



To: RCRC Board of Directors
From: Tracy Rhine, Legislative Advocate
Paul A. Smith, Vice President Governmental Affairs
Date: April 16, 2019
Re: Assembly Constitutional Amendment 1 (Aguiar-Curry) – Affordable Housing - **ACTION**

Summary

This memo provides an analysis of Assembly Constitutional Amendment 1 (Aguiar-Curry), which would lower the vote threshold to 55 percent for approval of local bonded-indebtedness and specially-dedicated taxes imposed for specified uses. If passed by the Legislature with a two-thirds vote, the measure would be placed on the next statewide ballot for voter approval. RCRC staff is recommending that the Board of Directors adopt a “Support” position.

Background

For much of California’s history, measures to impose local bonded-indebtedness - backed by local property taxes - must be approved by a two-thirds vote of the local electorate. In November 2000, California voters loosened this restriction with the passage of Proposition 39. Under Proposition 39, local school facilities construction - backed by local property taxes - can be approved with 55 percent majority vote provided certain conditions are met.

Locally-imposed taxes require a vote of the local electorate. For example, parcel taxes or increasing the local sales tax when dedicating to a specific purpose require a two-thirds vote; however, taxes that would be allocated to the local general fund can be imposed with a majority vote.

In 2008, Senator Christine Kehoe (D-San Diego) introduced Senate Constitutional Amendment 21 to provide a 55 percent vote threshold for approving a special tax or bonded indebtedness to fund facilities, buildings or equipment for use in providing emergency services to the public including fire protection services and law enforcement equipment and services. SCA 21 failed passage, and the following year, Senator Kehoe re-introduced the measure, in the form of SCA 12. SCA 12 also failed passage in the Legislature. At the March 2009 RCRC Board of Directors meeting, the Board considered SCA 12, but declined to take any action.

Issue

Reducing the local vote threshold for bonded-indebtedness and/or imposing local taxes for certain purposes requires an amendment to the State's Constitution. As such, Assembly Member Cecilia Aguiar-Curry (D-Winters) has introduced ACA 1, which is intended to address the ongoing housing crisis by lowering the voter approval threshold to 55 percent for local general obligation bonds and special taxes imposed to fund affordable housing and public infrastructure. Specifically, ACA 1 allows a county, city, or special district to levy an ad valorem tax to service bonded-indebtedness incurred to fund the construction, reconstruction, rehabilitation or replacement of public infrastructure, affordable housing, or permanent supportive housing. An example of projects under the measure's definition of "public infrastructure" include: water/water quality; sanitary sewer; treatment of wastewater or reduction of pollution from stormwater runoff; protection of property from impacts of sea level rise; parks and recreation facilities; open space; improvements to transit, streets and highways; flood control; broadband deployment in underserved areas; local hospital construction; public safety facilities and equipment for exclusive use by fire, emergency response, police or sheriff personnel; and public library facilities. ACA 1 will also authorize a city, county or special district to impose, extend, or increase a special use tax for the same purposes if the approved by 55 percent of the voters.

The housing crisis in California has been well-documented. According to the Department of Housing and Community Development, 80,000 homes are constructed each year. However, in order to keep pace with need, California must build 180,000 units per year. The state has attempted to address the housing shortfall through a combination of imposing new regulatory measures on local governments and creating one-time and permanent funding mechanisms for affordable housing construction. Additionally, local governments throughout the state have proposed local initiatives, such as water and transportation bonds or special taxes, to address specific barriers to increased housing in their respective communities. There were several jurisdictions that included local funding measures on the 2018 ballot that failed to get the required two-thirds voter approval to pass the measure but received over 60 percent of the vote. For example, the City of Eureka in Humboldt County considered a sales tax for road repair, Measure I, which received over 64 percent of the vote and subsequently failed passage. The Hickok Road Community Services District in El Dorado County similarly proposed a parcel tax for road repair through Measure K, which garnered over 61 percent voter approval but failed passage.

ACA 1 recently secured passage in the Assembly Local Government Committee. The measure now awaits consideration in the Assembly Appropriations Committee. This measure is a top priority not only for Assembly Member Aguiar-Curry, but also Assembly Speaker Anthony Rendon.

Staff Recommendation

RCRC staff recommends a "Support" position for ACA 1. Many RCRC member counties struggle with aging infrastructure, particularly broadband, water, sewer and road infrastructure. Additionally, creating affordable housing in all areas of the state is necessary, and utilizing certain state-funded programs requires a match in local funding.

ACA 1 also conforms voter approval thresholds for affordable housing and public infrastructure to those for school construction bonds.

It should be noted that the California State Association of Counties, Urban Counties of California, and the League of California Cities have taken a “Support” position for the measure. However, the measure also has opposition from taxpayer rights groups.

Attachment

- Copy of Assembly Constitutional Amendment 1 (Aguiar-Curry)