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Sixth Street revival

S.F. small businesses see opportunity on skid row

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by Sarah Duxbury

Keeping up with the Joneses is sparking a renaissance on Sixth Street.

The Six on Sixth project began in 2003 with the goal of bringing six new businesses to the blighted street. Since then, 14 new businesses have opened, and stayed open, on or just off Sixth Street between Market and Harrison streets; three more will open soon. Thirty-five façade and tenant improvement projects are complete with 50 more under way.

It's a positive domino effect, where once one property owner upgrades his building, slapping on a \$35,000 coat of paint or replacing broken windows, others want to, too. With money from the Redevelopment Agency, the nonprofit Urban Solutions is helping them do just that.

Four new retail leases were signed in the past two months -- two for spaces that have been vacant at least five years and one in a space that has been empty four decades. Urban Solutions is in final negotiations on several more leases, including with an Internet café and a credit union.

"When you start to invest and beautify, people pay attention," said Jenny McNulty, executive director of Urban Solutions. "People are starting to take pride where in the past there were just neglected properties."

The Redevelopment Agency has provided Urban Solutions \$1.1 million since 2003 for its economic revitalization program. The agency is expected to approve an additional \$750,000 for capital improvements on and around the street.

Fixing Sixth Street is an uphill battle, one the Redevelopment Agency has fought for 15 years. Though over \$100 million has been spent to revitalize the area stretching from Fifth to Seventh streets between Market and Harrison streets, Sixth Street remains a neighborhood with high levels of street crime, poor people, boarded up buildings and predatory businesses like pawn shops.

Urban Solutions and the Redevelopment Agency hope that enough momentum is now building to change the character of the street and quiet critics.

Retail to the rescue

On Sixth Street, Urban Solutions has helped landlords secure matching grants for building improvements and has helped business owners and entrepreneurs negotiate leases, secure loans and write business plans.

"Our focus is on retail because retail is what will build community and improve the quality of life here," McNulty said.

Though retail rents on Sixth Street average an affordable \$1 per square foot, many of the businesses the area attracts are undercapitalized or brand new, or both. They are on Sixth Street because they can afford it, but increasingly because they also see a neighborhood that's improving, one shopfront at a time.

"Sixth Street has a real concentration of liquor shops, pawn shops and porn shops," McNulty said. Urban Solutions is working to replace those with dry cleaners, pizza joints and barbers -- the sort of retail operations healthy neighborhoods need.

Amin Jamally will open a café and deli in a space that has been boarded up for 40 years. He will invest \$30,000 to get the site customer-ready, and up to \$70,000 more should he fulfill his dream to equip it with a grill.

Jamally's cousin owns Chico's Pizza up the street, and his success -- the place was hopping with a Monday lunch crowd last week -- inspired Jamally to come to Sixth Street. Mythic Pizza will soon open across the street.

Mission Cleaners, a laundry, dry cleaner and sewing shop opened last week, after its former home near the under-construction Federal Building was razed. Wing Leung decided to move one block east to take advantage of what he sees as a growing neighborhood close to his existing customer base.

Several businesses Urban Solutions has attracted to Sixth Street have failed. But as more come in, landlords can be more choosy, selecting more viable businesses, McNulty said.



LEUNGS: The couple moved their business to Sixth Street from another site.

Others doubt that strategy, considering the extreme poverty of the 3,000 to 8,000 people living in apartments and SRO hotels on the surrounding blocks.

"Almost every building is very low income, not mixed, so I don't know where the consumer dollar is to support those businesses," said Randy Shaw, executive director of Tenderloin Housing Clinic and a critic of the Redevelopment Agency's efforts on Sixth Street. "A lot of businesses have opened up to great fanfare, but close because they can't make their rent given the lack of consumer dollars."

Streetscape improvements

Shaw said that the extreme poverty of Sixth Street's residents will prevent cosmetic improvements from having a more salutary effect on the neighborhood.

"Sure, the Plaza Hotel is nice, the Alder is aesthetically a lot nicer," Shaw said. "But the problems on the street are still there \$125 million later."

Urban Solutions and the Redevelopment Agency say their work is finally taking hold, building upon the agency's streetscape upgrades -- widened sidewalks and new trees.

"Initially, some property owners had trouble believing things could get better," said Mike Grisso, the Redevelopment Agency's project manager for the area. "Once a few projects were completed ... and they saw what was happening, we had a rush. We're starting to get to that critical mass where people believe."

The intent of the redevelopment area was to revitalize the neighborhood and spark economic development there, but not gentrification.

Building a strong retail presence will also help reduce crime. "We know from practice that (crime) is more likely to happen in front of a boarded up building than in front of a store with a responsible owner and people going in and out," Grisso said.

Upgrading Sixth Street remains a work in progress. Pawn shops still outnumber banks or credit unions or pizza joints and about 20 retail spaces remain vacant, with gritty metal gates pulled down tight. Half of those spaces are ready to lease; the rest require landlord improvements to make them habitable.

Sarah Duxbury covers nonprofits for the San Francisco Business Times