

[2025 Expanding Housing Choice Plan: Small Business Protections]

Resolution in support of the 2025 Expanding Housing Choice Plan and urging San Francisco Mayor and Board of Supervisors to add amendments to the plan protecting Small Businesses from displacement.

WHEREAS, In 2022, The Board of Supervisors reported that San Francisco's small businesses contributed hundreds of millions of dollars to San Francisco's economy each year and made a “significant investment in the economic health of our City and the quality of life of its citizens and visitors;” and

WHEREAS, in 2024, small business contributed 43.5% of the national GDP and in 2023, minority owned small businesses in CA generated \$192.8 billion; and

WHEREAS, Small businesses have employed 360,000 San Franciscans, providing economic security for marginalized and BIPOC families and youth. 27.44% of small businesses in California are family owned, with 92% of those businesses being first-generation owned; and

WHEREAS, Small businesses are critical to young people, providing culturally relevant resources, community spaces, as well as employment and mentorship opportunities; and

WHEREAS, Youth-employment programs such as Enterprise for Youth and JCYC Programs like MYEEP provide San Francisco youth with hands-on experience in small businesses, bolstering career exposure, financial independence, and community engagement; and

WHEREAS, Commercial corridors are streets with a high concentration of business activity. San Francisco’s commercial corridors support small businesses,

1 showcase the city's cultural diversity, and generate significant revenue through tourism,
2 retail and dining; and

3 WHEREAS, The 2025 Expanding Housing Choice Plan aims to increase housing
4 production and density through rezoning for development. This plan focuses on
5 northern and western neighborhoods, underutilized sites, and commercial corridors; and

6 WHEREAS, The SF Planning Commission Found that longer-term impacts of the
7 Expanding Housing Choice Plan were likely to be positive for small businesses, as new
8 households translates to increased consumer spending and foot traffic on commercial
9 corridors. However, short-term impacts of the plan involves displacing small businesses,
10 jeopardizing months of revenue and decreasing the odds of returning to their original
11 storefront; and

12 WHEREAS, While the 2025 Expanding Housing Choice Plan aligns with the
13 Youth Commission's Housing BPPs about expanding affordable housing and lessening
14 restrictions on height limits, the Youth Commission also recognizes the importance of
15 ensuring that small businesses are not displaced due to housing rezoning and
16 development; and

17 WHEREAS, On April 17, 2025, the SF Planning Commission held a hearing on
18 Expanding Housing Choice: Small Business Strategies and identified that the proposed
19 rezoning will affect 37 commercial corridors and their 5,680 registered businesses.
20 1,052 of these businesses are on parcels suitable for development and 47 are legacy
21 businesses. The most affected businesses are bars and restaurants, retail, and
22 medical-related; and

1 WHEREAS, The SF Planning staff estimated that an average of 53 small
2 businesses face the risk of displacement due to new development – roughly 1-2
3 businesses per corridor per year; and

4 WHEREAS, Over 80% of San Francisco small businesses are commercial
5 tenants, are not protected by local or state rent control, and are vulnerable to
6 termination and displacement; and

7 WHEREAS, Pandemic debt still hinders small businesses' profits on top of
8 inflation, rising costs of wages, employee retainment, insurance, and utility costs. In
9 2022, a survey from the Office of Small Business found that 1/3 of 802 businesses
10 surveyed anticipated a major change over the next year, and 22% planned to sell or
11 close; and

12 WHEREAS, Small business employees make \$30,000 to \$80,000 annually. The
13 displacement of small businesses will significantly increase rent burdens, crowding, and
14 long commutes for these workers; and

15 WHEREAS, San Francisco mom & pop landlords are progressively replaced by
16 large corporate real estate, who increases the burden on commercial tenants through
17 lengthy leases. These leases often contain over 40 pages of difficult language and
18 sometimes require tenants to contribute towards property taxes; and

19 WHEREAS, In addition to the challenges mentioned above, BIPOC-owned small
20 businesses face language barriers when negotiating leasing terms and are at a
21 disadvantage when navigating these new rezoning proposals; and

1 WHEREAS, As of July 2025, the current Expanding Housing Choice Plan does
2 not contain any plan or specific protections for small businesses after the construction of
3 new units, increasing the odds for future small business displacement; and

4 WHEREAS, SF-based nonprofit Small Business Forward determined that the
5 most important small business support service are potential relocation assistance (such
6 as scalable tenancy lengths, right to return, and relocation payments) and small
7 business corridor vibrancy support (like good neighbor construction policies and
8 discouraging long-term vacancies); and

9 WHEREAS, The San Francisco Planning Department recommends early
10 notifications and referrals to the Office of Small Business, implementing a construction
11 mitigation fund, and upholding AB 201: Commercial Relocation and SB 1103. AB201
12 enables the development of mixed-income and 100% affordable housing projects on
13 underutilized commercial corridors and requires relocation payments for up to 18
14 months of rent. SB1103 requires clear lease terms and fair commercial lease practices
15 that protect small businesses (SB 1103); and

16 WHEREAS, Mixed-use housing, or mixed-used development, combines
17 residential spaces with commercial spaces in the same building or development area.
18 This allows affordable housing and small businesses to coexist in one space and may
19 be an efficient arrangement for future housing units in the city; and therefore be it

20 RESOLVED, That the San Francisco Youth Commission recognizes that both
21 small businesses and affordable housing are integral to supporting youth livelihoods as
22 key places of culture and community; and be it

1 RESOLVED, That the Youth Commission acknowledges that building more
2 affordable housing units will address San Francisco's housing crisis and has the
3 potential to bolster small business activity through increased foot traffic. However,
4 affordable housing should not come at the expense of displacing small businesses; and
5 be it

6 FURTHER RESOLVED, That the San Francisco Youth Commission urges the
7 Mayor, Board of Supervisors, and Planning Department to include comprehensive
8 strategies to protect small businesses from displacement in the 2025 Expanding
9 Housing Choice Plan. Suggestions include developing early notification systems for
10 rezoning, establishing relocation and developer's assistance payments modeled by AB
11 2011, upholding Right to Return Policies, Good Neighbor Construction Policies, and
12 micro-retail requirements, as well as considering additional recommendations by the
13 San Francisco Planning Department, Small Business Forward, and San Francisco
14 youth and families.

15 FURTHER RESOLVED, That the San Francisco Youth Commission urges the
16 Mayor and Board of Supervisors to adopt a mixed use housing policy where if
17 commercial landlords development plan involves displacing a small business, the
18 landlords or developers must compensate for that business through monthly stipends
19 and upon project completion reserve the first floor of the building or a micro-retail space
20 for the business to operate.

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Supplemental Information:

See attached document [Presentation Slides]



Existing Regulations

- **Zoning controls** in neighborhood commercial districts, such as Active Use requirements and Formula Retail restrictions.
- **Conditional Use Authorization** to open a new business where a Legacy Business was located.
- **AB2011 Commercial Relocation**, requiring relocation payments akin to up to 18 months of rent for projects using the program.
- **Senate Bill 1103** protects qualifying small-businesses from unexpected rent increases, hidden fees, and other unclear lease terms.

Draft Recommendations to Support Small Businesses

- **Early notifications and referrals to OSB:** when a project application is filed.
- **Relocation payments:** modeled on AB2011.
- **Micro-retail:** requiring smaller retail spaces (between 100 sf to 1,000 sf) in larger developments.
- **Expanding availability of commercial space:** through the new zoning district, Residential Transit Oriented – Commercial (RTO-C).
- **Zoning incentives and flexibility:** such as waiving CUAs for use size limits (for non-formula retail projects using the Local Program).
- **Other ideas:** construction mitigation fund (pending additional resources); construction liaison & “good neighbor” practices