



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Lee Wilcox

**SUBJECT: EXPLORATION OF A POTENTIAL  
REAL PROPERTY TRANSFER TAX  
MEASURE**

**DATE:** November 13, 2019

Approved

Date

11/14/19

## SUPPLEMENTAL

### REASON FOR SUPPLEMENTAL

At the time the staff report was released, survey results were not complete. This memorandum provides results from the survey research.

### RECOMMENDATION

- (a) Accept the staff report regarding the outcome of recent public opinion polling around a potential March 3, 2020 real property transfer tax measure.
- (b) Direct the City Manager and City Attorney to return with a potential real property transfer tax measure on December 3, 2019 with a proposed ballot question, ordinance, resolution, and other items required for the City Council to call an election to place the tax measure on the March 3, 2020 ballot.

### BACKGROUND

The City's survey research partner (Fairbanks, Maslin, Maullin, Metz & Associates, or FM3) conducted a public opinion survey from November 5 to November 10, 2019. The survey was conducted online and via telephone and in English, Spanish, and Vietnamese. FM3 asked 806 registered voters likely to vote in the March 3, 2020 primary election about their support for a potential real property transfer tax measure. The margin of sampling error is +/- 3.5 percent. The results are outlined below.

**ANALYSIS**

All survey participants were presented with a potential real property transfer tax measure and asked if they thought they would vote “yes” in favor of the measure or “no” to oppose it, as shown in Table 1 below.

**Table 1: Support/Opposition for a Potential Real Property Transfer Tax Measure**

<b>Ballot Question Tested</b>			
<i>To fund general San José City services, like providing affordable housing for seniors, veterans, disabled, and low-income families and helping homeless residents move into shelters/ permanent housing, shall an ordinance be adopted enacting a real property transfer tax including unrecorded transfers at the following rates: transfers valued under \$2,000,000 exempt, \$2,000,001 to \$5,000,000 at 0.75%, \$5,000,001 to \$10,000,000 at 1.0%, and over \$10,000,000 at 1.5%; generating approximately \$70,000,000 annually, until repealed, with all money staying local?</i>			
<b>Initial Question</b>		<b>After Explanation</b>	
<b>TOTAL YES</b>	<b>61%</b>	<b>TOTAL YES</b>	<b>63%</b>
Definitely yes	36%	Definitely yes	38%
Probably yes	19%	Probably yes	20%
Undecided, lean yes	6%	Undecided, lean yes	5%
<b>TOTAL NO</b>	<b>33%</b>	<b>TOTAL NO</b>	<b>31%</b>
Undecided, lean no	3%	Undecided, lean no	2%
Probably no	8%	Probably no	6%
Definitely no	22%	Definitely no	23%
<b>Undecided</b>	<b>7%</b>	<b>Undecided</b>	<b>6%</b>

The initial inquiry resulted in 61 percent of participants saying they would definitely vote yes, probably vote yes, or were undecided and leaning toward voting yes. After hearing an explanation of the measure, overall support increased slightly to 63 percent, while opposition decreased slightly to 31 percent.

A general tax measure, like this potential measure, raises revenues that are available for any municipal service or project and requires support of a simple majority (50 percent plus one vote) of voters voting for/against the measure. At 61 percent initial support, FM3 reports that the potential real property transfer tax could be viable in the March 3, 2020 primary election.

In addition to the specific ballot question, the survey also asked about a number of critical needs in San José that could be funded from increased revenues to the General Fund. All of the

potential projects were ranked as “extremely” or “very” important by a majority of participants. Table 2 shows the potential City service or project list in order of rankings.

**Table 2: Critical Needs Ranking**

CITY SERVICES OR PROJECTS	Total Ranking Extremely/Very Important
<ul style="list-style-type: none"> <li>• Providing programs to help residents who need mental health care access medication and health services</li> <li>• Providing affordable housing for homeless and disabled seniors</li> </ul>	74%
<ul style="list-style-type: none"> <li>• Providing medications, food, and shelter to residents during emergencies like wildfires and earthquakes</li> <li>• Providing affordable housing for veterans</li> </ul>	73%
<ul style="list-style-type: none"> <li>• Providing affordable housing for disabled residents</li> <li>• Providing housing and support facilities for San José residents after a major earthquake, fire, or other disasters</li> <li>• Providing supportive housing where homeless residents can get services, mental health care, and case management</li> <li>• Providing services to help residents from becoming homeless in the first place</li> </ul>	71%
<ul style="list-style-type: none"> <li>• Helping homeless residents get out of neighborhood parks and creeks and into housing quickly</li> <li>• Providing affordable housing for seniors</li> <li>• Helping domestic violence survivors and their children</li> </ul>	70%
<ul style="list-style-type: none"> <li>• Providing affordable housing for low-income families</li> <li>• Helping homeless residents move into shelters and permanent housing</li> </ul>	68%
<ul style="list-style-type: none"> <li>• Planning to respond to emergencies like PG&amp;E power shutoffs, wildfires, and earthquakes</li> <li>• Providing housing affordable for youth transitioning out of foster care to prevent them from becoming homeless</li> </ul>	67%
<ul style="list-style-type: none"> <li>• Providing affordable housing for workers who currently cannot afford to live near their workplace, like teachers, nurses, and paramedics</li> </ul>	65%
<ul style="list-style-type: none"> <li>• Reducing litter, graffiti, and pollution</li> <li>• Training City staff to respond to natural disasters or weather events, including PG&amp;E power shutoffs</li> </ul>	64%
<ul style="list-style-type: none"> <li>• Providing places where residents can charge medical and communications devices and stay safe from weather events during PG&amp;E power shutoffs</li> </ul>	59%

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## **CONCLUSION**

The poll results indicate that the potential real property transfer tax has a strong likelihood of being viable in the March 3, 2020 primary election. Given the serious needs San José faces, with a variety of issues, including homelessness and the lack of affordable housing, emergency response, the Administration recommends that the Council take the next step in considering placing this potential measure on the ballot.

If the Council directs the Administration to move forward, the City Manager and City Attorney will prepare the ballot question, ordinance, resolution, and other items required for the City Council to call an election to place the transfer tax measure on the March 3, 2020 ballot. This item will be placed on the Council agenda of December 3, 2019.

The deadline for the City Clerk to deliver a potential measure to the Santa Clara County Registrar of Voters for placement on the March 3, 2020 ballot is 5 p.m. on Friday, December 6, 2019.

/s/

LEE WILCOX

Chief of Staff to the City Manager

For questions, please contact Lee Wilcox, Chief of Staff, at (408) 535-4873, or Michelle McGurk, Assistant to the City Manager, at (408) 535-8254.