

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
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MEMORANDUM

TO: Katy Tang, Director
Small Business Commission, City Hall, Room 448

FROM: John Carroll, Assistant Clerk, Land Use and Transportation Committee

DATE: August 7, 2025

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS
Land Use and Transportation Committee

The Board of Supervisors' Land Use and Transportation Committee has received the following legislation, which is being referred to the Small Business Commission for comment and recommendation. The Commission may provide any response it deems appropriate within 12 days from the date of this referral.

File No. 250808

Ordinance amending the Planning Code to require conditional use authorization prior to replacing a Legacy Business with a new non-residential use in certain Neighborhood Commercial, Named Neighborhood Commercial, and Neighborhood Commercial Transit Districts, and in the Chinatown Mixed Use Districts; affirming the Planning Department's determination under the California Environmental Quality Act; making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and adopting findings of public necessity, convenience, and welfare under Planning Code, Section 302.

Please return this cover sheet with the Commission's response to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c:
Office of Chair Melgar and Supervisor Chan
Kerry Birnbach, Senior Policy Analyst/Commission Secretary

RESPONSE FROM SMALL BUSINESS COMMISSION - Date: _____

____ No Comment

____ Recommendation Attached

Chairperson, Small Business Commission

[Planning Code - Legacy Businesses in Neighborhood Commercial Districts]

Ordinance amending the Planning Code to require conditional use authorization prior to replacing a Legacy Business with a new non-residential use in certain Neighborhood Commercial, Named Neighborhood Commercial, and Neighborhood Commercial Transit Districts, and in the Chinatown Mixed Use Districts; affirming the Planning Department's determination under the California Environmental Quality Act; making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and adopting findings of public necessity, convenience, and welfare under Planning Code, Section 302.

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

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

Section 1. Environmental and Land Use Findings.

(a) The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of Supervisors in File No. _____ and is incorporated herein by reference. The Board affirms this determination.

(b) On _____, the Planning Commission, in Resolution No. _____, adopted findings that the actions contemplated in this ordinance are consistent, on balance, with the

1 City's General Plan and eight priority policies of Planning Code Section 101.1. The Board
2 adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the
3 Board of Supervisors in File No. _____, and is incorporated herein by reference.

4 (c) Pursuant to Planning Code Section 302, this Board finds that these Planning Code
5 amendments will serve the public necessity, convenience, and welfare for the reasons set
6 forth in Planning Commission Resolution No. _____, and the Board adopts such
7 reasons as its own. A copy of said resolution is on file with the Clerk of the Board of
8 Supervisors in File No. _____ and is incorporated herein by reference.

9
10 Section 2. General Findings.

11 (a) San Francisco created the Legacy Business Registry in order to preserve and
12 support longstanding, community-serving businesses that so often serve as valuable cultural
13 assets.

14 (b) A "Legacy Business" is a business that has been nominated by the Board of
15 Supervisors or the Mayor and publicly evaluated by the Small Business Commission and the
16 Historic Preservation Commission. It must have operated in the City for 30 years or more,
17 and contributed to the history and/or the identity of a particular neighborhood or community. A
18 Legacy Business must be committed to maintaining the physical features or traditions that
19 define the business, including craft, culinary, or art forms. Businesses operating for 20 years
20 or more may also qualify as a Legacy Business if the business is at a significant risk of
21 displacement.

22 (c) Legacy Businesses, by virtue of their long-term presence in their communities,
23 contribute to the unique character, history, identity, and vibrancy of San Francisco
24 neighborhoods. Acknowledging long-term success by designating a business as a Legacy
25

1 Business helps to stabilize and preserve the economic viability of neighborhood commercial
2 corridors.

3 (d) Legacy Businesses serve as valuable cultural assets, are often the bedrock of local
4 neighborhoods, and in some cases draw tourists from around the world.

5 (e) Numerous recent changes to state law granting planning waivers, streamlining
6 approvals, and creating rezoning mandates may encourage the redevelopment of structures
7 in neighborhood commercial districts, thereby putting the long-term economic viability of all
8 neighborhood serving businesses, and especially Legacy Businesses, at risk.

9
10 Section 3. Article 7 of the Planning Code is hereby amended by adding Section 703.5,
11 to read as follows:

12
13 **SEC. 703.5. CONDITIONAL USE AUTHORIZATION REQUIRED FOR CHANGE IN**
14 **USE OF COMMERCIAL USE OCCUPIED BY LEGACY BUSINESS IN SPECIFIED**
15 **NEIGHBORHOOD COMMERCIAL DISTRICTS.**

16 (a) Notwithstanding any other provision of this Article 7, any new Non-Residential Use shall
17 require a Conditional Use authorization pursuant to Section 303 where the immediate prior use was a
18 Commercial Use occupied by a Legacy Business, as defined in Administrative Code Section 2A.242.

19 (b) Subsection (a) of this Section 703.5 shall not apply where: (1) the subject Commercial
20 space has had no occupant and has not been open to the public in the three years prior to the date the
21 application for the new Use is filed, or (2) the Legacy Business has removed itself or has been
22 otherwise removed from the Legacy Business Registry.

23 (c) This Section 703.5 shall apply only to the Neighborhood Commercial Districts in the
24 following sections: Sections 710, 711, 712, 714, 715, 716, 717, 718, 719, 720, 721, 722, 724, 725, 727,
25

1 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 750,
2 751, 752, 753, 755, 756, 757, 759, 760, 761, 762, 763, and 764.

3
4 Section 4. Article 8 of the Planning Code is hereby amended by revising Section 803.2
5 to read as follows:

6 **SEC. 803.2. USES PERMITTED IN CHINATOWN MIXED USE DISTRICTS.**

7 * * * *

8 **(g) Other Chinatown Mixed Use District Provisions.**

9 * * * *

10 (2) **Legacy Businesses.** Notwithstanding any other provision of this Article 8, any new
11 Non-Residential Use in the Chinatown Mixed Use Districts shall require a Conditional Use
12 authorization pursuant to Section 303 where the immediate prior use was a Commercial Use occupied
13 by a Legacy Business, as defined in Administrative Code Section 2A.242. This provision shall not
14 apply where: (A) the subject non-residential space has had no occupant and has not been open to the
15 public for three or more years from the date the application for the new use is filed, or (B) the Legacy
16 Business has removed itself or has been otherwise removed from the Legacy Business Registry.

17
18 Section 5. Effective Date. This ordinance shall become effective 30 days after
19 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
20 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
21 of Supervisors overrides the Mayor's veto of the ordinance.

22
23 Section 6. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
24 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
25 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal

Code that are explicitly shown in this ordinance as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the “Note” that appears under the official title of the ordinance.

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: /s/
Audrey Williams Pearson
Deputy City Attorney

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LEGISLATIVE DIGEST

[Planning Code - Legacy Businesses in Neighborhood Commercial Districts]

Ordinance amending the Planning Code to require conditional use authorization prior to replacing a Legacy Business with a new non-residential use in certain Neighborhood Commercial, Named Neighborhood Commercial, and Neighborhood Commercial Transit Districts, and in the Chinatown Mixed Use Districts; affirming the Planning Department's determination under the California Environmental Quality Act; making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and adopting findings of public necessity, convenience, and welfare under Planning Code, Section 302.

Existing Law

A "Legacy Business" is a business that has been nominated by the Board of Supervisors or the Mayor and publicly evaluated by the Small Business Commission and the Historic Preservation Commission. It must have operated in the City for 30 years or more, and contributed to the history and/or the identity of a particular neighborhood or community. A Legacy Business must be committed to maintaining the physical features or traditions that define the business, including craft, culinary, or art forms. Businesses operating for 20 years or more may also qualify as a Legacy Business if the business is at a significant risk of displacement.

The City is divided into various classes of districts, including neighborhood commercial districts. Neighborhood commercial districts are low to high density mixed-use neighborhoods of varying scale, established around historical neighborhood commercial centers. Some neighborhood commercial districts are controlled by specific "named" neighborhood commercial district controls. Depending on the neighborhood, specific types of non-residential uses, such as retail sales and service uses, restaurants and bars, and institutional uses, are either permitted, conditionally permitted, or not permitted. Conditionally permitted uses must obtain authorization from the Planning Commission.

The Chinatown Mixed Use districts include the Chinatown Community Business, Chinatown Visitor Retail, and Chinatown Residential/Neighborhood Commercial districts.

Amendments to Current Law

This ordinance would require any new non-residential use to obtain conditional use authorization from the Planning Commission if the immediate prior use in the commercial space was a Legacy Business. If the former commercial space was vacant and not open to the public in the previous three years, or the Legacy Business had removed itself or been

removed from the Legacy Business registry, the applicant would not need conditional use authorization.

This ordinance would apply in most neighborhood commercial districts and named neighborhood commercial districts, as well as in the Chinatown Mixed Use districts.

Background Information

The Board of Supervisors adopted Resolution 532-24 on November 1, 2024, adopting interim controls similar to the controls in this ordinance. The interim controls expire on May 1, 2026.

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Introduction Form

(by a Member of the Board of Supervisors or the Mayor)

I hereby submit the following item for introduction (select only one):

- ☒ 1. For reference to Committee (Ordinance, Resolution, Motion or Charter Amendment)
- ☐ 2. Request for next printed agenda (For Adoption Without Committee Reference)
(Routine, non-controversial and/or commendatory matters only)
- ☐ 3. Request for Hearing on a subject matter at Committee
- ☐ 4. Request for Letter beginning with "Supervisor _____ inquires..."
- ☐ 5. City Attorney Request
- ☐ 6. Call File No. _____ from Committee.
- ☐ 7. Budget and Legislative Analyst Request (attached written Motion)
- ☐ 8. Substitute Legislation File No. _____
- ☐ 9. Reactivate File No. _____
- ☐ 10. Topic submitted for Mayoral Appearance before the Board on _____

The proposed legislation should be forwarded to the following (please check all appropriate boxes):

- ☒ Small Business Commission ☐ Youth Commission ☐ Ethics Commission
- ☒ Planning Commission ☐ Building Inspection Commission ☐ Human Resources Department

General Plan Referral sent to the Planning Department (proposed legislation subject to Charter 4.105 & Admin 2A.53):

- ☒ Yes ☐ No

(Note: For Imperative Agenda items (a Resolution not on the printed agenda), use the Imperative Agenda Form.)

Sponsor(s):

Chan

Subject:

Planning Code - Legacy Businesses in Neighborhood Commercial Districts

Long Title or text listed:

Ordinance amending the Planning Code to require conditional use authorization prior to replacing a Legacy Business with a new non-residential use in certain Neighborhood Commercial, Named Neighborhood Commercial, and Neighborhood Commercial Transit Districts, and in the Chinatown Mixed Use Districts; affirming the Planning Department's determination under the California Environmental Quality Act; making findings of consistency with the General Plan and the eight priority policies of Planning Code, Section 101.1; and adopting findings of public necessity, convenience, and welfare under Planning Code, Section 302.

Signature of Sponsoring Supervisor: