



DATE: September 20, 2016

CATEGORY: New Business

DEPT.: City Manager's Office

TITLE: **Council Policy Positions – Ballot Measures A and B**

RECOMMENDATION

Adopt a Council policy position of support for the:

1. Santa Clara County Affordable Housing Bond 2016 (Measure A).
2. Santa Clara Valley Transportation Authority (VTA) regional transportation sales tax measure (Measure B).

BACKGROUND

At the September 6, 2015 meeting, Council asked staff to agendize an item to take a position on Measures A and B. The purpose of this Council report is to provide the City Council with information on Measure A, Santa Clara County's Affordable Housing Bond, and Measure B, the Santa Clara Valley Transportation Authority's (VTA) regional transportation sales tax measure. Both ballot measures will be placed on the November 2016 Statewide general election ballot and require a two-thirds vote to be passed.

Measure A is a \$950 million general obligation bond placed on the ballot by the Board of Supervisors that will provide resources to increase the supply of, and access to, affordable housing in order to address Santa Clara County's housing crisis. Measure B is a one-half-cent, 30-year sales tax measure placed on the ballot by the VTA that is anticipated to generate more than \$6 billion to relieve traffic and improve transportation in Santa Clara County. The measures support City Council-adopted Fiscal Years 2015-17 Council Policy Goal 1: Improve the Quantity, Diversity, and Affordability of Housing; and Goal 3: Improve Transportation by Enhancing Mobility and Connectivity. Both measures have been endorsed by the Cities Association of Santa Clara County.

ANALYSIS

Measure A – Affordable Housing Bond 2016

Measure A is intended to create housing opportunities for working families and households, as well as the region's vulnerable populations, including veterans, seniors, the disabled, current or former foster youth, victims of abuse, the homeless, and individuals suffering from mental health or substance abuse illnesses.

Of the \$950 million the bond is expected to generate, it is anticipated that \$700 million will be invested in housing opportunities for extremely low-income households and for permanent supportive housing; \$100 million for very low-income households; and \$150 million for low- and moderate-income households (of which \$50 million would be for first-time homebuyers).

It is the intent that Measure A funds will be widely distributed throughout the County. The funding allocation plan will be determined at a later date, potentially as requests for proposals are released for each activity.

For the 2014-22 Housing Element, the City of Mountain View has a regional housing need allocation (RHNA) of 2,926 units, of which 58 percent is for affordable housing needs. This includes 26 percent for extremely low- and very low-income households; 17 percent for low-income households; and 18 percent for moderate-income households. Additionally, many of Mountain View's residents include veterans (over 2,300 residents), seniors (over 5,000 residents), and those with disabilities (over 4,600 residents). The City is also working on efforts to address homelessness, which has increased significantly in Mountain View over the past two years, including those living in vehicles.

As a result, should Measure A pass, while the amount that may come directly to the City is unknown, additional resources would be available to help Mountain View meet its significant need for affordable and special-needs housing.

Below is a list of two recent affordable developments that have already been approved by the City Council, and one project that the City Council reserved funds for on September 13, 2016.

- ROEM has a 116-unit affordable development which is under construction at 779 East Evelyn Avenue.

- Palo Alto Housing was recently approved by the City Council for 67 affordable studio units at 1701 West El Camino Real (veteran housing).
- Shorebreeze went to City Council on September 13 for a funding reservation for 62 new units (50 net new units) of affordable housing. Shorebreeze is located at 460 North Shoreline Boulevard.

Given the currently known criteria of Measure A, these projects appear to be representative of the types of projects that Measure A could fund if it passes.

Measure A – Ballot Language

The impartial analysis for Measure A can be found in Attachment 1. The ballot language and arguments in favor of and against Measure A are anticipated to be posted to <http://votersedge.org> shortly. Below is the ballot question for Measure A as it will appear on the November 2016 ballot:

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?

Measure A would allow the County to borrow up to \$950 million by issuing general obligation bonds, and would allow an increase in the property tax rate to pay debt service on the bonds. The County estimates that the tax rate required to pay for the bonds during the first fiscal year after the sale of the first series of bonds will be \$12.56 per \$100,000 of assessed value of taxable property. The County estimates that the tax rate over the life of the bonds would range from \$10.76 to \$12.66 per \$100,000 of assessed value of taxable property.

Measure B – Transportation-Related Sales Tax

Measure B is a one-half-cent, 30-year transportation-related sales tax measure anticipated to generate more than \$6 billion to fund transportation improvements throughout Santa Clara County. The Measure proposes allocating tax revenues for the following purposes:

Expenditure Category	Funding Allocation (in million \$)
BART – Phase II of the BART Silicon Valley Extension.	\$1,500
Bicycle/Pedestrian Program – Bicycle and pedestrian improvement projects.	250
Caltrain Corridor Capacity Improvements – Santa Clara County portion of costs to expand capacity, improve reliability, and major station upgrades and improvements.	341
Caltrain Grade Separations – Caltrain corridor grade separations in Sunnyvale, Mountain View, and Palo Alto.	700
County Expressways – Funding for Tier 1 projects in the County’s Expressway Plan.	750
Highway Interchanges – Congestion relief, access, roadway connection, and operational improvements at key intersections, deployment of advanced technology systems.	750
Local Streets and Roads – Agencies would have flexibility to focus on maintenance or other local needs if Pavement Condition Index is above 70. Funds to be distributed using the existing Vehicle Registration Fee formula.	1,200
State Route 85 Corridor – Congestion relief/new transit options projects along the State Route 85 corridor.	350
Transit Operations – Additional funding for bus operations.	500
TOTAL	\$6,341

The proposed sales tax measure calls for funding transportation improvements throughout the County – any and all of which will provide some level of transportation benefit to the City of Mountain View. However, projects included in the Caltrain Corridor Capacity Improvements, Caltrain Grade Separations, Local Streets and Roads, and the State Route 85 Corridor categories will likely have more direct impacts and benefits to Mountain View. The City was actively involved in securing the \$350 million allocation for State Route 85.

Over the next six months, VTA advisory committees will be developing criteria and policy recommendations that the VTA Board of Directors can rely on in determining the specific improvement projects that will be funded from the tax measure, if the measure is approved by voters. During this time, the City will have an opportunity to participate and influence these discussions through its representatives on the VTA Policy Advisory Committee (Councilmember McAlister) and VTA Technical Advisory Committee (Helen Kim, Transportation Planner).

Measure B – Ballot Language

The impartial analysis for Measure B can be found in Attachment 2. The ballot language and arguments in favor of and against Measure B are anticipated to be posted to <http://votersedge.org> shortly. Provided below is the question for Measure B as it will be appear on the November 2016 ballot:

To relieve traffic, repair potholes; shall VTA enact a 30-year half-cent sales tax to:

- Repair streets, fix potholes in all 15 cities;
- Finish BART extension to downtown San Jose, Santa Clara;
- Improve bicycle/ pedestrian safety, especially near schools;
- Increase Caltrain capacity, easing highway congestion, improving safety at crossings;
- Relieve traffic on all nine expressways, key highway interchanges;
- Enhance transit for seniors, students, disabled;

Mandating annual audits by independent citizens' watchdog committee to ensure accountability.

Approval of this Measure is anticipated to result in a total 9.25% sales tax rate in the cities of Campbell and San Jose, and a 9.0% sales tax rate in Santa Clara County, as of the date the sales tax is anticipated to begin. It is anticipated that the sales tax would be operative on April 1, 2017. Because existing sales taxes may expire, or other sales taxes may be enacted, overall tax rates may vary during the thirty-year period of this tax.

FISCAL IMPACT

There are no direct fiscal impacts to adopting a Council Policy position of support for Measure A and Measure B. The City would likely receive funds from the measures if passed.

ALTERNATIVES

1. The City Council may choose not to support either or both ballot measures.
2. Provide alternative direction.

PUBLIC NOTICING – Agenda posting.

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CG/2/CAM
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- Attachments:
1. Impartial Analysis for Santa Clara County Affordable Housing Bond 2016 (Measure A)
 2. Impartial Analysis for Santa Clara Valley Transportation Authority (VTA) Regional Transportation Sales Tax Measure (Measure B)