

REVISED LEGISLATIVE DIGEST

(11/18/2025, Amended in Board)

[Planning Code; Administrative Code - Legacy Businesses in Neighborhood Commercial Districts]

Ordinance amending the Planning Code to define Legacy Business and 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; amending the Administrative Code to allow a business that has been operating for 15 years to qualify as a Legacy Business; 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.

A Small Business Enterprise, defined in Business and Tax Code Section 954.1, is generally, a person or combined group, except for a lessor of residential real estate, whose gross receipts with the City does not exceed \$5 million, adjusted annually in accordance with the Consumer Price Index.

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, or the new business is a Legacy Business or qualifies as a Small Business Enterprise, 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.

The ordinance would add a definition of Legacy Business to the Planning Code and amend the Administrative Code to allow Legacy Businesses that have been operating for 15 years or more to qualify as a Legacy Business if the business is at a significant risk of displacement.

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.

On October 27, 2025, the Land Use and Transportation Committee adopted amendments to the ordinance introduced on July 29, 2025 to: (1) add a definition of Legacy Business in the Planning Code; (2) add an exception to the conditional use requirement for Small Business Enterprises; (3) amend the Administrative Code to allow businesses operating for 15 years and at risk for displacement to be considered Legacy Businesses; and (4) add findings of consistency with the General Plan, and Planning Code sections 101.1 and 302.

On November 18, 2025, the Board of Supervisors adopted amendments to add an additional exception to the conditional use requirement if the new use is also a Legacy Business.