

File No. 250782

Committee Item No. 1

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date October 29, 2025

Board of Supervisors Meeting Date \_\_\_\_\_

#### Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

#### OTHER (Use back side if additional space is needed)

- SBC Letter 10/15/2025
- FYI Referral 7/25/2025
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

Completed by: Brent Jalipa Date October 23, 2025

Completed by: Brent Jalipa Date \_\_\_\_\_

1 [Administrative, Business and Tax Regulations Codes - Small Business Rezoning  
2 Construction Relief Fund]

3 **Ordinance amending the Administrative Code to create the Small Business Rezoning**  
4 **Construction Relief Program (“Program”) to provide financial support, including grants**  
5 **and loans, to businesses impacted by construction relating to the City residential**  
6 **rezoning program adopted in 2025-2026; establishing the Small Business Rezoning**  
7 **Construction Relief Fund (“Fund”) to receive monies for the Program; designating the**  
8 **Office of Small Business and Office of Economic and Workforce Development to**  
9 **administer the Fund and the Program and promulgate rules and regulations in**  
10 **furtherance of the Program; and amending the Business and Tax Regulations Code to**  
11 **allow taxpayers to designate a portion of their gross receipts taxes for deposit in the**  
12 **Fund.**

13 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.  
14 **Additions to Codes** are in *single-underline italics Times New Roman font*.  
15 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.  
16 **Board amendment additions** are in double-underlined Arial font.  
17 **Board amendment deletions** are in ~~strikethrough Arial font~~.  
18 **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code  
19 subsections or parts of tables.

20 Be it ordained by the People of the City and County of San Francisco:

21 Section 1. Article XIII of Chapter 10 of the Administrative Code is hereby amended by  
22 adding Section 10.100-335, to read as follows:

23 **SEC. 10.100-335. SMALL BUSINESS REZONING CONSTRUCTION RELIEF FUND.**

24 **(a) Findings. The City and County of San Francisco is required to add 82,069 new housing**  
25 **units to its existing housing stock between 2023 and 2031 pursuant to the Regional Needs Housing**  
**Allocation established by the State of California. To provide the capacity for the amount of new**

1 housing required, San Francisco has adopted the Rezoning Program, which is expected to result in  
2 significant development. The construction that will take place along commercial corridors is likely to  
3 impact Small Businesses, particularly in instances where Small Businesses are displaced by leases  
4 lapsing due to properties being sold, construction at their site, multiple projects are occurring on the  
5 same block, or if roads are closed. Recognizing the impacts that increased construction can have on  
6 Small Businesses in particular, San Francisco wishes to create a fund and a grants program to mitigate  
7 the effects of increased construction on Small Businesses.

8 (b) **Definitions.** For purposes of this Section 10.100-335, the following definitions shall apply:

9 “Fund” means the Small Business Rezoning Construction Relief Fund.

10 “Program” means the Small Business Rezoning Construction Relief Program  
11 established in Administrative Code Section 2A.247.

12 “Rezoning” means rezoning as a result of San Francisco’s residential rezoning  
13 program adopted by the City in 2025-26.

14 “Small Business” means a business or nonprofit organization with 100 or fewer full-  
15 time employees and an annual gross revenue of \$5 million or less.

16 (c) **Establishment of Fund.** The Fund is established as a category four fund as defined in  
17 Administrative Code Section 10.100-1 to receive any legally available monies, including grants, gifts  
18 and bequests from public or private sources for the purposes identified in subsection (d) of this Section  
19 10.100-335, amounts designated for deposit in the Fund under Section 959 of Article 12-A-1 of the  
20 Business and Tax Regulations Code, and any monies appropriated to the Fund by the Board of  
21 Supervisors.

22 (d) **Use of Funds.** The Fund shall be used exclusively for the Program, provided that such  
23 expenditures shall include reimbursement to City and County departments for expenses incurred in the  
24 administration of the Fund.

1           *(e) Administration of Fund. The Director of the Office of Small Business, in collaboration with*  
2 *the Director of the Office of Economic and Workforce Development, or their designees, shall be*  
3 *responsible for the administration of the Fund, and shall have all such authority as may be reasonably*  
4 *necessary to carry out those responsibilities.*

5  
6           Section 2. Article XVI of Chapter 2A of the Administrative Code is hereby amended by  
7 adding Section 2A.247, to read as follows:

8           **SEC. 2A.247. SMALL BUSINESS REZONING CONSTRUCTION RELIEF PROGRAM.**

9           *(a) Definitions. For purposes of this Section 2A.247, the following terms have the following*  
10 *meanings:*

11           *“Program” means the Small Business Rezoning Construction Relief Program.*

12           *“Rezoning” means rezoning as a result of San Francisco’s residential rezoning*  
13 *program adopted by the City in 2025-26.*

14           *“Small Business” means a business or nonprofit organization with 100 or fewer full-*  
15 *time employees and an annual gross revenue of \$5 million or less.*

16           **(b) Establishment of Small Business Rezoning Construction Relief Program.**

17           *(1) The Program is established for the purpose of providing grants and other assistance*  
18 *to San Francisco’s Small Businesses impacted by increased construction as a result of the City’s*  
19 *Rezoning.*

20           *(2) The Program shall be administered by the Director of the Office of Small Business*  
21 *(“OSB”) and the Director of the Office of Economic and Workforce Development (“OEWD”), or their*  
22 *designees (each, an “Administrator” and collectively the “Administrators”).*

23           *(3) The Program shall, at minimum, include the following components:*

1                   (A) Grants to Displaced Small Businesses. To retain and support San  
2 Francisco’s Small Businesses during a period of increased residential construction activity, the  
3 Program may fund grants to Small Businesses displaced as a result of Rezoning construction.

4                   (B) Financial and Business Assistance to Impacted Small Businesses. To retain  
5 and support San Francisco’s Small Businesses during a period of increased residential construction  
6 activity, the Program may also provide other financial assistance grants, business assistance,  
7 relocation assistance, leasing support services, incentives, and programs to Small Businesses  
8 experiencing interruption to their businesses caused by Rezoning construction.

9                   (4) The Program may include the following:

10                   (A) Loans to Small Businesses. The Administrators may partner with nonprofit  
11 community development financial institutions to administer a loan program in partnership with the City  
12 for loans to Small Businesses impacted by Rezoning construction.

13                   (B) Marketing, Promotions, Branding, Technical Assistance and Programmatic  
14 Expenses. The Program may also fund marketing, promotions, branding, technical assistance, and  
15 programmatic expenses to support Small Businesses impacted by Rezoning and other related  
16 programmatic expenses.

17                   (5) Exemption from Chapter 21G of the Administrative Code and Other Obligations. The  
18 Administrators shall not be required to enter into a contract with Small Businesses in order to provide  
19 grants or financial assistance pursuant to this Section 2A.247. The grants and financial assistance to  
20 Small Businesses entered into pursuant to this Section 2A.247 shall not be subject to the provisions in  
21 the Municipal Code, including but not limited to Chapter 21G of the Administrative Code, and all other  
22 provisions in the Administrative, Labor and Employment, Environment, or Police Codes, imposing  
23 obligations or other restrictions on contractors, except Administrative Code Chapters 12G and 12M  
24 and relevant provisions of the Campaign and Governmental Conduct Code shall apply.

1                   (6) Rules and Regulations. Within 12 months of the effective date of the ordinance in  
2 Board of Supervisors File No. 250782 enacting this Section 2A.247, and before the disbursement of any  
3 monies to Small Businesses, the Administrators shall promulgate such rules and regulations consistent  
4 with this section as it may deem appropriate to carry out the Program. Such rules and regulations  
5 shall include, but not be limited to, the qualifications of applicants and factors to be considered in the  
6 award of grants, and shall ensure that impacted Small Businesses are eligible for the Program if they  
7 were displaced or impacted within two years before applying.

8                   (7) Annual Report. The Administrators shall submit an annual report to the Board of  
9 Supervisors and the Mayor setting forth an accounting of the amounts disbursed and the uses for which  
10 said funds were made. The first report shall be provided no later than December 1, 2027.

11  
12               Section 3. Chapter 12G of the Administrative Code is hereby amended by revising  
13 Section 21G.2, to read as follows:

14               **SEC. 21G.2 DEFINITIONS.**

15               As used in this Chapter 21G, the following terms shall have the following meanings:

16               “City” means the City and County of San Francisco.

17               “Grant” means an award of funds to a Grantee for, or in furtherance of, a Public  
18 Purpose, which is paid from monies deposited in the treasury of the City, and which is not  
19 required to be repaid except upon default by the Grantee. “Grant” does not include contracts  
20 (1) for public works or improvements under Administrative Code Chapter 6; (2) for the City  
21 purchase, sale, lease, use, or development of real property; (3) for the City purchase of  
22 Commodities or Services under Administrative Code Chapter 21; or (4) to provide financial  
23 assistance such as a loan or loan guarantee, an interest rate subsidy, tax relief, or tax credit.

24               “Grant” also does not include grants or assistance (1) authorized under Administrative Code  
25 Section 2A.246, the Legacy Business Assistance Program, ~~or~~ (2) authorized under

1 Administrative Code Section 2A.247, the Small Business Rezoning Construction Relief Program, or (3)  
2 to individuals under City service or assistance programs, rebates, or incentives. Departments  
3 administering rebate or incentive programs must comply with Section 21G.12.

4  
5 Section 4. Article 12-A-1 of the Business and Tax Regulations Code is hereby  
6 amended by adding Section 959, to read as follows:

7 **SEC. 959. ELECTION TO DESIGNATE TAX TO SMALL BUSINESS REZONING**  
8 **CONSTRUCTION RELIEF FUND.**

9 (a) For tax years beginning on or after January 1, 2025, a person or combined group may elect  
10 to designate up to 4% of the gross receipts tax liability paid by that person or combined group for the  
11 tax year for deposit in the Small Business Rezoning Construction Relief Fund, established in  
12 Administrative Code Section 10.100-335. The designation under this Section 959 shall be irrevocable  
13 and shall be made on the person or combined group's original gross receipts tax return filed for the tax  
14 year to which the designation applies.

15 (b) If for any tax year persons or combined groups elect to designate amounts under subsection  
16 (a) of this Section 959 that collectively exceed \$8 million, any excess above \$8 million shall not be  
17 deposited in the Small Business Rezoning Construction Relief Fund and shall be deposited in the  
18 General Fund to be used for any purposes of the City.

19  
20 Section 5. Effective Date; Retroactivity.

21 (a) This ordinance shall become effective 30 days after enactment. Enactment occurs  
22 when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not  
23 sign the ordinance within 10 days of receiving it, or the Board of Supervisors overrides the  
24 Mayor's veto of the ordinance.

1 (b) Upon the effective date of this ordinance, this ordinance shall be retroactive to  
2 January 1, 2025, insofar as it relates to the amendments to the Business and Tax Regulations  
3 Code in Section 4.  
4

5 Section 6. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
6 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
7 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal  
8 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment  
9 additions, and Board amendment deletions in accordance with the "Note" that appears under  
10 the official title of the ordinance.  
11

12 Section 7. Severability. If any section, subsection, sentence, clause, phrase, or word  
13 of this ordinance, or any application thereof to any person or circumstance, is held to be  
14 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision  
15 shall not affect the validity of the remaining portions or applications of the ordinance. The  
16 Board of Supervisors hereby declares that it would have passed this ordinance and each and  
17 every section, subsection, sentence, clause, phrase, and word not declared invalid or  
18 unconstitutional without regard to whether any other portion of this ordinance or application  
19 thereof would be subsequently declared invalid or unconstitutional.  
20

21 APPROVED AS TO FORM:  
22 DAVID CHIU, City Attorney

23 By: /s/ Hugo Cabrera  
24 HUGO CABRERA  
25 Deputy City Attorney

n:\legana\as2025\2500367\01855975.docx



## LEGISLATIVE DIGEST

[Administrative, Business and Tax Regulations Codes - Small Business Rezoning Construction Relief Fund]

**Ordinance amending the Administrative Code to create the Small Business Rezoning Construction Relief Program (“Program”) to provide financial support, including grants and loans, to businesses impacted by construction relating to the City residential rezoning program adopted in 2025-2026; establishing the Small Business Rezoning Construction Relief Fund (“Fund”) to receive monies for the Program; designating the Office of Small Business and Office of Economic and Workforce Development to administer the Fund and the Program and promulgate rules and regulations in furtherance of the Program; and amending the Business and Tax Regulations Code to allow taxpayers to designate a portion of their gross receipts taxes for deposit in the Fund.**

### Existing Law

City law does not currently provide a program or fund for grants and other assistance to small businesses that are displaced or otherwise impacted by residential construction projects. City law also does not authorize taxpayers to designate a portion of their gross receipts taxes for assistance to small businesses.

### Amendments to Current Law

This ordinance creates the Small Business Rezoning Construction Relief Fund and the Small Business Rezoning Construction Relief Program. The Program will utilize monies collected in the Fund to assist Small Businesses displaced or impacted by increased residential construction resulting from the City’s residential rezoning program that will be adopted in 2025-2026 to implement the City’s housing production goals required by state law. The Fund will receive grants, gifts, and bequests, and monies appropriated by the Board of Supervisors. This ordinance also would allow taxpayers to designate up to four percent of their annual gross receipts tax liability for deposit in the Fund beginning with the 2025 tax year, with an annual total cap of \$8 million in designated amounts from all taxpayers.

The Program will be jointly administered by the Office of Small Business (“OSB”) and the Office of Economic and Workforce Development (“OEWD”). The program will issue grants and provide other assistance directly to Small Businesses.

This ordinance also enables OSB and OEWD to partner with nonprofit community development financial institutions to administer a loan program in furtherance of the Program, and it allows spending on costs related to the Program, such as marketing expenses.

The ordinance requires that OSB and OEWD enact rules and regulations to carry out the Program, including establishing the qualification criteria for Small Businesses. The ordinance also requires OSB and OEWD to submit reports to the Board of Supervisors and the Mayor on the use of the Program's funds.

### Background

The City is required to add 82,069 new housing units to its existing housing stock between 2023 and 2031 pursuant to the Regional Needs Housing allocation established by the state. San Francisco's Housing Element 2022 Update, adopted on January 31, 2023 by the Board of Supervisors, codified this goal. The City is undergoing rezoning in 2025-26 to increase the amount of housing that can be built. This ordinance provides support to Small Businesses displaced or impacted by construction that is expected to occur in areas that are rezoned.

n:\legana\as2025\2500367\01856086.docx



CITY AND COUNTY OF SAN FRANCISCO  
DANIEL L. LURIE, MAYOR

OFFICE OF SMALL BUSINESS  
DIRECTOR KATY TANG

October 15, 2025

Ms. Angela Calvillo, Clerk of the Board  
City Hall Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

**RE: BOS File No. 250782 – Small Business Rezoning Construction Relief Fund - Support**

Dear Ms. Calvillo,

On September 23, 2025, the Small Business Commission (the Commission) heard BOS File No. 250782 – Small Business Rezoning Construction Relief Fund. Jen Low, Legislative Aide to Supervisor Melgar, presented on the legislation, which would establish a fund to support businesses impacted by the City's rezoning plan. The Commission noted that a fund to support small businesses facing construction impacts is a thoughtful strategy to prevent small business displacement.

The Commission voted to support the legislation with a 5-0 vote, with two Commissioners absent. Thank you for considering the Commission's recommendations. Please feel free to contact me should you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Katy Tang". The signature is written in a cursive, flowing style.

Katy Tang  
Director, Office of Small Business



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. **We suggest you recommend the City conduct a Nexus study to allow impact fees to be charged to developers.**

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.

<b>Years of Operation</b>	<b>Relocation Assistance Equal to</b>
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

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. (415) 554-5184  
Fax No. (415) 554-5163  
TDD/TTY No. (415) 554-5227

## MEMORANDUM

TO: Katy Tang, Director, Office of Small Business  
Anne Taupier, Executive Director, Office of Economic and Workforce  
Development  
José Cisneros, Treasurer, Office of the Treasurer and Tax Collector

FROM: Brent Jalipa, Assistant Clerk, Budget and Finance Committee

DATE: July 25, 2025

SUBJECT: LEGISLATION INTRODUCED

---

The Board of Supervisors' Budget and Finance Committee has received the following proposed legislation, introduced by Supervisor Myrna Melgar:

**File No. 250782**

**Ordinance amending the Administrative Code to create the Small Business Rezoning Construction Relief Program ("Program") to provide financial support, including grants and loans, to businesses impacted by construction relating to the City residential rezoning program adopted in 2025-2026; establishing the Small Business Rezoning Construction Relief Fund ("Fund") to receive monies for the Program; designating the Office of Small Business and Office of Economic and Workforce Development to administer the Fund and the Program and promulgate rules and regulations in furtherance of the Program; and amending the Business and Tax Regulations Code to allow taxpayers to designate a portion of their gross receipts taxes for deposit in the Fund.**

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

- c. Kerry Birnbach, Office of Small Business  
Alesandra Lozano, Office of Economic and Workforce Development  
Amanda Kahn Fried, Office of the Treasurer and Tax Collector