



# SPUR | VOTER GUIDE

SAN FRANCISCO NOVEMBER 2016 | Ballot analysis and recommendations

<b>MEASURE RR</b> Bart Bond VOTE YES ✓	<b>PROP A</b> School Bond VOTE YES ✓	<b>PROP B</b> City College Parcel Tax VOTE YES ✓	<b>PROP C</b> Housing Loan Program VOTE YES ✓	<b>PROP D</b> Vacancy Appointments VOTE NO ✗	<b>PROP E</b> Street Trees VOTE YES ✓	<b>PROP F</b> Local Voting Age VOTE YES ✓
<b>PROP G</b> Police Oversight VOTE YES ✓	<b>PROP H</b> Public Advocate VOTE NO ✗	<b>PROP I</b> Dignity Fund VOTE NO ✗	<b>PROP J</b> Dedicating the Prop. K Sales Tax VOTE YES ✓	<b>PROP K</b> Sales Tax for Transportation & Homelessness VOTE YES ✓	<b>PROP L</b> MTA Board and Budget VOTE NO ✗	<b>PROP M</b> Housing and Development Commission VOTE NO ✗
<b>PROP N</b> Noncitizen Voting VOTE YES ✓	<b>PROP O</b> Bayview Office Development VOTE YES ✓	<b>PROP P</b> Competitive Bidding VOTE NO ✗	<b>PROP Q</b> Tent Encampments NO RECOMMENDATION —	<b>PROP R</b> Neighborhood Crime Unit VOTE NO ✗	<b>PROP S</b> Allocating the Hotel Tax NO RECOMMENDATION —	<b>PROP T</b> Lobbyist Gifts and Reporting VOTE NO ✗
<b>PROP U</b> Affordable Housing Eligibility VOTE NO ✗	<b>PROP V</b> Soda Tax VOTE YES ✓	<b>PROP W</b> Transfer Tax VOTE NO ✗	<b>PROP X</b> Manufacturing and Arts Space VOTE NO ✗	<b>MAKE YOUR VOTE COUNT.</b> <a href="http://spurvoterguide.org">spurvoterguide.org</a>  		

# RR BART Bond

## Keep BART Safe and Reliable 2016

Authorizes BART to issue \$3.5 billion in bonds to fund system renewal projects backed by a tax on property within the three-county BART District (San Francisco, Alameda and Contra Costa counties).

VOTE YES



### WHAT THE MEASURE WOULD DO

Measure RR would authorize BART to issue \$3.5 billion in general obligation bonds to fund core system renewal projects, including track replacement, tunnel repair and computer and electrical system upgrades to allow more frequent and reliable service. The bond would fund those renewal projects most needed to improve system performance and allow BART to plan for future capacity needs, including a second transbay rail crossing, an idea that SPUR supports.<sup>1</sup> The system renewal plan would be implemented over the course of 21 years, from 2017 through 2038.

The bond would be backed by a tax levied on property within the three-county BART District (San Francisco, Alameda and Contra Costa counties) and would increase property taxes over a term of 30 to 48 years. BART anticipates that the average cost per household would be \$35 to \$55 per year, depending on the assessed value of a home.<sup>2</sup>

Measure RR would establish an independent oversight committee for the bond. This committee would review and oversee all expenditures of program funds and would report directly to the public.

Although San Mateo County has BART service and Santa Clara County will begin BART service in 2017, those parts of the system are treated differently in this bond because they are not part of the BART District.

### 2016 BART System Renewal Program

	DOLLARS, IN MILLIONS	PROJECTS
Repair and replace critical safety infrastructure (90%)	\$625	Renew track (90 miles out of 107 total miles of track)
	\$1,225	Renew power infrastructure
	\$570	Repair tunnels and structures
	\$135	Renew mechanical infrastructure
	\$400	Replace train control and other major system infrastructure to increase capacity during peak ridership hours
	\$210	Renew stations
<b>SUBTOTAL</b>	<b>\$3,165</b>	
Relieve crowding, reduce traffic congestion and expand opportunities to access stations (10%)	\$135	Expand opportunities to access stations (better transit and drop-off connections, new bike facilities, improved senior and ADA infrastructure)
	\$200	Design and engineer future projects to relieve crowding, increase system flexibility and responsiveness, and reduce traffic congestion
<b>SUBTOTAL</b>	<b>\$335</b>	
<b>TOTAL</b>	<b>\$3,500*</b>	

\*Total reflects rounding.

Source: BART System Renewal Program Plan 2016.

### FOOTNOTES

<sup>1</sup> Ratna Amin and Brian Stokle, *Designing the Bay Area's Second Transbay Rail Crossing* (SPUR, 2016), <https://www.spur.org/publications/white-paper/2016-02-10/designing-bay-areas-second-transbay-rail-crossing>

<sup>2</sup> BART anticipates that the bond would cost anywhere from 80 cents to \$17.49 per \$100,000 of assessed value of property over the life of the bond. The average rate, according to modeling, would be approximately \$8.98 per year per \$100,000 of assessed value.



Funds from this bond would not be spent in Santa Clara County.<sup>3</sup> San Mateo County would receive less funding than other counties because much of its system was built as part of the San Francisco International Airport Extension in the 1990s and is not in as much need of repair.

### THE BACKSTORY

The majority of the BART system was created in the early 1970s and has not been replaced in the 40 years since. Today, riders take 440,000 trips on BART each day, and ridership is at or above the system's maximum capacity in its busiest segments. BART ridership is estimated to grow to 600,000 by 2040. Plan Bay Area also projects 250,000 new jobs (a 40 percent increase) to locate in areas adjacent to BART stations.<sup>4</sup> Investments to increase BART's capacity are necessary to relieve crowding and keep the system safe and reliable. Modeling suggests that BART's system renewal program, which Measure RR would help fund, would result in 40 percent fewer delays caused by mechanical issues, a savings of 250 hours of delay each year.

Throughout the past few decades, the BART system has been extended and new stations have been added, including the extension to San Francisco International Airport and the Oakland International Airport connector. Soon, BART will be further extended via eBART in Contra Costa County and an extension to Warm Springs. All of this expansion has been happening without commensurate investments in the core system. A bias in federal funding programs for expansion versus maintenance — plus the allocation of BART revenues to growing operating costs rather than to capital needs — has resulted in a significant backlog of infrastructure overhauls crucial to keep the system in a state of good repair.

BART estimates that it would cost \$9.6 billion over a 10-year period to fully complete repairs. The agency has been working to fund these system upgrades through multiple sources: its capital budget, contributions from the counties where BART operates, the Metropolitan Transportation Commission and grants from other sources. Additionally, BART has a policy to apply new revenue from its every-other-year fare increases toward capital needs. To date, \$4.8 billion of this \$9.8 billion has been secured, leaving a \$5 billion gap.<sup>5</sup> This bond would fill a good share of that gap — \$3.5 billion — and focus on the projects most needed to improve system performance.



Measure RR Funds would pay for core system renewal projects like track repair. Photo courtesy of BART

If this measure passes, it would be the third time BART has issued general obligation bonds. The first was a \$792 million bond to build the original system in 1962. The second was for the \$980 million Earthquake Safety Program in 2004, of which 58 percent of bond funds have been spent. BART has also been funded by three-quarters of a half-cent sales tax in three counties since 1970.

This measure was placed on the ballot by the BART Board of Directors. It must receive two-thirds of all votes in the three-county BART District (Alameda, Contra Costa and San Francisco counties) to pass.

<sup>3</sup> The San Mateo County extension is now owned and operated by the BART District, but San Mateo County is not part of the BART District. BART charges a surcharge on the San Mateo County extension, which helps to pay for its capital needs. Santa Clara County will pay the BART District for operation and maintenance of the Santa Clara County BART extension (also known as BART Silicon Valley).

<sup>4</sup> Building a Better BART: The Future of the Bay Area's Rapid Transit System, July 2014, [https://www.bart.gov/sites/default/files/docs/BART%20Building%20a%20Better%20BART%20Executive%20Summary\\_0.pdf](https://www.bart.gov/sites/default/files/docs/BART%20Building%20a%20Better%20BART%20Executive%20Summary_0.pdf)

<sup>5</sup> 2015 BART Short Range Transit Plan, <https://www.bart.gov/sites/default/files/docs/FY15-FY24%20BART%20SRTP%20CIP%208.28.14.pdf>

RR

## Bart Bond



## PROS

- Investment in BART safety, reliability and capacity would shore up the foundation of the Bay Area's regional transportation infrastructure. BART service is essential to keeping people moving between their homes, jobs, schools and events, particularly for households without access to a car. The availability of BART creates space on roads and highways and enables employment centers to thrive.
- BART is a sustainable transit system; growing BART usage is a way to reduce our energy and climate impacts from transportation. The availability of BART service makes compact, walkable neighborhoods possible, supporting the Bay Area's livability and sustainability goals.
- Improving BART service benefits everyone who lives in the Bay Area. BART's ridership very closely resembles the population of the Bay Area as a whole: The system serves residents across all racial, ethnic and income groups. People who don't use the BART system benefit from the reduced traffic and reduced air pollution that improved BART service makes possible.
- This bond includes funding to plan capacity projects, including a second transbay rail crossing, an essential piece of the Bay Area's future transit network that we must begin planning now. A new transbay rail link could better connect existing BART lines or might add new rail passenger connections between growing communities on both sides of the Bay.

## CONS

- The bond would not generate enough revenue to address all of the core service needs identified in BART's capital improvement plan. A bigger bond may have been possible and could have funded more of the system's critical needs.

## SPUR'S RECOMMENDATION

The need to fix the BART system is urgent. Hundreds of thousands of Bay Area residents rely on BART to get to jobs, schools and events and to otherwise conduct their lives. Meanwhile the system is deteriorating daily. BART is central to the mobility, economic health and sustainability of the entire region, and ensuring that it performs well into the future, as our region grows, should be a top priority.

The BART system benefits everyone who lives in the Bay Area — not just those who ride it — and therefore a general obligation bond financed by property tax increases is a reasonable approach to financing system improvements. A larger bond that paid for more of the system's needs would have been our preference, but this bond is a step forward and focuses on the right priorities.

# Vote YES on Measure RR.





## School Bond

### School Facilities Bond

Authorizes the San Francisco Board of Education to issue \$744 million in general obligation bonds for facilities upgrades and other improvements to public schools.

VOTE YES



#### WHAT THE MEASURE WOULD DO

Proposition A would authorize the San Francisco Board of Education to issue \$744,250,000 in general obligation bonds for facilities upgrades and other capital improvements to schools in the San Francisco Unified School District (SFUSD). The district plans to dedicate funds to the following purposes:

- \$409 million for seismic upgrades and modernization in schools and administration buildings across the city
- \$100 million toward construction of the SFUSD Arts Center and the Ruth Asawa San Francisco School of the Arts, at 135 Van Ness Avenue
- \$100 million for technology upgrades to schools (including internet and telecommunications upgrades)
- \$100 million for the construction of two new elementary schools (prioritizing the Mission Bay and Bayview neighborhoods)
- \$20 million for the district's student nutrition program
- \$5 million for the district's Green Schoolyards program
- \$5 million for energy sustainability upgrades
- \$5 million toward the construction of teacher housing

The bond would be backed by a tax levied on property within San Francisco over the estimated 25-year lifetime of the bond. The bond is expected to raise the annual property taxes of the typical homeowner by \$15.90 per \$100,000 of assessed value.<sup>1</sup>

Bond expenditures would be monitored by the SFUSD Bond Program Citizens' Bond Oversight Committee, which oversees all of the district's bond fund spending and reports directly to the public.

#### THE BACKSTORY

The SFUSD is responsible for overseeing 133 schools and additional school administration facilities in San Francisco. For many years, San Francisco spent less than was needed to maintain these properties, resulting in a significant backlog of projects and increased costs to replace highly degraded facilities. In 2000, the district estimated facility needs were well over a billion dollars, including deferred maintenance.<sup>2</sup> This led to a series of funding measures that have come before voters. The previous bond measures — in 2003, 2006 and 2011 — totaled approximately \$1.4 billion and have funded modernizations of more than 100 district sites, the replacement of aging modular buildings, seismic and fire safety retrofits, and the construction of the \$56 million Willie L. Brown Jr. Middle School.

These previous funding measures have helped SFUSD catch up on its backlog of projects. Now the district's student population is growing for the first time in a generation. The SFUSD currently includes 57,000 children and projects 7,000 to 14,000 new students by 2028.<sup>3</sup> Funding from this bond would continue safety improvements and modernization, contribute to the construction of two new elementary schools and a major new school for the arts, and support programs the district has identified as a priority for 21st-century learning.

#### FOOTNOTES

<sup>1</sup> The estimated tax that would be required after the sale of the first series of bonds is approximately \$9.90 per \$100,000 of assessed valuation in fiscal year 2016–2017, growing to \$24.90 per \$100,000 of assessed valuation in fiscal year 2040–2041.

<sup>2</sup> Email communication with SFUSD staff.

<sup>3</sup> Lapkoff & Gobalet Demographic Research, Inc., *Demographic Analyses and Enrollment Forecasts for the San Francisco Unified School District*, November 2015, <http://www.sfusd.edu/en/assets/sfusd-staff/about-SFUSD/files/demographic-analyses-enrollment-forecast.pdf?cultureKey=en&q=enrollmentprojections>

## A

## School Bond



SFUSD's Capital Plan projects \$1.55 billion in capital needs over the next 10 years.<sup>4</sup> At more than \$744 million, this bond would fund a significant share of the district's capital needs. It would also be one of the biggest bonds ever issued in San Francisco. The district's staff anticipates returning to voters for another general obligation bond of around \$500 million in 2021.

This measure was placed on the ballot by a unanimous vote of the SFUSD School Board and must be on the ballot because it is a funding measure. Under California Prop. 39 (2000), school bonds require 55 percent voter approval to pass.

## PROS

- Regular re-investment in school buildings is necessary to keep them safe, accessible and conducive to learning. The condition of school facilities directly influences the experiences of students, teachers, parents and the community and must regularly evolve to meet changing learning needs. This bond would invest in high-quality learning environments for San Francisco students.
- The bond would support the construction of two new schools in the growing southeast neighborhoods of the city and in communities that have been underserved by school resources in the past.
- A general obligation bond is an appropriate means to borrow money for these kinds of capital projects, which have long life spans and are too large to pay for out of regular annual revenue.
- The SFUSD has successfully implemented three other significant capital bond measures. The Citizens' Bond Oversight Committee has reported positive results from previous bond sales, with projects that have been completed under budget.<sup>5</sup>

## CONS

- This bond would be likely to raise the property tax rate in San Francisco. The city has made a commitment for many years that it would only issue new debt as long as the property tax rate could be kept the same. The school district is not part of the same jurisdiction as the city and thus has not been party to that commitment, but voters may not distinguish between the city and the district.

## SPUR'S RECOMMENDATION

This bond measure would improve many San Francisco public schools that need upgrading in order to ensure student health and safety, as well as meet program standards for modern education environments. Having well-maintained public school facilities is vital to serving San Francisco's growing population, keeping families with children in the city and engaging families to participate in and support the public school system.

# Vote YES on Prop. A.



## FOOTNOTES

<sup>4</sup> SFUSD, November 2016 Bond for Capital Improvements presentation, [http://www.sfusd.edu/en/assets/sfusd-staff/about-SFUSD/files/board-presentations/2016%20Bond\\_March%201%202016%20CoW%20Presentation.pdf](http://www.sfusd.edu/en/assets/sfusd-staff/about-SFUSD/files/board-presentations/2016%20Bond_March%201%202016%20CoW%20Presentation.pdf)

<sup>5</sup> Citizens' Bond Oversight Committee, Financial Report — November 2015, Memorandum, <http://www.sfusd.edu/en/assets/sfusd-staff/Bond%20Program/Financial%20Reports/FY%2015-16/2015-11/Financial%20Report%20cover%20-%20November%202015.pdf>



# B City College Parcel Tax

## City College Parcel Tax

Raises the current parcel tax dedicated for City College from \$79 per parcel to \$99 per parcel and extends it for 15 years.

VOTE YES



### WHAT THE MEASURE WOULD DO

Proposition B would authorize a parcel tax in San Francisco of \$99 per property annually for 15 years to provide funding for the City College of San Francisco. This measure would effectively extend and raise by \$20 the current tax of \$79 per parcel, passed by the voters as Prop. A in 2012 and set to expire in 2020. Prop. B would generate \$3 million to \$4 million of annual revenue in addition to the \$14 million generated by the current parcel tax each year.

The parcel tax proceeds would be used to support the college's general operating expenses. Proposed expenditures include maintaining math and science programs and student services like school libraries and counselors. Part of the funding would increase faculty salaries, which are below 2007 levels.

An existing citizens' oversight committee, created by Prop. A in 2012, would monitor expenditures.

### THE BACKSTORY

Founded in 1935, City College of San Francisco is the largest public community college system in California. For many years, City College has served as one of the primary partners delivering workforce-development programs in San Francisco, including coursework for nurses and technical professionals and programs for those pursuing careers in culinary arts and hospitality. City College also offers one of the largest English as a second language (ESL) programs in the city.

City College has faced serious challenges in recent years. Like community colleges throughout California, it was hit hard by the Great Recession. From 2007 to 2012, the college lost a total of \$57 million (17 percent) of its state funding allocation. In 2012, a team of state auditors criticized City College for fiscal mismanagement; the college faced a projected budget deficit of \$25 million and possible bankruptcy.

City College has also confronted a possible loss of accreditation. In 2012, the Accrediting Commission for Community and Junior Colleges (ACCJC) of the Western Association of Schools and Colleges issued a "show cause" rating, which gave the college a year to address deficiencies or face a loss of accreditation and almost certain school closure.<sup>1</sup> Though City College has

remained accredited, the school's uncertain status did serious damage to student enrollment. Since 2012, City College has lost 35 percent of its student body,<sup>2</sup> compounding its financial stresses.

In 2012, San Francisco voters approved Prop. A, which levied a \$79-per-parcel tax for City College for eight years, generating about \$15 million annually. Also in 2012, California voters approved Prop. 30, a bundle of sales and income tax increases that accounts for \$25 million of City College's \$200 million budget this year. In 2014, Governor Brown approved a bill to stabilize state funding to City College for three years, and this June Governor Brown approved another bill (AB 1602) that will remove a cap on the amount of state funding City College earns for growing its enrollment. However, this stabilization funding will dry up next year, and revenue from Prop. 30 will disappear unless extended by California voters this November. The city parcel tax will expire in 2020, and AB 1602 will expire after fiscal year 2022-23.

Revenue from these city and state tax measures has helped to stabilize City College since 2012, while a new administration has made significant progress on financial reforms and accreditation within the college. The school has been steadily reducing its class offerings in order to balance its budget, with a planned 26 percent reduction in classes over six years. An assessment by the Fiscal Crisis and Management Assistance Team earlier this year showed that City College has implemented effective fiscal reforms, and the school's accreditation level has been elevated to "restoration status," meaning that the college now has two years to demonstrate that it fully meets all ACCJC standards.<sup>3</sup> This fall the ACCJC will send a visiting team to re-evaluate City College's progress for continued accreditation.

### FOOTNOTES

<sup>1</sup> Letter to Interim Chancellor Pamila Fisher from ACCJC, July 2012, [https://www.ccsf.edu/dam/Organizational\\_Assets/About\\_CCSF/Accreditation/CCSF\\_ACCJC\\_communication/Commission%20Letter%20July%202012.pdf](https://www.ccsf.edu/dam/Organizational_Assets/About_CCSF/Accreditation/CCSF_ACCJC_communication/Commission%20Letter%20July%202012.pdf)

<sup>2</sup> "CCSF Back on the Brink," Inside Higher Ed, April 22, 2016, <https://www.insidehighered.com/news/2016/04/22/new-taxes-helped-city-college-san-francisco-survive-revenue-dries-soon>

<sup>3</sup> ACCJC, Accreditation Reference Handbook, p. 54-55, [http://www.accjc.org/wp-content/uploads/2016/08/Accreditation\\_Reference\\_Handbook\\_July\\_2016.pdf](http://www.accjc.org/wp-content/uploads/2016/08/Accreditation_Reference_Handbook_July_2016.pdf)

## B

## City College Parcel Tax



City College has also developed a plan to boost enrollment by 10 percent annually over five years through outreach campaigns and new partnerships with high schools. In July, the Board of Supervisors passed a resolution of intent to make City College tuition-free for San Francisco residents and city employees, with funding contingent on voter approval of another measure on the ballot this November: Proposition W, a new real estate transfer tax.

This measure was placed on the ballot by the San Francisco Community College Board of Trustees by unanimous vote and must be on the ballot because it is a funding measure. City College is an independent taxing jurisdiction, separate from the City and County of San Francisco. State law (Prop. 13) requires that parcel taxes receive two-thirds of voter support to pass.

**PROS**

- City College serves a critical role in providing affordable education and job training for San Franciscans. It helps promote economic mobility through skill training like ESL and technical courses, and its affordably priced college credit allows students to earn associate degrees as well as transfer to and graduate from four-year colleges. City College programs in particular benefit lower-income households and students who are the first in their family to go to college. The additional resources from this parcel tax would help stabilize the college and restore key classes and services.
- Supporting City College contributes to the health of the local and regional economy. The community college structure allows the institution to design courses and curricula in partnership with industry, so students are more likely to learn relevant skills and secure jobs upon graduation.
- The funds generated by Prop. B could not be taken away by the state and would better equip City College to weather the coming loss of several state funding sources.

**CONS**

- The size of this revenue measure is not sufficient to address the scale of City College's needs. With the expiration of state sources far outstripping the amount of additional revenue generated by this local parcel tax extension, it is unclear that the voters or those served by City College would see any added value from this tax measure.

- With the current parcel tax not set to expire until 2020, City College might have waited longer and put forward a more beneficial measure based on a more developed financial plan. This measure could represent a missed opportunity.

**SPUR'S RECOMMENDATION**

City College is a tremendous asset to San Francisco. The college provides affordable degrees, life skills and career and technical education opportunities to 60,000 students per year. It is a key part of the city's workforce-training network and is a major resource for economic mobility for low- and middle-income families in the Bay Area.

This measure, if passed, wouldn't solve City College's financial challenges. But it would help maintain core classes and support students while the college continues to work toward stabilizing itself in a new operating environment. There are reasons for optimism: The college has passed a critical hurdle in reforming its finances, is set to solidify its accreditation status in the coming year and has new leadership that's developing a viable vision for the future. Putting this measure to the voters now could allow City College to focus on its enrollment goals while giving faculty and staff a long overdue raise.

Though City College is in a stronger position now, it must continue to prove to students and the public that it is on the path to long-term stability. Prop. B presents an important opportunity to pledge local dollars to City College at a critical time and support the vital role the college plays by offering affordable pathways to economic mobility for all San Franciscans.

# Vote YES on Prop. B.







## Housing Loan Program

### Loans to Finance Acquisition and Rehabilitation of Affordable Housing

Authorizes putting unused bond capacity from a previous earthquake retrofit program toward the acquisition of housing units for rehabilitation and conversion to permanently affordable housing.

**VOTE YES**



#### WHAT THE MEASURE WOULD DO

Prop. C would amend an existing seismic safety bond program to make unused funds available for a new purpose: to acquire and rehabilitate apartments that house tenants at risk of eviction and to convert those apartments to permanently affordable housing. In addition, these funds could be used to perform seismic, fire, health and safety upgrades or other improvements necessary to ensure that units remain habitable. Of the original \$350 million bond authorized in 1992, \$261 million of unused bond authority remains to be used for these new purposes.

Prop. C includes two tiers of funding: the Affordable Housing Loan Program, which would offer \$105 million in loans at a favorable rate to buyers of at-risk apartments (typically, nonprofit providers of affordable housing), and the Market Loan Program, which would offer \$156 million in loans at a slightly less favorable but still below-market rate. Both loan programs would provide funds for the new uses permitted by Prop. C: acquisition, rehabilitation and repairs. Depending on the needs of the project (the average income of the resident, the degree of rehabilitation needed), the city could elect to provide more favorable or less favorable financing.

If Prop. C is approved, the Mayor's Office of Housing and Community Development intends to use the funds in a manner consistent with its Small Site Acquisition and Rehabilitation Program, meaning that it would be targeted to help households earning 80 percent of the area's median income on average, roughly \$86,000 for a family of four.

Prop. C carries over a restriction from the original bond that only \$35 million could be issued in any year. The city controller projects that this level of bond issuance can fit into the city's existing capital plan without negatively impacting other planned capital projects or increasing the tax rate.

If voters do not approve this measure, the provisions of the 1992 Prop. A would remain unaffected.

#### THE BACKSTORY

In 1992, the voters passed Prop. A, a \$350 million bond to fund upgrades to unreinforced masonry buildings. The bond was part of an overall city program requiring seismic upgrades to these types of buildings; a portion of the funding was to go to affordable housing developments, and a portion to market-rate buildings. In the 24 years since then, just \$90 million of bonds have been issued, leaving \$261 million of unused authorization. Part of the reason the original bonds were not used was that private financing for seismic upgrades became much easier to obtain, making public financing less desirable.

This measure would add an allowable use to this bond authorization: the acquisition and rehabilitation of at-risk rental housing. San Francisco has a significant shortage of affordable housing. Identifying more sources of financing to create or acquire and preserve affordable housing is a major priority of the city leadership.

This measure was placed on the ballot by a unanimous vote of the Board of Supervisors. As a bond authorization, it must appear on the ballot and requires support from two-thirds of voters to pass.

C

## Housing Loan Program



### PROS

- Prop. C would make use of underutilized bonds and put them toward one of San Francisco's most important priorities as a city: preserving and rehabilitating multi-family apartment buildings that are at risk of being converted to higher-income housing.
- Prop. C provides funds for important improvements to existing buildings, including seismic, fire, health and safety upgrades, thus helping to maintain San Francisco's housing stock over time.

### CONS

- Because it is so expensive to acquire and/or subsidize housing in San Francisco, this bond would only be able to help a very small number of the people who cannot afford housing in San Francisco.

### SPUR'S RECOMMENDATION

One of the most urgent problems facing San Francisco is the high cost of housing. This bond measure would make use of a pre-existing voter commitment to providing bond-funded loans for a public purpose and could help preserve and create much-needed affordable housing. While only a part of the solution, it would enable nonprofits to purchase buildings and make them permanently affordable for the people living there, thus stabilizing housing costs for many low-income households.

## Vote YES on Prop. C.





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analysis, made possible  
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# D Vacancy Appointments

## Vacancy Appointments

Requires that vacancies occurring in elected offices be filled by a mayoral appointment within 28 days and mandates that when a vacancy occurs on the Board of Supervisors, a special election be held within 180 days; the interim supervisor appointed by the mayor would be ineligible to run.

VOTE NO



### WHAT THE MEASURE WOULD DO

Proposition D would amend the City Charter to change the conditions of the mayor's power to make an appointment when a vacancy occurs in an elected office. Under this charter amendment, the mayor would be required to make an interim appointment within 28 days to fill the vacancy. This measure would also require that, when a seat becomes vacant on the Board of Supervisors, a special election be held in that district to fill the vacancy for the remainder of the term of office. The interim supervisor appointed by the mayor would be ineligible to run.

The special election would have to be called within 14 days of the vacancy and held on a Tuesday falling between 126 and 140 days of being called. There are certain circumstances under which it could be consolidated with another scheduled election: if there is another election occurring within 180 days of the vacancy and/or if the Department of Elections requests a consolidation and the Board of Supervisors and mayor approve the request. If the special election were not consolidated with another municipal election, no ballot measures or other contests would be allowed on the same ballot.

As written, this measure would retroactively apply to vacancies prompted by the November 8, 2016, election<sup>1</sup>, which is guaranteed to create a vacancy because either Supervisor Kim or Supervisor Wiener will be elected to the State Senate and leave the Board of Supervisors. If Prop. D passes, that vacancy would be filled as provided for in this measure.

The city controller estimates that over a typical election cycle of four years, the amendment could be expected to result in at least one additional special election for a seat on the Board of Supervisors. Based on Department of Elections costs, the controller estimates an expense of approximately \$340,000 each time the city must hold such a special election.

## Attacks on the City Charter's Balance of Powers:

### PROPOSITIONS D, H, L AND M

The distribution of power in San Francisco government is defined by its City Charter, the city's constitution. In 1995, after years of work by SPUR and others, the voters adopted a new charter to replace the previous one, from 1932. Over time, the 1932 charter had become outdated and overly complex, with hundreds of incremental changes.<sup>2</sup> The primary purpose of the 1995 charter reform was to lay out clear lines of authority, responsibility and accountability between the commissions, the supervisors and the mayor to allow the city to act quickly and decisively as needs arose and to enable citizens to hold elected leaders accountable.

Ever since the 1995 charter passed, there have been piecemeal moves to chip away at the definition of roles, in particular to weaken the office of the mayor. The latest ad hoc efforts are the four charter amendments on this ballot that remove power from the office of the mayor and redistribute it to supervisors and newly proposed positions. These measures would create a public advocate position (Prop. H), split appointments to the SFMTA board between the mayor and the supervisors (Prop. L), put the management of two departments under a commission rather than the direct oversight of the mayor (Prop. M) and prevent a mayoral appointee to the Board of Supervisors from completing a term and standing for re-election (this measure, Prop. D).

SPUR is concerned by these piecemeal assaults on the City Charter and the lack of public input involved. Changes to San Francisco's system of government ought to be undertaken inclusively and comprehensively, informed by a set of principles. Props D, H, L and M reflect political motivations and should not be enshrined in the city's guiding document.

#### FOOTNOTES

<sup>1</sup> Generally, a charter amendment goes into effect about one month after an election: After the vote count has been finalized by the Department of Elections, the results are declared by the Board of Supervisors and the amendment filed and certified by the Secretary of State. Memorandum: "Election Results and Effective Dates of Ballot Measures." Office of the City Attorney. City and County of San Francisco. June 27, 2016. <http://www.sfcityattorney.org/wp-content/uploads/2016/07/2016-06-27-Memo-to-Arntz-and-Calvillo-re-Election-Results.pdf>

<sup>2</sup> San Francisco Select Committee on Charter Reform Records (SFH 32), San Francisco History Center, San Francisco Public Library.



# Vacancy Appointments



## THE BACKSTORY

As a consolidated city and county, San Francisco has the following elected offices: assessor-recorder, city attorney, district attorney, public defender, sheriff, treasurer and members of the Board of Supervisors, the Board of Education and the Governing Board of the Community College District (the City College Board of Trustees). Under existing law, when a city elected office becomes vacant because the officer has died, resigned, been recalled, gone on permanent disability or is otherwise unable to carry out the responsibilities of the office, the mayor has the authority to appoint a successor to fill the vacancy until an election is held.

San Francisco's charter has given the mayor power to fill vacancies in the city's elected offices since at least 1931. The charter has never established a deadline by which the mayor must make these appointments. Until the 1990s, the mayor's appointee would complete the rest of the unserved term, which could be up to four years. The current charter specifies that the appointee serve until the next regular election, which would be two years at most, given that San Francisco holds elections in every even year. Per the charter, the election must be at least 120 days after the vacancy occurs. Under current law, the appointee is allowed to stand for re-election.

California charter cities and counties have a range of practices in place for handling vacancies in elected office between election cycles. According to a recent San Francisco Local Agency Formation Commission report, the City and County of San Francisco is unique in California in not specifying a time frame for vacancies to be filled. Throughout the state there is a wide range in who makes appointments to vacated offices. According to the LAFCO report, cities and counties may have procedures that allow "appointment by an individual, appointment by a group/governing body, special elections, or other." In the majority of places, appointments are made to fill a vacancy until the next regular election.<sup>3</sup>

In San Francisco, vacancies in elected office and on the Board of Supervisors occur with some regularity over mayoral terms. During five years in office, the current mayor has made two replacement supervisor appointments, a replacement assessor-recorder appointment, a replacement sheriff appointment and two appointments to the City College Board of Trustees. Sometimes the mayor's appointee is re-elected by the voters. In some cases — such as the last two supervisor appointments — voters choose someone different in the next election.

Under existing law, Mayor Lee would appoint a replacement supervisor to a vacancy occurring as a result of the November 8 election, and that person would serve until the next regularly scheduled municipal election (most likely in June or November 2018). The clause in Prop. D that makes it retroactively apply to this November's election — as well as the vote along partisan lines to place this measure on the ballot — suggests that a partial goal of this measure is to ensure that its proponents have the opportunity to maintain a partisan advantage on the Board of Supervisors.

This measure was placed on the ballot by a 6 to 5 vote of the Board of Supervisors. As a charter amendment, it has to appear on the ballot and requires a simple majority (50 percent plus one vote) to pass.

### FOOTNOTE

<sup>3</sup> Jason Fried, *Study on How Jurisdictions Fill Vacancies to Elected Offices Between Election Cycles* (San Francisco Local Agency Formation Commission, March 2013), <http://www.sfbos.org/Modules/ShowDocument.aspx?documentid=44944>

## D

## Vacancy Appointments



## PROS

- Requiring vacancies in elected office to be filled within 28 days is a practice that could create certainty for the public and ensure timely transitions in leadership.

## CONS

- The placeholder nature of the interim supervisor appointment created by Prop. D raises concerns about the representation of voters and the position's accountability. Under the terms of this measure, the interim supervisor would only serve for about four months before someone else would be elected to the seat. This begs questions about who would accept this kind of caretaker role, how they would choose to exercise a temporary vote on the Board of Supervisors and who they'd be accountable to (given that they would not have been elected by their constituents and could not seek election by them).
- The provision that a special election could be called on a separate timeline from the city's consolidated elections, with no other candidates or measures allowed on that ballot, would create conditions for an extremely low-turnout election. The results of low-turnout elections are less representative of the public interest and tend to underrepresent low-income, young and minority voters. In order to increase voter turnout and reduce the costs of holding many smaller elections, San Francisco voters overwhelmingly approved a measure to consolidate municipal elections in 2012.<sup>4</sup> This measure would counteract that reform.
- This measure's unusual retroactive application to the November 8 election appears to be designed to maintain a partisan advantage on the Board of Supervisors following the election.

## SPUR'S RECOMMENDATION

One portion of Prop. D makes a benign change to city practice, requiring that replacement appointments to vacated elected office be made within a specified time frame. But Prop. D bundles in a change to supervisor appointments that would undo charter reforms instituted by the voters and undermine democratic representation.

Prop. D would abridge the mayor's vacancy appointment power and create a lame duck supervisor position with unclear accountability. It's no secret that some elected officials don't like the current mayor. But political grudges are the worst reason to permanently alter the City Charter to reduce the power of all future mayors. The city's system of democracy has important roles for the Board of Supervisors and the mayor. The voters have upheld this balance of power over many years of charter reform measures.

Futhermore, if San Francisco's goal is to allow more of its residents' voices to be heard in elections, it should not be sanctioning new, oddly timed special elections in which low turnout would privilege the votes of fewer and more conservative voters. On this count, Prop. D would do a disservice to the true representation of the public interest.

# Vote NO on Prop. D.



## FOOTNOTE

<sup>4</sup> Eighty-three percent of voters supported consolidated municipal elections in 2012. See: "San Francisco Consolidation of Odd-Year Municipal Elections, Proposition D (November 2012)," [https://ballotpedia.org/San\\_Francisco\\_Consolidation\\_of\\_Odd-Year\\_Municipal\\_Elections,\\_Proposition\\_D\\_\(November\\_2012\)](https://ballotpedia.org/San_Francisco_Consolidation_of_Odd-Year_Municipal_Elections,_Proposition_D_(November_2012))



# E Street Trees

## City Responsibility for Maintaining Street Trees

Makes it the city's responsibility to maintain all street trees, repair sidewalks damaged by trees and assume liability for damages caused by neglect of trees; dedicates funding from the General Fund to pay for these responsibilities.

VOTE YES



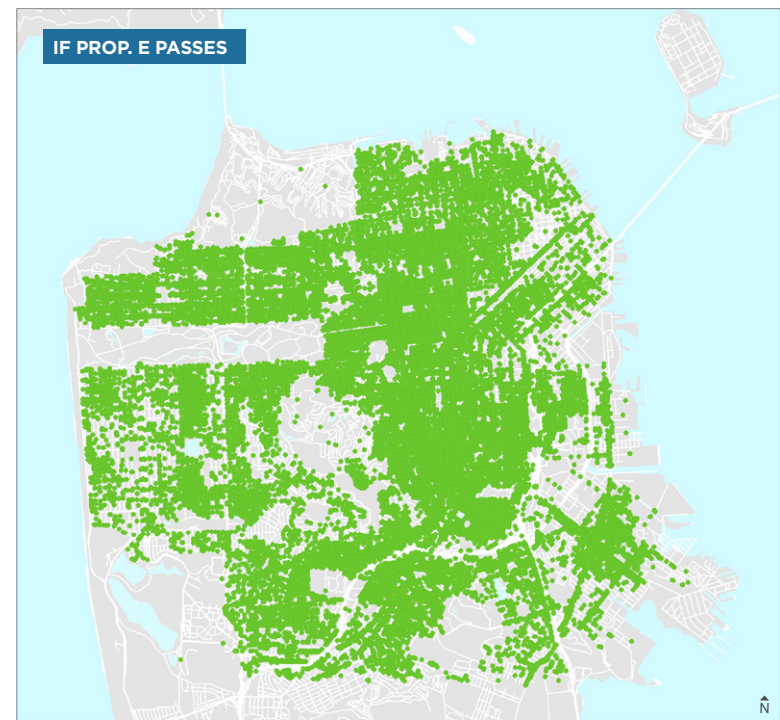
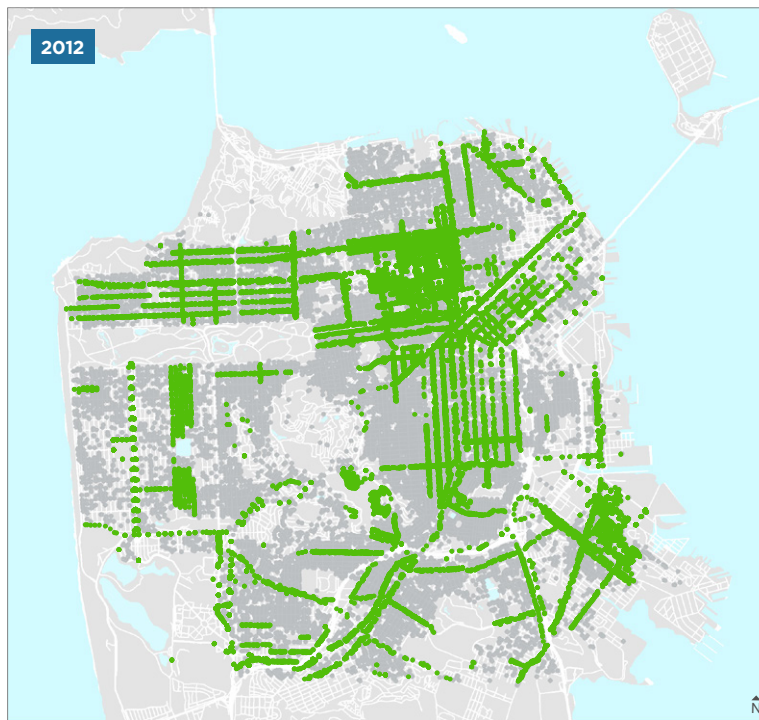
### WHAT THE MEASURE WOULD DO

Proposition E would make it the City and County of San Francisco's responsibility to maintain all street trees, repair sidewalks damaged by trees and assume liability for any property damage or injury caused by the city's failure to maintain a street tree. This measure would pay for these costs through a \$19 million set-aside from the General Fund, adjusted annually by the percentage increase or decrease in discretionary revenues. It would allow the city to grant \$500,000 annually from this fund to the San Francisco Unified School District to maintain trees on its property. The level of funding would also cover maintenance costs for the 50,000 new trees the city aims to plant over the next 20 years to stem the current and ongoing decline of the city's urban forest.

Until January 2017, this measure would give the mayor the one-time authority to terminate this set-aside based on the city's financial condition.

#### Who Maintains Street Trees?

San Francisco has an inconsistent approach to taking care of street trees. The city has historically maintained about one-third of street trees (shown in green on the first map); private property owners must maintain the rest (shown in dark gray). If Prop. E passes, the city will take on responsibility for all street trees (second map).



SPUR map, data from San Francisco's Urban Forest Master Plan (p. 19), [http://www.sf-planning.org/ftp/files/plans-and-programs/planning-for-the-city/urban-forest-plan/UrbanForestPlan-121814\\_Final\\_WEB.pdf](http://www.sf-planning.org/ftp/files/plans-and-programs/planning-for-the-city/urban-forest-plan/UrbanForestPlan-121814_Final_WEB.pdf)

0 0.5 1 MILES

## E

## Street Trees



## THE BACKSTORY

Municipal governments in most major cities in the United States and elsewhere plant and maintain street trees in their jurisdictions. San Francisco is unusual in that the city historically planted trees only on certain major streets, such as Market Street and California Street (about 10,000 trees) and maintained about 25,000 privately planted street trees scattered around the city. The rest of the city's 70,000 street trees and their adjacent sidewalks have always been the responsibility of private property owners to maintain.

Beginning in 2014, due to budget cuts that made it impossible for the Department of Public Works to properly maintain all of the trees in the city's care, San Francisco adopted a policy of "relinquishment" to begin transferring responsibility for about 22,000 trees that it had been maintaining to property owners whose land abuts these trees. Over time, if this policy continues it will become the responsibility of property owners to maintain almost 90 percent of the city's street trees and the sidewalks adjacent to them. Property owners are also liable for personal injury or property damage claims that may occur as a result of failing to maintain their trees and adjacent sidewalks.

This relinquishment program has been deeply unpopular, as it imposes the costs of tree maintenance and liability on people who may not want the trees, may not have interest in caring for them or may not have the means to do so. It has also attracted media attention to the city's inconsistent approach to tree maintenance and liability. According to the San Francisco Department of Public Works, the cost of tree-related sidewalk repairs for property owners today can average around \$3,000. Tree pruning can cost between \$300 and \$1,000 per pruning.

In 2015, the city adopted the Urban Forest Master Plan, which identified strategies to care for and maintain San Francisco's street trees. Benefits of a healthy and growing tree canopy include providing clean air and habitat for birds, reducing stormwater runoff, increasing property values, calming traffic, reducing noise and contributing to reduced crime rates. The master plan found that San Francisco's urban forest is declining and is already one of the smallest among large U.S. cities. Two key recommendations from the plan include establishing and fully funding a citywide street tree maintenance program to relieve property owners of the responsibility for tree maintenance and sidewalk repair, and centralizing the responsibility for 100 percent of street trees with the Department of Public Works.

The \$19 million set-aside created by this charter amendment is expected to be funded by one of several revenue measures on the ballot that would increase income to the city's General Fund. If none of these revenue measures pass, Prop. E gives the mayor one-time authority to terminate this commitment based on whether the city can pay its costs. This "kill switch" expires on January 1, 2017. The city currently funds urban forestry and tree-related sidewalk repair at about \$6.5 million annually, so the set-aside represents a net increase of \$12.5 million in the cost of this program.

The Board of Supervisors voted unanimously to place this measure on the ballot in San Francisco. The measure requires a simple majority (50 percent plus one vote) to pass.

## E

## Street Trees



## PROS

- This measure could allow the city to sustain and grow the urban forest, which is currently in decline, endangering the many benefits it provides to San Francisco's residents, property owners and the environment.
- Prop. E could improve fairness in the way street trees are maintained by making it the city's responsibility to take care of all trees and assume liability for any damage they might cause. The current system is a confusing hybrid, where some trees are maintained by the city and some are not; many property owners don't know they are responsible for street trees.
- This measure could improve the quality of tree care and health, as many property owners are currently performing no tree care and others are hiring unqualified contractors who are damaging trees. This measure would end the unpopular practice of "relinquishment," which has already resulted in tree damage and tree death due to some property owners' unwillingness or inability to take care of sidewalk trees transferred from the city.
- This measure could attract new resources for tree planting, which have been hard to secure in the past due to the city's inability to prove that it has a viable and sustainable maintenance program.

## CONS

- Prop. E would create a set-aside from the General Fund and does not identify a specific source of revenue to pay for it. Set-asides tie the hands of future elected officials to make budgetary and management decisions.
- Given that all of the supervisors and the mayor supported this measure, it does not have to be on the ballot as a charter amendment set-aside. City leaders could have provided a sufficient level of funding for a robust urban forestry program through the normal budgeting process, rather than consistently cutting the budget for tree care and forcing a policy of relinquishment.

## SPUR'S RECOMMENDATION

San Francisco currently has a very poor street tree policy. It is unfair and confusing for property owners and has resulted in a diminished urban forest. Prop. E provides a policy solution: transferring the responsibility for tree maintenance back to the city and dedicating funding to sustain trees and maintain sidewalks. Prop. E funds tree maintenance through the General Fund, with the benefits to be broadly shared by everyone in the city. The process of developing the measure, which has unfolded over several years, considered many ways to remedy the current situation, with numerous studies recommending this approach.

Although SPUR does not consider set-asides a best practice, the amount dedicated by Prop. E is small and the issue meets our criteria that ballot set-asides should support causes that do not compete well in the normal budget process.<sup>1</sup> Trees have fared very poorly as a result of the current system and consistent underfunding, and this measure is the best chance to rectify that situation in the near future.

# Vote YES on Prop. E.



## FOOTNOTE

<sup>1</sup> *Setting Aside Differences*. SPUR Report. January 16, 2008, <https://www.spur.org/publications/spur-report/2008-01-16/setting-aside-differences>

# F Local Voting Age

## Youth Voting in Local Elections

Authorizes 16- and 17-year-old citizens to vote in local elections.

VOTE YES



### WHAT THE MEASURE WOULD DO

Proposition F would amend the San Francisco City Charter to grant 16- and 17-year-olds who are U.S. citizens and residents of San Francisco the right to vote in municipal and school board elections.

This measure would only apply to youth who are U.S. citizens — estimated to be between 6,000 and 15,000 people in San Francisco.<sup>1</sup> If every eligible 16- and 17-year-old registered to vote, this group would amount to approximately 3 percent of registered voters.

If San Francisco voters approve the amendment, the city controller expects that the Department of Elections would not incur major costs, as the programs and practices necessary to register 16- and 17-year-olds and keep separate voter rolls (for groups permitted to vote on one part of a ballot but not another) already exist.<sup>2</sup>

### THE BACKSTORY

Typically, the voting age in the United States is 18 for local, state and federal elections, though 21 states allow 17-year-olds to vote in primary elections if they will be 18 by the day of the general election. The U.S. Constitution does not prevent states from establishing a lower voting age. Currently, Takoma Park and Hyattsville (both in Maryland) are the only U.S. cities with a minimum voting age of 16. Several countries, including Austria, Argentina, Brazil, Ecuador, Nicaragua and Scotland, allow 16- and 17-year-olds to vote.

Voter engagement has remained chronically low in the United States. The problem is particularly acute among young voters. Only 19.9 percent of Americans ages 18–29 voted in 2014 (compared with 36 percent participation overall by eligible voters), and only 46.7 percent in this age group are registered to vote.<sup>3</sup> Several barriers to participation particularly impact young voters. At age 18 (when voting rights currently kick in for most of the country), many young people are facing transitions — many are moving out of their homes and sometimes away from their home cities, starting a career or college. Only a quarter of 18-year-olds register to vote, and most people don't start voting until their late 20s.<sup>4</sup>

Early initiatives to extend the vote to youth have shown promise. In many of the jurisdictions that have legalized 16- and 17-year-old voting, the voting rate among teens has been higher than for other age brackets or for traditional first-time voters (18- to 21-year-olds).<sup>5</sup> And activating the teenage vote may spur broader gains in voter participation. In the short term, 16- and 17-year-old voters influence the voter turnout of older family and community members.<sup>6</sup> Research shows that the earlier people start voting, the more likely it is that voting will become a long-term habit.<sup>7</sup>

Past and current city attorneys have issued varying opinions about the legality of a measure lowering the local voting age. Article 2, Section 2 of the California Constitution states that “a United States citizen 18 years of age and resident in this State may vote.” However, Articles 9 and 11 of the California Constitution permit charter cities, such as San Francisco, to pass laws in areas of local concern (such as school board elections) that do not mirror state law. It is the opinion of the current San Francisco city attorney that this measure is legally defensible.

### FOOTNOTES

<sup>1</sup> State of California, *Report of Registration*, January 5, 2016, <http://www.sos.ca.gov/elections/report-registration/154day-presprim-16/>

<sup>2</sup> Sixteen- and 17-year-olds are already permitted to pre-register to vote with the state registrar in California. And the practice of distributing different portions of ballots to different subsets of voters is already commonplace in primary elections, where Democrat, Republican and independent or non-affiliated voters receive different portions of the overall ballot. The methodology could simply be extended to separating out the local portions of ballots.

<sup>3</sup> *Generation Citizen*, *Young Voices at the Ballot Box*, <http://proportiondesign.com/vote16/wp-content/uploads/2016/01/Vote16USA-white-paper.pdf>

<sup>4</sup> Thom Lile, “Young Adult Voting: An Analysis of Presidential Elections 1964–2012” U.S. Department of Commerce, 2014. Available at: <https://www.census.gov/prod/2014pubs/p20-573.pdf>

<sup>5</sup> See note 3.

<sup>6</sup> Michael McDevitt and Spiro Kiouis, “Experiments in Political Socialization: Kids Voting USA as a Model for Civic Education Reform,” August 2006. <http://civicyouth.org/PopUps/WorkingPapers/WP49McDevitt.pdf>

## F

## Local Voting Age



This measure was placed on the ballot by a vote of the Board of Supervisors. Because it is an amendment to the City Charter, it must be on the ballot. The measure requires a simple majority (50 percent plus one vote) to pass.

## PROS

- By extending the right to vote to more residents, Proposition F could help San Francisco government become more representative and better serve its citizens.
- Sixteen- and 17-year-olds work, pay taxes and can be viewed as adults in court and legal proceedings; they should also be allowed to vote. Research has shown that 16- and 17-year-olds are sufficiently developed in their analytical, independent and empathetic cognitive abilities to make thoughtful voting decisions.<sup>8</sup>
- Under this measure, 16- and 17-year-olds would stand to gain two years of experience voting on municipal races, which could prompt them to become more engaged with and educated about local issues.
- Legalizing voting at a younger age could improve turnout for younger voters and their families. Voting earlier in life has been shown to lead to stronger voting engagement throughout a person's lifetime.

## CONS

- It is possible that Proposition F could be interpreted as a violation of the state constitution.
- Parents of minors living at home may wield undue influence over their children's votes.

## SPUR'S RECOMMENDATION

SPUR has worked for decades to increase participation in the civic decision-making process. We believe responsive, effective government requires a high level of involvement by the city's residents. This measure would open participation in public decisions to between 6,000 and 15,000 more citizens who, we believe, could make conscientious voting decisions. Additionally, engaging youth in municipal elections could improve the health of our democracy overall by heightening interest in local civic issues and contributing to better youth turnout and lifetime voter engagement.

**Vote YES on Prop. F.**



## FOOTNOTES

<sup>7</sup> Eric Plutzer, "Becoming a Habitual Voter: Inertia, Resources, and Growth," *American Political Science Review* 96/1 (March 2002): 41-56.

<sup>8</sup> Daniel Hart and Robert Atkins, "American Sixteen- and Seventeen-Year-Olds Are Ready to Vote," *Annals of the American Academy of Political and Social Science*, vol. 63 (January 2011): 201-221.

# G Police Oversight

## Department of Police Accountability

Changes the name of the Office of Citizen Complaints to the Department of Police Accountability, separates the department's budget from the budget of the police department and requires regular audits of police officer misconduct and use of force.

VOTE YES



### WHAT THE MEASURE WOULD DO

Proposition G would amend the City Charter to rename the Office of Citizen Complaints (OCC) as the Department of Police Accountability (DPA) and would eliminate the requirement that the Police Commission approve the DPA's proposed budget and instead allow the department's proposed budget to be submitted directly to the mayor.

Prop. G would make explicit the DPA's right to access city records, including police department policies and practices, as well as personnel records, disciplinary records and criminal investigative files. Every two years, the department would conduct a performance audit of how the San Francisco Police Department (SFPD) has handled claims of officer misconduct and use of force. The measure would maintain the current staffing requirements of the OCC in the new department: no fewer than one investigator for every 150 sworn police officers. The director of the DPA would still be nominated by the Police Commission, appointed by the mayor and confirmed by the Board of Supervisors. The measure would mandate that the DPA director could not have served as a uniformed officer or employee of the SFPD.

If Prop. H, Establishing a Public Advocate, is passed this November, it would remove the power to appoint the director of the OCC/DPA from the mayor and place that power in the hands of the new public advocate.

### THE BACKSTORY

Created in 1982 by a ballot measure, the Office of Citizen Complaints investigates allegations brought by members of the public regarding wrongdoing by SFPD officers. OCC's investigators look for breaches of SFPD protocol, and the office can make recommendations to the Police Commission for disciplining officers who break the rules. The OCC is overseen by the Police Commission, which also oversees the SFPD.

In the past year there has been a series of troubling revelations about the SFPD, including ongoing, disproportionate arrest rates for people of color, the exposure of racist and homophobic communications within the department, and multiple fatal police shootings of people of color, culminating in the resignation of the former police chief in May. At the request of the mayor, the SFPD is now being reviewed by the U.S. Department of Justice's community policing division, which is expected to release recommendations to the department by early fall.

Several immediate local reform efforts have involved the OCC. A June 2016 ballot measure (Prop. D), supported by 80.9 percent of voters, amended the OCC's responsibilities to require that the OCC investigate any incident where the discharge of a firearm by the SFPD results in the physical injury or death of a person. Previously, the OCC only investigated cases in which an official complaint was filed or a person died. Advocates for Prop. D aimed to build on the momentum of that measure's passage in June by bringing this second reform to the ballot this November.

This measure was placed on the ballot by a unanimous vote of the Board of Supervisors and must be on the ballot because it is a charter amendment. The measure requires a simple majority (50 percent plus one vote) to pass.



## G

## Police Oversight

**PROS**

- By giving the OCC full control of its budget, this measure would remedy an apparent conflict of interest. The OCC investigates misconduct in the SFPD, but its budget is currently reviewed and approved by the Police Commission, which governs the SFPD.
- An automatic audit of how the SFPD treats claims of officer misconduct and use of force is a reasonable step toward increased transparency around police incidents of special concern to the public.
- Better sharing of report findings from case to case might aid reforms needed to reduce police misconduct and repair the relationship between law enforcement and communities that have been unjustly treated.
- As a charter amendment, this change to the structure of government belongs on the ballot.

**CONS**

- Concerns have been raised that the OCC is not managed in a way that prioritizes serious cases of officer misconduct and that its investigators receive insufficient training. This measure would not address these challenges to the OCC's effectiveness in carrying out its duties.

**SPUR'S RECOMMENDATION**

A civilian oversight body with the proper resources, independence and disciplinary power is a key part of a community strategy to end police violence and restore trust in law enforcement and government. Removing the oversight body from the budgetary control of the department it investigates is a common-sense good government policy and a good use of the ballot. Endowing the OCC with more budgetary autonomy could allow the department to better manage its resources and priorities and increase its effectiveness.

# Vote YES on Prop. G.



# H Public Advocate

## Establishing a Public Advocate

Creates a new citywide elected office, public advocate, to be elected to four-year terms; provided with a staff, budget and offices within City Hall; and given a range of powers to review city programs and performance, investigate complaints against government, hold hearings and introduce legislation.

VOTE NO



### WHAT THE MEASURE WOULD DO

Proposition H is a charter amendment that would create a new citywide elected office — public advocate — and establish the powers for this office.

The public advocate would be elected by citywide vote in a general or special municipal election. She or he could not serve more than two consecutive four-year terms, but there would be no limit to the number of nonconsecutive terms a public advocate could serve.

The public advocate would be required to have an office in City Hall and a staff, including a deputy public advocate and at least two assistant public advocates. This measure would also make a nonbinding recommendation that the Office of the Public Advocate have at least two staff members per supervisorial district (a total of 22 additional staff) to perform constituent services and investigations.

The public advocate would have the power to:

1. Introduce legislation at the Board of Supervisors and hold public hearings
2. Review the administration of city programs by city agencies, assess compliance with required customer service plans, issue reports and conduct performance audits of city departments
3. Make recommendations to the Board of Supervisors, mayor and agencies on policies to correct problems identified
4. Receive, investigate and attempt to resolve complaints from members of the public concerning city services; refer complaints to the city attorney and/or the Ethics Commission
5. Oversee the city's Whistleblower Program — which investigates complaints against the city, its services and its employee management — in coordination with the city controller
6. Hire and fire the director of the Office of Citizen Complaints (to be known as the Department of Police Accountability should Prop. G pass)
7. Conduct investigations, issue subpoenas, access city records and contract outside experts to assist in performing duties

The authority to perform these functions currently exists in various city departments, which remain largely unchanged under the proposed measure. Prop. H combines many existing oversight and auditing functions and avenues for public complaint and departmental accountability and either puts them

under this new elected office or shares these powers between the existing department authority and the public advocate.

The controller has projected that this measure would cost between \$600,000 and \$3.5 million annually, depending upon the ultimate staffing level.<sup>1</sup>

**This measure is one of four attempts on this year's ballot to reverse important reforms made to the City Charter in 1995. See "Attacks on the City Charter's Balance of Powers: Propositions D, H, L and M" on page 12 for details.**

### THE BACKSTORY

Currently, San Francisco has multiple mechanisms to ensure transparent and accountable government and provide for oversight in the public interest. The city has an Ethics Commission, an Office of Citizen Complaints, an Office of the Controller (which includes a Whistleblower Program), a City Services Auditor and a Civil Grand Jury, as well as numerous charter-mandated public oversight bodies and commissions associated with almost every major city department.

The only U.S. municipality with a public advocate is New York City, which created this elected position in 1989 as part of a restructuring of the local government. The New York public advocate is a citywide elected office with some oversight functions and the power to introduce legislation but little administrative authority, though the advocate is second in line to the mayor. According to analysts sympathetic to the office, "there is widespread confusion about its intended role in government."<sup>2</sup> Some other cities have appointed ombudspersons to field citizen concerns and promote policies to improve service in specific areas of government, but no other cities have followed the public advocate model.

#### FOOTNOTES

<sup>1</sup> Office of the Controller, "Controller Statement – Prop H," August 15, 2016, <http://sfgov.org/elections/sites/default/files/Documents/candidates/Controller%20Statement%20Prop%20H%20-%20Public%20Advocate.pdf>

<sup>2</sup> Lucas Anderson, "Promoting an Effective and Responsive City Government by Retaining and Strengthening the Office of the Public Advocate," *New York Law School Review* vol. 58 (2013–14), <http://www.nylslawreview.com/wp-content/uploads/sites/16/2013/10/Lucas-Anderson.pdf>



## Public Advocate



This measure was placed on the ballot by a 6 to 5 vote of the Board of Supervisors. As a charter amendment, it must be on the ballot and requires a simple majority (50 percent plus one vote) to pass.

### PROS

- The new public advocate position might identify areas for reform in San Francisco government that would not otherwise be highlighted.

### CONS

- This measure would confuse roles and reduce, rather than increase, accountability at City Hall. Prop. H would embed a “shadow mayor” with a considerable staff whose role is to find fault — yet who has no administrative authority to make any government functions work better.
- Prop. H would politicize some of the city’s most sensitive functions, such as the Whistleblower Program, by moving them under an elected officer. This could have a chilling effect on government transparency, as city staff and departments might choose not to bring forward problems to an elected official who could have a political motivation for using the information (rather than a neutral entity, such as the Office of the Controller, which is an appointed position and serves through many elected administrations).
- There is no compelling case that the functions assigned to the public advocate are not currently working well in San Francisco and would work better if the new office were created.
- This measure would provide no new services for San Franciscans. The \$600,000 to \$3.5 million in immediate staffing costs to create the office could be much better spent on other activities.
- Prop. H would give a single elected official the full power of subpoena to issue summons and compel testimony from city officials, employees, city residents and other individuals. Giving one governmental official or agency (especially one that is not a law enforcement official or agency) this power is highly unusual and presents significant opportunity for political abuse. The public advocate would have a much broader license to wield a subpoena than even the city attorney, whose subpoena power is limited to actions in which he or she is enforcing city laws, or the district attorney, whose subpoena power is limited to actions in which he or she prosecutes

criminal cases. The public advocate could issue a subpoena to any person to investigate any complaint or perceived unfairness or insufficiency in provision of city service.

- This measure could increase public cynicism toward government if the public advocate position is used for partisan advantage or if it reduces the ability of existing elected officials, such as the mayor and supervisors, to work together effectively.

### SPUR’S RECOMMENDATION

A major change to the way San Francisco is governed demands a compelling case for why it is necessary: Would it make the city better? Would the positive impacts outweigh any negative impacts? Would the change reflect principles of good government? Is it on the ballot for the right reasons? Would it make it easier or harder to make future governance and management decisions in the city?

The public advocate proposal fails every test. It reproduces, confuses and politicizes existing government services, in addition to dramatically growing their costs. San Francisco has advocates for the public in the Office of the Mayor and Board of Supervisors, as well as in the city’s dozens of public commissioners and numerous programs for government transparency, accountability and responsiveness to public complaints.

If passed, this measure would be highly likely to contribute to dysfunction in San Francisco governance by creating unnecessary and expensive bureaucracy and inappropriately politicizing sensitive functions of government. It’s on the ballot for political reasons and could serve as a vehicle for trouble that would only make San Francisco less well-governed.

## Vote NO on Prop. H.



# I Dignity Fund

## Funding for Seniors and Adults With Disabilities

Establishes a special \$38 million fund to support services for seniors and adults with disabilities; mandates an annual increase to the amount through 2026-27, after which the amount would fluctuate with the city's discretionary budget.

VOTE NO



### WHAT THE MEASURE WOULD DO

Proposition I is a charter amendment that would establish a fund to support services for seniors, veterans, adults with disabilities and adults living with chronic and life-threatening health conditions. The city would be required to contribute \$38 million to the fund for fiscal year 2016-2017, an amount that would increase by \$6 million for fiscal year 2017-2018 and subsequently increase by \$3 million a year for the next nine years until the annual contribution reached \$68 million in fiscal year 2026-2027. The fund would continue at that amount, adjusted annually for changes in aggregate discretionary city revenues, for the next 10 years until fiscal year 2036-2037. Growth in this baseline support could be suspended but not reversed if the city's projected budget deficit exceeded \$200 million. Funds unspent in one year would carry over to the next.

Funds would be dedicated to purposes that serve seniors and adults with disabilities, including home- and community-based long-term care, food and nutrition programs, caregiver education and support, community and service centers, and counseling and legal services programs. Many of these programs are provided by nonprofit organizations working under contract with the city.

This measure would also change the name of the Department on Aging to "the Department of Aging and Adult Services" and update the responsibilities of the Department and its appointed citizen Commission. Prop I would require the Department of Aging and Adult Services (DAAS) to conduct a four-year planning process for the programs it funds. DAAS would also have to create a Community Needs Assessment and a Services and Allocation Plan, both of which would be approved by the Board of Supervisors. DAAS would also be required to establish a new 11-member oversight and advisory committee to oversee administration of the fund, as well as a service-provider working group to advise on funding priorities, planning, evaluation and policy development. Finally, this measure would add language to the City Charter establishing social and geographical equity as a guiding principle for DAAS in how it spends funds.

### THE BACKSTORY

This ballot measure was developed by a coalition of nonprofit and community groups, many of which provide services to seniors and disabled adults in San Francisco. The Dignity Fund Coalition projects that the number of San Francisco residents over the age of 65 will increase by 100,000 people in the next 15 years, growing from 20 percent of the city's population to 30 percent. The proponents of this measure want to seize on today's atmosphere of broad voter support for senior services and programs for the disabled in order to guarantee that the city's contribution to services for these groups keeps pace with population growth.

In fiscal year 2015-2016, the portion of the General Fund dedicated specifically to services for seniors and adults with disabilities was \$32 million. The city's actual investment in seniors' and disabled adults' quality of life is much higher. San Francisco seniors and disabled adults are served by the full spectrum of public goods that the city budget funds for all citizens, and many city services — like transit, education and affordable housing — are subsidized for seniors and the disabled.

The Board of Supervisors voted 9 to 2 to place this measure on the ballot in San Francisco. The measure requires a simple majority (50 percent plus one vote) to pass.

I

## Dignity Fund



### PROS

- The measure would guarantee an increase in General Fund support for a growing segment of the population with distinctive needs. Increasing funding for care and services that help seniors stay in their homes (known as “aging in place”) could lower public costs in the long term.
- The measure would increase funding in a gradual and predictable manner. It includes provisions for suspending increases in deficit years and allowing the level of funding to fluctuate with the economy over the long term.
- The measure would introduce socioeconomic and geographic equity metrics into the distribution of funds for senior services.

### CONS

- This measure is a set-aside, which means it would reduce the amount of the city’s General Fund budget that is discretionary and can be allocated by elected officials in the annual budget process. This could lock in spending priorities that may not make sense over the long term.
- The measure would mandate an increased level of spending without introducing a new revenue source.
- Establishing a set-aside for this purpose is not necessary because senior services and services for adults with disabilities are well represented in the annual legislative budget process.
- This measure would create several new oversight and advisory committees for DAAS, which could result in increased departmental costs. Furthermore, detailed specification of committees and working groups does not belong in the City Charter, where they can only be changed by another vote of the public.

### SPUR’S RECOMMENDATION

Prop I seeks to fund a real need — important services for seniors and adults with disabilities — but there is no reason that funding this need cannot go through the regular legislative budgeting process, which considers all citizens’ needs together. Wherever possible, elected officials should be allowed to allocate resources according to the greatest needs year by year, balancing out the competing demands on the finite amount of money available in the General Fund budget. Asking voters to establish a preset amount for a particular service does not give the full picture; voters cannot know which other needs may receive less funding as a result. And locking this funding in ignores the fact that changes occur in demographics, service needs and delivery methods.

SPUR believes set-asides should only be deployed as a funding tool for certain rare circumstances — for example, when particular purposes are chronically underfunded and/or don’t have a voice in the normal budget process. Thanks to excellent advocates like the coalition that has backed this measure, the needs of seniors and adults with disabilities have been well represented and adequately funded to date, and there’s no reason to anticipate that they won’t be in the future.

## Vote NO on Prop. I.





# Dedicating the Prop. K Sales Tax

## Funding for Homelessness and Transportation

Dedicates funding from the Prop. K sales tax to fund homeless services and transportation system improvements.

VOTE YES



### WHAT THE MEASURE WOULD DO

Proposition J is a charter amendment that would dedicate funding that comes into San Francisco's General Fund from the Prop. K sales tax measure. Of the funds generated by the three-quarter-cent sales tax increase, this measure would put a quarter cent toward homeless services and a half cent toward transportation system improvements. In the first full year of the sales tax increase, those amounts are expected to be \$47.75 million and \$95.5 million, respectively. The budget set-asides created by this charter amendment would sunset in June 2041.

The Homeless Housing and Services Fund would fund programs to prevent homelessness, create exits from homelessness and move homeless individuals into more stable situations.

The Transportation Improvement Fund would fund operating and capital transit expenses, street paving, and bicycle and pedestrian improvements. Funding for transportation system improvements would be allocated to the San Francisco Municipal Transportation Agency (SFMTA), the San Francisco County Transportation Authority (SFCTA) and the San Francisco Department of Public Works (SFPDWP).

The measure would adjust the transportation funding allocations if new revenues for street paving become available in the future: If voters approve a vehicle license fee in a subsequent election, or if another funding source becomes available, the sales tax money for street resurfacing (paving) would be reallocated to the other five transportation categories.<sup>1</sup> In fiscal year 2027–2028, the measure would give the Board of Supervisors the one-time authority to permanently reallocate the paving money to transit and complete streets that better serve all their users.

### Allocations for Transportation Improvement Fund

CATEGORY	PERCENT OF FUNDING	USES
<b>Muni transit service and affordability</b> <i>(administered by SFMTA)</i>	12.4%	Improve Muni on routes that disproportionately serve low-income, transit-dependent communities; provide free and reduced fares for low- and moderate-income youth, seniors and people with disabilities; fund transit operations. Surpluses must be held in reserve to offset future service cuts.
<b>Muni fleet, facilities and infrastructure</b> <i>(administered by SFMTA)</i>	18.8%	State-of-good-repair improvements to fleet, fixed guideway facilities and other infrastructure; fleet expansion. If service cuts are required, funds must be transferred from this category to the “transit service and affordability” category to offset those cuts.
<b>Transit optimization and expansion</b> <i>(administered by SFCTA)</i>	9.4%	Speed and reliability improvements; system expansion; funding for planning, design, outreach and evaluation.
<b>Regional transit</b> <i>(administered by SFCTA)</i>	14.1%	Investment in BART, Caltrain and ferries (such as Caltrain electrification and new BART cars); funding for planning related to these systems; technology-enabled corridor management strategies; demand management.
<b>Vision Zero safe and complete streets</b> <i>(administered by SFCTA)</i>	12.4%	Safety-focused bicycle and pedestrian improvements; streetscape enhancements; signal upgrades.
<b>Street resurfacing</b> <i>(administered by SFPDWP)</i>	32.9%	Paving

Source: Charter Amendment Transportation Improvement Fund Summary 2016.

#### FOOTNOTE

<sup>1</sup> The sales tax money for paving would be reallocated as follows: 10 percent to regional transit; 30 percent to Muni transit service and affordability; 20 percent to Muni fleet, facilities and infrastructure; 20 percent to transit optimization and expansion; 20 percent to Vision Zero safe and complete streets. The Board of Supervisors would not be able to modify that reallocation decision once made. The board would have to approve the reallocation by a two-thirds vote and secure the approval of the mayor.



## J

## Dedicating the Prop. K Sales Tax



The measure includes a mechanism that would adjust the dedicated amounts over time in line with General Fund growth or decline, until the measure sunsets in 2041.

Prop. J would provide a “kill switch,” giving the mayor until January 1, 2017, to nullify this measure. This option may be exercised in the case that Prop. J passes but its funding measure, Prop. K, does not.

### THE BACKSTORY

In 2013, Mayor Lee convened a Transportation 2030 Task Force to determine what San Francisco needs to do to improve its transportation system and prepare it for major population and employment growth between 2013 and 2030. SPUR co-chaired this task force. The task force found that the city needed to invest \$10 billion in the transportation system between 2013 and 2030 and that it had only \$3.7 billion available. The task force then recommended that the city pursue four revenue measures over 10 years: two \$500 million general obligation bonds, a local increase to the vehicle license fee and a half-cent sales tax increase. Together, these four measures were projected to raise \$3 billion by 2030. Each requires voter approval.

In November 2014, San Francisco voters approved a \$500 million Transportation and Road Improvement Bond, enacting the first of the task force’s recommendations. (That year voters also approved increasing San Francisco’s General Fund support to the SFMTA by approximately \$25 million annually.)

This year’s Prop. K would enact the recommended sales tax increase, while this measure, Prop. J, would dedicate those funds to two purposes. The task force recommended a half-cent increase, for transportation. Due to San Francisco’s acute homelessness problem, combined with state changes that are reducing San Francisco’s effective sales tax rate by a quarter cent, policymakers decided to recapture that quarter cent and spend it on programs to address homelessness.

Homelessness is a long-standing problem in San Francisco, and it has become more visible in recent years as the city undergoes a boom in development that brings residents, businesses and homeless people into closer contact in many neighborhoods. The mayor recently restructured the administration of homelessness programs, creating a new Department of Homelessness and Supportive Housing to serve as a central coordinator for the city’s programs to

prevent homelessness, offer exits from homelessness and create and manage more supportive housing. A key priority of the department is to implement a new “navigation system” to track the homeless population and provide individuals the right services and support to get them off the streets. This program builds off the success of the city’s Navigation Center pilot program. In this model, people can bring all of their belongings, as well as their companions and their pets, to stay at a navigation center for up to 90 days while receiving counseling from case managers who can help them access longer-term services. Dedicating a quarter cent of the Prop. K sales tax to homeless services would put approximately \$50 million annually toward these efforts, a 20 percent increase over current spending.

San Francisco has dedicated sales tax revenue to specific purposes at the ballot in the past, generally through a special tax, which requires two-thirds voter approval. This year’s Propositions J and K differ in that the sales tax proposed is a general tax, which only requires a simple majority (50 percent plus one vote) to pass. This separate charter amendment would then dedicate the funding from that tax increase to specific purposes: transportation and homelessness. This method has been used by counties around California to avoid the state’s high vote threshold to dedicate a tax to a specific purpose.

Prop. J was placed on the ballot by a vote of the Board of Supervisors. As an amendment to the City Charter, it must be on the ballot and requires a simple majority of voter support (50 percent plus one vote) to pass.

## J

## Dedicating the Prop. K Sales Tax



## PROS

- The Transportation Improvement Fund would invest critically needed resources in San Francisco's transportation system, partially correcting decades of underinvestment. This fund would pay for improvements across those transportation modes, including regional transit such as BART and Caltrain. It would also allow the city to adjust investments over time, as needs and priorities change.
- The Homeless Housing and Services Fund would allow the city to serve more homeless residents through its Navigation Centers. SPUR believes that the most effective way to move people out of homelessness is to combine shelter with core services, which is what the Navigation Center approach offers.
- Both funds would prioritize services that especially benefit underserved communities. The transportation fund would be used to make service better on the Muni routes that serve San Francisco's most disadvantaged communities. The homelessness fund would provide a substantial increase in support for the city's most vulnerable residents.
- These two funds meet SPUR's criteria for budget set-asides: they'd be tied to a new revenue source; they'd provide flexibility over time; they'd fund programs that have been underfunded in the past; and the transportation fund would establish measurable goals.<sup>2</sup>

## CONS

- The homelessness fund that would be created by Prop. J does not currently offer measurable goals. Proponents are not able to articulate what difference the city should expect to see from increased funding, nor how many more people would be served or in what way.
- This measure would not establish a "baseline" of homelessness services and funding against which to measure the city's investment in these programs over time. This provides no guarantee that the city would spend more total funds on homelessness programs as a result of this sales tax increase.

## SPUR'S RECOMMENDATION

San Francisco's health and quality of life depend on a well-functioning transportation system that prioritizes transit, bicycle and pedestrian travel. This measure would establish a clear expenditure plan, ensuring that sales tax money would be spent on projects that make a difference in achieving San Francisco's transportation policy goals.

Similarly, health and quality of life for all residents demand that the city invest in solutions to homelessness. This measure would provide a substantial increase in support for the city's best programs for moving its street population into shelters with services and, eventually, into permanent supportive housing.

Historically, SPUR has been skeptical of budget set-asides because they lock in future spending and limit legislators' ability to allocate money differently as the city's priorities and needs change over time. But we have also supported set-aside initiatives when the substance of the measure outweighs our concerns with the mechanism and when the structure of the proposal meets our criteria for evaluating set-asides.<sup>3</sup>

Transportation and homelessness have long been two of the city's foremost priorities. Given that the proposed improvements are critical, that these two funds are tied to a new funding source (so they won't cannibalize existing programs) and that the mayor would have the ability to eliminate the funds if the sales tax does not pass, we believe this measure is a worthy one.

# Vote YES on Prop. J.



## FOOTNOTES

<sup>2</sup> *Setting Aside Differences*, SPUR Report, January 16, 2008, <https://www.spur.org/publications/spur-report/2008-01-16/setting-aside-differences>

<sup>3</sup> See note 2.



## Sales Tax for Transportation & Homelessness

### General Sales Tax

Increases the effective sales tax in San Francisco by 0.75 percent to 9.25 percent in order to fund the homelessness and transportation programs in Prop. J.

VOTE YES



#### WHAT THE MEASURE WOULD DO

Proposition K would increase San Francisco's sales tax by three-quarters of a cent (0.75 percent). Because a quarter cent of the state sales tax will expire on January 1, 2017, the actual sales tax rate would change from 8.75 percent currently to 9.25 percent under this proposal. This sales tax increase would sunset after 25 years, in fiscal year 2040–41.

**Currently, San Francisco's sales tax rate falls in the middle of the range for California's 10 largest cities:**

CITY	POPULATION	SALES TAX RATE: APRIL 1, 2016
Oakland	422,856	9.500%
Los Angeles	4,030,904	9.000%
Long Beach	484,958	9.000%
San Jose	1,042,094	8.750%*
<b>San Francisco</b>	<b>866,583</b>	<b>8.750%**</b>
Sacramento	485,683	8.500%
Fresno	520,453	8.225%
San Diego	1,391,676	8.000%
Anaheim	358,136	8.000%
Bakersfield	379,110	7.500%

Source: San Francisco Controller's Office.

\*San Jose voters approved a quarter-cent sales tax increase in June 2016; their city's sales tax will increase to 9 percent in October 2016. A proposed Valley Transportation Authority half-cent sales tax increase goes before South Bay voters in November 2016, which would increase San Jose's sales tax rate to 9.5 percent.

\*\*If Prop. K passes, San Francisco's sales tax would increase to 9.25 percent in January 2017.

Although this proposed three-quarter-cent sales tax increase is structured as a general tax without specified uses, if Prop. J (Funding for Homelessness and Transportation) passes, it would dedicate Prop. K's proceeds to homelessness and transportation programs. This sales tax increase is expected to raise approximately \$150 million to \$155 million per year. (See Prop. J for details on how the revenue would be dedicated.) If Prop. K passes but Prop. J does not, the funds raised by this measure would go into the General Fund to be allocated at the discretion of the Board of Supervisors and the mayor.

**San Francisco's tax rate is lower than most of its neighboring cities:**

CITY	SALES TAX RATE: APRIL 1, 2016
Oakland	9.50%
Berkeley	9.50%
Emeryville	9.50%
Fremont	9.50%
San Mateo	9.25%
Daly City	9.00%
<b>San Francisco</b>	<b>8.75%</b>
San Jose	8.75%

Source: San Francisco Controller's Office.

## K

## Sales Tax for Transportation and Homelessness



## THE BACKSTORY

In 2013, Mayor Lee convened a Transportation 2030 Task Force to determine what San Francisco needed to do to improve its existing transportation system and prepare it for major population and employment growth between 2013 and 2030. (See the Prop. J “Backstory” section for details.) A sales tax measure to fund transportation needs was one of the task force’s recommendations.

A sales tax is a good way to raise money because it’s easy to administer, it has the potential to generate steady and significant revenue quickly, and small increases tend not to hinder consumer spending. Sales taxes can affect lower-income residents more acutely because they pay a higher share of their income on taxable retail goods like clothing and housewares. However, the regressive impact of a sales tax can be mitigated if resulting revenues are spent on services that benefit low-income populations, as this sales tax and its companion measure would.

The task force that originally proposed the sales tax recommended a half-cent increase, but due to San Francisco’s acute problem with homelessness, combined with the fact that state changes are reducing San Francisco’s effective sales tax rate by a quarter cent, policymakers decided to increase the sales tax to three-quarters of a cent to recapture that additional quarter cent and spend it on programs to address homelessness.

This measure was placed on the ballot by an 8 to 3 vote of the Board of Supervisors. Structured as a general tax, Prop. K requires a simple majority of the voters’ support (50 percent plus one vote) to pass. See Prop. J for more details on the structure of this tax measure.

## PROS

- A sales tax increase would create locally controlled funding that could be dedicated to city priorities. Because the state sales tax is partially expiring at the same time, San Francisco would only experience a half-cent tax increase but would receive three-quarters of a cent on the dollar in local funding generated.
- The funds generated by Prop. K would be invested in critical needs: San Francisco’s transportation system and housing and services for the homeless. San Francisco’s health and quality of life depend on a well-functioning transportation system that prioritizes transit, bicycle and pedestrian travel. The money from this measure would result in improvements across those

transportation modes, partially correcting decades of underinvestment and including regional transit such as BART and Caltrain.

- This sales tax meets SPUR’s criteria for a good tax measure:<sup>1</sup> it would raise a substantial amount of money; it would be easy to administer and understand; it would have low transaction costs; it would not cause economic flight; and it was developed through a broad and effective process.

## CONS

- If voters approve all revenue-related ballot measures this election, this sales tax increase could coincide with multiple other tax and fee increases in the city. The cumulative impact of these measures could make San Francisco less affordable for residents and less attractive to businesses.

## SPUR’S RECOMMENDATION

This sales tax would raise local money for the city’s most important priorities. While Prop. K is a general tax and therefore does not have a dedicated expenditure plan, it does have a companion measure — Prop. J — that sets aside this revenue increase for much-needed investment in transportation and homelessness services.

There is legitimate concern about the cumulative impact of tax and revenue measures on this ballot, and there are a confusing number of measures related to homelessness this year. This measure would make the biggest contribution to funding these needs, and it has been developed and structured fairly to have the biggest payoff for the city, with the least costs. It deserves support.

Vote YES on Prop. K.



## FOOTNOTE

<sup>1</sup> *Back in the Black: A Fiscal Strategy for Investing in San Jose’s Future*, SPUR Report, May 2016, <http://www.spur.org/publications/spur-report/2016-05-12/back-black>



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## MTA Board and Budget

### Appointments to MTA Board of Directors and Budget Process

Alters how appointments are made to the SFMTA Board of Directors by creating split appointments between the Board of Supervisors and mayor and allows the Board of Supervisors to reject the SFMTA's budget by a simple majority vote.

VOTE NO



#### WHAT THE MEASURE WOULD DO

Proposition L is a charter amendment that would alter how appointments are made to the San Francisco Municipal Transportation Agency (SFMTA) Board of Directors. The SFMTA is the agency that oversees the city's transportation network, including public transit, streets and parking. Currently, the mayor appoints all seven members of the board of directors, and the Board of Supervisors confirms those appointments. Under this charter amendment, the Board of Supervisors would appoint three of the seven members, and the mayor would appoint the remaining four, who would still be subject to confirmation by the Board of Supervisors.

The charter amendment would also change how the Board of Supervisors reviews the SFMTA budget. Currently, the Board of Supervisors can either approve or reject, but not amend, the agency's budget. Rejecting the budget requires seven out of 11 votes. This measure would lower the bar so that a simple majority vote of six out of 11 could reject the SFMTA budget. The Board of Supervisors still could not amend the SFMTA budget, but it would be required to provide findings if rejecting the budget. The SFMTA would then be required to respond to those findings when submitting a revised budget, thus simulating line-item review of the SFMTA budget.

**This measure is one of four attempts on this year's ballot to reverse important reforms made to the City Charter in 1995. See "Attacks on the City Charter's Balance of Powers: Propositions D, H, L and M" on page 12 for details.**

#### THE BACKSTORY

Following years of serious decline in transportation services, in 1999 voters approved Prop. E, which created the SFMTA by combining and reorganizing the formerly separate Department of Parking and Traffic and San Francisco Municipal Railway (Muni). Prop. E included far-reaching governance reforms aimed at depoliticizing and rationalizing the city's transportation functions.

Prop. L seeks to undo two of the key governance reforms included in the 1999 measure: independent governance and budgetary approval.<sup>1</sup> Prop. E created a seven-member board of directors of the SFMTA, appointed by the mayor and confirmed by the Board of Supervisors. It stipulated that directors could only be removed for cause. Prior to reform, the Public Transportation Commission served at the pleasure of the mayor and was subject to enormous political pressure, to the great detriment of Muni service. Prop. E also changed how the SFMTA's budget is approved, making it a less political and more practical process.

The relative budgetary independence that Prop. E created for the SFMTA had a significant impact. During the preceding period, when the Board of Supervisors could make line-item budget changes, city supervisors consistently required Muni to keep its advertised service levels up but often did not provide the funding needed to do so. At times, city supervisors required Muni to keep routes intact that would have better been adjusted for changing travel patterns. Since achieving more budgetary independence, Muni has been able to focus on performance times and logistics instead of politics, and in the last several years has seen improvements in performance and reliability.

In recent years, the SFMTA has initiated multiple projects that change how streets and transit in certain areas of the city are configured. In some cases, individual changes that are part of a bigger system of improvement have generated concern among some residents and businesses. By placing more limitations on the independence of the SFMTA, Prop. L aims to make the agency more responsive to these concerns.

This measure was placed on the ballot by a 6 to 5 vote of the Board of Supervisors. As a charter amendment, it must appear on the ballot and requires a simple majority (50 percent plus one vote) to pass.

#### FOOTNOTE

<sup>1</sup> SPUR Voter Guide, *The Urbanist*, October 1999. SPUR helped develop and champion Prop. E, along with a broad coalition, and saw this as an extension of the 1995 city charter reform.



L

## MTA Board and Budget

X

### PROS

- We found no compelling arguments to support this measure.

### CONS

- Prop. L would unwind the important governance reforms that have allowed the SFMTA to provide better Muni service to San Franciscans. The agency's budgetary independence has been critical to its ability to match service levels to available resources. Giving the Board of Supervisors more authority over the SFMTA budget would jeopardize the agency's ability to offer service that it can properly maintain, potentially resulting in less reliability for all users of the city's transportation network.
- Splitting appointments between the mayor and supervisors and adding budget oversight by elected officials would drag the city's transportation services back into the politics of City Hall rather than maintaining the independent transportation agency the voters asked for in 1999. It already takes many years to make the kinds of physical changes to the transportation network that result in reliable transit service, safe biking and walking streets, and parking availability that responds to demand. Creating a structure in which fights over individual stop signs, bus routes and parking meters get pulled into larger political battles would make those improvements that much harder to implement.
- A system of split appointments confuses accountability. Under the current structure, the SFMTA Board of Directors is accountable to the mayor. If San Francisco residents are unhappy with the SFMTA, they can take their concerns directly to one person and know where the buck stops. But if residents are unhappy with an SFMTA whose board is appointed by supervisors and the mayor, the path to resolving their concerns becomes less clear.

### SPUR'S RECOMMENDATION

Governance reforms of the past decade are beginning to result in an improved transportation system, with Muni performance and rider satisfaction getting better, the bike network expanding, pedestrian safety investments increasing and parking management improving. This measure threatens to undo those gains by politicizing the management of the SFMTA.

There is inherent conflict in managing a transportation system that serves the collective good. Changes that improve service for many can inconvenience some individuals. For example, putting bus stops on every block makes Muni slow for everyone riding that route. Removing a bus stop, however, can inconvenience the people who use that stop. Only an agency with independence from politics can successfully balance these needs. For this reason and others, the independent agency model is the one used by virtually every successful urban transit system in the country.

If San Francisco's goal is an efficient, effective, well-loved, well-used transportation system, the city must continue to depoliticize, rationalize and effectively fund the management of its transportation system. Prop. L would do the opposite and would be a step backward for the city.

## Vote NO on Prop. L.

X



## Housing and Development Commission

### Housing and Development Commission

Creates a new Housing and Development Commission to oversee the city's Housing and Community Development and Economic and Workforce Development agencies.

VOTE NO



#### WHAT THE MEASURE WOULD DO

Proposition M is a charter amendment that would establish a new Housing and Development Commission. The commission would oversee a new Department of Housing and Community Development (currently the Mayor's Office of Housing and Community Development) and a new Department of Economic and Workforce Development (currently the Office of Economic and Workforce Development).

The commission would be made up of seven members, three appointed by the mayor (confirmed by the Board of Supervisors), three appointed by the Board of Supervisors (but not confirmed by the mayor) and one appointed by the controller. One of the mayoral appointees would be required to have experience in affordable housing or community development; another would be required to have experience in supportive housing or homelessness-prevention services. One of the Board of Supervisors' appointees would be required to have experience in affordable housing or community development. The controller's appointee would be required to have experience in finance. Members would be appointed for four-year terms and be permitted to serve two consecutive terms.

The commission would have the power to:

1. Oversee the work of the Department of Housing and Community Development and the Department of Economic and Workforce Development
2. Hire and fire the directors of these departments, with no involvement from the mayor
3. Make recommendations to the Board of Supervisors on whether to approve, reject or amend development agreements negotiated by the Department of Economic and Workforce Development and agreements regarding the conveyances of surplus land
4. Adopt rules to create competitive bidding processes for the development of affordable housing
5. Review changes to inclusionary housing requirements and make recommendations regarding those changes

6. Adopt a strategic plan that outlines the city's goals for affordable housing and community development projects, including the city's plans to prioritize investments in neighborhoods with the highest needs for affordable housing and community development

This measure also contains two "poison pills" that would void two other measures appearing on the November ballot: Prop. U, which increases the qualifying incomes for residents of inclusionary rental housing, and Prop. P, which creates requirements to govern existing bidding processes for affordable housing. If this charter amendment passes, the Board of Supervisors could pass legislation that would supersede the income definitions in Prop. U. Additionally, the rules adopted by the commission regarding competitive bidding would supersede the regulations defined in Prop. P.

**This measure is one of four attempts on this year's ballot to reverse important reforms made to the City Charter in 1995. See "Attacks on the City Charter's Balance of Powers: Propositions D, H, L and M" on page 12 for details.**

#### THE BACKSTORY

In San Francisco, the mayor hires, fires or selects from among nominees the directors of nearly every major department in the city, including the Department of Public Health, the Department of Public Works, the San Francisco Municipal Transportation Agency, the Planning Department, the Recreation and Parks Department and the Department of Homelessness and Supportive Housing. The mayor also has the authority to hire and fire the directors of the Mayor's Office of Housing and Community Development and the Office of Economic and Workforce Development. Under most of the city's commissions, the mayor selects a department head from three candidates identified by the commission.



## Housing and Development Commission



Under this measure, the mayor would have no formal say in who is appointed to lead the renamed departments of Housing and Community Development and Economic and Workforce Development. This would make these departments very unusual within the city's governmental structure.

One of the main purposes of Prop. M is its two poison pill provisions, which would counteract Prop. U and Prop. P, initiative ordinances that aim to regulate how affordable housing units are built and occupied.

This measure was placed on the ballot by a 6 to 5 vote of the Board of Supervisors. As a charter amendment, it must be on the ballot and requires a simple majority (50 percent plus one vote) to pass.

### PROS

- Prop. M's mandate for a new strategic plan for housing and community development could help the city prioritize resources for these activities through a publicly vetted process. SPUR believes strategic plans are important to well-functioning agencies.

### CONS

- This measure would not provide new services for San Franciscans and would be likely to slow down and increase costs for two of the city's most urgent functions: affordable housing and economic development. The new commission would undoubtedly establish new rules, regulations and procedures that could make it harder for the departments to negotiate development agreements and disperse funding. This would result in delays in the creation of affordable housing.
- Placing the departments that do this work under a new commission and removing the mayor's ability to appoint the department directors would undermine the mayor's capacity to manage those departments and make it harder for the departments to function effectively.
- This commission would cause confusion and reduce accountability by changing San Francisco's governance structure from one where appointment and management responsibility is distributed clearly between the executive and legislative branches to one where management responsibility is diffuse.

- This measure would inexplicably put two very different types of functions — economic development and housing — under a single commission. It also would not require any member of the commission to have expertise in economic development. Important city functions that are currently performed by the Office of Economic and Workforce Development — such as small business support, job training and emergency disaster relief loans to businesses — would be put at risk. Effectively, this measure would place economic development under a housing commission's purview, doing a great disservice to both critical functions.

### SPUR'S RECOMMENDATION

Prop. M could delay the work of two of San Francisco's most vital city agencies, those responsible for creating affordable housing and leading economic development initiatives. The nature of this work — which requires complex coordination across many city agencies — requires the directors of these departments to be close to and speak for the chief executive of the city. By removing the direct link with the mayor and adding an ill-fitting layer of bureaucracy, Prop. M would make it more difficult for the city to execute the major plans that create affordable housing, provide jobs and revitalize neighborhoods.

While public commission meetings would increase the formal opportunities for public input on the city's housing and economic development efforts, there is no evidence that existing opportunities for public input are insufficient. And a strategic plan could have been undertaken without creating a new commission. This measure is unnecessary and potentially very damaging to the city's ability to do planning, support economic development and build affordable housing.

# Vote NO on Prop. M.



# N Noncitizen Voting

## Noncitizen Voting in School Board Elections

Allows noncitizens with children ages 18 and younger to vote in school board elections.

VOTE YES



### WHAT THE MEASURE WOULD DO

Proposition N would allow San Francisco residents who are of legal voting age and who are the parents, legal guardians or caregivers for children in the San Francisco Unified School District to vote in elections for the Board of Education, regardless of whether they are U.S. citizens. The measure would provide these voting rights to noncitizens who are in the country legally and illegally, as long as they have children ages 18 or younger.

If passed, Prop. N would go into effect in January 2017 and sunset after five years, in 2022. At that time the Board of Supervisors would have the authority to decide whether noncitizens could continue to vote for members of the Board of Education (rather than relying on a subsequent ballot measure).

The measure would also allow the Board of Supervisors to adopt ordinances necessary to implement the change in voting. Proponents and the city Department of Elections are exploring the possibility of using mail-in ballots to facilitate noncitizen voting for school board elections.

In 2010, SPUR estimated that a similar measure could “result in an increase of 20,000 or more eligible voters in School Board elections.”<sup>1</sup> The City Controller’s Office estimates that this measure would cost the Department of Elections between \$110,000 and \$160,000 to implement.<sup>2</sup>

### THE BACKSTORY

Many states and local jurisdictions around the country allowed noncitizens to vote until the early 1900s. New York City allowed noncitizens to vote in school board elections from 1968 to 2002, when those seats changed from elected to appointed positions.<sup>3</sup> The only jurisdictions in the United States that currently allow noncitizens to vote are a few municipalities in Maryland and in Chicago, where noncitizens may vote for local school council, a management body at each public school.<sup>4</sup>

Prop. N continues an effort in San Francisco to expand voting rights to noncitizens at the municipal level, which includes similar measures considered (and rejected) by voters in 2004 and 2010.<sup>5</sup> Advocates for the measure argue

that allowing noncitizens to vote in Board of Education elections could increase parental engagement in local schools, which has been shown to have positive benefits for students and school systems.

There is some question about whether or not a measure to legalize noncitizen voting would be in conflict with state law. In 1996, a state judge struck down an attempt by some residents to allow noncitizens to vote in all municipal elections. The judge ruled that the proposal conflicted with the California Constitution, which he interpreted to require U.S. citizenship to vote. Advocates, however, argue that there are other ways to interpret state law that would permit noncitizen voting in school board elections.<sup>6</sup>

The measure was placed on the ballot by a 10 to 1 vote at the Board of Supervisors. As a charter amendment, it must be on the ballot and requires a simple majority (50 percent plus one vote) to pass.

#### FOOTNOTES

- <sup>1</sup> “Proposition D – Noncitizen Voting for School Board,” SPUR Voter Guide, November 2010, <http://www.spur.org/publications/voter-guide/2010-11-01/proposition-d-non-citizen-voting-school-board>
- <sup>2</sup> City and County of San Francisco, Office of the Controller, Letter to the Department of Elections, August 15, 2016, <http://sfgov.org/elections/sites/default/files/Documents/candidates/Controller%20Statement%20Prop%20N%20-%20Non-Citizens%20Voting%20in%20School%20Board%20Elections.pdf>
- <sup>3</sup> Tara Kini, *Sharing the Vote: Noncitizen Voting Rights in Local School Board Elections*, 93 Cal. L. Rev. 271 (2005), footnote 5, <http://scholarship.law.berkeley.edu/californialawreview/vol93/iss1/4>
- <sup>4</sup> Emily Green, “Proposal to Let Noncitizens Vote for SF School Board Resurrected,” San Francisco Chronicle, June 7, 2016, <http://www.sfgate.com/bayarea/article/Proposal-to-let-noncitizens-vote-for-SF-school-7967016.php>
- <sup>5</sup> SPUR analysis for 2004’s Prop. F: <http://www.spur.org/publications/voter-guide/2004-11-01/proposition-f-non-citizen-voting-school-board-elections>. SPUR analysis for 2010’s Prop. D: <http://www.spur.org/publications/voter-guide/2010-11-01/proposition-d-non-citizen-voting-school-board>
- <sup>6</sup> The status of noncitizen voting is indeed confusing at the state level. On October 28, 2015, Governor Jerry Brown signed a bill into law that automatically registers all holders of a driver’s license as voters for all California ballots, including federal elections. Since January 2015 legislation decreed the right of a driver’s license to noncitizens, there is an apparent loophole for legal suffrage for noncitizens in California.

## N

## Noncitizen Voting



## PROS

- Residents of the city with children in the school system ought to have a say in who is deciding policy for those schools. Prop. N would enfranchise a considerable number of families to have more of a voice in their children's education.
- Increasing the number of parents who can participate in school board elections could increase parental involvement and investment in San Francisco's school system, creating benefits for all families and schools.
- The measure would give the Board of Supervisors the power to decide whether or not to extend noncitizen voting past the sunset date, rather than requiring a subsequent ballot measure.

## CONS

- The specifics of implementing this measure are complicated. How would noncitizen parents be identified and reached? How would the city track the presence and age of children in immigrant households in order to offer and revoke voting rights to their parents or guardians when they are born, adopted and turn 19, respectively? How would the city address concerns that creating a separate ballot for noncitizens could lead to a voting process that highlights the citizenship status of voters? There are important implementation questions related to this measure that don't yet have clear answers.
- Language in the state constitution and state election code call into question whether San Francisco can legally extend voting rights to noncitizens.

## SPUR'S RECOMMENDATION

San Francisco has a significant noncitizen immigrant population, and close to one-third of San Francisco's 60,000 public school children have a parent who is an immigrant, most of whom are not citizens. San Francisco offers a public education to children regardless of their citizenship status. Expanding the opportunity for their parents and guardians to have a voice in who governs that education makes sense.

Citizenship has not always been a barrier to voting in local elections in the United States. Several other communities throughout the country have already removed the citizenship barrier for voting in school board elections, and San Francisco would have those models in determining how to implement the measure. Though there are potential legal issues to be resolved, we feel this measure represents an important opportunity for San Francisco to better represent the concerns of its residents.

# Vote YES on Prop. N.







## Bayview Office Development

### Office Development in Candlestick Point and Hunters Point

Exempts office development in Candlestick Point and Hunters Point from San Francisco's annual cap on office space construction.

VOTE YES



#### WHAT THE MEASURE WOULD DO

Proposition O would allow office development in Candlestick Point and the Hunters Point Naval Shipyard to go forward without being counted toward the citywide annual cap on allowable office development in San Francisco. The measure would specifically change the city's zoning code to remove Candlestick Point and the Hunters Point Naval Shipyard from the provisions of a measure adopted by voters in 1986 that limits the approval of new office development to 950,000 square feet per year. That limit would still apply to other areas of the city. This measure would not make changes to the approval process for any other type of development (like residential or retail) in Candlestick Point, Hunters Point or elsewhere in the city.

#### THE BACKSTORY

San Francisco currently limits the total amount of new office construction that can be approved each year to 950,000 square feet.<sup>1</sup> Of this, 75,000 square feet is reserved for projects between 25,000 and 50,000 square feet (the "small cap"), while 875,000 square feet is reserved for office buildings greater than 50,000 square feet (the "large cap"). Any office development below 25,000 square feet is exempt from the cap.<sup>2</sup> If the cap is not fully allocated by the Planning Commission in one year, the remaining portions accrue to future years.

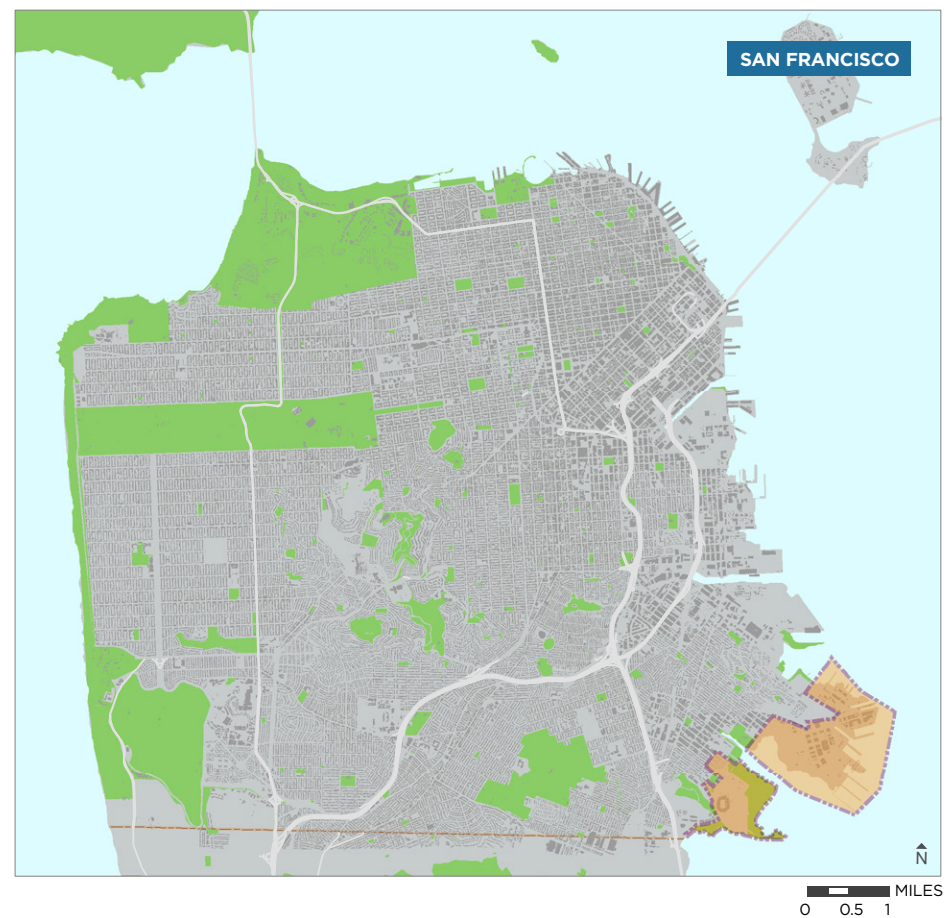
#### FOOTNOTES

<sup>1</sup> City and County of San Francisco, Planning Department, "Office Development Annual Limitation Program," <http://sf-planning.org/office-development-annual-limitation-program>

<sup>2</sup> Office development by the state or federal government is also exempt from the cap. However, the square footage of a federal or state office project does count toward the annual limit and could impact other office developments that are also seeking approval.

#### Areas Prop. O Exempts From Citywide Office Cap

Prop. O would exempt the areas in orange, Candlestick Point and Hunter's Point, from San Francisco's annual cap on office space construction across the city.



Source: SPUR map, data from Hunters Point Shipyard/Candlestick Point Jobs Stimulus Proposition legal text, Exhibit C (p. 14), <http://sfgov.org/elections/sites/default/files/Documents/candidates/Office%20Development%20in%20Candlestick%20Point%20and%20Hunters%20Point%20Legal%20Text.pdf>





# Bayview Office Development



This office cap was first included within the 1985 Downtown Plan and then adopted by voters as Prop. M in 1986.<sup>3</sup> It was the first annual limit on office development in the United States. The legislation is officially called the Office Development Annual Limit Program, though it's often referred to simply as Prop. M. Amendments to Prop. M can only be approved by the voters.

During the real estate crash of the late 1980s and the recession of the early 1990s, few office developments went forward, and the amount of allowable office space accrued to more than several million square feet. In fact, the office cap was not likely a major limiting factor to new office development until the dot-com boom of the late 1990s. In the recent economic boom, the office cap has again constrained new office projects, as the building permit pipeline exceeds the total allowable office square footage. As of July 2016, there were 1.16 million square feet of pending large office projects that had applied for less than 450,000 square feet of allowable office space within the cap.<sup>5</sup> An additional 6.9 million square feet of proposed office projects are now going through the pre-application permitting process.

In 2008, the voters adopted Prop. G, the Bayview Jobs, Parks and Housing Initiative.<sup>6</sup> This measure allowed for about 2.15 million square feet of office space, between 8,500 and 10,000 housing units, 885,000 square feet of retail and entertainment uses and 330 acres of parks and open space in the former Hunters Point Shipyard and adjacent Candlestick Point area. Despite voter approval, any office development in this area has still been subject to the limits of the city's annual Prop. M office allocation process. Also in 2008, the development agreement between the city and the developer of Candlestick Point and the Hunters Point Shipyard added a provision that gives the first 800,000 square feet of office development at this site priority in the Prop. M allocation process over all other areas of the city (except Mission Bay South and the Transbay Tower). This was an attempt to save some space for office

development in the shipyard, given the looming concern that demand would far exceed the annual supply of office space allocation under the cap.

In 2010, the city amended the Bayview Hunters Point Redevelopment Plan to accompany projects approved under Prop. G. The plan increased the amount of allowable office space in the area — permitting 5.15 million square feet<sup>7</sup> — in order to provide an alternative use in the event that the proposed football stadium was not built at the shipyard.

The Bayview/Hunters Point area has struggled economically for decades and has not had a large employment center since the closing of the shipyard in 1974.<sup>8</sup> The plan adopted by the voters in 2008 promised significant employment opportunities, which have not yet materialized. None of the approved office space is under construction (although some of the residential development in the plan is underway). Regional transit connections remain a concern because much of the shipyard is located more than 3 miles from the nearest BART or Caltrain station. And while there are plans for enhanced bus service, many of the commuters working at the shipyard will likely arrive by car.

This measure was placed on the ballot by voter signatures. It requires a simple majority (50 percent plus one vote) to pass.

## PROS

- Prop. O would remove the Prop. M office allocation process as a potential barrier to office development at Hunters Point Shipyard. It would allow the already approved office portion of the redevelopment project to go forward when there is sufficient demand for the space, regardless of whether there is availability within the office cap.

## FOOTNOTES

<sup>3</sup> In 1985, in an effort to get the Downtown Plan approved by the Board of Supervisors, Mayor Dianne Feinstein's administration proposed an annual limit of office growth for three years based on an economist's projection of demand for 950,000 square feet of space per year.<sup>4</sup> Feinstein's proposal would have expired in 1988 and could have been modified by the Board of Supervisors. However, in November 1986, voters approved Prop. M at the ballot, making the annual cap permanent and requiring voter approval for future modifications.

<sup>4</sup> Egon Terplan. *The Future of Downtown San Francisco*. The Urbanist. March 2009. <http://www.spur.org/publications/spur-report/2009-03-02/future-downtown-san-francisco>

<sup>5</sup> See: [http://zasfplan.sfplanning.org/ANLM/Office\\_Allocation\\_Stats.pdf](http://zasfplan.sfplanning.org/ANLM/Office_Allocation_Stats.pdf). Note that on October 17, an additional 950,000 square feet will be added to the cap.

<sup>6</sup> SPUR, "Proposition G - Bayview Hunters Point Redevelopment Plan," June 1, 2008, <http://www.spur.org/publications/voter-guide/2008-06-01/proposition-g-bayview-hunters-point-development-plan>

<sup>7</sup> This number comes from the August 2010 amendment to the Hunters Point Shipyard Redevelopment Plan, which states that 2.5 million of research and development and office space is allowed, plus an additional 2.5 million square feet if the football stadium is not built. (It was not. The stadium ended up in Santa Clara.)

<sup>8</sup> Hunters Point Shipyard: A Community History, February 1996, <http://sfocii.org/sites/default/files/FileCenter/Documents/307-Hunters%20Point%20Shipyard%20A%20Community%20History%20%20February%201996.pdf>



## Bayview Office Development



- To the extent that this measure would help facilitate additional job growth, it could bring employment opportunities to an area of the city that is sorely lacking them. It could also help fulfill the city's promise to bring jobs, retail and the envisioned mixed-use environment to the Hunters Point Shipyard and Candlestick Point, a plan that voters have endorsed previously.
- By taking the Hunters Point Shipyard and Candlestick Point office projects out of competition with other office proposals citywide (primarily those in central SoMa and downtown), this measure could enable more of the current backlog in office development to go forward. Allowing more office space to be added to San Francisco's tight real estate market could help moderate the price of office rents and keep organizations from leaving the city.

### CONS

- Exempting specific areas of the city from the provisions of Prop. M might encourage more neighborhoods and developers to pursue such a strategy instead of pushing for a wholesale reform of Prop. M. It would be better for the city to approach planning policy comprehensively rather than piecemeal at the ballot box.
- This measure would not actually limit the exemption from the Prop. M office cap to only 5 million square feet of office space. A future modification to the Redevelopment Plan and associated environmental documents could permit additional office development that would also then be exempt from the limitations of the Prop. M cap.

### SPUR'S RECOMMENDATION

The Prop. M office cap limits the ability to add to the supply of office space during economic booms, resulting in rapidly rising rents that squeeze nonprofit groups, small businesses and any other low-margin office tenant. SPUR has long been concerned about the negative effects of the current citywide office cap and remains unequivocally in favor of modifying it,<sup>9</sup> including this measure's proposed exemption for Hunters Point Shipyard and Candlestick Point.

While SPUR is generally opposed to making changes to the Planning Code at the ballot, in this case they're necessary. Because Prop. M was passed at the ballot box, any changes must also come back to the voters.

Prop. O builds on the voters' support of the 2008 Bayview Jobs, Parks and Housing Initiative by allowing those plans to go forward without the

constraints of Prop. M. The downtown office cap was intended to control and meter the growth of high-rise office construction in downtown San Francisco, not to slow or limit job growth in other parts of the city. Removing Hunters Point and Candlestick Point from the count toward the total office space allotment will hopefully make it easier to bring jobs to an area of the city that has not had a major employment center in decades.

Some may argue that the measure goes too far by providing a blanket exemption to Prop. M in perpetuity and that future growth could bring more than 5 million square feet of office space to an area that is not well served by transit. While concerns about the quality and availability of transit are valid, this measure is about whether to remove the limitations of Prop. M from Hunters Point Shipyard and Candlestick Point, not how much office space is appropriate there. Any increase to total office space — and the corresponding need for transit enhancements — would still have to be considered and discussed in a future planning process.

On balance, we think that this proposed exemption to Prop. M is appropriate and could be a helpful incentive to enabling job and office growth in Hunters Point Shipyard and Candlestick Point. It would also help avoid additional delays in office development and preventable rent escalation in other key areas of the city.

## Vote YES on Prop. O.



### FOOTNOTE

<sup>9</sup> SPUR has long held that the main beneficiaries of the Prop. M cap are incumbent property owners who benefit from the limit on new competition. Prop. M is a de facto job cap in San Francisco and a contributing factor to the shift of jobs to more suburban, auto-dependent locations in the Bay Area. Some argue that the Prop. M cap could be a tool to support the growth of smaller and more struggling office markets in the region, particularly downtown Oakland. The argument is that when supply restrictions cause San Francisco office rents to increase during a boom, tenants consider moving to other markets. While there is evidence that a number of tenants have located in downtown Oakland in recent years due in part to lack of affordable space in San Francisco, the office market fundamentals in downtown Oakland (based primarily on land and construction costs, rent and available financing) make new office construction there very difficult. Prop. M has therefore not helped Oakland grow; it has only contributed to increasing the cost of existing office space.



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# P Competitive Bidding

## Competitive Bidding for Affordable Housing Projects on City-Owned Property

Requires a competitive bidding process for selecting developers of affordable housing funded by the City and County of San Francisco on sites owned by the city.

VOTE NO



### WHAT THE MEASURE WOULD DO

Proposition P would establish a competitive bidding process for affordable housing projects funded by San Francisco on city property. Specifically, the measure would require the Mayor's Office of Housing and Community Development (MOHCD) to publish proposed affordable housing projects to the public for open bidding and submission of proposals, receive at least three bids or proposals and accept the proposal with the "best value."

"Best value" criteria would include:

- Evidence of a community design process
- Demonstrated efforts to control cost
- Inclusion of community-oriented amenities
- Financial feasibility

Under this measure, the city could not proceed with an affordable housing project if MOHCD received fewer than three proposals.

### THE BACKSTORY

As of June 2015, San Francisco had approximately 17,500 units of affordable rental housing in its portfolio, not including units created by market-rate developers through the inclusionary housing program.<sup>1</sup> The majority of affordable housing financed by the city is developed and managed by nonprofit affordable housing developers in partnership with MOHCD.

While not currently required to do so by law, MOHCD already uses a competitive bidding process to select developers for affordable housing opportunities on city-owned property. (The city also uses competitive bidding to award funding to affordable housing projects on non-city-owned property, though this process would not be impacted by Prop. P.) MOHCD publishes its requests for qualifications and requests for proposals (both of which apply to development opportunities on city-owned land) and notices of funding availability (which apply to projects on non-city-owned land) on its website.

MOHCD also publicly publishes its selection criteria and process.<sup>2,3</sup> Currently, it is MOHCD policy to encourage three bids, but the agency can move forward even if it only gets one or two bids, provided they meet the selection criteria. According to MOHCD, nine of the last 10 requests for proposals or qualifications that the office published (between 1999 and 2016) have drawn at least two responses.<sup>4</sup> One request for proposals (in 2006) drew one response, six drew two responses and three drew four responses.

Prop. P was placed on the ballot through signatures collected by the San Francisco Association of Realtors. It could have been passed legislatively and does not need to be on the ballot. It requires a simple majority (50 percent plus one vote) to pass.

### FOOTNOTES

<sup>1</sup> See table on page 11 ("MOHCD Affordable Housing Portfolio as of June 30, 2015"), San Francisco Mayor's Office of Housing and Community Development Annual Progress Report, Fiscal Year 2014–2015, <http://sfmohcd.org/sites/default/files/Documents/MOHCD%20Annual%20Progress%20Report%20FY14-15.pdf>

<sup>2</sup> MOHCD issued a notice of funding availability in April 2016 that included the following criteria for development proposals: "applicant experience and capacity, project readiness, cost-effectiveness, serving highly-impacted neighborhoods, serving neighborhoods typically under-resourced, serving homeless households, providing extended community benefits and excellent design." These criteria are very similar to those proposed under this measure. Available at <http://sfmohcd.org/sites/default/files/Documents/MOH/RFQs/2016%20Prop%20A%20Affordable%20Rental%20NOFA%20for%20Posting.pdf>

<sup>3</sup> MOHCD's April 2016 notice of funding availability also outlined the following process: city staff review proposals, and eligible bidders are interviewed and ranked by a selection panel composed of "persons with expertise in the areas of development, affordable housing financing, architecture, property management and resident supportive services." For Mission District projects, the interview panel would include "two community representatives who can bring knowledge of the Mission's particular culture, history, community fabric, and aspirations." The MOHCD director then selects the winning proposal. Available at <http://sfmohcd.org/sites/default/files/Documents/MOH/RFQs/2016%20Prop%20A%20Affordable%20Rental%20NOFA%20for%20Posting.pdf>

<sup>4</sup> List of MOHCD Multifamily NOFAs and RFQs/RFPs (1999–2016) available at <http://sfmohcd.org/sites/default/files/Documents/MOH/Summary%20of%20MOHCD%20Multifamily%20NOFAs%20and%20RFPs%201997-2016.pdf>

**P**

## Competitive Bidding

**X**

### PROS

- An explicit, voter-mandated bidding process might increase confidence that public funds are being well spent.

### CONS

- From a good government perspective, these types of administrative rules should not be decided at the ballot. This particular measure is not clearly worded, which could create administrative difficulty down the line. If this measure passes, its rules could not be changed without further ballot measures.
- Given the complex nature of San Francisco affordable housing projects, such as supportive housing for the formerly homeless and the rehabilitation of former public housing, it may be difficult to find three qualified bidders for every opportunity.
- It's unclear what problem Prop. P is meant to solve. MOHCD has competitive bid processes in place and is receiving multiple bids for most funding opportunities.

### SPUR'S RECOMMENDATION

Prop. P does not clearly solve a problem. MOHCD already has a process in place to ensure competitive bidding on projects funded with public dollars that are built on city-owned land. Setting administrative rules like this at the ballot could complicate the department's ability to make future changes as conditions change, and the requirement of three bids could impede the city's ability to get important projects built.

# Vote NO on Prop. P.

**X**



## Tent Encampments

### Prohibiting Tents on Public Sidewalks

Amends the Police Code to prohibit tents on public sidewalks and provides parameters for removing tent encampments within 24 hours, provided occupants can be offered housing, shelter or homeless services.

NO RECOMMENDATION

#### WHAT THE MEASURE WOULD DO

Proposition Q would amend the San Francisco Police Code to prohibit tent encampments on public sidewalks.

Under this measure, the city would be authorized to clear people camped on public sidewalks, provided they are served with at least 24 hours' advance notice and offered alternative housing or shelter and homeless services. "Housing" is defined as placement in a Navigation Center or another housing option provided by the city or a nonprofit group; "shelter" means a temporary stay in a city homeless shelter; and "homeless services" refers to the city's Homeward Bound program, which pays for transportation to other cities where family and friends can offer housing and support. The Department of Public Health, the Department of Homelessness and Supportive Housing and the Department of Public Works would enforce this measure. Because it amends the Police Code, it would also be enforceable by the San Francisco Police Department. Under the terms of this measure, if the city could not offer the occupants of an encampment housing or shelter, the city could not clear the encampment.

The measure would require written notice to be served in person and to be posted 24 hours in advance of any action to clear encampments. The notice would alert occupants that the encampment is scheduled to be removed; would advise them on housing, shelter and homeless services available; and would provide the address and hours of the location where personal property would be stored free of charge for 90 days before being disposed.

A two-thirds vote of the Board of Supervisors could amend Prop. Q, but only to further the measure's purposes.

#### THE BACKSTORY

San Francisco's homeless population is estimated at about 6,800, with approximately 3,500 currently living on the streets. While the number of homeless people in San Francisco has held relatively steady,<sup>1</sup> tent encampments have become more visible as the city has undergone a boom in development that has brought residents, businesses and homeless people into closer contact in many neighborhoods.

The city has increased its spending on homeless services from \$157 million in 2011 to \$241 million in 2016.<sup>2</sup> In early 2016, the mayor restructured the administration of homelessness programs, creating a new Department of Homelessness and Supportive Housing to serve as a central coordinating organization. Charged with reducing homelessness, the department is responsible for implementing a new "navigation system" that builds off the success of the city's Navigation Center pilot program. (See the Prop. J "Backstory" section for more details.) The department also strives to create exits from homelessness, which includes developing additional supportive housing. San Francisco is home to many "housing first" programs, which prioritize stable housing as an individual's primary need, under the premise that other issues (such as mental illness, drug addiction or unemployment) can be better addressed once people are housed. Over the past 12 years, the city has created almost 4,000 new units of supportive housing for the homeless.<sup>3</sup>

#### FOOTNOTES

<sup>1</sup> *San Francisco has been able to limit the growth of homelessness to 3.9 percent, largely by running very effective programs to get people off the streets and into permanently affordable housing. In the last 10 years, national trends — including economic recession, growing inequality, stagnant wages, funding cuts to housing programs, and urban housing shortages — have increased many cities' homeless populations by 10 to 20 percent.*

<sup>2</sup> *Of this \$241 million budget, \$140 million goes to supportive housing for previously homeless individuals who are now housed. Because of this, advocates often specify that \$100 million is the amount actually going to shelters and services for the currently homeless.*

<sup>3</sup> *Heather Knight, "New SF Head of Homelessness Already Has a Game Plan in Play," San Francisco Chronicle, August 12, 2016, <http://www.sfchronicle.com/bayarea/article/New-SF-head-of-homelessness-already-has-a-game-9138252.php>*





# Tent Encampments



Earlier this year, the mayor announced that the city intends to spend \$1 billion over four years to provide solutions to homelessness.

San Francisco has 23 so-called quality-of-life laws on the books, including measures that prohibit encampments in parks and outlaw sitting and lying on the sidewalk during certain hours. Critics argue that these laws criminalize homelessness, waste city resources and simply move the street population from one location to another. A report by the City Budget Analyst earlier this year corroborated this position, calculating the enforcement cost to the city at over \$20 million and confirming that these laws have not reduced the number of people living on the streets.<sup>4</sup> The U.S. Department of Justice ruled against quality-of-life laws in the last year, striking down a law in Boise, Idaho, that prohibited sleeping and camping in public on the grounds that criminalizing a life-sustaining activity violates the U.S. Constitution's prohibition against cruel and unusual punishment.

Prop. Q would require that the city offer housing or shelter and services to occupants before clearing encampments, but the city currently has only 35 shelter beds for every 100 people sleeping on the streets. The city is working on creating six more Navigation Centers in the next two years (some will be conversions of existing shelters), which will provide hundreds more beds.

Prop. Q was submitted for the ballot by four city supervisors. It could have been passed legislatively and does not need to be on the ballot. It requires a simple majority (50 percent plus one vote) to pass.

## PROS

- Passing this measure would allow voters to send a message to city leaders that sidewalk encampments should not be allowed to persist in San Francisco.
- This measure could address a gap in current law. Existing police and health regulations are vague with regard to encampments on city streets. By explicitly making tents on public sidewalks illegal, the voters could give the city greater license to remove these encampments when necessary for public health and safety.

## CONS

- This measure is potentially misleading to voters. The waiting list for shelter beds in San Francisco is currently 700 people long. In reality, it takes three days to pass a required tuberculosis screening in order to qualify for entry into a city shelter, and it generally takes weeks longer to be placed in a shelter. Without the ability to offer housing or shelter within 24 hours, the city could probably not enforce this law. This measure could raise public frustration by giving voters the sense that they will see progress, when they are not likely to.
- The city's current policy is to move the homeless street population into housing and shelter as quickly as these spaces become available, and San Francisco has just created a new department to coordinate getting people off the streets in the most effective way possible. By preempting departmental strategy and instituting a policy that could only be changed by another ballot vote, this measure could limit the department's effectiveness.
- This measure could have unintended consequences. For example, if some shelter beds are left empty in order to offer space for those in encampments, it could reduce the number of available beds. And by separating people from their seized belongings (which might include medications), it could also compromise the mental health of the street population.

### FOOTNOTES

<sup>4</sup> *Budget and Legislative Analyst's Report, Homelessness and the Cost of Quality of Life Laws*, May 26, 2016, <http://s79f01z693v3ecoes3yyjsg1.wpengine.netdna-cdn.com/wp-content/uploads/2016/06/Budget-and-Legislative-Analyst-Report-Quality-of-Life-Infactions-and-Homelessness.052616-1.pdf>



## Tent Encampments

- Decisions about how to engage with the city's homeless population ought to be left to the teams of health and social workers who are trained to evaluate the complex needs of people experiencing homelessness. These front-line responders need flexibility in order to match people in crisis with the right housing intervention, as opposed to Prop. Q's one-size-fits-all approach.
- Prop. Q would mandate that the same city staff working to build trust and create pathways out of homelessness would be the ones to clear people's homes and belongings. This could damage the long-term effort to get members of the street population into stable care and permanent housing.
- This measure does not need to be on the ballot, as the Police Code can and should be amended legislatively. If this law is approved at the ballot, it would take another ballot measure to amend it, should there be unintended consequences.

### SPUR'S RECOMMENDATION

Polls have shown that homelessness is the issue San Franciscans are most concerned about today.<sup>5</sup> It feels deeply wrong that a city with such wealth and pride in social progressivism should fail to address a persistent human tragedy in its streets, year after year. This measure responds to widespread frustration and attempts to create a framework for addressing one of the most visible manifestations of homelessness: tent encampments on public sidewalks. There is little disagreement that tent encampments are hazardous for both their occupants and the residents and businesses nearby, and it must be a priority for the city to help people transition out of these situations.

But this measure does not offer a lasting solution. The city already uses existing law to move people off of public sidewalks when they are creating a health or safety hazard. This measure could actually impinge on the city's ability to remove an encampment because it requires that housing or shelter be provided (and such shelter is often not available). The measure's wording does not specify the quality of shelter that must be provided or whether people need to be accommodated for any length of time. Enforcement of Prop. Q could create a circus wheel where people are in shelter for a night, then back out on the street in a new location.

The city has already made providing significantly more housing, shelter and services the priority of its enhanced homelessness policy. And other measures on the ballot this fall could provide additional funding for Navigation Centers and for permanently affordable housing. This measure doesn't add any new services or funding and could confine the approach of San Francisco's newly created Department of Homelessness and Supportive Housing.

The SPUR Board is not in favor of allowing sidewalk encampments to persist, but many board members did not believe this measure would provide a real solution. We were not able to reach enough votes to recommend either a "yes" vote or a "no" vote on this measure.

**SPUR has no recommendation on Prop. Q.**

### FOOTNOTE

<sup>5</sup> Emily Green, "Homelessness Soars to No. 1 Concern in SF, Poll Finds," *San Francisco Chronicle*, March 16, 2016, <http://www.sfgate.com/bayarea/article/Most-see-SF-moving-in-wrong-direction-poll-finds-6892152.php>

# R

## Neighborhood Crime Unit

### Neighborhood Crime Ordinance

Mandates that the San Francisco Police Department establish a Neighborhood Crime Unit and staff it with a minimum of 3 percent of all sworn personnel.

VOTE NO



#### WHAT THE MEASURE WOULD DO

Proposition R would require that the San Francisco Police Department (SFPD) establish a Neighborhood Crime Unit and dedicate a minimum of 3 percent of total sworn personnel to the unit. The 3 percent minimum requirement (59 or more officers) would only apply when the SFPD has met its charter-mandated minimum staffing of 1,971 sworn officers.

The focus of the Neighborhood Crime Unit would be to work to reduce a wide range of neighborhood crime and quality-of-life violations. In particular, members of the new unit would investigate, track and seek to decrease crimes like robbery, residential/commercial burglary, property theft (including bicycles), break-ins, vandalism and aggressive or harassing behavior.

In addition to establishing a new unit focused on neighborhood crime, the measure would call for the SFPD to coordinate with other city departments (such as Public Health, Homelessness and Supportive Housing, and Human Services) when responding to neighborhood crimes like panhandling and sidewalk obstruction, as well as to better connect people experiencing homelessness with city services and to help transition them into shelters or housing.

#### THE BACKSTORY

San Francisco is required by law to have a minimum of 1,971 full-duty sworn police officers. In 1994, voters approved Prop. D to establish minimum staffing levels after several years in which budget constraints had limited or eliminated police training classes, resulting in a significantly smaller active force. The 1994 measure assigned new officers to neighborhood policing, patrol and investigations, allowing for changes only through a new vote of the electorate. Currently, about 1,800 officers serve San Francisco, and the city is projected to increase hiring until reaching about 2,000 (over the mandated minimum) by the end of 2017.

In recent years, there has been evidence of growing crime in some neighborhoods in San Francisco, particularly property crime. For example, the civil grand jury reported that car break-ins in 2015 reached a five-year high of 24,800 (a 34 percent increase over 2014 and three times more than 2011).<sup>1</sup>

The 2016 ballot has several other measures related to policing, homelessness and quality-of-life issues. In addition, San Francisco already has dozens of quality-of-life laws intended to protect the well-being of residents and safeguard public space. Enforcement of these measures — in particular, violations involving the adult homeless population — incurs significant costs, and the city has found that the effectiveness of these measures in deterring crime is questionable.<sup>2</sup> The management of the police department has also become increasingly politicized due to the departure of the recent police chief, revelations of systemic racial discrimination within the SFPD and fatal shootings by officers.

Prop. R was placed on the ballot by four supervisors. It did not need to be on the ballot, as the police chief or the board of supervisors could have made these changes without going to the voters. As an ordinance, it requires support from a simple majority (50 percent plus one vote) of the voters to pass.

#### FOOTNOTES

<sup>1</sup> City and County of San Francisco Civil Grand Jury, *Auto Burglary in San Francisco*, June 20, 2016, [http://civilgrandjury.sfgov.org/2015\\_2016/2015-16\\_CGJ\\_Final\\_Report\\_Auto\\_Burglary\\_in\\_SF\\_6\\_20\\_16.pdf](http://civilgrandjury.sfgov.org/2015_2016/2015-16_CGJ_Final_Report_Auto_Burglary_in_SF_6_20_16.pdf)

<sup>2</sup> Budget and Legislative Analyst's Report, *Homelessness and the Cost of Quality of Life Laws*, May 26, 2016, <http://s79f01z693v3ecoes3yyjsg1.wpengine.netdna-cdn.com/wp-content/uploads/2016/06/Budget-and-Legislative-Analyst-Report-Quality-of-Life-Infactions-and-Homelessness.052616-1.pdf>

**R**

## Neighborhood Crime Unit

**X**

### PROS

- This measure would give voters a chance to demonstrate their support for dedicating police staff to a new unit to respond to neighborhood crime.
- This measure's provisions for integration across city agencies could improve the SFPD's collaboration with Public Health and Human Services and better connect individuals with needed services.
- Creating a separate Neighborhood Crime Unit means that officers in that unit would likely be evaluated for their success in reducing neighborhood crime only, as opposed to the broader set of crimes that fall under the purview of a district captain. Therefore, this measure might insulate the officers within the new unit from other pressures and allow them to focus specifically on reducing these types of crimes.

### CONS

- Departmental staffing decisions should be left to the department head and the mayor, not the voters. It is not appropriate to dictate staffing levels or the organization of a city department at the ballot box. Meanwhile, the staffing mandate could potentially tie the hands of future mayors and police chiefs, who might need to dedicate resources elsewhere in coming years.
- Three percent of dedicated officers (59 officers) is an arbitrary number that doesn't appear to come from any analysis of the actual needs of neighborhoods. More officers might be needed to respond to neighborhood crime, and if so, this measure could reduce the attention to neighborhood crime. It is also possible that fewer officers may be needed or that a neighborhood crime unit would over-dedicate officers toward inequitable quality-of-life policing that has a record of disproportionately targeting homeless adults and minorities.

### SPUR'S RECOMMENDATION

SPUR supports the idea of a Neighborhood Crime Unit within the SFPD. We recognize that certain neighborhood crimes, such as vandalism and bicycle thefts, degrade the city's quality of life and can get overlooked in a police department focused on more serious or violent crimes.

But we oppose using the ballot as a tool to allocate departmental staffing. How a department carries out its functions and how departments coordinate should be decided between the mayor and the department heads (sometimes with discussion and input from supervisors or the city controller). This measure is even more troubling given that the mayor and police chief already support the idea of a Neighborhood Crime Unit, and implementing such a unit does not need legislation to be enacted. Despite some merits, this measure has no place on the ballot.

# Vote NO on Prop. R.

**X**

# S Allocating the Hotel Tax

## Allocation of Hotel Tax Funds

Allocates a portion of hotel tax revenue to programs related to the arts and ending family homelessness.

NO RECOMMENDATION

### WHAT THE MEASURE WOULD DO

Proposition S would allocate a portion of San Francisco's hotel tax revenue, which currently goes into the city's General Fund, to specific services that support the arts and homeless families.

San Francisco imposes a 14 percent hotel tax (consisting of an 8 percent base tax and an additional 6 percent tax surcharge<sup>1</sup>) on the rental of hotel rooms. This tax generates approximately \$440 million per year. Currently, much of this revenue is counted among the city's discretionary revenue and contributes to determining baseline spending on a range of city services.

Prop. S would require the Board of Supervisors to annually allocate the money raised by the base tax portion of the hotel tax for the purposes listed in the table at right. Funds raised by the base tax that are not allocated for any of the purposes below would go into the city's General Fund.

This measure would establish several new funds, including an Ending Family Homelessness Fund, which would fund programs for homeless families and low-income families that are at risk of becoming homeless. This measure would also establish a Neighborhood Arts Program Fund, administered by the Arts Commission, to provide resources to nonprofit groups that offer affordable facilities for the arts. Prop. S would also create a Cultural Equity Endowment Fund to support arts organizations dedicated to the experiences of historically underserved communities.

The city currently allocates General Fund revenues to many of these same purposes. When compared to the current spending levels, funds allocated to the uses specified in Prop. S would grow by approximately \$26 million in fiscal year 2017-18. By 2020-21, the increase over current spending would be approximately \$56 million.<sup>3</sup>

### How Prop. S Would Distribute Hotel Tax Revenues

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21 and thereafter
Ending Family Homelessness Fund	6.3%	6.3%	6.3%	6.3%
Grants for the Arts	6.6%	6.9%	7.2%	7.5%
Arts Commission	2.9%	2.9%	2.9%	2.9%
Convention facilities	Up to 50.0%	Up to 50.0%	Up to 50.0%	Up to 50.0%
Administration	Up to 0.6%	Up to 0.6%	Up to 0.6%	Up to 0.6%
Refunds of overpayments <sup>2</sup>	As required	As required	As required	As required
War memorial buildings	5.8%	5.8%	5.8%	5.8%
Neighborhood Arts Program Fund	2.5%	3.5%	4.7%	6.0%
Cultural Equity Endowment Fund	3.5%	4.5%	6.0%	7.5%
General Fund	Remainder	Remainder	Remainder	Remainder

Source: San Francisco Arts and Families Funding Ordinance measure text.

#### FOOTNOTES

<sup>1</sup> Currently, revenue generated by the 6 percent surcharge goes into the General Fund.

<sup>2</sup> Small amounts of the tax are sometimes overpaid by hotels and need to be refunded.

<sup>3</sup> This represents a share of the hotel tax revenues starting at approximately 16 percent (\$69 million) of total hotel tax revenues in fiscal year 2017-18 and growing to approximately 21 percent (\$103 million) in 2020-21.

## S

## Allocating the Hotel Tax



## THE BACKSTORY

San Francisco's hotel tax was created in 1961 by then-mayor George Christopher, who argued that cultural facilities are needed in San Francisco in order to attract tourists. The tax rate was initially set at 6 percent and was increased incrementally to the current rate of 14 percent, established in August 1996. San Francisco has one of the highest hotel room tax rates in the nation.<sup>4</sup> Until 2013, it was unique in that most of the revenue from this tax was dedicated specifically to arts organizations.

Legislation passed in 1974 allocated funding from San Francisco's hotel tax to arts programs and low-income housing in the Yerba Buena Redevelopment Area. During economic downturns in the 2000s, the hotel tax was repeatedly amended to distribute funding to other programs, and in June 2013 the Board of Supervisors removed the allocation to arts programs and dedicated 50 percent to the Moscone Convention Center and 50 percent to the General Fund.

The hotel base tax generated approximately \$12.4 million in revenue in 1997. Last year, the hotel base tax generated approximately \$31 million in revenue. A comparison of the hotel tax in 1997 with the proposed allocations of Prop S. shows that many arts programs would receive a lower percentage of funding than they received in 1997, but this would still result in larger appropriations than they received in recent years.

This measure qualified for the ballot through a signature-collection campaign led by a coalition of arts and homelessness organizations. As a dedicated tax, it requires the approval of two-thirds of voters to pass.

## Hotel Tax Distribution Percentages

	1997	PROPOSED	
		Year 1	Year 4
Convention facilities	41.77%	50.00%	50.00%
Convention and Visitors Bureau	9.76%	–	–
Low-income housing — Yerba Buena	6.23%	–	–
Ending Family Homelessness Fund	–	6.30%	6.30%
War memorial buildings	9.76%	5.80%	5.80%
Candlestick Point Rec Center	6.23%		
Publicity/advertising (Grants for the Arts)	16.51%	6.60%	7.50%
Cultural equity	2.25%	3.50%	7.50%
Neighborhood Arts Program	–	2.50%	6.00%
Asian Art Museum	2.05%	–	–
Arts Commission	–	2.90%	2.90%
Fine arts museums	5.16%	–	–
Administration	0.29%	0.60%	0.60%
General Fund	–	21.80%	13.40%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: SPUR analysis, data from the San Francisco Controller's Office.

## FOOTNOTE

<sup>4</sup> "Cities With the Highest Hotel Taxes," *Consumer Reports*, June 4, 2014, <http://www.consumerreports.org/cro/news/2014/06/booking-a-hotel-these-cities-have-the-highest-hotel-taxes/index.htm>



## S

## Allocating the Hotel Tax



## PROS

- The hotel tax was created to promote activities that bring tourists to San Francisco. The arts continue to be a defining element of the city that draws visitors from around the world, and the revenue source for this set-aside would be closely — and appropriately — tied to its expenditure purpose.
- The percentage of hotel tax revenue that the measure would allocate to arts programs is reasonable (in some cases less than the same programs were receiving in the late 1990s).
- The city has a crisis of homelessness that affects both residents and visitors. Additional dedicated funding would make it possible to fund more services and generate additional housing that can be offered to homeless families.

## CONS

- The city has recently undertaken an effort to combine its homelessness programs and funding under one department. It's more effective to fund these programs comprehensively rather than by piecemeal ballot measures.
- Because of the way it's structured, Prop. S would reduce the amount of General Fund revenue that would otherwise be allocated to existing set-asides like Muni and the Children's Fund. If the hotel tax does not grow as predicted, the measure would have an even greater impact on the discretionary pot for other city-funded programs.
- Any future changes to Prop. S would require another vote at the ballot. It's best to give the legislative budget process the flexibility to determine priorities for city funding year to year.

## SPUR'S RECOMMENDATION

Arts, culture and services for families experiencing homelessness are priorities of the city and worthy of public investment. The hotel tax has historically been a major source of funding for these causes, and the amounts proposed for a restored set-aside in the measure are reasonable when compared to their historic allocations. However, creating new set-asides restricts the flexibility of distributing monies from the General Fund. Due to the way it is structured and its significant size, this set-aside is expected to impact other key services the city provides. SPUR's board was divided on these points and was not able to reach enough votes to recommend either a "yes" vote or a "no" vote on this measure.

**SPUR has no recommendation on Prop. S.**





## Lobbyist Gifts and Reporting

### Restricting Lobbyist Gifts and Campaign Contributions

Imposes new regulations on lobbyist reporting, restricts lobbyist gifts to city officials and limits lobbyist campaign contributions.

VOTE NO



#### WHAT THE MEASURE WOULD DO

Proposition T would amend the Campaign and Governmental Conduct Code to create stricter registration requirements for lobbyists and restrict gifts and campaign contributions from lobbyists to city officials.

First, this measure would require lobbyists to identify which city agencies they influence or intend to influence and would require them to update their registration information and disclosures within five days of any changed circumstances.

Second, Prop. T would prohibit lobbyists from making any gift of any value to a city official — including gifts to underwrite travel expenses — and would prohibit city officers from accepting or soliciting such gifts. The measure would further clarify that a lobbyist could not give gifts to a city official through a third party. 501(c)(3) nonprofit organizations that also engage in lobbying activities would be exempt from this restriction in the case of public events they host, allowing such organizations to provide gifts of food or refreshments valued at \$25 or less to city officials as long as such gifts were offered to all attendees of the event.

Third, the measure would prohibit lobbyists from making any contribution to city elected officials or candidates, as well as from gathering contributions from others (known as “bundling”). This prohibition would apply to lobbyists who are currently registered to lobby the official's agency and to those who had been registered within 90 days of the date of the contribution. This restriction would also apply to contributions to candidate-controlled committees and candidate-controlled ballot measure committees. (These are committees created to raise and spend money on behalf of a candidate or ballot measure; they are legally controlled by a candidate for office.) Committees that support or oppose candidates for state elected office or state ballot measures would be exempted from this restriction, although state law already prohibits lobbyists from making contributions to officeholders or candidates of the agencies they lobby.

The measure would permit the Ethics Commission and the Board of Supervisors to amend these provisions by a four-fifths vote of the commission and a two-thirds vote of the Board of Supervisors.

#### THE BACKSTORY

San Francisco's existing Lobbyist Ordinance regulates the activities of lobbyists and requires that they register with the Ethics Commission and file monthly disclosures regarding their activities. These disclosures include descriptions of payments from lobbyists' clients or employers, the identity of city officers the lobbyists have attempted to influence, and campaign contributions that they or their employers or clients have made or delivered. Under current law, lobbyists do not need to identify which city agencies they intend to influence when they register.

The current Lobbyist Ordinance limits lobbyist gifts to a city officer to items or meals worth \$25 or less. Current law also stipulates that local candidates may accept up to \$500 per person in campaign contributions, but it does not establish a contribution limit specific to lobbyists. Nor does current law restrict anyone from collecting campaign contributions from others and delivering those contributions to city candidates and elected officials.

The Ethics Commission was first established in 1993 and is charged with enforcing the city's governmental ethics laws, creating and advising on ethical guidelines for city officials, and acting as filing officer for financial disclosure statements related to city officials, campaigns, lobbyists, permit consultants and major developers. Since its creation, several ballot measures have extended the Ethics Commission's purview. Most recently, Prop. C in 2015 created a new category of expenditure lobbyists, imposing registration and reporting requirements on groups and individuals that spend more than \$2,500 in a month on “grassroots” lobbying efforts that urge others to contact city officials.

Prop. T has been put forth as an attempt to curtail “pay-to-play” politics and better align with state law, which restricts state lobbyists from making gifts or political contributions to state candidates.

The Ethics Commission voted to place this measure on the ballot. It requires a simple majority (50 percent plus one vote) to pass.

T

## Lobbyist Gifts and Reporting



### PROS

- This measure addresses a potential correlation between contributions or gifts offered to public officials and influence over those officials. Barring those who are seeking to influence public officials from making gifts, contributions of bundling others' contributions to those officials could be a step toward getting money out of local politics.
- The additional reporting requirements of Prop. T could provide more public transparency in the relationships between influencers and public officials.

### CONS

- The policy argument hasn't been made that this measure will actually prevent corruption. It's hard to see, for example, how eliminating the current ability of a lobbyist to make one gift per year of no more than \$25 would prevent corruption. To avoid extremes, the measure's advocates could have stuck to consistency with state law. But this measure, unlike state policy, would not exempt gifts of minimal value. Under the proposed law, a lobbyist could not offer a bottle of water to a city employee.
- There are benefits to elected officials being involved in the activities of nonprofits, hearing from community groups and advocates, and being informed by the latest research from independent experts. An overly vigilant culture that prohibits or stigmatizes many interactions between elected officials and their constituents could damage the government's responsiveness to citizens' needs.
- The requirement to continuously update all lobbying reports within five days of "changed circumstances" (which is not defined) could be a trap for the unwary, such as nonprofits and other entities that only occasionally lobby. Prop. T would allow the Ethics Commission to impose significant fines for minor infractions.
- This measure does not have to be on the ballot. It could have been directed to the Board of Supervisors, where its impact could have been considered through the regular legislative process.

### SPUR'S RECOMMENDATION

SPUR recognizes the concern Prop. T raises about the effect of money in San Francisco politics. We are generally supportive of a ban on bundling campaign contributions and appreciate the proponents' work to develop a proposal for San Francisco.

But regarding the strict gift ban, we have not heard a convincing policy argument that this measure would actually prevent corruption. This measure may only address a perception of influence, and its methods might have unanticipated impacts. One is that Prop. T could make it harder for city officials and legitimate representatives of public interests to work together. There is a balance to strike between preventing corruption and seeing the potential for corruption in any contact between a city official and an advocate for a cause.

This measure makes an important contribution to the conversation about money in politics, but it should have been considered legislatively, where trade-offs could have been weighed and where it would have been possible to amend with a simple Board of Supervisors majority, like nearly all other laws.

## Vote NO on Prop. T.





## Affordable Housing Eligibility

### Affordable Housing Requirements for Market-Rate Development Projects

Increases the income eligibility limit for below-market-rate rental units offered through the city's inclusionary housing program.

VOTE NO



#### WHAT THE MEASURE WOULD DO

Under San Francisco's inclusionary housing program, developers of market-rate housing are currently required to provide a certain percentage of affordable units for each housing development they build.<sup>1</sup> Rental units count toward this requirement if they are affordable to households in two designated categories: low-income households earning up to 55 percent of area median income (AMI) and moderate-income households earning up to 100 percent of AMI.<sup>2</sup> Rents for these units are set by the Mayor's Office of Housing and Community Development at 30 percent of these two income amounts; the rent does not vary based on the actual household income of the renter.

Prop. U would increase the income eligibility limit for all new and existing on-site inclusionary rental housing units to 110 percent of AMI (currently \$118,450 for a household of four), instead of the current mix of 55 percent and 100 percent of AMI. It would also change the way rent is charged, setting an affordable unit's rent at 30 percent of an individual household's income, which could be any income under 110 percent of AMI. If this measure is adopted, developers would not know the amount of rent they could collect until specific tenants are identified for the units.<sup>3</sup> In addition, the measure would require the city to change its agreements with existing property owners to allow for this change. This measure would not change the income eligibility limit for for-sale units or for affordable units built off site.

If passed, this measure could be amended by a two-thirds vote of the Board of Supervisors.

#### THE BACKSTORY

San Francisco first introduced the concept of inclusionary housing in 1992, when the Planning Commission set a policy for housing developers to include below-market-rate units in their projects. The program has undergone four major changes over the intervening years. In 2002, legislation was passed to make inclusionary housing a citywide requirement; in 2006, the percentage

requirements were increased, also legislatively; in 2012, San Franciscans voted to decrease the percentage requirements, to create the Housing Trust Fund and to require all future changes to the program to go before the voters. In June 2016, Prop. C increased the inclusionary requirements and removed them from the City Charter, thus allowing the inclusionary requirements to be changed legislatively in the future, rather than going back to the voters.

June 2016's Prop. C increased the requirement for on-site affordable housing from 12 percent to 25 percent. It further specified that 15 percent of the housing be for low-income households and 10 percent be for moderate-income households. As a result of legislation tied to Prop. C, the Controller's Office is conducting a financial feasibility study of the percentage requirements. The feasibility analysis is intended to form the basis for future inclusionary levels. A preliminary report released in early September recommended setting the requirements at 14 to 18 percent for rental projects and 17 to 20 percent for condo projects, as well as setting a schedule of annual increases at 0.5 percent per year for 15 years.<sup>4</sup> As of this writing, the Controller's Office is continuing to study a few additional questions and will issue a final report later this year.

#### FOOTNOTES

<sup>1</sup> Under Prop. C passed in June 2016, 25 percent of units built on site must be affordable. The developer may also opt to build 33 percent of units off site or pay an equivalent in-lieu fee. Prop. U would only apply to instances where the developer builds the affordable units on site.

<sup>2</sup> As calculated by the U.S. Department of Housing and Urban Development, 55 percent of AMI in San Francisco is \$41,450 for one person and \$59,250 for a family of four. One hundred percent of AMI in San Francisco is \$75,400 for one person and \$107,700 for a family of four. The Mayor's Office of Housing and Community Development has a helpful chart of the various income definitions: [http://sfmohcd.org/sites/default/files/Documents/MOH/2016\\_AMI\\_IncomeLimits-SanFranHMFA.pdf](http://sfmohcd.org/sites/default/files/Documents/MOH/2016_AMI_IncomeLimits-SanFranHMFA.pdf)

<sup>3</sup> As drafted, Prop. U would make the rent 30 percent of the household's income, which could vary from 10 percent of AMI to 110 percent of AMI. So the rent could vary from \$80 to \$2,000. The developers and all existing below-market-rate landlords would not be able to select higher-income households for their below market-rate units (and thus charge higher rents) because the Mayor's Office of Housing and Community Development runs the lottery and the wait list.

<sup>4</sup> <http://sfcontroller.org/sites/default/files/Preliminary%20Report%20September%202016.pdf>

## U

## Affordable Housing Eligibility



The San Francisco Association of Realtors has led the effort for this measure, pointing to the city's shrinking middle-income population and the consequent need for additional housing targeted to the middle class. Between 1990 and 2014, middle-income households (earning 50 to 150 percent of AMI) shrank from 49 percent of San Francisco's total households to 40 percent, while the percentages of low- and upper-income households have grown in that same time period.<sup>5</sup>

Prop. U was placed on the ballot by signatures collected by the San Francisco Association of Realtors. It could have been passed legislatively and does not need to be on the ballot. The measure requires a simple majority (50 percent plus one vote) to pass.

## PROS

- Prop. U would make more housing opportunities available to moderate- and middle-income households, an important but shrinking segment of the city's population. There are few funding sources (federal, state or local) available to assist with creating housing for individuals and families considered moderate- or middle-income.

## CONS

- Inclusionary housing requires complicated financial calculations and is best administered through a legislative process that is informed by technical studies. It would have been more appropriate to make these kinds of policy changes legislatively so that they could be fine-tuned over time. Putting them on the ballot means any adjustments would have to go back to the voters.
- The existing inclusionary policy already serves some moderate-income buyers and renters. Because Prop. U's new eligibility requirements would combine low- and middle-income households, this measure's attempt to better serve middle-income residents could come at the expense of lower-income households.
- This measure would unilaterally change the terms of existing inclusionary requirements for housing that is already occupied, which could result in landlords suing the city.

- This measure would expand the pool of eligible households without increasing the number of affordable inclusionary units available, making it even more competitive to secure an inclusionary unit.

## SPUR'S RECOMMENDATION

Middle-income families are important to San Francisco's diversity and economy, and this segment of the population is shrinking. The city needs to provide more housing for these households, but this measure is not the right way to accomplish it. Given the complexity of inclusionary housing policy, a legislative process informed by technical studies is a better way to make decisions about how much inclusionary housing the city needs and who should be eligible to live in it. The ballot box is no place for this kind of decision-making.

It's also important to note that Prop. U does not add more housing to the pool of inclusionary units available at below-market rents. This means that it would reduce the opportunities for certain low-income households by putting them into competition with a greater number of households for the same number of inclusionary units. While we recognize its good intentions, we can't put our support behind this measure.

Vote NO on Prop. U.



## FOOTNOTE

<sup>5</sup> *Briefing Book, State of the Housing Market Update 2014, San Francisco Mayor's Office of Housing and Community Development and Seifel Consulting*, <http://sfmohcd.org/sites/default/files/FileCenter/Documents/8295-SF%20State%20of%20the%20Housing%20Market%20Study%202014%20%28rev.%20102114%29.pdf>

# V Soda Tax

## Tax on Distributing Sugar-Sweetened Beverages

Levies a tax of 1 cent per ounce on sugar-sweetened drinks distributed in San Francisco.

VOTE YES



### WHAT THE MEASURE WOULD DO

Proposition V would impose a tax of 1 cent per ounce on drinks that have added sweeteners and contain more than 25 calories per 12 ounces. The measure is intended to discourage the distribution and consumption of sugar-sweetened beverages. The tax would cover most non-diet sodas, sports drinks and energy drinks distributed in San Francisco. Milk, infant formula, meal replacements, 100 percent juices, alcohol and drinks prepared by hand would be exempt.

The tax would be paid by distributors, the businesses that sell and deliver beverages to retailers and restaurants. The tax would generate an estimated \$14 million to \$24 million in revenue annually.<sup>1</sup> The revenue from the tax would be added to San Francisco's General Fund.

The measure would establish an advisory committee of public health professionals and community members who would produce an annual report to the mayor and Board of Supervisors. The report would evaluate whether the tax is reducing the consumption of sugar-sweetened beverages and would include recommendations for how to spend the tax revenue on programs that promote nutrition and physical activity and that could further reduce consumption.

### THE BACKSTORY

Sweetened drinks are the single largest source of sugar for American adults and children, and research shows that they are associated with diet-related disease.<sup>2</sup> Recent studies demonstrate that 46 percent of adults in San Francisco are either overweight or obese, and nearly one in 13 San Franciscans are living with diabetes.<sup>3</sup> The San Francisco Budget and Legislative Analyst estimates that each year sugary drinks cost San Franciscans \$41 million to \$61 million in public and private health care treatment, including \$6 million to \$28 million incurred by city agencies. Researchers at the Centers for Disease Control and Prevention estimate that, without significant public health intervention, one in three Americans could have diabetes by 2050.<sup>4</sup>

Early initiatives to reduce the consumption of sugary drinks by taxing them have shown signs of being effective. After Mexico imposed a tax on sugary drinks in 2014, researchers found that consumers in Mexico reduced their consumption, confirming that the tax had the intended effect.<sup>5</sup>

After a decade of failed attempts to pass a sugar-sweetened beverage tax at the state level, California's public health advocates began turning to local measures. In November 2014, voters in both San Francisco and Berkeley considered sugar-sweetened beverage taxes. A majority of voters in San Francisco supported the city's measure in 2014, but it didn't pass because it fell short of reaching the two-thirds supermajority required for taxes that dedicate revenue to a specific purpose. (The proceeds would have been earmarked for programs related to healthy eating and active recreation.) Berkeley's measure, which was a general tax that only required a simple majority, did pass (and, notably, received 75 percent support).

This year's San Francisco measure is modeled on Berkeley's measure, which went into effect in March 2015. As with the Berkeley measure, Prop. V does not earmark the revenue for any specific purpose but does create an advisory committee that would be tasked with making recommendations for how the revenue could be spent to further promote public health. Citizens in the cities of Oakland and Albany will also be voting on sugar-sweetened beverage tax measures this November; both are modeled on the Berkeley measure.

This measure was placed on the ballot by a vote of the Board of Supervisors and must be on the ballot because it is a tax measure. As a general tax, the measure requires a simple majority (50 percent plus one vote) to pass.

### FOOTNOTES

<sup>1</sup> *Respective estimates from the Office of the Controller, City and County of San Francisco (July 6, 2016) and the University of Connecticut Rudd Center for Food Policy and Obesity, <http://www.uconnruddcenter.org/revenue-calculator-for-sugar-sweetened-beverage-taxes>*

<sup>2</sup> *Susan H. Babey et al., Still Bubbling Over: California Adolescents Drinking More Soda and Other Sugar-Sweetened Beverages (UCLA Center for Health Policy Research, October 2013), <http://www.phadvocates.org/wp-content/uploads/2016/05/Still-Bubbling-Over-PolicyBrief.pdf>*

<sup>3</sup> *UCLA Center for Health Policy Research, California Health Interview Survey, 2014, <http://ask.chis.ucla.edu>; Centers for Disease Control and Prevention, "Diagnosed Diabetes Prevalence," 2013, <http://www.cdc.gov/diabetes/data/countydata/countydataindicators.html>*

<sup>4</sup> *James Boyle et al., "Projection of the Year 2050 Burden of Diabetes in the US Adult Population: Dynamic Modeling of Incidence, Mortality, and Prediabetes Prevalence," *Population Health Metrics* 8 (2010): 29.*

<sup>5</sup> *Anahad O'Connor, "Mexican Soda Tax Followed by Drop in Sugary Drink Sales," *New York Times* January 16, 2016, <http://well.blogs.nytimes.com/2016/01/06/mexican-soda-tax-followed-by-drop-in-sugary-drink-sales>*



## Soda Tax



### PROS

- San Francisco is facing a public health crisis of diet-related disease, with substantial public costs. A tax on sugar-sweetened drinks would reduce the consumption of beverages that are closely linked with obesity, diabetes and diet-related disease and would generate revenue that could be used to further support complementary public health efforts.

### CONS

- The measure is a regressive tax: Because it would be applied uniformly, it would have a greater impact on lower-income drinkers of sugary beverages than on those with higher incomes.
- Because this tax would only apply to San Francisco, it might lead customers to shop outside the city for lower-priced drinks, which might undercut its intended effect and could reduce revenue for San Francisco businesses.
- Since the tax would only affect merchants who sell sweetened drinks in cans or bottles or from drink dispensers — not those who prepare sugary drinks on site, such as coffee houses — it could create an unfair advantage for certain vendors.

### SPUR'S RECOMMENDATION

While many other factors influence public health, there is convincing evidence that liquid sugar is especially pernicious and merits policy intervention. The proposed tax is a reasonable and targeted policy tool that could help reverse the trend of rising rates of obesity and diabetes and the related increases in public health costs.

Though the measure is a regressive tax, it taxes something that is not essential to daily life. Sugary drinks can be easily avoided. A tax of this nature would be better implemented at the state level, but after a decade of failed attempts to pass such legislation in Sacramento, we cannot continue waiting for a state-level tax. Given the severity of diet-related public health problems, this measure merits support.

# Vote YES on Prop. V.





# W Transfer Tax

## Real Estate Transfer Tax on Properties Over \$5 Million

Increases the city's transfer tax rate on properties valued at \$5 million or more.

VOTE NO



### WHAT THE MEASURE WOULD DO

Proposition W would increase San Francisco's property transfer tax rate from 2 percent to 2.25 percent on properties with a value of \$5 million to \$9.99 million and from 2.5 percent to 2.75 percent on properties with a value of \$10 million to \$24.99 million. The measure would create a new bracket for properties with a value of at least \$25 million, establishing a transfer tax rate of 3 percent for those properties. Prop. W would make explicit that San Francisco's transfer tax also applies to the sale of real estate owned by a partnership, such as a trust or a tenancy-in-common ownership arrangement.

### Current Transfer Tax and Proposed Changes\*

Property Sale Price	Current Transfer Tax (and tax rate)	Proposed Transfer Tax (and tax rate)
\$100-\$250,000	\$2.50 per \$500 (0.50%)	\$2.50 per \$500 (0.50%)
\$250,001-\$999,999	\$3.40 per \$500 (0.68%)	\$3.40 per \$500 (0.68%)
\$1 million-\$4.99 million	\$3.75 per \$500 (0.75%)	\$3.75 per \$500 (0.75%)
\$5 million-\$9.99 million	\$10.00 per \$500 (2.00%)	<b>\$11.25 per \$500 (2.25%)</b>
\$10 million-\$24.99 million	\$12.50 per \$500 (2.50%)	<b>\$13.75 per \$500 (2.75%)</b>
\$25 million and above	\$12.50 per \$500 (2.50%)	<b>\$15.00 per \$500 (3.00%)</b>

\*Changes are indicated in bold.

Source: Prop. W transfer tax legal text, SPUR analysis

The California Constitution limits the amount of local government spending on tax-funded public services each year, unless changed by a vote of the local electorate. This measure would increase the city's annual appropriations limit for four years, to allow the city to spend the revenue collected by the transfer tax rate increase.

The City Controller's Office anticipates that the rate increase would generate \$44 million in additional annual revenue.<sup>1</sup> The majority of revenue from this increase would be derived from large properties, most of which are downtown office buildings.<sup>2</sup>

The transfer tax is a general tax, and revenue from the rate increase would go into the city's General Fund. In July, the Board of Supervisors passed a resolution of intent to make City College tuition-free for San Francisco residents and identified revenue from this proposed transfer tax increase as a possible source of funding. The subsidy for City College tuition is expected to cost the city \$13 million for the first year, beginning in fall 2017.<sup>3</sup> The Board of Supervisors has also expressed its intent to use a portion of the revenue from this tax increase to fund the \$19 million Prop. E set-aside for street tree maintenance, should the voters approve that measure.<sup>4</sup>

### FOOTNOTES

<sup>1</sup> San Francisco Office of the Controller, *Transfer Tax Increase on Properties Over \$5 Million in Value: Economic Impact Report*, June 29, 2016, [http://sfcontroller.org/sites/default/files/160604\\_economic\\_impact\\_final.corrected.pdf](http://sfcontroller.org/sites/default/files/160604_economic_impact_final.corrected.pdf)

<sup>2</sup> Ibid.

<sup>3</sup> Resolution No. 280-16: Intent to Prioritize Funding Free City College of San Francisco, <https://sfgov.legistar.com/View.ashx?M=F&ID=4582887&GUID=A4F1862C-ECB0-4109-B026-0E5AE18717E2>

<sup>4</sup> Kathleen Pender, "SF Proposes Transfer Tax Increase on Properties Over \$5 Million," *San Francisco Chronicle*, August 9, 2016, <http://www.sfchronicle.com/business/networth/article/SF-proposes-transfer-tax-increase-on-properties-9132694.php>



# Transfer Tax



## THE BACKSTORY

San Francisco charges a transfer tax on each commercial and residential property sold within city boundaries, equal to a percentage of the property's sale price. The tax rate ranges from 0.5 percent to 2.5 percent and is typically paid by the seller. While other California cities charge a flat transfer tax rate, only San Francisco has a graduated rate, whose upper range (and, in some cases, lower limit) exceeds that of other cities in the Bay Area.

### Regional Transfer Tax Comparison (Fiscal Year 2014-15)

San Francisco	0.50-2.50%
Alameda	1.20%
Albany	1.15%
Berkeley	1.50%
Hayward	0.45%
Oakland	1.50%
Palo Alto	0.33%
San Jose	0.33%
Santa Rosa	0.20%

Source: California City Documentary and Property Transfer Tax Rates. California Local Government Finance Almanac. <http://www.californiacityfinance.com/PropTransfTaxRates.pdf>

Transfer tax revenue is highly cyclical, and more volatile than any of the other tax revenue streams that support the city's General Fund; revenues fluctuate depending on the strength of the economy and the number of real estate transactions. Between the 2007-08 and 2009-10 fiscal years, transfer tax revenue declined by 66 percent. It has grown 133 percent since the recession's end in fiscal year 2011-12.

San Francisco voters have twice increased the transfer tax over the last 10 years. In 2008, voters approved a proposition that increased the tax rate to 1.5 percent for transactions of \$5 million or more. Revenues from the transfer tax had grown rapidly in the preceding years because of the overall growth in real estate values. But the impact of the recession and the bursting of the housing bubble resulted in a reduction in property values, transfer tax revenues and general city revenues. In 2010, voters approved another ballot measure to increase the transfer tax rate to 2 percent for transactions of \$5 million to \$9.99 million and to 2.5 percent for transactions of \$10 million and above.

An important part of the context of this measure is the national movement to make community college tuition-free. The concept is supported by the Obama administration and gained additional prominence from the Bernie Sanders campaign. Many states and localities have instituted programs to provide free community college in the last year.<sup>5</sup> Local proponents have identified the transfer tax as a possible source of revenue to fund such a program in San Francisco for residents and city workers.

Prop. W was placed on the ballot by a 10 to 1 vote of the Board of Supervisors. As a tax ordinance, it must be on the ballot and requires a simple majority (50 percent plus one vote) to pass.

## FOOTNOTE

<sup>5</sup> Executive Office of the President, "America's College Promise: A Progress Report on Free Community College," September 2015, <https://www.whitehouse.gov/sites/default/files/docs/progressreportoncommunitycollege.pdf>



## Transfer Tax



### PROS

- Transfer taxes can be an appropriate place to raise revenue for public purposes because they extract a portion of a property's increase in value at the point of sale and don't directly disincentivize economic activity such as job creation.<sup>6</sup> Transfer taxes are also an appropriate way for the city to recoup some investment because the value of property is tied to public assets like transportation improvements and public parks.
- Revenue from this measure could go toward worthy programs — such as providing access to free community college education at City College — that may depend on the city creating a new funding source.

### CONS

- While this measure is a general tax, the Board of Supervisors has declared intentions to use the funding generated by Prop. W for City College and for the Prop. E street tree program. It could be dangerous to dedicate transfer tax revenue, which is highly volatile and unpredictable, to programs that need steady funding.

### SPUR'S RECOMMENDATION

SPUR has been supportive of transfer tax rate increases in the past. We believe that when thoughtfully crafted, transfer taxes can be a prudent way to generate revenue and recoup city investment without providing a direct incentive against economic activity and job growth. And SPUR supports two of the programs that proponents of this measure hope to fund: making City College tuition-free for San Francisco residents and maintaining street trees.

However, this measure does not address whether City College or street trees would be funded, and if they were, this tax would likely not be the best revenue source. Because transfer taxes are so volatile, their revenue is better dedicated to one-time uses or to create a reserve, rather than to support programs that rely on steady income. City leaders can, and should, look for other ways to fund San Francisco's ongoing priorities.

# Vote NO on Prop. W.



#### FOOTNOTE

<sup>6</sup> Sales taxes, on the other hand, are levied in addition to the price of a good, and can disincentivize economic activity like consumer spending.



# Manufacturing and Arts Space

## Space for Neighborhood Arts, Small Businesses and Community Services

Requires development projects in the Mission or South of Market to get a conditional use authorization if the project would demolish or convert space used by production, distribution, repair, arts activities or nonprofit groups and requires the new development to replace the demolished or converted space.

VOTE NO



### WHAT THE MEASURE WOULD DO

Proposition X would make two changes to development projects within the Mission and South of Market neighborhoods. First, it would require a conditional use authorization from the Planning Commission if the development project would demolish or convert space used for production, distribution or repair (known collectively as “PDR”), arts activities or nonprofit community uses. Second, it would require the new development to replace the PDR, arts or community space that is converted or demolished.<sup>1</sup>

The conditional use authorization would be triggered by the conversion of more than 5,000 square feet of PDR use, more than 2,500 square feet of nonprofit community use or any amount of arts use within the following Eastern Neighborhoods Plan Areas: the Mission, Eastern SoMa, Western SoMa and, when a plan for it is adopted, Central SoMa.

The requirement to replace the PDR, arts or community space would vary based on zoning designations between 100 percent replacement and 50 percent replacement:

### Prop. X's Replacement Requirements by Zoning Designation

Zoning designation as of July 1, 2016	Replacement requirement under Prop. X
PDR, service/arts/light industrial	100 percent replacement of PDR, arts activities or nonprofit community use
Urban mixed use, mixed-use office or service/light industrial	75 percent replacement of PDR or nonprofit community use
Mixed-use general or mixed-use residential	50 percent replacement of PDR, arts activities or nonprofit community use
For all above zoning districts, if the development submitted an environmental evaluation application (part of the standard pre-development process) by June 14, 2016	40 percent replacement of PDR, arts activities or nonprofit community use
For all above zoning districts, projects with less than 15,000 square feet of PDR, arts or community space	Exempt

Prop. X would also provide for 25 percent reductions in replacement space for certain projects if the replacement space is rented, leased or sold at 50 percent below market rate for at least 55 years.

In Western SoMa, public property, affordable housing and existing non-conforming uses smaller than 25,000 square feet would all be exempt from Prop. X requirements. Additionally, projects that already received their entitlements or that have started the environmental review process would be exempt.

#### FOOTNOTE

<sup>1</sup> “Convert” is the word used for loss of PDR, arts or community uses throughout the measure’s legal text. It means a change of use or any other removal including demolition of a building that is not unsound.



## Manufacturing and Arts Space



The measure states that in the future the Board of Supervisors could adopt an in-lieu fee and/or off-site replacement provisions to meet the replacement requirements. The fee would be used for the preservation and rehabilitation of existing PDR, arts and nonprofit community spaces.

Under Prop. X the Board of Supervisors could amend the measure legislatively by a two-thirds vote of its members.

### THE BACKSTORY

Like most cities, San Francisco long had a zoning code whose most permissive designation was manufacturing. Any land classified as manufacturing could also include offices, housing and many other uses, some of which were not compatible with manufacturing activities. Over time, new residential projects in industrial areas resulted in conflicts between new residents and existing industrial users. Concerned that such conflicts would continue and the city might eventually lose most of its industrial lands, the city embarked on a major rezoning of the city's Eastern Neighborhoods.

The discussions during the rezoning process led to the creation of a new name for the manufacturing areas: production, distribution and repair (PDR). The new PDR classification was meant to reflect more accurately the kinds of activities that use industrial space. PDR uses include making clothing, food and art; distribution, including the distribution of people (e.g., Muni bus yards are considered PDR); delivery services and transporters; and repair work such as car and furniture repair. This new term was woven throughout the designation of new zoning classifications, which created several explicit PDR zones that exclude office and residential uses and limit retail uses. Other zoning districts have been created that allow for a mixture of uses, including PDR.

The PDR sector is valuable to the city for a number of social and economic reasons. PDR businesses help San Francisco retain a diverse economy while providing needed supplies to key sectors such as tourism (e.g. laundries), restaurants (e.g. bakeries and distribution centers) and professional services (e.g. printing). These goods and services will become more costly if the PDR businesses move out of the city and transport their goods (or offer their services) from farther away. In addition, PDR businesses often create well-paying jobs for those without a college degree.

PDR uses are very important to the city, and they are also at risk. Complaints from adjacent uses such as housing can lead to restrictions on PDR uses and to higher rent expectations that ultimately drive PDR uses away. PDR businesses tend to employ fewer people per square foot, and are less able to pay the same rent as and compete with higher intensity residential and office uses. For many of these reasons, it can be economically unfeasible to designate PDR space in new developments. As evidence of this, the majority of new and proposed Eastern Neighborhoods developments with mixed-use office or urban mixed-use zoning are either office/retail or residential/retail. Discussions have begun about ways to incentivize the development of PDR space, including redefining urban mixed-use zoning. It should be noted that more recent developments that are up for approval have opted to include some PDR space.

The city is taking additional measures to protect PDR space:

- The Central SoMa Plan, currently being drafted, may limit conversions, require new PDR in office developments and provide incentives to create new PDR.
- The city has hired six new inspectors to enforce the Planning Code to prevent PDR space from being illegally converted to office space.
- Mayor Lee's October 2015 Five Point Plan to Preserve PDR included a range of policies to preserve, upgrade and promote the creation of new PDR space on public and private sites.

This measure was developed by advocates who support local artists and businesses and oppose market-rate housing in their neighborhoods. It could have gone through the legislative process but instead was placed on the ballot by a 7 to 4 vote of the Board of Supervisors. As an ordinance, it requires a simple majority (50 percent plus one vote) to pass.



## Manufacturing and Arts Space



### PROS

- Prop. X highlights important planning issues that the city should address, namely the retention of space for PDR businesses, the arts and nonprofit community groups in rapidly transitioning neighborhoods.

### CONS

- This measure does not need to be on the ballot. The issue of PDR, arts and nonprofit retention can and should be handled legislatively. The changes that would be made by this measure are extremely complicated. Usually, such changes are best made by going through the normal legislative process, which allows for public input and vetting by various city departments. This measure had almost no public vetting before being placed on the ballot and could only be changed by a super-majority vote of the Board of Supervisors or another ballot measure.
- This measure would provide one-size-fits-all requirements for PDR replacement based on zoning designations. It would be better to analyze the consequences of these changes on a neighborhood-by-neighborhood basis.
- The new requirements outlined in this measure have not been evaluated for feasibility. It is not clear whether new developments could meet these requirements while also providing the other public goods that neighborhoods seek from new development (such as affordable housing and retail).
- It's also not clear that Prop. X would create space that PDR businesses, artist and nonprofits can use. Some of the new spaces might be too small and too expensive for these users, which would not result in the policy outcome that this measure is seeking to create.

### SPUR'S RECOMMENDATION

More attention can and should be paid to retaining space for industry, the arts and nonprofit organizations in San Francisco. But this goal can be achieved legislatively and in consultation with groups that will be affected by these changes. While we appreciate that the proponents of this measure included a provision that would allow changes by a super-majority of the Board of Supervisors, we still believe that going through the normal legislative process is the best way to make such complex and substantial zoning changes, particularly ones that have not been evaluated for feasibility and may need to be adjusted in the future.

## Vote NO on Prop. X.



**Twenty-four city propositions and one regional measure appear on the San Francisco ballot on November 8, 2016. As we do every election, SPUR provides in-depth analysis and recommendations on each one.**

We evaluate measures based on two sets of factors:

**Outcomes**

- Will the measure make the city better?
- Do the positive impacts of the measure outweigh any negative impacts?

**Process**

- Is it necessary and appropriate to be on the ballot?
- Is it written in a clear and straightforward way?
- Will it be implementable?
- Does the measure make it easier or harder to make future governance and management decisions?

San Francisco faces many urgent issues. Ballot measures that offer solutions, reflect broad community consensus and allow flexibility in implementation can move the city forward. SPUR supports such good public policy.

By the same token, complex challenges won't be solved by inadequate public policy. Sometimes the intentions behind a measure are laudable, but the policy as written will not have its desired effect — and may have negative unintended consequences. Often the ballot is not the best way to move forward on an issue.

SPUR focuses on outcomes, not ideology. The goal of the SPUR Voter Guide is to provide objective analysis and advise voters on which measures will deliver real solutions.



# SPUR

**IDEAS + ACTION FOR A BETTER CITY**

SPUR promotes good planning and good government through research, education and advocacy.

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SPUR's San Francisco Board of Directors reviewed, debated and adopted this analysis as official policy on July 13, August 17 and August 22, 2016.

**SPUR Ballot Analysis Committee**

Bob Gamble (Co-Chair), Fran Weld (Co-Chair), Michaela Cassidy, Jim Chappell, Ed Harrington, Ariane Hogan, Christine Johnson, Jim Lazarus, George Miller, Masharika Maddison, Terry Micheau, Bob Muscat, Molly Turner and Charmaine Yu.

**SPUR Staff and Interns**

Jennifer Warburg, Susannah Parsons, Karen Steen, Ratna Amin, Alicia John-Baptiste, Sarah Karlinsky, Sarah Jo Szambelan, Laura Tam, Egon Terplan, Kristy Wang, Eli Zigas

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