

MEASURE V

CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE V

Measure V, the "Affordable Housing Bond", is a bond measure placed on the ballot by the San Jose City Council. If approved, Measure V would authorize the City to issue up to \$450,000,000 in general obligation municipal bonds (the "Bonds") to fund housing affordable for working families; veterans; seniors; teachers; nurses, paramedics, and other workers; individuals with disabilities; domestic violence survivors; and the homeless. The City Council has determined that funding affordable housing is necessary to address San Jose's need for affordable housing and the preservation of public health, peace and safety.

Bond funds could be used to pay for the following costs of affordable housing: land; new housing construction; acquisition and rehabilitation of existing apartments or homes; and issuing the Bonds. Assuming \$450,000,000 in Bonds is issued, Measure V requires issuing the following minimum amounts for specific income levels:

- \$150,000,000 for families and individuals earning up to 30% of the area median income (AMI); and
- \$75,000,000 for households earning between 80% and 120% of AMI.

Within the \$450,000,000 limit, the City Council may authorize a greater amount of Bonds than the minimum amounts specified above or may authorize up to \$225,000,000 in Bonds for affordable housing to serve other income levels.

California law authorizes cities to issue general obligation bonds to finance land acquisition or improvements to land, subject to certain limitations. State law and the San Jose Municipal Code provide, for example, that a measure authorizing such bonds must be approved by at least two-thirds of the voters voting on it. If Measure V is approved, an additional "ad valorem" property tax would be levied annually on all taxable property within the City to pay the principal and interest due on the Bonds. "Ad valorem" means according to value. Until the Bonds are repaid, an ad valorem tax based on the assessed value of real property and improvements would be levied on all taxable property within San Jose. Once the Bonds are repaid, this annual tax will terminate.

The Tax Rate Statement in the Voter Information Guide reflects the City's estimate of the additional ad valorem property tax levy that would be required to repay the Bonds based on currently available data and projections. The actual tax levied could be more or less than the City's estimate.

Measure V imposes certain accountability measures, including:

- Bond funds would be deposited in one or more separate accounts.
- A separate annual audit of the Bond funds would be conducted.
- The Director of Finance would annually file a public report with the City Council, describing for the prior fiscal year: the amount of Bonds issued and expended, the amount of taxes collected and the status of the projects.

CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE V-Continued

- The City Council would appoint a Community Oversight Committee comprised of City residents to provide oversight of the Bonds' expenditure. The City Council would determine the committee's size, composition and specific responsibilities prior to the issuance of any Bonds.

A "Yes" vote would approve San Jose's issuance of the Bonds.

A "No" vote would not approve San Jose's issuance of the Bonds.

/s/ Richard Doyle
City Attorney, City of San Jose

The above statement is an impartial analysis of Measure V. If you would like to read the full text of the measure, see <http://www.sanjoseca.gov/index.aspx?nid=5694> or call 408-535-1260 and a copy will be sent at no cost to you.

TAX RATE STATEMENT

An election will be held in the City of San Jose (the "City") on November 6, 2018, to authorize the sale of up to \$450 million in general obligation bonds of the City to finance the projects identified in the measure. If the bonds are authorized, the City expects to sell the bonds in several series. Principal and interest on the bonds will be payable from the proceeds of tax levies made upon the taxable property in the City. The following information is provided in compliance with sections 9400-9404 of the California Elections Code.

1. The best estimate from official sources of the average annual tax rate that would be required to be levied to fund the bonds issued over the entire duration of the bond debt service, based on assessed valuations available at the time of the election or a projection based on experience within the same jurisdiction or other demonstrable factors is .82 cents per \$100 (\$8.15 per \$100,000) of assessed valuation of all property to be taxed. The best estimate of the final fiscal year in which the tax is anticipated to be collected is fiscal year 2056-57.
2. The best estimate from official sources of the highest tax rate that would be required to be levied to fund the bonds issued, and an estimate of the year in which that rate will apply, based on assessed valuations available at the time of the election or projection based on experience within the same jurisdiction or other demonstrable factors is 1.43 cents per \$100 (\$14.29 per \$100,000) of assessed valuation of all property to be taxed. The best estimate of the year in which the highest tax rate will apply is anticipated to be fiscal year 2027-28.
3. The best estimate from official sources of the total debt service, including the principal and interest, that would be required to be repaid if all the bonds are issued and sold is approximately \$0.996 billion.

Voters should note that estimated tax rate is based on the ASSESSED VALUE of taxable property on Santa Clara County's official tax rolls, not on the property's market value. Property owners should consult their own property tax bills to determine their property's assessed value and any applicable tax exemptions.

Attention of all voters is directed to the fact that the foregoing information is based upon the City's projections and estimates only, which are not binding upon the City. The actual tax rates and the years in which they will apply may vary from those presently estimated, due to variations from these estimates in the timing of bond sales, the amount of bonds sold and market interest rates at the time of each sale, and actual assessed valuations over the term of repayment of the bonds. The dates of sale and the amount of bonds sold at any given time will be determined by the City based on the need for construction funds and other factors. The actual interest rates at which the bonds will be sold will depend on the bond market at the time of each sale. Actual future assessed valuation will depend upon the amount and value of taxable property within the City as determined by the Santa Clara County Assessor in the annual assessment and the equalization process.

Dated: August 10, 2018

APPROVED BY THE SAN JOSE CITY COUNCIL

ARGUMENT IN FAVOR OF MEASURE V

Measure V provides housing that's affordable in San Jose. Please vote Yes on V.

How does Measure V provide meaningful housing solutions for our grown children, friends, family, and community members? By:

- Providing housing affordable for working families, veterans, seniors, teachers, nurses, and paramedics;
- Helping homeless residents get off local streets and out of neighborhood parks and creeks.

Homelessness is a crisis in San Jose, and one we cannot ignore. **We need Measure V to help chronically homeless residents get back on their feet, off neighborhood streets, out of creeks and parks, and out from under local freeways, both to address issues of health, public safety, blight, and public nuisances, and because it's simply the right thing to do.**

It also saves money: housing the most troubled homeless individuals costs less than leaving them on the street, saving taxpayers \$19,282 per person in annual public services.

Working parents, seniors, and veterans should be able to afford housing, and still have enough money for groceries, medication and other basic necessities—but our community's skyrocketing costs are making that impossible for far too many. Measure V will make it easier for residents like these—as well as teachers, nurses and paramedics—to afford to live in San Jose.

Measure V includes tough fiscal accountability requirements, including independent citizens' oversight, independent financial audits, and full public review of all spending to ensure every cent creates housing that's affordable for working families.

We can provide housing affordable for working families, veterans, seniors, teachers, nurses, and paramedics. We can help homeless residents get off local streets and out of neighborhood parks and creeks.

Together we can take action to fix the housing crisis that we all feel and see every day.

Please join a broad coalition of community leaders, and vote Yes on Measure V. VoteAffordableSJ.org

/s/ Sam Liccardo
Mayor, City of San Jose

/s/ Michele Lew
CEO, The Health Trust

/s/ Jim Cunneen
Former CEO, Chamber of Commerce, Former Republican Assemblyman

/s/ Mary Collins
President, League of Women Voters

/s/ Tito Cortez
Veteran

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE V

The Santa Clara County just raised our taxes by \$950,000,000 for low income housing in 2016.

Where is that housing? Answer: so far there has been no low income housing project solely funded by the tax increase.

Taxpayers should wait to see how the first \$950,000,000 will be spent before again taxing ourselves for another \$450,000,000, plus principle and interest payments for 25-30 years?

The County could utilize the Fairgrounds property to house the homeless inexpensively.

Furthermore, these capital projects will have union agreements that are unwarranted cost to the voters.

A significant reason why we don't have affordable housing is San Jose City policies that restrict new construction of affordable housing.

According to the National Association of Home Builders 24.3% of the cost of new housing is government red tape and associated fees and permit costs. Not to mention the additional costs of hiring licensed professionals to get building plans through the slow and bureaucratic city building and planning departments.

Here's the source for the above information:

<https://www.constructiondive.com/news/nahb-regulatory-costs-account-for-243-of-new-home-price/418745/>

The cost of housing is high because we have too much government!!!

The solution to affordable housing is clear; we need less government, not more. And certainly **not \$450,000,000 in more debt!**

Don't let big government special interest proponents fool you, vote NO on Measure V.

If this measure passes, your housing expenses will increase whether you rent or own!

Please vote NO on Measure V.

For more information: www.SVTaxpayers.org/2018-measure-v

/s/ Mark W.A. Hinkle

President, Silicon Valley Taxpayers Association

/s/ Jennifer Imhoff

Chair, Libertarian Party of Santa Clara County

ARGUMENT AGAINST MEASURE V

You really have to admire the gall of those who put this \$450,000,000 bond measure on the ballot.

Why? Answer: Because a significant reason why we don't have affordable housing is San Jose City policies that restrict new construction of affordable housing.

According to the National Association of Home Builders 24.3% of the cost of new housing is government red tape and associated fees and permit costs. Not to mention the additional costs of hiring licensed professionals to get building plans through the slow and bureaucratic city building and planning departments.

Here's the source for the above information:

<https://www.constructiondive.com/news/nahb-regulatory-costs-account-for-243-of-new-home-price/418745/>

The main reason that we don't have affordable housing is the law of supply and demand, the basic economic principle we learned in high school.

When housing demand exceeds the supply, the price of housing goes up.

So, why hasn't the supply kept up with the demand?

Answer: too much government

- The supply is restricted because of government zoning laws that limits housing density.
- The supply is restricted because of government banking laws that restrict lending for new construction.
- The supply is restricted because of government building codes that add unnecessary costs.

The solution to affordable housing is clear; we need less government, not more. And certainly **not more debt!**

You got to hand it to big government advocates, they've created this housing problem, and now they propose to solve the problem with more government and more debt.

Don't let big government special interest proponents fool you, vote NO on Measure V.

Remember bonds have to be paid back, with interest.

If this measure passes, your housing expenses will increase whether you rent or own!

Please vote NO on Measure V.

For more information: www.SVTaxpayers.org/2018-measure-V

/s/ Mark W.A. Hinkle

President, Silicon Valley Taxpayers Association

/s/ Jennifer Imhoff

Chair, Libertarian Party of Santa Clara County

REBUTTAL TO ARGUMENT AGAINST MEASURE V

There's one thing we all agree on: we need more housing—for teachers, nurses, police, and firefighters, and for all who keep our city safe, and make San Jose work.

Since 2015, the City has eased restrictions on "granny units," cut fees on housing construction, and streamlined planning and permitting processes, propelling more than 12,000 housing units under development.

Yet simply building more housing isn't enough, because our grown children can't afford this new housing. We need both more supply, and more affordability.

That's why we urge you to vote Yes on V, for an affordable San Jose.

Measure V will create housing affordable for working families, and it will help homeless residents get off our streets and out of our parks and creeks.

It's not only right thing to do, it's also fiscally prudent. Why?

- Measure V provides local dollars that **will leverage private investment and state funding for each affordable development, maximizing every dollar's impact.**
- Housing the homeless individuals who use public services most frequently will save \$19,282 per person in public costs—such as hospital emergency rooms and 911 response—for every person housed.
- Measure V enables more of our teachers, police, and paramedics to live in the community they serve.
- Measure V requires strict fiscal accountability, including independent citizens' oversight, independent financial audits, and public review of all spending.

Now is the time to invest in affordable solutions for our housing crisis.

Please vote Yes on V. VoteAffordableSJ.org

/s/ Tom McEnery
Former Mayor, City of San Jose

/s/ Catharyn Schroeder
Teacher

/s/ Kevin Zwick
CEO, Housing Trust Silicon Valley

/s/ Mario Delgado
Secretary-Treasurer, Laborers Local 270

/s/ Thang Do
CEO, Architect Company