



PLANNING DEPARTMENT REPORT

Date: December 31, 2025
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.

On July 29, 2025, Supervisor Chan introduced a proposed Ordinance (Board File No. 250808) that would establish permanent controls; requiring Conditional Use authorization (CUA) for any business seeking to occupy a storefront space last occupied by a Legacy Business, regardless of use type or underlying zoning district controls, in all Neighborhood Commercial, Neighborhood Commercial Transit, and Chinatown Mixed Use districts. Both the Small Business Commission and the Planning Commission voted to disapprove the proposed Ordinance. The full Department report can be found in the [proposed Ordinance's Board file](#)¹. The proposed Ordinance passed the Land Use and Transportation Committee but failed to garner enough support at the Full Board of Supervisors.

Ultimately, a majority of Supervisors agreed with the Planning and Small Business Commissions that the proposed CUA requirement misapplies a land use tool to an economic stabilization challenge. Land use controls are designed to manage intensity, compatibility, and physical impacts of development. They are not effective mechanisms for addressing business retention or stabilization needs. Additionally, the CUA would create barriers for small businesses, discourage landlords from leasing to Legacy Businesses, and prolong vacancies.

Affected Projects

As of this report, no CU applications have been submitted under these interim controls to remove a Legacy Business. The last CU application involving a Legacy Business was considered by the Planning Commission on September 19, 2024, under existing permanent controls in the Mission Street NCT District. That project proposed to establish a new tenant, “Kiitos,” in a ground-floor commercial space formerly occupied by the Legacy Business “Uptown.” The Commission approved the CU on a 4–3 vote, with Commissioners Williams, Imperial, and Moore dissenting.

Though permanent Legacy Business CUA controls have been in place in three zoning districts since at least 2018, the Uptown Bar is the only CUA that has been filed under the requirement. This suggests that these types of controls have limited effectiveness in practice.

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

The Planning Department generally does not support requiring CU authorization based on the identity of a business operator. Legacy Business status is not a land use designation; it is based on longevity and historic significance of the operator, rather than the use of the space itself. Traditional zoning regulates land use types—such as retail, residential, or industrial—not the identities of those conducting the activities. Introducing operator-specific criteria undermines the objectivity and predictability of zoning, which is designed to address physical, spatial impacts—like traffic, noise, and building scale—not subjective cultural or social considerations.

¹ <https://sfgov.legistar.com/View.ashx?M=F&ID=14886203&GUID=153728B8-D21E-4ACD-BE74-85760C73DD04>

While the cultural importance of Legacy Businesses is acknowledged, regulating them through land use entitlements may not effectively support preservation goals. Instead, it may create uncertainty for prospective tenants and buyers unfamiliar with a location's Legacy Business history.

Requiring CU authorization to remove a business is also problematic because the City cannot compel a property owner to continue leasing space to a particular tenant. In other instances where the City has required CU authorization for the removal of a use—such as gas stations or grocery stores—the outcome has often been prolonged vacancies, resulting in either empty lots or unoccupied commercial buildings. These vacancies can undermine neighborhood vitality and lead to a loss of tax revenue, compounding the negative economic impact on the community.

The interim controls were enacted partly in response to state-mandated rezoning requirements tied to accommodating over 80,000 new housing units. Much of this rezoning is occurring along commercial corridors, potentially displacing existing businesses. Fortunately, various City agencies have created programs and policies to support business retention and relocation as part of the broader rezoning effort.

The Legacy Business Program, operated by the Office of Small Business, supports businesses that have been in operation for more than 30 years through marketing, grants, and technical assistance. One key component of the Legacy Business Program is Business Stabilization Grants. The Business Stabilization Grant program distributes millions in direct financial support to landlords and tenants, with grants tied to long-term lease commitments. Since FY 2016–17, this program has provided over \$4.4 million in funding, benefitting 269 businesses. Similarly, Supervisor Melgar's newly approved Small Business Rezoning Construction Relief Program will create loans and grants for businesses affected by construction impacts.

The Planning Department has also taken proactive steps to ensure small businesses, including Legacy Businesses, are supported. The newly passed Family Zoning ordinance contains several provisions that assist Legacy Businesses in either staying open or relocating. It waives CUA requirements (for the Use type where one is required) for Legacy Businesses that are displaced due to a new development and waives development impact fees for those businesses. It also gives development bonuses for Local Program projects that create space for legacy businesses (up to 2 additional sqft of building space for every 1ft of space provided for Community Serving uses, including Legacy Businesses, plus up to 10 feet in additional height). These targeted interventions address actual business needs: affordability, stability, and resilience, without misusing the CUA process or creating unintended barriers for new businesses.

The Department recommends that the Board continues to support and strengthen direct assistance programs—such as grants, technical support, and streamlined permitting assistance—to provide more equitable pathways for small businesses to enter and remain in the market. Such programs help reduce structural barriers, stabilize neighborhood commercial corridors, and foster more inclusive local economies.

Required Board Action

The Board may approve or disapprove this report.