

[Funding Reallocation - Our City, Our Home Homelessness Gross Receipts Tax - Services to Prevent Homelessness - \$16,360,000]

Ordinance reallocating approximately ~~\$16,360,000~~~~\$60,000,000~~ in unencumbered unappropriated earned interest revenues from the Our City, Our Home Fund to allow the City to use such revenues from the Homelessness Gross Receipts Tax for certain types of services to prevent homelessness; temporarily suspending the limit on funding for short-term rental subsidies; and finding that these changes are the reallocation-is necessary to achieve the purposes of the Our City, Our Home Fund pursuant to Business and Tax Regulations Code, Section 2811.

NOTE: Unchanged Code text and uncodified text are in plain Arial font. Additions to Codes are in *single-underline italics Times New Roman font*. Deletions to Codes are in *strikethrough italics Times New Roman font*. Board amendment additions are in double-underlined Arial font. Board amendment deletions are in ~~strikethrough Arial font~~. Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

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

Section 1. Background and Findings.

(a) In November 2018, the voters approved Proposition C and imposed a Homelessness Gross Receipts Tax to fund programs to prevent and address homelessness. As stated in the measure, “San Francisco is experiencing a housing crisis of historic proportions that has led to a major humanitarian and public health crisis in large-scale homelessness for which the City has insufficient resources to address.”

(b) Recognizing the scope of the crisis, the voters identified a range of purposes for the tax, the proceeds of which the City deposits in the Our City, Our Home (“OCOH”) Fund. Among other things, the tax is intended to help the City house the homeless; expand the

1 number of shelter beds; eliminate waiting periods for shelter; decrease the visible presence of
2 homeless people and tent encampments on City streets; move unhoused people into stable
3 housing; fund legal assistance, rent subsidies, mental health services, and substance abuse
4 services to keep people housed; reduce overall costs for the City; and fund certain specified
5 programs. The purposes of November 2018 Proposition C are codified at Business and Tax
6 Regulations Code Section 2802.

7 (c) To achieve these purposes, Business and Tax Regulations Code Section 2810
8 identifies four eligible programs that the City may spend OCOH funds on – Permanent
9 Housing, Homeless Shelters, Homelessness Prevention, and Mental Health Treatment for
10 Homeless Individuals – and identifies a maximum or minimum percentage of the total OCOH
11 Fund balance that each eligible program receives. Section 2810 further states that OCOH
12 funds shall be appropriated subject to the budgetary and fiscal provisions of the Charter, and
13 that any amounts remaining in the OCOH Fund at the end of a fiscal year shall be held in the
14 OCOH Fund to be added to amounts available for appropriation on eligible programs in any
15 future year. In Section 2811, the voters also authorized the Board of Supervisors to amend
16 the measure, by ordinance, by a two-thirds vote and only to further the findings and intent
17 summarized above in subsection (b).

18 (d) The City is fully funding all of the programs recommended by the OCOH
19 Oversight Committee, which makes recommendations for the use of the Fund. And yet, there
20 is a significant unencumbered balance in the Fund, in large part because the expenditures
21 from the Fund could not occur while the City was successfully defending the measure against
22 legal challenge. This balance has generated significant interest income. City has obtained
23 approximately \$94 million in state and federal funds for permanent housing for families and
24 transitional age youth. The original percentage allocations in Section 2810 are based on the
25 total Fund balance and did not anticipate ~~these additional revenues~~ this interest, and as it

1 ~~accrues~~ Fund revenues sit unspent, thousands are still on the streets without adequate
2 shelter. In April 2023, the City published a new citywide Strategic Plan that concludes it is
3 necessary to urgently fund shelter, prevention, and housing resources to significantly reduce
4 homelessness in the next five years. The Board of Supervisors finds that to achieve the
5 purposes of November 2018 Proposition C, the City must meet the crisis where it is currently
6 most acute, and hereby approves, for the next two fiscal years only, a lifting of the cap on
7 short-term rental subsidies of five years or less, and a reallocation of certain
8 unappropriated encumbered and future interest revenues so it can spend these interest
9 revenues during the next two fiscal years on shelter and, homelessness prevention, ~~limited-~~
10 ~~time rental assistance, and other forms of permanent housing,~~ as generally set forth in the
11 Strategic Plan.

12 (e) In approving this one-time reallocation of interest earnings and lifting of certain
13 spending caps funds for the next two fiscal years, the Board of Supervisors does not intend to
14 otherwise adjust the percentage allocations for OCOH expenditures in future fiscal years. The
15 reallocation is intended to supplement and enhance the effectiveness of the programs already
16 funded on recommendation of the OCOH Oversight Committee.

17
18 Section 3. Under the authority in Business and Tax Regulations Code Section 2811,
19 for fiscal years 2023-2024 and 2024-2025, the expenditures under Section 2810 shall remain
20 unchanged except as follows:

21 (a) Expenditures on short-term rental subsidies may exceed the percentage
22 specified in Section 2810(b)(3)(A)(i); and,

23 (b) Up to \$16,360,000 of interest earned in the Fund during Fiscal Years 2023-24,
24 2024-25, and prior Fiscal years, which would otherwise have accrued to affordable housing
25 for transitional age youth (\$3,444,000), affordable housing for families (\$4,305,000), and

1 mental health programs (\$8,610,000), shall instead be allocated to the shelter and prevention
2 categories as follows:

3 (i) \$1,340,000 to shelter in fiscal year 2023-24;

4 (ii) \$6,482,000 to shelter in fiscal year 2024-25;

5 (iii) \$4,643,000 to prevention in fiscal year 2023-24; and

6 (iv) \$3,894,000 to prevention in fiscal year 2024-25.

7
8 ~~Section 3. Under the authority in Business and Tax Regulations Code Section 2811,~~
9 ~~for fiscal year 2023-2024:~~

10 ~~(a) Expenditures under Section 2810(b)(3)(A) on permanent housing, not limited to~~
11 ~~supporting homeless youth aged 18 through 29 and homeless families with children under~~
12 ~~age 18 at the time of entry into housing, may be \$3,418,500 more than the percentages~~
13 ~~specified in Sections 2810(b)(3)(A) and 2810(b)(3)(A)(i);~~

14 ~~(b) Expenditures under Section 2810(b)(3)(B) on homeless shelters and hygiene~~
15 ~~programs may be \$8,140,000 more than the percentage specified in Section 2810(b)(3)(B);~~

16 ~~(c) Expenditures under Section 2810(b)(3)(C) on homelessness prevention may be~~
17 ~~9,082,000 more than the percentage specified in Section 2810(b)(3)(C);~~

18 ~~(d) Expenditures under Section 2810(b)(3)(A) on permanent housing that supports~~
19 ~~homeless youth aged 18 through 29 may be \$11,798,000 below the percentage specified in~~
20 ~~Section 2810(b)(3)(A); and~~

21 ~~(e) Expenditures under Section 2810(b)(3)(A) on permanent housing that supports~~
22 ~~homeless families with children under age 18 at the time of entry into housing may be~~
23 ~~\$8,842,500 below the percentage specified in Section 2810(b)(3)(A).~~

1 Section 4. ~~Under the authority in Business and Tax Regulations Code Section 2811,~~
2 ~~for fiscal year 2024-2025:~~

3 ~~(a) Expenditures under Section 2810(b)(3)(A) on permanent housing, not limited to~~
4 ~~supporting homeless youth aged 18 through 29 and homeless families with children under~~
5 ~~age 18 at the time of entry into housing, may be \$3,418,500 more than the percentages~~
6 ~~specified in Sections 2810(b)(3)(A) and 2810(b)(3)(A)(i);~~

7 ~~(b) Expenditures under Section 2810(b)(3)(B) on homeless shelters and hygiene~~
8 ~~programs may be \$13,440,000 more than the percentage specified in Section 2810(b)(3)(B);~~

9 ~~(c) Expenditures under Section 2810(b)(3)(C) on homelessness prevention may be~~
10 ~~\$11,088,000 more than the percentage specified in Section 2810(b)(3)(C);~~

11 ~~(d) Expenditures under Section 2810(B)(3)(A) on permanent housing that supports~~
12 ~~homeless youth aged 18 through 29 may be \$20,157,500 below the percentage specified in~~
13 ~~Section 2810(b)(3)(A); and~~

14 ~~(e) Expenditures under Section 2810(b)(3)(A) on permanent housing that supports~~
15 ~~homeless families with children under age 18 at the time of entry into housing may be~~
16 ~~\$19,202,000 below the percentage specified in Section 2810(b)(3)(A).~~

17
18 Section 45. Effective Date. This ordinance shall become effective 30 days after
19 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
20 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
21 of Supervisors overrides the Mayor's veto of the ordinance.

22
23 Section 56. Undertaking for the General Welfare. In enacting and implementing this
24 ordinance, the City is assuming an undertaking only to promote the general welfare. It is not
25 assuming, nor is it imposing on its officers and employees, an obligation for breach of which it

1 is liable in money damages to any person who claims that such breach proximately caused
2 injury.

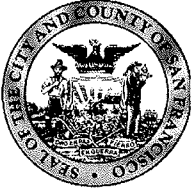
3
4 Section 67. Severability. If any section, subsection, sentence, clause, phrase, or word
5 of this ordinance, or any application thereof to any person or circumstance, is held to be
6 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision
7 shall not affect the validity of the remaining portions or applications of the ordinance. The
8 Board of Supervisors hereby declares that it would have passed this ordinance and each and
9 every section, subsection, sentence, clause, phrase, and word not declared invalid or
10 unconstitutional without regard to whether any other portion of this ordinance or application
11 thereof would be subsequently declared invalid or unconstitutional.

12
13 Section 78. No Conflict with Federal or State Law. Nothing in this ordinance shall be
14 interpreted or applied so as to create any requirement, power, or duty in conflict with any
15 federal or state law.

16
17 APPROVED AS TO FORM:
18 DAVID CHIU, City Attorney

19 By: /s/
20 MANU PRADHAN
21 Deputy City Attorney

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City and County of San Francisco
Tails
Ordinance

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

File Number: 230657

Date Passed: July 25, 2023

Ordinance reallocating approximately \$16,360,000 in unappropriated earned interest revenues from the Our City, Our Home Fund to allow the City to use such revenues from the Homelessness Gross Receipts Tax for certain types of services to prevent homelessness; temporarily suspending the limit on funding for short-term rental subsidies; and finding that these changes are necessary to achieve the purposes of the Our City, Our Home Fund pursuant to Business and Tax Regulations Code, Section 2811.

June 15, 2023 Budget and Appropriations Committee - CONTINUED

June 28, 2023 Budget and Appropriations Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

June 28, 2023 Budget and Appropriations Committee - CONTINUED AS AMENDED

July 12, 2023 Budget and Appropriations Committee - RECOMMENDED

July 18, 2023 Board of Supervisors - PASSED ON FIRST READING

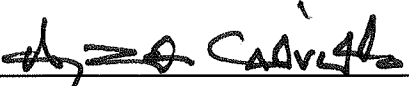
Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

July 25, 2023 Board of Supervisors - FINALLY PASSED

Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 230657

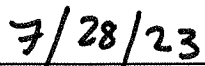
I hereby certify that the foregoing Ordinance was FINALLY PASSED on 7/25/2023 by the Board of Supervisors of the City and County of San Francisco.



Angela Calvillo
Clerk of the Board



London N. Breed
Mayor



Date Approved