

[Funding Reallocation - Our City, Our Home Fund - Homelessness Gross Receipts Tax - Services to Address Homelessness]

Ordinance temporarily suspending the cap on the use of Homelessness Gross Receipts Tax revenues to fund short-term rental subsidies; and finding that temporarily allowing for increased expenditures on short-term rental subsidies will further the purposes of the Our City, Our Home Fund pursuant to Business and Tax Regulations Code, Section 2811.

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
Additions to Codes are in *single-underline italics Times New Roman font*.
Deletions to Codes are in *strikethrough italics Times New Roman font*.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~strikethrough Arial font~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Background and Findings.

(a) In November 2018, the voters approved Proposition C and imposed a Homelessness Gross Receipts Tax to fund programs to prevent and address homelessness. As stated in the measure, "San Francisco is experiencing a housing crisis of historic proportions that has led to a major humanitarian and public health crisis in large-scale homelessness for which the City has insufficient resources to address."

(b) Recognizing the scope of the crisis, the voters identified a range of purposes for the tax, the proceeds of which the City deposits in the Our City, Our Home ("OCOH") Fund. Among other things, the tax is intended to help the City house the homeless; expand the number of shelter beds; eliminate waiting periods for shelter; decrease the visible presence of homeless people and tent encampments on City streets; move unhoused people into stable

1 housing; fund legal assistance, rent subsidies, mental health services, and substance abuse
2 services to keep people housed; reduce overall costs for the City; and fund certain specified
3 programs. The purposes of November 2018 Proposition C are codified at Business and Tax
4 Regulations Code Section 2802.

5 (c) To achieve these purposes, Business and Tax Regulations Code Section 2810
6 identifies four eligible programs that the City may spend OCOH funds on – Permanent
7 Housing, Homeless Shelter, Homelessness Prevention, and Mental Health Treatment for
8 Homeless Individuals – and identifies a maximum or minimum percentage of the total OCOH
9 Fund balance that each eligible program receives. Section 2810(b)(3)(A)(i) specifies that no
10 more than 12% of the funds allocated to Permanent Housing may be spent on short-term
11 rental subsidies of five years or less. In Section 2811, the voters authorized the Board of
12 Supervisors to amend the measure, by ordinance, by a two-thirds vote but only to further the
13 findings and intent summarized above in subsection (b).

14 (d) Acting pursuant to Section 2811, the City has previously determined that
15 responding to the homelessness crisis requires that the cap on short-term rental subsidies in
16 Section 2810(b)(3)(A)(i) be temporarily lifted. In 2023, the Board of Supervisors adopted
17 Ordinance No. 185-23, to authorize certain reallocations including a lifting of the cap on short-
18 term rental subsidies in Fiscal Years 2023-2024 and 2024-2025. The Board again lifted the
19 cap on short-term rental subsidies in Fiscal Years 2025-2026 and 2026-2027 via Ordinance
20 No. 143-25. In each of these cases, the City used its flexibility under Section 2811 to expand
21 its ability to provide short-term rental subsidies and thereby enhance existing OCOH
22 programs and better serve those in need.

23 (e) The Homelessness Gross Receipts Tax that funds the OCOH Fund is a variable
24 revenue source — collections rise and fall from year to year with economic conditions — so
25 using these revenues and unspent one-time fund balance to create new permanent, ongoing

1 program obligations could commit the City to expenditures it may not be able to sustain in
2 lower-revenue years, particularly given General Fund contraction and potential state and
3 federal funding headwinds. Appropriating OCOH revenues on a one-time, non-recurring basis
4 matches the variability of the revenue stream and can still fund rental subsidies of up to five
5 years, giving families, transitional-age youth, and adults the time to transition into permanent
6 housing. Lifting the current 12% cap on short-term rental subsidies for Fiscal Year 2027-2028
7 would allow the City to direct available OCOH revenues toward helping more residents
8 experiencing homelessness with evidence-based interventions, while preserving flexibility to
9 adjust expenditures as revenues fluctuate in future years. This will help the City accomplish
10 two goals: supporting and stabilizing vulnerable residents while also maintaining a fiscally
11 responsible approach to funding. Therefore, the Board of Supervisors finds that to achieve the
12 purposes of November 2018 Proposition C, the City hereby approves, for Fiscal Year 2027-
13 2028, a lifting of the cap on short-term rental subsidies.

14 (f) In temporarily lifting the short-term rental subsidy spending cap for Fiscal Year
15 2026-2027, the Board of Supervisors does not intend to otherwise adjust the percentage
16 allocations for OCOH expenditures in Fiscal Year 2027-2028, or to adjust the percentage
17 allocations for OCOH expenditures in future fiscal years beyond Fiscal Year 2027-2028.

18
19 Section 2. Under the authority in Business and Tax Regulations Code Section 2811,
20 for Fiscal Year 2027-2028, the requirements for expenditures under Section 2810 shall remain
21 unchanged, except that expenditures on short-term rental subsidies may exceed the 12
22 percent limit specified in Business and Tax Regulations Code Section 2810(b)(3)(A)(i).

23
24 Section 3. Effective Date. This ordinance shall become effective on the 31st day after
25 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the

1 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
2 of Supervisors overrides the Mayor's veto of the ordinance.

3
4 Section 4. Undertaking for the General Welfare. In enacting and implementing this
5 ordinance, the City is assuming an undertaking only to promote the general welfare. It is not
6 assuming, nor is it imposing on its officers and employees, an obligation for breach of which it
7 is liable in money damages to any person who claims that such breach proximately caused
8 injury.

9
10 Section 5. Severability. If any section, subsection, sentence, clause, phrase, or word of
11 this ordinance, or any application thereof to any person or circumstance, is held to be invalid
12 or unconstitutional by a decision of a court of competent jurisdiction, such decision shall not
13 affect the validity of the remaining portions or applications of the ordinance. The Board of
14 Supervisors hereby declares that it would have passed this ordinance and each and every
15 section, subsection, sentence, clause, phrase, and word not declared invalid or
16 unconstitutional without regard to whether any other portion of this ordinance or application
17 thereof would be subsequently declared invalid or unconstitutional.

18
19 Section 6. No Conflict with Federal or State Law. Nothing in this ordinance shall be
20 interpreted or applied so as to create any requirement, power, or duty in conflict with any
21 federal or state law.

22 APPROVED AS TO FORM:
23 DAVID CHIU, City Attorney

24 By: /s/ Manu Pradhan
25 Manu Pradhan
Deputy City Attorney

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City and County of San Francisco
Tails
Ordinance

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 260601

Date Passed: July 28, 2026

Ordinance temporarily suspending the cap on the use of Homelessness Gross Receipts Tax revenues to fund short-term rental subsidies; and finding that temporarily allowing for increased expenditures on short-term rental subsidies will further the purposes of the Our City, Our Home Fund pursuant to Business and Tax Regulations Code, Section 2811.

June 17, 2026 Budget and Appropriations Committee - RECOMMENDED

July 14, 2026 Board of Supervisors - CONTINUED ON FIRST READING

Ayes: 11 - Chan, Chen, Dorsey, Fielder, Mahmood, Mandelman, Melgar, Sauter, Sherrill, Walton and Wong

July 21, 2026 Board of Supervisors - PASSED ON FIRST READING

Ayes: 11 - Chan, Chen, Dorsey, Fielder, Mahmood, Mandelman, Melgar, Sauter, Sherrill, Walton and Wong

July 28, 2026 Board of Supervisors - FINALLY PASSED

Ayes: 11 - Chan, Chen, Dorsey, Fielder, Mahmood, Mandelman, Melgar, Sauter, Sherrill, Walton and Wong

File No. 260601

**I hereby certify that the foregoing
Ordinance was FINALLY PASSED on
7/28/2026 by the Board of Supervisors of the
City and County of San Francisco.**

f Angela Calvillo
Clerk of the Board

Daniel Lurie
Mayor

7 / 30 / 26

Date Approved