



March 18, 2026

Ms. Angela Calvillo, Clerk
Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: **Transmittal of Planning Department Case Number 2025-012150PCA:**
Modifying Conditional Use Authorizations and Nonconforming Uses
Board File No. 251212

Planning Commission Action: Adopted a Recommendation for Approval with Modification

Dear Ms. Calvillo,

On March 12, 2026, the Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance, introduced by Mayor Lurie, that would amend Planning Code Sections 174(b), 178(c), 181.6(b), and 303(e). At the hearing the Planning Commission adopted a recommendation for approval with modifications.

The Commission's proposed modifications were as follows:

Modify the Ordinance to require tenant notification where a project expansion proposes a reduction in housing services (pursuant to Section 178(c) and 186.1(b)).

Modify the Ordinance to exempt Cannabis Retail and Formula Retail uses from administrative modifications (Pursuant to Sections 174(b), 178(c), 186.1(b), and 303(e)).

Modify the Ordinance to eliminate the restriction on administrative performance period extensions for Conditional Use authorizations required to address Planning Code violations (pursuant to Section 303(e)).

The proposed amendments are not defined as a project under CEQA Guidelines Section 15060(c) and 15378 because they do not result in a physical change in the environment.

Mayor Lurie, please advise the City Attorney at your earliest convenience if you wish to incorporate the changes recommended by the Commission.

Please find attached documents relating to the actions of the Commission. If you have any questions or require further information please do not hesitate to contact me.

Sincerely,



Audrey Merlone

Acting Manager of Legislative Affairs

cc: Austin Yang, Deputy City Attorney
Adam Thongsavat, Liaison to the Board of Supervisors
John Carroll, Office of the Clerk of the Board
Lisa Gluckstein, Government Affairs, Planning Department

ATTACHMENTS :

Planning Commission Resolution
Planning Department Executive Summary



PLANNING COMMISSION RESOLUTION NO. 21899

HEARING DATE: MARCH 12, 2026

Project Name: Expansions and Intensifications of Nonconforming Uses
Case Number: 2025-012150PCA [Board File No. 251212]
Initiated by: Mayor Lurie / Introduced December 9, 2025
Staff Contact: Dakota Spycher, Legislative Affairs
Dakota.Spycher@sfgov.org, 628-652-7588
Reviewed by: Audrey Merlone, Acting Manager of Legislative Affairs
audrey.merlone@sfgov.org, 628-652-7534

RESOLUTION ADOPTING A RECOMMENDATION FOR APPROVAL OF A PROPOSED ORDINANCE THAT WOULD AMEND THE PLANNING CODE TO ALLOW MODIFICATION AND REVOCATION OF CERTAIN CONDITIONS OF APPROVAL FOR NON-RESIDENTIAL USES ADMINISTRATIVELY WHERE THE APPLICABLE ZONING NO LONGER REQUIRES A CONDITIONAL USE AUTHORIZATION, SUBJECT TO PLANNING COMMISSION DELEGATION, CLARIFY WHEN ENLARGEMENT OR INTENSIFICATION OF A NONCONFORMING USE DOES NOT REQUIRE A NEW CONDITIONAL USE AUTHORIZATION, AND DELEGATE LIMITED AUTHORITY TO THE PLANNING DIRECTOR TO ADMINISTRATIVELY APPROVE REQUESTS TO MODIFY CERTAIN CONDITIONS OF APPROVAL IMPOSED THROUGH A CONDITIONAL USE AUTHORIZATION; 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 MAKING FINDINGS OF PUBLIC NECESSITY, CONVENIENCE, AND WELFARE UNDER PLANNING CODE, SECTION 302.

WHEREAS, on December 9, 2025, Mayor Lurie introduced a proposed Ordinance under Board of Supervisors (hereinafter “Board”) File Number 251212, which would amend the Planning Code to allow modification and revocation of certain Conditions of Approval for Non-Residential Uses administratively where the applicable zoning no longer requires a Conditional Use authorization, subject to Planning Commission delegation, clarify when enlargement or intensification of a Nonconforming Use does not require a new Conditional Use authorization, and delegate limited authority to the Planning Director to administratively approve requests to modify certain Conditions of Approval imposed through a Conditional Use authorization;

WHEREAS, the Planning Commission (hereinafter “Commission”) conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on March 12, 2026; and,

WHEREAS, this Resolution has been determined to not be defined as a project under the California Environmental Quality Act Sections 15378 and 15060(c)(2); and

WHEREAS, the Planning Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of Department staff and other interested parties; and

WHEREAS, all pertinent documents may be found in the files of the Department, as the Custodian of Records, at 49 South Van Ness Avenue, Suite 1400, San Francisco; and

WHEREAS, the Planning Commission has reviewed the proposed Ordinance; and

WHEREAS, the Planning Commission finds from the facts presented that the public necessity, convenience, and general welfare require the proposed amendment; and

MOVED, that the Planning Commission hereby adopts a **recommendation for approval with modifications** of the proposed Ordinance. The Commission's proposed recommendations are as follows:

1. Modify the Ordinance to require tenant notification where a project expansion proposes a reduction in housing services (pursuant to Section 178(c) and 186.1(b)).
2. Modify the Ordinance to exempt Cannabis Retail and Formula Retail uses from administrative modifications (Pursuant to Sections 174(b), 178(c), 186.1(b), and 303(e)).
3. Modify the Ordinance to eliminate the restriction on administrative performance period extensions for Conditional Use authorizations required to address Planning Code violations (pursuant to Section 303(e)).

Findings

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

The Commission finds that the proposed Ordinance allows existing commercial businesses to expand operations without the need for new Conditional Use authorization. This added commercial activity will help maintain a favorable social and cultural climate in San Francisco as it adds to the number of commercial activities available to employees. By streamlining the process to modify previous land-use restrictions, the Ordinance helps retain a diverse base of commercial activity. The Commission further finds that the Ordinance enhances employment opportunities for small businesses by reducing the regulatory and financial soft costs required to adapt, grow, or modernize business operations. By expanding the types of changes that can be made without a new Conditional Use authorization, a process that typically requires months of time and significant legal or architectural fees, the Ordinance allows small businesses to reinvest those resources into hiring and service expansion. Finally, by shifting these minor business modifications from a discretionary hearing process to a predictable administrative review, the City lowers the cost of doing business, allowing owners to focus their capital on resident employment and business ownership rather than bureaucratic processing. This fosters a more hospitable environment for neighborhood-serving retail and professional services.

General Plan Compliance

The proposed Ordinance and the Commission's recommended modifications are consistent with the following Objectives and Policies of the General Plan:

COMMERCE AND INDUSTRY ELEMENT

OBJECTIVE 1

MANAGE ECONOMIC GROWTH AND CHANGE TO ENSURE ENHANCEMENT OF THE TOTAL CITY LIVING AND WORKING ENVIRONMENT.

Policy 1.1

Encourage development which provides substantial net benefits and minimizes undesirable consequences. Discourage development which has substantial undesirable consequences that cannot be mitigated.

Policy 1.2

Assure that all commercial and industrial uses meet minimum, reasonable performance standards.

OBJECTIVE 2

MAINTAIN AND ENHANCE A SOUND AND DIVERSE ECONOMIC BASE AND FISCAL STRUCTURE FOR THE CITY.

Policy 2.1

Seek to retain existing commercial and industrial activity and to attract new such activity to the city.

OBJECTIVE 3

PROVIDE EXPANDED EMPLOYMENT OPPORTUNITIES FOR CITY RESIDENTS, PARTICULARLY THE UNEMPLOYED AND ECONOMICALLY DISADVANTAGED.

Policy 3.1

Promote the attraction, retention and expansion of commercial and industrial firms which provide employment improvement opportunities for unskilled and semi-skilled workers.

Policy 3.2

Promote measures designed to increase the number of San Francisco jobs held by San Francisco residents.

OBJECTIVE 6

MAINTAIN AND STRENGTHEN VIABLE NEIGHBORHOOD COMMERCIAL AREAS EASILY ACCESSIBLE TO CITY RESIDENTS.

Policy 6.1

Ensure and encourage the retention and provision of neighborhood-serving goods and services in the city's neighborhood commercial districts, while recognizing and encouraging diversity among the districts.

Policy 6.2

Promote economically vital neighborhood commercial districts which foster small business enterprises and entrepreneurship and which are responsive to economic and technological innovation in the marketplace and society.

Policy 6.10

Promote neighborhood commercial revitalization, including community-based and other economic development efforts where feasible.

The proposed Ordinance empowers existing commercial businesses to adapt, grow, or modernize business operations by eliminating the need for new Conditional Use authorizations for minor modifications. By streamlining the process to modify previous land-use restrictions, the Ordinance helps retain a diverse base of commercial activity and maintains a favorable social and cultural climate in San Francisco. Most notably, the Ordinance enhances employment opportunities by significantly reducing the regulatory "soft costs" and lengthy delays, often involving months of processing and high legal or architectural fees, typically required to grow or modernize a business. By shifting these minor intensifications from a discretionary hearing process to a predictable administrative review, the City lowers the cost of doing business. This allows owners to reinvest capital into resident employment and business ownership rather than bureaucratic processing, fostering a more hospitable environment for neighborhood-serving retail and professional services.

Planning Code Section 101 Findings

The proposed amendments to the Planning Code are consistent with the eight Priority Policies set forth in Section 101.1(b) of the Planning Code in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

The proposed Ordinance would not have a negative effect on neighborhood serving retail uses and will not have a negative effect on opportunities for resident employment in and ownership of neighborhood-serving retail.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

The proposed Ordinance would not have a negative effect on housing and will promote economic diversity for existing commercial businesses within neighborhoods.

3. That the City's supply of affordable housing be preserved and enhanced;

The proposed Ordinance would not have an adverse effect on the City's supply of affordable housing.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

The proposed Ordinance would not result in commuter traffic impeding MUNI transit service or

overburdening the streets or neighborhood parking.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

The proposed Ordinance would not cause displacement of the industrial or service sectors due to office development, and future opportunities for resident employment or ownership in these sectors would not be impaired.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

The proposed Ordinance would not have an adverse effect on City's preparedness against injury and loss of life in an earthquake.

7. That the landmarks and historic buildings be preserved;

The proposed Ordinance would not have an adverse effect on the City's Landmarks and historic buildings.

8. That our parks and open space and their access to sunlight and vistas be protected from development;

The proposed Ordinance would not have an adverse effect on the City's parks and open space and their access to sunlight and vistas.

Planning Code Section 302 Findings.

The Planning Commission finds from the facts presented that the public necessity, convenience and general welfare require the proposed amendments to the Planning Code as set forth in Section 302.

NOW THEREFORE BE IT RESOLVED that the Commission hereby ADOPTS A RECOMMENDATION FOR APPROVAL WITH MODIFICATIONS of the proposed Ordinance as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on March 12, 2026.



Jonas P Ionin Digitally signed by Jonas P Ionin
Date: 2026.03.13 14:42:08 -07'00'

Jonas P. Ionin
Commission Secretary

AYES: McGarry, So, Braun, Williams, Imperial, Campbell
NOES: None
ABSENT: Moore
ADOPTED: March 12, 2026



EXECUTIVE SUMMARY

PLANNING CODE TEXT AMENDMENT

HEARING DATE: MARCH 12, 2026

90-Day Deadline: March 19, 2026

Project Name: Modifying Conditional Use Authorizations and Nonconforming Uses
Case Number: 2025-012150PCA [Board File No. 251212]
Initiated by: Mayor Lurie / Introduced December 9, 2025
Staff Contact: Dakota Spycher, Legislative Affairs
Dakota.Spycher@sfgov.org, 628.652.7588
Reviewed by: Audrey Merlone, Acting Manager of Legislative Affairs
audrey.merlone@sfgov.org, 628-652-7534
Environmental Review: Not a Project Under CEQA

RECOMMENDATION: Approval with Modifications

Planning Code Amendment

The proposed Ordinance would amend the Planning Code to clarify when enlargement or intensification of a Conditional Use or Nonconforming Use in a Neighborhood Commercial (NC) District does not require a new Conditional Use authorization. Subject to Planning Commission delegation, this Ordinance also allows administrative modifications and revocation of conditions of approval for certain Conditional Use authorizations for Non-Residential Uses where the applicable zoning no longer requires a Conditional Use authorization, and delegates limited authority to the Planning Director to administratively approve requests to modify certain Conditions of Approval of any Conditional Use authorization.

	The Way It Is Now	The Way It Would Be
1	<p>Significant changes to Conditions of Approval imposed through a Conditional Use authorization may only be modified by the Planning Commission using the same process required for new Conditional Use authorizations (Section 174).</p>	<p>Subject to Planning Commission delegation, this Ordinance would allow a Non-Residential Use that originally required Conditional Use authorization to have its Conditions of Approval removed administratively, if the zoning no longer requires Conditional Use authorization and the use is now Principally Permitted. However, this delegated authority would not apply to Conditional Use authorizations that were pursuant to a Development Agreement or were appealed to the Board of Supervisors.</p>
2	<p>Existing Conditional Uses, and Nonconforming Uses in NC Districts, may not be significantly enlarged or intensified without a new Conditional Use authorization. Significant enlargement and intensification is currently defined by a Zoning Administrator interpretation first issued in 1988.</p>	<p>This Ordinance would specify that certain changes to existing Conditional Uses and Nonconforming Uses in NC Districts are not considered an intensification or enlargement requiring a new Conditional Use authorization. These allowable changes include:</p> <ul style="list-style-type: none"> (1) converting one Non-Residential Use to another consistent with applicable zoning; (2) adding another non-residential residential use, subject to zoning controls applicable to the added use; (3) adding the lesser of 500 square feet of Gross Floor Area or 25% of the existing Gross Floor Area to an existing Conditional Use or non-conforming use; or (4) adding or exchanging an ABC license type.
3	<p>Per long-standing Planning Commission policy (but not codified), the Zoning Administrator is authorized to extend the performance period for a Conditional Use Authorization where the implementation of the project is delayed by a public agency, an appeal, or a legal challenge. The ZA may extend the time period only by the amount of delay caused by a public agency or an appeal/challenge.</p> <p>Per a prior Code amendment, the Commission has delegated the Planning Director the authority to administratively modify the performance period and number of units (up to</p>	<p>Subject to Planning Commission delegation, the Ordinance would allow the Planning Director to administratively modify Conditions of Approval imposed through a Conditional Use authorization to:</p> <ul style="list-style-type: none"> (1) extend the performance period, and (2) approve project changes of up to 20% in the number of residential units or the square footage, subject to the inclusionary requirements of Section 415. <p>The Director may not approve modifications of the Conditional Use authorization if approval was</p>

	<p>20%), and Gross Floor Area (up to 10%) for residential Pipeline Projects (Section 415A.4).</p> <p>State Density Bonus projects may be modified administratively to add or reduce a project's Gross Floor Area and number of units, up to 20%.</p>	<p>to correct a code violation or was appealed to the Board of Supervisors.</p>
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Background

This Ordinance is part of Mayor Lurie's PermitSF initiative, a citywide effort to modernize and streamline San Francisco's permitting and regulatory processes to reduce delays, improve customer experience, and increase predictability in the City's development review system by expanding administrative pathways and reducing reliance on discretionary approvals, where appropriate. The purpose of this Ordinance is to establish a more streamlined and predictable approval process for minor project modifications to previously approved projects, changes that are routine in nature and typically suitable for placement on the Commission's consent calendar. Within this framework, the Ordinance focuses on allowing certain modest changes to entitled projects to be reviewed and approved administratively rather than requiring a Planning Commission hearing.

Issues and Considerations

Codifying Zoning Administrator Interpretations

The proposed Ordinance codifies a Zoning Administrator interpretation of Planning Code Sections 178(c) and 186.1(b) (originally adopted in 1988) by formally adopting certain thresholds that define when an expansion or intensification of a Conditional Use or a Nonconforming Use in a NC District constitutes a significant enlargement or intensification. Under that interpretation, increases of more than 25% in floor area (or more than 500 square feet, whichever is less) are considered a significant expansion that require a new Conditional Use authorization. Under that interpretation, adding certain ABC license types to a use is considered an intensification that requires a new Conditional Use authorization. This ordinance proposes to codify this interpretation, with certain modifications.

The Ordinance codifies a longstanding Zoning Administrator interpretation, formalizing the objective standards the Department already applies in practice.

Consistency with State Density Bonus

This Ordinance aligns the Planning Code with administrative extensions of State Density Bonus Law by removing local provisions that created additional requirements or restrictions when applicants pursued local

programs. By harmonizing local standards with state-mandated procedures, the ordinance eliminates a potential disincentive to using local bonus or incentive programs, such as the Family Zoning Plan, and ensures that these programs remain fully accessible and consistent with state entitlement pathways.

By aligning the Planning Code with State Density Bonus Law, projects are incentivized to utilize local programs.

Modifying Conditions of Approval

Under the proposed Ordinance, many legacy Conditions of Approval that were imposed because a prior Conditional Use authorization was required could now be modified or removed when the underlying use is no longer subject to a Conditional Use requirement. In practice, this may include conditions governing hours of operation, size, or permitted use of outdoor activity areas. In the case of Childcare and School uses, it would allow for alleviations in capacity and transportation-related conditions, if deemed appropriate. Other conditions that may be removed include a range of miscellaneous operational conditions, such as limits on delivery times, restrictions on when certain functions may occur, or constraints on entertainment or similar accessory activities. This authority would allow the Planning Director to update or eliminate such conditions while ensuring consistency with current Planning Code standards and applicable design or operational guidelines, or to determine that certain conditions should remain in place.

The Department's review of Conditional Use re-hearings shows that most involve routine, low-risk modifications are consistently approved.

Data on Project Modifications Heard by the Commission

The Department conducted an analysis of 42 recent Conditional Use rehearing cases, including projects returning to the Planning Commission for performance-period extensions and modifications of conditions. Out of 42 cases, 40 were approved, demonstrating that the majority of re-hearings involve routine, low-risk administrative actions that consistently receive unanimous or near-unanimous support. By delegating these predictable items, such as straightforward performance period extensions and minor modifications to update uses, the proposed ordinance aligns the approval process with demonstrated practice. This shift allows the Commission to focus its time on higher-complexity or higher-contention matters, while enabling staff to efficiently manage the types of actions that historically show broad consensus and minimal policy risk.

Small Businesses

This Ordinance supports small businesses by simplifying and accelerating portions of the City's permitting system that currently require Planning Commission review, even for minor operational changes. Non-residential uses often face lengthy timelines and unpredictable outcomes when modifying their operations, adjusting floor plans, or updating their approvals. By streamlining the removal of such Conditions of Approval, clarifying which changes are not considered intensifications, and delegating routine decisions to the Planning Director, the Ordinance reduces unnecessary bureaucracy, particularly for small businesses.

Streamlined administrative review helps small businesses adapt more quickly to changing market conditions, expand or adjust their operations within existing zoning allowances, and avoid costly delays associated with public hearings.

By creating administrative pathways for removing outdated Conditions of Approval, the ordinance reduces unnecessary bureaucratic steps that can be especially burdensome for small businesses with limited resources.

Housing Affordability

This Ordinance supports housing affordability by improving the efficiency and predictability of the City's permitting system. Although the administrative modifications authorized by the Ordinance primarily affect non-residential uses, the overall streamlining goals of the PermitSF initiative help reduce development delays and redirect staffing capacity toward the timely review of housing projects. Faster processing, clearer standards, and reduced procedural barriers allow housing production to move more efficiently through the City's permitting system, which in turn can lower carrying costs and reduce delays that otherwise contribute to higher housing development costs. The Ordinance also preserves key protections for residential units and housing services by ensuring that administrative modifications cannot be used to remove or weaken conditions of approval related to housing.

General Plan Compliance

The proposed Ordinance empowers existing commercial businesses to adapt, grow, or modernize business operations by eliminating the need for new Conditional Use authorizations for minor modifications. By streamlining the process to modify previous land-use restrictions, the Ordinance helps retain a diverse base of commercial activity and maintains a favorable social and cultural climate in San Francisco. Most notably, the Ordinance enhances employment opportunities by significantly reducing the regulatory soft costs and lengthy delays, often involving months of processing and high legal or architectural fees, typically required to grow or modernize a business. By shifting these minor intensifications to a predictable administrative review, the City lowers the cost of doing business. This allows owners to reinvest capital into resident employment and business ownership rather than bureaucratic processing, fostering a more hospitable environment for neighborhood-serving retail and professional services.

Racial and Social Equity Analysis

The proposed Ordinance advances economic recovery and racial equity by replacing burdensome discretionary hearings with predictable administrative reviews for minor business modifications, thereby reducing the soft costs and legal delays that disproportionately hinder under-resourced entrepreneurs. Without clear guardrails, this streamlining could unintentionally contribute to unchecked growth, gradual erosion of neighborhood character, or cultural displacement. The Ordinance may allow expansions or administrative actions that cumulatively exceed intended scale limits or disproportionately affect particularly sensitive uses and districts. These potential impacts warrant careful consideration to ensure that efficiency measures do not undermine long-standing community protections or planning objectives.

Potential Unintended Consequences

While the Department supports the goals and intent of the Ordinance, it recognizes that certain provisions may give rise to unintended consequences that warrant careful consideration, including the following:

- **Reduction of Housing Services:** Project changes could inadvertently lead to the loss or impairment of required housing services, such as amenities like parking, tenant-serving facilities, or other services, potentially affecting residential quality and tenant protections.
- **Restricted Uses:** Streamlined modification pathways could unintentionally apply to land uses that have heightened regulatory sensitivity or community impact. Cannabis Retail and Formula Retail, in particular, often require additional scrutiny due to neighborhood compatibility, concentration concerns, and policy directives.
- **Code Violations:** As drafted, the Ordinance would bar applicants from modifying Conditions of Approval that were part of a CUA issued to correct a code violation, effectively preventing them from using the modification process to remedy those violations.

Accordingly, the Department recommends that these potential impacts be carefully evaluated and, where appropriate, addressed to ensure the Ordinance achieves its intended objectives without creating unintended consequences.

Implementation

The Department has determined that this Ordinance will positively impact our current implementation procedures. Removing the entitlement process for the identified project types and the hearing requirements projects will reduce processing time by six to nine months.

Recommendation

The Department recommends that the *Commission adopt a recommendation for approval with modifications* of the proposed Ordinance and adopt the attached Draft Resolution to that effect. The Department's proposed recommendations are as follows:

1. Modify the Ordinance to require tenant notification where a project expansion proposes a reduction in housing services (pursuant to Section 178(c) and 186.1(b)).
2. Modify the Ordinance to exempt Cannabis Retail and Formula Retail uses from administrative modifications (Pursuant to Sections 174(b), 178(c), 186.1(b), and 303(e)).
3. Modify the Ordinance to eliminate the restriction on administrative performance period extensions for Conditional Use authorizations required to address Planning Code violations (pursuant to Section

303(e)).

Basis for Recommendation

The Department finds that the proposed Ordinance allows more existing businesses to expand operations without the need for new Conditional Use authorization. This added commercial activity will help maintain a favorable social and cultural climate in San Francisco as it adds to the number of commercial activities available to employees. By streamlining the process to modify previous land-use restrictions, the Ordinance helps retain a diverse base of commercial activity. The Department further finds that the Ordinance enhances employment opportunities for small businesses by reducing the regulatory and financial soft costs required to adapt, grow, or modernize business operations. By expanding the types of changes that can be made without a new Conditional Use authorization, a process that typically requires months of time and significant legal or architectural fees, the Ordinance allows small businesses to reinvest those resources into hiring and service expansion. Finally, by shifting these minor business modifications from a public hearing process to an administrative review, the City lowers the cost of doing business, allowing owners to focus their capital on resident employment and business ownership rather than bureaucratic processing. This fosters a more hospitable environment for neighborhood-serving retail and professional services. Although the Department supports the proposed Ordinance, on balance, it has also identified several unintended consequences that would detract from the stated goals. As such, the Department recommends the following modifications:

Recommendation 1: Modify the Ordinance require tenant notification where a project expansion proposes a reduction or elimination of housing services. Staff recommends aligning this program with other provisions of the Planning Code relating to Accessory Dwelling Unit (ADU) construction or Limited Commercial Use (LCU) expansions that require tenant notification where a project would reduce or impair housing services safeguards residential amenities.

Recommendation 2: Modify the Ordinance to exempt Cannabis Retail and Formula Retail uses from administrative modifications. Excluding Formula Retail and Cannabis Retail ensures that uses with heightened regulatory attention and neighborhood interest continue to receive full review. These limitations maintain appropriate safeguards while allowing administrative flexibility only where impacts are minimal.

Recommendation 3: Modify the Ordinance to eliminate the restriction on administrative performance period extensions for Conditional Use authorizations required to address Planning Code violations. Staff recommends deleting the sentence prohibiting the Planning Director from approving modifications to Conditional Use authorizations that were originally issued to correct a code violation. By deleting the restriction in Section 303(e) that currently prevents the modification of authorizations issued to correct code violations, the City provides a more equitable and pragmatic path for small businesses to achieve legal standing, ensuring that the benefits of PermitSF are accessible citywide while maintaining rigorous safeguards for community character and residential stability.

Required Commission Action

The proposed Ordinance is before the Commission so that it may adopt a recommendation of approval, disapproval, or approval with modifications.

Environmental Review

The proposed amendments are not defined as a project under CEQA Guidelines Section 15060(c)(2) and 15378 because they do not result in a physical change in the environment.

Public Comment

As of the date of this report, the Planning Department has not received any public comment regarding the proposed Ordinance.

Portions of this report were drafted and/or edited with the assistance of Microsoft Copilot, in accordance with the City and County of San Francisco's policy on the use of generative AI tools.