

BOARD of SUPERVISORS



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## MEMORANDUM

TO: Katy Tang, Director  
Small Business Commission, City Hall, Room 448

FROM: John Carroll, Assistant Clerk, Land Use and Transportation Committee

DATE: May 28, 2025

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS  
Land Use and Transportation Committee

The Board of Supervisors' Land Use and Transportation 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. 250538**

**Ordinance amending the Planning Code to update eligibility requirements for the priority processing program for certain commercial uses, including enabling eligible uses in the North Beach Neighborhood Commercial District, the North Beach Special Use District, the Calle 24 Special Use District, and Formula Retail uses with fewer than 20 establishments to participate in the program, and updating scheduling and extension requirements for the priority processing program; reaffirming the Planning Department's determination under the California Environmental Quality Act; making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and making findings of public necessity, convenience, and welfare pursuant to Planning Code, Section 302.**

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.

c:  
Office of Chair Melgar and Mayor Lurie  
Kerry Birnbach, Senior Policy Analyst/Commission Secretary

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

\_\_\_\_ No Comment  
\_\_\_\_ Recommendation Attached

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

[Planning Code - Priority Processing for Certain Commercial Uses]

**Ordinance amending the Planning Code to update eligibility requirements for the priority processing program for certain commercial uses, including enabling eligible uses in the North Beach Neighborhood Commercial District, the North Beach Special Use District, the Calle 24 Special Use District, and Formula Retail uses with fewer than 20 establishments to participate in the program, and updating scheduling and extension requirements for the priority processing program; reaffirming the Planning Department's determination under the California Environmental Quality Act; making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and making findings of public necessity, convenience, and welfare pursuant to Planning Code, Section 302.**

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

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

Section 1. Environmental and Land Use Findings.

(a) The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of

Supervisors in File No. \_\_\_\_ and is incorporated herein by reference. The Board affirms this determination.

(b) On \_\_\_\_\_, the Planning Commission, in Resolution No. \_\_\_\_\_, adopted findings that the actions contemplated in this ordinance are consistent, on balance, with the City's General Plan and eight priority policies of Planning Code Section 101.1. The Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File No. \_\_\_\_\_, and is incorporated herein by reference.

(c) Pursuant to Planning Code Section 302, this Board finds that these Planning Code amendments will serve the public necessity, convenience, and welfare for the reasons set forth in Planning Commission Resolution No. \_\_\_\_\_, and the Board incorporates such reasons herein by reference. A copy of said resolution is on file with the Clerk of the Board of Supervisors in File No. \_\_\_\_.

## Section 2. Background and General Findings.

(a) Fast, predictable, and transparent permitting processes will create new jobs, businesses, and homes, as well as facilitate the City's economic recovery from the COVID-19 pandemic. Commonly referred to as "PermitSF," the City's effort to reform permitting consists of improving the customer experience by streamlining approval processes; promoting government accountability to provide certainty about the delivery of government services; and centralizing technology to create a single point of permitting access.

(b) This ordinance enhances the customer experience and promotes government accountability by increasing the certainty and transparency of the regulatory process for small businesses. Streamlining the conditional use authorization process will create a clearer pathway to open new businesses and will help drive the city's economic recovery.

1           Section 3. Article 3 of the Planning Code is hereby amended by revising Section  
2   303.2, to read as follows:

3           **SEC. 303.2. PRIORITY PROCESSING FOR CERTAIN USES IN COMMERCIAL**  
4   **SPACE: EXPEDITED CONDITIONAL USE REVIEW AND APPROVAL PROCESS AND**  
5   **REDUCED APPLICATION FEE.**

6           (a) **Findings.**

7           (1) In April 2013, the Planning Commission adopted the Small Business Priority  
8   Processing Pilot Program. The stated goal of the pilot program was to accelerate the review of  
9   certain small business applications without compromising the review times of other  
10   applications.

11          (2) Building on the success of the pilot program, Planning Department staff in  
12   consultation with staff from the Office of Small Business proposed expanding the program to  
13   additional types of applications. The expanded program was adopted by the Planning  
14   Commission in February 2015 and renamed the Community Business Priority Processing  
15   Program. As expressed in the Commission's adoption *of* Resolution No. 19323, the intent  
16   was to support the business community – especially small and mid-sized businesses – and to  
17   increase efficiencies in the way the Commission and Department handle related applications.

18          (3) By enacting this Section 303.2, the Board of Supervisors underscores the  
19   importance of small and mid-sized businesses to the economic vitality of San Francisco's  
20   neighborhoods and to the City as a whole, its residents, and visitors. The intent of this Section  
21   303.2 is to expedite the review and hearing process for these vital small and mid-sized  
22   businesses without compromising public notice and input or the review times of other  
23   applications, and to build upon the success of the Community Business Priority Process  
24   Program by expanding the scope of eligible projects and ensuring that all eligible projects are  
25

1 considered accordingly, while preserving critical opportunities for community input and  
2 accountability to the legislative branch of government.

3 (4) On \_\_\_\_\_, the Planning Commission adopted Resolution No. \_\_\_\_\_ to  
4 consolidate the Community Business Priority Processing Program with the priority processing  
5 program under this Section 303.2. As many of the features of these two programs overlap,  
6 consolidating the two programs will promote efficiency and reduce confusion.

7 ~~——— (4) The Calle 24 Special Use District is still in its infancy, and due to its unique history~~  
8 ~~and special identity the projects within its boundaries require special consideration in order to retain,~~  
9 ~~enhance, and support its character. It is, therefore, exempted from the priority processing provisions of~~  
10 ~~this Section 303.2.~~

11 ~~The City first recognized the area's unique history and special character in 2014, when in~~  
12 ~~Resolution No. 168-14 it established the Calle 24 ("Veinticuatro") Latino Cultural District. The~~  
13 ~~Resolution memorialized "a place whose richness of culture, history and entrepreneurship is unrivaled~~  
14 ~~in San Francisco." A 2014 report by San Francisco Architectural Heritage found that many of the~~  
15 ~~long-standing community-serving businesses within the area were at risk of displacement due to San~~  
16 ~~Francisco's volatile economic climate despite continued value and a record of success.~~

17 ~~The special character of the area was further recognized in 2017 when Ordinance No. 85-17~~  
18 ~~was enacted to establish the Calle 24 Special Use District. In enacting that ordinance, the Board~~  
19 ~~specifically found, among other things, that "[t]he mix of businesses and uses, including Legacy~~  
20 ~~Businesses, murals, festivals and architectural neighborhood design and character in the Calle 24~~  
21 ~~Special Use District contribute to a strong sense of neighborhood and a unifying identity." This area~~  
22 ~~continues to require special consideration in order to retain, enhance, and support its unique history~~  
23 ~~and character, including providing economic and workforce opportunities for local residents,~~  
24 ~~supporting the production and offering of local or Latino artwork, and making sure that the area offers~~  
25

1 ~~a range of goods and services available and accessible to residents, including immigrant and low-~~  
2 ~~income and moderate-income households.~~

3 (b) **Priority Processing for Certain Uses.** Applications for Conditional Use  
4 authorization that comply with the requirements of subsection (c) are eligible for priority  
5 processing and a prorated application fee. Eligibility for priority processing shall not require  
6 any application separate from a completed application for Conditional Use authorization.  
7 Unless modified by this Section 303.2-, the provisions of Section 303 shall apply.

8 (c) **Eligibility for Priority Processing.** An application for a Conditional Use  
9 authorization qualifies for priority processing (“eligible application”) pursuant to this Section  
10 303.2 if it is seeking to establish, alter, enlarge, or intensify a commercial use on the first story  
11 or below, or on the second story where the commercial use would operate on both the first  
12 and second stories, in the subject building and if it complies with all of the following  
13 requirements:

- 14 (1) It pertains exclusively to Non-Residential Uses;
- 15 (2) It is limited to changes of use, tenant improvements, or other interior or  
16 storefront work and does not involve any new construction or building expansion;
- 17 (3) It does not involve the removal of any Dwelling Units or Unauthorized Units;
- 18 (4) It does not involve a Formula Retail use, unless the Formula Retail use in  
19 question has fewer than 20 other establishments;
- 20 (5) It does not propose or require the consolidation of multiple storefronts;
- 21 (6) It does not seek to provide off-street parking in a quantity beyond that  
22 allowed as of right; and
- 23 (7) It does not seek to establish or expand any of the following uses:
  - 24 (A) Adult Entertainment<sub>;</sub>
  - 25 (B) Drive-up Facility<sub>;</sub>

1 (C) Fringe Financial Service;

2 (D) ~~Medical Cannabis Dispensary Retail;~~

3 (E) Tobacco Paraphernalia Establishment; or

4 (F) Wireless Communication Facility; ~~and~~

5 ~~—— (8) Is not within the Calle 24 Special Use District, as described and set forth in Section~~  
6 ~~249.59 of this Code.~~

7 ~~—— (9) It is not within the North Beach Neighborhood Commercial District, as described~~  
8 ~~and set forth in Section 722, or the North Beach Special Use District, as described and set forth in~~  
9 ~~Section 780.3.~~

10 ~~If the application qualifies for priority processing, the Department shall notify the applicant of~~  
11 ~~the date of acceptance of the complete application and of the applicant's eligibility for priority~~  
12 ~~processing. The application fee shall be prorated pursuant to subsection (f).~~

13 (d) **Expedited Commission Hearing.** An eligible application shall be scheduled for a  
14 public hearing on the Planning Commission's ~~consent~~ calendar within 90 days from the date  
15 that the application has been deemed complete, unless the hearing date is extended pursuant  
16 to subsection (e). An application is deemed complete when the application and filing fee have  
17 been accepted by the Department. ~~The Planning Commission shall develop rules and regulations to~~  
18 ~~ensure that eligible applications are heard and determined within 90 days without compromising the~~  
19 ~~review times of other applications.~~

20 (e) **Extension of Commission Hearing Date.** The Planning Commission may at any  
21 time adopt a one-time extension of not more than 60 days of the hearing date for an eligible  
22 application beyond 90 days if:

23 ~~(1) the Planning Director or the Director's designee requests in writing that the item be~~  
24 ~~removed from the Commission's consent calendar; or~~

1           ~~(2) any member of the Planning Commission requests that the item be removed from the~~  
2     ~~Commission's consent calendar; or~~

3           ~~(3) any neighborhood organization maintained on a list by the Planning Department~~  
4     ~~pursuant to subsection 311(d)(4) submits within 60 days of the submission of a complete~~  
5     ~~Conditional Use authorization application, or at any point prior to the Planning Commission's~~  
6     ~~scheduled hearing, a letter of opposition or written request~~ for a continuance ~~that the item be~~  
7     ~~removed from the Commission's consent calendar~~ at least one day before the hearing.

8           ~~(g) **Report to the Board of Supervisors.** One year from the effective date of this Section 303.2~~  
9     ~~and for three years thereafter on an annual basis, the Planning Department shall submit to the Board~~  
10    ~~of Supervisors a report showing the number and percentage of eligible applications that are considered~~  
11    ~~within 90 days of the date the Department has deemed the application complete and the reason or~~  
12    ~~reasons why eligible applications were not heard within 90 days, if any.~~

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

17          Section 5. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
18     intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
19     numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal  
20     Code that are explicitly shown in this ordinance as additions, deletions, Board amendment  
21     additions, and Board amendment deletions in accordance with the "Note" that appears under  
22     the official title of the ordinance.



1     APPROVED AS TO FORM:  
2     DAVID CHIU, City Attorney

3     By:     /s/ Giulia Gualco-Nelson  
4             GIULIA GUALCO-NELSON  
           Deputy City Attorney

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## **LEGISLATIVE DIGEST**

[Planning Code - Priority Processing for Certain Commercial Uses]

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### **Existing Law**

In 2015 the Planning Commission adopted Resolution No. 19323 to create the Community Business Priority Processing Program ("CB3P"). The intent of CB3P is to support the business community – especially small and mid-sized businesses – and to increase efficiencies in the way the Planning Commission and Planning Department handle related applications.

In 2020 the City enacted Planning Code Section 303.2 to create an expedited conditional use review process for certain commercial uses. Applicants must satisfy a number of eligibility criteria, including that the use not involve a Formula Retail use and not be located in the Calle 24 Special Use District (Section 249.59), the North Beach Neighborhood Commercial District (Section 722), or the North Beach Special Use District (Section 780.3). An eligible application must be scheduled for a public hearing on the Planning Commission's consent calendar within 90 days from the date that the application has been deemed complete, unless the hearing date is extended at the request of the Planning Director, the Planning Commission, or a neighborhood organization.

### **Amendments to Current Law**

This ordinance amends Section 303.2 to clarify that the Planning Commission has ended the CB3P. The ordinance updates the eligibility requirements to align with the former CB3P, including:

- permitting formula retail uses with fewer than 20 locations to participate in the priority processing program;

- allowing uses in the Calle 24 Special Use District, the North Beach Neighborhood Commercial District, and the North Beach Special Use District to obtain priority processing; and
- disallowing Cannabis Retail uses from priority processing.

The ordinance also removes references to placing the applications on the Planning Commission's consent calendar and provides that an extension of the 90 days is available if a neighborhood organization requests a continuance of the application in writing. The ordinance also removes references to annual reporting requirement that has expired.

#### Background Information

This ordinance contains findings detailing the need for a fast, predictable, and transparent permitting process, which will create new jobs, businesses, and homes, as well as facilitate the City's economic recovery from the COVID-19 pandemic.

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