

Dear Commissioners,

On behalf of Small Business Forward, we would like to thank you all for heeding the concerns of San Francisco small businesses and choosing to delay any vote of approval regarding the Mayor's Family Zoning legislation. San Francisco small businesses deserve a seat at the table while this legislation is being formed, and your decision has created an opportunity to advocate for a Family Zoning plan that ensures that small businesses that have given so much to their communities can continue to thrive in our city. Ahead of your August 25th consideration of this item, these are some recommendations we ask you to consider making:

1. **Urge Planning to amend their legislation to require/incentivize warm shell conditions that are most suitable for small businesses.** Given the significant number of cold shells that remain vacant following the Market & Ocean Ave upzoning, we recommend that the Office of Small Business work with Planning to define minimum warm shell conditions necessary for quick lease up of storefronts. It is in the best interest of neighborhood corridors that there not be long term vacancies in new construction due to this predictable obstacle of significant investment required to make a storefront usable. Minimums should include flooring, plumbing including ADA bathroom, lighting, etc. When demolition has displaced a restaurant or bar, the warm shell conditions should include venting for a hood, hand sink, floor sink, and other DPH requirements necessary for the successful operation of a restaurant or bar.

2. **Urge City officials work with their counterparts in state government to advocate for changes to state laws to support displaced businesses.** We understand that there may be legal obstacles to implementing our proposed protections, therefore, we must urge our city officials to work with state legislators in order to legislate to overcome these obstacles.
 - a. Amend AB 2011/AB 2243 (CA Govt Code Sections 65912.100)
 - i. The Mayor must work with our State legislators to amend AB 2011/ AB 2243
 1. Require developer payments to businesses with gross receipts up to \$2M as follows:

Years of Operation	Relocation Assistance Equal to
1-5	6 Months' Rent
5-10	9 Months' Rent
10-15	12 Months' Rent
15-20	15 Months' Rent
20+	18 Months' Rent

- ii. Payments to businesses should include compensation for tenant improvements in the temporary location and tenant improvements in the newly constructed building.
 - iii. Make these developer payments a requirement for all businesses displaced by upzoning and permit streamlining, including but not limited to SB 423, SB 330, State Density Bonus, AB 1287, local upzoning and permit streamlining programs.
 - b. Allow local municipalities to require developer payments into a fund to be used for small businesses near the construction site that will be impacted while work is being done.
 - c. Allow local municipalities to require developers to provide a first right of refusal for existing businesses to return into the newly constructed building with a space that works for the temporarily relocated business, and at a rent level sustainable to the displaced business and within reasonable range of what the rent was for the old space.
- 3. Displacement prevention.** The increase in land values and concurrent speculation that will happen as a result of this legislation will lead to displacement for a significant number of San Francisco small businesses before the housing application has even been submitted.
- a. Retain and enforce the commercial vacancy tax. Make it costly for speculators to buy up buildings, empty them out and hold onto them for long periods looking to flip an entitled project. Incentivize filling vacancies with both carrots & sticks.
- 4. Encourage OSB to do community outreach to impacted small businesses educating them on various protections and displacement services they offer.** As we have been flyering small businesses in the city and attending merchant meetings we have been shocked to learn how few businesses are aware of the Mayor's Family Upzoning plan and how it will impact small businesses. We were pleased to see postcard notices are now being sent to residents and small businesses. We urge that OSB engages in further proactive outreach to alert small businesses to the various protections and services they can provide to prevent permanent small business displacement.

Sincerely,

The Steering Committee of Small Business Forward

Justin Dolezal, Co-owner Bar Part Time
Christin Evans, Co-owner Booksmith and Alembic
Nicholas Parker, Owner Mercury Cafe
Yolanda Porrata, Owner VERA Skin Studio
Gwen McGlaughlin, Coordinator Small Business Forward

