

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; and designating**
8 **the Office of Small Business and the Office of Economic and Workforce Development**
9 **to 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 either:

15 1. A business or nonprofit organization with 100 or fewer full-time employees and an annual
16 gross revenue of \$5 million or less for the 2025 calendar year, and adjusted annually each year
17 thereafter in accordance with the increase in the Consumer Price Index: All Urban Consumers
18 for the San Francisco/Oakland/Hayward Area for All Items as reported by the United States
19 Bureau of Labor Statistics, or any successor to that index, as of December 31 of the year two
20 years prior to the calendar year, beginning with calendar year 2026, and rounded to the
21 nearest \$10,000; or

22 2. If the business is an Eating and Drinking Use establishment as defined in Section
23 102 of the Planning Code with 100 or fewer full-time employees or with an annual gross
24 revenue of \$7 million or less for the 2025 calendar year, and adjusted annually each year
25 thereafter in accordance with the increase in the Consumer Price Index: All Urban Consumers

1 for the San Francisco/Oakland/Hayward Area for All Items as reported by the United States
2 Bureau of Labor Statistics, or any successor to that index, as of December 31 of the year two
3 years prior to the calendar year, beginning with calendar year 2026, and rounded to the
4 nearest \$10,000.

5 (c) **Establishment of Fund.** The Fund is established as a category four fund as defined in
6 Administrative Code Section 10.100-1 to receive any legally available monies, including grants, gifts
7 and bequests from public or private sources for the purposes identified in subsection (d) of this Section
8 10.100-335, amounts designated for deposit in the Fund under Section 959 of Article 12-A-1 of the
9 Business and Tax Regulations Code, and any monies appropriated to the Fund by the Board of
10 Supervisors.

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

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

18
19 Section 2. Article XVI of Chapter 2A of the Administrative Code is hereby amended by
20 adding Section 2A.247, to read as follows:

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

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

24 “Program” means the Small Business Rezoning Construction Relief Program.

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

3 “Small Business” means either:

4 1. A business or nonprofit organization with 100 or fewer full-time employees and an annual
5 gross revenue of \$5 million or less for the 2025 calendar year, and adjusted annually each year
6 thereafter in accordance with the increase in the Consumer Price Index: All Urban Consumers
7 for the San Francisco/Oakland/Hayward Area for All Items as reported by the United States
8 Bureau of Labor Statistics, or any successor to that index, as of December 31 of the year two
9 years prior to the calendar year, beginning with calendar year 2026, and rounded to the
10 nearest \$10,000; or

11 2. If the business is an Eating and Drinking Use establishment as defined in Section
12 102 of the Planning Code with 100 or fewer full-time employees or with an annual gross
13 revenue of \$7 million or less for the 2025 calendar year, and adjusted annually each year
14 thereafter in accordance with the increase in the Consumer Price Index: All Urban Consumers
15 for the San Francisco/Oakland/Hayward Area for All Items as reported by the United States
16 Bureau of Labor Statistics, or any successor to that index, as of December 31 of the year two
17 years prior to the calendar year, beginning with calendar year 2026, and rounded to the
18 nearest \$10,000.

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

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

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

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

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

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

10 (4) The Program may include the following:

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

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

18 (5) Exemption from Chapter 21G of the Administrative Code and Other Obligations. The
19 Administrators shall not be required to enter into a contract with Small Businesses in order to provide
20 grants or financial assistance pursuant to this Section 2A.247. The grants and financial assistance to
21 Small Businesses entered into pursuant to this Section 2A.247 shall not be subject to the provisions in
22 the Municipal Code, including but not limited to Chapter 21G of the Administrative Code, and all other
23 provisions in the Administrative, Labor and Employment, Environment, or Police Codes, imposing
24 obligations or other restrictions on contractors, except Administrative Code Chapters 12G and 12M
25 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, prioritization of assistance to impacted Small Businesses having only one
7 location, and shall ensure that impacted Small Businesses are eligible for the Program if they were
8 displaced or impacted within two years before applying.

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

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

15 **SEC. 21G.2 DEFINITIONS.**

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

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

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

25 “Grant” also does not include grants or assistance (1) authorized under Administrative Code

1 Section 2A.246, the Legacy Business Assistance Program, ~~or~~ (2) authorized under
2 Administrative Code Section 2A.247, the Small Business Rezoning Construction Relief Program, or (3)
3 to individuals under City service or assistance programs, rebates, or incentives. Departments
4 administering rebate or incentive programs must comply with Section 21G.12.

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

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

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

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

20
21 Section 5. Effective Date; Retroactivity.

22 (a) This ordinance shall become effective 30 days after enactment. Enactment occurs
23 when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not
24 sign the ordinance within 10 days of receiving it, or the Board of Supervisors overrides the
25 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.
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21 APPROVED AS TO FORM:
22 DAVID CHIU, City Attorney

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

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