

Memorandum

TO: Joint MTC Legislation Committee and
ABAG Legislation Committee

DATE: November 2, 2018

FR: Deputy Executive Director, Policy

RE: November 2018 Election: Impact on Transportation & Housing

California Voters Face Big Choices

On Tuesday, November 6, 2018, tens of millions of Californians will go the polls to vote in the general election. Beyond their votes for representatives in every chamber from the United States Senate to their local school board, voters will also be making critical choices about several policy matters. This memorandum is a pre-election brief and focuses primarily on statewide and regional transportation and housing measures, but it is not exhaustive. It also generally examines the universe of local measures that are appearing on the ballot regionally and statewide. The memo also surveys the landscape of the legislative races in this election. Once the election has concluded, information on the outcomes will be provided.

Statewide Measures

Voters face 11 statewide ballot measures this election (Proposition 9, to separate the state into three parts, was removed by the state Supreme Court). This memo focuses on five of those measures. Of course, of greatest relevance is Proposition 6, which ABAG and MTC voted to oppose. The initiative aims to repeal transportation funding increases enacted by Senate Bill 1 (2017) and institute a new voter approval requirement for future vehicle or fuel taxes. MTC and ABAG also took formal action to support Proposition 1, authorizing \$4 billion of bonds to fund specified housing assistance programs and Proposition 2, authorizing up to \$2 billion worth in revenue bonds to fund existing housing program for individuals with mental illness. Both of these measures were placed on the ballot by the Legislature.

Staff is also tracking two housing and development-related measures on the ballot this election that were placed on the ballot via the initiative process:

- **Proposition 5:** Changes requirements for certain property owners to transfer their previous proposition 13 set property tax base to replacement property. This measure is expected to have a sizable negative fiscal impact on schools and local governments due to a reduction in property tax collection.
- **Proposition 10:** Expands local governments' authority to enact rent control on residential property by repealing the Costa Hawkins Rental Housing Act (1995), which restricted rent control's use.

Regional Measures

There are hundreds of city, county, and special district measures on the ballot across California, with over a hundred in the nine-county San Francisco Bay Area, including the following:

- **City of Santa Rosa Measure N** authorizes the City of Santa Rosa to issue \$124 million in general obligation bonds to advance housing recovery following the October 2017 wildfires. (2/3 vote required)
- **City of Dixon Measure N** is a 10-year, 1/2-cent transportation sales tax to fund street maintenance and roadway improvements. This measure would generate an estimated \$14 million over ten years. (2/3 vote required)

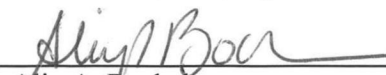
- **Marin County Measure AA** is an extension of Marin County's 1/2-cent transportation sales tax through 2049 and approval of a new, long-term transportation spending plan. The existing sales tax is set to expire in 2025. This measure would generate an estimated \$872 million over 3 decades. (2/3 vote required)
- **City and County of San Francisco Proposition C** is a new tax on San Francisco based businesses to fund housing and homeless services. Over 30 years it is estimated the measure would generate \$7.5 to \$9 billion. (50%+1 vote required)
- **San Mateo County Measure W** is a 30-year, 1/2-cent transportation sales tax that will go to several different aspects of local and regional transportation systems, generating an estimated \$2.4 billion over three decades. (2/3 vote required)
- **City of San Jose Measure T** authorizes the City of San Jose to issue \$650 million in general obligation bonds to upgrade infrastructure and systems in preparation for disasters. (2/3 vote required)
- **City of San Jose Measure V** authorizes the City of San Jose to issue \$450 million in general obligation bonds for the homeless and affordable housing. (2/3 vote required)
- **Santa Clara County Measure A** is an extension of the County's 1/8-cent general sales tax, generating an estimated \$1.5 billion over 3 decades. (50%+1 vote required)

Out of the 100-plus local measures on various ballots in the Bay Area, staff identified over 60 with some tie-in to transportation, housing, development, or resiliency. At least seven are local cannabis business taxes proposed to supplement general fund revenues. Nearly 20 of these measures involve an increase in the transient occupancy tax, or hotel tax, also imposed for general funding. In total, these local measures represent between \$17 and \$19 billion in funding for various uses.

Outside the Bay Area, voters in San Benito County will consider Measure G, a 1-cent sales tax for transportation, expected to raise \$480 million over 30 years. City of Burbank voters will consider Measure P, a 3/4-cent sales tax, at least part of which is proposed to fund streets, bridges, and other infrastructure, and is expected to bring in \$600 million over 30 years. City of Pasadena voters will consider Measure I, a 3/4-cent general sales tax with an accompanying advisory measure that directs two-thirds of the funds to aging infrastructure and services to the homeless, and is expected to raise \$630 million over 30 years. Los Angeles County Measure W is a countywide parcel tax – authorized last year by AB 1180 (Holden, 2017) – for water capture, stormwater and flood protection that is expected to raise \$9 billion over 30 years. Dozens of cities around the state are also attempting to institute cannabis business taxes as a new source of general revenue with the potential to generate millions of dollars from this new tax base.

Outgoing, Incoming Representative Delegations:

At the widest lens, a total of 46 elected officials represent the Bay Area in Sacramento and Washington, D.C. between the California Assembly (18), State Senate (13), and California Congressional Delegation including the US Senate (15). Almost each of these seats (45) is up for reelection this cycle. Most polling indicates that there will be no new members in our U.S. House of Representatives delegation. However, it remains to be seen what the partisan balance will be of the entire House or Senate and thus, what impact the election might have on our various committees of jurisdiction. Staff will provide an election readout on the Bay Area's new state and federal delegation, as well as all the measures described above, at your meeting.


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