

File No. 141038

Committee Item No. 1

Board Item No. 3

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date February 11, 2015

Board of Supervisors Meeting

Date February 24, 2015

#### Cmte Board

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Completed by: Linda Wong Date February 6, 2015  
 Completed by: L.W. Date 2/18/15

FILE NO. 141038

ORDINANCE NO.

1 [Administrative Code - Establishing Legacy Business Registry, Rebate Program, and  
2 Establishing Fees]

3 Ordinance amending the Administrative Code to direct the Small Business  
4 Commission to establish a Legacy Business Registry, and authorize an administrative  
5 fee for the Registry not to exceed \$50, ~~and, for the next five years, provide a rebate to~~  
6 ~~Qualified Legacy Businesses that purchase the real property from which they operate~~  
7 ~~and to Qualified Landlords that purchase the real property from which Legacy~~  
8 ~~Businesses operate if the purchaser extends the term of the Legacy Business's lease~~  
9 ~~by at least ten years, in an amount equal to the transfer tax levied on the purchase.~~

10  
11 NOTE: Unchanged Code text and uncodified text are in plain Arial font.  
12 Additions to Codes are in *single-underline italics Times New Roman font*.  
13 Deletions to Codes are in *strikethrough italics Times New Roman font*.  
14 Board amendment additions are in double-underlined Arial font.  
15 Board amendment deletions are in ~~strikethrough Arial font~~.  
16 Asterisks (\* \* \* \*) indicate the omission of unchanged Code  
17 subsections or parts of tables.

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

19 Section 1. The Administrative Code is hereby amended by adding Sections 2A.242  
20 and 2A.243, to read as follows:

21 **SEC. 2A.242. LEGACY BUSINESS REGISTRY.**

22 (a) The Small Business Commission shall establish and maintain a registry of Legacy  
23 Businesses in San Francisco (the "Registry"). The purpose of the Registry is to recognize that  
24 longstanding, community-serving businesses can be valuable cultural assets of the City. In addition,  
25

1 the City intends that the Registry be a tool for providing educational and promotional assistance to  
2 Legacy Businesses to encourage their continued viability and success.

3 (b) For purposes of this Section 2A.242, "Legacy Business" means a business that the Small  
4 Business Commission, after a noticed hearing, determines ~~meets~~ the following criteria:

5 (1) The business is a bar, restaurant, retail store, arts space, performance venue, non-  
6 profit entity directly serving the community, or a business primarily engaged in Production,  
7 Distribution, and Repair activities, as described in Article 2 of the Planning Code.

8 (2) The business has operated in San Francisco for 30 or more years, with no break in  
9 San Francisco operations exceeding two years. The business may have operated in more than one  
10 location or jurisdiction, but must have been ~~founded or~~ ~~reestablished~~ and currently be  
11 headquartered~~based~~ in San Francisco.

12 (3) The business has contributed to the neighborhood's history and/or the identity of a  
13 particular neighborhood or community.

14 (4) The business is committed to maintaining the physical features or traditions that  
15 define the business, including craft, culinary or art forms.

16 (c) The Small Business Commission, in consultation with the Controller, shall establish an  
17 administrative fee, to offset the costs of administering the program but not to exceed \$50, for businesses  
18 applying for inclusion in the Registry.

19 (d) The Small Business Commission may, after a noticed hearing, adopt such rules, regulations  
20 and forms necessary to implement this Section 2A.242.

21 (e) The Small Business Commission shall survey San Francisco's Legacy Businesses and, no  
22 later than ~~June~~ ~~September~~ 30, 2015, make substantive recommendations to the Board of Supervisors  
23 for programs for Legacy Businesses. Such programs may include business and technical assistance,  
24 lease renewal and acquisition assistance, public education and commendation initiatives to recognize  
25 and honor the contributions of Legacy Businesses to San Francisco, financial incentives to encourage

1 the stability of Legacy Businesses, and additional business stabilization and neighborhood continuity  
2 initiatives.

3  
4 **~~SEC. 2A.243. LEGACY BUSINESS REBATE PROGRAM.~~**

5 (a) ~~Findings and Purpose.~~ The Board of Supervisors finds that:

6 (1) ~~According to a September 2014 report by San Francisco Architectural~~  
7 ~~Heritage (San Francisco Heritage) entitled "Sustaining San Francisco's Living History:~~  
8 ~~Strategies for Conserving Cultural Heritage Assets," long operating businesses foster civic~~  
9 ~~engagement and pride as neighborhood gathering spots, and contribute to San Francisco's~~  
10 ~~cultural identity.~~

11 (2) ~~In San Francisco's current economic climate, many otherwise successful,~~  
12 ~~long operating businesses are at risk of displacement, despite continued value and a record~~  
13 ~~of success.~~

14 (3) ~~In recent years, San Francisco has witnessed the loss of many long-~~  
15 ~~operating businesses because of increased rents or lease terminations.~~

16 (4) ~~To the extent that property owners have little incentive to retain longstanding~~  
17 ~~tenants, a long operating business that does not own its commercial space or have a long-~~  
18 ~~term lease is particularly vulnerable to displacement. A viable strategy for securing the future~~  
19 ~~stability of San Francisco's long operating businesses is to provide incentives to them to~~  
20 ~~purchase the buildings from which they operate and to provide incentives to landlords to enter~~  
21 ~~into long term leases with the long operating businesses.~~

22 (5) ~~The purpose of the Legacy Business Rebate Program is therefore to~~  
23 ~~maintain San Francisco's cultural identity and to foster civic engagement and pride by~~  
24 ~~assisting long operating businesses to remain in the City.~~

1           ~~(b) **Rebate for Legacy Businesses.** A Legacy Business, as defined in Section~~  
2 ~~2A.242, that, on or after January 1, 2015, purchases the real property from which it operates~~  
3 ~~its business, shall be entitled to a rebate, as calculated in subsection (d) of this Section~~  
4 ~~2A.243, provided that the Legacy Business meets all requirements for the rebate established~~  
5 ~~by this Section 2A.243 and by rules and regulations the Executive Director of the Office of~~  
6 ~~Small Business establishes under subsection (f) of this Section 2A.243. A Legacy Businesses~~  
7 ~~qualifying under this subsection (b) shall be referred to as a "Qualified Legacy Business" for~~  
8 ~~purposes of this Section 2A.243.~~

9           ~~(c) **Rebate for Landlords.** A person, as that term is defined in Business and Tax~~  
10 ~~Regulations Code Section 6.2 15, that, on or after January 1, 2015, purchases the real~~  
11 ~~property from which a Legacy Business operates its business, and that extends the term of~~  
12 ~~the Legacy Business's lease by at least an additional ten years (for example, the purchaser~~  
13 ~~extends an existing ten year lease to a twenty year lease), shall be entitled to a rebate, as~~  
14 ~~calculated in subsection (d) of this Section 2A.243, provided that the person meets all~~  
15 ~~requirements for the rebate established by this Section 2A.243 and by rules and regulations~~  
16 ~~the Executive Director of the Office of Small Business establishes under subsection (f) of this~~  
17 ~~Section 2A.243. A person qualifying under this subsection (c) shall be referred to as a~~  
18 ~~"Qualified Landlord" for purposes of this Section 2A.243.~~

19           ~~(d) **Amount of Rebate.** The City shall pay to a Qualified Legacy Business or a~~  
20 ~~Qualified Landlord an amount equal to any taxes paid pursuant to Article 12-C of the Business~~  
21 ~~and Tax Regulations Code ("Real Property Transfer Tax"), as amended, with respect to the~~  
22 ~~purchase of the real property from which the Legacy Business operates its business, except~~  
23 ~~that the total combined rebates paid to all Qualified Legacy Businesses and Qualified~~  
24 ~~Landlords in a fiscal year shall not exceed \$400,000, and shall be subject to annual~~  
25 ~~appropriation. To the extent that the total rebates requested under this Section 2A.243~~

1 exceed \$400,000 in a fiscal year or exceed the amount of the annual appropriation for the  
2 Legacy Business Rebate Program, the City shall pay rebates to Qualified Legacy Businesses  
3 and Qualified Landlords in order of priority based on the date on which the Office of Small  
4 Business received the Qualified Legacy Business's or the Qualified Landlord's rebate  
5 application. The rebate shall be made to the Qualified Legacy Business or Qualified Landlord,  
6 regardless of who paid the Real Property Transfer Tax. The City shall pay the rebate from a  
7 project account in the General Fund that the Controller shall set aside for Legacy Business  
8 Rebate Program funds (the "Legacy Business Rebate Program Account"). The City shall not  
9 pay the rebate from funds dedicated under bond or other legal financing covenants.

10 (e) ~~Determination of Real Property Transfer Taxes Subject to Rebate.~~ The rebate  
11 in this Section 2A.243 shall be limited to that portion of the Real Property Transfer Tax paid  
12 that relates directly to the lands and improvements from which the Legacy Business operates  
13 its business. If a Qualified Legacy Business or Qualified Landlord purchases real property  
14 that includes improvements that the Legacy Business does not use to operate its business,  
15 the portion of the Real Property Transfer Taxes that may be rebated under this Section  
16 2A.243 shall be determined by multiplying the total Real Property Transfer Tax paid by a  
17 fraction, the numerator of which is the square footage of the improvements on the real  
18 property that the Legacy Business uses to operate its business, and the denominator of which  
19 is the total square footage of the improvements on the real property that the Qualified Legacy  
20 Business or Qualified Landlord purchased. For purposes of this subsection (e), the square  
21 footage of the improvements on the real property that the Legacy Business uses to operate its  
22 business, and the square footage of the improvements on the real property that the Qualified  
23 Legacy Business or Qualified Landlord purchased, shall not include the square footage of any  
24 common areas.

1           ~~(f) **Implementation.** After holding a public hearing, the Executive Director of the~~  
2 ~~Office of Small Business, in consultation with the Controller, shall promulgate rules and~~  
3 ~~regulations to establish the procedures to implement the Legacy Business Rebate Program.~~  
4 ~~Such rules and regulations shall include provisions describing the application process, the~~  
5 ~~documentation that will be required to substantiate qualification for the rebate and the amount~~  
6 ~~of the rebate, an appeal process, and any other provisions deemed necessary and~~  
7 ~~appropriate to carry out the Legacy Business Rebate Program.~~

8           ~~(g) **Annual Reports.**~~

9           ~~(1) By May 1 of each year, the Executive Director of the Office of Small~~  
10 ~~Business shall report to the Board of Supervisors on the implementation of the Legacy~~  
11 ~~Business Rebate Program. The report shall include a list of (A) each Qualified Legacy~~  
12 ~~Business and the amount of the rebate paid to each Qualified Legacy Business, and (B) each~~  
13 ~~Qualified Landlord, the Legacy Business with which the Qualified Landlord entered into the~~  
14 ~~extended lease, the original term of the lease, the extended term of the lease, and the amount~~  
15 ~~of the rebate paid to each Qualified Landlord.~~

16           ~~(2) By September 1 of each year, the Controller shall perform an assessment~~  
17 ~~and review of the effect of the Legacy Business Rebate Program for the prior fiscal year.~~  
18 ~~Based on such assessment and review, the Controller shall prepare and submit an analysis to~~  
19 ~~the Board of Supervisors. The analysis shall be based on criteria deemed relevant by the~~  
20 ~~Controller, and may include, but is not limited to, data contained in the annual reports that the~~  
21 ~~Office of Small Business submits to the Board of Supervisors.~~

22           ~~(h) **Sunset Date.** This Section 2A.243 shall expire by operation of law at midnight on~~  
23 ~~December 31, 2019, unless extended by ordinance. Upon expiration of this Section 2A.243,~~  
24 ~~the City Attorney shall cause it to be removed from the Administrative Code.~~

1 Section 2. Effective Date. This ordinance shall become effective 30 days after  
2 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
3 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
4 of Supervisors overrides the Mayor's veto of the ordinance.

5  
6 ~~Section 3. Undertaking for the General Welfare. In enacting and implementing this~~  
7 ~~ordinance, the City is assuming an undertaking only to promote the general welfare. It is not~~  
8 ~~assuming, nor is it imposing on its officers and employees, an obligation for breach of which it~~  
9 ~~is liable in money damages to any person who claims that such breach proximately caused~~  
10 ~~injury.~~

11  
12 ~~Section 4. Severability. If any section, subsection, sentence, clause, phrase, or word~~  
13 ~~of this ordinance, or any application thereof to any person or circumstance, is held to be~~  
14 ~~invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision~~  
15 ~~shall not affect the validity of the remaining portions or applications of the ordinance. The~~  
16 ~~Board of Supervisors hereby declares that it would have passed this ordinance and each and~~  
17 ~~every section, subsection, sentence, clause, phrase, and word not declared invalid or~~  
18 ~~unconstitutional without regard to whether any other portion of this ordinance or application~~  
19 ~~thereof would be subsequently declared invalid or unconstitutional.~~

20  
21 APPROVED AS TO FORM:  
22 DENNIS J. HERRERA, City Attorney

23 By:

  
24 SCOTT M. REIBER  
25 Deputy City Attorney

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## LEGISLATIVE DIGEST

[Administrative Code - Establishing Legacy Business Registry and Fee]

**Ordinance amending the Administrative Code to direct the Small Business Commission to establish a Legacy Business Registry and authorize an administrative fee for the Registry not to exceed \$50.**

### Existing Law

Existing City law does not specifically provide for the recognition, study, or promotion of "longstanding, community-serving businesses."

### Amendments to Current Law

The proposal is an ordinance that would amend the Administrative Code to direct the Small Business Commission to establish and maintain a registry of Legacy Businesses in San Francisco (the "Registry"). A "Legacy Business" is a business that the Small Business Commission, after a noticed hearing, determines meets four criteria:

- It is a bar, restaurant, retail store, arts space, performance venue, non-profit entity directly serving the community, or a business primarily engaged in Production, Distribution, and Repair activities, as described in Article 2 of the Planning Code;
- It has operated in San Francisco for 30 or more years, with no break in San Francisco operations exceeding two years. The business may have operated in more than one location or jurisdiction, but must have been founded or currently be headquartered in San Francisco;
- It has contributed to the neighborhood's history and/or the identity of a particular neighborhood or community; and,
- It is committed to maintaining the physical features or traditions that define the business, including craft, culinary or art forms.

The ordinance would require the Small Business Commission to survey San Francisco's Legacy Businesses and, no later than September 30, 2015, make substantive recommendations to the Board of Supervisors for programs for Legacy Businesses. Such programs could include business and technical assistance, lease renewal and acquisition assistance, public education and commendation initiatives to recognize and honor the contributions of Legacy Businesses to San Francisco, financial incentives to encourage the stability of Legacy Businesses, and additional business stabilization and neighborhood continuity initiatives. To offset the costs of administering the program, the Small Business Commission, in consultation with the Controller, would establish an administrative fee, not to exceed \$50, for businesses applying to be included on the Registry.

### Background

The original proposal introduced on October 7, 2014, would have also established a rebate program for Legacy Businesses that purchased the real property from which they operated their businesses. The program would also have provided rebates to "Qualified Landlords," meaning persons that purchased real property from which Legacy Businesses operated their businesses and that extended the term of the Legacy Businesses's leases by at least an additional ten years (for example, the purchaser extended an existing ten-year lease to a twenty-year lease). The amount of the rebate would have been equal to the transfer tax paid on the purchase of the property (or portion of the property) from which the Legacy Businesses operated. The total combined rebates paid to all Qualified Legacy Businesses and Qualified Landlords in any one year would not have exceeded \$400,000.

Under the original proposal introduced on October 7, 2014, the Executive Director of the Office of Small Business, in consultation with the Controller, would have adopted rules to implement the rebate program, and would have submitted an annual report to the Board of Supervisors on the program. Also under the original proposal, the Controller would have conducted an annual review of the effect of the program for the Board of Supervisors. The rebate program in the original proposal would have expired by operation of law at midnight on December 31, 2019, unless extended by ordinance.

The Budget and Finance Committee amended the ordinance to remove the rebate program in its entirety. The amendments also: (1) added a requirement that the Small Business Commission make the determination, after a noticed hearing, as to whether a business qualified as a Legacy Business; (2) modified the first requirement for qualification as a Legacy Business to include non-profit entities directly serving the community as potentially qualifying entities; (3) modified the second requirement for qualification as a Legacy Business to require that the business have been "founded or currently be headquartered in San Francisco" rather than requiring that the business have been "established and currently be based in San Francisco;" and (4) changed the date by which the Small Business Commission must make recommendations to the Board of Supervisors from June 30, 2015 to September 30, 2015.

<p><b>Item 1</b>  <b>File: 14-1038</b>  <i>(Continued on December 3, 2014)</i></p>	<p><b>Department:</b>                  Small Business Commission</p>
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**EXECUTIVE SUMMARY**

**Legislative Objectives**

- Ordinance amending the City’s Administrative Code to (a) direct the Small Business Commission to establish a Legacy Business Registry, (b) authorize an administrative fee for the Registry not to exceed \$50, and (c) for the next five years, provide a rebate to Qualified Legacy Businesses that purchase the real property from which they operate, and to Qualified Landlords that purchase the real property from which Legacy Businesses operate if the purchaser extends the term of the Legacy Business’s lease by at least ten years, in an amount equal to the Real Property Transfer Tax levied on the purchase.

**Fiscal Impact**

- A one-time administrative fee of \$50 is estimated to be charged to Legacy Businesses which apply for inclusion in the new registry. To implement this Legacy Business Registry, Ms. Dick-Endrizzi estimates expending \$6,000-\$8,000, to hire a consultant to develop an enhanced data format to be integrated with the Office of Small Business’ existing computer management system, which would be offset by the one-time \$50 administrative fees collected and absorbed within the Office of Small Businesses’ existing budget.
- The survey and report to the Board of Supervisors would be conducted with existing staff, within the Office of Small Business’ existing budget. However, depending on the results of the survey and the recommendations made by the Small Business Commission regarding Legacy Businesses, there may be additional costs to implement these recommendations in the future.
- The proposed ordinance limits the total combined rebates that would be paid to all Qualified Legacy Businesses and Qualified Landlords to a maximum of \$400,000 per fiscal year, subject to appropriation approval by the Board of Supervisors. In FY 2013-14, the City collected \$261,924,190 in Real Property Transfer Taxes, which are deposited into the City’s General Fund. The proposed ordinance specifies that the City would pay the rebates from the City’s General Fund.

**Policy Consideration**

- The proposed ordinance does not address the monthly lease costs that would be charged by the Qualified Landlord to the Legacy Business. If the Qualified Landlord charges significantly increased rent to the Legacy Business for the extended ten year term, such that the Legacy Business could no longer afford to stay in that location, the merits of the proposed ordinance may be negated.
- The office of the sponsor of the proposed ordinance advises that amendments will be introduced at the February 11, 2015 Budget and Finance Committee Meeting.

**Recommendation**

- Approval of the proposed ordinance is a policy decision for the Board of Supervisors.

**MANDATE STATEMENT**

Charter Section 2.105 authorizes all legislative acts by written ordinance or resolution, subject to approval by the Board of Supervisors.

**DETAILS OF PROPOSED LEGISLATION**

The proposed ordinance would add Sections 2A.242 and 2A.243 to the City's Administrative Code to (a) direct the Small Business Commission to establish a Legacy Business Registry, (b) authorize an administrative fee for the Registry not to exceed \$50, and (c) for the next five years, provide a rebate to Qualified Legacy Businesses and Qualified Landlords. Qualified Legacy Businesses would be required to purchase the real property from which they operate, and Qualified Landlords would be required to purchase the real property from which the Legacy Businesses operate and extend the term of the Legacy Business's lease by at least ten years. The rebate would be equal to the Real Estate Property Transfer Tax levied on the purchase.

**Legacy Business Registry**

Under the proposed ordinance, the Small Business Commission would be responsible for establishing and maintaining a registry of Legacy Businesses in San Francisco. The Administrative Code would define a Legacy Business based on the following criteria:

- The business is a bar, restaurant, retail store, arts space, performance venue or business primarily engaged in Production, Distribution and Repair activities, as described in Article 2 of the City's Planning Code;
- The business has operated in San Francisco for 30 or more years, with no more than a two-year break in operations and must have been established and currently based in San Francisco;
- The business has contributed to the neighborhood's history and/or identity of a particular neighborhood or community; and
- The business is committed to maintaining the physical features or traditions that define the business, including craft, culinary or art forms.

The Small Business Commission, in consultation with the Controller, would be responsible for establishing a one-time administrative fee to offset the costs of administering this new program, but not to exceed \$50, for Legacy Businesses to pay for applying to be included in the Legacy Business Registry.

**Qualified Rebates**

Under the proposed ordinance, a Legacy Business that purchases the real property from which it operates its business on or after January 1, 2015, could be entitled to a rebate from the City. Similarly, a landlord that purchases a real property from which a Legacy Business operates on or

after January 1, 2015, and extends the term of the Legacy Business's lease by at least an additional ten years, could be entitled to a rebate from the City. Under the proposed ordinance, the Qualified Legacy Business or Qualified Landlord would have to meet all the specified requirements and regulations established by the Executive Director of the Office of Small Business to qualify for such rebates.

Such rebates would be equal to the Real Property Transfer Tax with respect to the purchase of the real property from which the Legacy Business operates its business. However, the proposed ordinance limits the total combined rebates that would be paid to all Qualified Legacy Businesses and Qualified Landlords to a maximum of \$400,000 per fiscal year, subject to appropriation approval by the Board of Supervisors. If the total rebates requested exceed \$400,000 in a fiscal year or exceed the total annual amount previously appropriated by the Board of Supervisors for this purpose, the City would pay rebates to Qualified Legacy Businesses and Qualified Landlords based on the date the Office of Small Business received the rebate applications, up to the amount appropriated in the City's annual budget.

The rebates would be limited to that portion of the Real Property Transfer Tax that relates directly to the land and improvements from which the Legacy Business operates its business. Therefore, if a purchase includes improvements that the Legacy Business does not use to operate its business, the proportional square footage of the Legacy Business would be applied to the total Real Property Transfer Tax to determine the proportional amount eligible for rebate.

#### **Small Business Commission and Office of Small Business**

The Small Business Commission would be responsible for surveying San Francisco's Legacy Businesses and making recommendations to the Board of Supervisors no later than June 30, 2015 for programs for Legacy Businesses, such as technical assistance, marketing, lease and acquisition assistance, public education, financial incentives and business and continuity initiatives.

The Executive Director of the Office of Small Business, after holding a public hearing and consulting with the Controller, would be responsible for developing rules and regulations to implement the proposed Legacy Business Rebate Program, including the application procedures, documentation required to qualify for rebates, amount of rebates, appeal process and other necessary provisions.

#### **Reports by Office of Small Business and Controller**

By May 1 of each year, the Executive Director of the Office of Small Business would be required to report to the Board of Supervisors on the status of the Legacy Business Rebate Program, including (a) identifying each Qualified Legacy Business and amount of rebate paid to each, and (b) identifying each Qualified Landlord, and the associated Legacy Business which entered into an extended lease, including the original lease term, extended term and amount of rebate paid to each Qualified Landlord. By September 1 of each year, the Controller would be required to

perform an assessment and review of the effect of the Legacy Business Rebate Program for the prior fiscal year and submit such analysis to the Board of Supervisors.

The proposed ordinance would be effective 30 days after enactment and expire on December 31, 2019, a term of approximately five years.

#### **FISCAL IMPACT**

Ms. Regina Dick-Endrizzi, Executive Director of the Office of Small Business advises that based on preliminary estimates there are approximately 200-300 Legacy Businesses in San Francisco. A one-time administrative fee of \$50 is estimated to be charged to Legacy Businesses which apply for inclusion in the new registry, according to Ms. Dick-Endrizzi. To implement this Legacy Business Registry, Ms. Dick-Endrizzi estimates expending \$6,000-\$8,000, to hire a consultant to develop an enhanced data format to be integrated with the Office of Small Business' existing computer management system. This cost would be offset by the administrative fees collected and absorbed within the Office of Small Businesses' existing budget.

The proposed ordinance also requires the Small Business Commission to survey San Francisco's Legacy Businesses and make recommendations to the Board of Supervisors by June 30, 2015 for programs for Legacy Businesses, such as technical assistance, marketing, lease and acquisition assistance, public education, financial incentives and business and continuity initiatives. Ms. Dick-Endrizzi advises that this survey and report to the Board of Supervisors will be conducted with existing staff, within their existing budget. However, depending on the results of the survey and the recommendations made by the Small Business Commission regarding Legacy Businesses, Ms. Dick-Endrizzi notes that there may be additional costs to implement these recommendations in the future. For example, there may be additional costs to develop public relations/marketing programs, including logos and signage for businesses, marketing materials and web presence, and to develop and maintain a business technical assistance program for Legacy Businesses.

Ms. Dick-Endrizzi also notes that the Office of Small Business is currently working with the University of San Francisco's (USF) School of Management and its Gellert Family Business Resource Center, at no cost to the City, to assist in designing the survey, reviewing databases and reviewing technical assistance options.

The proposed rebates to Qualified Legacy Businesses and Qualified Landlords, which would be equal to the Real Property Transfer Tax paid to the City for the subject property, would be the most significant cost of the proposed ordinance. Ms. Dick-Endrizzi cannot currently estimate the number of Qualified Legacy Businesses and Qualified Landlords that would seek rebates or the amount of such rebates. However, the proposed ordinance limits the total combined

rebates that would be paid to all Qualified Legacy Businesses and Qualified Landlords to a maximum of \$400,000 per fiscal year, subject to appropriation approval by the Board of Supervisors. In FY 2013-14, the City collected \$261,924,190 in Real Property Transfer Taxes, which are primarily deposited into the City's General Fund. The proposed ordinance specifies that the City would pay the rebates from the City's General Fund.

## **POLICY CONSIDERATION**

### **Original Ordinance**

Under the original proposed ordinance, a Real Property Transfer Tax rebate would be paid by the City to Qualified Landlords that purchase a real property from which a Legacy Business operates if the landlord extends the term of the Legacy Business's lease by at least an additional ten years. However, the proposed ordinance does not address the monthly lease costs that would be charged by the Qualified Landlord to the Legacy Business. If the Qualified Landlord charges significantly increased rent to the Legacy Business for the extended ten year term, such that the Legacy Business could no longer afford to stay in that location, the merits of the proposed ordinance may be negated.

Under the proposed ordinance, the Executive Director of the Office of Small Business, after holding a public hearing and consulting with the Controller, would be charged with developing rules and regulations to implement the proposed Legacy Business Rebate Program. Whether the Executive Director could limit monthly lease cost increases if a landlord otherwise qualifies to receive the subject rebates should be determined. Alternatively, the proposed ordinance could be amended to potentially limit such future lease increases for Legacy Businesses; if Qualified Landlords directly benefit from this ordinance. Therefore, if these provisions are included, the subject ordinance should be amended to provide for limited increases in monthly lease costs for properties in which the owner receives a Real Property Transfer Tax rebate. The Executive Director of the Office of Small Business should recommend to the Board of Supervisors the process and parameters for limiting lease cost increases to Legacy Businesses under the Legacy Business Rebate Program.

### **Amended Ordinance**

The office of the sponsor of the proposed ordinance advises that amendments will be introduced at the February 11, 2015 Budget and Finance Committee Meeting.

## **RECOMMENDATION**

Approval of the proposed ordinance is a policy decision for the Board of Supervisors.

BOARD of SUPERVISORS



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

## NOTICE OF PUBLIC HEARING

### BUDGET AND FINANCE COMMITTEE

#### SAN FRANCISCO BOARD OF SUPERVISORS

NOTICE IS HEREBY GIVEN THAT the Budget and Finance Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard:

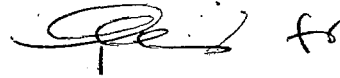
- Date:** Wednesday, February 11, 2015
- Time:** 10:00 a.m.
- Location:** Legislative Chamber, Room 250 located at City Hall,  
1 Dr. Carlton B. Goodlett Place, San Francisco, CA
- Subject:** **File No. 141038.** Ordinance amending the Administrative Code to direct the Small Business Commission to establish a Legacy Business Registry, authorize an administrative fee for the Registry not to exceed \$50, and, for the next five years, provide a rebate to Qualified Legacy Businesses that purchase the real property from which they operate and to Qualified Landlords that purchase the real property from which Legacy Businesses operate if the purchaser extends the term of the Legacy Business's lease by at least ten years, in an amount equal to the transfer tax levied on the purchase.

If the Ordinance passes, the Small Business Commission, in consultation with the Controller, shall establish an administrative fee to offset the costs of administering the Legacy Business Registry, not to exceed \$50, for businesses applying for inclusion in the Registry.

In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made part of the official public record in this matter, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton Goodlett Place, Room 244, San Francisco, CA 94102. Information relating to this matter is available in the Office of the Clerk of the Board. Agenda



information relating to this matter will be available for public review on Friday,  
February 6, 2015.

A handwritten signature in black ink, appearing to read 'AC' followed by a flourish.

Angela Calvillo, Clerk of the Board

DATED: January 28, 2015  
PUBLISHED: January 30, 2015, and February 4, 2015

**CALIFORNIA NEWSPAPER SERVICE BUREAU**

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Linda Wong  
CCSF BD OF SUPERVISORS (OFFICIAL NOTICES)  
1 DR CARLTON B GOODLETT PL #244  
SAN FRANCISCO, CA 94102

EXM 2711982

**COPY OF NOTICE**

Notice Type: GPN GOVT PUBLIC NOTICE  
Ad Description: File No. 141038 - Fee Ad

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01/30/2015 , 02/04/2015

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THE INTER-CITY EXPRESS, OAKLAND (510) 272-4747

**NOTICE OF PUBLIC HEARING**  
**BUDGET AND FINANCE COMMITTEE SAN FRANCISCO BOARD OF SUPERVISORS WEDNESDAY, FEBRUARY 11, 2015 - 10:00 AM LEGISLATIVE CHAMBER, ROOM 250, CITY HALL, 1 DR. CARLTON B. GOODLETT PLACE, SAN FRANCISCO, CA**  
NOTICE IS HEREBY GIVEN THAT the Budget and Finance Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard. File No. 141038. Ordinance amending the Administrative Code to direct the Small Business Commission to establish a Legacy Business Registry, authorize an administrative fee for the Registry not to exceed \$50, and, for the next five years, provide a rebate to Qualified Legacy Businesses that purchase the real property from which they operate and to Qualified Landlords that purchase the real property from which Legacy Businesses operate if the purchaser extends the term of the Legacy Business's lease by at least ten years, in an amount equal to the transfer tax levied on the purchase. If the Ordinance passes, the Small Business Commission, in consultation with the Controller, shall establish an administrative fee to offset the costs of administering the Legacy Business Registry, not to exceed \$50, for businesses applying for inclusion in the Registry. In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made part of the official public record in this matter, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton Goodlett Place, Room 244, San Francisco, CA 94102. Information relating to this matter is available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Friday, February 6, 2015. Angela Calvillo, Clerk of the Board



BOARD of SUPERVISORS



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

## NOTICE OF PUBLIC HEARING

### BUDGET AND FINANCE COMMITTEE

### SAN FRANCISCO BOARD OF SUPERVISORS

NOTICE IS HEREBY GIVEN THAT the Budget and Finance Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard:

**Date:** Wednesday, December 3, 2014

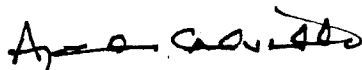
**Time:** 10:00 a.m.

**Location:** Legislative Chamber, Room 250 located at City Hall,  
1 Dr. Carlton B. Goodlett Place, San Francisco, CA

**Subject:** File No. 141038. Administrative Code - Legacy Business Registry, Rebate Program, and Establishing Fees

If the Ordinance passes, the Small Business Commission, in consultation with the Controller, shall establish an administrative fee to offset the costs of administering the Legacy Business Registry, not to exceed \$50, for businesses applying for inclusion in the Registry.

In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made part of the official public record in this matter, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton Goodlett Place, Room 244, San Francisco, CA 94102. Information relating to this matter is available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Wednesday, November 26, 2014.

  
Angela Calvillo, Clerk of the Board

DATED: November 21, 2014  
PUBLISHED: November 23, 2014, and November 28, 2014

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1 DR CARLTON B GOODLETT PL #244  
SAN FRANCISCO, CA 94102

### COPY OF NOTICE

Notice Type: GPN GOVT PUBLIC NOTICE  
Ad Description LW - File No. 141038 - Fee Ad

To the right is a copy of the notice you sent to us for publication in the SAN FRANCISCO CHRONICLE. Please read this notice carefully and call us with any corrections. The Proof of Publication will be filed with the Clerk of the Board. Publication date(s) for this notice is (are):

11/23/2014 , 11/28/2014

CNS 2691802

**NOTICE OF PUBLIC HEARING  
BUDGET AND FINANCE COMMITTEE  
SAN FRANCISCO BOARD OF SUPERVISORS WEDNESDAY, DECEMBER 3, 2014 - 10:00 AM LEGISLATIVE CHAMBER, ROOM 250, CITY HALL, 1 DR. CARLTON B. GOODLETT PLACE, SAN FRANCISCO, CA**  
NOTICE IS HEREBY GIVEN THAT the Budget and Finance Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard: File No. 141038. Administrative Code - Legacy Business Registry, Rebate Program, and Establishing Fees. If the Ordinance passes, the Small Business Commission, in consultation with the Controller, shall establish an administrative fee to offset the costs of administering the Legacy Business Registry, not to exceed \$50, for businesses applying for inclusion in the Registry. In accordance with Administrative Code, Section 07.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made part of the official public record in this matter, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton Goodlett Place, Room 244, San Francisco, CA 94102. Information relating to this matter is available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Wednesday, November 26, 2014.

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BOARD of SUPERVISORS



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Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
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TDD/TTY No. 554-5227

## MEMORANDUM

TO: Todd Rufo, Director, Office of Economic and Workforce Development  
Ben Rosenfield, City Controller, Office of the Controller  
Jose Cisneros, Treasurer, Office of the Treasurer & Tax Collector

FROM: Linda Wong, Assistant Clerk, Budget and Finance Committee, Board of Supervisors

DATE: October 21, 2014

SUBJECT: LEGISLATION INTRODUCED

---

The Board of Supervisors' Budget and Finance Committee has received the following proposed legislation, introduced by Supervisor Campos on October 7, 2014:

**File No. 141038**

**Ordinance amending the Administrative Code to direct the Small Business Commission to establish a Legacy Business Registry, authorize an administrative fee for the Registry not to exceed \$50, and, for the next five years, provide a rebate to Qualified Legacy Businesses that purchase the real property from which they operate and to Qualified Landlords that purchase the real property from which Legacy Businesses operate if the purchaser extends the term of the Legacy Business's lease by at least ten years, in an amount equal to the transfer tax levied on the purchase.**

If you have any additional 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: Ken Rich, Office of Economic and Workforce Development  
Greg Kato, Office of the Treasurer & Tax Collector

BOARD of SUPERVISORS



City Hall  
Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
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# MEMORANDUM

TO: Regina Dick-Endrizzi, Director  
**Small Business Commission, City Hall, Room 448**

FROM: Linda Wong, Assistant Clerk, Budget and Finance Committee, Board of Supervisors

DATE: October 21, 2014

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS  
Budget and Finance Committee

The Board of Supervisors' Budget and Finance Committee has received the following legislation, which is being referred to the Small Business Commission for comment and recommendation. The Commission may provide any response it deems appropriate within 12 days from the date of this referral.

**File No. 141038**

**Ordinance amending the Administrative Code to direct the Small Business Commission to establish a Legacy Business Registry, authorize an administrative fee for the Registry not to exceed \$50, and, for the next five years, provide a rebate to Qualified Legacy Businesses that purchase the real property from which they operate and to Qualified Landlords that purchase the real property from which Legacy Businesses operate if the purchaser extends the term of the Legacy Business's lease by at least ten years, in an amount equal to the transfer tax levied on the purchase.**

Please return this cover sheet with the Commission's response to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

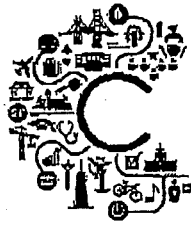
\*\*\*\*\*

RESPONSE FROM SMALL BUSINESS COMMISSION - Date: \_\_\_\_\_

- No Comment
- Recommendation Attached

\_\_\_\_\_  
Chairperson, Small Business Commission

BOS 11, CO B, Leg  
File 141038 Dep,  
B+F  
CPAG.



**SAN  
FRANCISCO  
CHAMBER OF  
COMMERCE**

December 1, 2014

Supervisor Mark Farrell  
San Francisco Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, #244  
San Francisco, CA 94102

RE: SUPPORT: File #141038, Legacy Business Registry, Rebate Program, and Establishing Fees

Dear Supervisor Farrell,

The San Francisco Chamber of Commerce, representing over 1,500 local businesses, is pleased to support the Legacy Business Registry and Rebate Program ordinance sponsored by you and Supervisor Campos that is coming before the Budget and Finance Committee on December 3, 2014.

Many Chamber members are long-standing businesses that have contributed to the city's history, culture and unique urban fabric over many decades. We understand the challenges they face to keep their doors open, especially in neighborhood commercial districts; given the increasing costs of maintaining a business here. It is important to give these businesses and others like them assistance to stay firmly rooted in their communities and keep San Francisco's economy thriving.

The Legacy Business Registry and Rebate Program offers financial incentives to qualified business owners and/or their landlords to help keep long-standing establishments in place. The Chamber supports this effort to sustain and protect local businesses with long histories of serving San Francisco residents and visitors. We urge the members of the Budget and Finance Committee to send the ordinance to the full Board with recommendation for approval.

Sincerely,

Jim Lazarus  
Senior Vice President of Public Policy

cc: Clerk of the Board, to be distributed to all Supervisors; Regina Dick-Endrizzi, Office of Small Business;  
Mike Buhler, SF Architectural Heritage

# Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)

2. Request for next printed agenda Without Reference to Committee.

3. Request for hearing on a subject matter at Committee.

4. Request for letter beginning "Supervisor [ ] inquires"

5. City Attorney request.

6. Call File No. [ ] from Committee.

7. Budget Analyst request (attach written motion).

8. Substitute Legislation File No. [ ]

9. Reactivate File No. [ ]

10. Question(s) submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

Small Business Commission     Youth Commission     Ethics Commission

Planning Commission     Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.**

**Sponsor(s):**

Sup. David Campos, *Farrell*

**Subject:**

Ordinance amending the Administrative Code to direct Small Business

**The text is listed below or attached:**

[ ]

Signature of Sponsoring Supervisor:

*David Campos*

For Clerk's Use Only: