

1 [Reallocation of Hotel Tax Funds]

2  
3 **Ordinance amending San Francisco Business and Tax Regulations Code Section**  
4 **515.01 to revise the portion of Hotel Tax Funds allocated for, and omit the time**  
5 **limitation on, rent supplements for low-income households.**

6 Note: Additions are single-underline italics Times New Roman;  
7 deletions are ~~strikethrough italics Times New Roman~~.  
8 Board amendment additions are double underlined.  
9 Board amendment deletions are ~~strikethrough normal~~.

10 Be it ordained by the People of the City and County of San Francisco:

11 Section 1. Section 515.01 of the Business Tax and Regulations Code is hereby  
12 amended to read as follows:

13 **SEC. 515.01. HOTEL TAX ALLOCATIONS.**

14 (a) All monies collected pursuant to the tax imposed by Section 502 of this Article  
15 ("Hotel Tax Revenues") shall be allocated for the purposes specified in Subsection (b) in the  
16 amounts prescribed in Subsection (c), subject to the adjustments and limitations prescribed in  
17 Subsection (d). Any unexpended balances remaining in Allocations Numbers 1, 2, 3, 4, 5, 9  
18 and 10 at the close of any fiscal year shall be deemed to be provided for a specific purpose  
19 within the meaning of Section 9.113 of the Charter and shall be carried forward and  
20 accumulated in said allocations for the purposes prescribed in Subsection (b). After the  
21 specific purpose allocations and accumulations required by this Section, all remaining  
22 revenues shall be transferred to the General Fund, of which an amount not to exceed two  
23 tenths of one percent (0.2%) shall be appropriated to the Tax Collector for the administration  
24 of the provisions of this Article.

25 ///

MAYOR  
BOARD OF SUPERVISORS

1 (b) The monies allocated pursuant to this Section shall be appropriated to the  
2 following departments and used solely for the following purposes:

3 (1) Allocation Number 1 (Convention Facilities): To the City Administrator for Base  
4 Rental and Additional Rental as provided for and defined in the Project Lease, as amended,  
5 between the City and the San Francisco Redevelopment Agency, for the acquisition,  
6 construction and financing of a convention center within the Yerba Buena Center  
7 Redevelopment Project Area, and for all expenses reasonably related to operation,  
8 maintenance and improvement of the Moscone Convention Center, Brooks Hall and Civic  
9 Auditorium.

10 (2) Allocation Number 2 (Convention and Visitors Bureau): To the City Administrator  
11 to contract with the San Francisco Convention and Visitors Bureau, pursuant to the authority  
12 granted by Section 3.104 of the San Francisco Charter, to pay administrative and operating  
13 expenses of the Convention and Visitors Bureau.

14 (3) Allocation Number 3 (Low-Income Housing in the Yerba Buena Center  
15 Redevelopment Project Area): To the Mayor to facilitate the construction of low-income  
16 housing in the Project Area and on certain parcels adjacent thereto, including, as may be  
17 necessary, payments for architecture, engineering, maintenance and operation, construction,  
18 financing and rent supplements for low-income households. Expenditures from Allocation  
19 Number 3 shall be made according to the following priorities:

20 (A) The Mayor shall allocate and set aside Hotel Tax Revenues from Allocation Number 3  
21 the amount required for transfer to the rent supplement program established by Chapter 24A of the  
22 Administrative Code under the jurisdiction of the Mayor for rent supplements for low-income  
23 households and administration costs not to exceed eight percent (8%) of the total sum allocated for rent  
24 supplements.

1           (B)    The ~~first available~~ funds next available in excess of the amount required for the  
2 purposes described in (A) above shall be used exclusively to facilitate development of low-cost  
3 housing in the Project Area and on certain parcels adjacent thereto, including, but not limited  
4 to, expenses pertaining to the preparation of architectural and engineering programs, plans,  
5 specifications, estimates, land acquisition and expenses incurred by the City.

6           ~~(B)~~ (C)       The funds next available in excess of the amount required for the  
7 purposes described in (A) and (B) above shall be used exclusively to finance the construction  
8 of low-cost housing in the Project Area and on certain parcels adjacent thereto, including  
9 lease rental payment in support of Redevelopment Agency bonds in the maximum principal  
10 amount feasible pursuant to the Controller's estimate of future monies to be allocated  
11 pursuant to Allocation Number 3, or, alternatively, mortgage payments for other financing  
12 used to facilitate the construction of housing; and also including costs of maintenance,  
13 operation, furniture and equipment relative to said housing and the administration thereof.

14           ~~(C)~~ (D)       The funds next available in excess of the amount required for the  
15 purposes described in (A), ~~and (B)~~ and (C) above shall be used to provide the funds necessary  
16 to reduce rentals to 100 percent of the units of housing constructed in the Project Area and on  
17 certain parcels adjacent thereto to rent-level categories equivalent to those then in effect in  
18 public housing in the City.

19           (D)    The funds next available in excess of the amount required for the purposes  
20 described in (A), (B), ~~and (C)~~ and (D) above shall be retained in a maintenance, operation,  
21 furniture and equipment reserve fund to insure the maintenance and operation of the housing  
22 constructed in the Project Area and on certain parcels adjacent thereto.

23           ~~(E)    Notwithstanding the foregoing budgetary limitations, commencing on January 1, 1987,~~  
24 ~~for a period of 15 years, an amount not to exceed a total sum of \$7,240,000, shall be specifically~~  
25 ~~allocated and set aside by the Mayor, from Allocation Number 3, for rent supplements for low-income~~

1 ~~households or other subsidies which may be required for transfer to the rent supplement program under~~  
2 ~~the jurisdiction of the Mayor for administration and rent supplements, such administration cost not to~~  
3 ~~exceed eight percent of the total sum allocated for rent supplements.~~

4 (F) Funds next available in excess of the amount required for the purposes  
5 described in (A), (B), (C), (D) and (E) above shall be applied to construct or rehabilitate low-  
6 income rental housing for the elderly and handicapped in San Francisco which meet all of the  
7 following criteria:

8 (i) One hundred percent of the units are rental, excepting staff-occupied units,  
9 which are affordable to low-income elderly or handicapped residents and will remain so for 40  
10 years;

11 (ii) The project is developed and controlled during that period by a nonprofit  
12 corporation, not excluding partnership ownership where the nonprofit corporation is the  
13 managing general partner;

14 (iii) Additional project funding includes funding from sources other than City and  
15 County of San Francisco.

16 (G) The funds next available in excess of the amount required for the purposes  
17 described in (A), (B), (C), (D), (E) and (F) above may be applied, at the sole option of the City,  
18 to the early retirement of bonds or other evidence of indebtedness used to finance low-cost  
19 housing in the Project Area or certain parcels adjacent thereto; or may be applied to pay for  
20 bridges, ramps, concourse and landscaping to further enhance the convention center in the  
21 Project Area.

22 (H) Notwithstanding any other provisions of Allocation 3, to the extent that the City  
23 becomes obligated to make lease rental payments to the Redevelopment Agency in support  
24 of Redevelopment Agency low- income housing lease revenue bonds or a series of such  
25 bonds, the obligation of the City to make the appropriate allocations pursuant to Allocation 3

1 shall be deemed proportionately discharged. In the event that such bonds are paid and  
2 discharged prior to maturity, the foregoing obligation to make such appropriations and  
3 allocations shall be deemed to be proportionately discharged.

4 (I) In the event that other public and private funds in the future become available to  
5 construct or otherwise subsidize the low-income housing and related expenses hereinabove  
6 referred to, the Redevelopment Agency or the City may use such funds in lieu of the proceeds  
7 of the sale of the Redevelopment Agency low- income housing lease revenue bonds  
8 hereinabove described, and, to the extent that such funds become available and are utilized,  
9 the obligations of the Redevelopment Agency and the City to finance the low-income housing  
10 hereinabove described shall be deemed to be proportionately discharged.

11 (J) Once each year, as soon as practicable after June 30th, the Mayor shall  
12 ascertain the amount of money appropriated pursuant to this Allocation 3 which has not been  
13 expended or reserved for a specific use as provided herein and shall, following a period of  
14 public comment, prepare a report setting forth a program for expenditure of such money.

15 (4) Allocation Number 4 (War Memorial): To the War Memorial Department to be  
16 used to defray the cost of maintaining, operating and caring for the War Memorial buildings  
17 and grounds as described in Section 27.3 of the San Francisco Administrative Code.

18 (5) Allocation Number 5 (Candlestick Point): To the Recreation and Park  
19 Department for Base Rental and Additional Rental as provided in the 1977 Amended Park  
20 Lease between the City and County of San Francisco and San Francisco Stadium, Inc. for the  
21 improvement and expansion of the Recreation Center located at Candlestick Point.

22 (6) Allocation Number 6 (Publicity/Advertising; Recurring Events): To the City  
23 Administrator for publicity and advertising purposes pursuant to the provisions of Section  
24 3.104 of the Charter for cultural and promotional organizations and annual or regularly  
25

1 recurring parades, celebrations and street fairs, and to evaluate and review cultural, artistic or  
2 advertising programs funded pursuant to this Allocation Number 6 or Allocation Number 7.

3 (7) Allocation Number 7 (Publicity/Advertising; Nonrecurring Events): To the City  
4 Administrator to be used for publicity and advertising purposes pursuant to the provisions of  
5 Section 3.104 of the Charter for nonrecurring parades, celebrations and street fairs and for  
6 unforeseen special contingencies.

7 (8) Allocation Number 8 (Cultural Equity Endowment Fund): To the Arts  
8 Commission for cultural equity initiatives, commissions to individual creative artists in all  
9 disciplines, project grants to small and midsize arts organizations, and art space initiatives or  
10 facilities acquisition programs.

11 (9) Allocation Number 9 (Asian Art Museum): To the Asian Art Museum of  
12 San Francisco for the operation and maintenance of the Museum.

13 (10) Allocation Number 10 (Fine Arts Museums): To the Fine Arts Museums of  
14 San Francisco for the operation and maintenance of the Museums.

15 (11) Allocation Number 11 (Cultural Centers): To the Arts Commission to support the  
16 operation, maintenance and programming of the City-owned community cultural centers to  
17 assure that these cultural centers remain open and accessible and remain vital contributors to  
18 the cultural life of the City.

19 (12) Allocation Number 12 (Protocol): To the Mayor to support the Mayor's Office of  
20 Protocol in their efforts to promote the City by hosting international visitors and delegations  
21 and by organizing events, trade missions, and other activities that promote San Francisco.  
22 This allocation shall expire at the end of fiscal year 1997-98 and shall not extend beyond that  
23 fiscal year.

1 (c) Each allocation for a purpose described in Subsection (b) shall be in the amount  
 2 prescribed in the table below, subject to the adjustments and limitations prescribed in  
 3 Subsection (d).  
 4

Allocation No.	1997-98	1998-99	1999-2000
1. Convention Facilities	\$31,983,619		
2. Convention and Visitors Bureau	\$5,941,893	\$7,000,000	
3. Low-Income Housing: Yerba Buena Redevelopment Area	\$4,810,360		
4. War Memorial	\$7,473,309		
5. Candlestick Point	\$4,770,360		
6. Publicity/Advertising: Recurring Events (including Cultural Centers)	\$12,450,411		
7. Publicity/Advertising: Nonrecurring Events	\$191,427		
8. Cultural Equity Endowment Fund	\$1,722,843		
9. Asian Art Museum	\$1,565,873		
10. Fine Arts Museums	\$3,947,224		
11. Cultural Centers	\$600,000	\$900,000	\$1,800,000
12. Protocol	\$1,500,000	\$0	\$0

20  
 21 (d) Adjustments to and Limitations on Allocation Amounts. Notwithstanding  
 22 the provisions of Subsection (c), the allocation amounts shall be subject to the following  
 23 adjustments and limitations:

24 (1) Annual Adjustment: Prior to the calculation of any other adjustment prescribed in  
 25 this Subsection (d), each amount prescribed in Subsection (c) shall be adjusted annually,

1 commencing in fiscal year 1998-99, by the percentage increase or decrease in actual hotel  
2 tax revenues compared with the prior fiscal year; provided, however, that the amount of the  
3 annual adjustment pursuant to this Subparagraph (1) shall not exceed 10 percent.

4 ~~(2) Adjustment to Allocation Number 3 (Low Income Housing in Yerba Buena~~  
5 ~~Redevelopment Area): Allocation Number 3 shall be made only for a period of 30 years, commencing~~  
6 ~~on June 30, 1978, and the amount of the allocation shall be supplemented by \$40,000 each year.~~

7 ~~(3) (2) Limitation on Allocation Number 3 (Low-Income Housing in Yerba Buena~~  
8 ~~Redevelopment Area): Unexpended monies appropriated pursuant to priority ~~(D)~~ (E) of~~  
9 ~~Allocation Number 3 shall be retained in a reserve fund which shall be allowed to accumulate~~  
10 ~~in the maximum annual amount of \$100,000 up to a maximum total amount of \$1,000,000.~~

11 ~~(4) (3) Limitation on Allocation Number 6 (Publicity/Advertising; Recurring~~  
12 ~~Events): Of the amount allocated for publicity and advertising for recurring events, \$650,000 in~~  
13 ~~1997-1998; \$800,000 in 1998-1999 and \$400,000 in 1999-2000, thereafter adjusted by the~~  
14 ~~annual adjustment provided in Subparagraph (1) of this paragraph, shall be allocated to the~~  
15 ~~Arts Commission to support the City-owned community cultural centers.~~

16 ~~(5) (4) Adjustment to Allocation Number 6 (Publicity/Advertising; Recurring~~  
17 ~~Events) and Allocation Number 11 (Cultural Centers): In fiscal year 1998-99 and thereafter, no~~  
18 ~~amount allocated to support the City- owned community cultural centers shall be released to a~~  
19 ~~cultural center unless:~~

20 (A) The Arts Commission has received and approved an annual report from the  
21 cultural center demonstrating that the cultural center has had an active community support  
22 board dedicated to community outreach, fundraising, and advocacy on behalf of the cultural  
23 center in the prior fiscal year. For purposes of this Section, an "active community support  
24 board" shall mean a board that has convened on at least six occasions during the year.



1 (B) The Arts Commission has received and approved an annual report from the  
2 cultural center demonstrating that the cultural center has, in the prior fiscal year, met the  
3 cultural center's revenue target from sources other than hotel tax revenues. For purposes of  
4 this Section, a cultural center's revenue target shall be at least 20 percent of the cultural  
5 center's total revenues, including hotel tax revenues, in fiscal year 1996-97 inflated annually  
6 by a rate of three percent or by the rate of growth in the cultural center's hotel tax revenues,  
7 whichever is lower. If the cultural center has not met its revenue target, the amount released  
8 to the cultural center shall be reduced in the following year by an amount equivalent to the  
9 difference between the revenue target and actual revenues collected from sources other than  
10 hotel tax revenues. All revenue calculations required to effectuate this limitation shall be  
11 certified by the Controller during the City's annual budget process.


12 (C) The Controller has performed a financial review of the cultural center within the  
13 previous four years. An initial financial review shall be performed for each cultural center by  
14 the end of fiscal year 1998-99.

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16  
17 APPROVED AS TO FORM:

RECOMMENDED:


18 LOUISE H. RENNE, City Attorney

19  
20  
21 By:



L. Joanne Sakai  
Deputy City Attorney

By:



DARYL HIGASHI, Deputy Director  
Mayor's Office of Housing



# City and County of San Francisco

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

## Tails

## Ordinance

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**File Number:** 011174

**Date Passed:**

Ordinance amending San Francisco Business and Tax Regulations Code Section 515.01 to revise the portion of Hotel Tax Funds allocated for rent supplements for low-income households.

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July 16, 2001 Board of Supervisors — SUBSTITUTED

July 30, 2001 Board of Supervisors — PASSED ON FIRST READING

Ayes: 10 - Ammiano, Daly, Gonzalez, Hall, Leno, McGoldrick, Newsom, Peskin,  
Sandoval, Yee

Absent: 1 - Maxwell

August 6, 2001 Board of Supervisors — FINALLY PASSED

Ayes: 9 - Ammiano, Hall, Leno, Maxwell, McGoldrick, Newsom, Peskin,  
Sandoval, Yee

Absent: 2 - Daly, Gonzalez


File No. 011174

I hereby certify that the foregoing Ordinance  
was FINALLY PASSED on August 6, 2001  
by the Board of Supervisors of the City and  
County of San Francisco.

AUG 17 2001

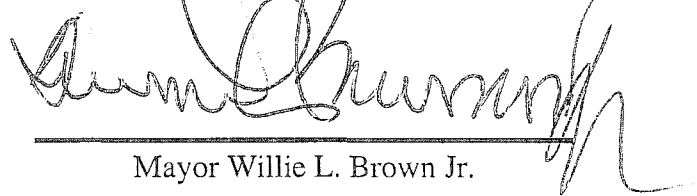
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Date Approved



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Gloria L. Young  
Clerk of the Board



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Mayor Willie L. Brown Jr.