



Member, Board of Supervisors
District 11

City and County of San Francisco

AHSHA SAFAÍ
安世輝

March 1, 2018

Barbara Carr and Members of the Ballot Simplification Committee
1 Dr. Carlton B. Goodlett Place
City Hall, Room 48
San Francisco, CA 94102
Via email to: publications@sfgov.org

Re: Request for Reconsideration – *Additional Tax on Commercial Rents
Mostly to Fund Housing and Homelessness Services.*

Dear Chair Packard and Members of the Ballot Simplification Committee:

Thank you again for your careful diligence in redrafting the digest for the
“**Additional Tax on Commercial Rents Mostly to Fund Housing and Homeless
Services,**” but I respectfully request a reconsideration.

First, I would like to request a minor word addition to the “A Yes Vote Means”
section. I ask that you add the word “affordable” before housing to make crystal clear
that the housing that this measure would produce would be affordable.

Secondly, as I mentioned at the hearing on Wednesday, I am concerned that the
structure of the expenditure section might be misleading to voters by failing to
contextualize the \$1-3m general purpose allocation against the much larger revenue pool
generated by this measure. I have struggled with this section, as have you, and I
understand that your Committee is limited by the language of the actual ballot measure.

Attached, please find two suggested ways for ameliorating this possible voter
confusion. The first version, entitled “Request for Reconsideration Version #1,” I
believe best contextualizes the various buckets. It makes it clear that the \$1-3m is in fact
an allocation similar to the others.

The second version for your consideration, entitled “Request for Reconsideration
Version #2,” mirrors the structure of the digest that your Committee settled on for the
other Commercial Rent Tax measure.

I look forward to your thoughtful reconsideration of these two options. Should you have any questions or concerns, please feel free to contact me at (415) 554-7741.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Ahsha Safai', with a large, stylized initial 'A'.

Supervisor Ahsha Safai

San Francisco Board of Supervisors, District 11 Supervisor

Additional Tax on Commercial Rents Mostly to Fund Housing and Homeless Services *

Requested Reconsideration Version #1:

Deadline to Request Reconsideration: 4 p.m. on Thursday, March 1

The Way It Is Now: The City collects a gross receipts tax from many businesses receiving revenue from the lease of commercial property, such as office buildings, warehouses and other industrial buildings, and retail spaces. The current tax rate ranges from 0.285% to 0.3%.

Businesses with \$1 million or less in total gross revenues within San Francisco are generally exempt from the gross receipts tax. Certain other businesses are also exempt, including some nonprofit organizations, banks and insurance companies.

Propositions __ and __ concern the same tax. If both measures are adopted by the voters, the one with the most votes will be enacted.

The Proposal: Proposition __ would impose an additional gross receipts tax of 1.7% on revenues some businesses receive from the lease of commercial space in the City. This additional tax would generally not apply to businesses exempt from the existing gross receipts tax.

It would also not apply to revenues received from leases to businesses engaged in:

- Production, Distribution or Repair (PDR) uses. PDR uses include a variety of business-related uses such as industrial, automotive, storage and wholesale. They also include uses by small businesses such as furniture makers, recording studios, auto repair shops, plumbing supply stores, art studios and lumberyards;
- The retail sale of goods and services directly to consumers; or
- Arts or entertainment activities.

This additional tax would also not apply to revenues received from certain nonprofit organizations.

Under Proposition __, the City would be required to use the collected tax revenues as follows:

- ~~First, use~~ from \$1.5 million to \$3 million ~~of the total collected tax~~ per fiscal year for any general purpose.

The City would then be required to use the all remaining revenues collected from this new tax as follows:

- 45% to help homeless adults, families or youth move into temporary shelter or permanent housing;
- 35% to acquire and rehabilitate rent-controlled apartment buildings to protect vulnerable residents from displacement, and to create permanently affordable homes for middle-income households;
- 10% to acquire, rehabilitate or operate single room occupancy (SRO) buildings and to help house people with extremely low and very low incomes, especially seniors, veterans, persons with disabilities, or immigrants; and
- 10% to provide permanent rent subsidies to extremely low-income senior households that are in income-restricted developments.

**Working title, for identification only. The Director of Elections determines the title of each local ballot measure; measure titles are not considered during Ballot Simplification Committee meetings.*

A "YES" Vote Means: If you vote "yes," you want to impose a new gross receipts tax of 1.7% on revenues a business receives from the lease of some commercial spaces in San Francisco to fund homeless services, extremely low- to middle-income affordable housing and other general purposes.

A "NO" Vote Means: If you vote "no," you do not approve this tax.

Additional Tax on Commercial Rents Mostly to Fund Housing and Homeless Services *

Requested Reconsideration Version #2:

The Way It Is Now: The City collects a gross receipts tax from many businesses receiving revenue from the lease of commercial property, such as office buildings, warehouses and other industrial buildings, and retail spaces. The current tax rate ranges from 0.285% to 0.3%.

Businesses with \$1 million or less in total gross revenues within San Francisco are generally exempt from the gross receipts tax. Certain other businesses are also exempt, including some nonprofit organizations, banks and insurance companies.

Propositions __ and __ concern the same tax. If both measures are adopted by the voters, the one with the most votes will be enacted.

The Proposal: Proposition ____ would impose an additional gross receipts tax of 1.7% on revenues some businesses receive from the lease of commercial space in the City. This additional tax would generally not apply to businesses exempt from the existing gross receipts tax.

It would also not apply to revenues received from leases to businesses engaged in:

- Production, Distribution or Repair (PDR) uses. PDR uses include a variety of business-related uses such as industrial, automotive, storage and wholesale. They also include uses by small businesses such as furniture makers, recording studios, auto repair shops, plumbing supply stores, art studios and lumberyards;
- The retail sale of goods and services directly to consumers; or
- Arts or entertainment activities.

This additional tax would also not apply to revenues received from certain nonprofit organizations.

The City would use Under Proposition ____, the City would first use from between \$1.5 million to \$3 million of the total collected tax per fiscal year for any general purpose.

The City would ~~then be required to use the all~~ remaining revenues collected from this new tax as follows:

- 45% to help homeless adults, families or youth move into temporary shelter or permanent housing;
- 35% to acquire and rehabilitate rent-controlled apartment buildings to protect vulnerable residents from displacement, and to create permanently affordable homes for middle-income households;
- 10% to acquire, rehabilitate or operate single room occupancy (SRO) buildings and to help house people with extremely low and very low incomes, especially seniors, veterans, persons with disabilities, or immigrants; and
- 10% to provide permanent rent subsidies to extremely low-income senior households that are in income-restricted developments.

A "YES" Vote Means: If you vote "yes," you want to impose a new gross receipts tax of 1.7% on revenues a business receives from the lease of some commercial spaces in San Francisco to fund homeless services, extremely low- to middle-income affordable housing and other general purposes.

**Working title, for identification only. The Director of Elections determines the title of each local ballot measure; measure titles are not considered during Ballot Simplification Committee meetings.*

A "NO" Vote Means: If you vote "no," you do not approve this tax.