

**BOS Ordinance, File No. 211010 Appropriation and De-
Appropriation OEWD - Legacy Businesses - \$400,000 - FY2021-
2022**

Small Business Commission
October 4, 2021
Agenda Item 3



LEGACY BUSINESS GRANT

REQUEST: Ordinance de-appropriating \$400,000 from the Legacy Business Historic Preservation Fund and re-appropriating \$400,000 to a different fund to provide a new grant program for Legacy Businesses in Fiscal Year 2021-22.



\$400,000 ADDBACK RECEIVED

The Office of Small Business (OEWD) received a \$400,000 addback for the Legacy Business Program from the Board of Supervisors in the 2021-22 budget, specifically noting the following:

- “\$400,000 for the replenishment of the Legacy Business Preservation Fund”
- “for direct grants to qualifying small businesses”

LEGACY BUSINESS HISTORIC PRESERVATION FUND

- Added to the Administrative Code (Sec. 2A.243) by the voters through Prop J in November 2015
- Can only be changed by going back to the voters
- Consists of two grant programs:
 1. Business Assistance Grant for grants to Legacy Businesses
 2. Rent Stabilization Grant to landlords that provide long-term leases to Legacy Businesses

Based on the appropriation language by the Board of Supervisors, the \$400,000 addback would need to be used specifically for the Business Assistance Grant

BUSINESS ASSISTANCE GRANT

Major problems with the Business Assistance Grant:

- Pays grantees per full-time equivalent employees (FTEs); would only pay ~\$75 per FTE
- Grant would be too small for micro and small businesses, which often need the greatest assistance
- Businesses that struggled the most during the pandemic lost the most FTEs
- Range of grants would be too large – from ~\$75 to ~\$7,500
- Difficult for applicants to calculate FTEs; many applicants calculated FTEs incorrectly in the past
- Time-consuming for City staff to verify the FTE data

LEGACY BUSINESS GRANT

SOLUTION: New “Legacy Business Grant” with a more equitable grant distribution that is not dependent on FTEs, a simple application, and an easier review process

- Four categories of grantees - pays grantees based on property ownership and business type
- City Attorney’s Office advised that the City cannot create a new grant program within the Legacy Business Historic Preservation Fund, but could create a new grant program outside that fund
- Amendments to the Annual Appropriations Ordinance, after the Controller certifies the availability of funds, are subject to Board of Supervisors approval by ordinance

LEGACY BUSINESS GRANT

Sample grants with \$400,000 allocation and 280 applicants:

	Legacy Business	FTEs	Business Assistance Grant (Average 17.88 FTEs per business = \$79.90 per FTE)	Proposed Legacy Business Grant
A	Small for-profit renter in D4	4	\$ 319.60	\$1,646.08
B	Large for-profit property owner in D10	71	\$5,672.90	\$1,234.56
C	Small for-profit renter in D6	3	\$ 239.70	\$1,646.08
D	Large non-profit renter in D3	88	\$7,031.20	\$ 823.04
E	Small for-profit renter in D11	2	\$ 159.80	\$1,646.08
F	Large non-profit renter in D9	71	\$5,672.90	\$ 823.04

A golden-tinted photograph of the Golden Gate Bridge and the San Francisco skyline. The bridge's towers and suspension cables are prominent in the foreground, with the city's dense buildings and hills visible in the background.

THANK YOU