



## PLANNING DEPARTMENT REPORT

*Date:* April 21, 2026  
*Report Name:* Interim Zoning Controls – Legacy Businesses in Neighborhood Commercial Districts  
*Case Number:* 2025-004097PCA  
*Board File:* 240909  
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### Statement of Purpose

This report was prepared in response to a resolution (BF 240909), introduced by Supervisor Peskin on September 17, 2024, and enacted into law on November 12, 2024 (enactment number 532-24). The resolution imposed interim zoning controls for an 18-month period to require Conditional Use (CU) authorization prior to replacing a Legacy Business in Neighborhood Commercial Districts and Neighborhood Commercial Transit Districts, and the Chinatown Community Business, Chinatown Visitor Retail, and Chinatown Residential Neighborhood Commercial Districts.

The resolution directs the Planning Department to submit a written report to the Board pursuant to Planning Code, Section 306.7(i). Under Planning Code Section 306.7(i), once interim zoning controls are adopted, the Planning Department must study the proposed zoning change and deliver a public report to the body that imposed the controls every six months. Each report must update the study's status, present any findings or recommendations, and give an expected completion date. These reports are required to be considered in a public hearing duly noticed in accordance with the basic rules of the body that imposed the interim zoning controls.

### Background

Resolution No. 532-24 was adopted in response to recent changes in state law that grant planning waivers, streamline approval processes, and mandate rezoning. These changes are anticipated to increase redevelopment pressure on structures within commercial corridors, potentially threatening the economic sustainability of neighborhood-serving businesses—especially Legacy Businesses, which hold cultural and historic significance.

## Permanent Controls

On July 29, 2025, Supervisor Chan introduced a proposed Ordinance (Board File No. 250808) that would establish permanent controls by replicating these interim controls citywide. The Planning Commission, the Small Business Commission, and ultimately a majority of the Board concluded that requiring a CU based on the identity of a prior operator misapplies a land-use tool and does not address the reasons Legacy Businesses close. Instead, it adds process, prolongs vacancies, and may create disincentives for landlords to lease to Legacy Businesses. The full Board failed to pass the proposed Ordinance on First Read on November 4, 2025.

## Affected Projects

The Department received no CU applications under these interim controls. The only recent CU case involving a Legacy Business—the Uptown Bar—occurred under longstanding permanent controls in the Mission Street NCT, not under the adopted interim controls. The Uptown case remains the only example citywide of a CU application tied to Legacy Business status since at least 2018, reinforcing that these controls are rarely utilized and have limited practical effect.

## Environmental Review

This Report was determined not to be a project per State CEQA Guidelines, Sections 15378 and 15060(c)(2), because it does not result in a physical change to the environment.

## Report Conclusion

Over the full 18-month study period, the Department’s analysis demonstrates that the interim controls requiring a CU for spaces formerly occupied by Legacy Businesses is not an effective or appropriate land-use tool, and should not be made permanent. While adopted in response to legitimate concerns about redevelopment pressure on commercial corridors, the evidence shows that the operator-based CU requirement does not advance the stated preservation goals and, in several respects, undermines them.

First, Legacy Business status is not a land-use category, but rather a designation based on longevity, cultural contribution, and historic significance of the operator. Land-use controls are designed to evaluate the impacts of uses—noise, traffic, scale, intensity—not to regulate business identity or tenant history. Over the past 18 months, repeated review of the interim controls confirms that applying the CU process to an operator-based distinction is fundamentally misaligned with zoning’s purpose. This misalignment was recognized not only by the Planning Commission, the Small Business Commission, and the Board during their deliberations on the proposed permanent ordinance.

Second, the interim controls have shown no practical effect in achieving their intended outcomes. During the entire 18-month period, not a single CU application was submitted under these controls. The only recent CU case involving a Legacy Business—the Uptown Bar—occurred under pre-existing permanent controls and illustrates the limitations of this approach: the CU requirement failed to prevent closure, delayed the successor tenant, and did not influence the underlying landlord-tenant dynamics that drove the closure. This is consistent with longstanding evidence citywide: since at least 2018, only one CU application has been

triggered by Legacy Business status. The data strongly suggests that such controls do little to preserve Legacy Businesses, and instead introduce unnecessary procedural steps with minimal benefit.

Third, operator-based CU requirements risk producing negative, unintended consequences. By adding process, time, and uncertainty at the point when a new tenant is seeking to occupy a storefront, the controls can inadvertently prolong vacancies, reduce the pool of potential tenants, or discourage landlords from leasing to Legacy Businesses altogether out of concern for future regulatory complications. Prolonged vacancies diminish neighborhood vitality and limit access to goods and services, counteracting the very goals of cultural and economic preservation the controls were intended to support. These concerns were repeatedly raised by both the Planning Commission and the Small Business Commission in their findings against the proposed Ordinance under Board File No. 250808.

Fourth, the broader evaluation of City tools shows that direct support strategies are far more effective at sustaining Legacy Businesses than operator-based zoning requirements. The Legacy Business Program's stabilization grants—over \$4.4 million disbursed since FY 2016–17—provide meaningful financial support tied to lease stability. Coupled with recently adopted programs such as the Small Business Rezoning Construction Relief Program (administered by the Office of Small Business and the Office of Economic Workforce and Development) and provisions in the Family Zoning Ordinance that waive fees and CU requirements for displaced Legacy Businesses, the City already has a suite of targeted, impact-based tools that address the true causes of small business displacement: affordability, lease stability, and construction-related disruptions. These approaches strengthen small business resilience without creating the regulatory uncertainty associated with the interim controls.

Finally, the collective findings across all reporting periods, Commissions deliberations, and Board actions indicate a consistent conclusion: operator-specific CU requirements do not preserve Legacy Businesses, but they do create disproportional burdens, procedural delays, and predictable inequities in who can access neighborhood commercial space. Because the interim controls have not proven effective, and because their impacts run counter to the City's economic, cultural, and equity objectives, maintaining them—much less making them permanent—is not warranted.

For these reasons, the Department recommends that the Board:

- Not adopt permanent controls;
- Allow the interim controls to sunset on April 22, 2026; and
- Continue strengthening direct financial assistance, technical support, fee relief, and impact-based zoning tools that more effectively support Legacy Business retention and small business resilience.

This evidence-based approach maintains a predictable, equitable, and purpose-aligned zoning framework while advancing the City's long-term goals for cultural preservation and neighborhood economic vitality.

## **Required Board Action**

The Board may approve or disapprove this report.

*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.*