



CITY AND COUNTY OF SAN FRANCISCO
LONDON N. BREED, MAYOR

OFFICE OF SMALL BUSINESS
REGINA DICK-ENDRIZZI, EXECUTIVE DIRECTOR

TO: San Francisco Economic Recovery Task Force
FROM: San Francisco Small Business Commission
DATE: May 13, 2020
RE: Recommendations for Small Business Rebuilding and Recovery

Dear Co-Chairs Assessor Chu, Treasurer Cisneros, President Fong and Director Gonzalez:

On Monday May 11, 2020, per authorization from Mayor London N. Breed, the Small Business Commission (the Commission) held a Special Hearing where we unanimously voted to submit the following list of recommendations for your consideration. These recommendations were developed in concert with small businesses, merchant groups, business organizations, and technical assistance providers. In the coming weeks we will be working with the City to establish the feasibility of these recommendations, and help to promote and enact them wherever possible.

Where the Commission's mandate is to set policies for the City that promote the economic health of the small business community, we felt it urgent to submit this document to the Task Force. Before the COVID-19 emergency, small businesses were facing significant challenges in San Francisco, and those challenges have only intensified. Time is of the essence with many of the small businesses that we represent. Many small businesses are hanging in the balance and acting quickly on these recommendations can help prevent a wash of permanent closures.

In addition to the recommendations outlined below, the Commission would like to emphasize the importance of accessible, effective, and efficient communication to the small business community. This is particularly pertinent for operating mandates that are issued by the Department of Public Health (DPH). It is critical that small businesses are communicated with, in plain language, regarding criteria for how decisions are made, given advance notice before new requirements are administered to them, and that communications are made available in languages other than English at the time of their release. Moreover, for small businesses who are found to be out of compliance or otherwise not eligible to reopen, an appeals process must be established.

The Commission would also like to stress that the City's approach to reopening and compliance should be grounded in education and assistance first. San Francisco small businesses want to operate safely, and want to be good stewards of public health. Small businesses should be encouraged to explore creative solutions that ensure that their employees and their customers are kept safe. As they open, reopen, and pivot entirely they should not be required to endure the onerous and inefficient processes that have historically plagued them.

We would also like to express our strong support for the Task Force as it works to ensure that relief and support are distributed equitably. Equity has been an ongoing problem in many of our communities, dating to long before the present crisis. We stand shoulder to shoulder with the Task Force as it works to make sure that equity is prioritized in this new chapter we are entering.

Finally, we wish to convey our hope and optimism for what comes next: we have a once-in-a-lifetime opportunity to transform our City into something magical. Together, we can create stunning new public areas that are full of vibrant businesses and arts spaces. We can also ensure that these beautiful spaces are peppered throughout the entire City, not just a couple of blocks in a few districts. We can empower businesses to experiment and try new things, and give them the tools they need to succeed. We can create an economy that gives equal opportunity to everyone running a business and wanting to start one, and protect workers while doing so.

To the extent that we can collectively orient towards a shared vision, this moment can be an opportunity to make our City better than it was before. The Commission stands ready to help the Task Force in any way that we can as it conducts it's critical and important work on behalf of the City of San Francisco.

Sincerely,



Sharky Laguana
President
Small Business Commission

cc: Melissa Whitehouse, Office of the City Administrator
Andres Power, Policy Director, Office of Mayor London N. Breed
Edward McCaffrey, Manager, State and Federal Affairs, Office of Mayor London N. Breed
Members of the Board of Supervisors
Clerk of the Board
Joaquin Torres, Director, Office of Economic and Workforce Development

Small Business Recommendations for the Economic Recovery Task Force

General Support:

- Ensure that the self-employed and microbusinesses are included in future local, state, and federal relief packages and prioritized.
- Direct all local regulatory agencies to evaluate their respective Code requirements and propose amending or rolling back regulations that are out of date, onerous, administratively burdensome, or otherwise stymie business development without compromising public welfare. Agencies should report back to the Mayor and Board within 3-4 weeks of the directive.
- Create a one stop shop specifically for small businesses support where representatives from all regulatory agencies (Planning, DPH, DPW, DBI, SFMTA, Fire, and OEWD) may process all permits, fees, and applications. There should be a “fast lane” process established to serve small businesses.

Communications:

- Ensure that all local guidance, resources, and applications for assistance are written in plain language.
- Ensure that all local guidance, resources, and applications for assistance published are available in languages other than English **at the time they are released**, so that all are able to access the information equitably. This includes but is not limited to resources published on SF.gov.
- Ensure that there is a strategy for sharing published guidance, resources, and applications for assistance with the media.
- Ensure that information published online may be adequately accessed via mobile devices.
- Implement a streamlined communication strategy as soon as possible. Each business registered with the City should be opted in to a communications line that provides them with critical information as it is released. Businesses can choose to opt-out if they do not wish to receive communications.

Reopening Support:

- Expedite applications received by regulatory agencies that are associated with small businesses in commercial corridors (Neighborhood Commercial Districts- NCDS, and Neighborhood Commercial Transit Districts- NCTs).
- All reopening allowances, as determined by the State and by the San Francisco Department of Public Health, should be subject to an appeals process where businesses may make an appeal to reopen.
- All reopening guidance should be made available to businesses in a timely manner, and at least a week in advance. Safety protocols and signage should be made available to businesses via toolkits which can be accessible online.
- A centralized location where businesses can pick up physical signage that they cannot print themselves should be established.
- The City should purchase PPE in bulk and small businesses should be able to procure that PPE from the City. Small businesses would thus be able to purchase at a lower cost and lower volume than if they had to purchased on their own.
- Ensure equitable and affordable access to broadband for small businesses.
- Provide technical assistance to businesses interested in pivoting and how they can successfully do so.

DBI/Soft-Story:

- The existing compliance deadline for Soft Story is September 15, 2020. There are 463 properties that still need to complete the work. Extend the deadline by **two years** for properties that have not started construction and commercial spaces occupied by an active tenant.
- If bars and restaurants continue to be closed for another month or longer, prioritize and incentive property-owners to complete their retrofit requirements.
- Provide operational expense relief, possibly via tax credits, for businesses that need to temporarily shut so the work can be completed. This is particularly essential for restaurants, bars, and places of entertainment.

Fee Mitigation:

- Waive all fees collected by regulatory agencies (DBI, Planning, DPH, DPW, SF Fire Department, SF Police Department) for a calendar year.
- Waive all late fines, and penalties that are non-life safety related and collected by regulatory agencies for a calendar year.
- Waive application and referral fees collected by all regulatory agencies for one calendar year.
- Waive business registration fees for small businesses for one year.
- Refund or apply a credit for permits that businesses paid for but did not use (i.e. a contractor parking permit, DPW temporary permits, entertainment related permits- i.e. limited live performance).
- Waive the unsecured property tax for small businesses.
- Reduced parking fees administered by SFTMA, by a reasonable amount, to attract consumers to commercial corridors.

Land Use:

- Allow more flexibility for businesses city-wide who are seeking to move in order to reduce monthly commercial rent costs or for other economic reasons. For example, waive the conditional use authorization requirement if one exists and supplement with a neighborhood notification requirement.
- All temporary use authorizations should be granted for additional/flex use purposes which would support a business's need to pivot. No application should be necessary. Businesses should be given implicit authorization to add additional, if they are reasonable. If complaints are made, then businesses will be required to fill out an online authorization form.
- Expand the flex-use legislation to be applicable City-wide.
- Temporarily extend hours that businesses are allowed to operate by neighborhood corridor.
- Liberalize use allowances in commercial corridors to stimulate new business development.
- Liberalize where light manufacturing is an allowable use.
- Amend and expand the definition of formula retail to relax current restrictions.
- Relax restrictions on exterior signs to allow for multiple illuminated projecting and non projecting signs. All *temporary* exterior signage should be implicitly permitted.
- Temporarily suspend Discretionary Revenues for one year.
- Temporarily suspend the need for conditional use authorizations for one year.

- Encourage the City to create plazas and open spaces wherever possible (possibly including, streets, alleyways, sidewalks, and parking lots) so that businesses can expand their operations. SFMTA in coordination with DPW should propose the first set of sites upon which this would be applicable within a month's time.

Reshaping HCSO:

- The program should be suspended for 1-3 years and evaluated for its utility and for any issues that have been raised in its absence.

Commercial Rent and Mortgage Assistance:

- The City should incentive property owners to abate rent owed during shelter in place for their commercial tenants. An example: allow property owners to deduct from their gross receipts the amount rent waived or reduced from the commercial tenants during the entire time that the COVID19 State of Emergency is in place, not just the SIP or time period of the Commercial Eviction Moratorium.
- Expand the commercial eviction moratorium through the end of the calendar year.
- Connect small business owners with free or low-cost legal services who can advise on lease negotiation.

Private Sector Regulation:

- Stop third party delivery platforms from engaging in predatory practices, including but not limited to high commission fees and adding business to the platform without their permission.

Funding:

- A reopening fund should be created for small businesses to access to fund items such as PPE, fees, and any other expenses related to reopening the business. This would work similar to resiliency fund set up by OEWD but with a \$5k limit per business and with a starting bucket of \$1million in the fund.
- Create a grant program where merchant corridor organizations can be awarded up to \$10k in funding for corridor beautification projects.
- Explore the feasibility of establishing a rainy-day fund that can be used to provide grants and loans to small and local businesses at times of emergency (\$50,000,000 and \$100,000,000).
- Request funding to the Legacy Business Program as well as fast-track the approval process to get necessary funds into Legacy Businesses' hands immediately.

Economic Evaluation; Data Collection and Analysis:

The following data should be collected:

- The monthly number of business that have closed starting March 13, 2020 through Dec. 31, 2021 by industry, NAICS code, neighborhood commercial district, and employee size [self-employed/sole proprietors without employees, employee size: 1-5, 6-10, 11-25, 26-50, 51-100, 101-500, 500+].
- Loss in taxes paid including sales, gross receipts, payroll tax, unsecured property tax by business.
- Number of business opening, by industry, business formation, employee size, and open date.
- Number of business that access technical assistance from the City, in any form.
- Require delivery apps to provide information regarding online delivery sales trends.

- Track any data relevant to the various phases of returning to normal operations.
- Obtain the number of PPP, EIDL Advances, and EIDL loans and average amounts that SF businesses received, the number granted per bank, and the average loan amount.
- Number of business that were able to have the PPP fully forgivable.
- Number of businesses that used Employee Credits instead of PPP.
- The average length of time it took for businesses to receive the PPP and EIDL loans.
- Identify other variables to be measured, including: storefront vacancies, non-payment/deferment of commercial rents; non-payment/deferral or personal rent/mortgage costs.