Small Business Forward

October 28, 2025

To: Budget and Finance Committee

Subject: File 250872 - Small Business Rezoning Construction Relief Fund

We, the Steering Committee Members of Small Business Forward, would like you to know that we were disappointed that AB 2011 style payments (those paid by developers directly to commercial tenants) were not deemed feasible by the City Attorney. If the State can mandate developer relocation payments to small businesses displaced for new housing construction, then the City should be allowed to mandate the same payments commensurate with the commercial tenants' length of tenancy. After all, it is the hard work of those small business workers that carried the cost of that building for the years that the business paid rent. And without adequate location assistance, there is a loss to the community of small businesses that provide products & services the community uses & needs.

Displacement of long-term neighborhood-serving small businesses is real and is already happening because of the Mayor's proposed Family Rezoning Plan. Recently a bicycle shop on Haight Street decided to close their location when their overseas landlord refused to give them a new lease hoping to sell his vacant building for $7million plus. What was the point for them to remain month-to-month and spend their limited marketing dollars to market a location that they might not be in in 30 days?

If the city has decided that small businesses are best assisted through a dedicated fund administered by the Office of Small Business, then it is our ask that there be an initial appropriation to that fund.

Today, we are asking for the appropriation of $2 to $3 million on an emergency basis, no later than the mid year appropriation, to provide relocation assistance to those businesses impacted by non-renewal of lease due to proposed housing construction projects. Legacy business Joe's Ice Cream is at imminent threat of a non renewal of their lease due to a proposed housing development their landlord has already submitted to the city. We need the funds in the fund immediately to support this business' successful relocation.

A $2 to $3 million appropriation is a starting point. We ask that there be a regular report back to the Board of Supervisors on the financial need for small businesses impacted by displacement for new housing construction.

We feel this modest appropriation will give some runway for the additional measures we've also previously given our support:

- That for the next State legislative session, City representatives propose a change in state law to allow for the city to mandate relocation payments paid directly by developers to small business tenants (similar to AB2011)
- Adopt Supervisor Chan's proposed amendments to the Family Zoning Plan which would allow for a nexus study and the collection of developer impact fees and/or demolition fees which can be allocated to the small business relocation fund.
- Extend the Conditional Use requirement for sites where Legacy Businesses have been displaced

Thank you for your consideration of these requests.

Sincerely,

The Steering Committee of Small Business Forward

Justin Dolezal, Co-owner Bar Part Time
Christin Evans, Co-owner Booksmith and Alembic
Nicholas Parker, Owner Mercury Cafe
Yolanda Porrata, Owner VERA Skin Studio
Gwen McGlaughlin, Coordinator Small Business Forward

SAN FRANCISCO
CHAMBER OF COMMERCE

October 27th, 2025

Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: Support for File No. 250782 – Small Business Rezoning Construction Relief Fund

Dear Members of the Budget and Appropriations Committee,

On behalf of the San Francisco Chamber of Commerce, I am writing to express our support for the Small Business Rezoning Construction Relief Fund legislation. As the City advances its rezoning efforts to meet the 82,000 housing units mandated under the state's Regional Housing Needs Allocation (RHNA), this ordinance provides a critical tool to ensure small businesses remain resilient and connected to their communities as denser development moves forward.

The creation of this fund represents a flexible, responsive approach to providing financial support and technical assistance to small businesses where it is most needed. Our city's small businesses are the lifeblood of San Francisco's commercial corridors—keeping them active, vibrant, and welcoming. As organizations that represent thousands of employers, we are committed to ensuring that resources such as this fund are available to help businesses navigate and thrive during the rezoning process.

This ordinance offers a pragmatic approach by advancing the City's ambitious housing goals while safeguarding the small businesses that are essential to neighborhood vitality, local culture, and economic recovery. We look forward to continued collaboration with City leaders on policies that promote both housing growth and the success of San Francisco's small business community.

Sincerely,

Rodney Fong
President & CEO
The San Francisco Chamber of Commerce

Small Business Forward

September 20, 2025

Small Business Commissioners,

We are writing to you about the proposed small business assistance funds that will be made available through Supervisor Melgar's proposed legislation. Small Business Forward has reviewed the draft legislation and we still have outstanding questions about the planned scale of need, predictability of the source of funds, and size and type of assistance. We appreciate your assistance in eliciting answers to these questions in your upcoming meeting on Monday.

1) How do we ensure this fund will adequately meet the Scale of Need?

Recently, the San Francisco planning department revised the number of businesses that they said would be displaced by the mayor's upzoning plan from 40 to 50 to 10 per year seeking to downplay the potential effect of this upzoning plan. However, Melgar's legislation seeks to support not just displaced businesses but neighboring businesses who see a loss of revenue due to construction because of reduced foot traffic. The BLA report she commissioned in 2024 estimated the need at 60 to 188 sites per year.

Business leaders in the Eastern Neighborhood plans have provided feedback that Planning's analysis is off. They've estimated that since 2009, upwards of 40% of small businesses were displaced as a result of the upzoning in their community.

Because the scale of need is undefined and uncertain, **we ask that you to put in place mechanisms to track displacement.** Otherwise, the scale of displacement is not fully understood and it's impossible to tell if the amount of funds will be adequate to the need.

Questions we encourage you to seek answers to:

- Will there be periodic reporting to your body on the number of applications and the percentage that are able to be assisted?
- How will you know if the scale of need is being met?
- Will there be a mechanism for adjustments to the size and scale of the fund if the need is much greater than anticipated at this moment?

2) What are the options for a more predictable source of funds?

Currently, the proposed mechanisms for adding dollars to this fund are 1) a gross receipts tax opt-in, and/or 2) charitable donations which creates an undependable revenue source for the fund.

Instead, we suggest a more predictable source of funding be identified. **<u>We suggest you recommend the City conduct a Nexus study to allow impact fees to be charged to developers.</u>**

AB2011 type relocation assistance mandated payments from the developer to the small business at the time of displacement. We have been informed that there is an opportunity to similarly have developers provide the funds for relocation assistance.

We encourage you to request a Nexus study to allow the charging of impact fees by developers, who are displacing small businesses.

Questions we encourage you to seek answers to on this matter include:

- How quickly can a Nexus study be conducted to determine allowable developer impact fees?

3) What will be the size of the payments and or forgivable loans available to small businesses? Will they be adequate to support successful relocation?

As a reminder, this was the level of assistance delivered through AB 2011. For a business in operation for 10 years paying $8000 per month in rent, the relocation assistance received is $80,000.

Similarly, for a business that has been in place for 20 years paying $8000 a month, the payment would be $144,000.

Years of Operation	Relocation Assistance Equal to
1-5	6 Months' Rent
5-10	9 Months' Rent
10-15	12 Months' Rent
15-20	15 Months' Rent
20+	18 Months' Rent

Restaurateurs have indicated that for a relocating restaurant it could be upwards of $350 to $500 per square foot for tenant improvements to a cold shell condition in new construction. For a 1000 square-foot restaurant, this would be approximately $350,000 to $500,000.

At a recent meeting where Supervisor Melgar presented this legislation to a small business group, she fielded a question that she envisioned the loans would be a combination of grants and PPP style forgivable loans wherein loans could be forgiven when eligible expenses were submitted. We ask you to clarify the size & types of assistance that would be given and how small businesses would be benefited by having both grants and loan forgiveness.

- Up to what level of assistance would be provided via grants?
- Up to what level of assistance would be provided via forgivable loans?
- What expenses would qualify for forgiveness? (Tenant improvements, moving expenses?)

4) Will this adequately meet the small business need when the assistance is needed?

One of the questions we have outstanding is how effective this assistance will be to supporting businesses when they most need it. For example, consider this case: Joe's Ice Cream, a legacy business, is in a known situation of precarity now. Their building was recently acquired at a price that indicates it's likely a target for development. At what point will this business be eligible for support? The most likely scenario is that Joe's will not have their lease renewed. Are they eligible for immediate relocation assistance?

- Should the criteria for eligibility be inclusive of those businesses that have had a non-renewal of lease in the upzoned area?
- Certainly a verifiable fact is when a business is in a building that has been acquired for an inflated purchase price not justified by the commercial rents alone. Should it include businesses at a minimum who are in buildings that have recently changed hands?

We appreciate your exploring the details of the small business protections that are being put in place. As mentioned, we feel like there is still work to be done to further define and detail the mechanisms that ensure this would be a meaningful protection for small businesses impacted by the mayor's upzoning plan. And we appreciate the opportunity to support Supervisor Melgar in strengthening her proposed legislation.

Respectfully,

The Steering Committee of Small Business Forward

Justin Dolezal, Co-owner Bar Part Time
Christin Evans, Co-owner Booksmith and Alembic
Nicholas Parker, Owner Mercury Cafe
Yolanda Porrata, Owner VERA Skin Studio
Gwen McGlaughlin, Coordinator Small Business Forward

CC: Mayor Lurie, Board of Supervisors, Planning Commission, Sarah Dennis Phillips, Lisa Chen, Rachael Tanner, Supervisor Melgar, Jen Low