

EAST BAY TIMES

Could a \$20 billion bond measure help solve the Bay Area's affordable housing crisis?

Bay Area mayors gathered in San Francisco to rally support for the measure

By ETHAN VARIAN || June 21, 2024



Mayors Matt Mahan of San Jose, London Breed of San Francisco and Jesse Arreguin of Berkeley appear together in support of placing a Regional Housing Measure on the Nov. 2024 ballot, Thursday, June 20, 2024, in San Francisco, Calif. (Karl Mondon/Bay Area News Group)

This November, Bay Area voters could decide on an unprecedented bond measure to raise up to \$20 billion for as many as 90,000 desperately needed affordable homes across the nine-county region.

Ahead of a crucial vote by a regional agency next week to put the measure on the ballot, the mayors of three of the Bay Area's largest cities gathered in San Francisco on Thursday to rally support for the proposal.

"If you're concerned about homelessness, this is the measure to support," San Jose Mayor Matt Mahan

said. "If you're concerned about the high cost of housing and the high cost of living, this is the measure to support."

San Francisco Mayor London Breed and Berkeley Mayor Jesse Arreguin were also at the event, held at an affordable housing complex near the Chase Center arena in San Francisco's Mission Bay neighborhood.

Across the Bay Area, some 1.4 million residents — 23% of all renters — spend more than half their income on rent, according to regional officials.

Meanwhile, an estimated 37,000 people in the region are homeless on any given night — more than the entire population of Menlo Park.

To alleviate the region’s chronic affordable housing shortage, the Bay Area Housing Finance Authority, established by the state legislature in 2019, has worked for years to put the bond measure on the ballot. The measure now needs approval from the finance authority’s board — made up of local elected and appointed officials — on June 26 before going to voters.

While the board is expected to approve the measure, there remains some uncertainty about the final bond amount. The financing authority has proposed either \$10 billion or \$20 billion.

The bond would be funded by a new tax on businesses and homes. For a \$20 billion bond, the tax would come to \$19 per \$100,000, or about \$190 a year for a home with an assessed value of \$1 million.

HOUSING BOND DISTRIBUTIONS

Amount Bay Area counties and cities would receive from a proposed \$20 billion regional housing bond:

City or county	Expected proceeds
San Francisco	\$2.4B
Santa Clara Co.	\$2.4B
San Jose	\$2.1B
San Mateo Co.	\$2.1B
Alameda Co.	\$2.0B
Contra Costa Co.	\$1.9B
Oakland	\$765M
Marin Co.	\$699M
Sonoma Co.	\$553M
Solano Co.	\$489M
Napa (city)	\$246M
Santa Rosa	\$242M
Napa Co.	\$118M

Note: County totals do not include amounts from specified cities
 Source: Association of Bay Area Governments BAY AREA NEWS GROUP

The vote comes as the state is pushing Bay Area cities and counties to approve more than 441,000 new homes by 2031, a roughly 15% increase in the region’s total housing stock. More than half of the new homes must be affordable to low- and middle-income residents.

On Thursday, Breed said that soaring interest rates and other economic headwinds currently holding back construction underscore the need for more affordable-housing funding.

“How are we going to get the much-needed affordable housing units done without the financial support?” she asked.

Some mayors also pointed to the shrinking role the federal government has played in subsidizing affordable housing in recent decades as a reason the measure is needed.

“Local mayors are right to complain,” U.S. Rep. Ro Khanna, a Democrat representing the South Bay, said in an interview.

Khanna said he supports the bond measure, adding that if President Joe Biden is reelected, he plans to push the administration to make housing a high priority.

If approved, a \$20 billion bond measure would allocate \$4 billion to creating a regional fund to finance affordable projects. The rest would be split among the Bay Area’s nine counties and five of its largest cities to determine how to boost affordable housing.

Santa Clara County would receive \$2.4 billion, San Mateo County \$2.1 billion, Alameda County \$2 billion and Contra Costa County \$1.9 billion. San Francisco would see \$2.4 billion, San Jose \$2.1 billion and Oakland \$765 million.

A recent report by researchers with the housing nonprofit Enterprise Community Partners found the bond could help build 433 already-approved affordable projects totaling more than 40,000 units, many of which lack enough funding to complete. That includes more than 10,000 units in both Santa Clara and Alameda counties. Officials estimate the bond would also help build tens of thousands more new units.

Affordable housing is reserved for those earning less than a specified amount, generally a percentage of an area’s median income. That can be as much as 120% of the median income or as low as 15% or 30%. In Santa Clara County, 30% of the median income is \$38,750 for a single person, according to the state housing department. Residents typically spend about 30% of their income on housing costs, though the

amount can vary.

Local officials could also use the bond money to help build homeless shelters, including tiny homes, motel conversions, group shelters and managed-encampment sites.

Earlier this year, San Jose, which under Mahan has made building new shelters the centerpiece of its homelessness response, agreed to spend about 28% of its potential bond money on shelter options. In an interview, Mahan said affordable housing is too expensive and takes too long to build to be the primary strategy to fight homelessness.

“I’m not going to support an approach that’s only going to support one strategy, especially one that’s the slowest to get people off the streets,” Mahan, a voting member of the finance authority board, said in an interview. As it stands now, the bond measure would need a two-thirds majority of all Bay Area voters to pass. However, if a measure on the same November ballot to make it easier to pass tax measures is approved, the bond measure would need only 55% approval.

On Thursday, the California Supreme Court struck a separate measure from the ballot that could have mandated a two-thirds majority.

Still, despite widespread agreement among voters that the region needs to build more affordable housing, the bond measure’s passage is no guarantee. According to a survey last week by the Public Policy Institute of California, a nonpartisan think tank, 64% of voters statewide said it’s a bad time to issue bonds for state programs and infrastructure projects as the state and local governments work to close budget shortfalls.

Berkeley Mayor Arreguín noted voters in his city shot down a \$650 million local affordable housing bond in 2022, though the measure still received 56% of the vote.

“I call on my fellow mayors in the Bay Area and all of the voters of the Bay Area to get behind this housing bond and to work hard to pass it in November,” he said, “because the impact this will have on the region will be transformative for years to come.”