



City of Palo Alto

City Council Staff Report

(ID # 7361)

Report Type: Inter-Governmental Legislative Affairs Meeting Date: 10/17/2016

Summary Title: Measure A Endorsement

Title: Request for City Council Endorsement of Santa Clara County Measure A, an Affordable Housing Bond Measure

From: City Manager

Lead Department: Planning and Community Environment

Recommendation

Staff recommends that the City Council adopt a motion endorsing Santa Clara County Measure A, an Affordable Housing Bond Measure on the November 8, 2016 ballot.

Executive Summary

On June 21, 2016, the County of Santa Clara County Board of Supervisors voted to place a \$950 Million Bond Measure (Measure A) on the November ballot. If approved by voters, the resulting funding would be used to support affordable housing for vulnerable populations including veterans, seniors, the disabled, victims of abuse, the homeless and individuals suffering from mental health or substance abuse illnesses. See Attachment A for more specific information about the ballot measure.

Passage of Measure A requires a two-thirds majority approval by voters and supporters have asked for the City's endorsement.

If approved, the measure would help to address the regional housing crisis and further the goals and policies in the City's adopted Housing Element, which include the following:

- Policy H3.1: Encourage, foster, and preserve diverse housing opportunities for very low, low, and moderate income households.
- Policy H3.4: Pursue funding for the acquisition, construction, and rehabilitation of housing that is affordable to very low, low, and moderate income households.
- Policy H3.5: Support the provision of emergency shelter, transitional housing, and ancillary services to address homelessness.

If approved by the voters, the measure would allow the County to issue bonds, in one or more series, with a principal amount not to exceed \$950 million. The bond would raise property taxes \$12.66 per \$100,000 of assessed valuation.

Palo Alto-based affordable housing projects could compete for the funds resulting from this ballot measure and the County has indicated its willingness to work with stakeholders in establishing criteria for use in evaluating responses to Notices of Funding Availability (NOFA).

Environmental Review

Endorsement of County Measure A is not a project requiring review under the California Environmental Quality Act (CEQA).

Attachments:

- Attachment A - Information on Measure A (DOCX)

Measure A (November 2016 ballot) information

The language of the measure appearing is:

“To provide affordable local housing for vulnerable populations including veterans, seniors, the disabled, low and moderate income individuals or families, foster youth, victims of abuse, the homeless and individuals suffering from mental health or substance abuse illnesses, which housing may include supportive mental health and substance abuse services, shall the County of Santa Clara issue up to \$950 million in general obligation bonds to acquire or improve real property subject to independent citizen oversight and regular audits?”

If approved, the bond would represent the largest commitment to date for addressing the county's housing crisis. A 2015 survey found that Santa Clara County had more than 6,500 homeless people, making it the fourth largest homeless population in the nation.

If passed, the County would issue the bond in three phases, each providing about \$316 million for housing projects. The first bond issuance would be scheduled for September 2017, with the next phases coming in 2021 and 2025.¹

\$700 million of the funding would go toward projects for vulnerable populations, including the homeless and those living on extremely low incomes.² \$100 million is geared towards low income families, and \$150 million is for working families and first-time homebuyer programs.³

The mechanism for repaying the bond is a \$12.66 surcharge added on residential and commercial properties for every \$100,000 of assessed value. The average homeowner can expect to pay approximately \$63.00 annually in additional property taxes. The bond is expected to be fully paid by 2055. Those seeking bond funding (cities and nonprofit organizations) would enter a competitive process, with priority given to proposals demonstrating project readiness and leveraging other grant programs.

Lastly, oversight of the bond will come from the newly established Citizens Oversight Committee for the Housing Bond, a nine member committee appointed by the Board of Supervisors. Committee composition will include at least one attorney, one or more housing advocates, the County Assessor, one or more professional accountants, at least one investment professional, and one representative from organized labor, a civic organization, a business organization and the Santa Clara County Cities Association.⁴

¹ See *Palo Alto Online*, June 23, 2016; accessed September 29, 2016.

<http://paloaltoonline.com/news/2016/06/23/santa-clara-county-approves-950-million-housing-bond-for-november-ballot>

² Those living on less than 30 percent of the area median income; \$23,450 for an individual and \$33,500 for a four-person household.

³ See “Yes on Affordable Housing,” accessed on September 29, 2016, <http://yesonaffordablehousing.org/about/>

⁴ More information on the oversight body can be found here: <http://yesonaffordablehousing.org/wp-content/uploads/2016/09/Oversight-Memo.pdf>