

ESTIMATED UNPAID COMMERCIAL RENT IN SAN FRANCISCO DUE TO THE COVID-19 PANDEMIC

Policy Analysis Report for Supervisor Hillary Ronen

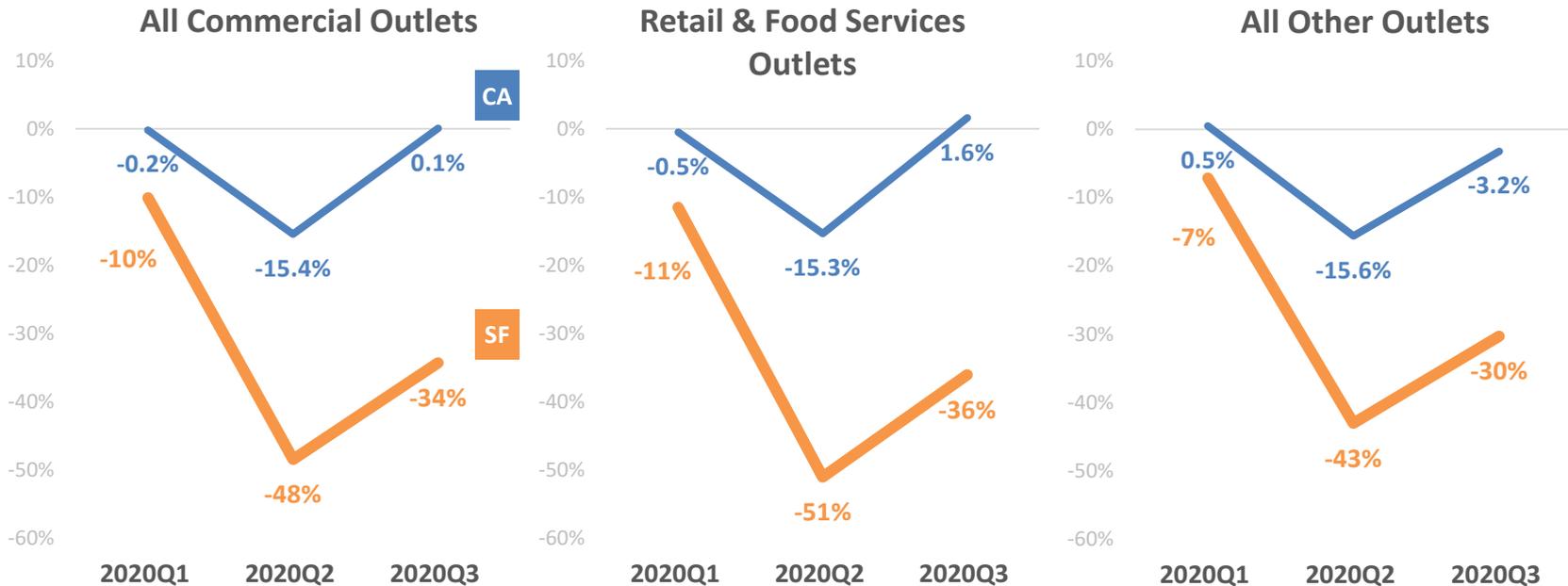
Presentation to:
GOVERNMENT AUDIT & OVERSIGHT COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

March 18, 2021

Budget and Legislative Analyst

SF taxable sales down 48 percent in Q2 2020, or \$2.6 bn., vs. 2019

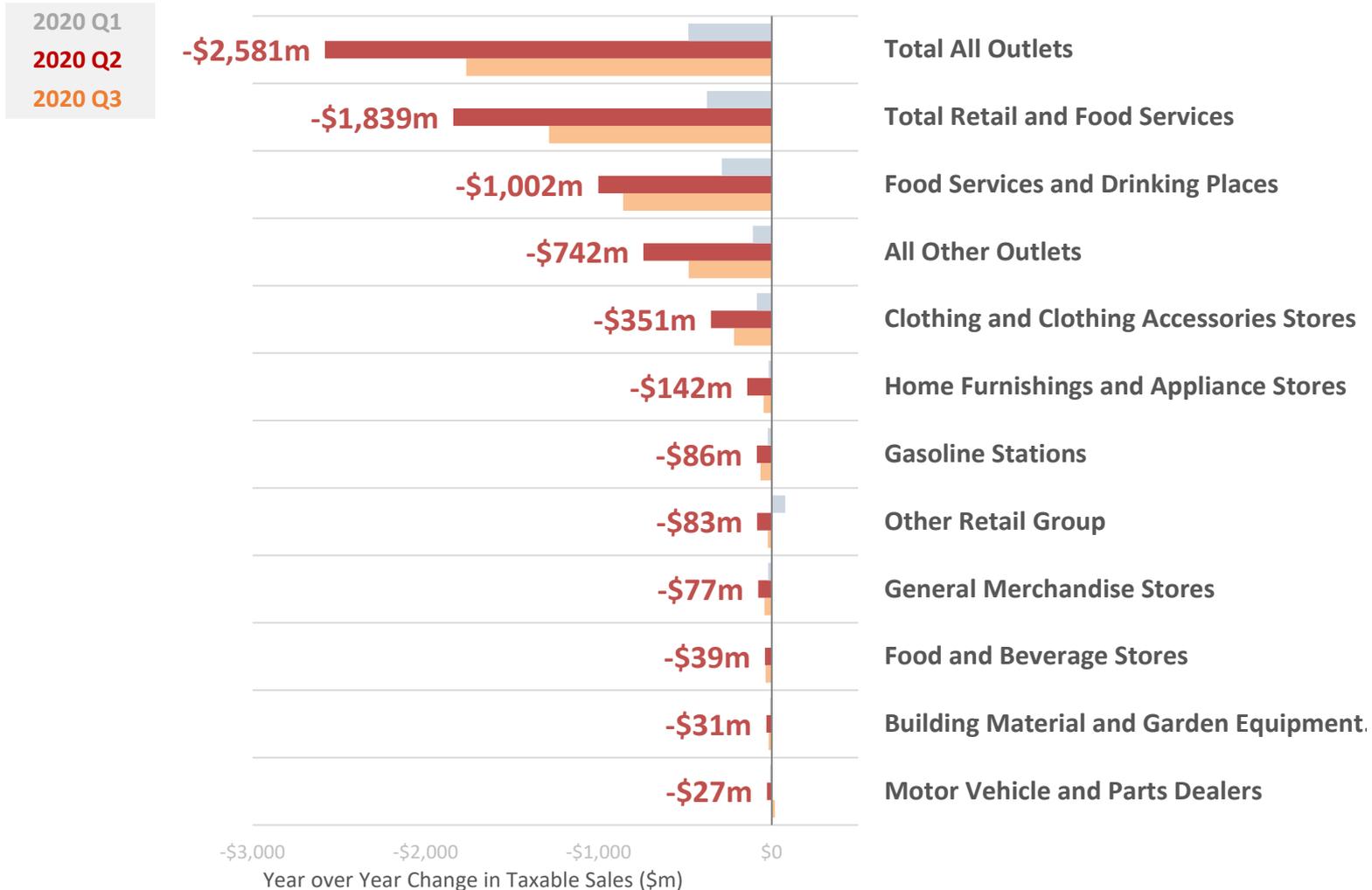
Year over Year % Change in Taxable Sales by Business Type in California & San Francisco County, 2020Q1 to 2020Q3 (latest)



- 38 percent of the reduction, or \$1 bn, came from Food and Drink Services businesses
- Food Services and Drinking Places were still down 67 percent in the 3rd quarter of 2020 compared to 2019

Retail & food service sales down 51% in Q2 2020 vs. 2019 (-\$1.8 bn.); -36% in Q3

Year over Year Change in Taxable Sales by Business Type in San Francisco County



BLA estimate: \$19 - \$45 mn. unpaid rent per month retail & office during COVID

Sector	<i>Rented CRE</i>	<i>Rent Due</i>		<i>Unpaid Rent</i>	
	Total Occupied Rented CRE Sq. Ft.	Rental Rate per Sq. Ft. per year	Total CRE Rent Due per Month (\$m)	% of Rent Unpaid	Total Unpaid Rent per Month (\$m)
Office	60.9 - 77m	\$ 58.24 - 76.47	\$ 295.9 - 490.8m	0.2 - 0.3%	\$ 0.59 - 1.47m
Retail (Single Use/ Office & Retail)	21 - 26m	\$ 55.73 - 65.47	\$ 97.7 - 142.2m	8.52 - 13.63%	\$ 8.33 - 19.38m
Retail (Commercial & Residential)	9.7m	\$ 44.9 - 44.9	\$ 36.4 - 36.4m	28 - 56%	\$ 10.2 - 20.4m
Hotel/ Accommodation	NA	NA	NA	NA	NA
Industrial	20.5 - 35.5m	\$ 29.64 - 29.64	\$ 50.8 - 87.8m	0 - 4.2%	\$ 0 - 3.69m
Total	112.3 - 148.4m	\$ 51.37 - 58.29	\$ 481 - 720.9m	6.1 - 6.2%	\$ 19.1 - 44.9m
<i>Retail</i> (Total)	40.7 - 47.3m	\$ 52.3 - 59.87	\$ 134.2 - 178.6m	13.8 - 22.27%	\$ 18.53 - 39.78m

Cumulative unpaid commercial rent: impacts of prolonged shutdown

BLA Estimates of Unpaid Commercial Rent in San Francisco: Projections for 1, 3, 6, & 9 months

Sector	1 month	3 months	6 months	9 months
Office	\$0.6 - 1.5m	\$1.8 - 4.4m	\$3.6 - 8.8m	\$5.3 - 13.3m
Retail (Single Use/ Office & Retail)	\$8.3 - 19.4m	\$25 - 58.2m	\$50 - 116.3m	\$75 - 174.5m
Retail (Mixed Use with Residential)	\$10.2 - 20.4m	\$30.6 - 61.2m	\$61.2 - 122.4m	\$91.8 - 183.6m
Industrial	\$0 - 3.7m	\$0 - 11.1m	\$0 - 22.1m	\$0 - 33.2m
Total	\$19.1 - 44.9m	\$57.4 - 134.8m	\$114.7 - 269.7m	\$172.1 - 404.5m
<i>Retail</i> (<i>Total</i>)	<i>\$18.5 - 39.8m</i>	<i>\$55.6 - 119.4m</i>	<i>\$111.2 - 238.7m</i>	<i>\$166.8 - 358.1m</i>

Federal financial relief for SF: PPP & EIDL, April – Dec. 2020

Program/ NAICS Industry Grouping	# of Loans	% of Loans	Total Loan Amount (\$)	% of Loan Amount (\$)
Economic Industry Disaster Loan (EIDL)				
EIDL Total (No Industry Info Provided)	15,012	40.30%	\$936,755,509	22.50%
Paycheck Protection Program (PPP)				
Professional & Business Services	4,858	21.9%	\$708,085,588	22.0%
Other (e.g. social, religious, property svcs.)	5,083	22.9%	\$577,073,084	17.9%
Educational & Health Services	2,706	12.2%	\$328,944,319	10.2%
Technology	1,171	5.3%	\$324,542,929	10.1%
Restaurants	1,805	8.1%	\$271,602,563	8.4%
Construction	1,087	4.9%	\$247,977,177	7.7%
Retail Trade	1,745	7.9%	\$177,291,891	5.5%
Hotels and Other Accommodation	331	1.5%	\$81,225,571	2.5%
Other Leisure & Hospitality	162	0.7%	\$24,601,308	0.8%
Bars	209	0.9%	\$15,954,675	0.5%
Other industries	3,058	13.8%	464,071,250	14.4%
PPP Total	22,215	100.0%	3,221,370,355	100.0%
Grand Total	37,227	100.0%	\$4,158,125,864	100.0%

Local financial relief programs during pandemic

- Assistance provided range from \$2,000 to \$44,000 (\$10,884 on average)
- 9.4 percent of applicants received assistance (1,405 of 15,000 applicants)

Program	Funding Available	Grant/ Loan	Loan/ Grant Amount	Status
Mayor's Small Business COVID-19 Relief Grants	\$ 12,400,000	Grant	TBD	Pending Legislation
Mayor's Small Business COVID-19 Relief Loans	\$ 7,600,000	Loan	TBD	Pending Legislation
SF HELP (Hardship Emergency Loan Program)	\$ 9,450,000	Loan	\$50,000	Closed
African American Small Business Revolving Loan Fund	\$ 2,700,000	Loan	\$50,000	Closed
Latino Small Business Fund (SF HELP extension)	\$ 2,475,000	Loan	\$50,000	Closed
SF Shines for Reopening	\$ 1,414,465	Grant	\$5,000	Open
Resiliency Fund (Round 1)	\$ 1,000,000	Grant	\$10,000	Closed
Resiliency Fund (Round 2)	\$ 1,500,000	Grant	\$10,000	Closed
Mini Grants (Neighborhood)	\$ 942,500	Grant	\$10,000	Closed
Mini Grants (Women's Entrepreneurship)	\$ 160,000	Grant	\$2,000	Closed
Total	\$ 39,641,965	-	-	-
<i>Total Pending Legislation</i>	<i>\$ 20,000,000</i>			

Policy Options

The Board of Supervisors could:

1. Request that further City/local financial assistance is targeted to businesses most in need or ineligible for other aid.
2. Request that further Office of Economic Workforce and Development (OEWD) and Office of Small Business (OSB) outreach particularly focus on small businesses that have or are likely to face language and other barriers in applying for aid and businesses and landlords facing legal issues regarding leases and commercial eviction moratorium requirements.
3. Request that OEWD and OSB report back opportunities for streamlining processes to assist small businesses applying for relief funding including identifying additional resources needed and for legal assistance for small businesses regarding the local commercial eviction moratorium and lease matters.
4. Request that OEWD and OSB streamline “digital front door” access and program overlap to improve small business accessibility to relief funds and lease renegotiation assistance.

Questions and comments

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Full report available at: <https://sfbos.org/budget-legislative-analyst-reports>