

LEGISLATIVE DIGEST

[Administrative, Business and Tax Regulations Codes - Small Business Rezoning Construction Relief Fund]

Ordinance amending the Administrative Code to create the Small Business Rezoning Construction Relief Program (“Program”) to provide financial support, including grants and loans, to businesses impacted by construction relating to the City residential rezoning program adopted in 2025-2026; establishing the Small Business Rezoning Construction Relief Fund (“Fund”) to receive monies for the Program; designating the Office of Small Business and Office of Economic and Workforce Development to administer the Fund and the Program and promulgate rules and regulations in furtherance of the Program; and amending the Business and Tax Regulations Code to allow taxpayers to designate a portion of their gross receipts taxes for deposit in the Fund.

Existing Law

City law does not currently provide a program or fund for grants and other assistance to small businesses that are displaced or otherwise impacted by residential construction projects. City law also does not authorize taxpayers to designate a portion of their gross receipts taxes for assistance to small businesses.

Amendments to Current Law

This ordinance creates the Small Business Rezoning Construction Relief Fund and the Small Business Rezoning Construction Relief Program. The Program will utilize monies collected in the Fund to assist Small Businesses displaced or impacted by increased residential construction resulting from the City’s residential rezoning program that will be adopted in 2025-2026 to implement the City’s housing production goals required by state law. The Fund will receive grants, gifts, and bequests, and monies appropriated by the Board of Supervisors. This ordinance also would allow taxpayers to designate up to four percent of their annual gross receipts tax liability for deposit in the Fund beginning with the 2025 tax year, with an annual total cap of \$8 million in designated amounts from all taxpayers.

The Program will be jointly administered by the Office of Small Business (“OSB”) and the Office of Economic and Workforce Development (“OEWD”). The program will issue grants and provide other assistance directly to Small Businesses.

This ordinance also enables OSB and OEWD to partner with nonprofit community development financial institutions to administer a loan program in furtherance of the Program, and it allows spending on costs related to the Program, such as marketing expenses.

The ordinance requires that OSB and OEWD enact rules and regulations to carry out the Program, including establishing the qualification criteria for Small Businesses. The ordinance also requires OSB and OEWD to submit reports to the Board of Supervisors and the Mayor on the use of the Program's funds.

Background

The City is required to add 82,069 new housing units to its existing housing stock between 2023 and 2031 pursuant to the Regional Needs Housing allocation established by the state. San Francisco's Housing Element 2022 Update, adopted on January 31, 2023 by the Board of Supervisors, codified this goal. The City is undergoing rezoning in 2025-26 to increase the amount of housing that can be built. This ordinance provides support to Small Businesses displaced or impacted by construction that is expected to occur in areas that are rezoned.

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