[Reallocation of Hotel Tax Funds]

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

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

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

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

SEC. 515.01. HOTEL TAX ALLOCATIONS.

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

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

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

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

   (A) The Mayor shall allocate and set aside Hotel Tax Revenues from Allocation Number 3 the amount required for transfer to the rent supplement program established by Chapter 24A of the Administrative Code under the jurisdiction of the Mayor for rent supplements for low-income households and administration costs not to exceed eight percent (8%) of the total sum allocated for rent supplements.
(B) The first available funds next available in excess of the amount required for the purposes described in (A) above shall be used exclusively to facilitate development of low-cost housing in the Project Area and on certain parcels adjacent thereto, including, but not limited to, expenses pertaining to the preparation of architectural and engineering programs, plans, specifications, estimates, land acquisition and expenses incurred by the City.

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

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

(E) Notwithstanding the foregoing budgetary limitations, commencing on January 1, 1987, for a period of 15 years, an amount not to exceed a total sum of $7,240,000, shall be specifically allocated and set aside by the Mayor, from Allocation Number 3, for rent supplements for low-income
households or other subsidies which may be required for transfer to the rent supplement program under
the jurisdiction of the Mayor for administration and rent supplements, such administration cost not to
exceed eight percent of the total sum allocated for rent supplements.

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

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

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

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

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

(H) Notwithstanding any other provisions of Allocation 3, to the extent that the City
becomes obligated to make lease rental payments to the Redevelopment Agency in support
of Redevelopment Agency low-income housing lease revenue bonds or a series of such
bonds, the obligation of the City to make the appropriate allocations pursuant to Allocation 3
shall be deemed proportionately discharged. In the event that such bonds are paid and
discharged prior to maturity, the foregoing obligation to make such appropriations and
allocations shall be deemed to be proportionately discharged.
(I) In the event that other public and private funds in the future become available to
construct or otherwise subsidize the low-income housing and related expenses hereinabove
referred to, the Redevelopment Agency or the City may use such funds in lieu of the proceeds
of the sale of the Redevelopment Agency low-income housing lease revenue bonds
hereinabove described, and, to the extent that such funds become available and are utilized,
the obligations of the Redevelopment Agency and the City to finance the low-income housing
hereinabove described shall be deemed to be proportionately discharged.
(J) Once each year, as soon as practicable after June 30th, the Mayor shall
ascertain the amount of money appropriated pursuant to this Allocation 3 which has not been
expended or reserved for a specific use as provided herein and shall, following a period of
public comment, prepare a report setting forth a program for expenditure of such money.
(4) Allocation Number 4 (War Memorial): To the War Memorial Department to be
used to defray the cost of maintaining, operating and caring for the War Memorial buildings
and grounds as described in Section 27.3 of the San Francisco Administrative Code.
(5) Allocation Number 5 (Candlestick Point): To the Recreation and Park
Department for Base Rental and Additional Rental as provided in the 1977 Amended Park
Lease between the City and County of San Francisco and San Francisco Stadium, Inc. for the
improvement and expansion of the Recreation Center located at Candlestick Point.
(6) Allocation Number 6 (Publicity/Advertising; Recurring Events): To the City
Administrator for publicity and advertising purposes pursuant to the provisions of Section
3.104 of the Charter for cultural and promotional organizations and annual or regularly
recurring parades, celebrations and street fairs, and to evaluate and review cultural, artistic or advertising programs funded pursuant to this Allocation Number 6 or Allocation Number 7.

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

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

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

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

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

(12) Allocation Number 12 (Protocol): To the Mayor to support the Mayor's Office of Protocol in their efforts to promote the City by hosting international visitors and delegations and by organizing events, trade missions, and other activities that promote San Francisco.

This allocation shall expire at the end of fiscal year 1997-98 and shall not extend beyond that fiscal year.
(c) Each allocation for a purpose described in Subsection (b) shall be in the amount prescribed in the table below, subject to the adjustments and limitations prescribed in Subsection (d).

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

(1) Annual Adjustment: Prior to the calculation of any other adjustment prescribed in this Subsection (d), each amount prescribed in Subsection (c) shall be adjusted annually,
commencing in fiscal year 1998-99, by the percentage increase or decrease in actual hotel tax revenues compared with the prior fiscal year; provided, however, that the amount of the annual adjustment pursuant to this Subparagraph (1) shall not exceed 10 percent.

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

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

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

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

(A) The Arts Commission has received and approved an annual report from the cultural center demonstrating that the cultural center has had an active community support board dedicated to community outreach, fundraising, and advocacy on behalf of the cultural center in the prior fiscal year. For purposes of this Section, an "active community support board" shall mean a board that has convened on at least six occasions during the year.
(B) The Arts Commission has received and approved an annual report from the cultural center demonstrating that the cultural center has, in the prior fiscal year, met the cultural center's revenue target from sources other than hotel tax revenues. For purposes of this Section, a cultural center's revenue target shall be at least 20 percent of the cultural center's total revenues, including hotel tax revenues, in fiscal year 1996-97 inflated annually by a rate of three percent or by the rate of growth in the cultural center's hotel tax revenues, whichever is lower. If the cultural center has not met its revenue target, the amount released to the cultural center shall be reduced in the following year by an amount equivalent to the difference between the revenue target and actual revenues collected from sources other than hotel tax revenues. All revenue calculations required to effectuate this limitation shall be certified by the Controller during the City's annual budget process.

(C) The Controller has performed a financial review of the cultural center within the previous four years. An initial financial review shall be performed for each cultural center by the end of fiscal year 1998-99.
City and County of San Francisco
Tails
Ordinance

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.

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
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.

Gloria L. Young
Clerk of the Board

Mayor Willie L. Brown Jr.