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San Francisco pumps \$6M of improvements into several blocks near Union Square

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Image: Alex Barreira

Alex Barreira

Mayor London Breed announced a \$6 million city investment in the corridor along Powell Street from the cable car turnaround to Union Square, aimed at beautifying the sidewalks and subsidizing some costs of new tenants at Powell St.

San Francisco officials are earmarking \$6 million to spruce up several blocks of Powell Street leading into Union Square and incentivize tenants to occupy its large vacant retail storefronts.

About \$2 million of the funds will support up to 10 new tenants in Powell storefronts, subsidizing tenant improvements or providing "direct subsidy to other aspects of a new business's startup costs," according to a city press release. The other \$4 million will replace existing metallic sidewalk extensions along what's known as the Powell Street Promenade between Market and Geary streets, widening the sidewalk with a new design incorporating the cable cars and the architectural style of the block.

Co-sponsors of the initiative, Mayor London Breed and Supervisor Aaron Peskin, representing Union Square's District 3, see the improvements as a crucial step toward revitalizing the stretch along the cable car starting point, which is for many tourists the gateway to Union Square and one of their first impressions of downtown San Francisco out of the nearby BART station.

A boost for the neighborhood's retail is badly needed. On Tuesday, I counted eight empty retail storefronts along Powell between the cable car turnaround and O'Farrell Street and 16 between Market and Sutter — not including the still-under-wraps ground-floor restaurant anchoring the Beacon Grand hotel. Vacancies include former big-box homes of H&M and Uniqlo, the former Gap flagship at the cable car turnaround, and prime corner locations where Powell intersects O'Farrell and where it hits Post.

Union Square is also seeking operators for two cafe spaces in the center of the plaza.

A leasing advertisement on the Flood Building at Market and Powell streets says that 10,000 pedestrians pass this spot every hour. But a suitable retail tenant hasn't been found, nor for spots steps away.

The grants will only be available for a given storefront once a landlord and tenant have reached a tentative agreement on leasing terms. It's unclear if the grants have an individual limit or can be used further down Powell past Union Square — where moribund storefronts are also noticeable — but I'll update this story if I hear back.

The grant program dovetails with a separate \$700,000 effort from the city, managed by nonprofit SF New Deal (formerly of pandemic meal delivery) that offers grants of up to \$8,000 and permitting assistance for pop-up tenants and \$5,000 for property owners willing to host in the Financial District and Jackson Square. There's about 45 available ground-floor spaces for retail, restaurants or pop-ups currently, according to the Downtown SF Partnership.

Meanwhile, the city's legislative package reforming zoning in Union Square — making above-ground-floor space more flexible and office-to-residential conversions less onerous — was recently greenlit by the Planning Commission for review by the Board of Supervisors.

Of Tuesday's new \$6 million proposal, about \$4 million comes from Breed's proposed budget, which will be submitted for the Board of Supervisors on June 1. The remaining \$2 million is from the San Francisco Municipal Transit Authority and will support the sidewalk improvements.

"A thriving Powell Street is crucial to downtown San Francisco's economic recovery," said Jeffrey Tumlin, SFMTA director of Transportation in a press statement. "So it's a priority for us to support this project. It's going to make Powell Street more inviting for tourists and residents alike."

Breed said at a press conference on Tuesday at Geary and Powell in Union Square that beyond the improvements, her proposal is aimed at sending a message about the city's approach to downtown. On Sunday a national hour-long special on CNN focused on the fentanyl crisis and homelessness downtown, exploring whether San Francisco could become a "failed city."

"We've heard some of the stories about things that are closing, but we didn't hear about some of the things that are opening," Breed said in a fiery conclusion to her press conference. "We didn't hear about the new Toys R Us that opened at Macy's last year, we didn't hear about Yves Saint Laurent and Chanel expanding their footprint, and a number of luxury retailers who are here to stay and Banana Republic and others moving to this corridor."

Breed and Union Square Alliance CEO Marisa Rodriguez have previously called attention to this stretch of Powell as a priority for public-private revitalization efforts, especially for tenants such as pop-ups — a kind of tiding over until longer-term tenants come around.

For a few months at the end of last year, for instance, The Friends Experience took over the 44,000-square-foot former H&M store at 150 Powell St. that had been otherwise vacant since early 2021. Samsung temporarily leased the nearly 30,000-square-foot Uniqlo store for its own product-promoting pop-up following Uniqlo's spring 2021 closure.

For pop-ups especially, tenant improvement costs can be a huge barrier along that historically high-traffic and very-high-rent stretch of retail storefronts. Permits related to Samsung's three-week pop-up last October, for instance, indicated nearly \$200,000 in potential prep work for the space.




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[Back to Top](#) ▲

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