



April 30, 2021

President Shamann Walton
Board of Supervisors, City and County of San Francisco

Supervisor Matt Haney
Chair, Budget and Finance Committee
Board of Supervisors, City and County of San Francisco

Re: Mayor's Priorities for the FY 2021-22 and FY 2022-23 Budget

Dear President Walton, Chair Haney, and Members of the Board of Supervisors,

In accordance with Administrative Code section 3.3 (g), I would like to submit my priorities for the upcoming FY 2021-22 and FY 2022-23 budget.

This upcoming budget process was poised to be painful and challenging. After closing a \$1.5 billion budget shortfall in the last two-year budget process without any layoffs or major service reductions, the City was projected to face a \$653.2 million shortfall for this upcoming budget process. A shortfall of this magnitude would have necessitated painful cuts to City services and hindered our recovery. With relief from the American Rescue Plan, we will be able to balance the budget without making those difficult choices, and instead can focus on the recovery of our City as we exit this pandemic.

I intend to advance the following priorities in the upcoming budget:

1. Focusing on the City's recovery.

My proposed two-year budget will make targeted investments centered around recovery, activating our downtown spaces, and making the City a safer, more welcoming place for visitors and residents. It is essential for our long-term economic vitality that workers return downtown, tourists visit our City, and conventions return. Targeted investments that make our streets cleaner and safer for all will pay back in the form of increased business, hotel, and sales tax revenues, the very revenue sources that were most impacted by COVID, and the revenue we will need in the future to sustain critical City services.

2. Continuing to make progress on shared priorities of homelessness and behavioral health.

Funding from the Our City, Our Home measure will allow us to act big and bold to make meaningful progress on homelessness by addressing the housing and behavioral health needs of unhoused people in our City. My budget will include proposals to advance and expand the work started in the current year – making housing and services connections for over 2,000 people in Shelter in Place Hotels while continuing to impact homelessness across the city by significantly expanding problem-solving, short-and medium-term rental assistance, and permanent supportive housing.

Funding solutions will also focus on preventing homelessness in the first place for those most at risk, and providing needed support to those suffering from mental health and substance use issues on the streets and as they move into housing. My proposed budget will include funding for overdose prevention work, street crisis response teams, and sustainable funds to ensure no resident in permanent supportive housing pays more than 30% of their income in rent.

3. Prioritizing equity and public safety.

The budget I proposed last year included a historic ongoing investment in San Francisco's African American community. The Dream Keeper Initiative, developed in partnership with the Human Rights Commission, stakeholders, and City departments, seeks to repair structural inequities in our city, resulting from generations of disinvestment. In this budget, I will continue to prioritize these efforts, in addition to continuing our work to address any challenges with our city workforce to ensure a more diverse, equitable, and inclusive place to work.

This last year has seen a disturbing rise in violent crimes against our Asian American community. In March, I announced a plan to create community safety teams that will serve as a proactive presence providing outreach, support, and engagement in key neighborhood corridors throughout the City. This effort will be accomplished through an expansion of the Street Violence Intervention Program (SVIP) and partnership with community organizations rooted in San Francisco's API communities. My budget will support this effort and seek to fund other needed victim support initiatives.

4. Sustaining an appropriate response to COVID-19.

San Francisco has led the way in its response to COVID-19. Now, with mass vaccination efforts well underway, we are hopeful to be turning a corner from robust emergency response to a level of sustained effort to keep residents safe. My proposed budget will support an appropriate level of emergency response, keeping in mind rising vaccination rates and looming loss of federal emergency funds.

5. Ensuring the City's financial resiliency.

All of these investments will be for nothing if we spend beyond our means. The American Rescue Plan provides needed and short-term relief, but it is imperative that we recognize that it is a non-recurring revenue source. If we spend our reserves or use this one-time funding to start new, ongoing programs, we will sacrifice the financial resilience of our City, and be faced with the same difficult choices that we have been fortunate to avoid.

These are not the entirety of what I want us to focus on, as this City has many far-reaching priorities including transportation, climate change, and education, but these are a few key focuses of mine. I know many members of the Board share these priorities, and many have more of their own which I look forward to discussing in the coming months. I also know that some Board members have recently indicated introducing additional supplemental budget proposals for the current year. Given that I will be introducing a balanced two-year budget in less than six weeks, I will not support any further supplemental budget proposals between now and the submission of my two-year budget. Now is the time to bring all of our funding priorities forward through the normal budget process where they can be evaluated thoughtfully within the context of the entire budget.

I look forward to a robust discussion with the Board of Supervisors during the month of June about our budget, and appreciate your partnership as we take on these challenges together.

Sincerely,

A handwritten signature in blue ink, reading "London Breed". The signature is fluid and cursive, with the first name "London" and the last name "Breed" clearly distinguishable.

London N. Breed
Mayor