

File No. 250782

Committee Item No. 1
Board Item No. 1

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date November 5, 2025
Board of Supervisors Meeting Date December 2, 2025

Cmte Board

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input type="checkbox"/>	<input type="checkbox"/>	Resolution
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Ordinance
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Legislative Digest
<input type="checkbox"/>	<input type="checkbox"/>	Budget and Legislative Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Youth Commission Report
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Introduction Form
<input type="checkbox"/>	<input type="checkbox"/>	Department/Agency Cover Letter and/or Report
<input type="checkbox"/>	<input type="checkbox"/>	MOU
<input type="checkbox"/>	<input type="checkbox"/>	Grant Information Form
<input type="checkbox"/>	<input type="checkbox"/>	Grant Budget
<input type="checkbox"/>	<input type="checkbox"/>	Subcontract Budget
<input type="checkbox"/>	<input type="checkbox"/>	Contract/Agreement
<input type="checkbox"/>	<input type="checkbox"/>	Form 126 – Ethics Commission
<input type="checkbox"/>	<input type="checkbox"/>	Award Letter
<input type="checkbox"/>	<input type="checkbox"/>	Application
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Public Correspondence

OTHER (Use back side if additional space is needed)

<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>SBC Letter 10/15/2025</u>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>FYI Referral 7/25/2025</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>PAM Temporary Membership 11/3/2025</u>
<input type="checkbox"/>	<input type="checkbox"/>	

Completed by: Brent Jalipa Date October 30, 2025
Completed by: Brent Jalipa Date November 6, 2025

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

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

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

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

21 Section 1. Article XIII of Chapter 10 of the Administrative Code is hereby amended by
22 adding Section 10.100-335, to read as follows:

23 **SEC. 10.100-335. SMALL BUSINESS REZONING CONSTRUCTION RELIEF FUND.**

24 **(a) Findings.** *The City and County of San Francisco is required to add 82,069 new housing
25 units to its existing housing stock between 2023 and 2031 pursuant to the Regional Needs Housing
Allocation established by the State of California. To provide the capacity for the amount of new*

1 housing required, San Francisco has adopted the Rezoning Program, which is expected to result in
2 significant development. The construction that will take place along commercial corridors is likely to
3 impact Small Businesses, particularly in instances where Small Businesses are displaced by leases
4 lapsing due to properties being sold, construction at their site, multiple projects are occurring on the
5 same block, or if roads are closed. Recognizing the impacts that increased construction can have on
6 Small Businesses in particular, San Francisco wishes to create a fund and a grants program to mitigate
7 the effects of increased construction on Small Businesses.

8 **(b) Definitions.** For purposes of this Section 10.100-335, the following definitions shall apply:

9 “Fund” means the Small Business Rezoning Construction Relief Fund.

10 “Program” means the Small Business Rezoning Construction Relief Program

11 established in Administrative Code Section 2A.247.

12 “Rezoning” means rezoning as a result of San Francisco’s residential rezoning
13 program adopted by the city in 2025-26.

14 “Small Business” means either:

15 1. A business or nonprofit organization with 100 or fewer full-time employees and an annual
16 gross revenue of \$5 million or less for the 2025 calendar year, and adjusted annually each year
17 thereafter in accordance with the increase in the Consumer Price Index: All Urban Consumers
18 for the San Francisco/Oakland/Hayward Area for All Items as reported by the United States
19 Bureau of Labor Statistics, or any successor to that index, as of December 31 of the year two
20 years prior to the calendar year, beginning with calendar year 2026, and rounded to the
21 nearest \$10,000; or

22 2. If the business is an Eating and Drinking Use establishment as defined in Section
23 102 of the Planning Code with 100 or fewer full-time employees or with an annual gross
24 revenue of \$7 million or less for the 2025 calendar year, and adjusted annually each year
25 thereafter in accordance with the increase in the Consumer Price Index: All Urban Consumers

1 for the San Francisco/Oakland/Hayward Area for All Items as reported by the United States
2 Bureau of Labor Statistics, or any successor to that index, as of December 31 of the year two
3 years prior to the calendar year, beginning with calendar year 2026, and rounded to the
4 nearest \$10,000.

5 (c) Establishment of Fund. The Fund is established as a category four fund as defined in
6 Administrative Code Section 10.100-1 to receive any legally available monies, including grants, gifts
7 and bequests from public or private sources for the purposes identified in subsection (d) of this Section
8 10.100-335, amounts designated for deposit in the Fund under Section 959 of Article 12-A-1 of the
9 Business and Tax Regulations Code, and any monies appropriated to the Fund by the Board of
10 Supervisors.

11 (d) Use of Funds. The Fund shall be used exclusively for the Program, provided that such
12 expenditures shall include reimbursement to City and County departments for expenses incurred in the
13 administration of the Fund.

14 (e) Administration of Fund. The Director of the Office of Small Business, in collaboration with
15 the Director of the Office of Economic and Workforce Development, or their designees, shall be
16 responsible for the administration of the Fund, and shall have all such authority as may be reasonably
17 necessary to carry out those responsibilities.

18
19 Section 2. Article XVI of Chapter 2A of the Administrative Code is hereby amended by
20 adding Section 2A.247, to read as follows:

21 **SEC. 2A.247. SMALL BUSINESS REZONING CONSTRUCTION RELIEF PROGRAM.**

22 (a) Definitions. For purposes of this Section 2A.247, the following terms have the following
23 meanings:

24 “Program” means the Small Business Rezoning Construction Relief Program.

1 “Rezoning” means rezoning as a result of San Francisco’s residential rezoning
2 program adopted by the City in 2025-26.

3 “Small Business” means either:

4 1. A business or nonprofit organization with 100 or fewer full-time employees and an annual
5 gross revenue of \$5 million or less for the 2025 calendar year, and adjusted annually each year
6 thereafter in accordance with the increase in the Consumer Price Index: All Urban Consumers
7 for the San Francisco/Oakland/Hayward Area for All Items as reported by the United States
8 Bureau of Labor Statistics, or any successor to that index, as of December 31 of the year two
9 years prior to the calendar year, beginning with calendar year 2026, and rounded to the
10 nearest \$10,000; or

11 2. If the business is an Eating and Drinking Use establishment as defined in Section
12 102 of the Planning Code with 100 or fewer full-time employees or with an annual gross
13 revenue of \$7 million or less for the 2025 calendar year, and adjusted annually each year
14 thereafter in accordance with the increase in the Consumer Price Index: All Urban Consumers
15 for the San Francisco/Oakland/Hayward Area for All Items as reported by the United States
16 Bureau of Labor Statistics, or any successor to that index, as of December 31 of the year two
17 years prior to the calendar year, beginning with calendar year 2026, and rounded to the
18 nearest \$10,000.

19 **(b) Establishment of Small Business Rezoning Construction Relief Program.**

20 (1) The Program is established for the purpose of providing grants and other assistance
21 to San Francisco’s Small Businesses impacted by increased construction as a result of the City’s
22 Rezoning.

23 (2) The Program shall be administered by the Director of the Office of Small Business
24 (“OSB”) and the Director of the Office of Economic and Workforce Development (“OEWD”), or their
25 designees (each, an “Administrator” and collectively the “Administrators”).

(3) The Program shall, at minimum, include the following components:

(A) Grants to Displaced Small Businesses. To retain and support San Francisco's Small Businesses during a period of increased residential construction activity, the Program may fund grants to Small Businesses displaced as a result of Rezoning construction.

(B) Financial and Business Assistance to Impacted Small Businesses. To retain and support San Francisco's Small Businesses during a period of increased residential construction activity, the Program may also provide other financial assistance grants, business assistance, relocation assistance, leasing support services, incentives, and programs to Small Businesses experiencing interruption to their businesses caused by Rezoning construction.

(4) *The Program may include the following:*

(A) Loans to Small Businesses. The Administrators may partner with nonprofit community development financial institutions to administer a loan program in partnership with the City for loans to Small Businesses impacted by Rezoning construction.

(B) Marketing, Promotions, Branding, Technical Assistance and Programmatic Expenses. The Program may also fund marketing, promotions, branding, technical assistance, and programmatic expenses to support Small Businesses impacted by Rezoning and other related programmatic expenses.

(5) Exemption from Chapter 21G of the Administrative Code and Other Obligations. The Administrators shall not be required to enter into a contract with Small Businesses in order to provide grants or financial assistance pursuant to this Section 2A.247. The grants and financial assistance to Small Businesses entered into pursuant to this Section 2A.247 shall not be subject to the provisions in the Municipal Code, including but not limited to Chapter 21G of the Administrative Code, and all other provisions in the Administrative, Labor and Employment, Environment, or Police Codes, imposing obligations or other restrictions on contractors, except Administrative Code Chapters 12G and 12M and relevant provisions of the Campaign and Governmental Conduct Code shall apply.

1 (6) *Rules and Regulations.* Within 12 months of the effective date of the ordinance in
2 Board of Supervisors File No. 250782 enacting this Section 2A.247, and before the disbursement of any
3 monies to Small Businesses, the Administrators shall promulgate such rules and regulations consistent
4 with this section as it may deem appropriate to carry out the Program. Such rules and regulations
5 shall include, but not be limited to, the qualifications of applicants and factors to be considered in the
6 award of grants, prioritization of assistance to impacted Small Businesses having only one
7 location, and shall ensure that impacted Small Businesses are eligible for the Program if they were
8 displaced or impacted within two years before applying.

9 (7) *Annual Report.* The Administrators shall submit an annual report to the Board of
10 Supervisors and the Mayor setting forth an accounting of the amounts disbursed and the uses for which
11 said funds were made. The first report shall be provided no later than December 1, 2027.

12
13 Section 3. Chapter 12G of the Administrative Code is hereby amended by revising
14 Section 21G.2, to read as follows:

15 **SEC. 21G.2 DEFINITIONS.**

16 As used in this Chapter 21G, the following terms shall have the following meanings:

17 “City” means the City and County of San Francisco.

18 “Grant” means an award of funds to a Grantee for, or in furtherance of, a Public
19 Purpose, which is paid from monies deposited in the treasury of the City, and which is not
20 required to be repaid except upon default by the Grantee. “Grant” does not include contracts
21 (1) for public works or improvements under Administrative Code Chapter 6; (2) for the City
22 purchase, sale, lease, use, or development of real property; (3) for the City purchase of
23 Commodities or Services under Administrative Code Chapter 21; or (4) to provide financial
24 assistance such as a loan or loan guarantee, an interest rate subsidy, tax relief, or tax credit.
25 “Grant” also does not include grants or assistance (1) authorized under Administrative Code

1 Section 2A.246, the Legacy Business Assistance Program, or (2) authorized under
2 Administrative Code Section 2A.247, the Small Business Rezoning Construction Relief Program, or (3)
3 to individuals under City service or assistance programs, rebates, or incentives. Departments
4 administering rebate or incentive programs must comply with Section 21G.12.

5

6 Section 4. Article 12-A-1 of the Business and Tax Regulations Code is hereby
7 amended by adding Section 959, to read as follows:

8 **SEC. 959. ELECTION TO DESIGNATE TAX TO SMALL BUSINESS REZONING**
9 **CONSTRUCTION RELIEF FUND.**

10 (a) For tax years beginning on or after January 1, 2025, a person or combined group may elect
11 to designate up to 4% of the gross receipts tax liability paid by that person or combined group for the
12 tax year for deposit in the Small Business Rezoning Construction Relief Fund, established in
13 Administrative Code Section 10.100-335. The designation under this Section 959 shall be irrevocable
14 and shall be made on the person or combined group's original gross receipts tax return filed for the tax
15 year to which the designation applies.

16 (b) If for any tax year persons or combined groups elect to designate amounts under subsection
17 (a) of this Section 959 that collectively exceed \$8 million, any excess above \$8 million shall not be
18 deposited in the Small Business Rezoning Construction Relief Fund and shall be deposited in the
19 General Fund to be used for any purposes of the City.

20

21 Section 5. Effective Date; Retroactivity.

22 (a) This ordinance shall become effective 30 days after enactment. Enactment occurs
23 when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not
24 sign the ordinance within 10 days of receiving it, or the Board of Supervisors overrides the
25 Mayor's veto of the ordinance.

(b) Upon the effective date of this ordinance, this ordinance shall be retroactive to January 1, 2025, insofar as it relates to the amendments to the Business and Tax Regulations Code in Section 4.

Section 6. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, 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.

Section 7. Severability. If any section, subsection, sentence, clause, phrase, or word of this ordinance, or any application thereof to any person or circumstance, is held to be invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions or applications of the ordinance. The Board of Supervisors hereby declares that it would have passed this ordinance and each and every section, subsection, sentence, clause, phrase, and word not declared invalid or unconstitutional without regard to whether any other portion of this ordinance or application thereof would be subsequently declared invalid or unconstitutional.

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: /s/
HUGO CABRERA
Deputy City Attorney

REVISED LEGISLATIVE DIGEST
(Amended in Committee, 10/29/2025)

[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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CITY AND COUNTY OF SAN FRANCISCO
DANIEL L. LURIE, MAYOR

OFFICE OF SMALL BUSINESS
DIRECTOR KATY TANG

October 15, 2025

Ms. Angela Calvillo, Clerk of the Board
City Hall Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

RE: BOS File No. 250782 – Small Business Rezoning Construction Relief Fund - Support

Dear Ms. Calvillo,

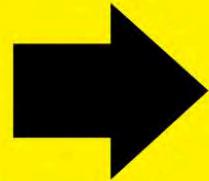
On September 23, 2025, the Small Business Commission (the Commission) heard BOS File No. 250782 – Small Business Rezoning Construction Relief Fund. Jen Low, Legislative Aide to Supervisor Melgar, presented on the legislation, which would establish a fund to support businesses impacted by the City's rezoning plan. The Commission noted that a fund to support small businesses facing construction impacts is a thoughtful strategy to prevent small business displacement.

The Commission voted to support the legislation with a 5-0 vote, with two Commissioners absent. Thank you for considering the Commission's recommendations. Please feel free to contact me should you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "katty tang". The signature is fluid and cursive, with "katty" on the top line and "tang" on the bottom line, slightly overlapping.

Katy Tang
Director, Office of Small Business



Small Business Forward

October 28, 2025

To: Budget and Finance Committee

Subject: File 250872 - Small Business Rezoning Construction Relief Fund

We, the Steering Committee Members of Small Business Forward, would like you to know that we were disappointed that AB 2011 style payments (those paid by developers directly to commercial tenants) were not deemed feasible by the City Attorney. If the State can mandate developer relocation payments to small businesses displaced for new housing construction, then the City should be allowed to mandate the same payments commensurate with the commercial tenants' length of tenancy. After all, it is the hard work of those small business workers that carried the cost of that building for the years that the business paid rent. And without adequate location assistance, there is a loss to the community of small businesses that provide products & services the community uses & needs.

Displacement of long-term neighborhood-serving small businesses is real and is already happening because of the Mayor's proposed Family Rezoning Plan. Recently a bicycle shop on Haight Street decided to close their location when their overseas landlord refused to give them a new lease hoping to sell his vacant building for \$7million plus. What was the point for them to remain month-to-month and spend their limited marketing dollars to market a location that they might not be in in 30 days?

If the city has decided that small businesses are best assisted through a dedicated fund administered by the Office of Small Business, then it is our ask that there be an initial appropriation to that fund.

Today, we are asking for the appropriation of \$2 to \$3 million on an emergency basis, no later than the mid year appropriation, to provide relocation assistance to those businesses impacted by non-renewal of lease due to proposed housing construction projects. Legacy business Joe's Ice Cream is at imminent threat of a non renewal of their lease due to a proposed housing development their landlord has already submitted to the city. We need the funds in the fund immediately to support this business' successful relocation.

A \$2 to \$3 million appropriation is a starting point. We ask that there be a regular report back to the Board of Supervisors on the financial need for small businesses impacted by displacement for new housing construction.

We feel this modest appropriation will give some runway for the additional measures we've also previously given our support:

- That for the next State legislative session, City representatives propose a change in state law to allow for the city to mandate relocation payments paid directly by developers to small business tenants (similar to AB2011)
- Adopt Supervisor Chan's proposed amendments to the Family Zoning Plan which would allow for a nexus study and the collection of developer impact fees and/or demolition fees which can be allocated to the small business relocation fund.
- Extend the Conditional Use requirement for sites where Legacy Businesses have been displaced

Thank you for your consideration of these requests.

Sincerely,

The Steering Committee of Small Business Forward

Justin Dolezal, Co-owner Bar Part Time

Christin Evans, Co-owner Booksmith and Alembic

Nicholas Parker, Owner Mercury Cafe

Yolanda Porrata, Owner VERA Skin Studio

Gwen McGlaughlin, Coordinator Small Business Forward

SAN FRANCISCO CHAMBER OF COMMERCE

October 27th, 2025

Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: Support for File No. 250782 – Small Business Rezoning Construction Relief Fund

Dear Members of the Budget and Appropriations Committee,

On behalf of the San Francisco Chamber of Commerce, I am writing to express our support for the Small Business Rezoning Construction Relief Fund legislation. As the City advances its rezoning efforts to meet the 82,000 housing units mandated under the state's Regional Housing Needs Allocation (RHNA), this ordinance provides a critical tool to ensure small businesses remain resilient and connected to their communities as denser development moves forward.

The creation of this fund represents a flexible, responsive approach to providing financial support and technical assistance to small businesses where it is most needed. Our city's small businesses are the lifeblood of San Francisco's commercial corridors—keeping them active, vibrant, and welcoming. As organizations that represent thousands of employers, we are committed to ensuring that resources such as this fund are available to help businesses navigate and thrive during the rezoning process.

This ordinance offers a pragmatic approach by advancing the City's ambitious housing goals while safeguarding the small businesses that are essential to neighborhood vitality, local culture, and economic recovery. We look forward to continued collaboration with City leaders on policies that promote both housing growth and the success of San Francisco's small business community.

Sincerely,



Rodney Fong
President & CEO
The San Francisco Chamber of Commerce



September 20, 2025

Small Business Commissioners,

We are writing to you about the proposed small business assistance funds that will be made available through Supervisor Melgar's proposed legislation. Small Business Forward has reviewed the draft legislation and we still have outstanding questions about the planned scale of need, predictability of the source of funds, and size and type of assistance. We appreciate your assistance in eliciting answers to these questions in your upcoming meeting on Monday.

1) How do we ensure this fund will adequately meet the Scale of Need?

Recently, the San Francisco planning department revised the number of businesses that they said would be displaced by the mayor's upzoning plan from 40 to 50 to 10 per year seeking to downplay the potential effect of this upzoning plan. However, Melgar's legislation seeks to support not just displaced businesses but neighboring businesses who see a loss of revenue due to construction because of reduced foot traffic. The BLA report she commissioned in 2024 estimated the need at [60 to 188 sites per year](#).

Business leaders in the [Eastern Neighborhood plans](#) have provided feedback that Planning's analysis is off. They've estimated that since 2009, upwards of 40% of small businesses were displaced as a result of the upzoning in their community.

Because the scale of need is undefined and uncertain, [we ask that you to put in place mechanisms to track displacement](#). Otherwise, the scale of displacement is not fully understood and it's impossible to tell if the amount of funds will be adequate to the need.

Questions we encourage you to seek answers to:

- Will there be periodic reporting to your body on the number of applications and the percentage that are able to be assisted?
- How will you know if the scale of need is being met?
- Will there be a mechanism for adjustments to the size and scale of the fund if the need is much greater than anticipated at this moment?

2) What are the options for a more predictable source of funds?

Currently, the proposed mechanisms for adding dollars to this fund are 1) a gross receipts tax opt-in, and/or 2) charitable donations which creates an undependable revenue source for the fund.

Instead, we suggest a more predictable source of funding be identified. **We suggest you recommend the City conduct a Nexus study to allow impact fees to be charged to developers.**

AB2011 type relocation assistance mandated payments from the developer to the small business at the time of displacement. We have been informed that there is an opportunity to similarly have developers provide the funds for relocation assistance.

We encourage you to request a Nexus study to allow the charging of impact fees by developers, who are displacing small businesses.

Questions we encourage you to seek answers to on this matter include:

- How quickly can a Nexus study be conducted to determine allowable developer impact fees?

3) What will be the size of the payments and or forgivable loans available to small businesses? Will they be adequate to support successful relocation?

As a reminder, this was the level of assistance delivered through AB 2011. For a business in operation for 10 years paying \$8000 per month in rent, the relocation assistance received is \$80,000.

Similarly, for a business that has been in place for 20 years paying \$8000 a month, the payment would be \$144,000.

Years of Operation	Relocation Assistance Equal to
1-5	6 Months' Rent
5-10	9 Months' Rent
10-15	12 Months' Rent
15-20	15 Months' Rent
20+	18 Months' Rent

Restaurateurs have indicated that for a relocating restaurant it could be upwards of \$350 to \$500 per square foot for tenant improvements to a cold shell condition in new construction. For a 1000 square-foot restaurant, this would be approximately \$350,000 to \$500,000.

At a recent meeting where Supervisor Melgar presented this legislation to a small business group, she fielded a question that she envisioned the loans would be a combination of grants and PPP style forgivable loans wherein loans could be forgiven when eligible expenses were submitted. We ask you to clarify the size & types of assistance that would be given and how small businesses would be benefited by having both grants and loan forgiveness.

- Up to what level of assistance would be provided via grants?
- Up to what level of assistance would be provided via forgivable loans?
- What expenses would qualify for forgiveness? (Tenant improvements, moving expenses?)

4) Will this adequately meet the small business need when the assistance is needed?

One of the questions we have outstanding is how effective this assistance will be to supporting businesses when they most need it. For example, consider this case: Joe's Ice Cream, a legacy business, is in a known situation of precarity now. Their building was recently acquired at a price that indicates it's likely a target for development. At what point will this business be eligible for support? The most likely scenario is that Joe's will not have their lease renewed. Are they eligible for immediate relocation assistance?

- Should the criteria for eligibility be inclusive of those businesses that have had a non-renewal of lease in the upzoned area?
- Certainly a verifiable fact is when a business is in a building that has been acquired for an inflated purchase price not justified by the commercial rents alone. Should it include businesses at a minimum who are in buildings that have recently changed hands?

We appreciate your exploring the details of the small business protections that are being put in place. As mentioned, we feel like there is still work to be done to further define and detail the mechanisms that ensure this would be a meaningful protection for small businesses impacted by the mayor's upzoning plan. And we appreciate the opportunity to support Supervisor Melgar in strengthening her proposed legislation.

Respectfully,

The Steering Committee of Small Business Forward

Justin Dolezal, Co-owner Bar Part Time

Christin Evans, Co-owner Booksmith and Alembic

Nicholas Parker, Owner Mercury Cafe

Yolanda Porrata, Owner VERA Skin Studio

Gwen McGlaughlin, Coordinator Small Business Forward

CC: Mayor Lurie, Board of Supervisors, Planning Commission, Sarah Dennis Phillips, Lisa Chen, Rachael Tanner, Supervisor Melgar, Jen Low

BOARD of SUPERVISORS



City Hall

1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

M E M O R A N D U M

TO: Katy Tang, Director, Office of Small Business
Anne Taupier, Executive Director, Office of Economic and Workforce Development
José Cisneros, Treasurer, Office of the Treasurer and Tax Collector

FROM: Brent Jalipa, Assistant Clerk, Budget and Finance Committee

DATE: July 25, 2025

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Budget and Finance Committee has received the following proposed legislation, introduced by Supervisor Myrna Melgar:

File No. 250782

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.

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c. Kerry Birnbach, Office of Small Business
Alesandra Lozano, Office of Economic and Workforce Development
Amanda Kahn Fried, Office of the Treasurer and Tax Collector

President, District 8
BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. 554-6968
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RAFAEL MANDELMAN

PRESIDENTIAL ACTION

Date:

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,

Pursuant to Board Rules, I am hereby:

Waiving 30-Day Rule (Board Rule No. 3.23)

File No.

(Primary Sponsor)

Title.

Transferring (Board Rule No 3.3)

File No.

(Primary Sponsor)

Title.

From:

Committee

To:

Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor:

Replacing Supervisor:

For:

Meeting

(Date)

(Committee)

Start Time:

End Time:

Temporary Assignment: Partial

Full Meeting

A handwritten signature in black ink, appearing to read "Rafael Mandelman".

Rafael Mandelman, President
Board of Supervisors

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):

Supervisor Melgar

Subject:

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

Long Title or text listed:

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 2025-26; establishing the Small Business Rezoning Construction Relief Fund ("Fund") to receive monies for the Program; and designating the Office of Small Business and the 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.

Signature of Sponsoring Supervisor: /s/Myrna Melgar