



From Leadership to Outcomes

An Evaluation of San Francisco's Neighborhood
Marketplace Initiative

Desiree Sideroff & Chris Walker
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Dear Reader

For more than fifteen years, Bay Area LISC has been supporting comprehensive, community-led efforts to revitalize commercial corridors in Bay Area neighborhoods. It is a core strategy in our mission to support neighbors to build good places to live, do business, work, play, and raise families.

We believe there is no better place to start focused community-building efforts. Commercial districts are the heart of neighborhoods – economically, socially, and culturally. To accomplish this, we developed a holistic approach to commercial corridor revitalization that supports local leadership to plan, implement, and coordinate a variety of community development activities.

Since the onset of the program, its complexity has contributed to our challenge in answering a question we have grappled with that this report aims to address: How are we doing? Thanks to a strong partnership with the San Francisco Office of Economic and Workforce Development, Bay Area LISC launched the Neighborhood Marketplace Initiative (NMI) in San Francisco six years ago. This report is a comprehensive analysis of the impact of NMI in five original sites in the city.

We undertook this effort to answer our key question and to refine and improve NMI. However, we also believe that this report has broad relevance in the fields of community and economic development. It is our hope that in addition to its original purpose, it will be illustrative for other cities in the Bay Area and beyond as they consider their approach to neighborhood economic development.

This report represents the hard work and dedication of many people who must be acknowledged. First and foremost, Bay Area LISC would like to thank the NMI corridor managers and neighborhood residents, merchants, property owners, and organizations for their thousands of hours of service to the communities where they live and work. We would also like to give special recognition to the authors of this study, Desiree Sideroff and Chris Walker, whose experience and nuanced understanding of community development issues made this document what it is. Thanks are also due to Jacob Schultz of Bay Area LISC for his guidance in drafting of this report and his comments and assistance through the process.

Best regards,

Stephanie Forbes, Executive Director



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Report Synopsis



Introduction & Summary

In the mid-1990s, the Bay Area Local Initiatives Support Corporation (Bay Area LISC) and its community partners carried out a successful revitalization program in Oakland, CA that succeeded in bringing down the Fruitvale commercial district's chronic vacancy rates, increasing the number of retail establishments, reducing crime, and turning the district into a regional shopping destination for Latino goods and services. In 2002, Bay Area LISC launched a very similar effort in San Francisco's Excelsior district, expanding it in 2005 under the name of Neighborhood Marketplace Initiative (NMI) to four other San Francisco commercial districts in a unique partnership with the City of San Francisco.¹

At the time of this expansion, Bay Area LISC also put in place an ambitious effort to assess the results of this work, including routine monitoring of business conditions, episodic surveys of merchants and residents, and collection of information on tax receipts from city agencies. This report is the first analysis of these data.

This report concludes that NMI has accomplished much of what it has set out to do, although it has not been equally successful in all districts, nor is the work complete. Communities have ramped up their capacity to design and carry out commercial district improvement efforts. Merchants and property owners have invested in their establishments. Employment has grown, and as new businesses have located in the districts, sales revenues have increased and vacancies have declined. Some of these gains were lost in the recent recession – the worst in decades – but, on balance, the results of this analysis clearly validate the NMI approach and argue strongly for its continuation.



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Background and Neighborhood Marketplace Initiative Rationale

Many commercial corridors in low-income communities throughout the United States simply don't function very well for the people who live there: they provide few of the services people need, they are unsafe and unattractive, they act as a drag on residential area revitalization efforts. To varying degrees, these same conditions existed in the five corridors covered in this analysis: Excelsior, Bayview, Visitacion Valley, Portola, and Oceanview Merced Heights Ingleside (OMI).²

In the mid 1990s, LISC partnered with the National Trust for Historic Preservation's Main Street program to pioneer a model for resolving these problems in urban commercial districts. These methods have since been successfully implemented in Indianapolis and the neighborhoods such as the Fruitvale District in Oakland. The approach can be distilled into three basic principles:

1. Because commercial vitality depends upon the many small decisions made by merchants and residents, the economic prospects of lower-income commercial areas are best advanced when merchants, resident leaders, elected officials, and other community actors agree to work together in pursuit of a common purpose.
2. Because the quality of a commercial district depends on diverse physical, economic, and social attributes, the best way to create the conditions for successful business operation is to implement a bundled program of capacity-building, physical investments, community safety, district retail promotion, business façade improvements, new business attraction, and other efforts.
3. Because community leaders and merchants rarely have all of the technical or financial resources they need to organize for cooperation (principle 1) and carry out a coordinated program (principle 2), these resources must be secured elsewhere – the primary task of intermediation.

The San Francisco Neighborhood Marketplace Initiative (NMI) acts upon these principles to restore the role of the city's low- and moderate- income neighborhood commercial districts as economic, social, and cultural hubs, where family-owned businesses thrive and nearby residents can meet their daily needs. Specifically, the program aims to:

- Enable existing businesses to grow and expand and new businesses to locate;
- Provide jobs, services, and opportunities for local residents;
- Improve quality of life issues, such as safety and cleanliness;
- Engage in beautification activities to reflect local identity and character; and
- Build partnerships between residents, merchants, property owners, and community groups to sustain these initiatives.

Under NMI, both Bay Area LISC and the City of San Francisco's Office of Economic and Workforce Development (OEWD) fund a corridor manager in each district to staff local stakeholder committees, organize district-wide promotions, encourage and coordinate merchant participation, recruit and supervise volunteers, and advocate for district interests. Both Bay Area LISC and OEWD invest directly in projects supported by the communities, including streetscape improvements, transit projects, community policing, façade rehabilitation, graffiti removal and street-cleaning, festivals, district promotions, and other efforts. And the City has targeted its efforts in the NMI districts and put coordinating mechanisms in place to ensure that city programs function more smoothly.³

Research Questions & Methods

This report traces the outcomes of the original five neighborhoods in the NMI. Early in the creation of NMI, Bay Area LISC engaged a consultant to work with program participants, partners, and funders to develop a metrics to track the program's economic and social outcomes. Bay Area LISC undertook this evaluation project to help define success; provide real-time information to enable each neighborhood program to evaluate its activities and, if necessary, change course; ensure that the programs do not cause unwanted development; and verify trends observed by program partners,

particularly around the increased sense of empowerment by merchants and community members.

One of the first evaluation products was a goals and objectives framework that specified NMI goals and the indicators to be used to measure whether those goals were achieved. Renumbered to match the order of presentation in this report, these goals are:

- 1. Neighborhood residents', merchants', and community groups' leadership** and activities improve the business district and contribute to an overall increase in civic participation.
- 2. Public and private investment and action improves** and maintains the physical environment (properties and streetscape) of the commercial corridor.
- 3. Business district contributes to improving the quality of life for neighborhood residents and merchants** by strengthening the sense of community, safety, cleanliness, visual attractiveness, cultural integrity, and access to affordable goods and services and housing.
- 4. Neighborhood business district is economically viable.** Businesses are able to survive, grow, and expand, and new businesses to locate, creating jobs and meeting the needs of the community.

Data sources included semi-annual observations by commercial district staff, collection of over 100 community surveys per neighborhood at annual community street festivals, and a biennial survey of approximately 130 merchants. In addition, annual city data on sales tax revenue has been compiled for each district. Staff from each commercial district program, Bay Area LISC, and OEWD were interviewed.

The analysis in this report relies on comparisons of outcomes across the corridors in the initiative, rather than to a set of comparison neighborhoods. There are two reasons for this: the initiative includes all of the lower-income commercial corridors in the city, leaving no similar corridors for comparison, and the cost of merchant and resident surveys cannot be supported beyond the amounts needed to cover the NMI corridors.

Principal Findings

Overall the NMI is accomplishing many of its initial goals. Programs contributed to the creation of new businesses and jobs, provided new avenues for community gathering and cultural expression, increased access to basic goods and services, and improved the quality of life for merchants and residents alike. Each commercial district experienced substantial improvements in the physical place as well as the development of community capacity that would not have been possible without NMI. Highlights include the following accomplishments:

Goals 1 and 2: Leadership and Investment Outcomes

Overall, we find that community participation in corridor programs, exercise of community leadership, and coordination among neighborhood and city actors has improved. We further find generally increasing awareness of the program and increased levels of satisfaction with District programs. Finally, the quality of the physical environment, as measured by vacancy rates, has improved in all corridors, in some cases, dramatically. Of course, not all of these improvements (and those discussed in the next section) can be attributed to the effects of the NMI program: other investments, such as major transit improvements, also had considerable value.

Bayview and Visitacion Valley have displayed greatest change in economic performance compared to other districts. These two districts are the ones that appeared to be functioning least well as commercial corridors prior to NMI. Excelsior appears to have made the greatest strides in leveraging NMI organizing and leadership development into community capacity to take on neighborhood challenges beyond the corridor. Finally, the two best-functioning corridors at baseline – OMI and Portola – displayed uneven results in moving the needle on the indicators. This might be expected given that conditions already were generally better than other corridors' prior to program start.

GOAL 1

Neighborhood residents', merchants', and community groups' leadership and activities improve the business district and contribute to overall increase in civic participation.

Community stakeholder involvement in business district revitalization has significantly increased. Each NMI district created the coordinating framework – in the form of stakeholder committees – that provided merchants and community leaders the opportunity to cooperate on improvement efforts. These committees and other forms of engagement helped NMI groups exercise leadership beyond NMI itself to address other neighborhood needs. Leaders have gone on to participate in other district organizations and develop spin-off neighborhood benefit projects. *Merchant participation increased. And between 2005 and 2008, 1,816 volunteers dedicated 9,599 hours to district improvement efforts.*

Community stakeholders increasingly act together to attract City support and make improvements to the districts. In response to the NMI programs' success in organizing, building consensus, and facilitating the action of community stakeholder groups around concrete action plans, the City of San Francisco has designated support for neighborhood commercial districts as a priority and has increased coordination and delivery of its resources and services.

Residents have a greater sense of community and connectedness with neighbors and merchants. Family-oriented events provided essential community gathering opportunities and celebrated the diversity of cultures within each neighborhood. Each neighborhood has additionally attracted new businesses, such as coffee shops, that serve as essential community gathering locations that were not present in the districts prior to the start of the corridor programs.

- New neighborhood events attracted over 72,000 visitors to NMI neighborhoods.
- The percentage of merchants in 2009 who were neutral or positive about the quality of district promotions far exceeded those reporting a negative opinion. In all corridors, the percentage expressing neutral or positive opinions increased dramatically between 2007 and 2009, especially in Visitacion Valley.
- In four of five neighborhoods, merchant awareness of the local NMI program increased between 2007 and 2009. By 2009, at least half of surveyed merchants knew about the program, with awareness rates exceeding 60 percent in OMI and Visitacion Valley. (Program awareness of the commercial corridor program among festival respondents also increased: from 18 percent to 27 percent between 2006 and 2008.)

GOAL 2

Public and private investment and action improves and maintains the physical environment (properties and streetscape) of the commercial corridor.

Property owners and other stakeholders invested in property improvements to maintain buildings, properties, and streetscapes. Vacancies have been reduced, dramatically in some districts.

- Since 2005, corridors have seen \$33 million in physical improvements, including \$3 million in streetscapes and open space, \$1.6 million in façade improvements, and \$28 million in real estate investments. (These investment figures do not include large-scale public investments, most notably, the Third Street light rail, which exerted both negative and positive effects on the trajectory of commercial revitalization.)
- Between 2005 and 2008, Bay Area LISC's approximately \$477,500 in grants leveraged over \$2,525,411 in operational grants to the commercial corridor programs. For every \$1 in Bay Area LISC grants, an additional \$5.29 was provided in public and private operational support to neighborhood commercial corridor programs. The \$2.5 million invested by OEWD between 2004 and 2007 leveraged over \$16 million in human and physical infrastructure in these areas – half for physical improvements and half in operations.
- Between 2005 and 2008, \$ 28.4 million was invested in real estate projects in the five study corridors. Included in this figure are five community spaces and 35 commercial spaces (over 18,000 sq.ft.), newly built or renovated.
- Long-term vacancies have been reduced. Vacancy rates dropped in each corridor, averaging a drop from 20 percent in 2005 to 7 percent in 2008. Vacancy declines were most dramatic in Bayview (25 percent to 8 percent), Visitacion Valley (23 percent to 12 percent), and Excelsior (20 percent to 7 percent).

Goals 3 and 4: Economic and Quality-of-Life Outcomes

Based on the overall expansion of business establishments and employment, increase in business sales as measured by City sales tax revenues, and merchants’ reports of increasing sales, there is considerable evidence of improved economic performance in NMI districts between 2003, when the Excelsior program began, and 2007, when the first merchant survey was conducted. Taken together with the reduction in long-term vacancy rates, these indicators appear to validate the NMI approach.

This judgment is difficult to reach definitively. Impressive improvements were recorded during a strong economy, but in 2009 most merchants reported declining sales over the previous year, almost certainly due to the severe recession of 2007 – 2010. Nevertheless, we believe the evidence supports a conclusion that NMI has value. Even as national economic conditions deteriorated sharply throughout 2008, vacancies reported that year represented a considerable improvement over earlier figures. And despite continued worsening of economic conditions into 2009, merchants displayed increasing levels of satisfaction with conditions that were the object of NMI efforts: public safety, the visual attractiveness of districts, and their business climate.

GOAL 3

Business district contributes to improving the quality of life for neighborhood residents and merchants by strengthening the sense of community, safety, cleanliness, visual attractiveness, cultural integrity, and access to affordable goods and services and housing.

The business mix improved to include affordable goods and services that meet community needs. All commercial districts experience churn in the mix of establishments as businesses enter and exit the corridor or relocate within it. Over the course of NMI, most corridors experienced a gradual upward shift in retail quality – the mix and value of goods sold – without onset of gentrification. Most of the products available in the new stores are affordable to people with low incomes. Access to affordable, healthy food improved in all districts as a direct result of the commercial corridor program activity. Commercial corridors gained new

grocery stores, produce stores, independent coffee shops, and restaurants that provide a wide range of affordable, culturally appropriate food that was not previously available, including the following from 2005-2008.

38	RESTAURANTS
4	GROCERY STORES
2	PRODUCE STORES
9	CLOTHING/SHOE STORES
5	INDEPENDENT CAFES
1	BOOK STORE
2	FURNITURE STORES
1	FLOWER STORE
4	BANKS
3	HOBBY, ART, AND GAME STORES

Residents and commercial corridor tenants perceived greater safety and visual attractiveness in the districts.

All NMI programs developed volunteer-driven safety initiatives tailored to the specific needs in each neighborhood. Perception of safety overall is improving among merchants, as is the perception of the visual attractiveness of corridors on the part of residents and merchants.⁴

- **In 2009, merchant satisfaction with district public safety was high in most corridors.** In 2009, more than 80 percent of merchants surveyed in four of the five districts expressed either neutral or positive views of public safety, the exception being Portola, at 57 percent. This is all the more significant in that merchants everywhere appear notoriously pessimistic about the prevalence of crime in their districts.
- **Merchant satisfaction with district public safety increased in every district between 2007 and 2009.** The percentage of merchants that were either neutral or positive about public safety increased, with dramatic improvements recorded in Bayview and Visitacion Valley. The only worrisome sign was the decline in percentage of merchants who shifted from positive to neutral views in OMI.
- **Residents perceive safety as high during the day, but much less so at night.** Over 70% of festival respondents who were neighborhood residents reported that they felt

safe during the day, with particularly strong positive perceptions in OMI. As expected, fewer respondents (averaging 30 percent) felt safe at night, with residents in Visitation Valley and Portola feeling least safe.

- **In every corridor, most merchants are satisfied with the cleanliness of their districts.** In 2009, and in every district, nearly 70 percent of merchants reported that they were either neutral or satisfied with the cleanliness of their district. Perception of visual attractiveness tended to improve each year, although the evidence is ambiguous on this score. An increasing percentage of merchants in Bayview and Excelsior reported being either neutral or satisfied with district cleanliness. The other districts recorded small declines in this percentage between 2007 and 2009 (accompanied by increases in those dissatisfied). There are many factors that may have contributed to these results. The EAG in 2007 stopped raising funds to pay for street cleaning. The Department of Public Works started a corridor cleaning program in 2007 and began to reduce service by 2009.
- **Merchants report increased levels of satisfaction with districts as a place to do business (“business climate”) between 2007 and 2009.** In 2009, 70 percent or more of merchants in every corridor reported being neutral or satisfied about the district as a place to do business. Rates of dissatisfaction dropped in every district, and rates of outright satisfaction (as opposed to “neutral”) increased most dramatically in Bayview, Excelsior, and Visitation Valley. That said, the percentage reporting outright satisfaction actually declined in OMI (as higher proportions reported feeling “neither satisfied nor dissatisfied”), a worrisome trend.
- **Merchants were more likely in 2009 than 2007 to report that the business climate had deteriorated over the past year.** The severe recession almost certainly influenced a shift between 2007 and 2009 in the balance between those reporting decreased and increased satisfaction with the district as a place to do business. Although positive perceptions persisted in Visitation Valley, and to some extent, OMI, other districts tended to shift in an unfavorable direction.

GOAL 4

Neighborhood business district is economically viable. Businesses are able to survive, grow and expand, and new businesses to locate, creating jobs and meeting the needs of the community.

Each corridor witnessed increases in the number of businesses and jobs, and sales tax revenues increased in all corridors but one.

- **Sales tax revenues grew an average of 15 percent between 2002 and 2008 compared to 8 percent citywide.** Sales tax revenue increased in all neighborhoods except for Visitation Valley. Bayview’s sales tax revenue, expectedly, spiked in 2007 after the opening of the Third Street Light Rail that connects the neighborhood to downtown areas. In three of five districts, the timing of sales revenue increases corresponds to the start-up of district activities. That said, the percentage of merchants saying sales revenue increased over the previous year declined dramatically between 2007 and 2009.
- **Each district recorded a net increase in number of establishments.** Between 2005 and 2008, the five corridors gained 153 total new businesses, which net of business closures corresponds to a net of 86 new businesses. This increase in numbers of new businesses helps explain the decrease in corridor vacancy rates discussed in the preceding section. Over the three year period, corridors registered a 10 percent increase in number of establishments.
- **Employment on the corridors expanded.** A total of 379.5 full time equivalent jobs net of job losses were created in the five study areas. These new jobs are primarily in entrepreneurial business ownership, food service, and retail. Excelsior recorded the largest number of net new jobs – nearly 250. Bayview, OMI, and Portola created between 60 and 85 net new jobs; Visitation Valley, the smallest corridor at five blocks, created 22.

NMI programs have filled neighborhood gaps by building consensus on priorities, integrating and coordinating the work of disparate neighborhood groups, and creating the political will and power to bring changes to their neighborhood and the city.

Report Synopsis Conclusion

Each neighborhood achieved significant changes and made progress in realizing long-term goals. Programs contributed to the development of new business and jobs, reduced vacancies, created new avenues for community gathering and cultural expression, and improved the quality of life for merchants and residents alike. Districts did this without introducing feared generic formula retail or high-end restaurants and boutiques: the majority of the new businesses are independent and culturally diverse, providing neighborhood-serving retail that is affordable to low- and moderate-income residents.

A critical factor in these outcomes is the program structure itself, in particular, the establishment of a multi-stakeholder committee, the creation of community Action Plans that coordinated and prioritized the work of multiple organizations and the city, and the placement of a dedicated commercial corridor manager to conduct merchant outreach and oversee and coordinate implementation. Through this structure, communities gained control over the changes in their commercial district by influencing new business location decisions, new real estate developments and successfully advocating for physical improvements. Program managers improved their relationships and ability to communicate with merchants on their corridors and are now sought out by others as the best way to support local business and solicit merchants' input. Due to this line of communication, merchants can be reached, and they provide input in a wider range of city and community programs.

NMI programs have filled neighborhood gaps by building consensus on priorities, integrating and coordinating the work of disparate neighborhood groups, and creating the political will and power to bring changes to their neighborhood and the

city. Furthermore, the close partnership between the city and coordinated communities has additionally provided the platform for the city to restructure the way it serves neighborhoods, which was an unintended but essential contributor of the programs' successes. Another unexpected outcome was the role the community collaborative structure played as the main neighborhood forum to address other neighborhood needs, such as parks, schools, and transit. Many of the active residents and merchants who received the training and leadership development have gone on to develop their own community-serving efforts.

REPORT SYNOPSIS FOOT NOTES

p 5. ¹ The program has since expanded to 12 commercial districts; the evaluation covers only the initial five.

p 6. ² Commercial district boundaries are: Bayview (Third Street from Evans to Williams), Visitacion Valley (Leland Ave from Bayshore to Cora and Bayshore from Visitacion to Raymond), Excelsior (Mission Street from Silver to Geneva), Portola (San Bruno Avenue from Silver to Mansell), Oceanview Merced Heights Ingleside (Ocean Ave from Hwy 280 to Keystone Way).

p 6. ³ In addition to LISC and OEWD, the program has been supported by financial partners such as US Department of Housing and Urban Development (Section IV), Citibank, State Farm, the Evelyn and Walter Haas Jr. Fund, the Walter and Elise Haas Fund, and the City and County of San Francisco General Fund, Community Development Block Grant allocation, and tax increment financing in select neighborhoods.

p 9. ⁴ No independent verification of merchant and resident perceptions is available to this analysis; e.g., property condition rating surveys or reported crime incident data. That said, the perception of increased safety and visual attractiveness alone should influence future investment choices.

Overview of NMI & Study Areas



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The Neighborhood Marketplace Initiative Theory of Change

Throughout the United States, residents of lower-income areas tend not to have the same range and quality of commercial and retail services available to them as their counterparts living in higher-income neighborhoods. In many urban neighborhoods, residents complain that nearby commercial districts offer only low-value shopping choices, restaurants limited to fast-food establishments, few commercial sources of fresh and nutritious food, and a dearth of employment opportunities for neighborhood residents.

The cause of this pattern of commercial district distress is a confluence of challenges: lack of investment by property owners in their buildings and commercial spaces; negative perceptions of the commercial district due to poor physical appearance and/or media messaging that deters potential patrons and new businesses; lack of profitability or interest among existing business owners to prompt new investment in their operations; prospective new business owners and their financial backers who don't see profit potential in these neighborhoods. Those businesses that do well generally do so because they can respond, after a fashion, to pressing consumer needs without large investments, as is true of payday lenders, liquor stores, laundromats, hair styling establishments, and very small restaurants.

There are many barriers to profitable operation, some of which are structural and long-standing and difficult to change, and others that are contingent and able to be changed. The legacy of both public and private discrimination, redlining, and sustained disinvestment persists in the form of blight, deteriorated infrastructure, and a perception among investors that because areas are low-income – and minority – they also have low consumer demand. At the same time, the costs of doing business are high relative to areas that do not suffer high crime, as many low-income commercial corridors do.



Program managers and their community partners strive to build community capacity to influence decisions that affect the neighborhood.

When community capacity is built and local stakeholders take ownership over the changes in their neighborhood, stewardship grows, more people become engaged, and the community is able to sustain efforts over time.

Fortunately, many of these trends can be reversed and problems resolved through coordinated action by residents, merchants, community based organizations, and others dedicated to improving the commercial vitality of neighborhood districts. Experience has shown that by working in a coordinated fashion with assistance from dedicated staff, neighborhood leaders in partnership with cities can upgrade their physical surroundings, improve residents' and outsiders' perceptions of corridors as a place to shop and invest, dampen crime, and otherwise create conditions for economic growth. This model stresses the importance of a comprehensive approach to creating the environment in which locals' needs are met and merchants can thrive by addressing each district's multiple challenges - such as physical environment, merchant success, district identity, marketing, promotions, and safety and cleanliness.

Sometimes, merchants attempt to organize themselves to effect change by creating merchants associations, but these efforts, when carried out as the only revitalization tool, typically are challenged with an understandable lack of capacity - merchants have little time left over from their own demanding work schedules to contribute yet more hours to improvement efforts and the ensuing organizational development and coordination requirements of this task. Many merchant organizations have priorities that do not include broader commercial district revitalization, or they view revitalization as one of many goals. There are some examples from around the country of merchant organizations successfully leading revitalization efforts, but they tend to be fully-staffed high-capacity organizations that stand out for their ability to raise and manage sizable funds. In many of these instances, city and nonprofit organizations also provide essential technical assistance, financial support, and partnership.

Individual merchant engagement and collective action amongst merchants are essential to the corridor's success, but should not be depended on as the only effort. Merchants are one of many groups of commercial district stakeholders. There are many others, such as residents, property owners, shoppers, and community-based organizations, whose lives and livelihoods are also closely tied with the commercial district. A more inclusive organizational structure can tap into greater sets of resources, volunteerism, and perspectives to best ensure that revitalization meets the needs of all stakeholders, and not a singular group.

Government also can't resolve these problems on its own, as it rarely has sufficient resources, capacity, political support, and on-the-ground knowledge to carry out changes by itself. From setting priorities for advocacy efforts to carrying out implementation projects, community partners are essential. When community capacity is built and local stakeholders take ownership over the changes in their neighborhood, stewardship grows, more people become engaged, and the community is able to sustain efforts over time. Community-led implementation (not just community planning), enables the attraction of new resources that would not be possible by the city alone (such as philanthropic funds), provides the city staff with political clout to advocate for changes, and helps hold the city accountable to promises made.

To make collective action possible, therefore, nonprofit and governmental agencies have cooperated with one another to help communities get organized and coordinate their activities, advocate for new investment, provide accurate information about corridor characteristics and opportunities, and otherwise develop and implement community-based strategies for change. By their nature, collective action problems tend to require collective solutions. That's the job of NMI.

Details of the Neighborhood Marketplace Initiative Program Model

As implemented in San Francisco, the Neighborhood Market Initiative (NMI) follows the general outline of this theory of change. It aims to enable existing businesses to grow and expand and to attract new businesses to low-income commercial districts, provide services and jobs for local residents, and improve quality of life issues, such as safety and cleanliness, in ways that reflect local identity and character.

And as the theory of change stipulates, NMI program actions aim to make tangible changes that inspire others to take further actions to improve the district. For example, publicly-funded façade improvements should inspire other property owners to improve their own facades without public support. A neighborhood cleanup effort should inspire merchants or property owners to regularly clean the areas in front of their stores. Finally, the program posits that an inclusive community-driven planning and, most importantly, implementation effort is the best way to plan and implement these initial and subsequent investments. In addition to directly generating results, program managers and their community partners strive to build community capacity to influence decisions that affect the neighborhood, thereby, accomplishing stated goals. These decisions are made by city officials, financial institutions, corporations, community merchants, and homeowners and shoppers.

This section walks through each of these elements, explaining how the NMI program has been carried out in each corridor. The next two chapters provide evidence that these efforts have borne fruit.

Characteristics of NMI Commercial Districts

Commercial districts in the NMI display many of the features commonly associated with others in low-income areas that do not provide the range of quality goods and services that residents reasonably expect. More than 50 percent of merchants surveyed across districts report having been victimized by crime in the last two years prior to the 2007 survey; 46 percent are dissatisfied with levels of public safety. Roughly one-third report declining business revenues over the previous year, and similar percentages are dissatisfied with district cleanliness and visual attractiveness and the shopping district as a place to do business (business climate).

Figures in **Table 1** portray characteristics of districts in 2009 as reported by a commercial vendor of demographic and economic data. **Map 1** (see page x) displays the location of these districts in the city (as well as location of other districts not included in this analysis. These districts are relatively small in terms of total population, and are quite varied in terms of their racial and ethnic characteristics. (The largest ethnic groups in each corridor are highlighted in blue in Table 1.)

TABLE 1: 2009 Commercial District Demographic Market Characteristics In Surrounding 1 mile Trade Area

	Excelsior	Vis Valley	Portola	OMI	Bayview	City Wide
Corridor Size						
Number of Blocks	15	6	9	14	22	
Number of Establishments	359	56	128	126	220	
Commercial Density (Est/Block)	24	9	14	9	10	
Demographics						
Total Population	7,353	2,501	5,010	4,496	4,439	787,580
Number of Households	1,930	634	1,287	1,347	1,257	335,420
Homeownership Rate	59%	63%	57%	68%	48%	35%
Median Age	37.5	39.3	38.3	40.5	32.5	38.7
Race & Ethnicity						
White Alone	29%	11%	18%	26%	11%	43%
Black Alone	2%	7%	6%	10%	44%	7%
Asian Pacific Islander Alone	41%	71%	56%	52%	20%	36%
Hispanic Origin (Any Race)	44%	13%	26%	16%	28%	17%
Some Other Race Alone	23%	7%	15%	7%	18%	8%
Two of More Races	6%	4%	5%	5%	6%	6%

Source: ESRI 2009. Note: Largest Race / Ethnic groups are highlighted.

MAP 1: Location of NMI Commercial Corridors



Table 2 presents information on the market characteristics of the districts and merchant perceptions of how well the district functions in terms of public safety, cleanliness, and business climate. The Market Characteristics numbers are relatively current – from 2009. The Business and Corridor Characteristics figures come from surveys conducted in 2007, shortly after corridor programs in most neighborhoods began their implementation phase.

Of considerable interest is potential market demand as indicated by total purchasing power – a function of total population and income within a one-mile trade area of each district. Potential demand is highest in Excelsior and OMI and smallest in Visitacion Valley. That said, if a rough adjustment is made for the size of each corridor (in terms of total number of establishments, not just retailers), Excelsior and Bayview, the longest districts at one mile each have the lowest retail demand per establishment. (These figures are from 2009, after the beginning of NMI in each corridor. However, this relationship between demand and corridor size does not change quickly.)

TABLE 2: 2009 Commercial District Demographic Market Characteristics in Surrounding 1 mile Trade Area

	Excelsior	Vis Valley	Portola	OMI	Bayview	All
Market Characteristics						
Median Household Income	\$64,279	\$67,181	\$64,758	\$81,150	\$50,673	\$76,305
Total Retail demand (ESRI)	\$55,492,359	\$18,197,297	\$36,287,291	\$51,827,069	\$28,394,014	\$13,350,987,951
Demand Per Establishment	\$154,575	\$324,952	\$283,494	\$411,326	\$129,064	N/A
Starting Vacancy Rate	20%	23%	7%	7%	25%	N/A
Business Characteristics, 2007						
% in Business 5 + Years	65	62	54	84	54	66
% Independent Business	90	100	93	100	96	94
% Local Employees	43	32	42	40	51	42
Corridor Conditions, 2007						
% Reporting Crime Victimization	49	54	56	62	52	54
Neg. Perception of Crime	44	54	52	26	84	46
% w/ Revenue Declines Last Yr.	31	38	42	32	17	33
Neg. Perception of Cleanliness	43	21	23	19	38	30
Neg. Perception of Bus. Climate	30	65	23	33	46	35

Source: ESRI 2009, Merchant Survey, 2007. Note: Positive features highlighted in blue; negative in orange.

EXHIBIT 1: Characteristics of Corridors Prior to Inception of NMI Programs (*In Descending Approximate Order of Quality*)

OMI	Highest median household income and comparatively high total retail demand; low starting vacancy rate. Lowest negative perceptions of public safety among merchants. Benefits from streetcar line and proximity to City College of San Francisco.
Portola	Moderate retail demand and low starting vacancy rate. Highest percent of merchants reporting retail decline in from 2005-2007, but has best mix of neighborhood-serving retail businesses among corridors. District is an active immigrant community shopping district.
Excelsior	High starting vacancy rate and lowest demand per establishment, although total retail demand is relatively high. Highest negative perception of cleanliness. Active immigrant community shopping district, but long (1 mile) corridor makes visible, concentrated improvement difficult.
Visitacion Valley	Small corridor with high starting vacancy rate and lowest total retail demand. High percentage of merchants reported retail declines in 2005-2007 and highest negative perceptions of business climate. High public housing presence and reputation as unsafe.
Bayview	District has lowest median income, lowest demand per establishment, and high starting vacancy rate. Merchants have highest negative perceptions of corridor overall, including very high negatives on crime and high negatives on cleanliness and business climate.



Unlike the majority of the city’s street festivals, which use professional event promoters, the NMI festivals were primarily organized by the commercial corridor manager with significant leadership and labor of community volunteers.

At the beginning of NMI, businesses on the corridors were overwhelmingly independent and not chains or franchises, an important attribute that residents were keen to retain. A sizeable portion of those employed in districts’ businesses were, and remain, residents of the neighborhood, particularly in Bayview where more than one-half reside locally. As noted above, merchant perceptions in 2007 were not particularly favorable overall, particularly with respect to crime. Merchants in some districts were more dissatisfied than others, as indicated by the figures highlighted in orange. Merchants in OMI were most likely to report being victimized by crime between 2005 and 2007, although curiously, these same merchants were least dissatisfied with public safety levels. (Perhaps crimes were not serious ones.) Merchants in Bayview were least favorable toward district conditions (negative ratings on three of five indicators), partly because of disruption tied to public infrastructure improvements; those in OMI are most favorable.

These figures, together with the observations of corridor managers and Bay Area LISC staff responsible for overseeing NMI, can be used to roughly rank corridors in terms of how well they were functioning overall prior to the inception of

EXHIBIT 2: Sequence of NMI Implementation

Program	Planning	Implementation	Comments
Excelsior	2002, 4th Quarter	2003, 3rd Quarter	Paid staff late 2003
Visitation Valley	2004, 2nd Quarter	2005, 1st Quarter	Paid staff late 2004
OMI	2005, 1st Quarter	2005, 4th Quarter	Paid staff late 2005
Portola	2005, 1st Quarter	2005, 4th Quarter	Paid staff late 2005
Bayview	2005, 4th Quarter	2006, 2nd Quarter	Paid staff in 2006, 3rd Quarter

NMI programs. **Exhibit 1** presents this rough ordering, along with some comments about the characteristics of the corridors.

Community Process

The NMI was based on the model of Bay Area LISC’s 1990’s initiative in the Fruitvale neighborhood of Oakland which grew the commercial district into a regional cultural destination by empowering existing residents and merchants and supporting their ongoing efforts. The first efforts to organize merchants and community leaders in what would become the NMI began in the Excelsior in late 2002 with the start of the community planning process. Based on the initial results of this effort, Bay Area LISC formalized the approach as NMI and established a partnership with the City of San Francisco and began planning work in the other corridors in 2004 and 2005. (See **Exhibit 2**.)

Prior to NMI, each neighborhood contained a fragmented landscape of community-based organizations and citizen groups that only occasionally coordinated with each other and were often at odds. City agencies often cited this lack of coordination as a barrier to its ability to understand and support neighborhood goals. Therefore, NMI required each neighborhood to establish a structure for coordination and collaboration between existing organizations. This structure was formalized in the Action Plan and a memorandum of understanding detailing how the groups would work together.

The organizational structure differs in each neighborhood based on the local organizational environment, but typical elements include:

- **Creation of Stakeholder Committees** consisting of residents, merchants, and community-based organizations to plan and implement the program. In some neighbor-

hoods, LISC led intensive one-on-one work with existing organizations to enlist their participation in the joint effort.

- **Development of community-led action plans** to solve problems like vacancies, crime, poor business health, and unattractive conditions, while actively maintaining the character and diversity of the neighborhood’s businesses – and its shoppers. The action plans describe the community’s vision, specify and prioritize implementation projects, list the consensus on business attraction targets, and identify priority projects for city agencies.
- **Hiring of paid corridor managers** to engage and support merchants, recruit merchants and resident leaders, and coordinate improvement efforts, including large numbers of volunteers. Across districts, staff effort ranges from ten hours per week to one full time employee and a full-time AmeriCorps volunteer.
- **Holding of regular community and sub-committee meetings** to help direct projects, solicit resident views, advocate for resident and merchant interests, and update the action plan. Each district must hold at least one community-wide meeting per quarter, although most do so monthly.
- **Monitoring of progress and tracking of economic changes** semi-annually utilizing Bay Area LISC and OEWD’s shared outcome tracking system.

The organizing and planning process was tailored to the history and circumstances in each neighborhood. For example, some neighborhoods began with a formal planning process, while others that already had many plans worked with stakeholders to integrate, confirm, prioritize, and operationalize the projects outlined in existing plans.

EXHIBIT 3: NMI Program Summary

	Excelsior	Vis Valley	Portola	OMI	Bayview
Boundaries	<i>Mission: Silver to Geneva</i>	<i>Leland: Bayshore to Cora; Bayshore: Visitacion to Raymond</i>	<i>San Bruno: Silver to Mansell</i>	<i>Ocean: 280 to Keystone</i>	<i>Third: Evans to Carroll</i>
Program Name	Excelsior Action Group (EAG)	Visitacion Valley Business Opportunities & Outreach to Merchants (VVBOOM)	Portola Neighborhood Steering Committee (PNSC)	Ocean Ave. Revitalization Collaborative (OARC)	Third Street Corridor Project (TSCP)
Staffing	1 FTE + AmeriCorps	1.25 FTE	1 FTE	1 FTE	1 FTE
Program “Home” Organization	EAG with 501c3 fiscal sponsor	VVBOOM with 501c3 fiscal sponsor	PNSC with 501c3 fiscal sponsor	OARC with 501c3 fiscal sponsor	Renaissance Entrepreneurship Center—Bayview Bus. Resource Center
Planning Year	2002	2004	2004	2004	2005
Year Of Program Start-Up	2003	2005	2005	2005	2006

Following the approach outlined in the theory of change, engagement of community leadership and continuing coordination of their efforts was expected to play a particularly powerful role in mobilizing the district and City resources essential to combating district problems. Through new organizational structures in each district, communities sought to gain some control over changes in the districts: to retain desirable businesses, attract new business, and prevent or help close businesses – like payday lenders or liquor stores – that the community believed detracted from the quality of commercial district life.

These coordinating bodies, with their expanding network of ties with merchants and community leaders, were expected to mobilize both self-help efforts as well as new sources of external support. This external support – primarily from city agencies – was to come about in two basic ways: 1) creation of capable community partnerships able to work with the city in implementing district improvement programs and 2)

advocacy for district interests before city agencies and elected officials. Only by such enduring partnerships would districts be able to sustain the levels of investment and coordinated local action sufficient to make a material difference in corridor conditions. Neighborhoods’ success in their own implementation efforts and in the development of working partnerships with City Agencies earned the credibility and trust that enabled effective advocacy. Regular corridor staff peer networking sessions, convened by LISC and OEWD provided an additional forum to elevate needs and challenges experienced by managers across districts and thereby obtain programs and policies to meet the needs of their corridors.

Implementation of Programs and Projects

Each community chooses implementation activities based on their priorities, the district’s needs, and volunteer energy and capacity. These activities fall into three basic categories:

EXHIBIT 4: Timeline of Select Excelsior Organizational, Promotion & Investment Activities (03-08)

	2003	2004	2005	2006	2007	2008
ORGANIZATIONAL	<p>New corridor manager hired for the Excelsior Action Group (EAG). EAG selects Bernal Heights Neighborhood Center as fiscal sponsor and develops a Memorandum of Understanding (MOU) for how the two groups will work together.</p>	<p>Reestablished Excelsior Merchants Association. Block captains organize and do outreach to other merchants. Raised \$50K for EAG activities. To assert more autonomy from its fiscal sponsor and to accept more organizational responsibility, the EAG formed an interim board of directors and began to explore incorporation.</p>	<p>EAG takes leadership role. Staff continues to build relationships with merchants and property owners.</p>	<p>EAG resident/merchant volunteers receive organizational development training and create acting Board of Directors and organizational infrastructure: by-laws, operating procedures. Board takes over management of staff, finances, budgets, etc.</p> <p>EAG seen city-wide as key neighborhood community engagement authority and called upon by San Francisco Transportation Authority to conduct outreach to over 10,000 multicultural residents.</p>	<p>Raised \$40K for Excelsior Festival and \$17K for youth murals and power-washing. Recruited 3 AmeriCorps interns. Launched Community Benefit District Campaign. Town Hall meeting reviews mixed-use development.</p> <p>115 volunteers worked 1014 hours on corridor efforts.</p>	<p>Continued organizing efforts on Community Benefits district and Better Streets Plan. EAG develops strategic plan and becomes convening agency of Excelsior Planning Collaborative, and takes lead in developing MOU, formal agreements among members. Hires full-time coordinator for EPC.</p>
PROMOTION	<p>Excelsior Festival draws 4,000. Other promotions: Trick-or-Treat on Mission, Santa Claus, and holiday party. Developed business recruitment package.</p>	<p>Developed business directory. Second Festival draws 5,000. Other events include Mambo Night, storefront clean-up day, Trick-or-Treat, Mission Street holiday decorations. Produced business attraction package.</p>	<p>Festival draws 6,000. Completed community vision, with neighborhood and business district marketing images.</p>	<p>Festival draws 5,000; Trick-or-Treat (Safe R Treat) draws 1,200.</p>	<p>5th anniversary of the Festival draws 10,000. Other promotions include volunteer celebration week, Small Business Week mixer.</p>	<p>Festival draws 6,000 (involving 116 volunteers). Architect begins designs for intersection beautification projects.</p>
INVESTMENT	<p>Prepared mural panels for vacant Woolworth storefront. Initiated regular sidewalk cleaning.</p>	<p>Continue power-washing of sidewalks & partnered with DPW on graffiti removal and cleaning. Installed movable mural panels on Woolworth windows. 12 new businesses; 65 jobs</p>	<p>Continued power-washing. Achieved occupancy rate of 90 percent. 10 new businesses; 30 jobs</p>	<p>New market brought in to replace vacant supermarket (35 jobs). Continued quarterly power-washing. Implemented weekly graffiti abatement. 21 new businesses; 87 jobs.</p>	<p>6 new businesses; 23 jobs.</p>	<p>Provided 1-on-1 technical assistance to 13 businesses. Installed planters to enhance sidewalk appeal. 5 new business; 17 jobs.</p>

One feature that distinguishes NMI is the presence of a capable and experienced intermediary able to support the work across all NMI districts.

- **Continuing community organizing, coordination, and advocacy**, intended to strengthen community and merchant engagement over time, build consensus, and otherwise lay groundwork for effective and coordinated action.

Corridor managers and stakeholder committees drive these efforts, which hope to inform or direct all of the other implementation activities in the districts. For example, in several districts, managers and partners initiated or facilitated efforts to influence the development of catalytic mixed-use real estate projects. Managers also act to connect merchants to external sources of support; e.g., by referring merchants to technical assistance organizations able to help them upgrade their business operations.

- **Community Improvements**, aimed to resolve chronic problems afflicting the districts.

Each district pursued streetscape, greening, and physical improvements; operated storefront improvement programs, safety, cleanliness, and arts-in-storefronts programs to encourage business and property owners to invest; and carried out business attraction efforts, including grocery store retention and attraction. Especially important given the high levels of perceived crime, some NMI programs developed volunteer-driven safety initiatives tailored to the specific needs in each neighborhood. All efforts began by reviewing crime statistics, engaging residents and merchants in a series of meetings to identify their specific concerns, and coordinating with the local police captains to implement safety initiatives.

- **District identity building and marketing campaigns**, aimed to promote neighborhood pride, encourage merchants to invest, and attract purchasing power to the neighborhoods.

As part of the goal of stabilizing commercial districts and preventing widespread displacement, it is important that residents and merchants of all cultures feel comfortable and welcomed in their own neighborhood, and resist loss of institutions and businesses that form part of the neighborhood's cultural heritage and diversity. Between 2005 and 2009, all corridors in the study areas engaged in a range of identity-building and promotional activities to increase awareness of the commercial districts, improve their image, and increase local shopping. Activities included the creation of a district logo and identity, promotional materials, such as street banners, business directories, and websites, a quarterly newsletter, media outreach, and an annual street cultural festival, organized by staff and neighborhood volunteers.

Each neighborhood's major annual event, such as a street fair or holiday festival, served to promote the neighborhood, bring people to the commercial district, provide avenues for cultural expression, and generally increase awareness of the district and what it has to offer. Unlike the majority of the city's street festivals, which use professional event promoters, the NMI festivals were primarily organized by the commercial corridor manager with significant leadership and labor of community volunteers.

Systemic Support

Community and economic developers recognize that much of what happens in neighborhoods is driven by decisions made by external actors – banks, investors, prospective residents and businesspersons, government agencies, foundations, and others. This external support extends to creating and maintaining the community framework critical to local action, as well as to the direct investments needed to create conditions for economic health. One feature that distinguishes NMI is the presence of a capable and experienced intermediary able to support the work across all NMI districts, including ongoing supervision and critical performance monitoring functions. In NMI, Bay Area LISC and the Office of Economic and Workforce Development (OEWD) provide direct funding to support neighborhood-based staff and, contingent on fundraising success, provide additional funds for specific implementation projects, such as safety, neighborhood marketing, or youth development.

At the request of each area's community leadership and the District Supervisor, Bay Area LISC staff conduct a neighborhood assessment and market analysis, convene stakeholders to complete a planning process, and form the

EXHIBIT 6: OEWD Investment in NMI

Neighborhood	2005-2006		2006-2007		2007-2008		2008-2009		TOTAL OEWD Grants
	OEWD Operating Grants	OEWD Project Grants	OEWD Operating Grants	OEWD Project Grants	OEWD Operating Grants	OEWD Project Grants	OEWD Operating Grants	OEWD Project Grants	
Excelsior	\$25,000		\$49,000	\$10,000	\$85,000	\$28,889	\$40,000		\$37,889
Vis Valley	\$35,000	\$10,000	\$35,000	\$10,000	\$40,000	\$10,000	\$40,000		\$180,000
OMI			\$27,500	\$10,000	\$45,000	\$8,889	\$35,000	\$19,761	\$146,850
Portola	\$54,000	\$30,000	\$27,500	\$10,000	\$45,000	\$8,889	\$50,000	\$5,435	\$230,824
Bayview	\$45,000		\$45,000		\$45,000		\$40,000		\$175,000
TOTAL	\$159,000	\$40,000	\$184,000	\$40,000	\$260,000	\$56,667	\$205,700	\$25,196	\$970,563

EXHIBIT 6.1: Bay Area LISC and OEWD Roles in NMI

Bay Area LISC Provides:	OEWD Provides:
Initial planning and community engagement support	Coordination between city agencies
Market analysis	Targeting of city programs and resources to support the commercial districts
Ongoing implementation technical assistance	Catalyst project leadership and advocacy
Outcomes and evaluation	Targeted business attraction
Research	Funding
Funding	
Staff and Organizational Development	
Project Management	
Peer networking	

organization or steering committee. Thereafter, Bay Area LISC provides ongoing training and technical assistance to support staff, merchants, and community members through one-on-one coaching, convening peer networks, providing trainings, best practice research, and program development. Attending these trainings and technical assistance sessions is required by LISC and OEWD’s grants. Technical assistance topics range from organizational development, staff management, and community processes to implementation best practices.

For its part, OEWD coordinates between city agencies and targets city resources and programs to support commercial district goals. OEWD assigns a staff person to serve as liaison between the City and each NMI district and convenes regular coordination meetings between key staff of other city agencies. In many instances, the City also implements its own projects, with input from the community, to support the community’s commercial district goals.

NMI programs do not provide business technical assistance or loans because the City of San Francisco supports a separate network of nonprofit microenterprise and business assistance

EXHIBIT 7: Summary of Data Collection Sources and Methods

Data Sources	Methods of Data Collection	Timing of Data Collection
<p>Program Management Information</p> <p>Corridor Monitoring Reports</p> <p>Baseline Business Inventory</p>	<p>Corridor managers report vacancy, business location, employment, volunteer, and other information using custom reporting software.</p> <p>Corridor manager surveys at the inception of NMI programs in each corridor</p>	<p>Semi-annually</p> <p>One time at start-up</p>
<p>Survey Data</p> <p>Merchant and Property Owner Survey</p> <p>Survey of Corridor Festival Attendees</p>	<p>Surveys of a subset of corridor merchants and owners, carried out by students at UC Berkeley</p> <p>Intercept surveys of pedestrians during annual corridor street festivals.</p>	<p>Spring and Summer of 2007 and 2009</p> <p>Summer of 2006, 2007, and 2008</p>
<p>City of San Francisco Revenue Data</p> <p>Sales tax revenue data for corridor businesses from MuniServices, the City's revenue collection contractor.</p>	<p>Management information systems record business tax receipts from corridor businesses</p>	<p>Quarterly from 2002 - 2008</p>

organizations that provide those services. NMI programs, instead, focus on activities that address broader district issues and improve overall business climate. When possible, businesses are referred to the business technical assistance organizations for more specific support.

Evaluation Framework & Methodology

As part of its program oversight responsibilities, Bay Area LISC initiated an ambitious program monitoring and outcomes evaluation process. Between 2004 and 2006, Bay Area LISC worked closely with a consultant, research interns, and grantees to develop the framework and evaluation implementation and program-monitoring strategy.

Researchers conducted background research to understand how other LISC, Main Street, commercial district programs, NeighborWorks, and Anne E. Casey Foundation's Making Connections programs established measurable goals and tracked economic and community outcomes. Bay Area LISC staff then conducted focus groups with grantees and staff at OEWD to identify outcomes most important to them and their constituents and to assess the capacity of the corridor programs to collect and track accurate data over time. This work resulted in a joint set of program goals and extensive data tracking "wish list." LISC, OEWD, and the commercial corridor managers narrowed and prioritized the list based on the cost and feasibility of collecting the data and outcome priorities directly related to program goals.

EXHIBIT 8: NMI Goals and Outcome Framework

Leadership & Investment		Economy & Quality of Life	
<p>1. Neighborhood residents', merchants', and groups' leadership and activities improved the business district and contributed to overall increase in civic participation</p>	<p>2. Public and private investment and action improves and maintains the physical environment (properties and street-scape) of commercial corridor</p>	<p>3. Business district contributes to improving the quality of life for residents and merchants by strengthening the sense of community, safety, visual attractiveness, cultural integrity, and access to affordable goods and services and housing</p>	<p>4. Neighborhood business district is economically viable.</p>
<p>A. Increased involvement by community stakeholders in business district revitalization</p> <ul style="list-style-type: none"> ▪ Volunteer involvement ▪ Community leadership development <p>B. Increased ability of community stakeholders to act together to improve the business district</p> <ul style="list-style-type: none"> ▪ Improvement in neighborhood-level coordination ▪ Improvement in city-level coordination <p>C. Residents have a greater sense of community and connectedness with neighbors and merchants</p> <ul style="list-style-type: none"> ▪ Merchants and residents report feeling a sense of community. ▪ Hopefulness about the future ▪ Awareness of program <p>D. Satisfaction with program</p> <ul style="list-style-type: none"> ▪ Quantity and quality of promotion efforts 	<p>A. Property owners and other stakeholders improve and maintain buildings, properties, and streetscape</p> <ul style="list-style-type: none"> ▪ Overall appearance of existing buildings (façade photos) ▪ Investment in buildings, real-estate, streetscape, and open space ▪ Investment in revitalization program <p>B. Business district properties occupied and in use</p> <ul style="list-style-type: none"> ▪ Vacancy rate, reduction of long-term vacancies, and prevention of new vacancies 	<p>A. District businesses and services improve residents' quality of life by increasing opportunities for employment and needed services</p> <ul style="list-style-type: none"> ▪ Businesses meets daily needs ▪ Support for low income residents <p>B. Residents and commercial corridor tenants experience and perceive greater safety and visual attractiveness of the district</p> <ul style="list-style-type: none"> ▪ Perception of visual attractiveness ▪ Safety ▪ Number of businesses that report improvement in business climate 	<p>A. Existing and established business grow and stay in the business district</p> <ul style="list-style-type: none"> ▪ Length of time in business ▪ Increase in establishments ▪ Number of businesses that report growth and increase in customers ▪ Sales tax revenue growth ▪ Utilization of technical assistance resources <p>B. Mix of existing business and new businesses attracted and/or contribute to meeting the economic development needs of the community</p> <ul style="list-style-type: none"> ▪ Job creation (net job growth) ▪ Local employment ▪ Independent/chain mix and local ownership

Source: Adapted from Bay Area LISC / NMI Planning Materials



The NMI was based on the model of Bay Area LISC's 1990's initiative in the Fruitvale neighborhood of Oakland which grew the commercial district into a regional cultural destination by empowering existing residents and merchants and supporting their ongoing efforts.

The resulting product is a program goals and outcomes framework summarized in **Exhibit 8** (See page 23). Following this framework, staff developed the corresponding outcomes indicators and multi-step collection and tracking system. This report was developed using data from a variety of sources, which are more fully described in the appendix. Sources of information are detailed on **Exhibit 7**(See page 22). The next two sections of the report present the results of this data collection and analysis strategy, following the goals outlined in the framework.⁵

Section 3 presents the analysis of the outcomes under Goals 1 and 2 in the matrix, covering leadership and organizational development and the concrete investments made under the aegis of NMI. Section 4 presents the analysis of outcomes under Goals 3 and 4, covering economic and quality of life outcomes.

OVERVIEW OF NMI & STUDY AREAS FOOT NOTES

p 24.⁵ The framework presented in the Exhibit does not exactly match the one originally developed: the goals have been re-numbered for expository purposes and several indicators have been shifted from one goal to another. Otherwise, this report faithfully follows the original design.

Leadership & Investment Outcomes



25

Headline Here

This chapter presents the detailed findings utilizing the framework designed to track program outcomes. This section is organized by program goals into the following sections:

- 1. Neighborhood residents', merchants', and groups' leadership** and activities improved the business district and contributed to overall increases in civic participation
- 2. Public and private investment and action improves** and maintains the physical environment (properties and streetscape) of commercial corridor

Overall, we find that community participation in corridor programs, exercise of community leadership, and coordination among neighborhood and city actors has improved. We further find generally increasing awareness of the program and increased levels of satisfaction with District programs. Finally, the quality of the physical environment, as measured by vacancy rates, has improved in all corridors, in some cases, dramatically. (The next section provides more evidence of this under Goal 3.) Of course, not all of these improvements (and those discussed in the next section) can be attributed to the effects of the NMI program: other investments, such as completion of major transit improvements, also had considerable value.

Building community leadership and increased investment, including investment that is directly provided by the NMI program itself, should not be considered as only secondary to the economic and quality-of-life outcomes described in Section III. Although the latter represent the ultimate or downstream payoff from community-building activities, the best way to solidify these gains is through sustained exercise of district-level leadership and continued flow of investment through an effective framework for public action.



The quality of the physical environment, as measured by vacancy rates, has [...] improved in all corridors, in some cases, dramatically.

EXHIBIT 7: Summary of Corridor Performance on Goals 1 and 2

	Excelsior	Vis Valley	Portola	OMI	Bayview	All
Value of Volunteer Hours (at \$12/hr)	\$39,288	\$17,952	\$24,612	\$24,972	\$8,364	\$115,188
Percent Aware of District Program, 2009	23	73	50	62	50	46
Change in Merchant Program Awareness 2007 - 2009	-27	20	13	12	17	0
Neutral or Satisfied with District Promotions	82	80	91	68	88	83
Change in Satisfied (Only) with District Promotions	3	19	8	-10	30	3
Increase in Neutral or Satisfied with District Promotions	29	48	34	33	100	32
Change in Vacancy Rate 2005-2008	-13	-11	-1	-3	-13	-13

Key: Blue: highest relative performance of all districts. Orange: districts that lag behind peers

Despite overall improvement, not all districts can be expected to improve at the same rate, if only because the challenges NMI program managers and their partners face are higher in some districts than others. **Exhibit 7** identifies those districts that performed particularly well on the core indicators reported in this section and those that appear to be lagging their peers. (Good performance is noted in blue: instances where the value of the indicator exceeds both the average value and the nearest other district by 10 percentage points or more. Instances where a district lags its peers are shaded in red.)

Bayview and Visitation Valley have displayed the greatest changes compared to other districts, as shown by the indicators highlighted in blue. These two districts are the ones noted in the preceding section that appeared to be functioning least well as commercial corridors prior to NMI. In the Excelsior, the low level of merchant awareness of the program and the drop in awareness is worrisome, although the large drop in vacancy rate speaks to considerable success in improving conditions for business operation. Of all corridors, Excelsior appears to have made the greatest strides in leadership development, as community leaders have expanded their activism to include challenges in the broader neighborhood. Finally, the two best-functioning corridors at baseline – OMI and Portola – displayed uneven results in moving the needle

on the indicators shown in Exhibit 7. This might be expected given that conditions already were generally better than other corridors’ prior to program start. Portola’s figures are about average for all the corridors; OMI showed high levels of dissatisfaction with promotions and an actual decline in satisfaction between 2007 and 2009.



This research finds that community leadership increased substantially over the course of the NMI, and played an integral role in improvement and stabilization of the business districts.

Goal 1: Participation, Leadership & Coordination

Each commercial corridor program strives to mobilize participation in the work of district revitalization. Corridor managers have devoted considerable effort to build community capacity to assume leadership of revitalization efforts. This capacity is expected to come from more active participation by community stakeholders – merchants, residents, and public agencies, primarily – in corridor events and programs, as well as cooperative efforts to pursue a common revitalization agenda.

This research finds that community leadership increased substantially over the course of the NMI, and played an integral role in improvement and stabilization of the business districts. Following the community-driven Action Plan as the organizing framework, an increasingly active community leadership cadre increased coordination at both the neighborhood and City levels.

GOAL 1A

Community stakeholder involvement in business district revitalization has significantly increased.

Stakeholder involvement is a core tenet of the NMI approach, on the premise that resident leaders, volunteers, and merchants bring ideas, expertise, and commitment to corridor revitalization efforts if they are given the means and opportunity to do so. Each NMI district created the coordinating framework – in the form of stakeholder committees – that provided this opportunity. Now having active neighborhood partners to work with, the City responded by ramping up its own efforts to streamline programs, create new ones, and coordinate activities of disparate agencies.

As stakeholders committed to the success of their commercial districts, both residents and merchants have emerged as strong community leaders, recognized locally and nationally for their work to influence development of their districts. Over time, NMI participants have developed considerable capacity to effect change: new and sophisticated understandings of organizational and business development,

negotiation, and economic development best practices; experience in analyzing financial statements, managing staff, doing strategic planning, and writing grants. Neighborhood steering committee members are becoming increasingly adept in addressing neighborhood issues and playing key roles in influencing new development in the neighborhood. The spinoff benefits of this capacity-building is noteworthy, as participants in district programs become more involved beyond the context of NMI itself:

- **NMI groups developed leadership in increasingly neighborhood-wide issues.** The collaborative framework of active residents and merchants became available to address other neighborhood needs, such as parks, schools, and transit. For example, the PNSC played strong role in supporting Rec-Connect, whose spring fest attracted over 1,000 neighborhood families; a community-driven program to improve and manage the local neighborhood park; and in the re-invigoration and activation Friends of McLaren Park Group.
- **Individual participants have developed leadership roles in formal Citizen Advisory Committees and district councils.** For example, VVBOOM members have applied, and been accepted to the Citizens Advisory Committee for the Visitation Valley Redevelopment Area. Members of the Portola Neighborhood Steering Committee, Ocean Avenue Revitalization Collaborative Third Street Corridor Project, and Excelsior Action Group are now leaders in District 10 and 11 councils.
- **Individuals have developed spin-off projects.** NMI citizen participants have developed their own spin-off projects to contribute to the neighborhood. For example, an EAG Board Member led efforts to paint murals in the community and another helped other residents organize community art projects and apply for grants. PNSC members initiated the Gottingen Neighbors Group.
- **Individuals have demonstrated increased ownership in the commercial district.** There are as many examples of small gestures and individual efforts to support the neighborhood, such as the Portola merchant who gives tours to his friends to encourage them to start a business in the neighborhood.

EXHIBIT 8: Changes in Merchant Participation in Merchant Organizations

District	Status at Baseline	Current (2009) Status
Visitacion Valley	No merchant organization. Used VVBOOM as the structure to begin organizing.	Merchant leadership has grown significantly, with regular meetings and new initiatives, such as the safety watch.
Ocean Avenue	Limited capacity merchant organization (OMI Business League). Meetings not well attended and not reflective of merchant population. OARC formed to engage property owners and residents in addition to merchants.	OARC engages a diverse range of stakeholders. Merchant mixers and meetings held on a regular basis. OARC now heading up the effort to form a CBD and secure long-term funding for the district
Portola	San Bruno Avenue Merchants Association instrumental in helping establish the PNSC. Worked closely with corridor manager to co-convene merchants.	SBAM's president, vice-president, and secretary simultaneously departed, costing the organization energy and capacity. Merchant outreach and engagement has been absorbed by PNSC.
Bayview	Bayview Merchants Association had low capacity, conflicts with others, narrow membership, but participated in planning meetings.	BMA only merchant association to grow capacity. Third Street Corridor Project advocated for Redevelopment Agency to fund one full-time staff at the BMA, which has since added programs, district marketing efforts, and has strong attendance.
Excelsior	Limited capacity merchant organization (Excelsior Business Association). Meetings not widely attended; dwindling membership. Local church was fiscal agent and uncertain about partnership value. EAG	EAG successful at bringing stakeholders to the table. Merchant meetings played prominent role in organizing strategy, now evolved to as-needed basis. EAG spearheading campaign to establish CBD.

Of consideration is the role of merchants in these efforts. The NMI program strays from many models of commercial revitalization efforts in which the primary goal is to “build capacity” of the local business association with the ultimate goal of facilitating local businesses to bring about the comprehensive changes needed to revitalize commercial corridors. NMI takes a different approach, positing that, while merchants are essential players in the commercial districts’ stabilization and improvement, merchants tend to be too busy to attend many meetings and lead volunteer efforts. Instead, NMI focuses the majority of the volunteer recruitment on local residents and community-based organizations. Residents and community-based organizations become great

sources of additional input and volunteerism in the commercial district. The commercial district manager, through periodic meetings, regular merchant visits, and one-on-one outreach keep merchants informed and participating by soliciting their input. An intended consequence of this division of labor is creating more connections between residents and merchants and utilizing networks of residents to create a buzz and bring more shoppers to the commercial district.

During the preliminary NMI planning stages, official merchant organizations existed in many NMI neighborhoods (some neighborhoods had multiple merchant organizations) and their representatives were involved in the initial district

TABLE 3: Summary of Volunteer Contributions to District Programs

	2005	2006	2007	2008	Total
Volunteer Engaged	375	454	498	489	1,816
Total Volunteer Hours	1,044	2,153	2,824	3,578	9,599
Value of Volunteer Hours	\$12,258	\$25,836	\$33,888	\$42,936	\$115,188

Source: Commercial Corridor Managers Reports

planning and implementation efforts. Participation from unaffiliated merchants was also actively solicited. As the ongoing implementation phases of the programs continued, merchant involvement increased in every corridor. Some corridors hold monthly merchant meetings, others hold quarterly merchant mixers, and others organize merchants around issue of safety. In most instances that involvement was not mirrored by involvement by the merchants association. Now that the corridor programs have matured and established a track record, managers are dedicating more energy to supporting more traditional merchant organizing. Corridor managers have begun to support informal merchant associations to continue to grow merchant leadership and provide a forum for them to coordinate amongst themselves and advocate for their needs. **Exhibit 8** presents a summary of the evolution of merchant involvement.

However important increasing stakeholder activism on the various committees that mobilize and coordinate improvement efforts is, these efforts much be supported by contributions from the broader community. Between 2005 and 2007, 1,816 volunteers have dedicated 9,599 hours to the neighborhood commercial district. In addition each district held monthly meetings and sub-committee meetings held in each district totaling over 100 a year. See **Table 3**.

GOAL 1B

Community stakeholders increasingly act together to attract City support and make direct improvements to the districts.

The NMI stipulated that each neighborhood create a structure for coordination and collaboration among existing organiza-

tions. This structure was formalized in the Action Plan and a memorandum of understanding detailing how groups would work together. Over time, each NMI program has grown to represent a collaboration of neighborhood residents, merchants, and community-based organizations working closely together to achieve their neighborhood economic development goals. The programs gained authority because they acted as conveners and represented a coordinated neighborhood effort. Now, NMI programs in most neighborhoods serve as the hub, not only for implementing key projects, but also acting as the neighborhood’s information and coordination source.

Just as NMI created a structure of coordination at the neighborhood level, it also became the organizing framework for neighborhood economic development at the City of San Francisco: NMI programs communicate neighborhood needs and priorities through the Action Plans and create conditions for effective community action. Partly in response, the City:

- **Streamlined funding support for NMI neighborhoods.** Until 2007, economic development programs and funding sources were administered by multiple government agencies – the Mayor’s Office of Community Development, the Office of Economic and Workforce Development (OEWD), the Redevelopment Agency, and others – each with its own award process, reporting requirements, and grantmaking criteria. In 2008, after advocacy by LISC and NMI organizations, the city consolidated these funding sources. Now all grants are administered by OEWD, which then solicits input and coordinates with other city agencies.
- **Effected better coordination among city agencies.** The City created inter-agency working groups for targeted neighborhoods to coordinate staff time and resources. For example, OEWD convened agencies

EXHIBIT 8: Changes in Merchant Participation in Merchant Organizations

District	Status at Baseline	Current (2009) Status
Excelsior	By reaching businesses and different ethnic and socio-economic groups, EAG became the convening agency for the district, partnering with other organizations, such as the Excelsior District Improvement Association, to gather community input and implement priority programs.	City agencies recognize EAG as go-to organization for meaningful and sustained community engagement; e.g., the SF Transportation Authority selected EAG to conduct extensive community outreach on its community transportation plan. EAG was elected lead agency in the Excelsior Planning Collaborative, a community partnership to lead neighborhood-wide revitalization.
Visitacion Valley	Many neighborhood organizations participated in the planning process for the Visitacion Valley Action Plan (e.g., Visitacion Valley Planning Association, Visitacion Valley Community Development Corporation, Visitacion Valley Jobs Education Training, and Chinese for Affirmative Action). VVBOOM emerged from a collaboration among these groups to fill a niche in programming that did not exist before.	Organization cooperation diminished, with weakening of some organizations and lack of fit with others. VVBOOM recruited active residents and merchants to sit on steering committee, and shifted to Community Initiatives as fiscal agent.
Ocean Avenue/ OMI	Each neighborhood in the OMI area has its own organizations and councils. Before creation of OARC, there was little cooperation between merchants, members from the senior center, neighborhood organizations, and representatives from resident associations and unaffiliated merchants and residents.	Since formation of OARC, members of each of the neighborhood organizations and associations increasingly work together to focus on improving Ocean Avenue, their shared resource, and coordinate their activities towards joint goals. OARC's membership includes representatives from each of the groups noted.
Portola	Despite advocacy success and creation of local plans, organizations had not brought about tangible change to the neighborhood and did not work well together. Establishment of the PNSC brought all of the community goals, activities, and organizations together under one coordinated umbrella.	PNSC attracted new volunteers and secured permanent staff to carry out priority projects. Coordinated work and priority-setting enables the City to provide funding and other support to the commercial district. Many of PNSC's long-term goals have been realized, including the overhead utility pole removal, new street banners of the community's design, new street trees, and façade improvements.
Bayview	The Third Street Corridor Project was created to overcome notorious fragmentation among neighborhood organizations. The planning process brought groups focused on economic development together to create an integrated strategy, targeted implementation steps, and framework for action for the community and city.	Stakeholder groups worked together to attract new businesses and create an annual holiday festival. Bayview Business Resource Center is umbrella group for city-funded business development and attraction, housing Third Street Corridor Project and Bayview Merchants Association (BMA). Representatives attend each other's meetings and collaborate to raise funds for district improvements (e.g., for street banners). A monthly Management Team Meeting brings together city agencies, LISC, BMA, and Redevelopment. Community collaboration despite past animosities has enabled the City to commit additional support.

relevant to business attraction, such as planning, parking and traffic, DBI, and other permit-providing agencies to support, in partnership with neighborhoods, business attraction and to expedite the new business start-up process. The city accorded NMI neighborhoods priority in receiving streetscape improvement funds and partnered with Planning, Redevelopment, and Greening to creatively secure funds for streetscape improvements on Leland Avenue and San Bruno Avenue (also Polk Street, and Divisadero – districts that are not included in this evaluation).

- **Aligned City and Redevelopment Agency support with community action plans.** As a result of stronger inter-agency cooperation and the city's responsiveness to community priorities, OEWD grant funds are now aligned with the Action Plans for each NMI neighborhood and deployed in a more coordinated way. For neighborhoods in Redevelopment Areas, such as Bayview and Visitacion Valley, Action Plan priority projects have been incorporated into formal redevelopment plans. Both VVBOOM and Third Street organizations are now seen as key implementers to realize both community and redevelopment goals.
- **Created new city programs or re-shaped old ones.** NMI program advocacy representing community and merchant priorities led to the establishment of new programs to support commercial district goals, including a commercial leasing program, overhaul of the façade improvement program to be more accessible to merchants, and a community festival grant program. Other changes at the City of San Francisco have included restructuring CDBG funds to better support community economic development goals and the NMI programs.

GOAL 1C

Residents have a greater sense of community and connectedness with neighbors and merchants

Efforts to improve commercial corridors aim to do more than simply create the conditions for successful business operation: they intend to support cultural expression and to promote a greater sense of community among residents. Community-

designed and -managed street festivals are among the most important methods of building community identity and connectedness, as are promotions of district identity through written materials, banners, and newsletters.

Interviews with merchants and community residents provide evidence that each NMI district has surpassed its goals in carrying out more inclusive efforts to celebrate the cultural diversity of the districts and draw increasing numbers of people to community events. Merchants in most districts have become more aware of district activities and increasingly satisfied with the quality of district promotions.

Corridor managers report that business owners increasingly watch out for each other and depend on corridor programs to disseminate information throughout the district. In 2007, even shortly after programs began in most districts, nearly half of the merchant survey respondents (41 percent) reported feeling a sense of community; 60 percent of merchants knew the names of five other merchants in the district; and 42 percent felt comfortable asking other merchants for help. Over three-quarters of festival survey respondents in each of 2006, 2007, and 2008 were happy about the neighborhood and hopeful about the future. Specific findings include:

- **Heightened level of neighborhood cohesion,** as reported by corridor managers. Community festivals organized by the corridor programs and volunteers have become new, high-profile gathering places, which in Visitacion Valley and the Excelsior had not previously existed. Organizing successes also contribute to cohesion, as in the Portola, when 70 people came to a meeting to dissuade a property owner from opening a bar in the neighborhood.

In some instances, such as the Excelsior and Visitacion Valley, a festival had not existed prior to the NMI effort. In other neighborhoods, such as OMI, Portola, and Bayview, festivals had existed prior to the program, but they were run by professional festival producers who were not connected to the neighborhood and have since been taken over by the community. For these festivals, participants have noticed a marked change since they became community-run.

All of the festivals have met and far surpassed their initial goals to become family-friendly celebrations of the character, diversity, and heritage of each neighborhood. They have brought thousands of people to the commercial district, many of whom would not otherwise spend time there. Through

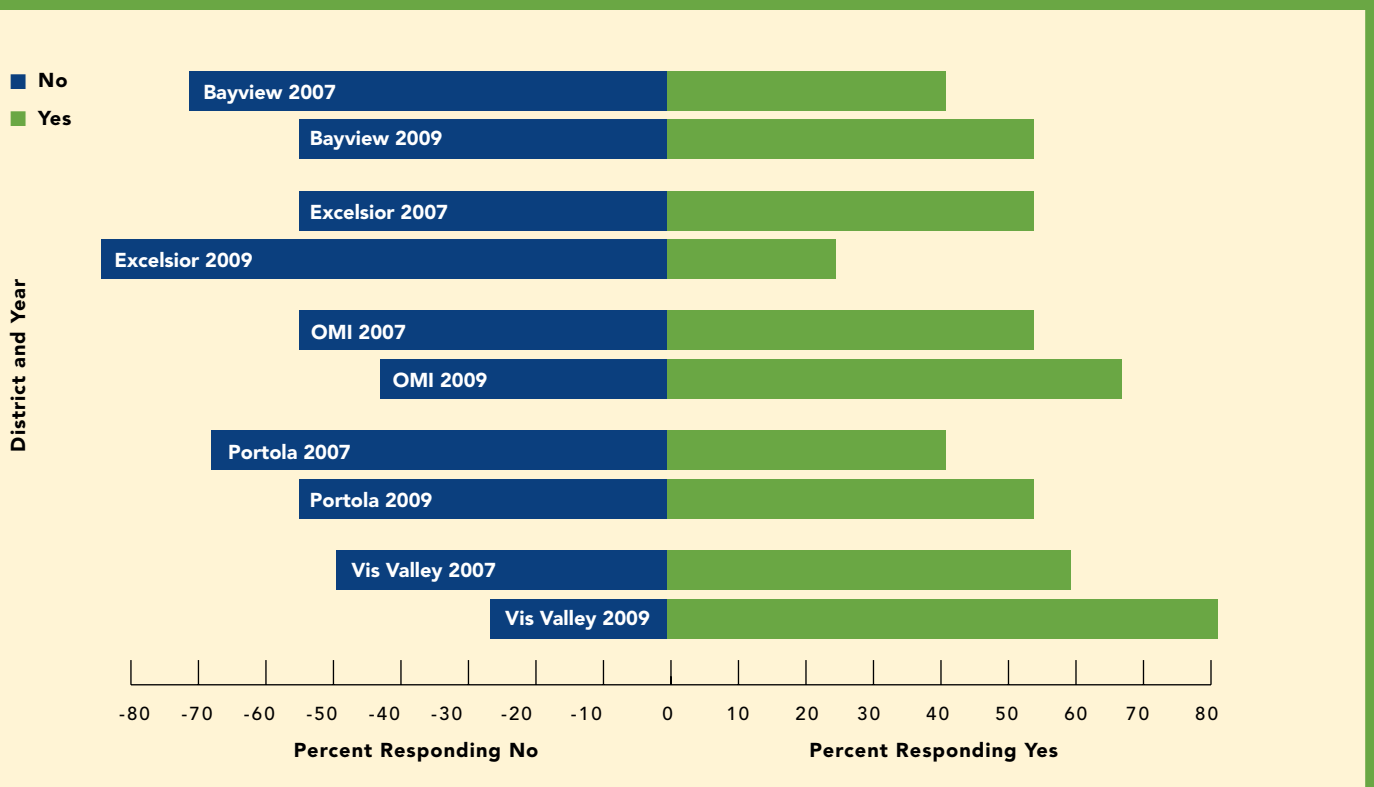
broad volunteer effort and the improving quality of resulting events, they have inspired community pride, and helped to establish NMI commercial districts as authentic neighborhood destinations. Specifically, community festivals have:

- **Retained and enhanced the cultural integrity of commercial districts.** The work of NMI programs to actively include diverse cultures in the planning and implementation of each neighborhood plan, including the attraction of new businesses, creation of events, and development of district identities, helped to retain the affordability and cultural diversity and in each neighborhood.
- **Community-driven neighborhood identities.** Each neighborhood conducted extensive, multi-lingual community outreach to create or reinforce neighborhood identity or “brand,” e.g., through visual communications that embraced the area’s heritage and cultural diversity. These cultural identities have organizing principles, informing development of programs, events, and business attraction priorities. For example, Excelsior developed

the neighborhood’s identity as the destination to “go around the globe in one place,” Bayview focused on the neighborhood’s African American Heritage, and Portola highlighted the neighborhood’s cultures with trilingual materials celebrating the community’s diversity.

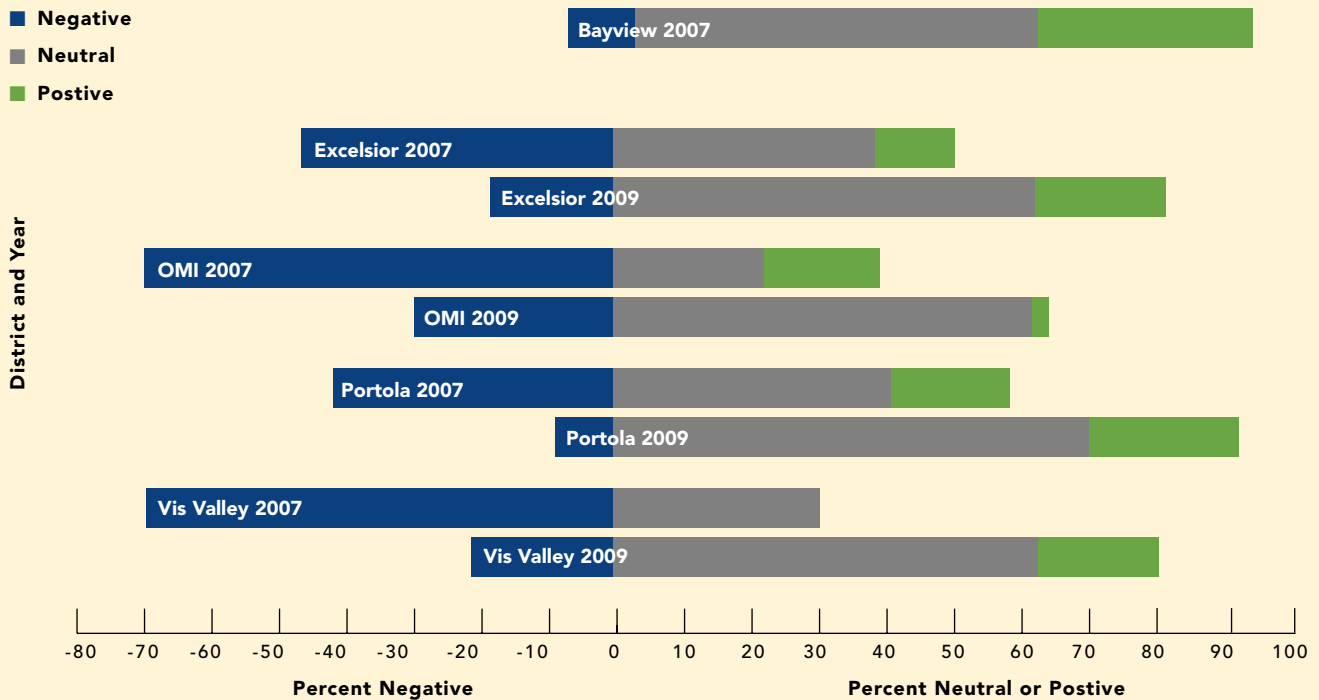
- **Inclusion of diverse cultures in the establishment of goals for each district.** Extensive community outreach, tri-lingual meetings, and the employment of a range of meeting engagement and participation tools were employed to create an inclusive and welcoming process.
- **Increase in festivals and cultural events.** Each neighborhood held multiple neighborhood festivals and cultural events that celebrated the cultural identity and diversity of each community. Performances, artists, and activities represented ethnicities and languages spoken in each neighborhood. Other neighborhood cultural activities ranged from engaging youth to paint murals about the neighborhood’s identity to holding Chinese New Year celebrations.

EXHIBIT 10: Percent of Merchants Aware of District Initiative (2007 and 2009 by District)



Source: Merchant Surveys 2007 and 2009

EXHIBIT 11: Merchant Satisfaction with District Promotions (2007 & 2009 by District)



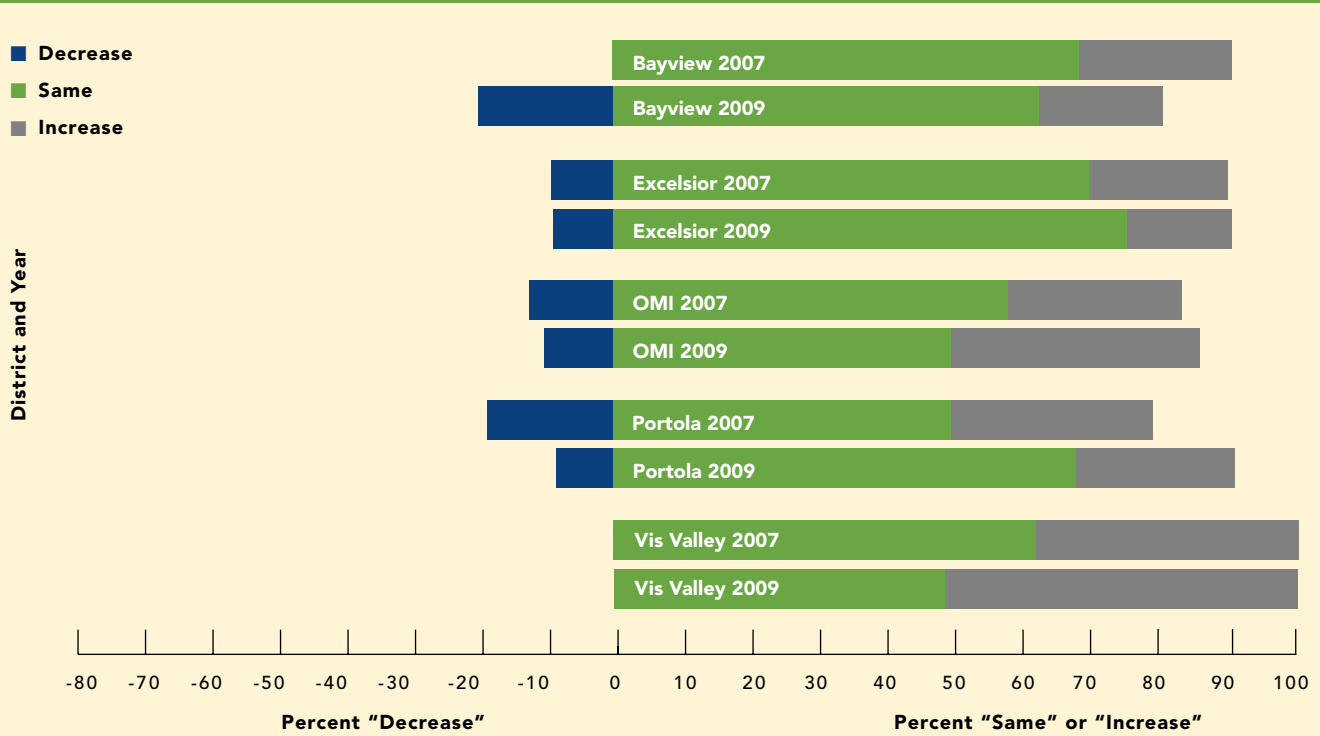
Source: Merchant Surveys 2007 and 2009. Note too few Bayview 2007 respondents to be meaningful.

- Attraction of new businesses to meet the diverse cultural needs of the neighborhood.** Examples include attraction of ethnic grocery and produce stores (e.g., La Loma, Manila Market), a diversity of ethnic and soul food restaurants, a Chinese herb shop, Asian art and furniture stores, etc. These festivals and promotions are an important part of NMI programming. Merchant awareness of these efforts as well as their opinion on promotion quality can help corridor managers improve the quality of their work and their outreach to encourage merchant engagement in corridor efforts. Merchant surveys show:
- Generally increasing program awareness among merchants.** In four of five neighborhoods, merchant awareness of the local NMI program increased between 2007 and 2009. (See Exhibit 10 on page 32.) (The exception is an inexplicable drop in awareness in Excelsior.) By 2009, at least half of surveyed merchants knew about the program, with awareness rates exceeding 60 percent in OMI and Visitation Valley. (Program awareness of the commercial corridor program among festival respondents also increased: from 18 percent to 27 percent between

2006 and 2008.) It is likely that even these high levels of awareness under state the case, as merchants may be unaware that certain activities are sponsored by the NMI; e.g., program managers often report that merchants know them personally, but have difficulty connecting them with the name of the program.

- Increasing merchant satisfaction with district promotions.** One important factor in the increase in awareness is the increasing frequency of community festivals sponsored by the corridor NMI programs. As shown in Exhibit 11, the percentage of merchants in 2009 who were neutral or positive about the quality of district promotions far exceeded those reporting a negative opinion. In all corridors, the percentage expressing neutral or positive opinions increased dramatically between 2007 and 2009, most dramatically in Visitation Valley.

EXHIBIT 12: Change in Quality of District Promotions Over the Past Year (2007 and 2009 by District)



Source: Merchant Surveys 2007 and 2009.

Despite the increasing satisfaction with district promotions among merchants, there is a worrisome sign in several corridors. As shown in **Exhibit 12**, more merchants in the Bayview believed that promotion quality actually decreased between 2007 and 2009, and the percentage expressing outright satisfaction (as opposed to being neutral) declined in the Excelsior and Portola, suggesting that corridor managers need to pay increased attention to the quality of 2010 promotions.

GOAL 1D

Satisfaction with the program—residents reported that programs are making an impact

Festival survey respondents were asked if the commercial corridor program is making an impact. Most respondents said yes, however the numbers changed from 64 percent in 2006 to 67 percent in 2007, to 51 percent in 2008.



Increased community and merchant participation in corridor activities and the introduction and strengthening of cooperation at the corridor and city levels is expected to lead to increased investment by public and private actors.

TABLE 4: Investments in Facades, Programs and Real Estate

	Excelsior	Vis Valley	Portola	OMI	Bayview	All
\$ in Physical Improvements	\$3,167,000	\$353,000	\$51,258	\$218,950	\$29,199,338	\$32,989,546
# Facade Improvements	22	11	11	19	7	70
\$ Facade Improvements	\$1,068,500	\$44,138	\$227,000	\$169,500	\$85,638	\$159,776
Investment in Program Operations	\$828,282	\$310,231	\$388,000	\$236,398	\$285,000	\$2047,991

Goal 2: Public and private investment and action improves and maintains the commercial corridor physical environment

Increased community and merchant participation in corridor activities and the introduction and strengthening of cooperation at the corridor and city levels is expected to lead to increased investment by public and private actors. In fact, investment increased in NMI neighborhoods between 2005 and 2008, which has in turn led to increased vitality and improved appearance of every district. New businesses and significantly reduced vacancies have brought more life and needed services to the districts.

GOAL 2A

Property owners and other stakeholders invested in property improvements to maintain buildings, properties, and streetscape.

Since 2005, corridors have seen \$33 million in physical improvements, including \$3 million in streetscape and open space, \$1.6 million in façade improvements, and \$28 million in real estate investments. (See Table 4) Corridor programs played an integral role in funding for these improvements and ensuring that they were maintained. Highlights include:

- **70 Façade improvements** between 2005 and 2008, totaling \$1.6 million, 71 percent of which was from private sources, reflecting a strong commitment by business or property owners to invest in their buildings.

- **Streetscape improvements.** The commercial corridor programs were instrumental in securing streetscape improvements for their neighborhoods. Streetscape improvements had already been completed in Bayview and OMI and NMI programs’ advocacy ensured that streetscape improvements for the remaining districts were at the top of the city’s queue for additional investments. For example, Portola was selected as the city’s pilot project for a new greening program that was created in early 2006.
- **Maintenance of new civic investments.** Each NMI program played a key role in ensuring that new investments in civic infrastructure were maintained. For example, in the Portola, residents planted lilies in tree wells on the street, which the PNSC maintain.
- **New real estate interest.** Between 2005 and 2008, \$28.4 million was invested in real estate projects in the five study corridors. Included in this figure are five community spaces and 35 commercial spaces (over 18,000 sq. ft.), newly built or renovated. Because of their engagement in NMI, the city became involved in the projects in these neighborhoods and helped both to move the projects forward as well as to ensure that the community participated in the planning process.
- **Leveraging of Bay Area LISC funding.** Between 2005 and 2008, Bay Area LISC’s approximately \$477,500 in grants leveraged over \$2,525,411 in operational grants to the commercial corridor programs. For every \$1 in Bay Area LISC, grant, an additional \$5.29 was provided in public and private operational support to neighborhood commercial corridor programs. Programs have been able to diversify funding sources to include other foundations, competitive neighborhood improvement grants from the City of San Francisco, banks, and donations.

GOAL 2B

More business district properties are occupied and in use.

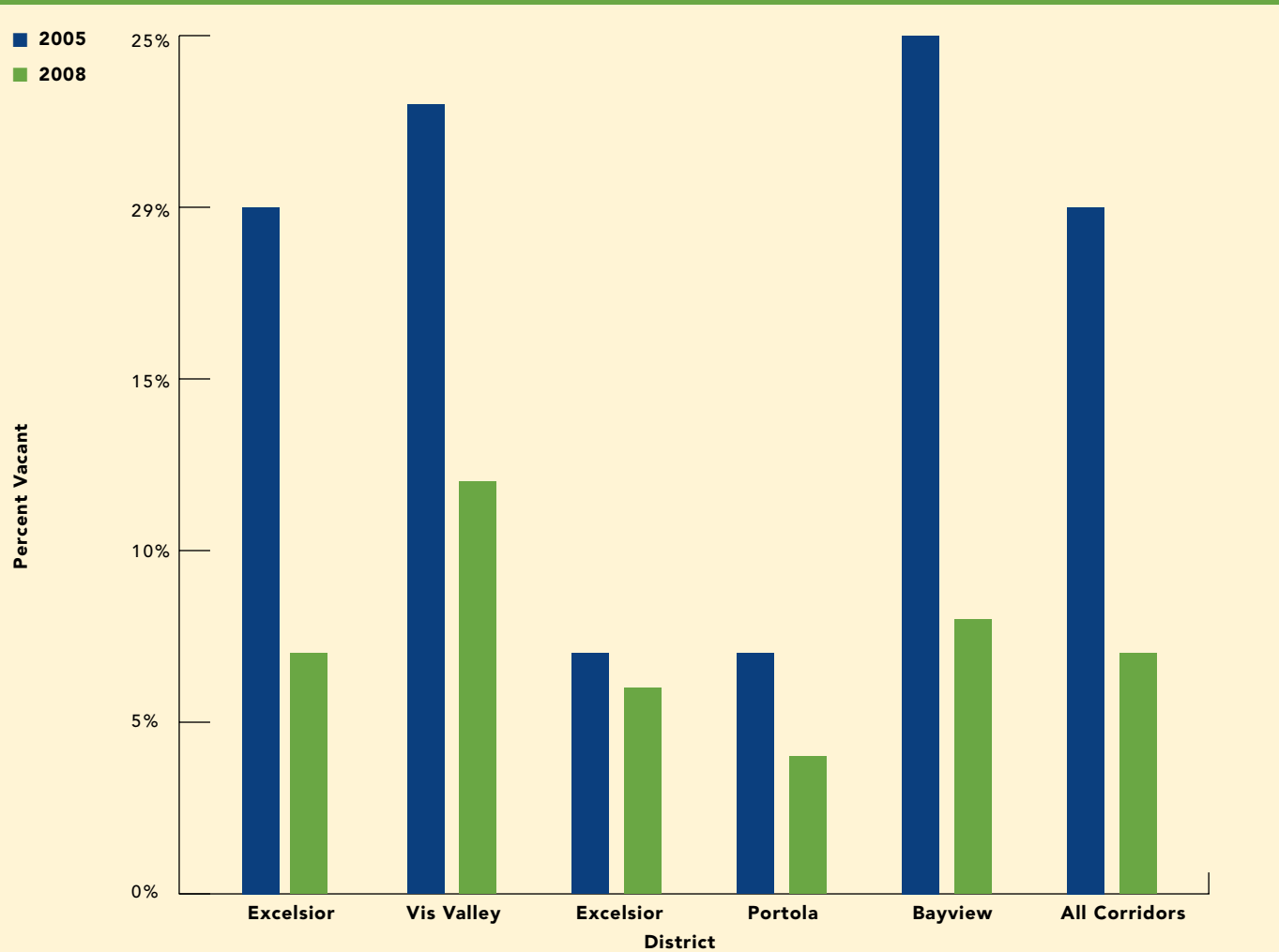
Corridor programs contributed directly to the reduction of vacancy rates in every district. Between 2005 and 2008 all corridors experienced significant decline in vacancy rates. The most dramatic declines occurred in Excelsior and Bayview which reduced from 20% and 25% respectively to 7% and 8%.

- **Long-Term Vacancies have been reduced.** NMI programs contributed to the successful transformation of long-term vacancies into active commercial spaces.

Exhibit 13 shows that vacancy rates dropped in each corridor, averaging a drop from 20 percent in 2005 to 7 percent in 2008. Vacancy declines were most dramatic in Bayview (25 percent to 8 percent), Visitation Valley (23 percent to 12 percent), and Excelsior (20 percent to 7 percent). Corridor managers, particularly on Ocean and San Bruno Avenue, report that the few remaining vacancies are those with uncooperative property owners and where perhaps new tools are needed to gain traction.

- **New vacancies have been filled quickly.** NMI programs succeeded in filling new vacancies quickly by anticipating upcoming vacancies and working with property owners to secure tenants. In most situations, the new store was a community priority and served an unmet need in the neighborhood.

EXHIBIT 13: Change in Corridor Commercial Vacancy Rates (2005-2008 by District)



Source: Commercial Corridor Managers Reports

Economic & Quality of Life Outcomes



37

Headline Here

This section presents detailed findings for goals 3 and 4 of the outcomes framework. Overall the programs accomplished much of what they set out to achieve in terms of getting business districts pointed in the right direction. It is organized by program goals into the following sections:

3. Business district contributes to improving the quality of life for neighborhood residents and merchants by strengthening the sense of community, safety, cleanliness, visual attractiveness, cultural integrity, and access to affordable goods and services and housing.

4. Neighborhood business district is economically viable. Businesses have been able to survive, grow, and expand and new businesses have been able to locate, creating jobs and meeting the needs of the community.

This section concludes that there is considerable evidence of improved economic performance in NMI districts between 2003, when the Excelsior program began, and 2007, when the first merchant survey was conducted. This evidence is based on the overall expansion of business establishments and employment, increase in business sales as measured by City sales tax revenues, and merchants' reports of increasing sales. Indeed, it also finds that gains in economic and quality of life outcomes have proven to be resilient in the face of worsening economic conditions throughout 2008 and into 2009.

Improvements in revenues and establishment growth through 2008, when the national recession deepened dramatically, appear to validate the NMI approach, at least in most corridors.



Gains in economic and quality of life outcomes have proven to be resilient in the face of worsening economic conditions throughout 2008 and into 2009.



The perception of safety overall is improving among merchants, as is the perception of the visual attractiveness of corridors on the part of residents and merchants.

And despite the deteriorating national and regional economic climate in 2008 and 2009, merchants displayed increasing levels of satisfaction with conditions that were the object of NMI efforts. Merchant satisfaction rates with district cleanliness eroded somewhat in three of five corridors, but in two of those corridors, merchants in 2009 actually reported an increase in cleanliness over the preceding year. Merchant satisfaction with district business climate grew between 2007 and 2009 in three of the five districts, but outright dissatisfaction declined in all corridors. A slightly higher percentage of merchants in all corridors reported a slight decrease in business climate quality between 2007 and 2009, at a time when most merchants reported declining sales over the previous year. Not all districts improved at the same rate: some displayed above-average performance on a number of the performance indicators discussed in this section; others lagged. **Exhibit 14** summarizes the results of the more important metrics discussed in this section. It shows that among the five districts, Bayview and Visitation Valley

EXHIBIT 14: Summary of Corridor Performance on Goal 3 and 4

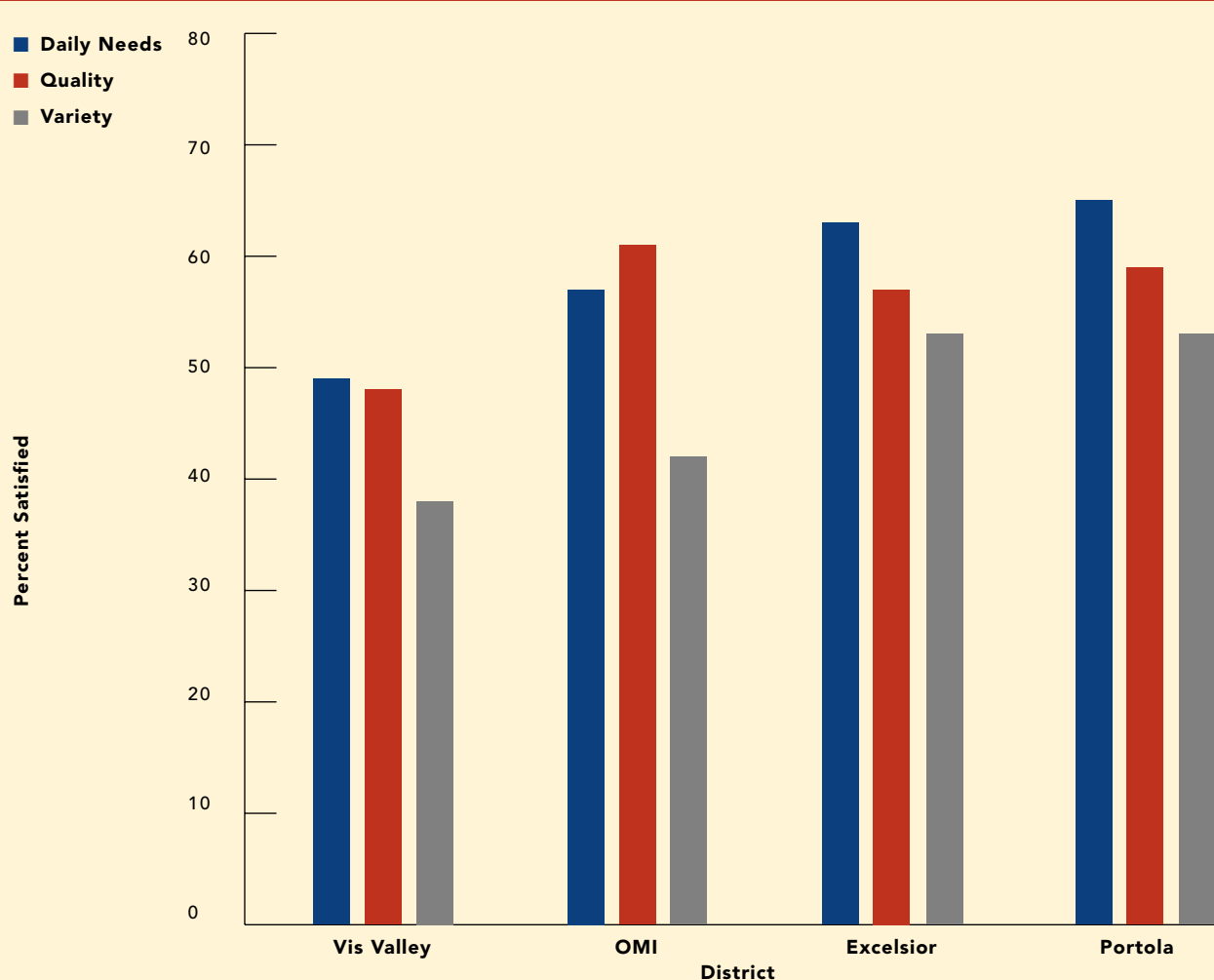
	Excelsior	Vis Valley	Portola	OMI	Bayview	All
Establishment Change 2005-2008	112	120	111	112	109	112
Sales Tax Revenue Change 2002-2008	118	85	125	106	152	125
Evidence of Shift in Sales Revenue Trend after Year 1	YES	YES	NO	YES	NO	N/A
Percent of Merchants Reporting Revenue Increase 2007	34	33	16	32	44	31
Percent of Merchants Reporting Revenue Increase 2009	12	24	15	14	15	15
Change in Percent of Merchants Neutral or Satisfied with Safe 2007-2009	24	42	10	13	68	23
Change in Percent of Merchants Neutral or Satisfied with Cleanliness 2007-2009	13	-7	-9	-10	14	1
Change in Percent of Merchants Neutral or Satisfied with Business Climate 2007-2009	17	46	1	3	33	17
Change in Percent of Residents Satisfied with Goods and Services Quality 2007-2008	19	13	3	18	N/A	13

Source: Need Info for Exhibit 14

Programs such as the Excelsior Youth Mural Program employ youth to paint murals on graffiti hot spots. Upon completion of the community-supported murals, the areas rarely experience additional graffiti.



EXHIBIT 15: Resident Satisfaction on Three District Quality Indicators (2006, 2007, and 2008 Average)



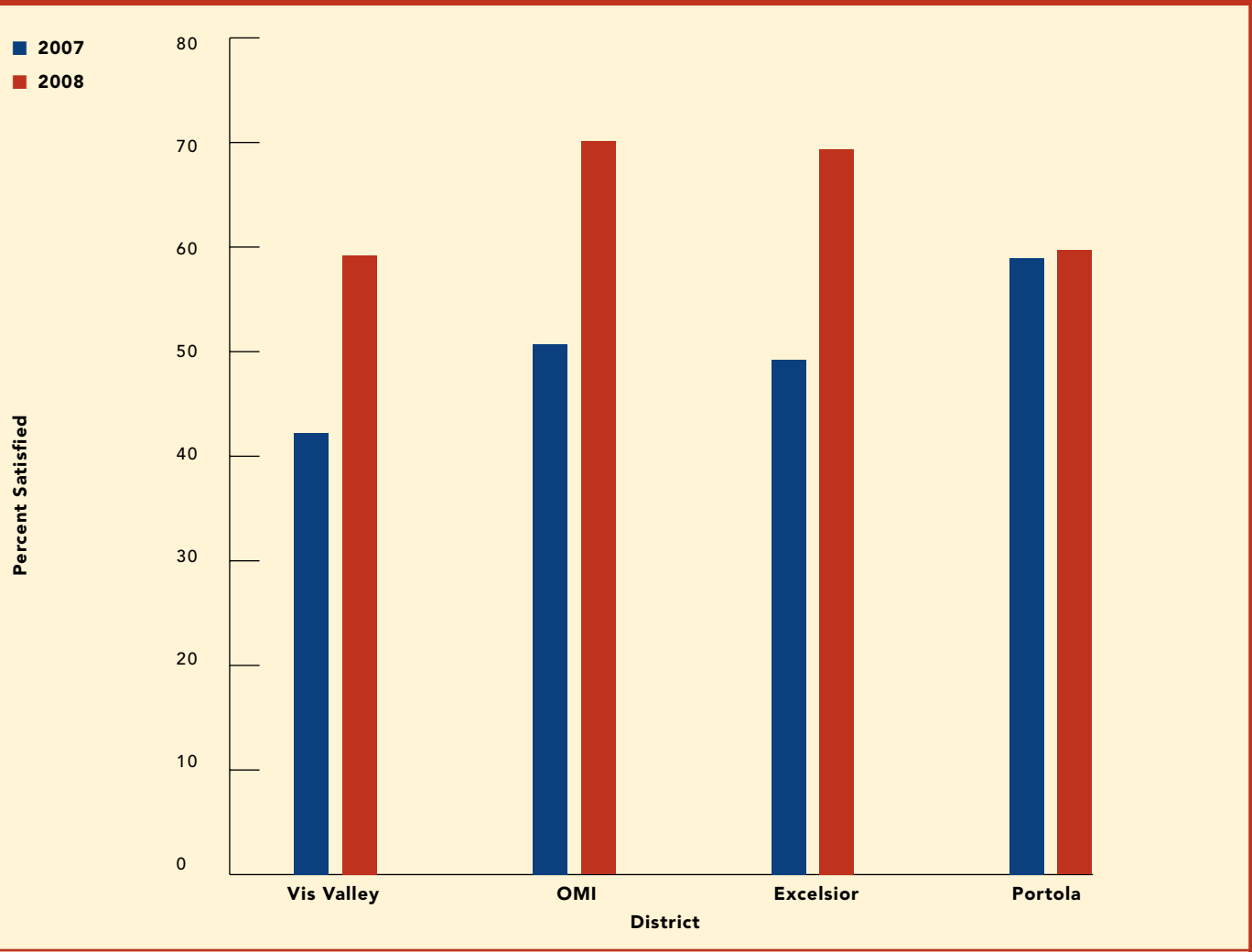
Source: Festival Surveys 2006, 2007 and 2008

appeared to fare best, registering above average performance on five of the nine indicators. As noted in Section 2, these corridors had the furthest to go compared to the others, and as noted in Section 3, these also fared best on leadership and investment outcomes. Excelsior showed high performance on three criteria, while OMI and especially Portola showed mixed performance. As also discussed, these corridors were in the best shape prior to program start. These differences should not obscure the fact that, as a group, the NMI corridors have improved.

Goal 3: Business district has improved the quality of life

The quality of life is increasing in NMI districts with measurable improvements in cleanliness, visual attractiveness, and safety. In the most recent surveys, merchants (in 2009) and residents (in 2008) expressed positive views of current levels of crime (at least, for residents, during the day). Between 2007 and 2009, the percentage of merchants expressing satisfaction with public safety, district cleanliness, and the district as a place to do business increased.

EXHIBIT 16: Resident Satisfaction with Goods and Services Quality (2007 and 2008 by District)



Source: Festival Surveys 2006, 2007 and 2008

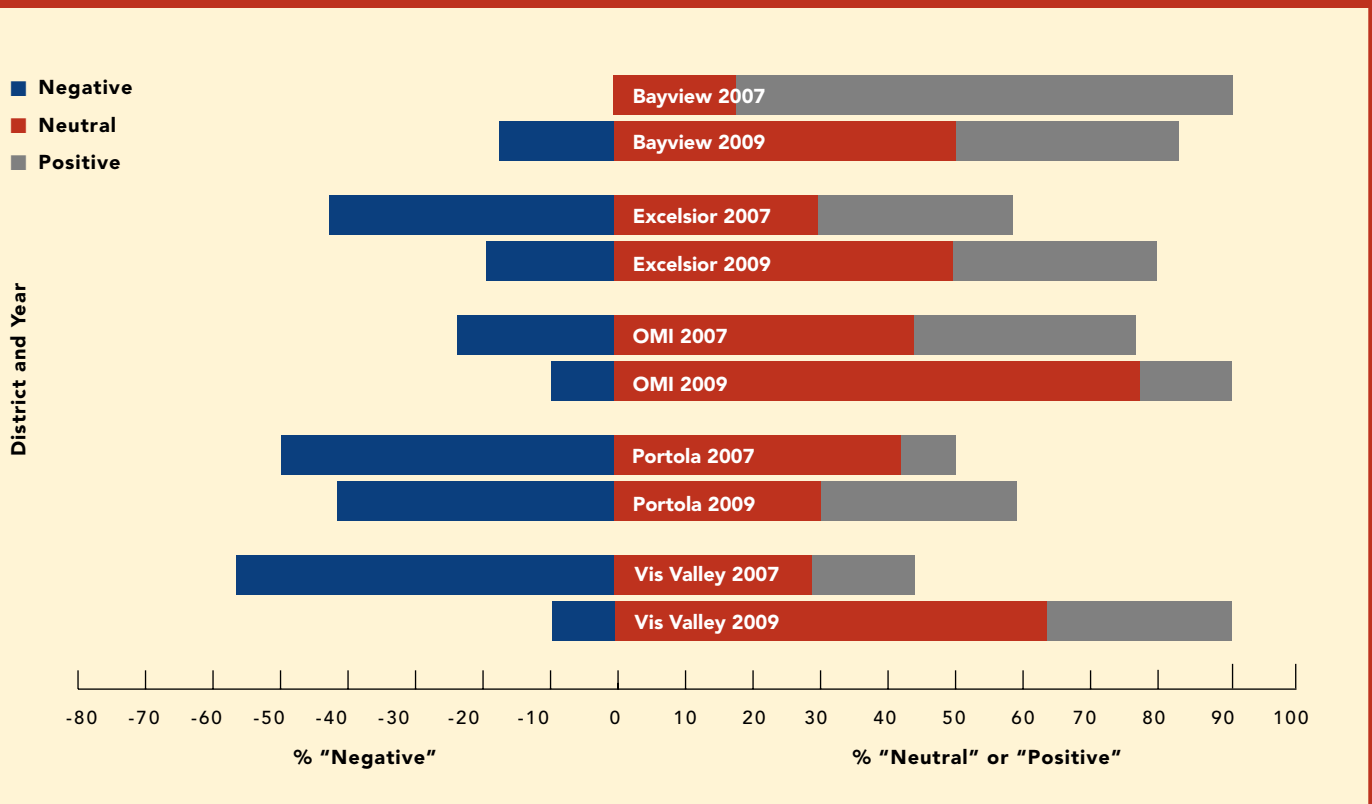
GOAL 3A

District businesses and services improve residents' quality of life by providing affordable goods and services that were not available prior to the start of the corridor programs.

Each commercial district improved the mix of goods and services offered to meet neighborhood needs. The greatest changes occurred in Bayview and Visitation Valley – the two districts that began with the lowest concentrations of neighborhood-serving retail. Other districts, such as OMI and the Excelsior were able to attract store types that had long been desired by the community, such as independent coffee shops, diverse restaurants, and an independent book store. The majority of new stores' products are relatively inexpensive and affordable by low- and moderate-income residents. Specific findings include:

- **Most residents reported satisfaction with commercial district offerings.** At street festivals in 2007 and 2008, residents were asked whether they were satisfied with district business offerings on three counts: meeting daily needs, quality, and variety. Taken across all three indicators, Excelsior and Portola district respondents were most positive about neighborhood goods and services, with over 50 percent responding positively on each count. See **Exhibit 15** (see page 39). These figures are consistent with the number and types of businesses available in each district. Generally speaking, these ratings did not change between 2007 and 2008, with the noteworthy exception of OMI, where resident satisfaction with goods and services quality increased from just over 50 percent to 70 percent. See **Exhibit 16** (see page 40).
- **New businesses meet neighborhood needs:** Many of the new businesses attracted to the NMI neighborhoods had been designated as priorities by residents and fulfilled previously unmet daily needs, including 38 restaurants, 4 grocery stores, 2 produce stores, 9 clothing/shoe stores,

EXHIBIT 17: Merchant Satisfaction with District Public Safety (2007 and 2009 by District)



Source: Festival Surveys 2006, 2007 and 2008



Most new businesses locating on the corridors [...] were independent businesses, not formula retail, contributing to preserving the local character of the corridors.

5 independent cafes, 1 independent book store, 2 furniture stores, 1 flower store, 4 banks, and 3 hobby, art, and game stores.

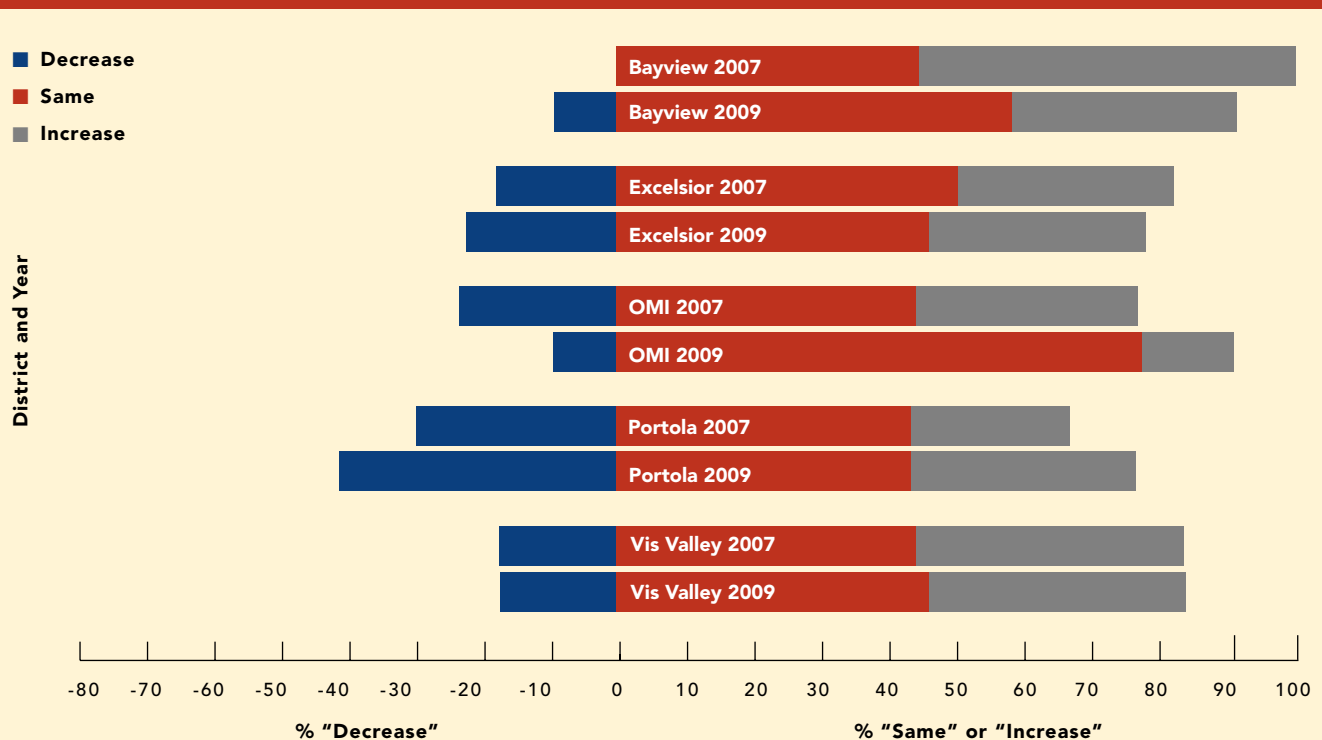
- **Most new businesses are accessible to families and people with low incomes.** For example, most restaurants provide dinner for \$10 or less per person (many for significantly less), and the furniture stores are recognized by patrons for their affordable, high-quality products.

GOAL 3B

Residents and commercial corridor tenants experience and perceive greater safety and visual attractiveness of the districts.

Perception of safety by residents and merchants is an important factor in determining whether they chose to spend time, shop, or locate in a commercial district.

EXHIBIT 18: Change in Merchant Perception of the Quality of District Safety Over the Past Year (2007 and 2009 by District)



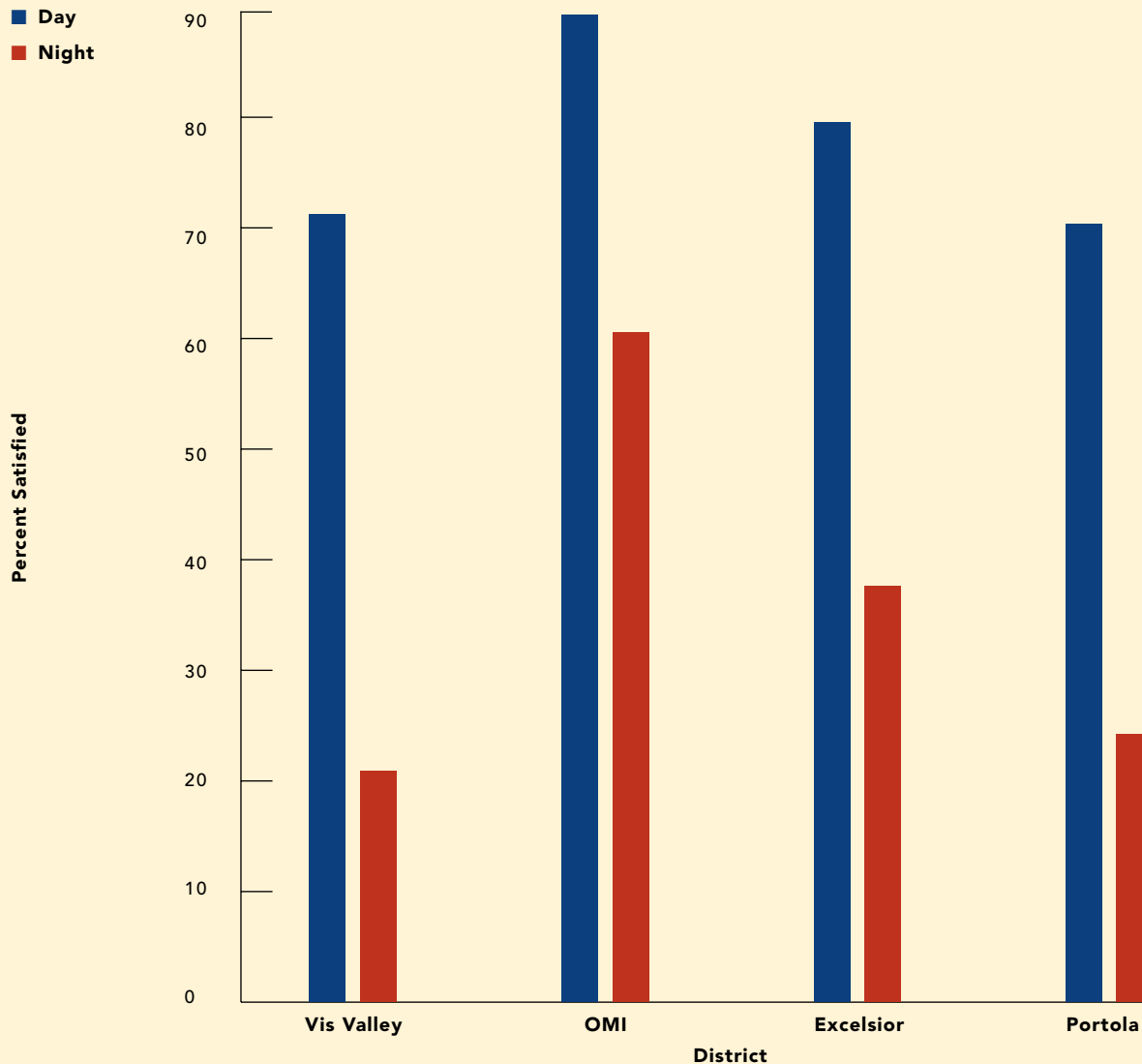
Source: Merchant Surveys 2007 and 2009

Several NMI programs developed volunteer-driven safety initiatives tailored to the specific needs in each neighborhood. But while the NMI aimed to improve the perception of safety in each district, programs did not expect significant outcomes in this area: changing the perception of crime is notoriously difficult. Nevertheless, the perception of safety overall is improving among merchants, as is the perception of the visual attractiveness of corridors on the part of residents and merchants.

- **In 2009, merchant satisfaction with district public safety was high in most corridors.** In 2009, more than 80 percent of merchants surveyed in four of the five districts expressed either neutral or positive views of public safety, the exception being Portola, at 57 percent. See **Exhibit 17** (see page 42).

- **Merchant satisfaction with district public safety increased in every district between 2007 and 2009.** As shown in **Exhibit 17**, the percentage of merchants that

EXHIBIT 19: Resident Feeling of Safety During the Day and at Night by District (Average of 2006, 2007, 2008)



Source: Festival Surveys 2006, 2007 and 2008

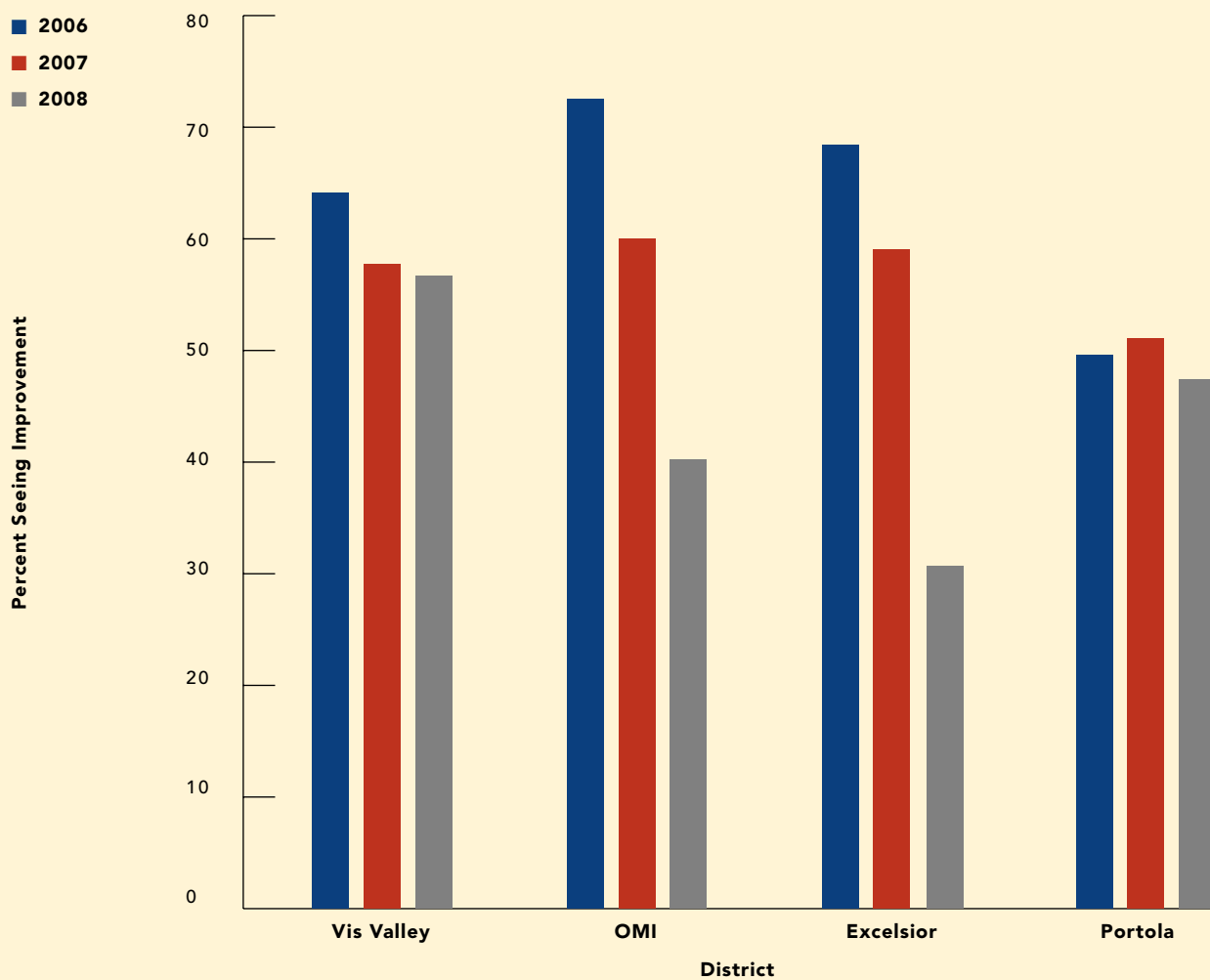
were either neutral or positive about public safety increased, with dramatic improvements recorded in Portola and Visitacion Valley. The only worrisome sign was the decline in percentage of merchants who shifted from positive to neutral views in OMI, perhaps stemming from vacancy of a prominent building, which may have fueled perceptions that the area was unsafe.

- **Merchants generally perceived safety as the same or improved from the previous year.** In 2009 and in every corridor, the percentage of merchants who saw safety improvements exceeded those who saw declines. See **Exhibit 18** (see page 42). And in Portola and OMI, the percentage of merchants who perceived a decline went

down between 2007 and 2009. That said, in Bayview and Excelsior, increasing percentages of merchants viewed public safety as deteriorating, despite the overall increase in satisfaction with public safety levels in those districts.

- **Residents perceive safety as high during the day, but much lower at night.** Over 70% of festival respondents who were neighborhood residents reported that they felt safe during the day, with particularly strong positive perceptions in OMI. As expected fewer respondents (averaging 30 percent) felt safe at night, with residents in Visitacion Valley and Portola feeling least safe. See **Exhibit 19** (see page 43).

EXHIBIT 20: Percent if Residents Who Agree that Public Safety Improved Over the Last Two Years by District



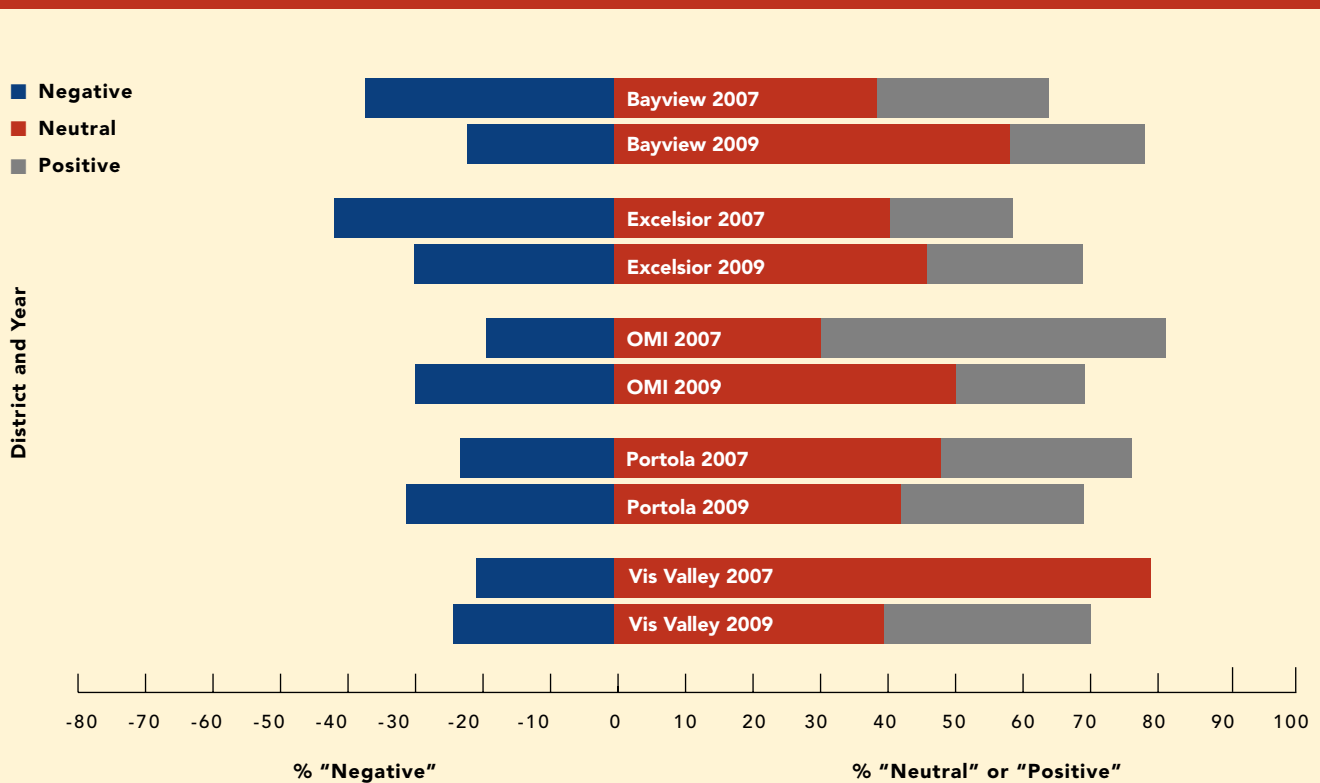
Source: Festival Surveys 2006, 2007 and 2008

- **Over time, declining percentages of residents in all corridors were likely to view safety as having improved over the last two years, which may be a function of earlier successes.** In 2006, 60 percent of residents or more in Visitation Valley, OMI, and Excelsior believed that safety had improved over the past two years, as did about 50 percent in Portola. **See Exhibit 20** on page 44. Over time, these percentages tend to decline, especially in Excelsior. (Given the way the question was worded, we don't know if increasing percentages perceived an outright deterioration, though satisfaction levels remained high.)

Among the goals of the NMI is an improvement to the visual attractiveness of districts, valuable in its own right to residents and merchants, but also likely to lead to increased patronage of commercial establishments. As one indirect effect of NMI, the city in 2007 created a corridor cleaning program and funded a pilot group of neighborhoods to receive a staff person to sweep the sidewalks and report graffiti or other major cleanliness issues to the Department of Public Works. The NMI communities, Supervisors, and OEWD successfully lobbied for inclusion of all NMI districts in the program.

- **In every corridor, most merchants are satisfied with the cleanliness of their districts.** In 2009, and in every district, nearly 70 percent of merchants reported that they were either neutral or satisfied with the cleanliness of their district. **See Exhibit 21.**
- **Perception of visual attractiveness tended to improve each year,** although the evidence is more ambiguous than for other indicators. As shown in **Exhibit 21**, an increasing percentage of merchants in Bayview and Excelsior reported being either neutral or satisfied with district cleanliness and the percentages of those expressing negative views declined. However, slightly decreasing percentages reported being neutral or positive in OMI, Portola, and Visitation Valley, and the percentages expressing negative views increased. Even so, the percentage of those in Portola and Visitation Valley that reported “positive” views of cleanliness (rather than neutral or negative) actually increased. Supporting the conclusion that cleanliness probably increased, **Exhibit 22** on page 46 records the percentages of merchants who reported that cleanliness “improved over the last year.” In three districts, the percentage of merchants in 2009 who

EXHIBIT 21: Merchant Satisfaction with District Cleanliness (2007 and 2009 by District)



Source: Merchant Surveys 2007 and 2009

viewed cleanliness as improving over the past year was substantially higher than those who saw decline.

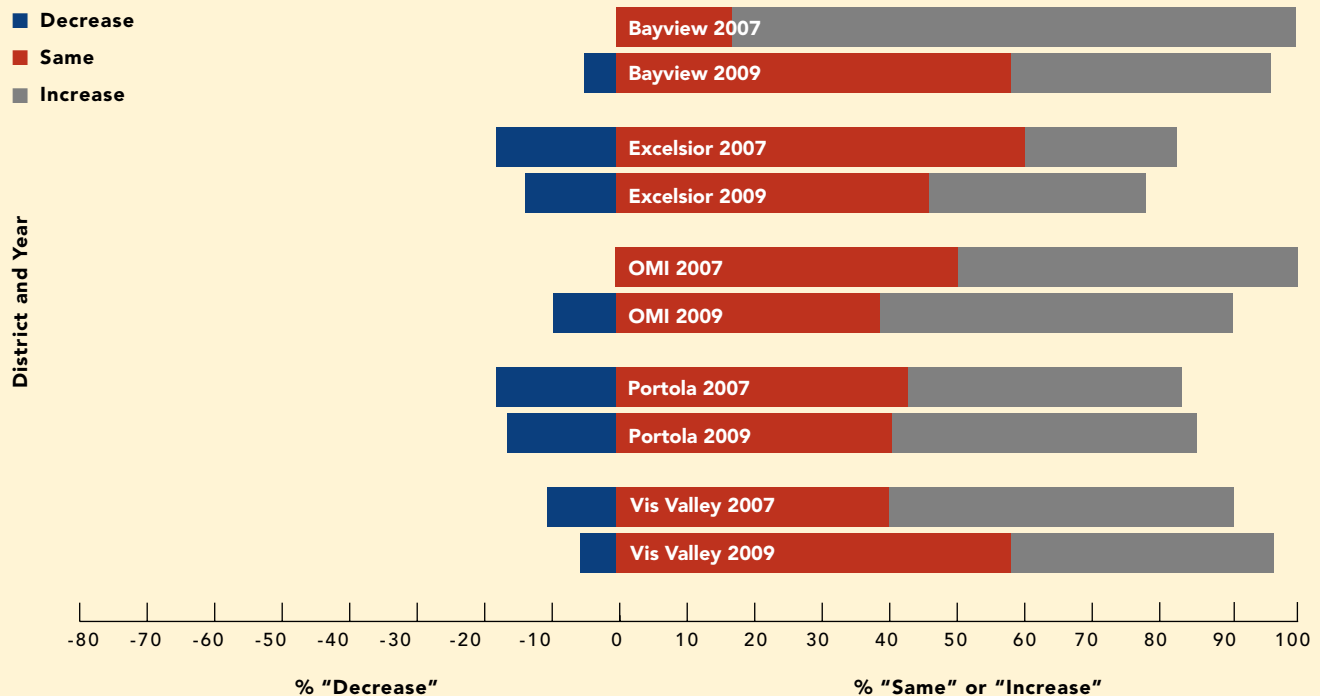
- **Graffiti and illegal dumping declined.** Corridor managers report less graffiti and illegal dumping, which can be attributed in part to increased monitoring of the commercial district, and programs, such as the Excelsior Youth Mural Program, that employ youth to paint murals on graffiti hot spots. Upon completion of the community-supported murals, the areas rarely experience additional graffiti. In partnership with the corridor programs, merchants appear more comfortable reporting graffiti and other problems and experience better city responsiveness.

These generally favorable trends in public safety, physical improvement, and the increased sense of community cooperation and positive views of district promotions (reported in the preceding section) may be expected to improve the corridor as a place to do business. This appears to have been the case:



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EXHIBIT 22: Change in Merchant Percent of Quality of District Cleanliness Over the Past Year (2007 and 2009 by District)

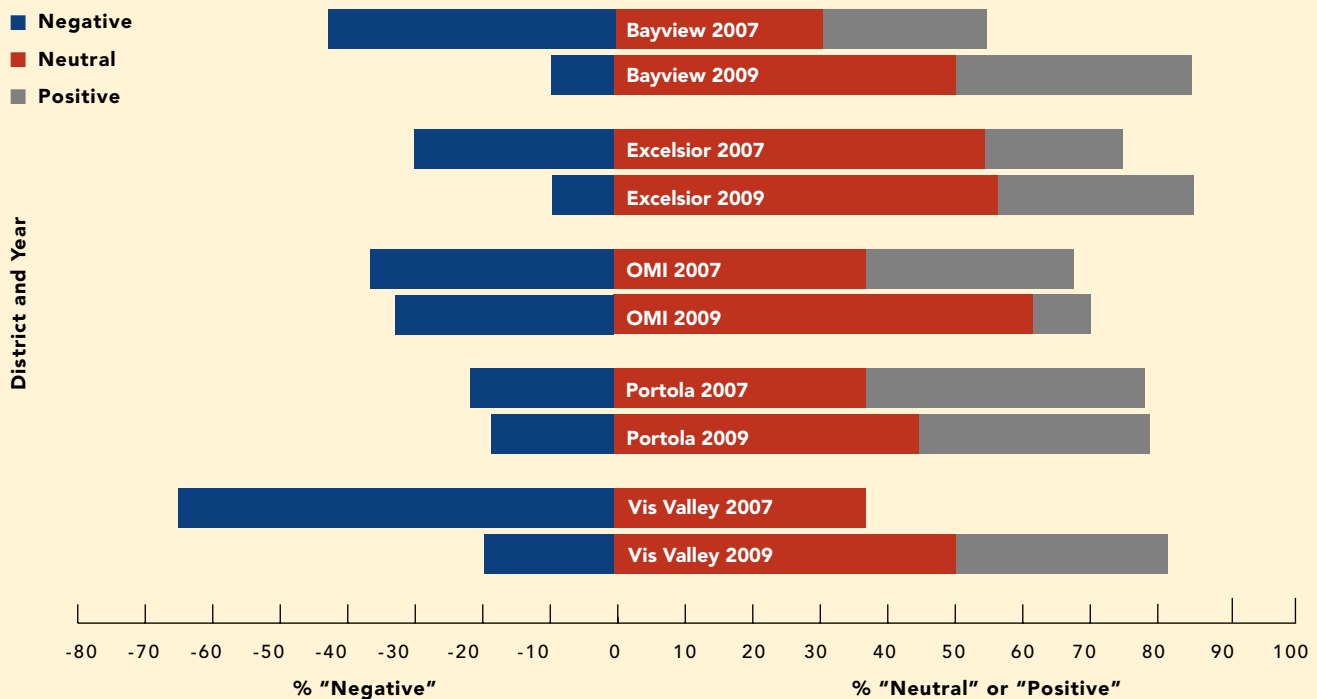


Source: Merchant Surveys 2007 and 2009

- Merchants report increased levels of satisfaction with districts as a place to do business (“business climate”) between 2007 and 2009.** In 2009, 70 percent or more of merchants in every corridor reported being neutral or satisfied about the district as a place to do business, with satisfaction rates increasing most dramatically in Bayview and Visitacion Valley. That said, the decline in those reporting outright satisfaction actually declined in OMI (as higher proportions reported feeling “neither satisfied nor dissatisfied”), a worrisome trend. **See Exhibit 23.**



EXHIBIT 23: Merchant Satisfaction with District Business Climate (2007 and 2009 by District)



Source: Merchant Surveys 2007 and 2009

- **Merchants were more likely in 2009 than 2007 to report that the business climate had deteriorated over the past year.** The severe recession almost certainly influenced a shift between 2007 and 2009 in the balance between those reporting decreased and increased satisfaction with the district as a place to do business. Although positive perceptions persisted in Visitacion Valley, and to some extent, OMI, other districts tended to shift in an unfavorable direction. See Exhibit 24.

Goal 4: Neighborhood business districts are economically viable.

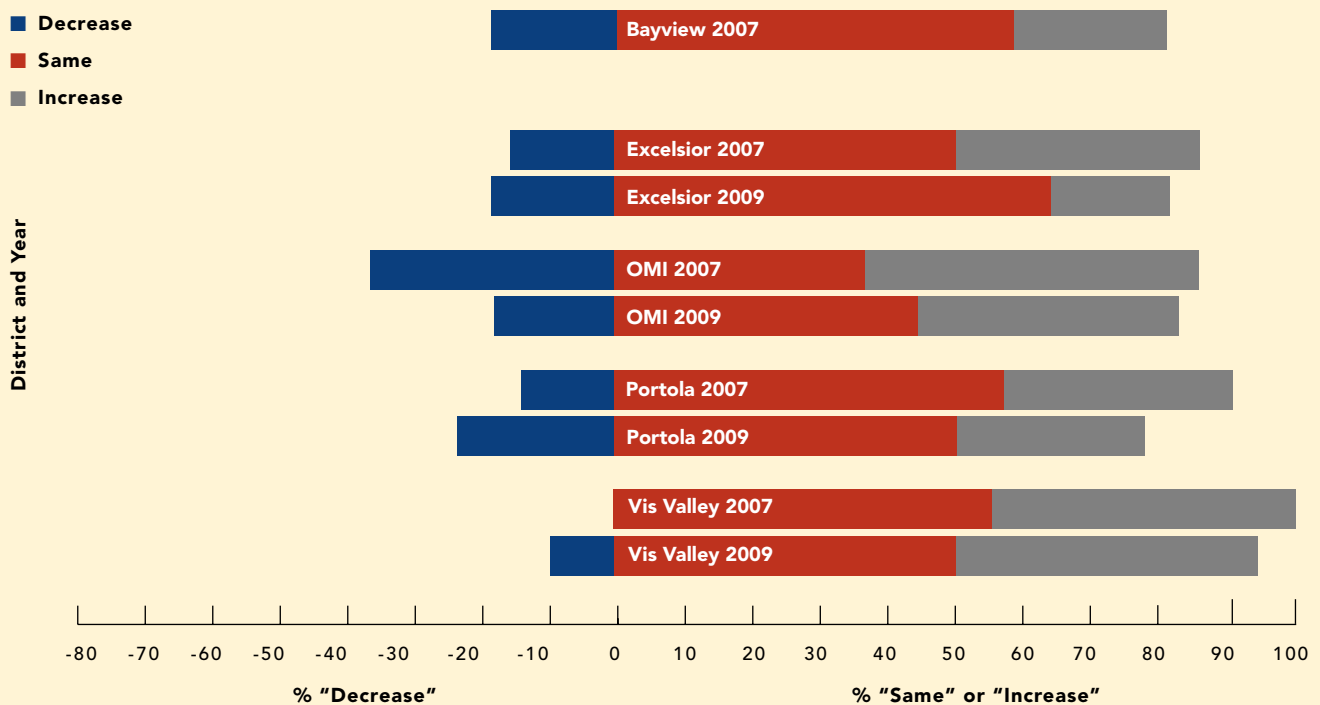
The true litmus test of any commercial district improvement program is the performance of local business on core economic indicators of new business location, employment, and sales. Early indicators suggested that businesses were indeed improving in NMI neighborhoods and that the mix of businesses and their hiring helps meet community economic development needs. That said, the severe recession that began in late 2007 and continued into 2010 seems to have damaged district business performance.

GOAL 4A

Existing and established businesses grew and remained in the business district.

- **Sales tax revenues in NMI corridors grew an average of 15 percent between 2002 and 2008 compared to 8 percent citywide.** Exhibit 25 (see page 49) shows the overall trend in tax revenues from business sales between 2002 and 2008 for each district, expressed as an index with the year 2000 = 100. Sales tax revenue increased in all neighborhoods except for Visitacion Valley. Bayview's sales tax revenue, expectedly, spiked in 2007 after the opening of the Third Street Light Rail that connects the neighborhood to downtown areas.
- **In three of five districts, the timing of sales revenue increases corresponds to the start-up of district activities.** To find out whether sales revenue increases were plausibly linked to the start-up of NMI in each corridor, we

EXHIBIT 24: Merchant Perception of Change in Quality of District Business Climate Over the Past Year (2007 and 2009 by District)

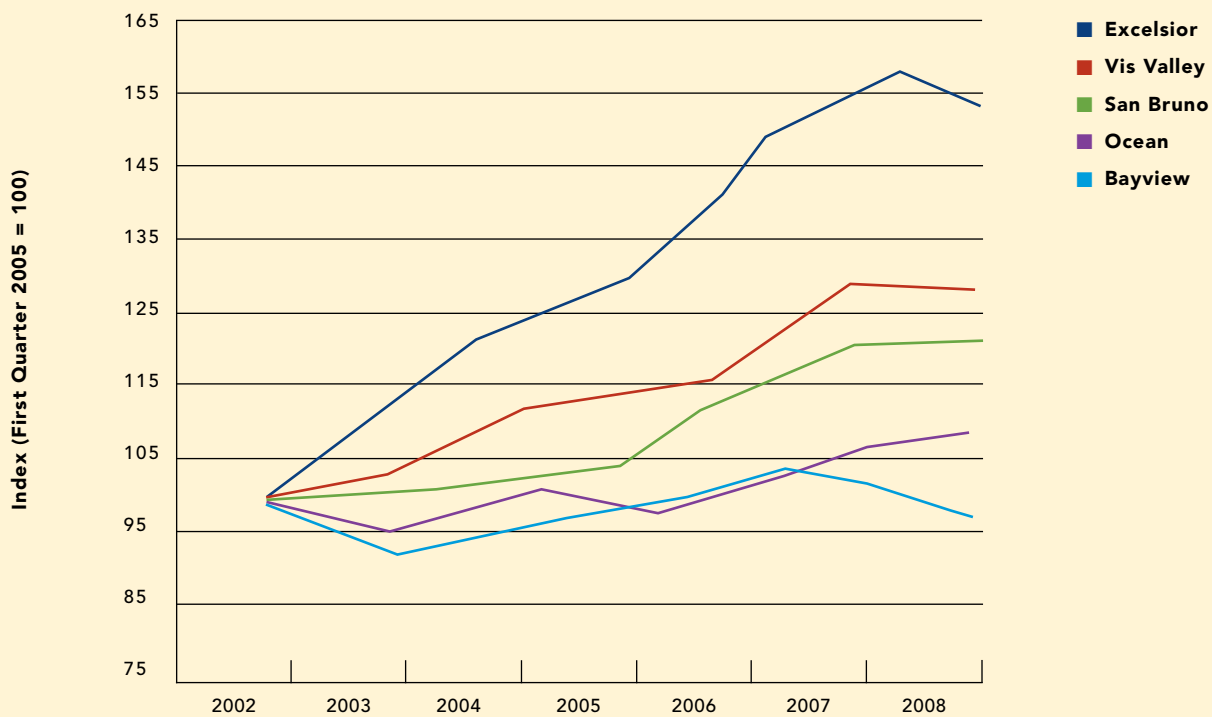


Source: Merchant Surveys 2007 and 2009. Note: Too few Bayview respondents to be meaningful.

converted each calendar year to a “program-start-up year” in each district. For example, the NMI program in OMI began in 2005: OMI sales data for 2005 corresponds to Year 0, 2004 to Year -1, 2006 to Year +1 and so on. Exhibit 26 shows the result for each district. The Exhibit provides some evidence that in OMI, Excelsior, and Visitation Valley, a previously flat or downward trend before program start-up (Year 0) was turned upward thereafter. In Portola, the upward trend set before NMI start-up continued; in Bayview, the trend turned downward.

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EXHIBIT 25: Change in Sales Tax Index (2002-2008 by District)



Source: MuniServices, Inc. Note: Excludes vehicle sales, service stations, industry, food processing equipment.

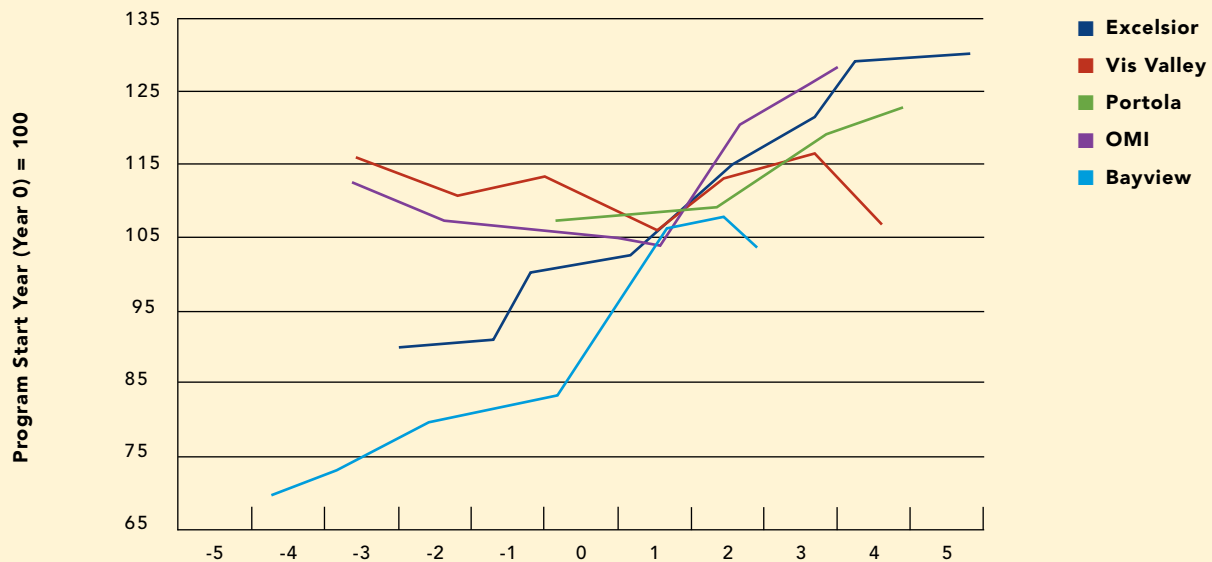
- The percentage of merchants saying sales revenue increased over the previous year declined dramatically between 2007 and 2009.** In 2007, across all corridors, merchants were almost equally divided between those who reported that sales revenue increased, decreased, or remained the same as the previous year: 32 percent of merchants reported increased sales revenue, 32 percent reported decreases, and 36 percent reported that it stayed the same. **See Exhibit 27** (see page 51). Note that in Bayview, OMI, and Excelsior, merchant perceptions generally corresponded to the trend shown in actual sales tax data. In Portola, merchants were more negative about recent trends than the data would indicate; in Visitacion Valley, much more positive. This discrepancy could be due to sampling error or the concentration of tax revenue increases in relatively few businesses. By 2009, however, 50 percent or more of merchants in every corridor reported revenue declines. **See Exhibit 28** (see page 51).

The NMI aimed to increase the number of business establishments in the commercial corridors, while at the same time preventing in-migration of businesses unwanted by the community. Both of these goals appear to have been met.

GOAL 4B

Mix of existing and new businesses contributes to meeting the economic development needs of the community.

EXHIBIT 26: Change in Sales Tax Index by District and Year Program Implementation

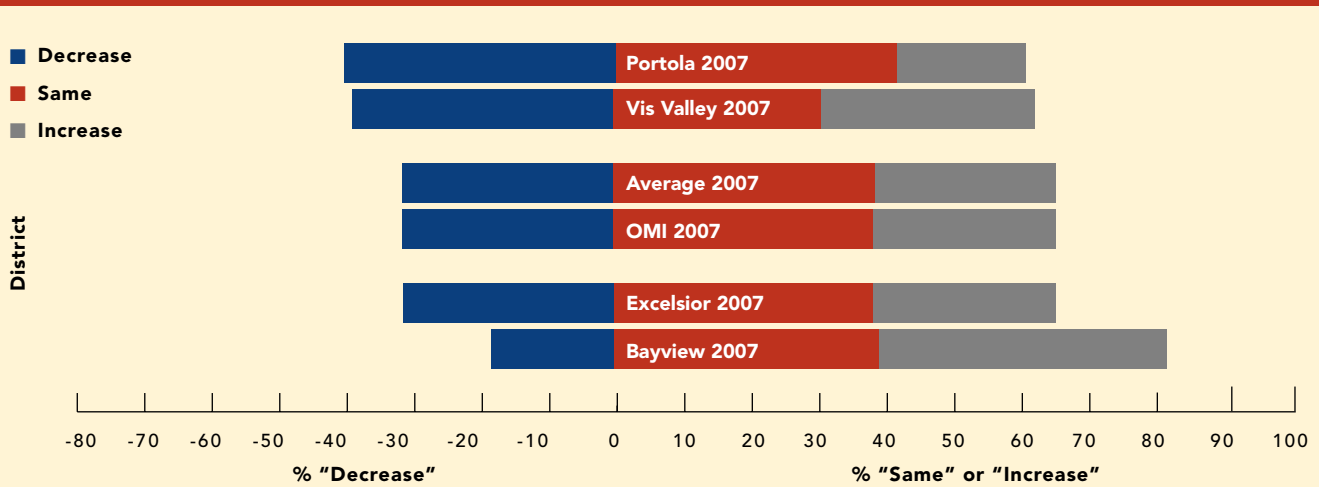


Source: MuniServices, Inc. Note: Excludes vehicle sales, service stations, industry, food processing equipment.

- **Each district recorded a net increase in number of establishments.** Between 2005 and 2008, the five corridors gained 153 total new businesses, which net of business closures corresponds to a net of 86 new businesses. See Table 5. This increase in numbers of new businesses helps explain the decrease in corridor vacancy rates discussed in the preceding section.
- **Districts recorded an average increase of 10 percent in the number of establishments between 2005 and 2008.** To compare the rate of establishment change across districts

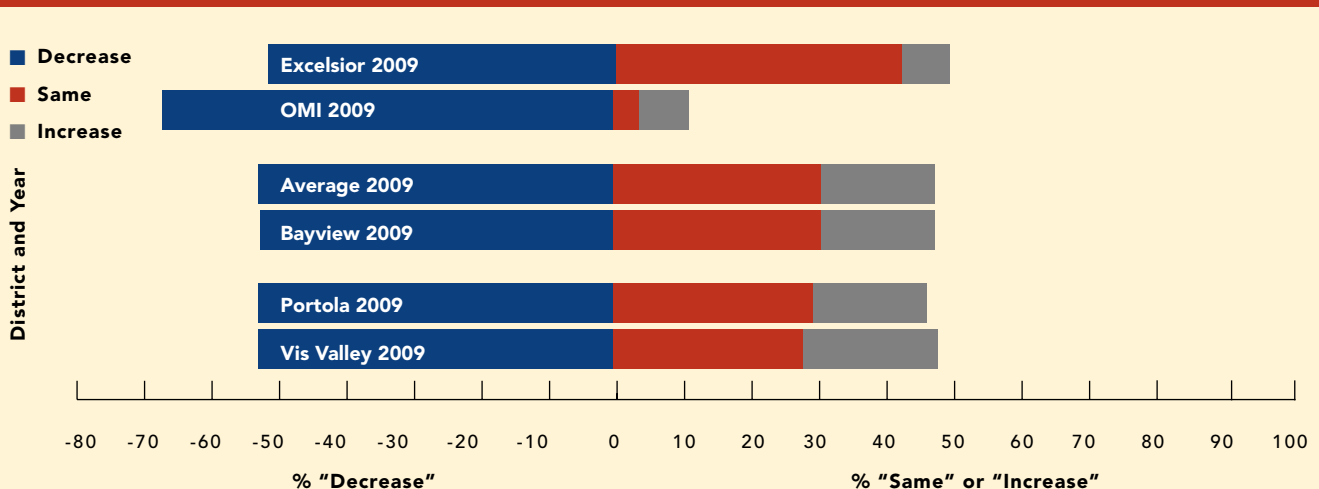
of different size, **Exhibit 29** (see page 52) shows the rates of change in each district using the total number of businesses in the first quarter of 2005 as a baseline. Over the three year period, corridors registered a 10 percent increase in number of establishments (a 2008 Quarter 2 index value of 110 compared to a baseline value of 100 in 2005 Quarter 1). Visitation Valley showed the strongest growth. Of interest is Excelsior, which begin its program earlier than other corridors (2003), and which by early 2006 appeared to level off after strong early gains.

EXHIBIT 27: Merchant Report of Sales Revenues in 2007 Compared to Previous Year by Commercial District



Source: Merchant Survey 2007

EXHIBIT 28: Merchant Report of Sales Revenues in 2009 Compared to Previous Year by Commercial District



Source: Merchant Survey 2007

▪ **NMI programs encouraged favorable business mix.**

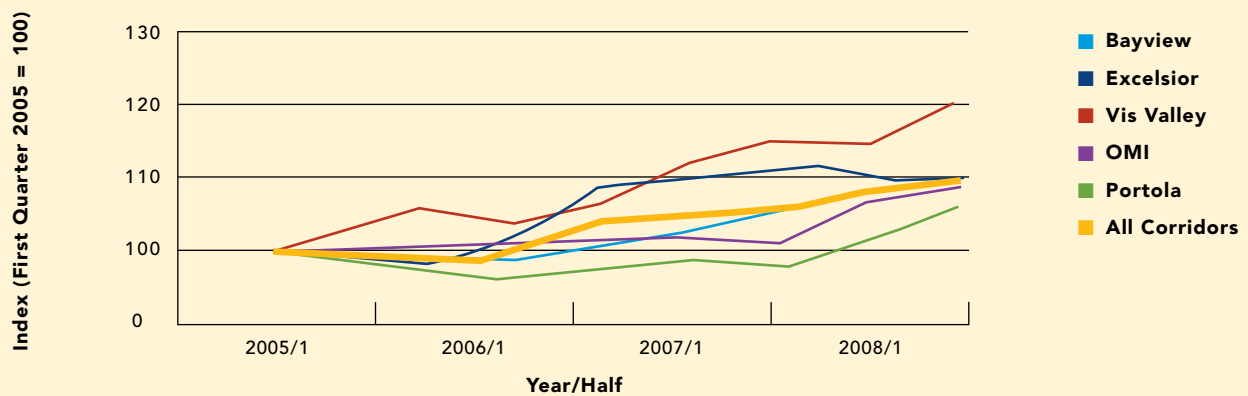
Most new businesses locating on the corridors were independent businesses, not formula retail, contributing to preserving the local character of the corridors. Perhaps as important, NMI programs prevented undesired retail types. The EAG and its constituents worked with the property and city to prevent a Payday lending establishment from opening in the district. Understanding that the property owner needed income, they worked with a local franchise owner with support from the broader community to bring Subway sandwiches into that location instead. Similarly, the PNSC worked together with the property owner to prevent a bar from opening on San Bruno Avenue.

▪ **Employment on the corridors expanded.** A total of 379.5 full time equivalent jobs net of job losses were created in the five study areas. **Exhibit 30A** (see page 53) displays the cumulative net job change over the period. These new jobs are primarily in entrepreneurial business ownership, food service, and retail. As the Exhibit shows, Excelsior recorded the largest number of net new jobs – nearly 250. To allow a more detailed look at the other four corridors, **Exhibit 30B** (see page 53) shows cumulative net new jobs in those districts, excluding Excelsior. Bayview, OMI, and Portola created between 60 and 85 net new jobs; Visitation Valley created 22.

TABLE 5: Net Change in Number of Establishments by Corridor

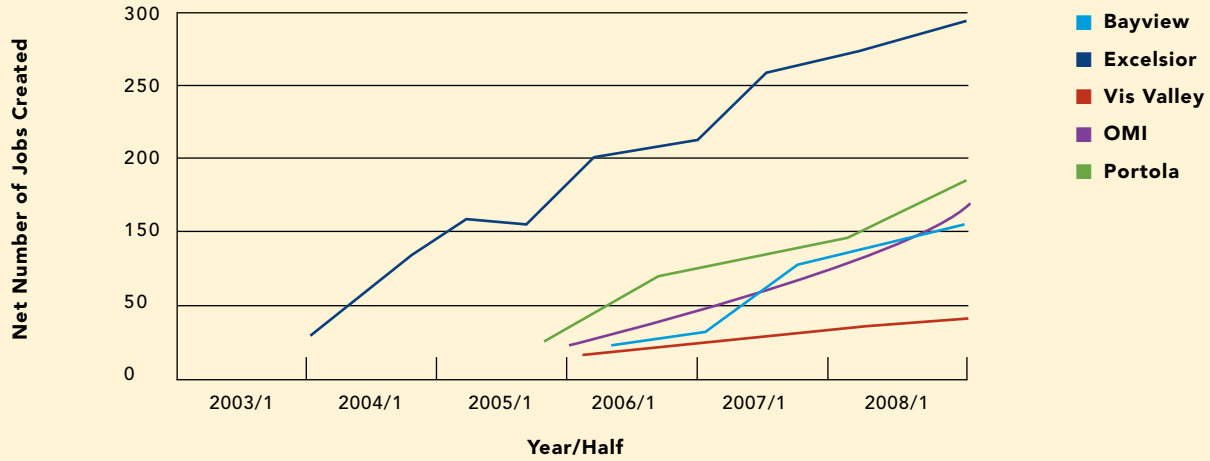
Corridor	Number of Establishments	Net New Businesses (2005-2008)	Percent Increase
Excelsior	315	44	14%
Visitation Valley	47	9	19%
Portola	115	13	11%
OMI	113	13	12%
Bayview	146	7	5%
Total	736	86	12%

EXHIBIT 29: Index of Establishment Change in San Francisco Retail Corridors (2005-2008)



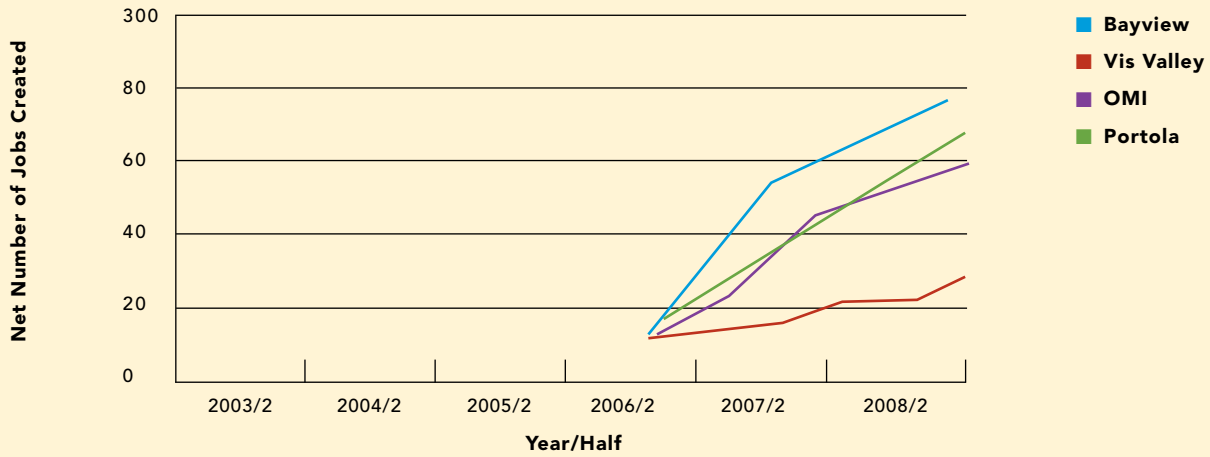
Source: Commercial Corridor Managers Report

EXHIBIT 30A: Cumulative Job Change in SF Corridors (2003-2008)



Source: Commercial Corridor Managers Report

EXHIBIT 30B: Cumulative Job Change in SF Corridors (Detail) (2005-2008)



Source: Commercial Corridor Managers Report

Conclusion



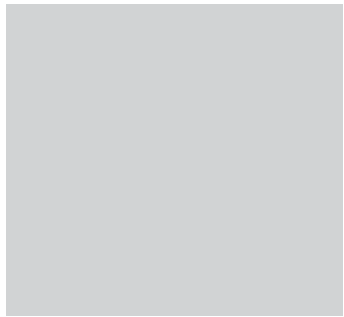
Headline Here

Commercial districts are the social and cultural heart of a community and play an important role in residents' feelings about their neighborhood as a whole. When the commercial district is vacant and run down, it sends a negative message about the quality of the entire neighborhood. Commercial districts that are attractive and vibrant are sources of community pride and send a positive message about the community.

NMI began in San Francisco's most disinvested commercial districts, plagued by high rates of vacancies, physical blight, and a lack of gathering places and some basic goods and services. Aiming to reverse these trends, NMI focused comprehensively on economic development, physical improvements, identity-building, marketing, and leadership development in these neighborhood commercial districts. To do this, NMI invested heavily in building community capacity to influence developments in the districts.

Because the program sought to change perceptions, have neighborhood-wide impacts, and catalyze merchants and property owners to contribute to the neighborhood's improvement, the full range of outcomes and impact are difficult to measure. This report analyzed the outcomes that were measured, which demonstrated that overall, the NMI program is succeeding, accomplishing the program's initial goals and generating some spinoff benefits.

Each neighborhood achieved significant changes and made progress in realizing long-term goals. Programs contributed to the development new business and jobs, reduced vacancies, created new avenues for community gathering and cultural expression, and improved the quality of life for merchants and residents alike. Districts did this without introducing feared generic formula retail or high-end restaurants and boutiques: the majority of the new



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Commercial districts that are attractive and vibrant are sources of community pride and send a positive message about the community.

businesses are independent and culturally diverse, providing neighborhood-serving retail that is affordable to low- and moderate-income residents.

A critical factor in these outcomes is the program structure itself. In particular, the establishment of a multi-stakeholder committee, the creation of community Action Plans that coordinated and prioritized the work of multiple organizations and the city, and placement of a dedicated commercial corridor manager to conduct merchant outreach and oversee and coordinate implementation. Through this structure, communities gained control over the changes in their commercial district, such as through influencing new business location decisions, new real estate development, and successfully advocating for physical improvements. Program managers' relationships and abilities to communicate with merchants on their corridors and are now sought out by others as the best way to support local business and solicit merchants' input. Due to this line of communication, merchants can be reached and they provide input in a wider range of city and community programs.

NMI programs have filled neighborhood gaps by building consensus on priorities, integrating and coordinating the work of disparate neighborhood groups, and creating the political will and power to bring changes to their neighborhood and the city. Furthermore, the close partnership between the city and coordinated communities has additionally provided the platform for the city to restructure the way it serves neighborhoods, which was an unintended but essential contributor of the programs' successes. Another unexpected outcome was the role the community collaborative structure played as the main neighborhood forum for addressing other neighborhood needs, such as parks, schools, and transit. Many of the active residents and merchants who received the training and leadership development have gone on to develop their own community-serving efforts.

Future Considerations

- **Focus on visible improvements that directly contribute to merchant's bottom line.** Some of the weakest outcomes were around awareness by merchants of the commercial revitalization activities. NMI programs might consider more actively targeting activities to improving merchants' bottom lines, such as by creating merchant-focused events, marketing, and visual merchandising to increase customers and shopping in the neighborhood. Such activities would build merchant participation and enable them to feel more engaged in the programs.
- **Increase communication about program activities and successes.** Weakest survey results existed in categories in which festival attendees and merchants were asked to recognize the neighborhood's NMI program. Managers might focus more attention in their activities in building avenues to increase awareness of the program, its activities, and successes. This could occur in a number of methods ranging from placing identifying stickers inside each business, building a greater web and social media presence, profiling local merchants, and increasing communications about the district and its programs.
- **Build merchant capacity.** NMI programs have created avenues that did not previously exist to communicate to, and solicit input from all merchants in these corridors. Building upon this base, it could be helpful to focus more specifically on building leadership capacity amongst merchants.
- **Build program stability and more sustainable funding sources.** Despite NMI programs successes and broad volunteer base, the model of one staff supporting a group of neighborhood volunteers can easily break down or suffer from overextension and burnout. Furthermore, in this one staff model, the program's success depends on achieving the perfect combination of personality and skills to thrive in a very difficult and (and often underpaid) position as well as on the availability of volunteer energy from local residents and merchants.

Communities gained control over the changes in their commercial district, such as through influencing new business location decisions, new real estate development, and successfully advocating for physical improvements.

- **Provide more funding for physical improvements.**

Corridors are still in need of significant physical improvements to properties, stores, and the street environment. The corridor programs have created a highly effective infrastructure for prioritizing and communicating neighborhood priorities and successfully implementing and maintaining investments. Additional funds to support greater physical improvements to the district would have a significant impact and build momentum for the neighborhood, businesses, and shoppers.

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Methodological Appendix

Headline Here

Between 2004 and 2006, Bay Area LISC worked closely with a consultant, research interns, and grantees to develop a comprehensive monitoring and evaluation framework and implementation strategy. Bay Area LISC staff conducted background research to understand how other LISC, Main Street, commercial district, NeighborWorks, and Anne E. Casey Foundation’s Making Connections programs established measurable goals and tracked economic and community outcomes. Staff then conducted focus groups with grantees and staff at OEWD to identify outcomes most important to them and their constituents and to assess the capacity of the corridor programs to collect and track accurate data over time.

This work resulted in a joint set of program goals and extensive data tracking “wish list.” Bay Area LISC, OEWD, and the commercial corridor managers narrowed and prioritized the list based on the cost and feasibility of collecting the data and outcome priorities directly related to program goals. One result is the outcomes framework presented in Section 2 of the Report.

Data Sources

This report was developed using data from a variety of sources including:

- Program information drawn from semi-annual reporting by commercial corridor managers, a baseline business inventory completed prior to the start of each planning effort, and the action plans for each commercial district;
- Pedestrian intercept surveys completed at annual neighborhood festivals in the Excelsior, OMI, Portola, and Visitacion Valley;

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- Merchant surveys completed in five study areas in 2007 and 2009;
- Sales tax revenue data; and
- Interviews with City, Bay Area LISC, and commercial corridor staff.

Program Information

Most outcome data are generated by commercial district staff members, who spend a minimum of 50 percent of their time in the commercial district. Bay Area LISC requires staff to track all programmatic activity (e.g., meetings, events, volunteers) as well as physical and economic changes that transpire in the commercial district (e.g., new businesses, jobs, and public investment). A memo summarizing major programmatic activities, neighborhood outcomes, and key challenges in the district are required on a quarterly basis from each Bay Area LISC-funded program and a summary of quantitative outcomes are additionally required semi-

annually. Every two to three years, photographs are taken of each storefront for the purposes of comparison over time.

Pedestrian Intercept (Community Festival) Surveys

Bay Area LISC conducted pedestrian intercept surveys at the annual community festivals. Each neighborhood commercial district program produces an annual street festival that draws between 500 and 8,000 participants to the commercial district. Unlike some city of San Francisco festivals that target a regional audience, the neighborhood festivals serve community residents and draw local people to enjoy their neighborhood. Surveys were conducted in English, Spanish, and Cantonese. Figures reported in the text are only those with neighborhood residents, who comprised 85 percent of all respondents.

Merchant Surveys

While informal merchant interviews and surveys are regularly conducted by corridor staff and volunteers, Bay Area LISC undertook a formal survey effort in 2006-2007, and again in 2009. Questions aimed to assess merchants' perceptions of improvement over the previous year on a number of variables identified in the program's logic model.

Bay Area LISC contracted with UC Berkeley (UCB) Center for Community Innovation to administer the surveys, which were fielded between July 2006 and March 2007 in the five neighborhood/commercial districts. Survey workers completed a training session at UCB and an introduction to

APPENDIX TABLE 1: Festival Survey Tally by Language

	2006				2007				2008			
	English	Spanish	Chinese	TOTAL	English	Spanish	Chinese	TOTAL	English	Spanish	Chinese	TOTAL
Excelsior	33	29	40	102	56	27	35	117	50	31	32	113
Ocean	37	10	27	74	56	5	40	101	69	3	30	102
Vis Valley	77	14	36	127	95	27	46	161	45	16	55	116
Portola	33	29	40	110	32	16	60	108	62	23	48	133
Total	180	82	143	413	239	75	181	487	226	73	165	464

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commercial district by Bay Area LISC and each neighborhood's corridor manager.

The surveys were carried out anonymously to ensure that merchants would be comfortable sharing their true feelings. Survey workers additionally had Spanish and Cantonese speaking abilities.

Merchant surveys are challenging to administer. Merchants work long hours and are extremely busy, requiring survey interviews to be carried out during down times or in between customers. In most instances, survey administrators returned to the business multiple times before the owner was available for an interview. Some merchants refused to be interviewed on principle and others simply could not make the time. Understanding these challenges and the relatively small numbers of businesses that comprise some of the districts, it was decided that selecting a random sample to survey would not be successful. Instead, Bay Area LISC guided the survey administrators to attempt to interview every business with a goal of achieving a response rate of 50% in each district, with a higher percentage

in Visitacion Valley due to its small number of total businesses. After the first few rounds of surveys, an attempt was made to target businesses types and ownership structures that were not represented in the existing interviews. Additional efforts ensured that the opinions from the most common business types in each business districts were captured.

Due to the subjective nature of this process and the personal preferences/prejudices of both merchants and survey administrators, it is likely that some bias occurred during this process. Our attempts to provide an ethnically and linguistically diverse range of survey workers as well as surveying the range of business types and ownership

Sales Tax Revenue Data

The San Francisco city Controller's office contracts with MuniServices, Inc., for collection and analysis of data regarding sales tax revenue. The controller receives quarterly reports in hard copy that include summaries of sales tax revenue received in each geographic area according to economic segment (e.g., restaurant) and category (e.g., food products). The Controller also has access to a STAR database with a limited amount of information. They do not currently receive data on the corridors in electronic format but are happy to work with MuniServices to request periodic electronic reports (with data in Excel), provided that OEWD specifies the particular format and data they would like to receive. Sales tax revenue information was provided to the project by segment, category, and district. Business-level information cannot be circulated outside of City agencies for confidentiality reasons.

APPENDIX TABLE 2: Merchant Survey Responses by Corridor and Year

Corridor	2007	2009	Total
Bayview	24	33	57
Excelsior	74	54	128
Ocean Ave	46	27	73
Portola	47	39	86
Visitacion Valley	26	20	46
Total	221	173	394