail spaces neighbor either of these kinds of retail.

The next size category, 1900-2800 square feet, are a much more versatile size. These could be used as corner stores, laundromats, or salons. This size space could also be used for types of community-serving retail we learned about in our literature review, such as group kitchens, which are greatly needed in the Tenderloin and will have increased demand since some of the new developments we researched do not have a kitchen in every unit. This sized space would also be appropriate for public spaces with services like notaries, career consultants, GED support, computer and internet access, etc. Since these spaces would need to be funded, either privately, publicly, or by a non-profit, specific placement would depend greatly on developer interest and funding.

We suggest the retail spaces between 4900 and 9000 square feet be split into multiple smaller retail spaces with shared common areas and seating.

Summary of Additional Surveys and Field Work

In addition to the mapping research acknowledged above, we conducted interviews with community leaders and attended coalition and developer meetings in the Tenderloin community. In meeting with community leaders, it became clear that the neighborhood is lacking in many services beyond those in realm of healthful food access. Some of the services these residents listed were laundry, cleaners, notaries, women specific services, and office supplies. Yet despite the range of lacking services, when asked what kind of service/retail would be most beneficial to the Tenderloin, the resounding answer was stores selling healthy, affordable food. It is clear that the proliferation of corner stores in the Tenderloin not only exacerbates issues surrounding poor nutrition and associated health problems. For some residents, it's possible to take public transportation to the nearest supermarket; however, for a community in which many people are elderly and/or disabled it is difficult, if not impossible, for them to reach those same supermarkets. Most surveys of retail in the Tenderloin thus focus on food. We summarize below the existing surveys that informed the fieldwork we conducted surrounding our other deliverables: the map database and list of criteria for new developments in the neighborhood (food-related or otherwise):

An overwhelming 57 percent of residents buy fruits and vegetables from outside the Tenderloin in areas such as the Heart of the City Farmer's Market, Chinatown, Safeway, and Foods Co. Only 31% of residents surveyed actually buy such products in the Tenderloin. Similar trends were seen with regards to buying meat/poultry, bread/rice, and dairy. It is of note that alcohol is the only substance that is consumed locally inside the tenderloin rather than outside.

From an economic standpoint, approximately 80% of Tenderloin residents would buy locally inside the Tenderloin if corner stores actually sold more appropriate groceries rather than alcohol. The survey conducted asking how much residents spent on groceries each month equated to about roughly \$200-300 spent per month. If we extrapolate this to all 17,000 households in the Tenderloin (which is poor statistics) then roughly \$11 million every year is spent on groceries outside of the Tenderloin. This external spending is being blamed on the poor quality of groceries in the Tenderloin and the expensive costs. The only clear reason for people shopping in the Tenderloin is that its is more convenience especially since going to outside the Tenderloin for shopping requires long walking or a car for transportation.

However, surveys of Tenderloin residents with regards to spending habits is simply not enough information for a food retail initiative given the Tenderloins' diverse and unique community. The largest population of homeless people are housed in this region, with more than a third of residents living with less than \$15,000 annual income. Additionally, a third of residents also live with some type of disability, a number which can be expected to increase as residents age. These demographics offer specific challenges to food security in the Tenderloin. Homeless individuals rely on shelters for food, 15 percent of housing units don't have full kitchen services, and many residents lack proper nutrition education.

As a result, implementation of a plan for food security in the Tenderloin will have to include more than just chain grocery stores but also nutrition, food preparation and communal kitchen programs specifically targeting single-room-occupancy and public services for food access.

Finally, these food-related issues and the initiatives already formed by the TNDC and other organizations to address them are strengthened even more by other developments that are not food-related but work to provide space and other services to the residents of the Tenderloin.

Community Serving Criteria for New Developments

The following list of criteria takes into consideration a few key components. First, it takes into consideration conversations held with TNDC staff as well as the voices and stories of community members, with whom we met one-on-one as well as in the context of community meetings held by developers. It also takes into consideration our research into urban retail and community resilience. Finally, we considered the case studies and examples in our literature review and the way these specific organizations worked to define and promote community-serving retail in their respective cities and situations.

A new development (and its developer) will be working towards the benefit of the Tenderloin Neighborhood community if they take the following factors into account, working to fulfill as many as possible throughout every step in their decision-making, construction and conduction of business post-development:

1. Holds meetings with community members before, during and after development's completion. Meetings are held in accessible, comfortable locations with sufficient notice and communication to residents.
2. Provides contact information publically and takes steps to respond to community questions and concerns.

3. Receives 50% of community support through well disseminated surveys before construction
4. Makes extensive effort to hire locally for construction of development
5. Makes extensive effort to hire locally for retail positions
6. Looks into and makes effort to provide GED certificates to community members in the hiring process for entry level jobs
7. Retail provides affordable pricing and/or provides SNAP/EBT benefits
8. Promotes culturally appropriate options
9. Provides space for community gatherings and events
10. Continues to check in with the TNDC and other community organizations and community representatives after the completion of the development.

Conclusion

We hope the map combined with our recommendations can aid in the future of these developments and the wellbeing of the Tenderloin as a whole. We were pleased to discover that many of the developers are very interested in leasing their spaces to community-serving retailers and will be looking to organizations like the TNDC for advise and guidance. We hope our research will aid in communications with developers and with the city as these projects move forward over the next several years. The literature review and case studies provided in this report can act as models in finding, funding, and promoting specific types of community-serving retail in the neighborhood. Many of the examples we found in other communities could work well in the Tenderloin with the necessarily funding and support.

As more non-profits such as 826 Valencia move into the neighborhood, we hope they will be able to work in tandem with the TNDC to advocate for some of the missing services to be brought to the neighborhood.

Unfortunately, we were unable to address the effect of proposition J, which protects legacy businesses in San Francisco, on the future of the retail spaces in the Tenderloin. We recommend working with Stanford Law projects and hope they can use our research as a jumping off point for their study next quarter.