



ACA XX – 55% Vote for Affordable Housing and Public Infrastructure

SUMMARY

ACA XX would lower the necessary voter threshold to approve local general obligation (GO) bonds and special taxes from a two-thirds supermajority to 55% for affordable housing and public infrastructure projects.

ACA XX is targeted to the urgent needs of local communities to help fund an increase in the supply of affordable housing, and to address the numerous local public infrastructure challenges cities, counties and special districts are facing.

BACKGROUND

The California Constitution requires a two-thirds vote at the local level for both G.O. bonds and special taxes, regardless of what the city, county, or special district proposes to use the funds for.

Local school districts, however, can seek approval for bond issues with a 55% vote threshold (Proposition 39, 2000) for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of schools, or the acquisition or lease of real property.

From 2001 to 2013, over 2,200 local revenue measures have been placed before local voters concerning school, city, county, or special district taxes or bonds. Despite their general purpose use, majority vote tax measures have proven to be much more likely to pass. School bonds with a 55% have been the most successful, with four out of every five passing. In contrast, just half of two-thirds vote measures succeeded. A 55% voter threshold for special taxes would have made a dramatic difference. Nearly 80% of all two-thirds supermajority measures garnered more than 55% “yes” votes.ⁱ

1) AFFORDABLE HOUSING NEED

According to the Department of Housing & Community Development (HCD), in the last 10 years California has built an average of 80,000 homes per year when the need is approximately 180,000 homes per year to keep up with housing growth from 2015-2025. Additionally, HCD found that California has severe housing issues for both rental and homeownership in terms of both supply and affordability. There is a shortfall of over one million rental homes affordable to extremely low and very low-income households.ⁱⁱ

2) LACK OF FUNDING FOR PUBLIC INFRASTRUCTURE

Cities, counties and special districts face numerous challenges in funding important public infrastructure projects for their communities:

Streets and Roads. More than 81% of California’s streets and roads are owned by cities and counties. In 2012, the American Society of Civil Engineers found 68% of California’s roads are in “poor” or “mediocre” condition, putting California behind 43 other states in road condition. State and local roads have a maintenance backlog of \$130 billion and California motorists are spending more than \$700 annually on car repairs due to pothole-filled roads. This backlog is divided between \$59 billion for state highways and \$73 billion for local streets, roads, and bridges. Without additional funding, this shortfall is projected to grow by \$20 billion in the next decade.ⁱⁱⁱ

Water. According to a recent PPIC report entitled “Paying for Water in California,” much of the state’s water supply, wastewater, and flood control infrastructure is aging. Rebuilding typically requires costly upgrades to meet increasingly high standards for water quality and infrastructure safety. In the last few decades, new mandates on managing stormwater runoff and climate change have added costs and levels of management complexity. Because the water sector has historically relied heavily on locally generated revenues, the constitutional changes of Proposition 13 (1978), Proposition 218 (1996), and Proposition 26 (2010), have made it increasingly difficult for local agencies to raise local funds.^{iv}

Parks and Recreation. According to the Statewide Comprehensive Outdoor Plan of 2015 (SCORP), 62% of Californians live in areas with less than 3 acres of parkland per 1,000 residents, a recognized standard for adequate parks. Additionally, 9 million people do not have a park within a half mile of their home.^v

3) IMPACT OF TWO-THIRDS VOTER REQUIREMENT

The California Constitution limits the potential for communities to decide to tax themselves to meet goals and laws approved by the majority. Allowing one-third of local voters to rule over fiscal decisions favors the search for funding through state GO bonds, which are easier to pass, but hide the costs under the carpet. The

previously mentioned PPIC report notes that *none* of the six state water bonds approved by voters since 2000 would have passed under local supermajority rules.

THIS BILL:

ACA XX would lower the constitutional vote threshold to 55% for both G.O. bonds and special taxes, specifically for the construction, reconstruction, rehabilitation, or replacement of public infrastructure or affordable housing, or the acquisition or lease of real property for those purposes.

ACA XX will help level the playing field and create parity with school districts so that cities, counties, and special districts have a viable financing tool at the local level to help address important community needs for affordable housing and public infrastructure. Local voters would still need to overwhelmingly (with 55% of the vote) support a bond or special tax in order for it to be approved, thus protecting voters’ control over how and where their tax dollars are spent.

Because the measure would amend the California Constitution, ACA XX would need voter approval by California voters during a statewide election.

ACA XX defines “public infrastructure” to include, but not be limited to:

- Projects to provide water or protect water quality, sanitary sewer, treat wastewater or reduce pollution from storm water runoff;
- Protect property from impacts of sea level rise;
- Public buildings, including fire and police facilities;
- Parks, open space and recreation facilities;
- Improvements to transit and streets and highways;
- Flood control;
- Broadband expansion in underserved areas; and,
- Local hospital construction.

ACA XX defines “affordable housing” to include:

- Housing developments, or portions of housing development, that provide workforce housing affordable to households earning up to 150% of countywide median income; and,
- Housing developments, or portions of housing developments, that provide housing affordable to lower, low, or very low-income households, as those terms are defined in state law.

ACA XX would also amend the California Constitution to require the following voter protections and accountability measures:

- A requirement that bond proceeds are not for any other purpose, including employee salaries or other operating expenses;
- A requirement for a list of the specific projects to be funded and certification by the local agency that that agency has evaluated alternative funding sources;
- A requirement that the local agency conduct an annual independent performance audit to ensure that the funds have been expended only on the specific listed projects;
- A requirement that the local agency conduct an annual, independent financial audit of the proceeds of the bonds until all of those proceeds have been expended for the public infrastructure projects;
- A requirement that the local agency post the audits in a manner easily accessible to the public; and,
- A requirement that the local agency appoint a citizens’ oversight committee to ensure that the bond proceeds are expended only for the purposes described in the measure approved by the voters.

SUPPORT

League of California Cities
California Housing Consortium
State Building & Construction Trades Council of California

OPPOSITION

Unknown

CONTACTS:

Debbie Michel, Assembly Local Government Committee
(916) 319-3958
debbie.michel@asm.ca.gov

Angela Pontes, Assembly Member Aguiar-Curry
(916) 319-2004
angela.pontes@asm.ca.gov

ⁱ Coleman, Michael. *Local Super-Majority Voting Rules and Results*.
http://californiacityfinance.com/SuperMajVotes_1401.pdf

ⁱⁱ Department of Housing and Community Development. *California's Housing Future: Challenges and Opportunities*.
<http://www.hcd.ca.gov/policy-research/plans-reports/docs/California's-Housing-Future-Full-Public-Draft.pdf>

ⁱⁱⁱ League of California Cities and California State Association of Counties. *California Statewide Local Streets & Roads Needs Assessment: 2016 Update*. (Presentation to Senate Transportation and Housing Committee).
http://stran.senate.ca.gov/sites/stran.senate.ca.gov/files/league_presentation_-_senate_transportation_cmte_-_jan_24_2017_info_hearing_pdf.pdf

^{iv} PPIC. *Paying for Water in California*.
http://www.ppic.org/content/pubs/report/R_314EHR.pdf

^v California Department of Parks and Recreation. *Meeting the Park Needs of All Californians: 2015 Statewide Comprehensive Outdoor Recreation Plan*. <http://www.parksforcalifornia.org/scorp>