

[2025 Expanding Housing Choice Plan: Small Business Protections]

**Resolution in support of the 2025 Expanding Housing Choice Plan; urging San Francisco Mayor and Board of Supervisors to add amendments to the plan protecting Small Businesses from displacement, support the establishment of the Small Business Rezoning Construction Relief Fund; and California State Legislature to develop legislation for commercial tenant protections and commercial rent control.**

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

1 small businesses, bolstering career exposure, financial independence, and community  
2 engagement; and

3 WHEREAS, Commercial corridors are streets with a high concentration of  
4 business activity. San Francisco's commercial corridors support small businesses,  
5 showcase the city's cultural diversity, and generate significant revenue through tourism,  
6 retail and dining; and

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

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

16 WHEREAS, While the 2025 Expanding Housing Choice Plan aligns with the  
17 Youth Commission's Housing Budget and Policy Priorities about expanding affordable  
18 housing and lessening restrictions on height limits, the Youth Commission also  
19 recognizes the importance of ensuring that small businesses are not displaced due to  
20 housing rezoning and development; and

21 WHEREAS, On April 17, 2025, the SF Planning Commission held a hearing on  
22 Expanding Housing Choice: Small Business Strategies and identified that the proposed  
23 rezoning will affect 37 commercial corridors and their 5,680 registered businesses.

1 1,052 of these businesses are on parcels suitable for development and 47 are legacy  
2 businesses. The most affected businesses are bars and restaurants, retail, and  
3 medical-related; and

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

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

10 WHEREAS, Pandemic debt still hinders small businesses' profits on top of  
11 inflation, rising costs of wages, employee retainment, insurance, and utility costs. In  
12 2022, a survey from the Office of Small Business found that 1/3 of 802 businesses  
13 surveyed anticipated a major change over the next year, and 22% planned to sell or  
14 close; and

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

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

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

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

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

12 WHEREAS, The San Francisco Planning Department recommends early  
13 notifications and referrals to the Office of Small Business, implementing a construction  
14 mitigation fund, and upholding AB 2011: Commercial Relocation and SB 1103. AB 2011  
15 enables the development of mixed-income and 100% affordable housing projects on  
16 underutilized commercial corridors and requires relocation assistance including  
17 payments depending on the number of years a businesses has existed for and other  
18 criteria. SB 1103 requires clear lease terms and fair commercial lease practices that  
19 protect small businesses; and

20 WHEREAS, District 7 Supervisor Melgar's office proposed the establishment of  
21 the Small Business Rezoning Construction Relief Fund, which funds grants and loans to  
22 Small Businesses displaced by rezoning. The main source of money for this fund is  
23 through small businesses' gross receipts tax—businesses can choose to designate up

1 to 4% of their gross receipts tax liability for deposit in the Small Business Rezoning  
2 Construction Relief Fund, established in Administrative Code Section 10.100-335; and  
3 therefore be it

4 RESOLVED, The San Francisco Youth Commission recognizes that both small  
5 businesses and affordable housing are integral to supporting youth livelihoods as key  
6 places of culture and community; and be it

7 FURTHER RESOLVED, The San Francisco Youth Commission acknowledges  
8 that building more affordable housing units will address San Francisco's housing crisis  
9 and has the potential to bolster small business activity through increased foot traffic.

10 However, affordable housing should not come at the expense of displacing small  
11 businesses; and be it

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

21 FURTHER RESOLVED, The San Francisco Youth Commission urges the  
22 California State Legislature to further develop legislation that allows for commercial

1 tenant protections and some degree of commercial rent control, especially in cities like  
2 San Francisco whose economy and culture rely on small businesses; and be it

3 FURTHER RESOLVED, The San Francisco Youth Commission urges the Mayor  
4 and Board of Supervisors to support the District 7 Supervisor Melgar's Small Business  
5 Rezoning Construction Relief Fund Ordinance, District 7 Office's efforts to increase  
6 small business tenant protections, and when fiscally responsible, allocate money  
7 towards the fund in order for the program to give substantial financial assistance to  
8 displaced businesses.

1 [2025 Expanding Housing Choice Plan: Small Business Protections]

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3 Supplemental Information:

4

5 See attached [Figure 1, Figure 2]

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## 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.

Figure 1

## 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

Figure 2