

May 31, 2019

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Leslye Corsiglia  
*Executive Director*

Honorable Mayor Liccardo and Members of the City Council  
City of San Jose  
200 East Santa Clara Street  
San Jose, CA 95113

Dear Mayor Liccardo, Vice Mayor Jones, and Councilmembers Arenas, Carrasco, Davis, Diep, Carrasco, Esparza, Foley, Khamis, and Peralez:

**RE: Item 3.5-- Potential 2020 Ballot Measures – Affordable Housing and Homelessness**

We write today on behalf of our members to express our strong support for continuing to study the inclusion of a funding measure on the March 2020 ballot to respond to the City's affordable housing crisis.

While the City has long been recognized as an affordable housing leader, its ability to respond to the significant need for housing for lower- and moderate-income residents has been impacted by the loss of key funding sources, most importantly Governor Brown's elimination of redevelopment and the Low and Moderate Income Housing Fund in 2011. The City has adopted a plan to build 10,000 affordable homes over a five-year period. However, according to City staff, there is a gap of \$528 million to meet this goal.

The initial survey results for a 2020 bond measure cited in the staff memo are disappointing, especially given that more than 68% of all voters approved Measure A in 2016. Measure V, the \$450 million general obligation bond on the November 2018 ballot, narrowly missed the required 2/3rds vote requirement with 64.1% of voters in support.

We are encouraged, however, by the survey results for a general real estate transfer tax. The potential real estate transfer tax polled substantially above the required 50% plus one vote threshold. If the Council were to place it before voters for the 2020 election, we believe it would pass easily as have similar measures in the cities of Berkeley, Oakland, Richmond, El Cerrito, and Hayward. As staff has stated, this source could potentially generate as much as \$54 million annually, providing an ongoing source of revenue for this critical need.

We recognize that a transfer tax would be more volatile than bond funding, would be subject to market conditions and the related underlying real estate transactions, and that there is no guarantee that a set amount would go toward production of more affordable housing. If a transfer tax is pursued, the current and future Councils must make a good-faith commitment to ensure the funds generated are prioritized for affordable housing. The City could do this by adopting a companion measure with a proposed expenditure plan. Additionally, given the need for ongoing funding sources for affordable housing, a transfer tax ballot measure must be coupled with a robust Commercial Linkage Fee to ensure ongoing and sufficient funding.

We urge the Council to take the following actions:

1. Provide direction to staff to conduct additional polling to survey voter interest in a general obligation bond at different amounts. Polling is a point in time snapshot, and although initial results for a bond were not favorable, public opinion may change over time.
2. Provide direction to staff to conduct another poll that surveys support for a real estate transfer tax increase. This survey should consider a variety of increases for the transfer tax, and should look at a tiered tax as adopted by other jurisdictions, which would generate more funding that can go to produce more affordable housing and address other City needs.

In addition to these actions, we urge the Council to take proactive action to formally support ACA 1 (Assemblymember Aguiar-Curry), which would lower the voter threshold for affordable housing, permanent supportive housing, and infrastructure measures from 2/3rds to a 55% supermajority. Reaching a strict 2/3rds threshold is extremely challenging for any funding measure, which is why the State school and parks measures can pass with a simple majority of the voters and local government measures require only a 55% vote.

Thank you for your leadership on this important issue and your ongoing commitment to ensuring the availability of affordable housing to our residents.

Sincerely,



Leslye Corsiglia  
Executive Director