

[Funding Reallocation - Our City, Our Home Fund - Homelessness Gross Receipts Tax - Services to Address Homelessness - \$13,676,000]

Ordinance reallocating approximately \$13,676,000 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 address 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.

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 Shelter, 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). In 2023, the Board of Supervisors acting pursuant to
18 Section 2811 adopted Ordinance No. 185-23, to reallocate certain unappropriated earned
19 interest that had unexpectedly accrued while expenditures were on hold while the City was
20 successfully defending the measure against legal challenge, for the purpose of enhancing
21 existing OCOH programs in Fiscal Years 2023-24 and 2024-25.

22 (d) The City is allocating funds to eligible programs under Section 2810 and
23 Ordinance No. 185-23. And yet, the Fund has continued to earn interest revenue, and
24 Ordinance No. 185-23 did not address all of the additional interest earnings that became
25 available, and as they accrue, hundreds of families with children under age 18 are

1 unsheltered or living in their vehicles without adequate emergency shelter and housing. This
2 includes families headed by Transitional Age Youth (“TAY”) parenting young children. As San
3 Francisco recovers from the economic impacts of the COVID-19 pandemic, it faces a growing
4 number of homeless families with children in need of emergency shelter and short-term
5 housing assistance. The San Francisco 2024 Point-In-Time (“PIT”) Count showed a 94%
6 increase in families experiencing homelessness compared to the 2022 PIT count, with a third
7 of these families unsheltered or sleeping in vehicles. The Board of Supervisors finds that to
8 achieve the purposes of November 2018 Proposition C, the City must meet the crisis where it
9 is currently most acute, and hereby approves, for the next fiscal year only, a lifting of the cap
10 on short-term rental subsidies of five years or less, and a further reallocation of
11 unappropriated and future interest revenues so that the City can spend these interest
12 revenues during the next year on family shelter and family housing.

13 (e) In approving this temporary reallocation of interest earnings and lifting of certain
14 spending caps for the next fiscal year, the Board of Supervisors does not intend to otherwise
15 adjust the percentage allocations for OCOH expenditures in future fiscal years. Further, this
16 ordinance authorizes the reallocation of interest earnings which are in addition to the amounts
17 that the Board of Supervisors reallocated under Ordinance No. 185-23, without modifying the
18 City’s authority under Ordinance No. 185-23. These reallocations are intended to supplement
19 and enhance the effectiveness of the programs already funded on recommendation of the
20 OCOH Oversight Committee.

21
22 Section 2. Under the authority in Business and Tax Regulations Code Section 2811,
23 for Fiscal Year 2024-2025, the expenditures under Section 2810 shall remain unchanged
24 except as follows:
25

1 (a) Expenditures on short-term rental subsidies may exceed the percentage
2 specified in Business and Tax Regulations Code subsection 2810(b)(3)(A)(i); and,

3 (b) Up to an additional \$13,676,000 of interest earned in the OCOH Fund during
4 Fiscal Years 2024-25 and prior fiscal years, which would otherwise have accrued to the
5 categories of general permanent housing (\$4,853,000), permanent housing for youth under
6 age 30 (\$1,765,000), homelessness prevention (\$2,647,000), and mental health
7 (\$4,~~411~~412,000) shall instead be allocated to the shelter and the housing for families
8 categories as follows:

9 (1) \$6,935,000 to shelter in Fiscal Year 2024-25; and

10 (2) \$6,741,000 to permanent housing for families in Fiscal Year 2024-25.

11
12 Section 3. Effective Date. This ordinance shall become effective 30 days after
13 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
14 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
15 of Supervisors overrides the Mayor's veto of the ordinance.

16
17 Section 4. Undertaking for the General Welfare. In enacting and implementing this
18 ordinance, the City is assuming an undertaking only to promote the general welfare. It is not
19 assuming, nor is it imposing on its officers and employees, an obligation for breach of which it
20 is liable in money damages to any person who claims that such breach proximately caused
21 injury.

22
23 Section 5. Severability. If any section, subsection, sentence, clause, phrase, or word of
24 this ordinance, or any application thereof to any person or circumstance, is held to be invalid
25 or unconstitutional by a decision of a court of competent jurisdiction, such decision shall not

1 affect the validity of the remaining portions or applications of the ordinance. The Board of
2 Supervisors hereby declares that it would have passed this ordinance and each and every
3 section, subsection, sentence, clause, phrase, and word not declared invalid or
4 unconstitutional without regard to whether any other portion of this ordinance or application
5 thereof would be subsequently declared invalid or unconstitutional.

6
7 Section 6. No Conflict with Federal or State Law. Nothing in this ordinance shall be
8 interpreted or applied so as to create any requirement, power, or duty in conflict with any
9 federal or state law.

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11 APPROVED AS TO FORM:
12 DAVID CHIU, City Attorney

13 By: /s/
14 MANU PRADHAN
15 Deputy City Attorney
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