

SPUR | VOTER GUIDE

SAN FRANCISCO NOVEMBER 2019 | Local ballot analysis and recommendations

PROP **A**

Affordable Housing Bond

VOTE YES

PROP **B**

Disability and Aging Services

VOTE YES

PROP **C**

E-Cigarette Regulations

VOTE NO

PROP **D**

Ride-Hailing Tax

VOTE YES

PROP **E**

Affordable Housing & Educator Housing

VOTE YES

PROP **F**

Campaign Contributions & Ads

VOTE NO

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SPUR provides in-depth analysis and recommendations on San Francisco local ballot propositions for the November 5, 2019, election.

The goal of the SPUR Voter Guide is to provide objective analysis and advise voters on which measures will deliver real solutions. 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?

SPUR's Ballot Analysis Committee heard arguments from both sides of the issues, debated the measures' merits and provided recommendations to our San Francisco Board of Directors. The board then voted, with a 60 percent vote required for SPUR to make a recommendation.



SPUR

IDEAS + ACTION FOR A BETTER CITY

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

We are a member-supported nonprofit organization.

SPUR's San Francisco Board of Directors debated and adopted these recommendations on August 21, 2019.

SPUR Ballot Analysis Committee

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Paid for by the San Francisco Bay Area Planning and Urban Research Association. Financial disclosures available at sfethics.org.



Affordable Housing Bond

Affordable Housing Bond

Authorizes the city to issue \$600 million in general obligation bonds to fund affordable housing opportunities for extremely low-, low- and middle-income households.

VOTE YES



WHAT THE MEASURE WOULD DO

Prop. A would authorize the city to issue \$600 million in general obligation bonds to fund the construction, development, acquisition, rehabilitation and preservation of affordable housing for extremely low-, low-, moderate- and middle-income households. See Figure 1 for examples of these household incomes, which are defined as a percentage of area median income (AMI).

The measure would provide:

- \$220 million for the construction, acquisition and rehabilitation of **low-income housing**, including supportive housing for households earning between 0% and 80% of AMI.
- \$150 million for the repair and rebuilding of distressed **public housing**, which serves households earning between 0% and 80% of AMI.
- \$150 million for the creation of **senior housing** for households earning between 0% and 80% of AMI.
- Up to \$30 million for the preservation of **existing affordable housing** (serving households earning between 30% and 120% of AMI) that is at risk of physical decline or conversion to market-rate housing.
- At least \$30 million to assist in the creation of housing opportunities for **middle-income households** earning between 80% and 200% of AMI, such as site acquisition for new housing developments or individual down-payment assistance programs.
- \$20 million for predevelopment and construction of **housing for educators** making between 30% and 140% of AMI.

The bond is expected to create more than 1,600 housing opportunities, including new units, rehabilitated or replacement units and direct household assistance. The city has also set a goal to direct \$200 million of the bond toward serving extremely low-income households (those making up to 30% of AMI).

An existing citizens' oversight committee would audit use of the bond funds annually.

Based on the city controller's estimates of the cost to fund the bond, the highest estimated annual property tax increase for the owner of a home with an assessed value of \$600,000 would be approximately \$102.76. Because San Francisco has a policy of only issuing new bonds as older ones are retired, this bond would not increase property tax rates above 2006 levels.

As a general obligation bond, this measure requires a two-thirds vote to pass.

Figure 1. Who Does Affordable Housing Serve in San Francisco?

Affordable housing projects and programs subsidize the cost of housing for groups that cannot afford market-rate rents or home prices. The definitions of extremely low-, low-, moderate- and middle-income households are determined by the U.S. Department of Housing and Urban Development and vary from city to city based on the area median income (AMI). Housing is considered "affordable" if it costs less than 30% of a household's income.

Income Category	Percentage of Area Median Income AMI	Annual Income for Household of 2	Annual Income for Household of 4
Extremely low-income	0%–30% of AMI	\$0–\$29,550	\$0–\$36,950
Low-income	31%–80% of AMI	\$29,551–\$78,800	\$36,951–\$98,500
Moderate-income	81%–120% of AMI	\$78,801–\$118,200	\$98,501–\$147,800
SF MEDIAN INCOME	100% of AMI	\$98,500	\$123,150
Middle-income	121%–175% of AMI	\$118,201–\$172,400	\$147,801–\$215,500

Source: San Francisco Mayor's Office of Housing, https://sfmohcd.org/sites/default/files/Documents/MOH/Asset%20Management/2019%20AMI_IncomeLimits-HMFA.pdf

A

Affordable Housing Bond



THE BACKSTORY

San Francisco is experiencing a well-documented housing affordability crisis. The city is reported to have the highest median rent in the country and a median home sales price of \$1.35 million. Homelessness is up 30% from two years ago, and not only low-income but also moderate- and middle-income households are finding it difficult to remain here because of the high cost of living.

Today, San Francisco has many different sources of funding dedicated to affordable housing, including impact fees, federal grants, the General Fund, the Housing Trust Fund, the 2015 affordable housing bond and others. But nearly all of these sources are committed to affordable housing projects that have already been proposed. Many unfunded projects are awaiting a future source of funding, such as this bond, in order to come to fruition.

As a result, officials and housing advocates have been pushing to put an affordable housing bond on the ballot in recent years. Through the capital planning process, San Francisco schedules in advance when most general obligation bonds will come to the voters. Unlike other capital needs (such as parks and open space, earthquake safety, emergency response, transportation, public health and seawall safety), affordable housing has not been regularly incorporated into the calendar.

In January, Mayor London Breed proposed a \$300 million affordable housing bond for early 2020, alongside an earthquake safety bond for November 2019. She also proposed adding affordable housing to the capital plan bond schedule going forward (a change that is still pending). Over several months of negotiations among the mayor, Board President Norman Yee, other supervisors and advocates, this bond was pushed up to this November (instead of the earthquake safety bond), increased to \$500 million and then finally increased to \$600 million. All 11 members of the Board of Supervisors are now co-sponsors of the measure, which would be the largest affordable housing bond in San Francisco's history.

The uses of the bond, outlined in a report separate from the actual measure, were identified by a large working group that included affordable housing developers, housing and development experts, elected officials, tenant advocates, and members of the philanthropy and business communities.

This measure was put on the ballot by a unanimous vote of the Board of Supervisors.

PROS

- Prop. A would substantially add to San Francisco's affordable housing stock through new construction and preservation efforts.
- By adding newly built affordable housing, this bond would also increase San Francisco's overall housing supply, which would help moderate prices at all levels of the housing market.
- This bond would help complete the repair and rebuilding of two of San Francisco's most distressed public housing developments through the HOPE SF initiative.
- Several projects in the development pipeline that are currently on hold would be able to move forward with the passage of this measure.
- The bond would address the needs of households across the income spectrum, including educators, but would also maintain a commitment to meeting the needs of San Francisco's most vulnerable residents, including seniors, people with chronic mental illness and people struggling with substance abuse.

CONS

- While this is the largest affordable housing bond in San Francisco's history, it is not sufficient to address the full scope of the housing crisis.

SPUR'S RECOMMENDATION

Housing affordability and homelessness remain among the most urgent challenges of our time. The city faces high construction costs and land prices, labor shortages, process and structural challenges, and a persistent funding gap — all of which continue to delay or confound efforts to deliver housing to San Franciscans across the income spectrum. This bond would be a significant step toward addressing the problem of funding for affordable housing. It rightly offers solutions for a range of income needs and, as the largest housing bond in history, is scaled to meaningfully address the problem. Importantly, it signals that the city considers housing to be as fundamental to its future as disaster preparedness and school repair — and worthy of San Franciscans' collective investment.

Vote YES on Prop A.



B Disability and Aging Services

Department of Disability and Aging Services

Renames a city department, its commission and an associated fund, and makes changes to requirements for who can be appointed to the commission.

VOTE YES



WHAT THE MEASURE WOULD DO

This measure would amend the city charter to make several changes to what is currently the Department of Aging and Adult Services. The measure would:

- Change the name of the Department of Aging and Adult Services to the Department of Disability and Aging Services.
- Change the name of the Aging and Adult Services Community Living Fund to the Disability and Aging Services Community Living Fund.
- Change the name of the Aging and Adult Services Commission to the Disability and Aging Services Commission.

Additionally, the measure would make changes to the requirements for appointed commissioners. One of the commissioners would be required to be over 60 years old. One of the commissioners would be required to be over 18 years old and have a disability as defined by the Americans with Disabilities Act. Finally, one of the commissioners would be required to be a veteran.

The measure includes language directing the city attorney to make any additional conforming amendments to the municipal code where the titles “Department of Aging and Adult Services,” “Aging and Adult Services Community Living Fund” and “Aging and Adult Services Commission” occur, to align with changes made to the charter.

THE BACKSTORY

The Department of Aging and Adult Services (DAAS) was established in 2000 under Mayor Willie Brown and combined the Commission on Aging, Adult Protective Services, In Home Supportive Services, the County Veterans’ Services office and several other programs under one roof. Since then, DAAS has been the primary city agency providing support to both older adults and adults with disabilities, through senior centers, in-home care, case management, legal assistance, transportation and other services. The department estimates that adults over the age of 60 make up 23%

of San Francisco’s population, while one in 10 adults reports living with a disability. The department’s \$370 million budget is supported by a number of sources, including the city’s General Fund, the Community Living Fund and the Dignity Fund. Under the city charter, the Aging and Adult Services Commission provides oversight of the department and guidance on policies and funding decisions. Currently, all seven members of the commission are appointed by the mayor. While older adults are well represented, department staff members report that adults with disabilities have not served on the commission for many years.

In 2016, San Francisco voters approved Prop. I to establish the Dignity Fund, a fund dedicated to services for seniors, veterans, adults with disabilities and adults living with chronic and life-threatening health conditions. The measure required a recurring, four-year planning process by DAAS to determine how funding would be used, beginning with a Community Needs Assessment in 2018. One finding from the needs assessment was that adults with disabilities reported having challenges accessing services, in large part because the title of the department does not call out adults with disabilities as a population served.¹ Department staff and advocates determined that changing the name of the department, commission and fund could encourage greater participation from the community of adults with disabilities.

Because the department’s title appears in the city charter — both in the section that created the DAAS commission and in the section that created the Dignity Fund — a charter amendment is required to make this change.

This measure was put on the ballot by Board President Norman Yee and Mayor London Breed and co-sponsored by Supervisors Matt Haney, Sandra Fewer, Gordon Mar and Shamann Walton. As a charter amendment, it requires a simple majority to pass.

FOOTNOTE

¹ *Dignity Fund Community Needs Assessment, 2018, p. 15, <https://www.sfhsa.org/about/reports-publications/older-adults-and-people-disabilities/2018-dignity-fund-community-needs>*

B

Disability and Aging Services



PROS

- This measure is driven by a data-informed process; making this change would likely improve the delivery of services to disabled adults.
- The commissioner requirements would help ensure that a range of lived experiences and communities are represented in decision-making for the department.

CONS

- SPUR could not identify any downsides to this measure.

SPUR'S RECOMMENDATION

While we're not generally fans of amendments to the city charter, Prop. B is a worthy one. It provides common-sense changes that would help the Department of Aging and Adult Services better serve its constituents.

Vote YES on Prop B.



C E-Cigarette Regulations

Vapor Product Regulations

Overturns a recent ordinance effectively banning the sale of electronic cigarettes in San Francisco and establishes a set of regulations for the sale of these products.

VOTE NO



WHAT THE MEASURE WOULD DO

Prop. C would overturn a recent ordinance that effectively banned the sale of electronic cigarettes in San Francisco. In its place, the measure would establish a set of regulations for the sale of these products in the city. Electronic cigarettes (also known as e-cigarettes or vapor products) are defined as electronic devices, components and replacement parts that deliver nicotine in aerosol form.

The measure would:

- Prohibit the sale of vapor products to anyone under 21 years of age, including online sales.
- Specify the conditions under which vapor products may be sold. Retailers would be required to place vapor products behind the counter or in a lockbox, check and scan a government-issued photo ID and limit transactions to no more than two devices or five packages of vapor liquid.
- Prohibit the marketing of vapor products to minors. (For the purposes of the measure, marketing to minors means designing advertisements, packaging or labels to appeal to minors or using an advertising medium that is known to be seen primarily by minors.)
- Require that all vapor product retailers provide a twice-yearly training on these regulations to their employees.

Online retailers would need to:

- Obtain a valid permit from the Department of Public Health to sell vapor products that are delivered to a San Francisco address.
- Limit sales to no more than two devices or 60 milliliters of vapor liquid per month for each customer.
- Require purchasers to create online profiles that include personal information and date of birth and to upload a copy of their photo ID.
- Engage a third party to verify profiles and photo IDs for accuracy before selling to customers.

Many of these regulations already exist for tobacco products, but the rules around quantities sold, employee training and use of scanning technology to check IDs would be new.

Finally, the measure would require the Department of Public Health to create an outreach and education program informing parents and youth about the effects of nicotine, to produce an informational website and flyer to be disseminated to the public and to monitor the effectiveness of those programs.

THE BACKSTORY

City and state laws currently regulate the sale and use of tobacco products in San Francisco, including electronic cigarettes, in several ways.¹ California prohibits the sale of tobacco products to anyone under the age of 21, requires that retailers check photo IDs of purchasers, requires that online retailers obtain and verify photo IDs and requires that tobacco products be stored behind the counter or in lockboxes. In addition to these state rules, San Francisco requires brick and mortar retailers to obtain sales permits and prohibits the sale of e-cigarettes anywhere tobacco products are already prohibited (like pharmacies). With the passage of Prop. E in 2018, San Francisco now also bans the sale of flavored tobacco products to people of any age.

Here's where it gets complicated — and why this is on the ballot now: All new tobacco products (defined as entering the market after February 2007), including e-cigarettes, became subject to premarket health review by the Food and Drug Administration (FDA) in 2016 as an update to the Tobacco Control Act.² Manufacturers initially had two years to submit their application for review, but in 2017, the FDA under the Trump administration extended the window until 2022. A recent court ruling reversed that extension and ordered all e-cigarette manufacturers to submit applications for federal approval by May 2020 and called for the FDA to review those applications within one year.³ In response, the Vapor Technology Association sued to delay the review process and return to the deadline set by the Trump administration.

FOOTNOTE

¹ *San Francisco regulates electronic cigarettes as tobacco products. San Francisco Health Code, article 19, page 5/19, <https://sanfranciscotobaccofreeproject.org/wp-content/uploads/SF-Health-Code-Article-19H-2014.pdf>*

² *See: <https://www.fda.gov/news-events/fda-voices-perspectives-fda-leadership-and-experts/how-fda-regulating-e-cigarettes>*

³ *See: <https://csnews.com/judge-sets-may-2020-deadline-e-cigarette-applications>*



E-Cigarette Regulations



In June, as a means of locally enforcing the federal regulation, the San Francisco Board of Supervisors unanimously passed an ordinance prohibiting the sale of e-cigarettes that have not undergone premarket review by the FDA. Because no e-cigarettes have been approved yet, the legislation effectively banned the sale of all e-cigarettes in San Francisco. The ban will be fully implemented by February 2020 and in place until premarket review is completed. Because ongoing litigation could shift the timeline for premarket review of these products, the length of San Francisco's ban remains uncertain.

The regulatory back-and-forth comes amid growing debate over the health effects of e-cigarettes. Supporters of San Francisco's ban point to public health concerns over liquid nicotine and vaping and to an "epidemic" of youth e-cigarette use and marketing of these products specifically to youth. The Centers for Disease Control reported that one in 20 high schoolers used e-cigarettes in 2018, a 78% increase over the previous year. Companies like Juul, a well-known e-cigarette brand based in San Francisco, argue that these products are less harmful than traditional cigarettes and are critical in helping smokers quit.⁴

In response to the ban, the Coalition for Reasonable Vaping (a group of retailers, vapor product users and others) began collecting signatures in the spring to place this measure on the ballot. Juul has contributed \$4.3 million to the campaign.⁵

Overturing the Flavored Tobacco Ban

Language in Prop. C states the intent that this measure would "comprehensively authorize and regulate" the retail sale, availability and marketing of e-cigarettes. Opponents of the measure interpret this to mean that Prop. C would overturn any current regulation in conflict with it, which would include both the recent ban on e-cigarettes and the section of the 2018 flavored tobacco ban that applies to flavored e-cigarettes. Proponents argue that a repeal of any part of the flavored tobacco ban was never their intent. The city attorney has not weighed in conclusively but did suggest language for the ballot summary stating that the measure "may repeal other City laws that apply to electronic cigarettes, including the City law that prohibits the sale of flavored electronic cigarettes." As of September, proponents have filed a legal challenge to the ballot simplification text, which calls out this possible repeal of San Francisco's flavored tobacco ban.

PROS

- The measure would put in place regulations that could decrease youth access to e-cigarettes, while still allowing adults older than 21 to purchase and use these products.
- Small businesses face significant revenue loss because of the e-cigarette ban. This measure would restore that lost revenue and keep a number of these stores, many of them minority-owned, in business.
- The measure would create market fairness by regulating cigarettes and e-cigarettes in the same way.

CONS

- Many of the rules set out in this measure already exist for tobacco products sold in San Francisco. Contrary to its stated intent, Prop. C introduces few additional safeguards to protect youth from e-cigarettes.
- If passed, the measure would allow e-cigarette manufacturers to sell a product that has not completed federally required premarket review.
- This measure would preempt the Board of Supervisors and city departments in regulating e-cigarette products, and any future amendments to the regulations would need to come back to the voters.
- As it is currently written, the measure could overturn the city's flavored tobacco ban for e-cigarettes, against the intent of the Board of Supervisors and San Francisco voters.
- This measure was written by the industry the regulations would affect. While it's important that businesses be involved in setting the rules of the game, they should not write them singlehandedly. This was a missed opportunity to collaborate with the city on legislation instead of working independently to overturn a recent decision.

FOOTNOTE

⁴ See: <https://www.health.harvard.edu/blog/can-vaping-help-you-quit-smoking-2019022716086>

⁵ See: <https://www.sfchronicle.com/business/article/Juul-backed-ballot-measure-may-repeal-SF-s-14288258.php>

C

E-Cigarette Regulations



SPUR'S RECOMMENDATION

San Francisco has a history of progressive policy-making to reduce tobacco consumption because of its negative impact on public health. Since e-cigarettes entered the market, they have garnered significant attention for their popularity and for their potential to help smokers quit combustible cigarettes. While it may be too soon to tell whether e-cigarettes have medical benefits for adults, it is well known that e-cigarette use among youth is rapidly increasing and has reversed the decades-long downward trend in tobacco use among youth.⁶ In light of this, the Board of Supervisors made a unanimous decision to ban the sale of e-cigarettes within the city until the FDA has finished its premarket review of these products.

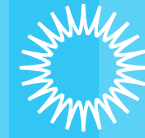
Prop. C runs counter to SPUR's principles of good government. Unlike the Board of Supervisors' e-cigarette legislation, the measure would create industry regulations by ballot and would require any revisions to be brought back to the voters. San Francisco's supervisors acted in their capacity as elected legislators to temporarily ban the sale of e-cigarettes in the absence of federal regulation. Once federal premarket review is complete, the board could revisit the legislation and make necessary revisions to safely regulate the sale of these products in San Francisco.

Vote NO on Prop C.



FOOTNOTE

⁶ See: <https://www.cdc.gov/media/releases/2019/p0211-youth-tobacco-use-increased.html>



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Ride-Hailing Tax

Traffic Congestion Mitigation Tax

Imposes a tax on rides provided by transportation network companies, private transit services and autonomous vehicles, with a lower tax rate for shared rides and rides in zero-emission vehicles.

VOTE YES



WHAT THE MEASURE WOULD DO

The proposed ordinance would impose a special excise tax¹ on the fares charged for rides provided by transportation network companies (TNCs) such as Uber and Lyft, autonomous vehicles and private transit service vehicles like Chariot.

Specifically, the measure would add a 3.25% charge to each individual ride provided by TNCs, private transit vehicles and autonomous vehicles. Shared rides and all rides taken in zero-emission vehicles would be charged 1.5%. Both taxes would only apply to the portions of the ride in San Francisco and would be applied before any other taxes or fees on the fare. For example, an Uber ride from the San Francisco Zoo to Pier 39 would increase by 78 cents as a result of the tax. An Uber Pool ride from the Ferry Building to City Hall would increase by 12 cents as a result of the tax.² Because Prop. D would be an excise tax, ride-sharing companies would have discretion as to how much of the tax they would pass on to riders. This is different from a sales tax, where the burden is always borne by the end consumer.

The city controller estimates that the tax would generate \$30 million to \$35 million annually. Half of the revenue would go to the San Francisco Municipal Transportation Agency to fund transportation improvements, including maintaining and expanding the Muni fleet, improving transit frequency and reliability, and increasing access to transit. The other half would go to the San Francisco County Transportation Authority to fund safety-related infrastructural improvements, including mid-block pedestrian crossings, bike lanes and bike boxes, and traffic calming measures. Finally, this measure would also authorize the Board of Supervisors to issue bonds to fund some of these pedestrian and transit projects, paid back by revenue from the tax.

The controller estimates that the combination of the tax and the improved transportation infrastructure would de-incentivize TNC use, or de-incentivize solo TNC use, and therefore decrease traffic congestion. The controller also estimates a \$25 million loss in San Francisco's gross domestic product over 20 years (about \$1 million per year) and a reduction of 190 total jobs over 20 years should the measure pass.

The tax would expire on November 5, 2045; however, the 1.5% rate for rides taken in zero-emission vehicles is only fixed until December 31, 2024. As a dedicated tax, Prop. D requires a two-thirds majority to pass.

THE BACKSTORY

More than a dozen states and cities have imposed fees or taxes on ride-hailing services or their passengers, sometimes both. The rationale for these fees and taxes includes establishing parity with taxis, covering regulatory costs, sustaining the transportation system by raising money to fund transit infrastructure, addressing the disruptive effects of these services and offsetting the negative effects of congestion caused by these services.

In California, TNC drivers are required to register as a business in the city where they live.³ TNCs fall under the regulatory authority of the California Public Utilities Commission (CPUC) and are currently subject to various fees and charges, which cover the expenses the CPUC incurs regulating them. The fees are paid directly to the CPUC and are not returned to the city where the trip originated. Although these revenues are not reported, the San Francisco County Transportation Authority estimates that the CPUC has netted more than \$10 million annually in Uber and Lyft revenue from San Francisco alone.

FOOTNOTE

¹ Excise taxes are based on consumption and are levied on specific goods, services and activities. They can be either a per-unit tax (such as the per-gallon tax on gasoline) or a percentage of price (such as the airline ticket tax). Generally, excise taxes are collected from producers or wholesalers and are embedded in the price paid by final consumers. See: Tax Policy Center Briefing Book, <https://www.taxpolicycenter.org/briefing-book/what-are-major-federal-excise-taxes-and-how-much-money-do-they-raise>

² Source: Average fares from Uber app between 10:36 and 10:48 a.m. on July 17, 2019; 1:30 and 1:34 p.m. and 4:45 and 4:48 p.m. on July 30, 2019.

³ San Francisco filed a lawsuit against the state over this law, arguing that the majority of TNC drivers in San Francisco live elsewhere and that the law hinders the city's right to regulate its business environment and streets.

D

Ride-Hailing Tax



In 2018, Supervisor Aaron Peskin proposed a ballot measure that would have taxed TNC gross receipts at significantly higher rates. That measure was ultimately withdrawn after negotiations with Uber and Lyft, which produced the compromise Prop. D now on the ballot. The previous iteration of the ordinance was a general tax, which would have directed all revenue into the city's General Fund; the current ordinance dedicates the funds to transportation operations and infrastructure to mitigate traffic congestion in the city and promote safety.

The Board of Supervisors was authorized to submit the measure to voters after last year's passage of California Assembly Bill 1184, which explicitly permitted the city to levy the tax in the event of voter approval. Both Uber and Lyft are in support of the proposed measure.

Tax on Zero-Emission Vehicles (ZEVs)

Uber and Lyft have both taken steps to increase the proportion of their drivers using ZEVs. The Union of Concerned Scientists, the Natural Resources Defense Council, the Coalition for Clean Air and the San Francisco League of Conservation Voters were part of the effort to include the lower tax rate for ZEVs. Their arguments for the lower rate included a need to substantially reduce carbon emissions, as recent city resolutions have called for, while simultaneously raising revenue for transit improvements.

Taxing Autonomous Vehicles (AVs)

Currently, no ride-hailing companies provide AV rides in San Francisco. The ordinance has been written to include AVs, however, in an effort to be proactive in mitigating potential congestion when future AV services begin in San Francisco. It is very possible that AVs could encourage not only more trips but longer trips, thereby exacerbating congestion. (There is also a concern that AVs waiting to pick up their next ride will add miles while driving around empty, although Prop. D does not address this.)

Communicating the Tax to Riders

Excise taxes are often "hidden" in the price of a product instead of appearing as a separate line item in the final bill (the way sales taxes do). But communicating the tax matters for changing behavior. If TNCs choose to simply embed the tax in the final price, Prop. D may fall short of its goal to change behavior (though it's likely to meet its goal to raise revenue).

PROS

- The revenue generated by this tax would be dedicated toward public transportation and safety efforts, uses that are complimentary and appropriate for a tax aimed to ease traffic congestion.
- The tax would contribute needed funds toward the city's estimated \$22 billion transportation funding gap over the next 25 years, and the ability to issue bonds would magnify these benefits.
- By raising fares and de-incentivizing TNC trips, this measure could help ease congestion on city streets.
- The lower tax rate for rides in ZEVs and shared rides could incentivize those kinds of rides, reducing both emissions and congestion.

CONS

- The tax might be too small to meaningfully shift behavior away from using TNCs.
- The measure offers no framework for mitigating the impact of the tax on those with low incomes.
- When compared to gas-powered vehicles, ZEVs contribute less to climate change but add the same amount to congestion and declining transit ridership and are no less a safety hazard to people who walk and bike. It's unclear if the benefits of ZEVs merit taxing these vehicles at less than half the amount of traditional TNC vehicles.
- The advent of AVs could create more trips and longer trips, due to the convenience of using AVs and the possibility that AVs could drive around without occupants between rides. From this perspective, a tax on vehicle miles travelled as opposed to fares would be more effective at mitigating congestion.

D

Ride-Hailing Tax

**SPUR'S RECOMMENDATION**

Prop. D raises a number of concerns for the members of SPUR's board. The amount of the tax would probably be too small to have a substantial effect on the behavior it aims to change. It was not designed as a progressive tax and would have a disproportionate impact on people with low incomes. And any future adjustments to correct these issues would need to come back to the ballot. However, we recognize that Prop. D could be a valuable revenue-raising tool for needed improvements to transit and to bike and pedestrian safety in San Francisco. As the effects of climate change and congestion both continue to worsen, cities must start thinking about what they will do to reduce driving and encourage other modes of travel. This measure is not the final answer, but it is one step on a path that San Francisco needs to take — a path that cities like Portland, Seattle, Philadelphia and Washington, D.C. are already on. On balance, we believe this compromise measure is a worthwhile first step toward a more ambitious future congestion pricing system in downtown San Francisco.

Vote YES on Prop D.

E Affordable Housing and Educator Housing

Affordable Housing and Educator Housing

Encourages the construction of 100% affordable housing and educator housing by creating streamlined permitting processes and loosening requirements, setting timelines for approvals and allowing these types of housing to be built on public land.

VOTE YES



WHAT THE MEASURE WOULD DO

This measure would relax a number of existing requirements in order to make 100% affordable housing developments and housing for educators easier and faster to build. (See “How Does Prop. E Define 100% Affordable and Educator Housing?” on page 15 for a definition of these housing types.) It would also amend the zoning code to allow 100% affordable housing developments and housing for educators on land that is currently zoned for public uses.

Prop E. would do this in three ways:

1. Making changes to zoning and approvals

First, the measure would speed up the development of these types of projects by making the following changes to zoning controls and approvals:

- **Number of units allowed:** The number of units in an eligible project would be determined by zoning limits on the building’s size and shape, not by the current method of only allowing a certain number of units per acre.
- **Design requirements:** Projects would be able to follow less restrictive design standards. Under the planning code, the planning director already has broad authority to waive many of these requirements for 100% affordable projects, but under Prop. E, educator housing would qualify for this treatment as well.
- **Process:** Projects would not be required to seek conditional use authorizations or Planning Commission approval. This is already true for 100% affordable projects thanks to recent San Francisco legislation, but educator housing would also qualify under Prop. E.

For these modifications to apply, projects would have to be located on sites 10,000 square feet or larger, in a zoning district that allows housing (including sites zoned for single-family housing), but not on sites that are under the jurisdiction of the Recreation and Parks Department for use as a public park. Also, eligible projects could not demolish, remove or convert any existing housing.

2. Allowing housing on public land

Second, the measure would allow these kinds of residential projects on sites that are zoned for public use. The site must also be larger than 10,000 square feet and not controlled by the Recreation and Parks Department for use as a public park. Critically, this aspect of the measure would enable projects on

public sites to take advantage of Senate Bill 35. This state law, passed in 2017, allows housing projects that meet certain location, affordability and labor requirements to be approved “by right,” meaning they can bypass the usual public input process and be approved through an administrative process instead. In order to qualify, a site must be zoned to allow housing. Currently, sites that are zoned “public” in San Francisco do not allow housing, but Prop. E would change that. Prop. E specifies that these affordable and educator projects would need to comply with the existing zoning requirements for the closest district that allows housing.

3. Shortening review times

Third, the measure would require review of these kinds of projects to be completed within 90 days for projects that include up to 150 residential units or within 180 days for projects that have more than 150 residential units. (For context, a 2017 mayoral executive order required housing to be permitted within six to 22 months depending on the level of environmental review.) Prop. E would also set a 500-unit cap on the number of educator housing units that could access this streamlined review. Before the Board of Supervisors could increase the cap, the Planning Department would have to submit a report on educator housing, with an accounting of whom the housing serves and how it has been financed.

Under this measure, the Board of Supervisors could amend these provisions with a two-thirds vote if the amendments further the purpose of the ordinance.

THE BACKSTORY

Earlier this year, Mayor London Breed announced a package of ballot measures aimed at speeding up the creation of affordable and educator housing. An affordable housing bond (Prop. A) is on the ballot, but a proposed charter amendment that would have allowed 100% affordable housing and educator housing to be approved by right did not pass out of committee. The mayor also proposed a ballot measure that would change the zoning on public parcels to allow 100% affordable or educator housing.

E

Affordable Housing and Educator Housing



Four members of the Board of Supervisors submitted a competing ballot measure to allow 100% affordable and educator housing on public sites and to set timelines for the review of these kinds of developments.

While both measures aimed to accomplish the same goals, there were several key differences, including the definitions of “100% affordable” and “educator housing,” the allowable building height limits, specific requirements for unit sizes and occupancy for educator housing, and whether to include properties zoned for single-family homes. After several weeks of negotiations, the mayor withdrew her ordinance and the four supervisors agreed to support clean-up legislation that would relax some of Prop. E’s building and unit requirements for educator housing. This legislation had not been introduced at the time of publication.

The San Francisco Unified School District is currently contemplating several educator housing projects. Only one, Francis Scott Key Annex, has made it to the planning stages. It may be able to take advantage of this measure, but it would require some changes to the project and it would need the changes contemplated in the clean-up legislation. Earlier this year, the school district began exploring the feasibility of future educator housing on three additional sites by soliciting development proposals. Since the district’s request for proposals stipulated that the city cannot subsidize these projects, all of the responses from both nonprofit and for-profit developers included some market-rate housing to help fund the moderate- and middle-income educator units. Because Prop. E requires all units to be restricted to educators with specific income requirements, it would not leave room for developers to incorporate market-rate units to offset the cost. This means none of these proposals would be able to access the benefits offered by this measure without first identifying a major new source of funding.

How Does Prop. E Define 100% Affordable and Educator Housing?

In order to benefit from Prop. E’s proposed changes, a project must meet the following definitions:

- **100% affordable housing projects** must serve households with an average income of 80% of the area median income (AMI). (See table below for sample incomes.) Such projects may allow households making up to 120% of AMI. Maximum rents or sale prices must be 20% below the median market rates for the neighborhood. These projects may include non-residential space on the ground floor.
- **Educator housing projects** require that at least one employee of the San Francisco Unified School District or the San Francisco Community College District lives in each unit. Projects must serve an average household income of 100% of AMI. At least 80% of a project’s units must serve households with incomes between 30% and 140% of AMI, and up to 20% of the project’s units may serve households with incomes up to 160% of AMI. In projects with a mix of housing and businesses, a maximum of 20% of the square footage may be devoted to neighborhood-serving businesses. Educator housing projects must also meet certain requirements for unit size, occupancy and bedroom count.

Percentage of Area Median Income (AMI)	Annual Income for Household of 2	Annual Income for Household of 4
30% of AMI	\$29,550	\$36,950
80% of AMI	\$78,800	\$98,500
100% of AMI	\$98,500	\$123,150
120% of AMI	\$118,200	\$147,800
140% of AMI	\$137,900	\$172,400
160% of AMI	\$157,600	\$197,000

Source: San Francisco Mayor’s Office of Housing, https://sfmohcd.org/sites/default/files/Documents/MOH/Asset%20Management/2019%20AMI_IncomeLimits-HMFA.pdf

E

Affordable Housing and Educator Housing



PROS

- Enabling 100% affordable and educator housing projects on public sites to use SB 35's streamlined process could result in faster delivery of this type of much-needed housing.
- The zoning and process changes for educator housing projects could reduce delays for these kinds of projects, which have not previously been eligible for benefits or incentives.
- Getting rid of restrictions on the number of housing units allowed per acre for 100% affordable housing would allow more units to be built.
- The measure could be amended in the future by a two-thirds vote of the Board of Supervisors.

CONS

- No financial analysis was performed to determine if the affordability requirements in this measure would make affordable or educator projects infeasible to build. The educator housing projects the school district is considering rely on some market-rate units to help subsidize the affordable units, and therefore they would not be able to use the benefits of this measure without identifying a major new source of funding.
- The measure's proposed approval timelines would only be feasible for SB 35 projects, which do not need to go through environmental review. For projects not using SB 35, the Planning Department might not be able to meet the deadlines, given state environmental review requirements.
- This issue could have been addressed legislatively and did not need to be on the ballot. (However, if it were done through legislation, it would be a longer process requiring environmental review.)

SPUR'S RECOMMENDATION

This compromise measure would provide a concrete advantage for 100% affordable housing projects located on public sites by enabling them to access the streamlined timelines available under SB 35. And — if funding to build the projects can be identified — this measure could help supply new housing options for San Francisco's low-income families and educators, who are particularly affected by the city's affordability crisis.

But this measure doesn't live up to its potential. It could have a broader impact if the affordability requirements had been based on the financial feasibility of building educator housing projects without major public subsidy. And it could have offered additional streamlining benefits for affordable housing projects beyond the recent process changes the city has already implemented. In addition to educators, there are many other moderate- and middle-income San Francisco workers who are in need of housing that is affordable to them: Muni drivers, sanitation workers and nurses, for example. This measure is a missed opportunity to make more expansive changes for all affordable housing projects. However, SPUR recognizes that it would be a small step forward in the city's efforts to deliver more housing. Considering the depth of the housing crisis, we cannot recommend against a proposal that provides at least some tangible benefits today. We are hopeful that the clean-up legislation will make the program more expansive and effective.

Vote YES on Prop E.



F

Campaign Contributions and Ads

Campaign Contributions and Campaign Advertisements

Prohibits individuals associated with large development projects from donating to certain city candidates while their project is under consideration and increases donor disclosure requirements for political advertisements.

VOTE NO



WHAT THE MEASURE WOULD DO

Prop. F proposes changes to San Francisco's rules around campaign contributions and disclosures. The measure would:

1. Add limited liability corporations and limited liability partnerships to the list of business entities that are prohibited from contributing directly to campaigns. This list already includes traditional corporations.
2. Prohibit an individual, and any entity they control or majority own, from contributing to the election or reelection campaigns of candidates for mayor, the Board of Supervisors or city attorney if the individual or affiliated entity:
 - a. has a land-use request pending with the city; or
 - b. had a land-use request with the city that was completed/resolved within the previous 12 months.

Those who would be restricted from contributing include the entity's executives and board members, anyone holding a position of director or principal, and people with an ownership interest of at least \$5 million or more. The prohibition would only apply if the land-use request or development project is worth \$5 million or more and is not for the individual's primary residence. The prohibition would apply to both for-profit and nonprofit entities.
3. Lower the threshold for qualifying as a top donor to political advertisements (and being subject to disclosure) from \$10,000 to \$5,000. It would also make it harder for the top donors to shield their names behind a committee name, and it would change how disclaimers must be made in ads and how copies of the ads must be filed with the city's Ethics Commission.

An individual, entity or campaign found to have violated these regulations would be subject to penalties, including fines or time in jail, that were approved by San Francisco voters in earlier ballot measures regarding campaign regulations.

THE BACKSTORY

For many years, San Francisco's legislators and voters have been at the forefront of policies to reduce the influence of money in municipal politics. Current law already prohibits any individual from contributing more than \$500 to any San Francisco campaign. Other regulations ban city contractors from contributing to candidates who have power over their contracts and require campaigns to provide extensive public disclosure regarding their donors. This ordinance seeks to address areas where proponents feel there are gaps in current regulation that allow individuals and businesses with deep pockets to have disproportionate influence.

The proposed restrictions on individuals and entities with land-use matters before the city would treat them similarly to individuals and businesses that have, or are seeking, city contracts. In both cases, the idea is that an individual or business with a vested interest in the outcome of a decision controlled by elected officials should be restricted from donating to those officials until a year after the matter or contract has been resolved.

Proponents of the proposed changes to disclaimers on advertisements argue that political committees have been evading the regulations for disclosing major campaign contributors. Major contributors to campaign advertising can often hide their involvement and shield their identities by having one political committee donate to another, similar committee. The proposed regulations would require political committees to reveal an additional layer of information that would get closer to identifying those individuals or businesses providing the funds for the political advertising.

The measure was placed on the ballot by Supervisors Gordon Mar, Matt Haney, Sandra Lee Fewer, Hillary Ronen and Rafael Mandelman. The proponents behind this measure are a group of former San Francisco Ethics Commission members and former elected officials who have dubbed the measure the "Sunlight on Dark Money Initiative."

Provisions 1 and 2 above have to be on the ballot because they amend earlier ballot measures. The third set of provisions, regarding disclaimers on political advertisements, could have been proposed by the Ethics Commission and approved legislatively by the Board of Supervisors.

F

Campaign Contributions and Ads



PROS

- Increased disclosure requirements would provide voters with more information about who is funding political advertising and help them better judge the content of those ads.
- Prohibiting individuals with control over or investment in a large development project from donating to candidates who can decide that project's future would close off one avenue for pay-to-play politics.

CONS

- It is unclear whether the problem of campaign contributions from people connected to development projects is large enough to merit prohibiting numerous individuals associated with those projects from donating to certain campaigns. Considering that the city already prohibits individuals from donating more than \$500 to a campaign, it is unlikely that individual contributions would have undue influence over city decisions.
- The additional campaign restrictions and requirements would make running for office more complicated, raising the cost of campaigns and increasing the barrier to entry for people who seek to run for public office.
- The law would require prospective campaign donors to attest, under penalty of perjury, that they are eligible to make a donation under a complex set of criteria related to development projects. This is a higher bar than city contractors are held to and could dissuade people from contributing for fear of running afoul of a law that may not apply to them.
- The measure's provisions regarding campaign disclosures could have been addressed legislatively via the Ethics Commission and Board of Supervisors rather than being placed on the ballot.

SPUR'S RECOMMENDATION

SPUR recognizes the importance of curtailing the influence of money in politics. We also share the concern that current regulations at the federal, state and local level allow many people who fund political advertising to remain anonymous by hiding behind innocuous-sounding political committees. This opacity reduces voters' ability to discern who is behind campaign ads and limits their ability to judge the ads and issues before them.

Prop. F combines two campaign finance issues — contributions from individuals connected to development projects and increased disclosure of those financing campaign ads — that would have been better addressed separately. The measure's provisions to increase transparency via reformed disclosure laws would likely have a positive benefit by helping voters know who is funding political advertising. However, these reforms could be made through the legislative process, where the trade-offs of the specific requirements could be better weighed and refined.

In regard to contributions from individuals connected to development projects, there is certainly a public interest in either restricting or closely tracking who is funding the campaigns of elected officials with the power to make or break a project. However, it is unclear that the measure's strict provisions are merited. The city's \$500 limit on donations from any individual already restricts the amount of money people can contribute to candidates with power over their development projects. Furthermore, when donors contribute to campaigns, they must list their employer. Should a company or organization organize a "bundling" effort within their firm to have many people donate to a candidate, that effort would be discernible through existing campaign disclosure laws and would shine a light on any potential pay-to-play effort.

While there are some good ideas regarding increased disclosure in this measure, parts of this measure would have been better addressed legislatively and other parts are not clearly necessary.

Vote NO on Prop F.





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