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San Francisco Mayor Warns of Budget Deficit as Remote Work Hits Revenue.

- **Mayor needs to cut costs for \$728 million two-year deficit**
- **Tech hub struggles with vacant offices and uncertain recovery**

San Francisco is projecting a \$728 million budget gap over the next two fiscal years as the technology hub reels from the economic hit of remote work and the depletion of one-time federal aid.

Mayor London Breed asked municipal departments Thursday to find ways to reduce costs by 5% in the next fiscal year and by 8% in the year after that as part of the budget process for the city, which has a \$6.8 billion general fund. The fiscal plan for the years beginning in July 2023 and July 2024 must balance by June 1 when she submits it to the board of supervisors for approval.

San Francisco, suffering from some of the nation's weakest office occupancies and stubbornly low transit ridership, is now expecting business taxes over the next two years to decline by \$179.3 million from previous estimates. Significantly, property taxes — usually a stable revenue source in downturns — are now projected over the same period to drop by \$261 million from the earlier forecast.

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