

# CITY OF SAN DIEGO

(This Measure will appear on the ballot in the following form.)

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## MEASURE A.

**GENERAL OBLIGATION BONDS FOR AFFORDABLE HOUSING.** To provide permanent and supportive housing for extremely low- to low-income individuals and families, including supportive mental health and substance abuse services, for populations including veterans, seniors, the disabled, youth and the homeless, shall the City of San Diego issue up to \$900 million in general obligation bonds financed by property tax assessments estimated between approximately \$3 and \$21 per each \$100,000 of assessed valuation for fiscal years 2022 through 2068?

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Passage of this measure requires the affirmative vote of two-thirds of those qualified electors voting on the matter. Full text of this measure follows the arguments.

### OFFICIAL TITLE AND SUMMARY

#### BALLOT TITLE

Affordable Housing Bond Measure for the Acquisition or Improvement of Real Property to Provide Permanent Supportive and Affordable Housing for Vulnerable Populations

#### BALLOT SUMMARY

This measure would increase property taxes on real property within the City of San Diego (City), which would be used to secure up to \$900 million in bonds to be issued by the City, all for the purpose of providing permanent supportive and affordable housing for vulnerable populations.

Additional taxes to be levied are estimated to be approximately \$3.14 per \$100,000 of a property's assessed valuation in fiscal year 2022, increasing to a maximum of \$20.85 per \$100,000 over the life of the bonds. The taxable or tax-exempt general obligation bonds supported by the new tax revenue would be issued in multiple series over seven years. Bond proceeds would be used to acquire or improve real property to provide permanent supportive and affordable housing for vulnerable populations, but may not be used to finance services or operations.

"Vulnerable populations" includes: (1) extremely low income, or (2) very-low income, or (3) low-income individuals or families, veterans, youth, seniors, the disabled, homeless individuals or chronically homeless individuals, those at serious risk of becoming homeless, and individuals suffering from mental health or substance abuse illnesses. "Affordable housing" may include: (1) facilities for which assistance and services, such as mental health treatment, healthcare, drug and alcohol treatment, education, and job training may be provided by the City, other public entities, non-profit entities and/or private entities and (2) infrastructure and landscaping, including utilities, sidewalks, and streets that are directly related to and necessary for the acquisition, construction, or improvement of the affordable housing.

If the measure is approved, the City intends to distribute new affordable housing across the City and to leverage bond proceeds by attracting private and public matching funds, including from state and federal sources.

If approved, bond proceeds will be administered by the San Diego Housing Commission, reporting to the City Council (Council). The Council will adopt an annual allocation plan to govern how proceeds are used and spent.

## **BALLOT SUMMARY (CONTINUED)**

The Council will receive annual reports describing the amount of bond proceeds collected and spent, and the status of every project required or authorized to be funded with the proceeds.

The Council will establish an advisory Citizens' Oversight Committee (the Committee) of individuals with relevant professional experience to advise on and monitor all proposed affordable housing projects funded with bond proceeds. The Committee will advise the Council to help ensure fiscal accountability. An auditor, selected by the Committee after a competitive process, will also review how proceeds are spent.

Certain property owners are subject to the City's Inclusionary Affordable Housing Regulations or Housing Impact Fees on Commercial Development. If this measure is approved, the Council will introduce an ordinance providing that property owners subject to these laws will be entitled to a credit or reimbursement of such fees and costs, in an amount equal to the tax they would pay under this measure.

### **CITY ATTORNEY IMPARTIAL ANALYSIS**

California law allows the City of San Diego to issue general obligation bonds with the affirmative vote of two-thirds of those qualified electors voting on the matter in the election.

This ballot measure would allow the City to borrow up to \$900 million by issuing and selling general obligation bonds. The City would use this money to acquire or improve real property in order to provide permanent supportive and affordable housing for vulnerable populations. The money could not be used to finance services or operations.

If the measure is approved, the bond proceeds could be leveraged by attracting private and public matching funds, including from state and federal sources.

"Vulnerable populations" includes extremely low income, very-low income or low-income:

- individuals or families,
- veterans,
- youth,
- seniors,
- disabled people,
- homeless individuals, chronically homeless individuals, or those at serious risk of becoming homeless, and
- individuals suffering from mental health or substance abuse illnesses.

"Affordable housing" may include:

- facilities for which assistance and services, such as mental health treatment, healthcare, drug and alcohol treatment, education, and job training may be provided by the City, other public entities, non-profit entities and/or private entities, and
- infrastructure and landscaping, including utilities, sidewalks, and streets that are directly related to and necessary for the acquisition, construction, or improvement of the affordable housing.

Affordable housing acquired or improved using bond funds could be sold or rented at below market rates.

If approved, this measure would require the City 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. The Council would establish a Citizens' Oversight Committee to review each annual report and would require an independent auditor to review the City's expenditure of bond funds.

## CITY ATTORNEY IMPARTIAL ANALYSIS (CONTINUED)

If approved, the measure would allow a property tax increase to pay debt service on the bonds. The City estimates that the new property taxes to be paid by property owners during the first fiscal year after the sale of the first series of bonds will be approximately \$3.14 per \$100,000 of assessed value of taxable real property. The City estimates that the tax rate over the life of the bonds would range from approximately \$3.14 per \$100,000 of assessed value to \$20.85 per \$100,000 of assessed value of taxable real property.

The measure requires approval by two-thirds of the qualified voters of the City of San Diego who vote on the measure in order for it to be approved.

A “yes” vote would authorize the issuance and sale of up to \$900,000,000 of general obligation bonds secured by new taxes on real property located within the City to provide affordable housing.

A “no” vote would not authorize the issuance and sale of the bonds or the related tax.

## FISCAL IMPACT ANALYSIS

This measure would authorize the City of San Diego (City) to issue taxable or tax-exempt general obligation bonds (Bonds) in an amount not to exceed \$900 million to provide permanent supportive and affordable housing within the City for vulnerable populations (Affordable Housing). Vulnerable populations include extremely low-income, very-low income, and low-income individuals and families. These income thresholds are defined using federal standards and currently include households with zero income up to \$92,400 for a family of four.

If approved, Bond proceeds (net of issuance costs) will be used with other sources of affordable housing financing, to facilitate additional affordable and supportive homes. Bond proceeds may also be spent for facilities such as treatment, healthcare, education and job training, as well as landscaping and infrastructure directly related to Affordable Housing. Bond proceeds will not be used to finance services or operations, nor are they intended to entirely replace existing funding sources supporting Affordable Housing.

The San Diego Housing Commission (Commission) will administer the Bond proceeds. It reports to the City Council and will receive advice from a Citizens' Oversight Committee with relevant professional experience. **The Commission will need additional staff to administer the Bond proceeds, at a cost of approximately \$900,000 annually until all Bond proceeds have been utilized.**

This measure also contains a provision that could result in a credit or reimbursement for certain developers/owners of real property who have either paid a separate fee supporting Affordable Housing or who elect, or have elected, to construct Affordable Housing. If this credit/reimbursement provision were to be approved by City Council, it would reduce other funds available for Affordable Housing, in an amount that cannot yet be determined.

**Principal and interest payments on the Bonds (Debt Service), currently estimated at \$2.1 billion over 46 years, would be assessed to owners of taxable real property in the City until all Bonds have matured.** Debt Service assessments would be included in each property owner's annual property tax bill. The City preliminarily expects to issue Bonds annually for seven consecutive years beginning in 2022 (up to \$900 million). Annual Debt Service assessments for property owners would increase with the issuance of each new Bond.

## FISCAL IMPACT ANALYSIS (CONTINUED)

Assuming a \$150 million 40-year taxable Bond is the first to be issued in 2022, the annual tax is estimated to be \$3.14 per \$100,000 of assessed property value, or \$21.33 for a median value home in the City with an assessed valuation of \$679,000. If additional \$125 million 40-year taxable Bonds were to be issued in each of the next 6 years, to reach the maximum Bond authorization of \$900 million, the annual tax would increase to \$20.85 per \$100,000 of assessed property value in 2028, or \$141.54 annually for a \$679,000 median value home in the City. These tax estimates are based on assumptions that are subject to change over time, including the assessed value of real property in the City, bond interest rates, bond terms, bond ratings, and the timing of bond issuances.

## ARGUMENT IN FAVOR OF MEASURE A

**Over 5,000 individuals in the city of San Diego are homeless.  
There are homeless encampments in nearly every neighborhood in our city.**

This growing crisis affects every neighborhood – impacting public health and safety and hurting local businesses. Everyone pays a daily price for our failure to address this human tragedy.

San Diego has tried various strategies to address this issue. But homelessness persists, and at times it seems as if there will never be a real solution.

Measure A is different. This local investment not only allows us to address homelessness, but also provides affordable homes so hard-working San Diego families can afford to stay in our city. It will also generate the local resources necessary to receive millions in federal and state matching funds that we currently leave on the table.

### **Your YES vote on Measure A will:**

- Create homes for local homeless children and their families living in shelters, on the streets or in danger of becoming homeless.
- Provide homes for San Diegans experiencing chronic homelessness, where they can get supportive mental health services, drug and alcohol treatment, job training and placements.
- Ensure families can afford housing and still have enough money for basics like food, transportation and childcare.
- Create safe, clean and healthy homes for low-income seniors, veterans and those with disabilities.
- Provide affordable homes near jobs for low-income families.
- In the time of COVID, provide homes where those most vulnerable to infection can get the care they need for themselves and to protect others.
- Create thousands of good-paying construction jobs to help our region rebound from the COVID-created economic crisis.

With Measure A, we can all do our part to help solve homelessness and keep San Diego affordable for all.

### **Vote YES on Measure A!**

[www.homesfordsd.com](http://www.homesfordsd.com)

TAMERA KOHLER  
CEO, Regional Task force on the Homeless

ELIZABETH R. CUESTAS  
President & CEO, Casa Familiar,  
affordable housing advocates

CHRIS WARD  
San Diego City Councilmember,  
Co-chair, Regional Task Force on the Homeless

Dr. JIM DUNFORD  
Former Director of Emergency Medical Services,  
City of San Diego  
Professor Emeritus of Emergency Medicine,  
UC San Diego School of Medicine

DEACON JIM VARGAS  
President & CEO, Father Joe's Villages

# ARGUMENT AGAINST MEASURE A

## No on Measure A: It's a Massive Property Tax Increase

In just the first five years under Measure A, the average homeowner will see their property tax increased by \$500 or more! Taxpayers will be on the hook to pay for this property tax increase for more than 40 years!

San Diego already has the highest property tax rate in the county and too many working families are struggling with the high cost-of-living already. In the midst of a pandemic, San Diegans can't afford a massive property tax increase.

## No on Measure A: It Lines the Pockets of Special Interests

Measure A fails to protect taxpayers by refusing to ban controversial Project Labor Agreements. These PLAs are sweetheart deals at taxpayer's expense that discriminate against non-union firms which are predominantly small, veteran-owned and minority-owned businesses.

## No on Measure A: More Debt and a Waste of Taxpayer Money

Under Measure A, taxpayers will authorize city politicians to take on \$900 million in additional debt at a cost of over \$2 billion to city taxpayers!

Recent studies have shown the kinds of projects that would be funded by Measure A have been riddled with wasteful spending and financial mismanagement. A recent audit of similar projects in Los Angeles found that the well-connected developer's "soft costs," (e.g. consultants, fees, and financing) was unusually high and accounted for 35%-40% of the cost of each project funded by taxpayers.

**For more information go to [CleanUpCityHall.com](http://CleanUpCityHall.com)**

## Join us in Voting No on Measure A

CARL DEMAIO  
Chairman  
Reform California

CHRIS CATE  
Chairman  
San Diego Economic Development  
and Intergovernmental Relations  
Committee

SCOTT SHERMAN  
Chairman  
San Diego Audit Committee

RICHARD RIDER  
Chairman  
San Diego Tax Fighters

## **FULL TEXT OF MEASURE A**

### **AUTHORIZATION FOR THE CITY OF SAN DIEGO TO ISSUE GENERAL OBLIGATION BONDS IN AN AMOUNT NOT TO EXCEED \$900 MILLION TO GENERATE FUNDING FOR PERMANENT SUPPORTIVE AND AFFORDABLE HOUSING**

The San Diego City Council (Council) recognizes the existence of a housing crisis in the City of San Diego (City). Rising costs of home ownership and the increasing cost of rental units have resulted in an increasing number of homeless individuals. The latest homeless count revealed a total of 4,887 homeless individuals in the City, with 2,283 unsheltered.

The Council is placing this general obligation bond measure (Bond Measure) on the ballot which, if approved, would authorize the City to issue and sell taxable or tax-exempt bonds in accordance with the City Charter and pursuant to certain provisions of the California Government Code, including Article 1, commencing with Section 43600, of Chapter 4 of Division 4 of Title 4 and including Article 4.5, commencing with Section 53506, of Chapter 3 of Part 1 of Division 2 of Title 5 (collectively, the Bond Law), in an amount not to exceed \$900 million, for the acquisition or improvement of real property in order to provide within the City permanent supportive and affordable housing for vulnerable populations (Affordable Housing).

For purposes of the Bond Measure, the following definitions will apply:

“Vulnerable populations” includes: (1) extremely low income, or (2) very-low income, or (3) low-income individuals or families, veterans, youth, seniors, the disabled, the homeless or chronically homeless, those at serious risk of becoming homeless, and individuals suffering from mental health or substance abuse illnesses.

The following definitions shall apply, as cited above in the definition of “vulnerable populations:”

(1) “Extremely low income” includes individuals and families whose income does not exceed 30 percent of area median income, as established and revised periodically by the U.S. Department of Housing and Urban Development (HUD) for the County of San Diego;

(2) “Very low income” includes individuals and families whose income does not exceed 50 percent of area median income, as established and revised periodically by HUD for the County of San Diego; and

(3) “Low income” includes individuals and families whose income does not exceed 80 percent of area median income, as established and revised periodically by HUD for the County of San Diego.

The Affordable Housing may be provided at below-market rates and may also be provided in connection with supportive mental health and substance abuse services.

Bond proceeds used for vulnerable populations may also be used to fund:

(a) facilities for which assistance and services, such as mental health treatment, healthcare, drug and alcohol treatment, education, and job training may be provided by the City, other public entities, non-profit entities, and/or private entities; and

(b) infrastructure and landscaping, including utilities, sidewalks, and streets that are directly related to and necessary for the acquisition, construction, or improvement of the Affordable Housing.

## **FULL TEXT OF MEASURE A (CONTINUED)**

The Council views housing as a critical need of vulnerable populations, without which individuals in these populations are unlikely to achieve stability. Creating and improving housing for the City's vulnerable populations is consistent with the City's mission to plan for the needs of a dynamic community, provide quality services and promote a healthy, safe, and prosperous community for all.

### **OVERVIEW AND ACCOUNTABILITY SAFEGUARDS**

#### **Statement of Purpose**

The specific purpose of the Bond Measure is to fund the acquisition or improvement of real property to provide Affordable Housing to reduce homelessness in the City. Bond proceeds will be used to assist "vulnerable populations," which includes: (1) extremely low income, or (2) very-low income, or (3) low-income individuals or families, veterans, youth, seniors, the disabled, the homeless or chronically homeless, those at serious risk of becoming homeless, and individuals suffering from mental health or substance abuse illnesses.

Bond proceeds may also be used for the following: (1) facilities for which assistance and services, such as mental health treatment, healthcare, drug and alcohol treatment, education, and job training may be provided by the City, other public entities, non-profit entities, and/or private entities and (2) infrastructure and landscaping, including utilities, sidewalks, and streets that are directly related to and necessary for the acquisition, construction, or improvement of the Affordable Housing.

Bond proceeds may also be used, as part of the acquisition or improvement of real property, to provide the Affordable Housing (1) to pay the legal or other fees incidental to or connected with the authorization, issuance, and sale of the bonds and (2) to pay the costs of printing the bonds and other costs and expenses incidental to or connected with the authorization, issuance, and sale of the bonds (together, Costs of Issuance).

The Bond Measure responds to needs identified in the Resolution of Necessity adopted by the Council on January 14, 2020, as Resolution No. R-312816, which identified the need for more than 5,000 new homes for those who are homeless or at risk of becoming homeless.

The City intends to distribute the new Affordable Housing across the City and to leverage the bond proceeds by attracting both private and public matching funds, including from state and federal sources. Different forms of assistance for the specified vulnerable populations may be provided based on programs and spending as determined by the Council.

The proceeds of any bonds issued pursuant to this Bond Measure shall be applied only to these specific purposes.

#### **Applicability**

This Bond Measure, if approved, will apply to all taxable real property within the City. Within 3 months of the certification of the voters' approval of this Bond Measure, the Council shall introduce an enforceable ordinance (Subsequent Ordinance) that, if adopted, would provide that certain developers/owners of real property (Developers) will be eligible to receive a credit (Credit) or reimbursement (Reimbursement) in an amount equal to the amount of Affordable Housing Tax they pay. Developers subject to either the Inclusionary Affordable Housing Regulations, codified in Chapter 14, Article 2, Division 13 of the Municipal Code, or Housing Impact Fees on Commercial Development, codified in Chapter 9, Article 8, Division 6 of the Municipal Code (collectively, the Ordinances), will be entitled to the Credit which will be applied toward fees the Developers have paid pursuant to the Ordinances to support the supply of, or the costs of, constructing actual units that qualify as Affordable Housing (Inclusionary Housing/Linkage Fees). Developers that elect or have previously elected to construct Affordable Housing units as required by the Ordinances will be entitled to reimbursement (Reimbursement) in the amount of the Inclusionary Housing/Linkage



## **FULL TEXT OF MEASURE A (CONTINUED)**

Fees those Developers would have paid pursuant to the Ordinances. The amount of the Credit or Reimbursement received by Developers may never exceed the total amount of Inclusionary Housing/Linkage Fees paid, or that would have been paid, by the Developers. Guidelines for the application of the Credit or Reimbursement will be delineated in the Subsequent Ordinance.

### **Principal Amount and Estimated Cost**

This Bond Measure, if approved, would authorize the City to issue and sell taxable or tax-exempt bonds in accordance with the Bond Law in a principal amount not to exceed \$900 million, which is also the estimated cost of the proposed Affordable Housing.

If bonds are approved, the City expects to sell the bonds in phases, as qualified projects are identified and ready to be funded. The City expects to sell bonds in multiple series over 7 years from the issuance date of the first series, for a total not to exceed \$900 million.

### **Maximum Interest Rate**

The rate of interest to be paid on the bonds shall be market rates at the time of their issuance. However, the maximum rate of interest allowed to be paid on the bonds shall be eight percent (8%). Said interest shall be payable semiannually except that interest for the first year after the date of the bonds may be made payable at the end of said year.

### **Special Bond Proceeds Account**

The proceeds of the bonds issued pursuant to this measure shall be deposited in a special account created by the City.

### **Administration**

The program funds will be administered by the San Diego Housing Commission (Housing Commission), reporting to the Council as the City of San Diego Housing Authority.

### **Annual Plan**

Bond proceeds will be used and expended in accordance with an annual allocation plan adopted by the Council. Proceeds will pay for costs associated with acquiring and improving real properties, as well as Costs of Issuance. Bond proceeds will not be used to finance services or operations, nor are they intended to entirely replace existing funding sources currently dedicated to developing similar Affordable Housing or facilities that provide homeless services.

### **Annual Report**

The City's Chief Operating Officer, working with the City's Department of Finance and the Housing Commission, will ensure that an annual report is prepared pursuant to California Government Code section 53411, describing the amount of bond proceeds collected and expended, and the status of every project required or authorized to be funded with such proceeds. The parties responsible for the report shall ensure that it is submitted each year to the Council and filed with the City Clerk.

### **Citizens' Oversight Committee**

An advisory Citizens' Oversight Committee (Committee) composed of representatives or professionals in the areas of public finance, housing, homeless services, community and economic development, and architecture, will be established by ordinance of the Council.

## FULL TEXT OF MEASURE A (CONTINUED)

Committee members will be appointed as stated in the ordinance, and in accordance with the City Charter's appointment procedures, similar to the manner that appointments are made to advisory boards under San Diego Charter section 43(a). In this case, however, the Committee will advise the Housing Commission. The Committee's duties, to be included in the ordinance, will include reviewing all proposed Affordable Housing projects and receiving progress reports on the Affordable Housing projects funded with the bond proceeds. The Committee will also be tasked with reviewing the Annual Report each year to ensure fiscal accountability, and in turn will report on its review to the Council.

### **Independent and External Audit**

An external auditor will review the spending of bond proceeds to ensure accountability. The auditor will be selected by the Committee and confirmed by the Council after a competitive process that follows City contracting practices.

### **Severability**

If any provision of this Bond Measure, or its application to any person or circumstance is determined by a court of competent jurisdiction to be unlawful, unenforceable, or otherwise void, that determination shall have no effect on any other provision of this Bond Measure and, to that end, the provisions of this Bond Measure are severable.

## **TAX RATE STATEMENT**

A Municipal Special Election will be held in the City of San Diego, State of California (City) on November 3, 2020, to ask voters to authorize the sale of general obligation bonds of the City, in an amount not to exceed \$900 million, to mitigate the City's housing crisis. Bond proceeds will be used to provide permanent supportive and affordable housing for vulnerable populations (Affordable Housing), which will help to reduce homelessness in the City. Bond proceeds will be used to assist "vulnerable populations," which includes: (1) extremely low income, or (2) very-low income, or (3) low-income individuals or families, veterans, youth, seniors, the disabled, the homeless or chronically homeless, those at serious risk of becoming homeless, and individuals suffering from mental health or substance abuse illnesses.

The Affordable Housing may include: (1) facilities for which assistance and services, such as mental health treatment, healthcare, drug and alcohol treatment, education, and job training may be provided by the City, other public entities, non-profit entities and/or private entities and (2) infrastructure and landscaping, including utilities, sidewalks, and streets that are directly related to and necessary for the acquisition, construction, or improvement of the Affordable Housing.

The proceeds of any bonds issued pursuant to this Bond Measure shall be applied only to these specific purposes.

If the Bond Measure is approved, the City expects to issue and sell the taxable or tax-exempt bonds in accordance with the Bond Law in multiple series over 7 years from the issuance date of the first series. Principal and interest on the bonds will be payable from the proceeds of taxes levied upon taxable property located within the City. The following information is provided in compliance with Sections 9400 to 9404 of the Elections Code of the State of California:

- The best current estimate of the tax that would be required to be levied to fund this Bond Measure during the first fiscal year of the sale of the first series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is \$0.00314 per \$100 (\$3.14 per \$100,000) of assessed valuation in fiscal year 2022.

## FULL TEXT OF MEASURE A (CONTINUED)

- The best current estimate of the tax that would be required to be levied to fund this Bond Measure during the first fiscal year of the sale of the last series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is \$0.02085 per \$100 (\$20.85 per \$100,000) of assessed valuation in fiscal year 2028.
- The best current estimate of the highest tax rate that would be required to be levied to fund this Bond Measure, based on estimated assessed valuations available at the time of filing of this statement, is \$0.02085 per \$100 (\$20.85 per \$100,000) of assessed valuation in fiscal years 2028 through 2062.
- The best current estimate of the final fiscal year in which the tax is anticipated to be collected is 2068.
- The best current 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 approximately \$2.1 billion.

Voters are 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. Further, voters should note that the above estimates do not account for impacts to the tax rate if the Subsequent Ordinance is adopted.

The estimates provided herein do not account for the taxes levied to pay for bonds issued by the City pursuant to prior ballot measures approved by voters authorizing the issuance of bonds, if any.

Voters should note:

- 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 City at the time each issue is sold, and actual assessed valuations of the real property being taxed over the term of repayment of the bonds, among other factors.
- The actual dates of issuance and sale of the bonds and the amount sold at any given time will be governed by the Affordable Housing needs of the City, as the City may determine, through the Committee and the Housing Authority, and other factors.
- The actual interest rates at which the bonds will be issued and sold will depend on the bond market at the time of each sale.
- Actual future assessed valuations of the real property being taxed pursuant to this Bond Measure will depend upon the amount and value of taxable real property within the City as determined in the annual assessment and the equalization process conducted by the County of San Diego.

**END OF MEASURE**