



Daniel Lurie, Mayor

Janet Tarlov, Chair  
Stephanie Cajina, Vice Chair  
Mike Chen, Director  
Alfonso Felder, Director

Steve Heminger, Director  
Dominica Henderson, Director  
Fiona Hinze, Director

Julie Kirschbaum, Director of Transportation

January 6, 2026

The Honorable Daniel Lurie  
Mayor of San Francisco  
1 Dr. Carlton B. Goodlett Place, Room 200  
San Francisco, CA 94102

The Honorable Rafael Mandelman  
President, San Francisco Board of Supervisors  
1 Dr. Carlton B. Goodlett Pl, Room 244 San  
Francisco, CA 94102

The Honorable Myrna Melgar  
Chair, San Francisco County Transportation  
Authority Supervisor, District 7, San Francisco  
Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, Room  
244 San Francisco, CA 94102

## **RE: Parcel Tax Proposal - Updated Since December 8, 2025**

Dear Mayor Lurie, President Mandelman, and Chair Melgar,

I am pleased to share that since my last letter of December 8, 2025, the San Francisco Municipal Transportation Agency has made **refinements** to the proposed parcel tax structure in response to continued feedback from your offices and from community and stakeholder partners. These updates preserve the proposal's guiding principles (**Fair, Reasonable, and Sufficient**), while improving clarity, enhancing equity, and ensuring the level of funding needed to address Muni's operating deficit and support service improvements.

About two-thirds of San Franciscans rent their housing, and many live in rent-controlled units. For residents of multi-unit buildings, the refined structure ensures that **the majority would pay less than single-family homeowners**, while also providing a predictable and affordable tax structure for owners of larger residential buildings. To achieve this, we reduced the marginal per-square-foot rate for multi-family buildings from **\$0.30 to \$0.195** and lowered the maximum annual tax for any multi-family unit building from **\$250,000 to \$50,000**. In addition, the refined proposal allows a landlord to pass through up to 50 percent of the parcel tax, with a cap of \$65 (half of the \$129 single family rate), to existing tenants in rent-controlled units. Finally, the refined proposal would provide **exemptions for Single Room Occupancy (SRO) units from the parcel tax**.

With respect to **mixed-use parcels, those under 5,000 square feet would pay the non-residential introductory rate of \$799**. For **mixed-use parcels larger than 5,000 square feet the tax would be calculated for each use into one total sum**: The residential portion of the parcel (single-family or multi-family) would pay the applicable residential introductory rate and marginal rate, and the non-residential portion would pay the non-residential introductory rate and marginal rate. To ensure the parcel does not pay two introductory rates, the total tax would be discounted by the applicable residential introductory rate.

These refinements reduce the projected annual revenue from the measure from approximately **\$187 million to \$183 million**. Even with this adjustment, the proposal would continue to provide sufficient funding to address Muni’s operating deficit, administer the tax, allow for targeted exemptions, and support **at least \$10 million annually in Muni service improvements and expansion**.

These updates build on extensive engagement conducted over recent months, including two public roundtables and numerous discussions with labor partners, real estate and business leaders, community organizations, transportation advocates, small business owners, housing groups, tenant stakeholders, and local elected officials. Feedback from these conversations directly informed the refinements and additions summarized above.

This parcel tax remains one of three essential pillars needed to stabilize Muni’s long-term financial foundation, alongside anticipated regional transit funding and continued internal efficiencies and cost controls at the SFMTA. We appreciate your continued partnership and look forward to continuing our work together to advance a strong, stable, and equitable transportation system for San Francisco.

Sincerely,



**Julie Kirschbaum**

Director of Transportation



**Attachment:  
Proposed Parcel Tax Structure  
(Updated Since Dec. 8, 2025)**

| Category  | Square Footage Tiers | Rate           |
|---|----------------------|----------------|
| <b>Single Family Home Parcels (SFH)</b><br><i>Parcel Tax = Base Rate + Marginal Rate(s)</i>             |                      |                |
| <b>SFH Base Rate</b><br>Applies to first 3,000 SF   | 0 - 3,000 SF         | \$129          |
| <b>SFH, Marginal Rate 1</b><br>Applies to any building square footage from 3,001 SF to 5,000 SF         | 3,001 - 5,000 SF     | \$0.42 per SF  |
| <b>SFH, Marginal Rate 2</b><br>Applies to any building square footage above 5,000 SF                    | 5,001+ SF            | \$1.99 per SF  |
| <b>Multifamily Parcels (MF)</b><br><i>Parcel Tax = Base Rate + Marginal Rate(s)</i>                     |                      |                |
| <b>MF Base Rate</b><br>Applies to first 5,000 SF  | 0 - 5,000 SF         | \$249          |
| <b>MF, Marginal Rate 1</b><br>Applies to any building square footage above 5,000 SF                     | 5,001+ SF            | \$0.195 per SF |
| <b>MF Cap</b>   |                      | \$50,000       |
| <b>Non-Residential Parcels (Non-Resi)</b><br><i>Parcel Tax = Base Rate + Marginal Rate(s)</i>           |                      |                |
| <b>Non-Resi Base Rate</b><br>Applies to first 5,000 SF  | 0 - 5,000 SF         | \$799          |
| <b>Non-Resi Marginal, Rate 1</b><br>Applies to any building square footage from 5,001 SF to 50,000 SF   | 5,001 - 50,000 SF    | \$0.76 per SF  |
| <b>Non-Resi Marginal, Rate 2</b><br>Applies to any building square footage from 50,001 SF to 250,000 SF | 50,001 - 250,000 SF  | \$0.84 per SF  |
| <b>Non-Resi Marginal, Rate 3</b><br>Applies to any building square footage over 250,000 SF              | 250,001+ SF          | \$0.99 per SF  |
| <b>Non-Resi Cap</b>   |                      | \$400,000      |