File No.	210809	Committee Item No	10
		Board Item No. 8	

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee:	Budget & Finance Committee	Date	September 15, 2021
Board of Su	pervisors Meeting	Date	September 21, 2021
Cmte Board Survey Surve		: Report er and/or R	
OTHER	(Use back side if additional spa		
	by: Linda Wong by: Linda Wong		otember 9, 2021 ptember 17, 2021

1	[Administrative Code - COVID-19 Commercial Rent Relief Fund]	
2		
3	Ordinance amending the Administrative Code to establish the COVID-19 Commercial	
4	Rent Relief Fund to provide financial support to landlords of certain Commercial	
5	Tenants where the tenant was unable to pay rent due to the COVID-19 pandemic, and	
6	setting a sunset date of 24 months from the effective date of the legislation.	
7	NOTE: Unchanged Code text and uncodified text are in plain Arial font. Additions to Codes are in <u>single-underline italics Times New Roman font</u> . Deletions to Codes are in <u>strikethrough italics Times New Roman font</u> . Board amendment additions are in <u>double-underlined</u> . Arial font.	
9	Board amendment deletions are in strikethrough Arial font. Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.	
11		
12 13	Be it ordained by the People of the City and County of San Francisco:	
14	Section 1. Article XIII of Chapter 10 of the Administrative Code is hereby amended by	
15	adding Section 10.100-51.2, to read as follows:	
16	SEC. 10.100-51.2. COVID-19 COMMERCIAL RENT RELIEF FUND.	
17	(a) Establishment of Fund. The COVID-19 Commercial Rent Relief Fund (the "Fund") is	
18	hereby established as a category eight fund to provide financial support to landlords of certain	
19	Commercial Tenants where the tenant was unable to pay rent due to a Financial Impact Related to	
20	COVID-19.	
21	(b) Definitions. For purposes of this Section 10.100-51.2, the following terms shall have thes	
22	meanings:	
23	"Commercial Tenant" means a Covered Commercial Tenant as defined in Administrative Coa	
24	Section 37C.2, provided that the Tenant has combined worldwide gross receipts for tax year 2019 for	
25	purposes of Article 12-A-1 of the Business and Tax Regulations Code equal to or less than \$2.5 million	

1	which amount shall be prorated in the case of businesses that were not open for the entire 2019 tax
2	<u>year.</u>
3	"Financial Impact Related to COVID-19" has the meaning given in Administrative Code
4	Section 37C.2.
5	"Legacy Business" means a business registered as such under Administrative Code
6	Section 2A.242.
7	"Moratorium Period" has the meaning given in Administrative Code Section 37C.2.
8	"Neighborhood Anchor Business" means a business registered as such under Administrative
9	Code Section 2A.244.
10	(c) Administration of Fund. The Office of Economic and Workforce Development (OEWD)
11	shall administer the Fund.
12	(1) In consultation with the Controller's Office, and with any other City agency as
13	OEWD deems appropriate, the OEWD Director or the Director's designee shall adopt rules for
14	administration of the Fund, including rules for the distribution of monies in the Fund and for the
15	identification and prioritization of the most at-risk Commercial Tenants. OEWD shall make these rules
16	available on its website and at its office.
17	(2) To the extent claims exceed available funds, OEWD shall give priority to landlords
18	facing hardship, where the unpaid rent is likely to cause the landlord to become unable to pay
19	mortgage payments, perform other preexisting obligations, or complete necessary repairs at the
20	property. OEWD may develop additional criteria and procedures for the allocation of funds that
21	promote equity, efficiency, and transparency in the administration of the grant program.
22	(3) OEWD may award grants from the Fund until June 30, 2022.
23	(4) OEWD may consult with organizations representing the interests of landlords
24	and/or Commercial Tenants regarding its implementation of this Section 10.100-51.2.
25	

1	(d) Use of Fund. OEWD's rules regarding the distribution of monies from the Fund shall
2	incorporate and develop the following criteria:
3	(1) The total grant may not exceed \$35,000. In determining the amount of a grant,
4	OEWD may consider any other financial assistance related to the COVID-19 pandemic that the
5	landlord and the Commercial Tenant have received from government sources. OEWD shall determine
6	the grant to a landlord based on the Commercial Tenant's unpaid rent at a single location or business,
7	regardless of whether the Tenant operates more than one location or business.
8	(2) The award of a grant shall be contingent upon the execution by the landlord and the
9	Commercial Tenant of an agreement that either restructures the existing lease by extending the term of
10	the lease as necessary to result in a term of at least three years from the date of the award of the grant,
11	or commits the parties to honor an existing lease that has three years or more left on its term. The
12	agreement shall also include provisions stating how the parties have addressed or will address the
13	missed rent payments that originally fell due during the Moratorium Period. If the parties do not
14	submit an agreement as specified in this subsection $(d)(2)$, OEWD may, in its discretion, accept other
15	documentation showing a mutually-agreed upon approach by the parties to the management of the
16	unpaid rent and the extension of the lease terms or commitment to the existing lease terms consistent
17	with this subsection $(d)(2)$.
18	(3) The landlord or Commercial Tenant must submit an application signed under
19	penalty of perjury by both parties that establishes all of the following:
20	(A) The grant request is based on unpaid rent that initially became due during
21	the Moratorium Period;
22	(B) The Commercial Tenant was unable to pay the rent due to Financial Impact
23	Related to COVID-19;
24	(C) The parties have satisfied the requirements of subsection $(d)(2)$, above;
25	

1	(D) The landlord and the Commercial Tenant acknowledge and agree that the
2	landlord will credit the full amount of the grant against the Commercial Tenant's unpaid rent that
3	initially became due during the Moratorium Period; and,
4	(E) The Commercial Tenant still occupies the rented premises and has no
5	present intent to vacate.
6	(4) It shall be City policy to distribute grants from the Fund to landlords whose tenants
7	constitute a diverse range of businesses within the City.
8	(5) OEWD may give special consideration to businesses that are Legacy Businesses or
9	Neighborhood Anchor Businesses.
10	(e) Undertaking for the General Welfare. In enacting and implementing this
11	Section 10.100-51.2, the City is assuming an undertaking only to promote the general welfare. It is not
12	assuming, nor is it imposing on its officers and employees, an obligation for breach of which it is liable
13	in money damages to any person who claims that such breach proximately caused injury.
14	(f) Sunset Date. This Section 10.100-51.2 shall expire by operation of law two years after the
15	effective date of the ordinance in Board File No, establishing this Section. Upon expiration of
16	this Section, the City Attorney shall cause it to be removed from the Administrative Code. Any monies
17	left in the Fund after the expiration of this Section shall be transferred to the General Fund.
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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	APPROVED AS TO FORM: DENNIS J. HERRERA, City Attorney
7	
8	By:/s/ Thomas J. Owen
9	THOMAS J. OWEN Deputy City Attorney
10	Dopaty City / Morriey
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LEGISLATIVE DIGEST

[Administrative Code - COVID-19 Commercial Rent Relief Fund]

Ordinance amending the Administrative Code to establish the COVID-19 Commercial Rent Relief Fund to provide financial support to landlords of certain Commercial Tenants where the tenant was unable to pay rent due to the COVID-19 pandemic, and setting a sunset date of 24 months from the effective date of the legislation.

Existing Law

The City currently does not have a special program or fund to support landlords whose commercial tenants did not pay rent due to the COVID-19 pandemic.

Amendments to Current Law

The proposal is an ordinance that would amend the Administrative Code to establish the COVID-19 Commercial Rent Relief Fund (the "Fund") to provide financial support to landlords of commercial tenants, where the tenants were unable to pay their rent because of the COVID-19 pandemic. A landlord would not be eligible for a grant from the Fund if the tenant had annual gross receipts of more than \$2.5 million.

The Office of Economic and Workforce Development (OEWD) would administer the Fund. The OEWD Director would be responsible for adopting rules for the Fund, including rules for prioritizing at-risk tenants and landlords facing financial hardship because of unpaid rent.

An individual grant could not exceed \$35,000. The landlord and the tenant would have to agree in the grant application that the landlord would credit the full amount of the grant against the tenant's unpaid rent. They would have to agree to either restructure the existing lease by extending its term to at least three years from the date of the grant, or commit to honor an existing lease that had three years or more left on its term. And the agreement would have to explain how the parties had addressed or will address the missed rent payments.

The ordinance would make it City policy to distribute grants from the Fund to landlords whose tenants constituted a diverse range of businesses within the City, and would authorize OEWD to give special consideration to businesses that were Legacy or Neighborhood Anchor Businesses.

The Fund would expire after two years.

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BOARD OF SUPERVISORS Page 1



CITY AND COUNTY OF SAN FRANCISCO LONDON BREED, MAYOR

OFFICE OF SMALL BUSINESS REGINA DICK-ENDRIZZI, DIRECTOR

September 14, 2021

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. 210809: Administrative Code - COVID 19 Commercial Rent Relief Fund

The Small Business Commission Recommendation to the Board of Supervisors: Support

Dear Ms. Calvillo,

On September 13, 2021 the Small Business Commission (SBC) heard BOS File No. 210809 - Administrative Code – COVID 19 Commercial Rent Relief Fund. Supervisor Ahsha Safai provided the SBC with an overview of the legislation. The SBC voted (5-0,2 recusals) to recommend that the Board of Supervisors support the legislation.

The SBC engaged in substantive discussion regarding the legislation and timing that the relief fund could provide. Noting that San Francisco businesses owe nearly \$400 million in back rent accumulated during the COVID 19 pandemic, this legislation can help address this debt. The SBC looks forward to assisting the Office of Economic and Workforce Development in administering this program to ensure businesses take advantage of the fund.

The SBC is appreciative of Supervisor Safai and his staff for their continued support of San Francisco's small businesses as they navigate economic recovery during the COVID-19 pandemic. Thank you for considering the Commission's recommendation. Please feel free to contact me should you have any questions.

Sincerely,

Regina Dick-Endrizzi

Director, Office of Small Business

ZMDick Endergi

cc: Ahsha Safai, Member, Board of Supervisors,

Matt Haney, Member, Board of Supervisors

Gordon Mar, Member, Board of Supervisors

Sophia Kittler, Mayor's Liaison to the Board of Supervisors

Lisa Pagan, Office of Economic and Workforce Development

Linda Wong, Clerk of the Budget and Finance Committee

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

MEMORANDUM

TO: Kate Sofis, Director, Office of Economic and Workforce Development

Ben Rosenfield, City Controller, Office of the Controller Regina Dick-Endrizzi, Director, Office of Small Business

FROM: Linda Wong, Assistant Clerk

Budget and Finance Committee

DATE: August 26, 2021

SUBJECT: LEGISLATION INTRODUCED

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

File No. 210809

Ordinance amending the Administrative Code to establish the COVID-19 Commercial Rent Relief Fund to provide financial support to landlords of certain Commercial Tenants where the tenant was unable to pay rent due to the COVID-19 pandemic, and setting a sunset date of 24 months from the effective date of the legislation.

If you have 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 or by email at: linda.wong@sfgov.org.

c: J'Wel Vaughan, Office of Economic and Workforce Development Lisa Pagan, Office of Economic and Workforce Development Todd Rydstrom, Office of the Controller

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5	
6	APPROVED AS TO FORM:
7	DENNIS J. HERRERA, City Attorney
8	Dur /a/ Thomas I Owen
9	By: /s/ Thomas J. Owen THOMAS J. OWEN
10	Deputy City Attorney
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LEGISLATIVE DIGEST

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BOARD OF SUPERVISORS Page 1

Print Form

Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp or meeting date

I hereby submit the following item for introduction (select only one):	or meeting date
1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment	nt).
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	inquiries"
5. City Attorney Request.	
6. Call File No. from Committee.	
7. Budget Analyst request (attached written motion).	
8. Substitute Legislation File No.	
9. Reactivate File No.	
10. Topic submitted for Mayoral Appearance before the BOS on	
L	
Please check the appropriate boxes. The proposed legislation should be forwarded to the fol	lowing:
Small Business Commission	commission
Planning Commission Building Inspection Commission	sion
Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imper	ative Form.
Sponsor(s):	
Safai	•
Subject:	
COVID 19 Commercial Rent Relief Fund	
The text is listed:	
Ordinance amending the Administrative Code to establish the COVID 19 Commercial Rent R financial support to landlords of certain Commercial Tenants where the tenant was unable to p COVID-19 pandemic, and setting a sunset date of 24 months from the effective date of the leg	pay rent due to the
- Juli	A.A.
Signature of Sponsoring Supervisor:	MATERIA
For Clerk's Use Only	

 From:
 Sarah Bacon

 To:
 Safai, Ahsha (BOS)

 Cc:
 Wong, Linda (BOS)

Subject: Support for Commercial Rent Grant Legislation

Date: Monday, September 13, 2021 3:10:20 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Hi Supervisor Safai and Clerk Wong,

I am unable to make comments at the virtual Budget & Finance Committee meeting on September 15, so I wanted to email to express my support for your proposed legislation. Please enter this into the official comment record for the meeting.

I own a cafe in San Francisco's Nob Hill neighborhood. We support this proposed legislation because we need help paying back rent to our landlord. Our landlord has been very patient with us, but he is ready to negotiate and demand back rent from us for the last 18 months. We have been so lucky to survive through Covid and keep our business alive, and our 16 staff members employed. But we will not be able to satisfy our landlord's demand for \$70k+ in back rent without assistance. We welcome any help the city of San Francisco can provide to us, or to our landlord, to help alleviate this situation.

We appreciate our landlord and his need to collect the rent we owe, but it will mean the end to our business. We would also appreciate support in renegotiating our lease to a monthly rent that is reasonable and commensurate with these harder economic times.

Thank you for your efforts with your Commercial Rent Grant Legislation.

Sarah Bacon Nourish Cafe 415-420-7599 cell