



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Councilmember Johnny Khamis
Councilmember Sergio Jimenez

SUBJECT: POTENTIAL 2020 BALLOT MEASURES – AFFORDABLE HOUSING & HOMELESSNESS
DATE: May 31, 2019

Approved

Date

[Handwritten signatures of Johnny Khamis and Sergio Jimenez] *5/31/19*

RECOMMENDATIONS

1. Accept Staff Recommendation (a)
2. Decline Staff recommendation (b), and discontinue further work to explore additional sales or property (ad valorem) taxes for the 2020 ballot.

BACKGROUND

It is no secret that the rising cost of living has been outpacing wage growth in San José. Day-to-day expenses like rent, gas, water, and electricity have risen even faster than the rate of inflation. It is also no secret that the tax burden on San José residents has increased in the last few years, as well, with voter approval of:

- Measure T – a City-wide property tax to pave streets and improve infrastructure
- Measure B - a City-wide 1/4-cent sales tax to support General Fund needs like improved police staffing
- Measure A – the permanent extension of a temporary County-wide 1/8-cent sales tax to support the County General Fund
- Measure A – a County-wide property tax to fund a \$950 million affordable housing bond
- Measure B – a County-wide 1/2-cent tax measure to fund transit improvements, such as BART to San José

We have also seen additional property taxes to support local school districts and state-wide tax increases, such as new gas taxes and higher automobile registration fees to fund important needs.

We supported all or many of these revenue measures to achieve important policy goals, but we must acknowledge that these additional taxes are placing a greater and greater burden on San José residents and putting the squeeze on our already-shrinking middle class and our disadvantaged

communities. Sales taxes affect everyone, gas taxes and vehicle registration fees affect all who need cars to get around, and property taxes affect property owners directly, and renters, indirectly, in the form of higher rents.

While San José has traditionally been a lower-cost place to live in the context of the Bay Area at large, the increases in costs and new tax burden are now squeezing people out of the middle class or out of our City. We also know that many of these taxes – sales taxes & gas taxes, especially – have a disproportionate effect on disadvantage communities within San José. We realize that our needs are great, but we cannot keep going to the same well each time we face a need in our community. We must be more efficient in our use of existing resources, more creative in our use of those resources, and more creative in our approach to generating additional revenues in ways that don't harm our residents who are struggling to make ends meet.