

From the San Francisco Business Times:

<https://www.bizjournals.com/sanfrancisco/news/2022/09/14/sf-travel-tid-renewal-hotel-moscone-vote.html>

Travel & Tourism

## San Francisco OKs new hotel room assessment to make Moscone Center more competitive




Image: [sanfranciscobusinesstimes.com/photos](https://www.sanfranciscobusinesstimes.com/photos)

Beginning in 2024 SF Travel expects to have \$10 million extra on hand each year to help make the Moscone Center more attractive for large conventions.

TODD JOHNSON | SAN FRANCISCO BUSINESS TIMES



By **Alex Barreira** – Staff Reporter, San Francisco Business Times  
Sep 14, 2022 **Updated** Sep 14, 2022 7:09pm PDT

 Listen to this article 6 min



San Francisco has approved an increase in the city's hotel room assessment that will generate millions annually for a fund to lower costs for convention bookings at Moscone Center.

The Board of Supervisors approved the measure Tuesday after hotel operators and – for the first time – short-term rental hosts voted to renew the city's Tourism Improvement District and boost the current assessment on hotel room nights paid by hotel guests.

The assessment rate will rise from 1% to 1.25% for most rooms – more than 33,000 from hotels and 3,000 from short-term rentals, mainly downtown near the Moscone Center and Fisherman's Wharf. For a \$300 room downtown, that will add an extra 75 cents to the current assessment, for a total \$3.75 per night. A \$500 room will cost \$1.25 more for a total \$6.25 per night.

The rate on other city rooms outside the core tourism area will increase from its current 0.75% to 1%.

The renewed TID and assessment will run from 2024 to the end of 2038. The original TID, in place since 2009, will expire next year.

While the vote was not particularly close, major hotels leaned heavily on the scale in favor of the TID while short-term rental operators – who will have their rooms assessed for the first time – made up most of the vote against.

The vote seals a major victory for the city's destination marketing organization, SF Travel, which handles Moscone Center bookings and is the funding's main recipient.

SF Travel expects the assessment increase to net an additional \$10 million annually for a “buy-down fund” that incentivizes bookings at the Moscone Center by covering some of the venue's high rental costs (a disadvantage with competing destinations) or other costs such as security and transportation. That can help offset two of the biggest deterrents to San Francisco conventions – sticker shock and street conditions.

Travel and tourism is San Francisco's top generator of outside revenue at more than \$9 billion in a typical year, but a vortex of headwinds – the slow return of large conventions and tourists from Asia – has kept it at one of the slowest recovery paces of major markets. SF Travel see the TID expansion as a crucial way to right the ship.

Mayor London Breed lauded the renewed TID in a press release Wednesday, saying it “will help us support bringing more people to San Francisco, which is essential for our Economic Recovery.”

Since the TID's enactment, SF Travel has used the tens of millions in annual funding to build one of the more sophisticated tourism marketing and event recruitment operations in the U.S. Hundreds of jurisdictions across the state have since employed similar mechanisms. It in recent years has provided some cost assistance to smaller conventions through what's known as the Moscone Recovery Fund, but this new assessment will formalize the approach.

“The expansion is going to give SF Travel the tools they need to keep San Francisco competitive and keep all of our associates working,” said John Anderson, general manager of the 1,500-room Marriott Marquis and chair of the TID's board of directors – adding that the Marquis commands a staff of about 800 when fully booked, but “I can sadly tell you right now it's not at capacity.”

The original TID is viewed favorably by hoteliers, but the prospect of an increase rather than simple renewal has had **some vocal opponents**.

“I don't see how fixing the Moscone Center and putting money down there will help me in the Outer Richmond,” said Marsha Madrigal, a short-term rental owner, during public comment. She added that her Airbnb is booked full for October and November.

The new TID also allows for a further increase to the assessment. A **13-person body** with a majority of hotel representatives but also including city stakeholders, a short-term rental host, and SF Travel can authorize by supermajority vote another rate increase by up to 1% in special cases of emergency or critical need.

“I’m not in support of increasing our hotel tax to our visitors that may reach nearly 18% without a clear budget or detailed operational plan,” wrote Jon Handlery, general manager of the Handlery Union Square Hotel, in a public comment letter for Tuesday’s hearing. He added that he was in favor of the renewal alone.

Had lodging operators had a third option – to simply renew the TID, without increasing the rates – the voting breakdown might have looked different. As it played out on Tuesday, Handlery Union Square was among only a few large hotels to vote against the measure.

In the weighted tally, “yes” votes represented about \$22.5 million or 66% of the assessment’s projected \$34.2 million revenue pool in its first year. The “no” votes accounted for \$1.5 million of the assessment, though there were far more individual “no” votes (430) than “yes” (145). Votes were weighted by expected contribution.

Some of the city’s largest and notable hotels – the 1,921-room Hilton San Francisco Union Square, the 1,195-room Westin St. Francis, the Ritz Carlton, the W Hotel San Francisco (across the street from the Moscone Center) – all voted “yes.”

Some notable others, such as the Fairmont, the Club Quarters, and the San Francisco Proper Hotel, chose not to vote. Of the more than 3,500 ballots distributed, only 16% were cast.

**T H E L I S T**

## Largest Hotels in the San Francisco Bay Area

Number of guest rooms

Rank	Prior Rank	Business name/Prior rank
1	1	Hilton San Francisco Union Square
2	2	San Francisco Marriott Marquis
3	3	The Westin St. Francis San Francisco on Union Square

[View This List](#)