



Memorandum

TO:HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember Maya Esparza
Councilmember Magdalena Carrasco
Councilmember Sylvia Arenas

SUBJECT: SEE BELOW

DATE:November 15, 2019

Approved

Date

SUBJECT: Update on the Polling Results on the Potential March 2020 Ballot Measures.

RECOMMENDATION

1. Direct staff to develop an expenditure prioritization plan in anticipation of future revenues generated from the passage of the real property transfer tax March 2020 ballot Measure. The prioritization plan would include the following:
 - A) 15% of funds should address tenant protection, homeless prevention, rapid rehousing, emergency housing services, emergency rental assistance and support for low income tenants facing eviction.
 - B) Investments in affordable housing production, preservation (such as acquisition and rehab), or alternative affordable housing models (including community land trusts, and limited equity housing cooperatives) focused on:
 - i) No less than 45% of funds for Extremely Low Income households and Individuals (>30% of area median income)
 - ii) No less than 35% of funds for Very Low Income and Low Income Households and Individuals (30% - 80% of area median income).
 - iii) No more than 5% of funds for Moderate Income Households (80%-120% of area median income).
2. Direct staff to reach out to labor representatives and non-profit affordable housing developers as part of a stakeholder outreach effort on appropriate labor standards policy related to the expenditure prioritization plan to ensure quality jobs are developed from the use of these public funds;

BACKGROUND

We want to thank staff and our partners who through their diligent work, have brought forth this report and recommendations. While this and previous staff reports have indicated the need for resources to address the housing crisis that has ultimately led to the crisis of our unhoused residents, we felt that it was imperative to more narrowly focus the expenditure of the precious resources that taxpayers will potentially be putting forth through this real property transfer tax.

While we recognize that the proposed tax measure is to raise funds for general purposes of the City, the housing crisis affects many and, we know that it disproportionately affects those in the Extremely Low Income (ELI) bracket. That is precisely why we recommend that a significant amount of the revenue generated from this measure, be directed to those with the highest need. Extremely low-income renters face the most severe shortage of affordable homes. Per the National Low Income Housing Coalition (NLIHC), San Jose has a deficit 38,689 units that are available and affordable for ELI households. On a smaller scale, this is equivalent to only 30 available units per 100 ELI households

Staff acknowledges that 20 percent of our residents are "severely cost burdened." When we disaggregate the data, we find that 73% ELI residents are severely cost burdened. The ELI individuals and households are most at risk of becoming unhoused and it is for that reason that we also request that a percentage of the anticipated revenue be dedicated to tenant protection and homeless prevention.

The expenditures that would be generated from the proceeds of this measure would be general fund money. It is in our community's best interest to ensure that the public investment that is being made in addressing the housing crisis, provides jobs that allow people to live where they work. If we allow these resources to be spent in a race to the bottom, we will perpetuate the conditions that have led us to the housing crisis; a scenario where people can no longer afford to live where they work. When faced with the previous, people engage in super commutes, move in to RV's or become unsheltered.

The signers of this memorandum have not had, and will not have, any private conversation with any other member of the City Council, or that member's staff, concerning any action discussed in the memorandum, and that each signer's staff members have not had, and have been instructed not to have, any such conversation with any other member of the City Council or that member's staff.