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LAWANDA DICKERSON, COMMISSIONER
CYNTHIA HUIE, COMMISSIONER
WILLIAM ORTIZ-CARTAGENA, COMMISSIONER

January 10, 2022

Resolution No. 001-2022-SBC

**Affirming the Commission's Commitment to Racial Equity
in the Office of Small Business' Programs, Policies and Services**

Resolution

WHEREAS, the Small Business Commission (Commission), established as a Charter Commission by the voters in 2003, oversees the Office of Small Business, and is committed to equitably support, preserve, and protect small businesses in San Francisco through high quality direct services and programs, practical policy solutions, and serving as a champion for San Francisco's diverse small business; and,

WHEREAS, the Commission is committed to supporting the growth and prosperity of all small businesses, especially those owned by historically marginalized communities, to foster an inclusive and thriving San Francisco through all of the following:

- Business assistance to help existing and aspiring small business owners and entrepreneurs grow and thrive in San Francisco through specialized case management services.
- Programs that protect small businesses by offering accessible educational resources and preserve small businesses through the Legacy Business Program.
- Policy and legislation to promote practical policy and legislative solutions to mitigate challenges and ensure the economic health for all San Francisco small businesses.
- Stakeholder engagement through working with a wide range of stakeholders to ensure that small businesses are heard and well supported, especially those from historically marginalized communities.

WHEREAS, the San Francisco Human Rights Commission states that racial equity means the systematic fair treatment of people of all Races that results in equal outcomes, while recognizing the historical context and systemic harm done to specific racial groups; and,

WHEREAS, the Commission believes the economic health of small businesses must include a diversity of businesses and business owners, and that the Commission has an obligation to address the pervasive and persistent racial inequities that exist in San Francisco and the City's small businesses; and,

WHEREAS, the Commission recognizes the role that business and land use regulations have played as tools for furthering occupational segregation (the uneven distribution of racial groups across occupations)¹ and systemic racism throughout San Francisco's history, including, but not limited to:

- The 1850 Act for the Government and Protection of Indians, which codified indentured servitude, displacement, and decimation of local indigenous populations including the Ohlone people who inhabited the land now considered San Francisco.²
- San Francisco's first zoning law, the "Cubic Air Ordinance" which mandated that living quarters contained necessary square footage per person as a way to regulate and arrest Chinese workers who often shared living spaces.³
- The 1880 Laundry Ordinance which utilized permitting restrictions to hinder laundromat operations which were largely run by Chinese residents.⁴
- The Chinese Exclusion Act of 1882, which sought to limit Chinese immigration in part because of the perceived threat of Chinese workers taking employment opportunities away from white workers.
- The use of racist lending practices that prevented communities of color from buying homes, accessing credit, and living in neighborhoods of their choice, determined by Home Owners' Loan Corporation maps, which enforced racial segregation through redlining.⁵

¹ https://inequality.stanford.edu/sites/default/files/Pathways_SOTU_2019_OccupSegregation.pdf

² <https://cawaterlibrary.net/document/early-california-laws-and-policies-relating-to-california-indians/>

³ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2661442/>

⁴ <https://hoodline.com/2015/08/vick-wo-and-the-san-francisco-laundry-litigation-of-the-late-1800s/>

⁵ <https://ncrc.org/holc/>

- The impact of Japanese interment by Executive Order 9066 in 1942, which resulted in the loss of Japanese businesses.⁶
- The phases of redevelopment that took place in the thriving, African American community located in the Western Addition from the 1950s lasting through the 1990's. Two phases of redevelopment demolished homes and businesses and displaced thousands of Fillmore residents under the pretense of addressing 'blight' through 'revitalization.'⁷ Justin Herman, who headed the City's Redevelopment Agency from 1959 to 1971, utilized eminent domain to evict residents and reinforce residential segregation.⁸
- The lack of the small business community input in the development of SFMTA Bus Rapid Transit red lanes through the Mission Street Corridor which has expedited bus speeds through the neighborhood at the expense of the local businesses, predominantly owned by and serving people of color.⁹

WHEREAS, Black, Indigenous, and people of color (BIPOC) face a history of institutionalized racism that has limited, and continues to limit, access to wealth makes them more susceptible to economic downturns. A 2021 survey of small businesses by the Federal Reserve found that 53% of Black-owned firms, more than any other group, reported difficulty accessing credit, noting that "Even among firms with good credit scores, firms owned by people of color were less likely to have their financing needs met than white-owned firms;"¹⁰ and,

WHEREAS, these racial disparities were magnified during the COVID-19 pandemic when communities of color experienced higher rates of COVID-19 transmission.¹¹ Data evaluating the early impacts of COVID-19 on shows that African-American businesses were hit especially hard with a 41 percent drop in ownership. Latinx business owners fell by 32 percent, and Asian business owners dropped by 26 percent;¹² and,

⁶ <https://www.archives.gov/historical-docs/todays-doc/?dod-date=219#:~:text=Executive%20Order%209066%2C%20February%2019%2C%201942&text=Issued%20by%20President%20Franklin%20Roosevelt,to%20relocation%20centers%20further%20inland.>

⁷ <https://48hills.org/2017/02/racism-politics-redevelopment/>

⁸ <http://sffoghorn.com/its-time-to-rename-herman-plaza/>

⁹ <https://missionlocal.org/2018/12/debate-over-who-belongs-in-red-transit-only-lanes-eludes-mission-merchants-who-hate-them-regardless/>

¹⁰ <https://www.fedsmallbusiness.org/medialibrary/FedSmallBusiness/files/2021/sbcs-report-on-firms-owned-by-people-of-color>

¹¹ <https://www.sfexaminer.com/news/people-of-color-make-up-majority-of-coronavirus-deaths-in-san-francisco/>

¹² National Bureau of Economic Research https://www.nber.org/system/files/working_papers/w28321/w28321.pdf

WHEREAS, the Commission works to fulfill its mandate to promote the economic health of the small business community, its employees, and its customers, though it has not always done so through a racial equity lens; and,

WHEREAS, throughout the Commission's history, the racial diversity of Commissioners has varied with black, indigenous, and people of color representing 48 percent of all commissioners but only six percent of Commission Presidents and 19 percent of Commission Vice Presidents; and,

WHEREAS, the Commission has taken significant steps to raise up racial inequities in the small business community, and will continue to do so:

- through convening an Economic Mitigations Working Group and making recommendations to address the negative disproportionate impact of tobacco regulations on corner and convenience stores;
- by specifically calling out the racial inequities of the City's Deemed Approved Use Ordinance which imposes fees and regulations associated with off-sale alcohol;
- by mobilizing relief aid and technical assistance to small businesses throughout the COVID-19 pandemic;
- by identifying and supporting legacy businesses that have played significant roles and hold historic significance in communities of color throughout the City;
- by calling out regulations leftover from 'broken window' era policymaking;
- by re-examining fees levied on businesses, particularly those that serve communities of color;
- by advocating for, and continually improving, the ability of small businesses to compete for City contracts through the Local Business Enterprise program, especially in light of Prop 29, which prohibited City bidding preferences for BIPOC and female contractors;¹³
- by identifying the negative impacts that transportation policy may have on small businesses in and serving communities of color;
- by raising concern over growing digital divides within San Francisco, and highlighting the ongoing implications of digital redlining;

¹³ <https://www.sfgate.com/news/article/Prop-209-challenge-to-S-F-contractor-law-3189493.php>

- by exploring the role that small businesses can play in ensuring food security; and,

WHEREAS, the Small Business Assistance Center helps current and prospective small businesses navigate through City licensing and permitting with a particular emphasis on supporting BIPOC and English language learners through:

- One on one counseling offered in three languages through the Business Assistance Center
- Workshops on business development, training opportunities, and grant funding
- Information and education on compliance with disability access requirements
- Stakeholder engagement through partnerships and programs
- Communicating policy changes that impact small businesses; and,

WHEREAS, the diversity of San Francisco's small businesses is a key part of its attraction as a tourist destination, a cultural hub, and a center for innovation. The Legacy Business Program has supported many historic businesses that have been important parts of San Francisco's history, including, for example:

- Soko Hardware Co. in Japantown, which first opened in 1925 and has been family owned and operated for four generations.¹⁴
- New Asia Restaurant in Chinatown, which was founded by the Yick family who got their start in 1910 when they founded a manufacturing company and have been a part of the Chinatown community since.¹⁵
- 24th St. Dental in the Mission, which was founded by Dr. Bernardo Gonzalez who has served the Mission community since 1985, including as the Mission Cultural Association President and a volunteer for CARACEN helping to provide basic medical services to people coming to this country;¹⁶ and,

WHEREAS, San Francisco has eight designated cultural districts which acknowledge the storied history of the neighborhoods in which they exist and designate funding to bolster the local community, many of

¹⁴ <https://www.sokohardware.com/about>

¹⁵ <https://sfosb.org/sites/default/files/Legacy%20Business/SBC%20Hearings/3f.%20LBR-2016-17-063%20New%20Asia%20Restaurant.pdf>

¹⁶ <https://www.24thstreetdentalsf.com/>

which were formed around significant neighborhood businesses and institutions often tied to social and political movements including:

- the Galeria de La Raza in the Calle 24 cultural district, which was founded in 1970 to become a prominent Latino arts organization.¹⁷
- various businesses in the Japantown cultural district, which has been a hub of Japanese culture and commerce since 1906 and is one of only three remaining Japantowns in the U.S.
- Compton's Cafeteria which is the heart of the Compton's Transgender Cultural District and was a historical queer gathering spot where, in 1966, trans people stood up to police violence.¹⁸
- the Grand Oriente Filipino Hotel in the SOMA Pilipinas, which was purchased in 1921 by the Gran Oriente Filipino Masonic Fraternity and has served as a meeting hall and residence for the Filipino community.¹⁹
- various businesses in the Bayview that make up the African American Arts and Cultural District which, because of historical redlining, was one of only a few areas available to settle for black migrants from the south.²⁰
- the Castro Street Fair in the Castro St. LBGTQ Cultural District, which was founded in 1974 by Harvey Milk, who organized fellow LBGTQ businesses into forming the Castro Village Association, and has since become an annual celebration of LBGTQ culture.²¹
- The Leather and LBGTQ Cultural District is named after the many leather stores that existed in the neighborhood.²²
- the Native American Health Center, which was created nearly fifty years ago in response to the Indian Relocation Act of 1956, and the American Indian Center, which played a critical role in the Alcatraz Movement, are both historic places in the City's American Indian cultural district;²³ and,

¹⁷ <http://www.galeriadelaraza.org/eng/about/index.php>

¹⁸ <https://www.theguardian.com/lifeandstyle/2019/jun/21/stonewall-san-francisco-riot-tenderloin-neighborhood-trans-women>

¹⁹ <http://www.positivelyfilipino.com/magazine/from-here-to-fraternity-the-gran-oriente-filipino-hotel>

²⁰ <https://heresaymedia.com/heres-how-san-franciscos-cultural-districts-work/>

²¹ <https://milkfoundation.org/about/harvey-milk-biography/>

²² <https://sfleatherdistrict.org/>

²³ <https://www.aiccsf.org/our-creation-story> and <https://americanindianculturaldistrict.org/cultural-district-map>

THEREFORE, BE IT RESOLVED, that the Commission reaffirms its commitment to racial equity by prioritizing efforts to integrate racial equity in all Office of Small Business policies, programs, and services; and,

BE IT FURTHER RESOLVED, that it shall be the policy of the Commission to develop and implement a Racial Equity Action Plan with measurable outcomes that will examine internal, administrative, and operational opportunities for advancing racial equity in the Office of Small Business and ensure that all policies are developed and delivered through a racial equity lens; and,

BE IT FURTHER RESOLVED, that the Commission encourages the Office of Small Business to carefully examine and address racial inequities in current City programs, policies and regulations, and work with partners including the Mayor's Office and Board of Supervisors, to develop bold and forward-thinking strategies to advance racial equity for San Francisco's small businesses; and,

BE IT FURTHER RESOLVED, that the Commission must carry its responsibility for supporting and protecting the diversity of the small business community with a focus on racial and social equity; and,

BE IT FURTHER RESOLVED, that the Commission move beyond acknowledgement of injustice and take concrete actions that are visible in the reallocation of resources to expand and support existing business ownership by persons of color; and,

BE IT FURTHER RESOLVED, that the Commission proactively address policy and regulatory issues that directly impact the smallest, most vulnerable businesses; and,

BE IT FURTHER RESOLVED, that the Commission assesses and strengthens its partnerships with small businesses in Black and American Indian communities and communities of color to (1) center their voices in the development and review of plans, policies and regulations, (2) develop a racial equity assessment tools, and (3) identify community planning priorities; and,

BE IT FURTHER RESOLVED, that the Commission condemns all forms of racism, sexism, homophobia, ableism, and other forms of discrimination; and affirms that all people – which explicitly includes American Indian people, Black people, and people of color – have a right to be in our City and have a

right to equitable opportunities to open and grow a small business, including contracting opportunities with the City and County of San Francisco; and,

BE IT FURTHER RESOLVED, that the Commission collaborate with the Office of Racial Equity (ORE) to align its work with ORE’s framework²⁴ to dismantle structural and institutional racism, by: (1) Affirmatively addressing racial and social inequities; (2) Investigating and challenging “race-neutral” or colorblind policies with positive intentions that may have negative, disparate impacts in practice on people of color.; (3) Supporting wealth-building through business ownership for American Indian communities, Black communities, and communities of color; (4) Redressing the consequences of government-sanctioned racial harm via meaningful City supported, community-led processes; (5) Basing data and decision-making around local and regional demographics that acknowledge the historical segregation, outmigration and displacement of people of color, especially the Black, Latinx and indigenous community from San Francisco and the Bay Area; (6) Providing implicit/explicit bias, and anti-racism training opportunities for all Commissioners and staff; and,

BE IT FURTHER RESOLVED, that the Commission asserts that the responsibility for implementing these structural and institutional changes falls upon all Commissioners and Office of Small Business staff, across all levels and functions, and that it should not fall solely or disproportionately upon the American Indian, Black, or people of color who are already burdened with their lived experiences of racism.

I hereby certify that the Small Business Commission ADOPTED the foregoing Resolution on January 10, 2022.



Katy Tang,

Director, Office of Small Business

Ayes – Dickerson, Huie, Laguana, Ortiz-Cartagena, Zouzounis
Nays – none

²⁴

<https://static1.squarespace.com/static/5ed18d943016244d3e57260c/t/5efbe89e247faf024e6fdaca/1593567402561/ORE+SF+Citywide+Racial+Equity+Framework+Phase+1.pdf>