



# SMALL BUSINESS RECOVERY ACT ORDINANCE

PLANNING CODE AMENDMENTS



San Francisco  
**Planning**

**Sheila Nickolopoulos**  
Sr Planner

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Historic Preservation  
Commission

**FURTHER CUT  
BUREAUCRACY**

**SIMPLIFY THE PROCESS**

Extend voter-supported Prop H provisions

**ENHANCE FLEXIBILITY**

**SUPPORT RECOVERY AND ADAPTATION**

Implement Economic Recovery Task Force recommendations

**PROTECTIONS &  
OPPORTUNITIES FOR ARTS**

**PROVIDE PROTECTIONS AND OPPORTUNITIES**

Encourage partnerships between small business and local talent

# Context: Pre-Covid Challenges



## Experiential Retail

As goods are bought online, brick and mortar shifts towards experiences and services not available online.

## Online Shopping

Growth of online shopping has created an existential challenge for the retail industry. Nearly all retail sub-sectors nationwide are showing decreased revenue and employment.

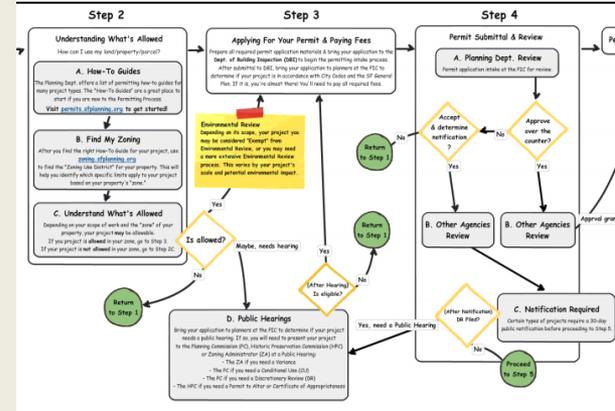


## Retail Operating Costs

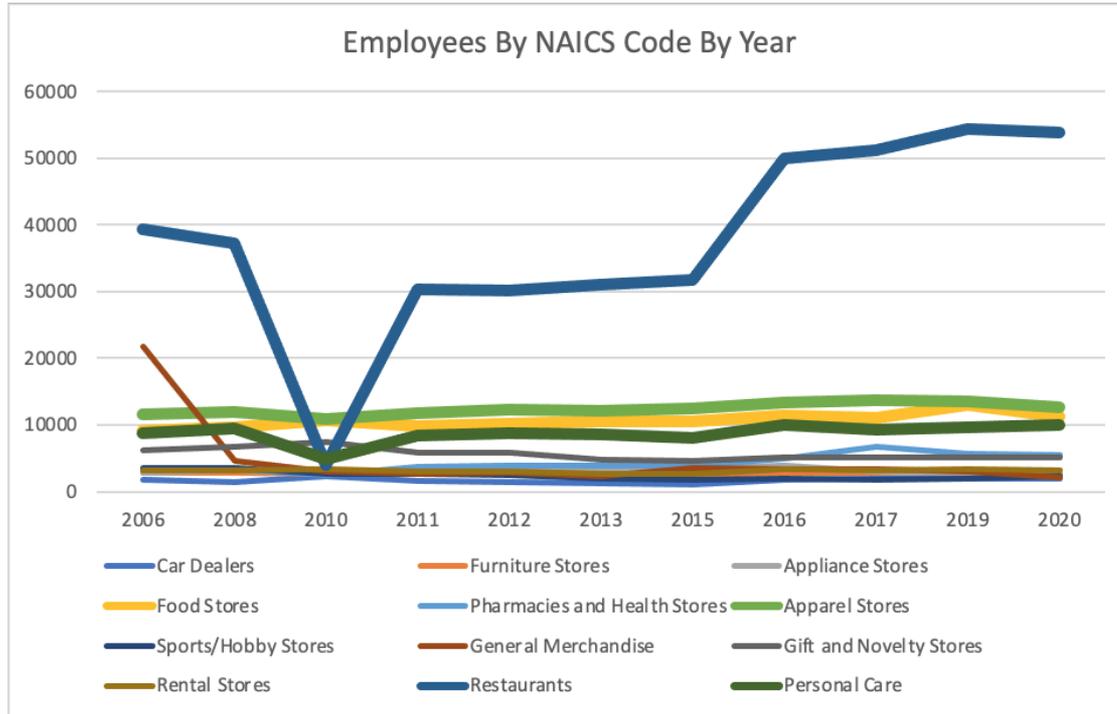
The costs of operating a business in San Francisco – from employee benefits and salary to high rent – make it challenging to run a successful business in San Francisco.

## Complex Regulations

Codes and regulations can make it difficult for retail businesses to operate on-site production, classes, and experiential shopping events that appeal to customers and allow brick-and-mortar retailers to compete with online shopping platforms.



# A Decade of Job Growth: Dining



- **Restaurants** are the strongest growing retail sector since 2008
- Top employment subsectors
  - Restaurants
  - Apparel
  - Groceries
  - Personal Care

# Context: Covid Impacts



## Health Regulations

Health and safety regulations changed businesses operations

## New Legislation

New regulations and funding changing the retail landscape.

SF Prop H

Federal Relief Packages



## Changing Work Landscape

How and where we worked has changed, impacting how and where we travel, shop, dine, and socialize. Areas dependent on workers or tourism, like downtown, are quiet.

## Importance of the 15-Minute Neighborhood

As workers stay home, it's underscoring the importance of meeting daily needs near home.



Small Business Recovery Act

# Context: Covid Impacts



## Neighborhoods

- Neighborhood impact driven by consumer base
- Residential move-out rates
- 71% decline in new office leasing
- Increase in retail vacancy rates citywide from 5.2% to 15.7%

## Patrons

- Online sales increasing 44% from 2019 to 2020
- Retail vacancies can make it harder to meet needs locally
- Uncertainty of pent-up consumer demand



## Neighborhood Businesses

- 13 months of openings/closures
- Tourism dropped 61% in 2020; SF lost \$2.3 billion in tourist spending
- 100+ restaurants closed
- 45% decrease small business

## Employees

- 128,800 jobs lost in SF/San Mateo
- 53% of San Francisco's retail employees identify as non-white
- Arts & Entertainment in SF metro area lost 2x jobs as nationally



# COVID Response

## Grants and Loans

- \$24 million in City loans and grants to 1,370+ small businesses
- \$4.1 billion federal/state funds for PPP and EIDL for 37,227 small businesses

## Fee Deferrals

- Deferrals for business taxes, fees, and registration

## Delivery Fee Cap

- 15% commission cap on third-party delivery services

## Shared Spaces

- Free permits for 2,100 businesses to use outdoor spaces for business operations

## Commercial Eviction Moratorium

- Eviction protections through June 2021

## Right to Recover Program

- \$11 million to support 6,000+ workers with COVID-19 facing financial hardship

# Recovery Efforts: Economic Recovery Task Force

- Recommendation 1.2: **Redesign building permit processes** and eliminate unnecessary permits not directly related to health and safety
- Recommendation 4.1: Extend, improve, and **support the Shared Spaces** Program
- Recommendation 4.3: Allow **more flexible use** of the ground floor retail
- Recommendation 4.4: **Rethink the rules** that restrict flexible/temporary arts, culture, hospitality and entertainment uses.
- Recommendation 8.2: Catalyze neighborhood **recovery through the arts.**



# Recovery Efforts: Prop H

Approved by 61% of voters in November 2020

- 30-day permit processing for Principally Permitted uses
- Restaurants, Limited Restaurants, and more Principally Permitted citywide
- Temporary uses are more permissive
- Pop-Up Retail (for non-Formula Retail uses) allowed in vacant commercial storefronts
- Outdoor Activity Areas (e.g. patios behind restaurants) widely permitted
- Retail workspaces (e.g. co-working facilities) permitted in restaurants



# FURTHER CUT BUREAUCRACY

## SIMPLIFY PERMIT PROCESSING

- Expand Prop H 30-day processing for Principally Permitted retail businesses
- Remove 311 notification requirement in Mixed Use and Commercial zoning
- Make Bars, Nighttime Entertainment, Medical Cannabis Dispensaries, Non-Retail Sales and Services, and small Formula Retail eligible for Community Based Priority Processing Program (CB3P)



# FURTHER CUT BUREAUCRACY

## REDUCE ADMINISTRATIVE BARRIERS

- Remove abandonment provision for CUs
- Remove requirement for linear frontage concentration calculations
- Reduce appeal time for Administrative Certificates of Appropriateness and Minor Permits to Alter from 20 to 10 days



# Proposed Ordinance Modification

- Section 1006.2(b): Administrative Certificates of Appropriateness
- Section 1111.1(b): Permit for Minor Alteration
- **Proposal A:** Eliminate these noticing requirement to meet 30-day processing timeline for Principally Permitted uses
- **Proposal B:** Reduce appeal time + expand processing for Principally Permitted uses to 60 days for properties that require historic review
  - “The Department's decision may be appealed to the HPC within 10 ~~15~~ days of the date of the written decision. The HPC may also review the decisions of the Department by its own motion if such motion is made within 10 ~~20~~ days of the date of the written decision.”

## ENHANCE FLEXIBILITY

## SUPPORT RECOVERY & ADAPTATION

- Allow rooftop operations under Prop H provisions
- Allow accessory catering in Restaurants
- Permit ADUs in the rear of commercial space as allowed for regular dwelling units
- Simplify retail definitions



- Permit Temporary Entertainment Uses outdoors
- Require a CU for removal of nighttime entertainment
- Remove duplicative CU requirements for Nighttime Entertainment
  
- Police Code amendments
  - Exempt single individual performances without amplification from permit requirements
  - Allow additional one-time entertainment permits and one-time amplified sound permits
  - Extend time for limited live performances from 10 p.m. to 11 p.m.



# Equity Impacts

- Reduce need for financial and social capital to open to businesses
  - Reduce risk and uncertainty
- Decrease regulatory burdens for small business owners
- ADUs: an affordable housing type among neighborhood amenities
- No prohibition against future amendments to modify if desired



**THANK YOU**



**San Francisco  
Planning**

**Sheila Nickolopoulos**  
Senior Planner  
San Francisco Planning

Sheila.Nickolopoulos@sfgov.org  
[www.sfplanning.org](http://www.sfplanning.org)