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Subject: Small Business Forward recommends delaying vote until small business protections are explored

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Small Business Commissioners,

For the past few months, Small Business Forward has been doing outreach to merchants about the Mayor's "Family Housing" plan, aka Upzoning. As a result of that outreach, we'd like to share the concerns we have and our reasons on why you should delay taking a position on this plan today:

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- **MOST SMALL BUSINESS OWNERS IN THE UPZONING AREA ARE UNAWARE OF THIS PLAN.**
- A majority of small businesses are unaware of the plan, the potential impacts on their commercial corridor, and how it will impact their ability to remain in the community they serve. This is extremely concerning because the plan will increase land values
- and make higher rents and a non-renewal of lease more likely scenarios for many small businesses.
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At a minimum, the Small Business Commission should wait until the notification postcard has been sent, so that more voices can be added to your deliberations on whether or not this plan serves small businesses.

Of particular concern, there is a significant percentage of small business owners for whom English is a second language that have received limited information about this proposal. We urge you to make sure there is robust outreach to communities that will be impacted on the Westside in D1, D2, D3, D4, D5 and D7 including but not limited to Inner & Outer Sunset, Taraval, Noriega, Clement streets and Ocean Avenue.

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- **THE MAYOR’S PLAN OFFERS NO MEANINGFUL PROTECTIONS FOR SMALL BUSINESSES.**
- The plan currently lacks any meaningful protections for small businesses. While the plan creates some limited incentives to property owners to rent to a legacy or other displaced business, the current approach will result in significant small business displacement
- through non renewal of lease and escalating rents.
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AB2011 type relocation assistance, initially included in the mayor's plan, has since been removed. The plan is hundreds of pages long, and has been in the works for years. This lack of meaningful tenant protections is not an oversight.

In an April 2025 planning commission meeting, the planning department proposed developer payments to small business tenants consistent with the framework found in the state bill AB 2011. Under that plan, a business that had been a tenant for 20 years or more would receive the equivalent of 18 months of rent payment as relocation assistance. The plan operates on a sliding scale, so that payments are adjusted according to the amount of time a commercial tenant has been in operation. See this table for specifics:

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

The current plan has no financial consideration for long-term commercial tenants who have contributed to the cost and upkeep of the property for years.

Note that residential tenants receive “buyouts” for relocation, and this approach divides the considerable value created through upzoning so that it is shared by the landlord and tenants.

If the City is concerned that an AB 2011 framework would not be considered lawful under state law, they should be actively advocating for changes in state law now. Because they have not done that work, we ask that you secure commitments from them to do the advocacy to make changes in state law that will protect our small businesses from the effects of this significant upzoning.

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- **DON'T UNDERMINE OUR NEGOTIATING POWER. INSTEAD, TAKE THE NEXT MONTH TO**

- **IMPROVE THE PLAN.** Approving this plan
- before
- the small business protections are in place takes away our community's opportunity for a meaningful voice in designing an upzoning plan that works for small businesses. It is premature for the Small Business Commission to be the first city body to recommend
- this upzoning plan, even if it's with suggestions for improvements.
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In advance of the April Planning Commission hearing on the impacts that Upzoning would have on small businesses, over 100 small businesses signed this [letter](#) urging thoughtful, meaningful protections. Almost none of these recommendations were given time for discussion.

Before making a recommendation, you should hear about the actual costs that it will take for businesses to relocate. For example, the Golden Gate restaurant association can present to you the typical costs for outfitting a cold shell for their restaurant members in a new housing development. Anecdotally, we've heard that a minimum of \$350,000 would be required to outfit a modest restaurant space in a cold shell. More realistic estimates are that it would take \$500-\$1000 per square foot to add in floor drains, a hood (if a chimney is present), bathrooms, sinks and other requirements for a restaurant or bar. You should have a robust & clear understanding of the associated costs that forced displacement will have on small businesses, whether they be laundromats, retail shops, grocery or convenience stores etc. It is crucial that you fully understand the financial burden this plan will place on small businesses if they are forced to relocate.

It was over a decade ago that the soft story retrofit legislation led to not insubstantial displacement of businesses. Previous members of the Small Business Commission have bemoaned the fact that they did not take the opportunity then to ensure robust relocation supports were in place. Don't make the same mistake they did. Make sure that these protections are in place before making a recommendation.

You should hear about the 1) proposed construction mitigation, 2) relocation assistance, and 3) other measures that could be implemented to mitigate displacement including legislation proposed by Supervisors Melgar and Chan. Supervisor Melgar's legislation was introduced just last week, and Supervisor Chan's legislation is due to be introduced this week. You should hear about these proposals and determine whether you agree that they are adequate and robust enough. You should also be clear on the funding sources and obstacles that are in place to implement their proposals.

We feel that at a minimum you should delay your vote until August. It is mandatory that as the advisory body representing our city's small businesses, that you have a clear plan in place to support small businesses that will inevitably be displaced by such significant upzoning.

Respectfully,

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



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