

LEGISLATIVE DIGEST

[Administrative Code - Exempting Legacy Business Assistance Program from City Grant Requirements]

Ordinance amending the Administrative Code to exempt the Legacy Business Assistance Program from the grantmaking requirements under Administrative Code, Chapter 21G, and all other provisions in the Administrative, Labor and Employment, Environment, and Police Codes imposing obligations or other restrictions on contractors.

Existing Law

The City recognizes longstanding, community-serving businesses as “Legacy Businesses.” Through the Legacy Business Assistance Program, the Office of Small Business provides grants and financial assistance, among other assistance, to Legacy Businesses and landlords of Legacy Businesses. These grants and financial assistance are subject to the City’s grant making requirements under the provisions of Chapter 21G of the Administrative Code, as well as other requirements in the Administrative, Labor and Employment, Environment, and Police Codes that impose obligations or other restrictions on contractors.

Amendments to Current Law

This ordinance would exempt the Legacy Business Assistance Program from the requirements under Chapter 21G of the Administrative Code and other requirements in the Administrative, Labor and Employment, Environment, and Police Codes that impose obligations or other restrictions on contractors.

Background Information

In March 2015, with the enactment of Ordinance No. 29-15, the City created the Legacy Business Registry (“Registry”) to recognize longstanding, community-serving businesses as valuable cultural assets of the City. The Registry provides educational and promotional assistance to Legacy Businesses to encourage their continued viability and success. The Registry is codified in Administrative Code Section 2A.242.

In order to be listed in the Registry, a business must undergo a multi-step review process. First, to qualify for the Registry, a business must generally have operated in San Francisco for 30 or more years with little or no break, have contributed to its neighborhood’s history and/or particular identity, and be committed to maintaining the physical features or traditions that define its business, including craft, culinary, or art forms. Second, a qualified business must complete a written application expressing its interest in the Registry. Third, a member of the Board of Supervisors or the Mayor must nominate the business for inclusion in the Registry. Once nominated, the Historic Preservation Commission can consider recommending the

business to the Registry. Finally, the Small Business Commission must approve the business as a “Legacy Business” and its inclusion in the Registry.

In March 2024, with the enactment of Ordinance No. 65-24, the City created the Legacy Business Assistance Program, codified in Administrative Code Section 2A.246, to provide grants and financial assistance, among other assistance, to Legacy Businesses and landlords of Legacy Businesses. No Legacy Business or landlord of a Legacy Business that applies and qualifies for a grant under the Legacy Business Assistance Program is denied a grant, as long as the Legacy Business Assistance Program Fund created by Administrative Code Section 2A.246 has sufficient funds.

Grants and financial assistance to Legacy Businesses and landlords of Legacy Businesses pursuant to Administrative Code Section 2A.246 are “grants” as defined in Chapter 21G of the Administrative Code (“Chapter 21G”).

Chapter 21G sets a variety of requirements that departments must meet in order to award funds to an entity in furtherance of a public purpose. For example, Chapter 21G requires departments to award all grants through an open and competitive process. The competitive solicitation requirements under Chapter 21G are necessary to ensure fairness, transparency, and efficiency in the City’s grantmaking process and to guard against favoritism, collusion, and corruption.

The Legacy Business Assistance Program is structured differently than most other City grant programs. Unlike other City grants where multiple entities may be bidding for one grant, the Legacy Business Assistance Program provides grants and financial services to all Legacy Businesses and their landlords who apply and qualify for the grant, as long as there are sufficient funds. Further, there are several layers of review by different City entities between when a business expresses interest in becoming a Legacy Business and when the Office of Small Business awards a grant to a Legacy Business or landlord of a Legacy Business. Due to these differences in how the Legacy Business Assistance Program works, the requirements under Chapter 21G, including the competitive solicitation and written grant agreement requirements, are inapposite; either unnecessary or impractical, or both.

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