



Information Item

Date: May 12, 2016

To: Mayor and City Council
From: Andy Agle, Director of Housing and Economic Development
Subject: Voter Poll Regarding Potential Revenue Measures

Introduction

This report transmits the results of a poll of likely Santa Monica voters completed by Goodwin Simon Strategic Research (GSSR) regarding potential November 2016 ballot measures related to increasing local revenues, affordable housing, and public schools (Attachment A).

Background

Santa Monica has a long history of supporting social equity, housing affordability, and community inclusivity. Santa Monica voters have expressed their support for housing affordability through a series of voter-approved initiatives, starting in 1979 with the adoption of rent control and continuing through 2010 with the adoption of Citywide eviction protections. However, local measures to support affordability and inclusivity in Santa Monica have been undermined by state actions, including legislation allowing for vacancy decontrol of rent-controlled apartments and removal of rent-controlled apartments, as well as the 2012 elimination of the Santa Monica Redevelopment Agency, the City's primary funding source for the production and preservation of low-income housing. Over the past five years, approximately 200 to 400 long-term, rent-controlled apartments have gone to market rents each year. Without a stable source of financing for affordable housing, there has been a significant diminution in the tools available to the City to combat the loss of housing that is affordable to low- and moderate-income households.

In November 2014, Santa Monica voters considered a ballot measure to increase the local documentary transfer tax, as well as a companion measure to direct all funds toward affordable housing if the transfer tax increase was approved. In considering whether to place a measure on the November 2014 ballot, the City commissioned a telephone survey of likely Santa Monica voters (Attachment B.) The polling results showed strong support for affordable housing and majority support for an increase in the documentary transfer tax. At the ballot box, a majority of voters supported directing funds toward affordable housing, though the transfer tax increase failed to receive majority support. As a result, the City is left without a significant, stable source of funding for affordable housing, thereby impacting the City's ability to maintain inclusivity and diversity. At its August 23, 2015 retreat, the City Council reaffirmed its support for affordable housing by identifying "maintaining an inclusive and diverse community" as one of its top strategic goals.

At its [August 25, 2015](#) meeting, Council held a study session regarding the current state of housing affordability in Santa Monica, as well as various approaches to creating a local funding source for affordable housing. During 2015, the Housing Commission focused its efforts on receiving broad input regarding the community's support for affordable housing and possible funding mechanisms to achieve affordable housing preservation and production. The Commission hosted a series of meetings, including presentations from local experts, to understand the historical efforts and achievements of Santa Monica's affordable housing policy and programs, as well as the current dilemma regarding the need for affordable housing and lack of funding sources. The Commission also created several opportunities for the community-at-large to provide input regarding the type and scope of affordable housing in Santa Monica, including a special weekend meeting. The Housing Commission's efforts culminated in a report to Council.

On [January 12, 2016](#), Council considered potential new local funding sources for affordable housing, using the report from the Housing Commission as the basis of its

discussion. At that meeting, Council authorized GSSR to conduct a voter survey regarding potential strategies.

Discussion

Between March 23 and 28, 2016, GSSR conducted a telephone survey of 602 Santa Monica residents likely to vote in the November 2016 election. GSSR's memo summarizing the results of the survey is attached.

Prepared By: Andy Agle, Director of Housing and Economic Development

Attachments:

- A. Goodwin Simon Strategic Research (GSSR) Polling Memo, May 2016
- B. Fairbank, Maslin, Maullin, Metz & Associates (FM3) Polling Memo, May 2014



MEMORANDUM

May 11, 2016

TO: ANDY AGLE
City of Santa Monica

FROM: PAUL GOODWIN
Goodwin Simon Strategic Research

RE: Relevant Findings from Voter Survey on Affordable Housing Funding Options

Introduction and Methodology

Goodwin Simon Strategic Research conducted a telephone survey of 602 likely November 2016 voters living in the City of Santa Monica. The survey was conducted between March 23 and 28, 2016. The purpose of the survey was to help the City make decisions about a possible measure on the November ballot to fund efforts to increase access to affordable housing and for other vital civic needs.

Overview and Recommendations

The survey finds that Santa Monica voters recognize the effect that the diminishing supply of affordable housing -- and the accompanying rise in the cost of housing -- is having on the city and its quality of life. This effect is experienced in a direct and personal way, with huge proportions concerned about how the cost of housing threatens their quality of life and the city's future.

As a result, between 50% and 60% of voters appear willing to support a ¼-cent or ½-cent transaction and use tax with an accompanying companion measure directing the city council to spend the money on affordable housing and other city needs. The ¼-cent tax option would be spent primarily on affordable housing, whereas the ½-cent tax option would provide enough funds to be split evenly between school purposes and affordable housing.

Voters are enthusiastic about using the funds for a range of housing purposes. These include rental assistance to help low-income renters stay in Santa Monica,

help for nonprofits to purchase existing apartment units to preserve them as affordable housing, low-interest financing for middle-class workers seeking to purchase a first home, and apartments for the homeless.

In short, most voters recognize that the affordable housing crisis affects them personally, and they recognize how they would benefit from a city effort to address the problem. Furthermore, a sufficient majority is willing to pay to address this problem, and we believe that this majority can be strengthened if more voters learn why the money is needed and how it will be spent.

Thus, we do recommend that the city proceed to the ballot with a transaction and use tax and a companion measure. Although support appears slightly higher for a smaller tax, we believe that the larger tax offers three advantages:

- First, a larger tax means more revenue for needed city and school services.
- Second, a larger tax allows some of the funds to be used for public education, and Santa Monica voters have consistently expressed their support at the ballot box for funding local public schools.
- Third, by including funding for schools, the larger measure has the potential to activate and motivate parents, teachers, and the broader school community in support of the tax measure. This community has a long, proud, and successful history of supporting revenue measures designed to improve public education and the quality of life in Santa Monica.

We recognize that a well-organized and well-funded effort will be needed to bring this measure to a successful conclusion. This will not be an easy endeavor, and it will require the participation of all the diverse communities that are active in public life in the city. But the need is critical, and we believe Santa Monica can and will rise to this occasion.

Findings

Voters Are Concerned about the Rising Cost of Housing and Its Effect on the City

The survey clearly demonstrates that voters recognize the rising cost of housing as a major concern that is affecting their life in Santa Monica. They understand that housing affordability is directly connected to their future in the city, to the ability of their children to live there, and to the diversity and feel of Santa Monica:

- More than three of four voters (77%) say *the cost of housing* has gotten worse in Santa Monica *over the past three or four years*.
- Exactly three of four voters (75%) say that they have *a great deal or some concern* that the rising cost of housing will *turn Santa Monica into a place where only the wealthy can live*.
- Seventy-four percent of voters (74%) say that they have *a great deal or some concern* that due to the rising cost of housing, *their friends or children will no longer be able to afford to live in Santa Monica*.
- Sixty-eight percent of voters (68%) say that they have *a great deal or some concern* that the rising cost of housing *is diminishing the small-town community feel that Santa Monica once had*.
- Sixty-two percent of voters (62%) say that they have *a great deal or some concern* that they *personally will be priced out of living in Santa Monica*.
- As a result of this anxiety about the effect of rising housing costs, three of four voters (75%) say there is a need for more funding *to preserve affordable housing in Santa Monica*. This includes 50% who say there is a *great need* for more funding for this purpose.
- Using a split-sample methodology, we found that a slightly lower 69% say there is a need for more funding *to provide additional affordable housing*, suggesting more acceptance by voters of *preserving* existing affordable housing rather than *providing* new housing.

A Majority of Voters Would Support a Transaction and Use Tax with a Companion Measure to Preserve Affordable Housing

Using a split-sample methodology, the survey tested support for a ¼-cent and a ½-cent transactions and use tax, each paired with a companion measure designating the funds for city services.

- The ¼-cent version would generate about \$8 million a year, with the funds used for purposes associated with preserving affordable housing.
- The ½-cent version would generate about \$16 million a year, with half the funds used for maintaining affordable housing and the other half used for school and educational purposes.

Support for the tax measures, and their associated companion measures, is shown in Table 1. There is relatively little difference in response to the smaller versus the larger tax measure.

Table 1: Initial Response to Ballot Measure Options (Split-Sample Methodology)

	1/4-Cent Tax	1/4-Cent Companion	1/2-Cent Tax	1/2-Cent Companion
Yes in favor	55%	58%	52%	59%
No to oppose	35%	32%	38%	32%
Not sure	10%	10%	10%	9%

Construction Tax Option Also Earns Strong Support

We tested an alternative to the transaction and use tax: a 5% tax on the cost of renovating commercial properties, with the funds used *to pay for preserving affordable housing...* Sixty percent would vote in favor of this option, with 34% opposed.

Response to Proposed Uses of the Tax Revenue

As shown in Table 2, voters show strong interest in using the tax revenues for school purposes and for affordable housing uses, helping both renters and potential homebuyers.

Table 2: Percent Favoring Proposed Uses of Revenues from the Transaction and Use Tax

	% Favor
On-going maintenance and repair of local public schools and classrooms	80%
School, educational, and after-school programs in Santa Monica	79%
Providing affordable housing for nurses, firefighters, and paramedics who provide emergency services in Santa Monica	75%
Proving affordable housing for Santa Monica public school teachers	74%
Providing low-interest financing for middle- and working-class Santa Monica residents who want to buy a place in the city	73%
Helping nonprofits buy existing apartment buildings in Santa Monica to protect current tenants from being pushed out by rising rents	68%
Rental assistance to help Santa Monica renters afford to stay in their apartments	67%
Providing apartments for the homeless to get them off the street	66%

Response to Ballot Measure Options after Hearing about Uses and Cost

In addition to the uses of the tax revenue, the survey shared with respondents that it would cost them about 6 cents/\$100 spent in Santa Monica for the 1/4-cent version and about 12 cents/\$100 spent for the 1/2-cent version. The survey also shared that groceries, prescription drugs, utilities, and rent are all exempt from the tax.

The survey further shared with respondents some likely concerns about the measure, including the result of Measure H in 2014, and a comparison with Measure Y and YY in 2010.

After respondents had heard these pros and cons, they were asked again how they would vote on the measures, in this case, combined into one package for the smaller tax and one package for the larger tax. As shown in Table 3, support rose measurably into the mid- to high 50s in this “aided” vote question.

Table 3: Final Response to Ballot Measure Options (Split-Sample Methodology)

	1/4-Cent Tax + Companion	1/2-Cent + Companion
Yes in favor	59%	56%
No to oppose	35%	39%
Not sure	6%	5%

*Fairbank,
Maslin,
Maullin,
Metz &
Associates*

FM3

*Public Opinion Research
& Strategy*

TO: Interested Parties

FROM: Fairbank, Maslin, Maullin, Metz & Associates (FM3)

RE: Summary of City of Santa Monica Issues 2014 Survey

DATE: May 16, 2014

Between April 12th – 19th, 2014, Fairbank, Maslin, Maullin, Metz & Associates (FM3) conducted a telephone survey of 501 City of Santa Monica voters who are likely to vote in the November 2014 General Election.¹ The margin of error for the full sample is plus or minus 4.4 percent; margins of error for subgroups will be higher.²

The three main goals of this survey are to:

- (1) Examine general perceptions of the City**
- (2) Explore perceptions on the need for additional funds to provide affordable housing in the City**
- (3) Gauge the level of support for measures that would help address the need for additional affordable housing in Santa Monica**

The key survey findings include:

- **A majority of voters consider the City to be headed in the right direction**
- **About half of all voters perceive the City has a need for additional funds, both generally speaking and specifically to provide affordable housing**
- **A majority of voters support a ballot measures to create new revenue for the City by increasing the existing documentary transfer tax**
- **A majority of voters support an advisory ballot measure encouraging the City Council to use that revenue to provide affordable housing in Santa Monica**

The balance of this memo provides a detailed summary of the findings.

¹ Respondents were given a choice to conduct the survey in English or Spanish.

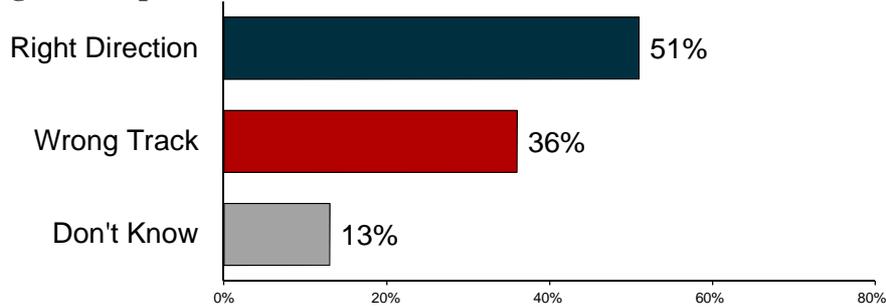
² Some results do not equal 100% due to rounding.

(1) General Perceptions of the City:

A majority of voters have positive views of where the City is headed

As seen in **Figure 1** below, 51 percent of voters feel that the City of Santa Monica is headed in the right direction and about one-third (36 percent) perceive that the City is pretty seriously off on the wrong track. Thirteen percent are undecided.

Figure 1: Opinion of Santa Monica Voters on the Direction of the City



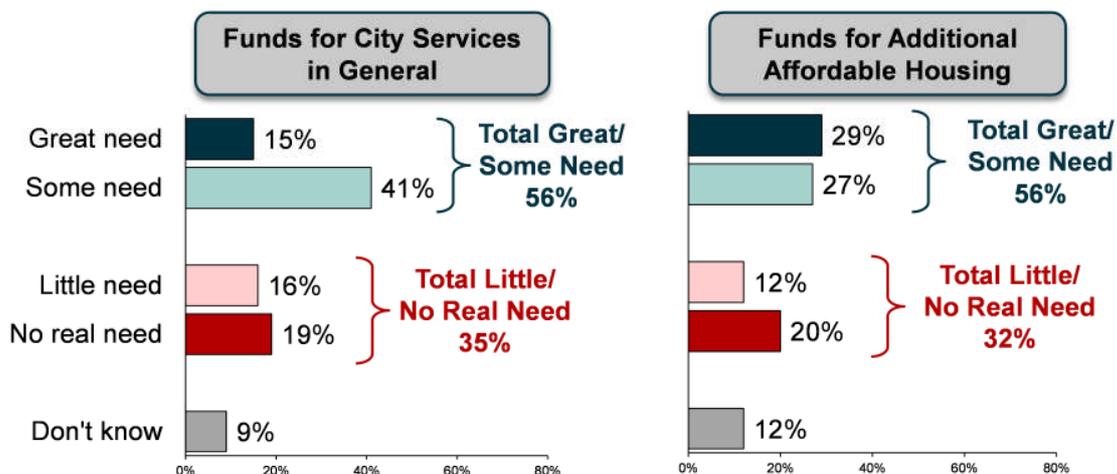
(2) Perceptions of the Need for Additional Funding for Affordable Housing:

More than one half of all voters perceive that the City generally needs additional funds

Fifty-six percent of respondents said that the City of Santa Monica has a great (15 percent) or some (41 percent) need for additional funds to provide the level of city services that residents need or want (see **Figure 2** below). Thirty-five percent identified little or no need for additional funding. The balance of voters (nine percent) are undecided.

Fifty-six percent of respondents said that the City has a need for funds to provide additional affordable housing. This is equal to the percentage who said the City had a general need for funds, but twice as many (29 percent) identified the need for funds for affordable housing as a “great need.” Thirty-two percent identified little or no need for additional funding to provide affordable housing, while twelve percent are undecided.

Figure 2: Perception of the City’s Need for Additional Funds



(3) Support for Documentary Transfer Tax/Affordable Housing Companion Measures:

Initial/Current level of support

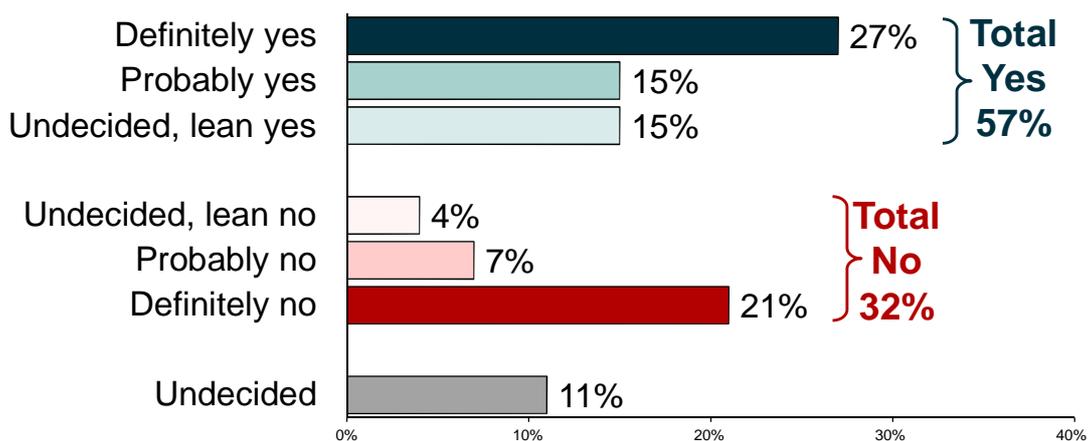
A majority of voters (57 percent) initially support a general purpose, simple majority measure to increase the existing documentary transfer tax by six dollars per one thousand dollars of sales on commercial and non-commercial property sold for over one million dollars.

Respondents were initially read the following possible ballot language:

“Shall the existing documentary transfer tax on commercial and non-commercial property sold for over one million dollars in the City of Santa Monica be increased by six dollars per one thousand dollars of sales?”

City of Santa Monica voters indicated that if the election was held “today,” a majority (57 percent) would support the measure.³ Initially, 32 percent of voters do not support the measure.⁴ A further eleven percent are undecided (see Figure 3).

Figure 3: Vote on the Documentary Transfer Tax Increase Measure



Voters were also asked about a companion measure that would advise the Santa Monica City Council to use funds from the documentary transfer tax increase to provide affordable housing in the City. A majority of voters (59 percent) initially support the advisory measure.

Respondents were initially read the following possible ballot language:

“ADVISORY VOTE: To provide affordable housing for low-income people who live or work in Santa Monica, including working families, seniors on fixed incomes, veterans, the homeless, and people with disabilities, shall the City of Santa Monica provide loans to qualified non-profit housing organizations to repair, renovate, build and acquire affordable

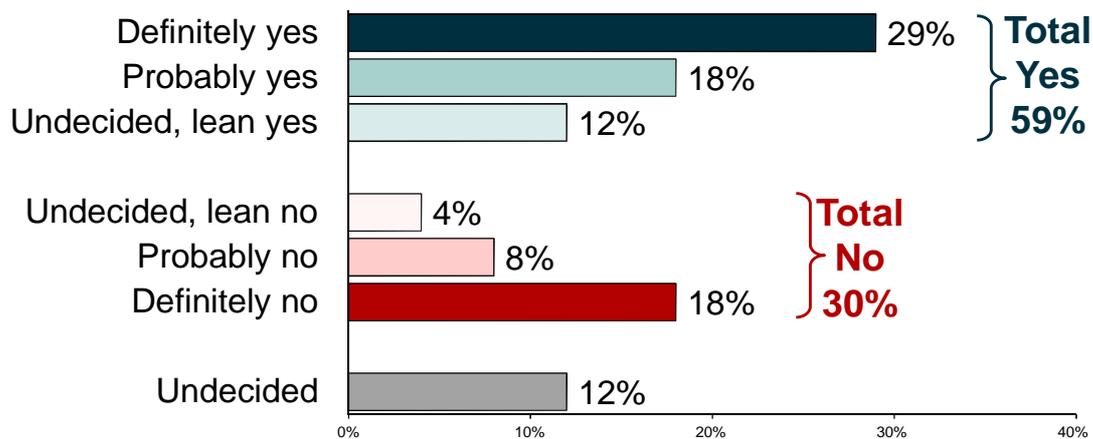
³ Definitely vote yes: 27 percent; probably vote yes: 15 percent; lean toward voting yes: 15 percent.

⁴ Definitely vote no: 21 percent; probably vote no: seven percent; lean toward voting no: four percent.

housing if voters approve increasing the existing documentary transfer tax by six dollars per one thousand dollars of commercial and non-commercial property sales of over one million dollars in the City of Santa Monica?”

City of Santa Monica voters indicated that if the election was held “today,” a majority (59 percent) would support the simple majority measure.⁵ Initially, 30 percent of voters do not support the measure.⁶ A further twelve percent are undecided (see Figure 4).

Figure 4: Vote on Advisory Measure to Use Documentary Transfer Tax Measure Funds to Provide Affordable Housing



Reaction to information about the package of ballot measures

Respondents also heard the following statement about the current documentary transfer tax and the proposed changes to the tax brought about by passing the measure:

“I would now like to tell you a little bit about the documentary transfer tax. It is an existing, one-time fee that the city imposes when residential and commercial real estate is sold. Currently in Santa Monica, the fee is set at three dollars per every one thousand dollars regardless of the price of the real estate that is sold. The ballot measure we have been discussing would increase that rate to nine dollars per every one thousand dollars in sales price only for property sold for over one million dollars in Santa Monica. It will not change the rate for property sold for less than one million dollars.”

Fifty-two percent of respondents said that the information made them more likely to support the measures, while twenty-one percent reported that it made them less likely and thirty-three percent said it did not change their position on the measures.

⁵ Definitely vote yes: 29 percent; probably vote yes: 18 percent; lean toward voting yes: 12 percent.

⁶ Definitely vote no: 18 percent; probably vote no: eight percent; lean toward voting no: four percent.

Reaction to educational and critical statements about the ballot measures

In order to test a variety of Santa Monica voters' opinions (pro and con) about the proposed companion measure, the survey presented respondents with a series of both educational statements describing the need for increasing the availability of affordable housing in the City, as well as critical statements suggesting reasons why voters should not vote for the proposed measures.⁷

Educational Statements

After each educational statement was read, respondents were asked to indicate whether hearing the educational statements made them more inclined to vote for the measure. More than 60 percent of Santa Monica voters said they were more inclined to support the measures because **educational messages included the need to provide a safety net for vulnerable individuals and ensuring local control and accountability for affordable housing funds.** The individual results on these messages are presented below:

- This measure provides a safety net to Santa Monica residents who are vulnerable to losing their home (*67 percent more inclined to vote yes after hearing this statement*).
- This measure gives Santa Monica locally controlled funds to make affordable housing more available (*66 percent more inclined to vote yes after hearing this statement*).
- This measure includes strict fiscal accountability to ensure that funds will be spent as promised (*64 percent more inclined to vote yes after hearing this statement*).

A presentation of educational statements increases support for the documentary transfer tax measure to 61 percent, with 32 percent opposed and seven percent remaining undecided. Support for the companion advisory measure increases to 67 percent (two-thirds of the electorate) with 29 percent opposed and five percent remaining undecided.

After the initial vote in response to the documentary transfer tax ballot summary, an explanation of the documentary transfer tax and a reading of educational messages, voters were asked again how they would vote on the measure if an election were held "today." On the second vote, support increased by four percent, from 57 to 61 percent.⁸ Opposition remained at 32 percent.⁹ The percentage of undecided voters declined from eleven to seven percent.

On the second vote, support for the companion measure advising the City to use the revenue generated by increasing the documentary transfer tax to provide affordable housing rose eight percent from 59 to 67 percent.¹⁰ Opposition fell one point from 30 to 29 percent.¹¹ The percentage of undecided voters declined from 12 to five percent (see **Figure 5**).

⁷ Statements are paraphrased in this memo to highlight the key aspect of the statements.

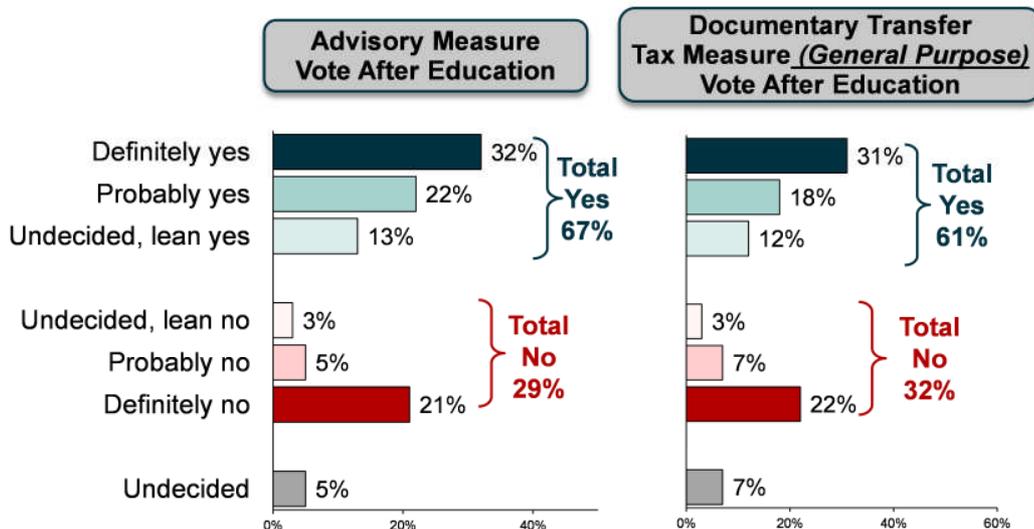
⁸ Definitely vote yes: 31 percent; probably vote yes: 18 percent; lean toward voting yes: 12 percent.

⁹ Definitely vote no: 22 percent; probably vote no: seven percent; lean toward voting no: three percent.

¹⁰ Definitely vote yes: 32 percent; probably vote yes: 22 percent; lean toward voting yes: 13 percent.

¹¹ Definitely vote no: 21 percent; probably vote no: five percent; lean toward voting no: three percent.

Figure 5: Vote after Educational Statements on the Documentary Transfer Tax Measure and Companion Advisory Measure



Critical Statements

Voters were also read critical statements and asked to indicate whether hearing the respective statement would make them more inclined to vote against the measure. The impact of the critical statements is more modest than the educational statements. More critical messages motivated between 35 and 45 percent of respondents to say they would be more inclined to vote no on the measure. These results never met the legal threshold of 50 percent needed to defeat a measure. The critical statements include claims that the measure will increase density and traffic in Santa Monica, that the City already has the necessary funds to provide additional affordable housing and that taxpayers are already overburdened.

After hearing critical statements about the measures, 59 percent of Santa Monica voters still support the documentary transfer tax measure. Thirty-three percent oppose the measure and eight percent are undecided. Sixty-two percent support the companion advisory measure, 29 percent oppose it and nine percent are undecided.

In spite of critical statements made against both measures, voters continue to support the measures at higher levels than the 50 percent plus one threshold necessary for passage (see **Figure 6: Vote after Critical Statements** and **Figure 7: Progression of Vote**). Fifty-nine percent said they would vote yes to increase the documentary transfer tax, a decline of only two percentage points from the vote after educational messages.¹² The percentage of voters who report they would vote no increases one percentage point from 32 to 33 percent.¹³ The undecided voter percentage also increases by one percentage point from seven to eight percent

¹² Definitely vote yes: 26 percent; probably vote yes: 19 percent; lean toward voting yes: 14 percent.

¹³ Definitely vote no: 24 percent; probably vote no: five percent; lean toward voting no: four percent.

Opinions on the companion advisory measure to dedicate funds to providing affordable housing are somewhat more fluid as support falls five percentage points from 67 percent to 62 percent.¹⁴ The percentage of voters who report they would vote no increases one percentage point from 28 to 29 percent.¹⁵ The percentage of undecided voters increases from five percent to nine percent.

Figure 6: Vote after Critical Statements on the Documentary Transfer Tax Measure and Companion Advisory Measure

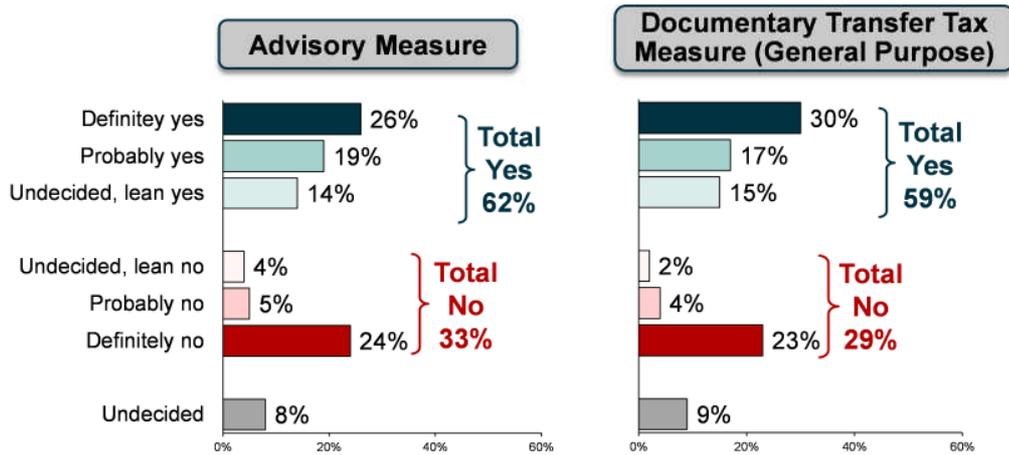
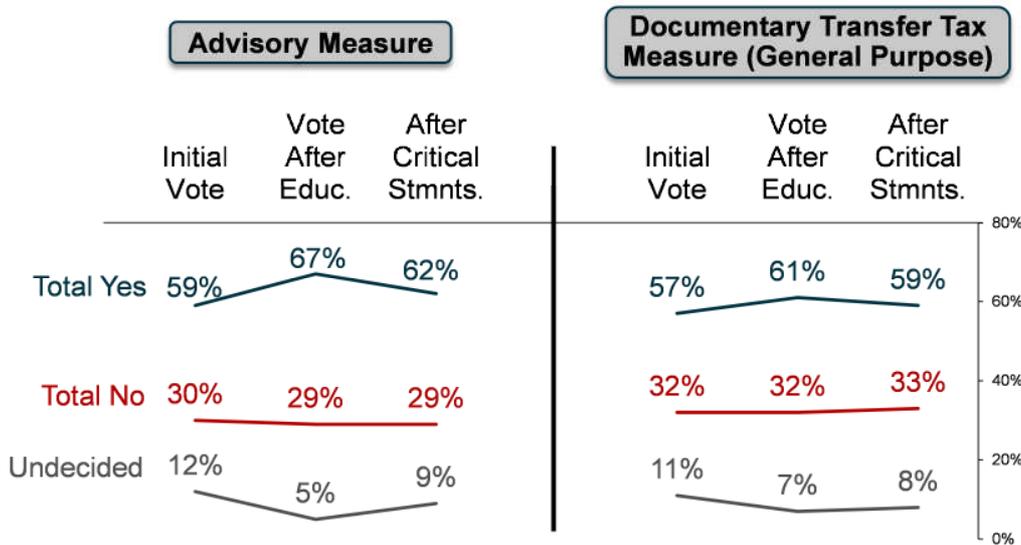


Figure 7: Progression of Votes on the Documentary Transfer Tax Measure and Companion Advisory Measure



¹⁴ Definitely vote yes: 32 percent; probably vote yes: 17 percent; lean toward voting yes: 15 percent.

¹⁵ Definitely vote no: 23 percent; probably vote no: four percent; lean toward voting no: two percent.

Support for the ballot measures at different tax rates and structures

A majority of respondents reported that they would support an alternative dedicated measure that would expressly link the increase in the documentary transfer tax to spending on providing affordable housing.

The alternative measure was supported by as many as 61 percent of respondents with 35 percent opposed and 3 percent undecided. This level of support is well above a simple majority, but below the two-thirds threshold needed for this dedicated type of measure to pass.

More than half of voters reported that different tax rates and structures would make them more likely to support the measures.

As the structures of the measures are still being determined, the survey tested different tax rates and structures to understand their impact on overall support. More than half of voters said that the following would make them more likely to support the measures:

- If the documentary transfer tax were set at a higher rate for higher-priced properties (*57 percent Much More/Somewhat More Likely*)
- If the documentary transfer tax increase only applied to sales of property over five million dollars (*57 percent*)
- If the measure raised the documentary transfer tax by \$3 instead of \$6 per \$1,000 of sales (*54 percent*)

Importance of how the Documentary Transfer Tax funds are spent

Nearly three-fourths of Santa Monica voters report that they would be more likely to support the ballot measures if funds were used to support vulnerable seniors.

Among the many potential ways to increase affordable housing in Santa Monica, voters reported the following four components would make them much more or somewhat more likely to support the measures at rates of between 62 and 72 percent:

- Using funds for rental housing support for vulnerable seniors who are at risk of losing their assistance due to state actions (*72 percent Much More/Somewhat More Likely*)
- Making loans to non-profit housing organizations to renovate older apartment buildings for additional affordable housing (*69 percent*)
- Providing short-term, transitional housing subsidies to Santa Monica residents who are at risk of becoming homeless (*69 percent*)
- Making loans to non-profit housing organizations to acquire land and build additional affordable housing (*62 percent*)

Roughly seven-in-ten Santa Monica voters report that they would be more likely to support the measures if funds were set aside in a separate trust fund used solely for providing affordable housing or if the measure required that preference for affordable housing be given to people who live or work in Santa Monica.

Voters were asked about several accountability provisions to ensure funds are used as promised. Respondents said the following provisions would make them much more or somewhat more likely to support the measure at rates between 53 and 72 percent:

- Requiring that all funds be set aside in a separate Santa Monica Affordable Housing trust fund so that funds cannot be used for other purposes (*72 percent Much More/Somewhat More Likely*)
- Requiring that preference for affordable housing funded by the measure be given to people who live or work in Santa Monica (*69 percent*)
- Requiring the measure to expire after 10 years (*53 percent*)