

JAPANTOWN TASK FORCE
Ad Hoc Japan Center Malls Technical Committee
Minutes
Monday, August 09, 2021
5:30 PM - via ZOOM Meeting

Committee Members Present: Glynis Nakahara, Joyce Oishi, Sandy Mori, Roy Ikeda, Kenta Takamori, Lori Yamauchi

Others Present: Derek Tahara, Emily Nichols, Jeremy Chan, Karen Kai, Michiko Yamada, Santino DeRose, Satoe Haile, Tomo Hirai

Staff Present: Steve Nakajo, Brandon Quan, Lauren Nosaka, Susie Kagami

Call to Order

I. Approval of July 12, 2021 Minutes

It was moved by Roy Ikeda and seconded by Joyce Oishi.

II. CHHESS Draft update (presented by Susie Kagami)

A. Current City Draft

1. Contains six key focus areas and 24 key strategies.
2. Concrete strategies help us request and impact funding & policy.
3. Provides annual Prop E funding, which is the main funding source for the cultural district and staff. Provides visionary document to use for Funders (City, State, Federal, Private)
4. Two new tenant protection strategies and one economic & workforce development strategy.
5. Glossary, which was requested by the City.

B. Community Draft Sections not in City Draft

1. These include Implementation roles by City Depts & Community Stakeholders, Strategy Timelines, Success Indicators, Priorities, and Group Summaries.

C. Significance of CHHESS

1. CHHESS sets JTF & Cultural District priorities
2. It contains strategies that are conceived and executed by the community in partnership with the City
3. It functions as a living document to be adjusted over time to meet community needs.

D. Adoption by Board of Supervisors

1. The Cultural District will be accountable for implementing the CHHESS strategies, in partnership with City Agencies.
 - a) These agencies are the SF Arts Commission, Planning Department, Mayor's Office of Economic & Workforce Development (MOEWD) and Mayor's Office of Housing & Community Development (MOHCD).

- b) By partnering with these agencies we can instill the importance of City funding and policy to be able to sustain our Cultural District.

E. Four Do-ables In Progress

1. Japantown Preservation and Development Vision Master Plan
 - a) Meetings and organizing are underway led by Lori.
2. Community Land Stewardship
 - a) The research we are doing on community development corporations, land trusts and investment funds is still in progress.
3. Co-Creative Hub
 - a) We just launched 3 weeks ago and we are currently working on branding.
4. Small Business Assistance Center
 - a) We are working on a business services directory, merchant association transition, tenant protection and new businesses.

F. Next Steps

1. August
 - a) Formatting final drafts with MOHCD
 - b) JTF review: Committees, Board of Directors, Town Hall
 - c) MOHCD: own internal review
2. September:
 - a) We will be drafting a letter in support and rally community support for approval.
 - b) We will try to reach out to over 30 organizations for support
3. October
 - a) Board of Supervisors and Committee meeting for final adoption.

G. Discussion

1. CHHESS proposes that Ad-Hoc Committee develop a strategic plan for the Malls blocks. Do we expect the cooperation from the property owners on the blocks? Steve Nakajo spoke to the proposed strategic plan as a lofty goal, which will require working with the property owners whom JTF knows, as well as working with City departments and the community to develop and implement the plan.

III. Discussion with Santino deRose, Maven Properties, on Update on Japan Center Malls tenants and future communication between Maven and Japantown Task Force

A. Japan Center Mall tenants status

1. There are a couple of new proposals being worked on, both are Japanese cuisine related, involving significant amounts of space.
2. Since June 15th, when the business restrictions were lifted in San Francisco, there has been a lot of space inquiry activity in the Japantown area. However the second Covid-19 wave of infections has dampened that activity lately.
3. Maven is looking to land Mensho Ramen in Japantown as they are looking to open a second location, but Mensho is not actively looking at Japantown. Santino suggested that a Japanese-speaking community member reach out to Mensho's home office in Japan, to invite Mensho to Japantown, and express the

community's passion and interest in preserving the culture by attracting authentic Japanese businesses.

4. Santino has been working with the existing Mall tenants and their attorneys so that they can stay and limit future vacancies. He expressed concern that given the Covid surge, there is great uncertainty about future turnover and permanent business closures, especially if there is another shutdown.
- B. Formula Retail and City zoning/permitting in Japantown
1. Yi Fang Taiwan Fruit Tea needed a Conditional Use authorization from the Planning Commission as a formula retail use. Japantown Task Force was not advised by Maven or 3D of Yi Fang's tenancy. Maven should have done a better job of bringing Yi Fang's tenancy to the neighborhood, so that it can weigh in and support its application to the Planning Commission.
 2. Santino is available by phone and is committed to attending future Ad-Hoc Committee meetings. He is happy to provide information on future tenants, after the lease has been signed.
 3. When asked about when leases are signed for formula retail tenants who need Planning Commission approval, he indicated that there is a clause in leases which allows tenants to cancel their leases if they do not get their Conditional Use approvals.
 - a) He noted that leasing agents try to get a prospective tenant to commit to a lease before they talk with the neighborhood, so they are not scared away by someone in the neighborhood.
 - b) Sophisticated tenants hire architects, attorneys or expeditors to help them through the Conditional Use process, who decide when to approach the neighborhood. Maven encourages tenants to reach out to the neighborhood early in the process, given the support that the Japantown Task Force has shown to businesses. But, others may advise tenants to wait until the Planning hearing is scheduled before contacting the neighborhood.
 4. When asked about City zoning and permitting, Santino indicated that Prop H now requires expediting of business permits in neighborhood commercial districts. However, formula retail uses still face a slow permitting process.
 - a) Santino noted that the Malls need authentic Japanese businesses, but they are likely to be large companies with international experience and more than ten stores.
 - b) The City zoning defines formula retail as any business with more than 11 stores worldwide. Therefore, the Japanese businesses seeking to locate in San Francisco would likely be formula retail.
 - c) Santino thinks that the way to attract international Japanese brands is by filling up the Malls with tenants to bring in customers who would patronize the Japanese brands. He feels that the foot traffic in the Malls have not been bad.
 - d) Steve expressed heartfelt gratitude to Santino for his expertise, support and care for Japantown, including initiating the concept of a visitor kiosk in the Malls for Japantown Task Force. Santino reinforced the kiosk idea as a great way to inform visitors about Japantown and generate more business. He also felt that a kiosk provides activity that will distract visitors from the empty storefronts and reduce the perception that the mall is vacant.
 - e) Glynis Nakahara noted that international Japanese formula retail businesses, especially those with authentic Japanese offerings, are welcome and highly desirable in Japantown, and JTF would support Planning approvals for them.

She encouraged early communication about these businesses.

Sandy Mori said that JTF supported the formula retail approval for Daiso's store in Japantown, because it was from Japan. Daiso is very successful and is bringing in a lot of customers, including young people.

- f) Santino noted that the issue with approaching international Japanese brands is the length of time for approvals, permitting and construction before they can open their store. You are essentially telling them "come to Japantown but you won't be open until at least a year and half later".
 - g) So, if Japantown wants Japanese businesses, it needs to work with Planning and Building departments to speed up the City processes.
 - h) Ichiban Kai closed their store in Japantown, due to the competition from Daiso. When asked about the impact of a brand name on Mom & Pop stores like Ichiban Kai, Santino stated that Maven Properties' approach is not to have a bunch of retail formula stores, however the mom & pop shops are dependent on and want to be near the retail formula stores/brands. There needs to be a mix of formula retail and small independent stores.
 - i) The planning department's definition of formula retail as businesses with 11 or more locations does not differentiate between businesses with 15 stores vs. 1000's of stores. Santino thinks that there should be an intermediate category of 11-50 stores, which would be treated differently from a Starbucks with thousands of locations and solve the concerns with international businesses.
 - j) He is concerned that a Japanese chain business with 20 locations in Japan will be deterred from locating in San Francisco because of the 8-month process for Conditional Use approvals.
 - k) When asked about Santino's views of a diversity of store types, as opposed to having 20 ramen shops, he felt that it doesn't matter if there are several stores of the same type, because people will go to a neighborhood, who is known for offering authentic ethnic food/goods with a lot of choice. At the same time, Santino is not interested in putting in new businesses that will hurt existing businesses.
 - l) Glynis suggested that it would be amazing if a formula retail store like Starbucks could open with a Japanese Starbucks menu. That would make it unique but still a brand name.
 - m) Karen Kai encouraged marketing to small, local Japanese American businesses, who are authentic as well, and draw from Japanese culture but infuse Japanese American culture, and may be operated by the next generation owners.
5. Lori will coordinate with Glynis and Kenta Takamori, co-chairs of the Land Use and Transportation Committee, regarding which committee will work with Santino to vet future tenants and promote Japanese business tenants in the Malls and elsewhere in Japantown.

IV. Announcements

V. General Public Comments

Next Meeting - Next Ad Hoc committee meeting will be held on **September 13, 2021** via zoom.

Adjourn: 6:31pm