MEASURE A

COUNTY COUNSEL'S IMPARTIAL ANALYSIS OF MEASURE A

California law allows the County of Santa Clara to issue general obligation bonds with approval of two-thirds of the votes cast by County voters in the election.

Measure A would allow the County to borrow up to $950 million by issuing general obligation bonds. The County would use this money to acquire or improve real property to provide affordable housing for populations that face challenges securing stable housing. People eligible for this housing would include:

- veterans,
- seniors,
- people with disabilities,
- low-income individuals and families with incomes no higher than 80% of the area median income,
- moderate-income individuals and families with incomes between 80% and 120% of the area median income,
- current and former foster youth,
- victims of abuse,
- homeless people, and
- people with mental illness or substance abuse-related illnesses.

Housing acquired or improved using bond funds could be sold or rented at below-market rates. Bond funds also could be used to provide housing in connection with supportive mental health and substance abuse services.

The County could use up to $150 million of the bond proceeds to provide affordable housing for moderate-income individuals and families making between 80% and 120% of the area median income. The County could use up to $50 million of that amount to provide financial assistance to moderate-income first-time homebuyers.

Measure A would require the County to prepare a public report each year describing the amount of the funds collected and spent, and the status of any projects paid for with bond funds. Measure A would also create a Citizens' Oversight Committee to review each annual report, and would require an independent auditor to review the County's spending of bond funds.

Measure A 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 $12.66 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.

COUNTY COUNSEL'S IMPARTIAL ANALYSIS OF MEASURE A-Continued

On June 21, 2016, the County's Board of Supervisors placed Measure A on the ballot. Two-thirds of those voting on Measure A must vote in favor of the measure for it to be approved.

A "yes" vote would authorize the issuance and sale of general obligation bonds in the amount up to $950,000,000 to provide affordable housing, to be secured by property taxes on property located within the County.

A "no" vote would not authorize the issuance and sale of the bonds.

Prepared by:

/s/ Jon Givner
Deputy City Attorney, City and County of San Francisco

On behalf of:

/s/ James R. Williams
Acting County Counsel

COMPLETE TEXT OF MEASURE A

BOND AUTHORIZATION

The Board of Supervisors of the County of Santa Clara recognizes the existence of a housing crisis in Santa Clara County: The rising costs of home ownership and the increasing cost of rental units throughout the county have resulted in a persistently high number of homeless individuals within Santa Clara County. The latest homeless count revealed a total of 6,556 homeless individuals in Santa Clara County with 4,627 unsheltered.

In response to this housing crisis, the Board of Supervisors is placing a general obligation bond on the ballot to generate up to $950 million for the acquisition or improvement of real property in order to provide affordable local housing for vulnerable populations including veterans, seniors, the disabled, low and moderate income individuals or families, current or former foster youth, victims of abuse, the homeless and individuals suffering from mental health or substance abuse illnesses. "Low income" means individuals and families whose income does not exceed 80 percent of area median income. "Moderate income" means individuals and families whose income lies in the range of 80 percent to 120 percent of area median income. The housing may be provided at below market rates, and may be provided in connection with supportive mental health and substance abuse services.

A portion of the proceeds, not to exceed $150 million, with not more than $50 million for first-time homebuyers, may be used to provide housing that is affordable for moderate income individuals and families; such portion may be used, by way of example only, for first-time homebuyers or to promote housing that is in proximity to employment.

Even though housing for vulnerable populations is currently being built, the number of units available does not satisfy the projected demand within our community. The Board of Supervisors intends to distribute the new affordable housing units within the County and to leverage the resources acquired through this bond to attract both private and public matching funds, including from state and federal sources. Different forms of assistance for vulnerable populations may be provided based on programs and spending as determined by the Board of Supervisors.

The Board of Supervisors views housing as a critical need of vulnerable populations, without which individuals in these populations are unlikely to achieve any level of stability. Creating and improving housing for the County's vulnerable populations is consistent with the County's mission to plan for the needs of a dynamic community, provide quality services, and promote a healthy, safe and prosperous community for all. The County is seeking to achieve this in a cost-effective way.

ACCOUNTABILITY SAFEGUARDS

Statement of Purpose: The specific purposes of the bond are to fund the acquisition or improvement of real property in order to provide affordable local housing for vulnerable populations including veterans, seniors, the disabled, low and moderate income individuals or families, 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. The proceeds of any bonds issued pursuant to this bond measure will be applied only to these specific purposes.

COMPLETE TEXT OF MEASURE A-Continued

Special Bond Proceeds Account: The proceeds of the bonds issued pursuant to this measure shall be deposited in a special account created by the County.

Annual Report: The County will ensure that an annual report pursuant to Government Code section 53411 describing the amount of funds collected and expended, and the status of any project required or authorized to be funded, shall be filed with its governing body.

Independent Citizens' Oversight Committee: A Citizens' Oversight Committee will be established and will review the annual report each year to ensure fiscal accountability.

Independent and External Audit: An independent, external auditor will review the County's spending of bond proceeds to ensure accountability.

TAX RATE STATEMENT

An election will be held in the County of Santa Clara, State of California (the "County") on November 8, 2016, to authorize the sale of not to exceed $950 million in general obligation bonds of the County to mitigate the housing crisis by providing 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. If the bonds are approved, the County expects to sell the bonds in three series over time. Principal and interest on the bonds will be payable from the proceeds of taxes levied upon taxable property in the County. The following information is provided in compliance with Section 9400-9404 of the Elections Code of the State of California.

1. The best estimate of the tax which would be required to be levied to fund this bond issue during the first fiscal year after the sale of the first series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is $0.01266 per $100 ($12.66 per $100,000) of assessed valuation in fiscal year 2017-18.

2. The best estimate of the tax which would be required to be levied to fund this bond issue during the first fiscal year after the sale of the last series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is $0.01076 per $100 ($10.76 per $100,000) of assessed valuation in fiscal year 2025-26.

3. The best estimate of the highest tax rate which would be required to be levied to fund this bond issue, based on estimated assessed valuations available at the time of filing of this statement, is $0.01266 per $100 ($12.66 per $100,000) of assessed valuation in fiscal year 2017-18.

4. The best estimate of the total debt service, including the principal and interest, that would be required to be repaid if all of the bonds are issued and sold is $1.9 billion.

Attention of all voters is directed to the fact that the foregoing information is based upon the County's projections and estimates only, which are not binding upon the County. The estimates provided herein do not account for the taxes levied to pay for bonds issued by the County pursuant to prior voted authorizations. 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 at any given sale, market interest rates at the time of each bond sale, the credit quality of the County at the time each issue is sold, and actual assessed valuations over the term of repayment of the bonds among other factors. The actual dates of sale of said bonds and the amount sold at any given time will be governed by the needs of the County 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 County as determined in the annual assessment and the equalization process.

Dated: June 21, 2016

/s/ Emily Harrison
Director of Finance
County of Santa Clara

ARGUMENT IN FAVOR OF MEASURE A

We're all concerned about our friends, family, and most vulnerable community members being able to find a place to live in our region.

Measure A provides solutions by **creating affordable housing** for our **children, veterans, disabled, working families, seniors, and thousands of others in need**.

Everyone should have the opportunity to live in a safe, healthy, affordable home. YES on Measure A authorizes a $950 million bond to dramatically increase the number of affordable homes throughout Santa Clara County.

Voting YES on Measure A will:

- Make sure working people can afford housing and still have enough money for basics like groceries, gas, and childcare;
- Provide affordable homes for the hundreds of local homeless children and their families living in shelters or on the streets;
- Provide first time home-buyer down-payment assistance to middle-income residents, like local teachers, firefighters, and nurses, so they can live where they serve;
- Create affordable housing near transit to reduce traffic congestion and pollution;
- Provide housing for the chronically homeless, with supportive mental health and substance abuse services;
- Create affordable homes for veterans and seniors;
- Offer affordable homes near jobs for low-income families

YES on A includes strong oversight protections and independent audits, public accountability, and transparency, to make sure every cent goes to the creation of new, affordable housing.

Measure A is supported by a broad coalition of public health, businesses, civic, labor, housing and homeless advocacy, veteran, environmental, and faith leaders from every corner of our County.

<u>We can provide critically needed affordable housing for working and low-income families and vulnerable members of our community.</u>

<u>We can make sure our children, who deserve the opportunity to succeed in school and life, have a stable home to grow up in.</u>

Measure A will make the difference. Join us in voting YES on Measure A!

ARGUMENT IN FAVOR OF MEASURE A-Continued

Learn more: www.YesonAffordableHousing.org

/s/ Roberta Hollimon
Chair, Council of the Leagues of Women Voters of Santa Clara County

/s/ Richard A. Bata
Veterans Voice of Santa Clara County/U.S. Army Veteran

/s/ Janice Jensen
President & CEO, Habitat for Humanity Silcon Valley

/s/ Pamela B. Bancroft
Chairperson, Santa Clara County Senior Care Commission

/s/ Dave Cortese
President, Santa Clara County Board of Supervisors

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE A

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

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

Answer: too much government regulation.

The housing supply is restricted because of government zoning laws that limit housing.

The supply is restricted because of government building fees, now estimated to be about 25% of the cost of new housing, according to the National Association of Home Builders.

The supply is restricted because of government banking laws that restrict lending to potential homeowners.

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 debt.**

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

Debt you have to pay for with 25-30 years of interest payments.

Don't let big government proponents fool you. Vote NO on Measure A.

Remember, bonds have to be paid back, with interest.

And interest on this $950,000,000 bond measure is?

Answer: who knows? **Legally it could be as high as 12%.**

Who takes out a home mortgage without knowing what the interest rate is going to be?

Please vote NO on Measure A.

For more information: www.SVTaxpayers.org/2016-measure-a

/s/ John M. Inks
Mountain View City Councilmember

/s/ Mark W.A. Hinkle
President: Silicon Valley Taxpayers Association

/s/ Elizabeth C. Brierly
Santa Clara County Homeowner and Lifelong Resident

ARGUMENT AGAINST MEASURE A

When the County of Santa Clara puts a bond measures like Measure A before the voters, what are they saying? Answer: everything they are spending your tax dollars on now, is more important than the projects for which this tax increase is being sought.

Budgets set priorities. The County of Santa Clara is **saying that every dollar they spend today is going to something they consider a higher priority than to provide affordable housing.**

Do you agree?

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.

The supply is restricted because of government building fees, now estimated to be about 25% of the cost of new housing according to the National Association of Home Builders.

The supply is restricted because of government banking laws that restrict lending.

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.

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

Don't let big government proponents fool you, vote NO on Measure A.

Remember bonds have to be paid back, with interest.

And interest on this $950,000,000 bond measure is?

Answer: who knows! **Legally it could be as high at 12%.**

Who takes out a home mortgage without knowing what the interest rate is going to be?

Please vote NO on Measure A.

ARGUMENT AGAINST MEASURE A-Continued

For more information: www.SVTaxpayers.org/2016-measure-a

/s/ Mark W.A. Hinkle
President: Silicon Valley Taxpayers Association

/s/ John M. Inks
Mountain View City Councilmember

REBUTTAL TO ARGUMENT AGAINST MEASURE A

You spoke: We heard you. Here in Santa Clara County, we share the value that people should have the opportunity to find and live in a safe, healthy, affordable home.

But right now, our region's increasing housing costs is the biggest barrier to our communities' ability to thrive.

We are all working together to find real solutions for our community. Measure A is a key part of our County-wide strategy to address this important and urgent issue and **create more affordable housing for our communities.**

- Measure A creates and preserves affordable housing for our vulnerable populations who really need our help, like the chronically homeless, low income seniors, veterans, and victims of human trafficking and domestic abuse.
- It provides more housing opportunities for working people, like our teachers, firefighters, and nurses, by creating more affordable housing near where they work.
- It grows opportunities to reach the American Dream, by providing First-Time Homebuyer loans for people who want to build their lives and families here.

We all agree that we need more affordable housing. Measure A is our chance to do something about it.

Join the League of Women Voters, Veterans Voices of Santa Clara County, Greenbelt Alliance, Silicon Valley Community Foundation and hundreds more in voting YES on Measure A.

Join us in **supporting the creation of safe, healthy, affordable homes across Santa Clara County**.

Join us in **supporting our seniors and veterans, our teachers and nurses, our children and families**.

www.YesonAffordableHousing.org

/s/ Patrick Burt
Mayor of Palo Alto

/s/ Jeannie Bruins
Mayor of Los Altos

/s/ Patricia Showalter
Mayor of Mountain View

/s/ Jason Baker
Mayor of Campbell

/s/ Perry Woodward
Mayor of Gilroy