PolicyLink

Investing in a Sustainable Future
An Analysis of ACA 14 and SCA 11





A PolicyLink Report

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Summary

Decent, affordable housing; good jobs; good schools; safe streets; neighborhood parks; clean air and clean water; and an accessible and efficient transportation system. These are elements of healthy and sustainable communities that all Californians seek. This ideal, however, is becoming further out of reach for many California residents who are paying too much for housing, spending too much time commuting and away from their families, and becoming increasingly concerned about their quality of life and their families' futures.

California's exponential growth, coupled with inefficient land-use patterns, poses critical challenges to the state's quality of life. Its population has grown 200 percent over the past 50 years, totaling nearly 34 million residents, and expected to grow by another 12 million by 2020. Housing prices and rents in many regions are sky high because of inadequate affordable housing production. California has nine of the nation's 10 least-affordable housing markets. Poorly planned residential and commercial developments have resulted in increased traffic, exposing 80 percent of the population to unhealthy levels of air pollution. Farmland and open space are fast being developed at regions' edges, while access to parks and recreation facilities is dwindling for many urban residents. Low-income communities and communities of color are especially affected by underinvestment in these areas, since data show they rely disproportionately on public investments in housing, transportation, parks, and open space.

As California and most of its regions expand, every community in the state is pressed to provide the basic infrastructure that is essential to future prosperity. But extremely stretched resources are limiting their ability to make necessary investments in affordable housing, transportation improvements, neighborhood parks, and other infrastructure, with significant consequences to the social, economic, and physical health of many residents.

A faulty state and local system for funding community infrastructure is a major contributor to this underinvestment. The state, historically, has had an important role in determining the level of resources provided for local infrastructure investments. In addition to providing for direct aid for local infrastructure, state laws also govern how localities can raise and distribute their revenues. The state, therefore, is a key actor in addressing the problem. Given the current downturn in the economy and the large state budget deficit, California is hampered financially from closing the infrastructure gap. State lawmakers, however, can take one major step to strengthen the existing state-local partnership by providing localities with more power and flexibility to meet their infrastructure needs.

State laws severely constrain the ability of local governments to fund affordable housing, transportation, neighborhood improvements, parks and green space, and other infrastructure. Local governments must meet a two-thirds' supermajority voter approval threshold for special taxes and bonds for specific purposes. Moreover, they have to raise funds for each specific use separately, thus limiting their ability to integrate planning and investments for various neighborhood needs. This forces local governments and various interest groups to pursue their agendas separately, sometimes competitively, rather than looking to meet the interconnected needs of their communities.

The California legislature is considering two proposed constitutional amendments—ACA 14 and SCA 11—that would enable local communities to improve their quality of life through more flexible investment schemes. Voters would decide whether they want to lower the voter approval threshold from two-thirds to 55 percent for local special tax and bond proposals for infrastructure investments, but *only if* those proposals contain a balanced mix of investments for affordable housing, transportation improvements, neighborhood parks, and other infrastructure.

If passed, these measures can significantly increase local infrastructure investments and do so in a more efficient, equitable, and environmentally sound manner. ACA 14 and SCA 11 would encourage local cooperation and comprehensive planning by focusing on the multiple dimensions of truly livable communities, creating important new tools for investing in a more sustainable future.

Underinvestment Threatens California's Quality of Life

Myron Orfield, an expert in regional growth disparities and land use, concludes in his 2002 report, *California Metropatterns*, that the way California is growing is hurting all its communities—from the most impoverished to the most affluent. Despite the state's regional diversity, Orfield observed that most regions share one thing in common: they are finding it increasingly difficult to provide for their schools, roads, and other infrastructure needed to maintain quality of life. Growth on the regions' edges, he found, was threatening sensitive open space and productive farmland, and older communities were struggling with growing social needs and deteriorating infrastructure.[1]

Californians recognize the decline in the quality of their lives and the harmful consequences to social and economic equity. Most believe that traffic congestion, housing affordability, population growth, development, and air pollution are problems where they live, according to a public opinion survey conducted in 2002 by the Public Policy Institute of California (PPIC). A majority also believe that low-income communities are more likely to have schools, roads, and transportation that need repairs, while, at the same time, they have fewer resources to address those needs.[2]

California's "infrastructure gap" is well documented. While estimates vary, the State Treasurer places the level of magnitude at $82 billion over the next decade. The California Business Roundtable has estimated it at more than $90 billion, with state and local revenues able to meet only about half these needs.[3] Transportation needs alone are estimated at almost $30 billion. The California Budget Project estimates that 3.7 million California households are in need of more affordable housing—they are paying over 30 percent of their income on housing.[4] A 1999 report by the California Environmental Dialogue estimated that California would have $12.3 billion in conservation needs in the next decade, including 5.4 million acres of recreational, agricultural, habitat, wetlands, and open space land in need of protection.[5] The underinvestment in housing, transportation, parks, and green space is taking a serious toll on the quality of life in California's communities.

A Crisis in Affordable Housing

For years, California has been in the midst of a severe housing shortage that has affected almost all segments of its population. Housing opportunities for the middle class, the working class, and the poor are linked and are negatively affected by the current crisis. The intense competition for housing has led to skyrocketing prices; in some communities, this dynamic has fueled the displacement of lower-income residents and hastened the conversion of federally-subsidized housing properties to the more expensive open market. Data collected by the California Housing Partnership Corporation show that California counties lost 24,000 subsidized units between 1996 and 2002, with the largest losses in high-density counties such as Los Angeles, Orange, Sacramento, San Diego, and Santa Clara.[6] Among renter households, over half (51 percent) pay more than the recommended 30 percent of their income for housing. Low-income renter households—those with annual household incomes under $18,000—fare even worse, with nearly nine out of 10 households paying over 30 percent of their income on rent. Overall the California Budget Project finds that 651,000 units are needed just for low-income renters in California.[7] Homelessness, a serious problem for many years, is also increasing, affecting more than one percent of Californians, approximately 361,000 residents.[8] Meeting this housing need will require tens of billions of dollars in new investment. In the Sacramento region alone, for example, the Council of Government estimates that $2.1 billion in public subsidy is required to meet its countywide needs for the period of 2000-2007.[9]

This housing shortage threatens California's competitive advantage in attracting skilled workers. It also inhibits the social mobility of lower-income people trying to achieve the American Dream. A critical tool for wealth-building and economic stability, homeownership is increasingly out of reach of California families. Only 58 percent of Californians own their own home—well below the national average of nearly 68 percent and the fourth-lowest homeownership rate in the nation. The income needed to purchase a median-priced home in 2002 exceeded the area median income by 15 percent in the Central Valley, 27 percent in Los Angeles, 37 percent in Orange County, 52 percent in San Diego and Northern California, 83 percent in the San Francisco Bay Area, and 113 percent in the Central Coast.[10]

The California Association of Realtors estimates that a family needs to earn over $120,000 to afford the median-priced home in Santa Clara County—an amount exceeding the area median household income by more than $47,000. A firefighter earning $60,000 per year comes up $60,000 short. It should not come as a surprise, then, that the *San Jose Mercury News* recently reported that 60 percent of San Jose's firefighters and 35 percent of its police officers live outside the county, many of whom cited housing costs as the primary reason.[11] This same story can be told for almost all regions in California, with high housing costs driving workers farther and farther into previously undeveloped, rural areas, disrupting their quality of life and impacting surrounding areas.

The goal…is to achieve an adequate housing supply of sufficient affordability for the entire population—particularly for the workforce—in order to sustain long-term economic prosperity.[12]
—Bay Area Council

If current housing production trends continue, the state will be able to meet only 60 percent of the housing needed to accommodate the projected population growth through the year 2020.[13] Unless the state and localities respond to this projected surge, the search for affordable housing will likely continue to push many families to live in outlying areas and further exacerbate California's regional traffic congestion and air quality problems, increasing commute times, and reducing quality of life. Producing more affordable housing in existing communities is key to making housing more accessible for both low-income and middle-income California families. Part of the solution lies in creating tools and incentives that localities can use to respond to their particular challenge.

Poor Transportation Investment Choices Undermine Quality of Life, Economy, and Health

California has the worst traffic congestion in the nation.[14] Vehicle travel in California has increased nearly 200 percent during the past three decades—much faster than the rate of population growth. Californians spend 530,000 hours per day stuck in traffic, resulting in a loss of $4.7 billion a year in time and fuel.[15]

But building more highways to accommodate sprawling growth will not solve California's congestion problems. Regional transportation planners predict that even if significant investments are made to meet current needs, congestion will not necessarily be significantly less than it is today or could worsen.[16] What is needed is a better mix of transportation investments that are coordinated with other land uses such as housing and commercial development.

Traffic delays, congestion, and potholes are synonymous with California's infrastructure…. California's infrastructure requires a commitment from this generation similar in scope to that which was made in the 1950s.[17]
—California Business Roundtable

State capital outlays for transportation prioritize new highway construction while city and county roads continue to deteriorate, eventually costing four to five times more to repair and rehabilitate than if maintained regularly. The California Transportation Commission's 1999 needs study identified a $10.5 billion backlog in local street and road rehabilitation.[18] To improve local roads, cities and counties need at least $500 million a year: a minimum of $100 million to handle the backlog, and $400 million a year for ongoing maintenance.[19] The Commission report also estimates a shortfall of $15 billion for capital and operational support for maintaining, enhancing, and expanding bus and rail service.

Contrary to the stereotype, Californians actually drive less, are less likely to have a driver's license, and ride public transit more than the average American.[20] A recent poll by the California Department of Transportation (Caltrans) revealed that over 75 percent of voters consider public transit to be the solution to the state's congestion problems. Moreover, the state's changing demographics point to the need for increased investments in public transit. Seniors and children—who rely more heavily on public transit than other age groups—make up increasing percentages of the state's population. By the year 2040, seniors, youth, and children will make up more than 40 percent of the state's population—populations more heavily dependent on transit, walking, and alternatives to driving alone.[21]

Transportation infrastructure funding is out of touch with these realities: public transit receives less than 10 percent of state transportation funding and is undergoing severe cuts at both the state and local levels. For example, AC Transit, which serves Alameda and Contra Costa counties and facing a $46 million budget deficit this year, is planning to discontinue a popular program that offered free bus passes to over 25,000 low-income schoolchildren. Nearly half of these children had not been getting to school regularly before the passes were distributed.[22]

In addition, local communities in search of alternative transportation solutions have encountered intense competition for limited federal and state dollars. The Safe Routes to School Program—a federal government initiative administered by Caltrans—has received over $350 million in requests in three years but has been able to fund only $66 million of these projects. California's Bicycle Transportation Account has faced similar demands, with over 81 percent of its requests left unfunded in the past three years.[23]

The burden of poor transit alternatives falls most heavily on lower-income households and ethnic minorities who cannot use or easily afford auto travel. In Los Angeles, for instance, 57 percent of bus transit riders earn less than $15,000 per year, and over 80 percent of these riders are nonwhite.[24] Without additional public investment in transportation, people of color and low-income families face many challenges in accessing jobs, schools, public services, and recreational opportunities.[25]

Further, a growing body of research indicates that inefficient land-use patterns have serious health consequences. With sweeping development of open space and freeway transportation becoming the norm in the regions where most Californians live, it is not surprising that four out of five Californians are exposed to unhealthy levels of air pollution—primarily because of auto emissions.[26] Children who breathe heavily polluted air are much more likely to develop asthma, a respiratory condition that has reached epidemic proportions in the United States. In 1998, 1.8 million Californians had asthma, including 500,000 children.[27] Recent studies suggest that air pollution from traffic kills twice as many people as auto accidents.[28] No metropolitan area in California meets EPA guidelines for air quality; many cities stand to lose millions of federal transportation dollars if they do not significantly reduce air pollution in the next few years.

Disappearing Landscapes and Playgrounds

Fiscal constraints that have resulted in the backlog of routine road maintenance and the shortage of funding for transportation alternatives have also forced local governments to put a low priority on developing and maintaining neighborhood parks and protecting valuable open space and farmland.

Unchecked land development characterizes California urban areas, outpacing population growth. For example, between 1970 and 1990 the population of Los Angeles grew by 45 percent, while the developed land area grew by 200 percent.[29] Over the past century, more than 90 percent of California's wetlands have been lost, with negative impacts on water quality, flood control, and habitat protection.[30]

The annual conversion of an average of nearly 50,000 acres of farmland and open space to urban uses is transforming rural communities and could undermine one of California's top industries—agriculture. California lost 497,000 acres of farmland to urban development between 1988 and 1998, and could lose another million by 2040, according to the Agriculture Issues Center at UC Davis.[31] Riverside County—once a primary California producer of navel oranges (along with San Bernardino County)—nearly 48,000 acres of farmland during the 1990s. The two counties now produce only 2 percent of the state's total crop.[32]

According to the American Farmland Trust, it could take less than half a century for the Highway 99 corridor that links Central Valley towns on rich alluvial soils at the base of the Sierra Nevadas to solidify into an unbroken linear "city," from Bakersfield to Sacramento. The Interstate 80/Highway 101 route that traces valuable farmland from Sacramento to Monterey County could, in that same timeframe, come to mirror the unbroken urban expanse from New York to Washington, DC.[33]

Parks are the city's lungs, essential components of its health and quality of life – cleaning the air, purifying the ground of pollutants, breaking the heat, breathing life into the neighborhood, promoting human health. Parks improve surrounding real estate values, create quality jobs, and contribute to the economic vitality of the community. Education, public health and safety, and the economy are all essential priorities, and parks advance each one.[34]
—Center for Law and the Public Interest

A nationally recognized standard for open space is 10 acres of parks per 1,000 residents, yet many of California's urban areas fall well below this benchmark; for example, East Los Angeles has 0.3 acres of parks per 1,000 residents; San Jose, 6.8 acres per 1,000 residents; and Fresno, 2.7 acres per 1,000 residents.[35] In urban areas where open space is sparse, investment in neighborhood parks gives neighborhood residents a place to engage in healthy recreational activities while also providing youth with positive alternatives to gangs, drugs, and violence.

Natural and environmental resources have not been adequately regarded as infrastructure priorities. But protecting these resources improves the quality of life of current and future generations and helps California remain an attractive place to do business. Workers and entrepreneurs—especially those in high-tech industries—choose to live in places that offer both attractive career opportunities and an attractive lifestyle. They value access to parks and open space; a comprehensive commitment to linking these goals with those of affordable housing, transportation, and infrastructure development is therefore required.

Barriers to Local Community Investment and Sustainable Development

Improving the quality of life for Californians requires "catching up"—erasing the local infrastructure deficit that has been piling up over the past years. This challenge will involve overcoming key barriers that hamper the ability of localities to supply adequate public investments in California's communities.

A primary barrier is state laws that make it difficult for local government to raise needed revenues. Localities put measures on the ballot allowing voters to decide whether they want to pay for more and better schools, transportation, and other types of infrastructure. But the bar is high: a two-thirds' majority of voters must approve such tax and bond proposals. This high threshold acts as both a roadblock to passing fiscal measures and as a disincentive from even attempting to present proposals to the voters. The Public Policy Institute of California data on proposed bond measures between 1996 and 2000 reveal that only 15 percent of the state's municipalities (72 out of 471) pursued ballot measures to generate local revenues.[36]

A lack of flexible tools that communities can use for appropriate community investments creates another key barrier for more efficient development. Local governments interested in investing in a broad array of community infrastructure have to raise funds for specific uses separately, limiting their ability to integrate planning and investments. Communities that have identified housing, parks, and transportation as critical community development priorities, for instance, are forced to pass three separate measures to raise the money to pay for them. The combination of a high vote threshold and limited flexibility in the use of funds can often lead to gridlock among various stakeholders as they compete for limited resources, leaving community needs unmet.

State support continues to be an important funding source to complement local investments; for example, state bonds on affordable housing, parks, and schools are key components to addressing local needs. Current state bond proposals—such as AB 531 (Kehoe) and SB 321 (Torlakson), which match local investments in infrastructure—would enhance local communities' ability to make necessary investments.

State laws that constrain local fiscal authority such as Proposition 13, have had an undesirable and an unintended impact on local land-use decisions. To circumvent such prohibitive laws as well as to boost their discretionary revenues, local governments have offered developers—especially retailers—tax breaks, subsidies, and expensive infrastructure improvements in exchange for their locating within their jurisdictions. Such developments generate high sales tax revenues. All too often, the local governments pay too high a price for these deals. In 1998, local sales taxes generated 35 percent of city tax revenues statewide, up from 33 percent in 1993. For relatively modest revenue increases, retail developments in new communities can create significant infrastructure costs such as roads and sewers, while pulling scarce tax dollars from older communities and fueling urban sprawl.[37]

The fierce competition among localities for retail developments is clearly linked to California's housing shortage. It leads local officials to limit the land available to construct homes and to charge high development fees for building homes. A PPIC survey of city officials and city managers across the state found that sales tax from retail development ranked as the top motivation behind development decisions. Single and multifamily residential development fared much worse, coming in just above heavy industrial development projects as priorities.[38]

Building healthier, sustainable communities requires a comprehensive and an integrated approach to infrastructure investments that recognizes the interrelationships of housing, transportation, and other land uses. With the proper investments, regions can preserve older areas as appealing places to live and work and minimize the need for costly new infrastructure investments. Investing in affordable housing and recreational open space helps employers recruit and retain both high-skilled and low-skilled workers. Upgrading streets and other local infrastructure facilitates new investment in already developed communities and makes infill development more attractive and profitable for developers.[39] Investments in public transit and compact growth can also alleviate the drain on economic productivity and quality of life caused by highway congestion.

Developing New Tools for Smarter, More Equitable Community Investments

What can be done to address the multiple barriers to neighborhood investments? A range of reforms is required, including: changing policies that encourage localities to prefer retail development over housing and other land uses; increasing state support for community investments—such as the recently passed school, parks, and affordable housing bonds; and creating financing tools for communities to address their problems.

State lawmakers and business and community leaders have recently become focused on ways to meet infrastructure needs, including the reform of state and local financing rules. In 1999, the legislature required the governor to annually submit to it a statewide five-year infrastructure plan, along with proposals for funding. That same year, Governor Gray Davis created the Commission on Building for the 21st Century, with representation from business, labor, environmentalists, academics, and the public sector, to develop recommendations for addressing California's infrastructure needs.

The Commission has recommended the use of state bonds for schools, housing, parks and green space preservation, water quality and supply, and transportation—as well as reducing the vote threshold for public financing of infrastructure investments to 55 percent. In 2000, voters passed Proposition 39, which lowered the voter approval threshold from two-thirds to a 55 percent majority to authorize local bonds for repair, construction, or replacement of school facilities.

In 2002, the legislature established three growth principles to guide state planning and investments:

- Promote equitable new development within existing urbanized areas, especially through infill, redevelopment, and brownfield sites;
- Promote conservation of existing agricultural, green space, and natural resource lands; and
- Promote more efficient land-use patterns where new development occurs, in a manner that benefits existing communities.

In November 2002, California voters recognized the need for state investments and approved bonds to finance schools, affordable housing, parks, and open space. But these statewide measures provide only a small portion of the funds needed locally across the state.

Much more has to be done to fill the gaps and to meet challenges faced by local communities. The state must provide local voters and public officials with greater power and new tools to help them meet their investment needs more efficiently. The adoption of ACA 14 and SCA 11 would be important steps in that direction.

ACA 14 and SCA 11: Promising Proposals for Smarter Local Investments

State legislators are considering various proposals to lower the threshold for approval of local fiscal measures. ACA 14 (Steinberg) and SCA 11 (Alarcon) are the most innovative and comprehensive. They have the greatest potential to put fiscal decision-making power back into local communities while also encouraging smarter, more equitable public investments. If enacted by the legislature, these measures would allow voters to decide whether to do the following:

1. **Generate revenue for critical public investments in local communities by lowering the voter approval threshold from two-thirds to 55 percent.**
   These proposals would lower the voter approval threshold for special taxes and bonds to 55 percent as long as they included minimum investments in affordable housing, neighborhood and transportation improvements, parks and green space, and general infrastructure. SCA 11 would allow cities, counties, and special districts to raise revenues with both bonds and special purpose taxes at this lower threshold. ACA 14 would apply to special taxes only and would also allow regional governments to participate.

2. **Achieve more efficient and equitable development by encouraging communities to invest simultaneously in a balanced mix of community infrastructure.**
   SCA 11 and ACA 14 relax the supermajority requirement for special tax and bond measures *only if* they allocate at least 20 percent funding each to affordable housing, neighborhood and transportation improvements, parks and open space, and general infrastructure. The balance of the revenues could be used for any of these four categories.

Lower Voter Approval Threshold Encourages Smarter Public Investments

Lowering the vote threshold would likely result in significantly increasing the amount of investment in affordable housing, transportation improvements, parks and green space, and general infrastructure for local communities. California's recent experience with local school bond measures suggests that lower voter approval thresholds for local financing of public investments would prompt voters to respond with more local solutions to the current infrastructure gap.

The passage of Proposition 39 and the subsequent increase in the number of school bond measures proposed and passed by localities indicate Californians' willingness to support public investments. Passed in 2000, Proposition 39 lowered the vote threshold to 55 percent for local school bonds. Data from the Public Policy Institute of California (PPIC) suggests that the lower threshold contributed to the marked increase in the passage rate of school bond measures. Since Proposition 39 was enacted, the passage rate for school bond measures in 2001 and 2002 soared to 84 percent—a significant jump from prior passage rates averaging 55 percent between 1986 and 2000. And this marked increase was consistent statewide (see Table I).[40]

Table I. Number of K-12 Bond Measures Proposed and Passed, 1986-2000 and 2001-2002

	1986-2000		2001-2002	
Region	# Measures Proposed	Passage Rate (%)	# Measures Proposed	Passage Rate (%)
Northern	124	38	24	75
Bay Area	197	75	42	93
Valley	242	45	48	83
Coastal	93	55	16	81
Southern	265	57	54	81
Total/ Average	921	55	184	84

Source: Rueben and Cerdan, *Fiscal Effects of Voter Approval Requirements on Local Governments*, Public Policy Institute of California (2003).

In addition, with the availability of state matching school bond funds from the passage of Proposition 1A in November 1998, Proposition 39 increased the number of communities that were motivated and ultimately able to invest in school facilities. Since the passage of Proposition 39, 147 school districts have successfully approved bond measures.[41] Of these, 82—or over half—had never passed any prior school bond measure.[42]

An analysis of local non-school district fiscal measures conducted by PPIC also suggests that SCA 11 and ACA 14 would likely increase the passage rates for other local measures.[43]
Table II shows that between 1986 and 2002, 1,438 tax measures funding a broad range of community needs were proposed; of these, slightly less than half (46 percent) passed. If the voter approval threshold had been 55 percent, the passage rate would have been 57 percent, resulting in over 25 percent more measures passing and billions more in revenues available for local community investments. County sales taxes for transportation, for example, generate about $2.4 billion annually for all counties with the tax.[44]

Table II. Impact of Changing Tax and Bond Requirements. Non-School District Tax Measures 1986-2002

	Actual	If 55%
Number proposed	1438	1438
Number passed	664	823
Passage rate	46%	57%

Source: Rueben and Cerdan, updated data from *Fiscal Effects of Voter Approval Requirements on Local Governments*, Public Policy Institute of California (2003).

Similarly, between 1986 and 2002, 257 bond measures were proposed requiring a two-thirds' supermajority. Of these, 44 percent passed (see Table III). The passage rate would have increased to 74 percent with a lower vote threshold—meaning two-thirds more bond measures would have passed and $13 billion in additional local investments would have been available.

Table III. Impact of Changing Tax and Bond Requirements. Non-School District Bond Measures 1986-2002

	Actual	If 55%
Number proposed	257	257
Number passed	114	191
Passage rate	44%	74%

Source: Rueben and Cerdan, updated data from *Fiscal Effects of Voter Approval Requirements on Local Governments*, Public Policy Institute of California (2003).

A Closer Look at Affordable Housing, Transportation, and Parks

Historical data allow for analyzing the effects of lower vote thresholds on the specific categories that SCA 11 and ACA 14 would combine—affordable housing, transportation, and parks—thus providing an estimation of the measures' potential impact on passage rates (see Table IV).

A 55 percent voter approval threshold would significantly increase passage rates of these measures across the board. Passage rates for all transportation measures would increase from 46 percent to almost 60 percent; rates for parks measures would increase by two-thirds to 50 percent; and rates for affordable housing measures would jump three-and-one-half times to 70 percent.

Table IV. Number of Measures and Passage Rate by Type, 1986-2002

Rates of Passage	Transportation	Affordable Housing	Parks
Actual Passage Rate	46%	20%	30%
Passage Rate if 55%	59%	70%	50%

Data: Rueben and Cerdan, Public Policy Institute of California, special analysis conducted for PolicyLink (2003).

Looking closer at a few communities illustrates this impact more clearly. Between 1986 and 2002, localities within Alameda County—with one of the most expensive housing markets in the state—proposed five housing measures and passed none. Had a 55 percent voter approval threshold been in effect, four out of the five measures would have passed, contributing significantly to the production of affordable housing. Similarly, during the same time period, localities in Los Angeles County—a county that has some of the most park-poor communities in the state—proposed 12 park measures, passing only four, or 33 percent. A 55 percent threshold would have resulted in doubling the number (8) of successful measures, resulting in greater access to parks for many Los Angeles neighborhoods.[45]

Since 1984, 18 counties have approved local transportation sales tax measures, with 11 due to come up for renewal in the next eight years. In 1995, the State Supreme Court ruled that these taxes are special levies that require a two-thirds' vote for passage. Of the 48 county transportation sales tax measures that have been attempted between 1986 and 2002, only five have exceeded a two-thirds' vote threshold.[46]
—Surface Transportation Policy Project

This analysis shows that even though significant majorities of local voters—over 55 percent—are willing to tackle community needs and invest in critical public services, the two-thirds' majority vote requirement acts as an extremely tough barrier, with negative consequences for the quality of life of communities across the state. The following story illustrates how a community can benefit from SCA 11 and ACA 14.[47]

How a Community Would Benefit from SCA 11 and ACA 14

San Diego is one community that can directly benefit from the reforms set forth in SCA 11 and ACA 14. A diverse group of civic leaders has formed the Quality of Life Coalition to find ways to address San Diego's infrastructure needs, including: transportation, affordable housing, open space, preservation, and water quality, all while the city prepares to renew its transportation sales tax set to expire in 2008.

As is the case in many communities, San Diego residents are often skeptical of new special taxes or bonds and passing them with a two-thirds majority is a difficult task. Groups seeking to pass such measures must build a broad-based coalition of civic constituencies, in addition to trying to minimize the active opposition of other interest groups.

Many of the leaders in the Quality of Life Coalition believe that reform measures like SCA 11 and ACA 14 would foster a more comprehensive and balanced approach to dealing with San Diego's infrastructure challenges because of the following reasons:

First, creating a lower threshold for a comprehensive measure would provide a natural incentive for groups to cooperate. Currently, groups know they should cooperate, but they often lack critical information about each other's motives and plans. A lowered threshold for combined-use measures would create incentives for cooperation by giving the players an alternative to the two-thirds' requirement—groups can work together to get over a lower hurdle or they can work alone to try to obtain the support of two-thirds of the electorate.

Second, having a blended-use measure would help the region construct a larger, more integrated financing package to address its long-term quality of life needs. No single revenue source is currently sufficient to generate the tens of billions of dollars that San Diego needs over the next thirty years to address its transportation, affordable housing, smart growth, water quality, and open space needs. A comprehensive measure would provide an integrated base for all of these purposes.

Lastly, integrated solutions and financing options are more attractive to voters. The work of San Diego Dialogue—a regional policy organization—suggests that residents are attracted to integrated and well-balanced solutions, which offer a compelling vision for a dynamic, healthy community with clean beaches, neighborhood parks, and affordable housing, as well as less traffic.

Lowering the Vote Threshold Does Not Guarantee Efficient and Equitable Development

Easing the supermajority vote requirement is only part of ending California's infrastructure crisis. In fact, lowering that threshold without ensuring appropriate investments in a broad range of community needs could perpetuate undesirable development patterns and ignore the needs of low-income communities and residents. Failure to recognize the interrelatedness of affordable housing, transportation, and neighborhood parks could lead to development that exacerbates the jobs-housing imbalance, long commute times, air pollution, and the lack of opportunities for the poor.

Massachusetts' experience with the two-year-old Community Preservation Act (CPA) provides a cautionary and instructive example of how communities might need additional incentives or requirements to ensure that all essential components of infrastructure get adequate attention.

> *Massachusetts' Community Preservation Act*
>
> Enacted in 2000, the CPA is designed to address Massachusetts' growth challenges, including an affordable housing crisis, by allowing cities and towns to add a surcharge to local property taxes to acquire and protect green space, preserve historic resources, and make affordable housing investments. The CPA requires that a minimum of 10 percent of the annual revenues of the fund be utilized for each of the three categories.

Early analysis of communities' use of this tool indicates that open space investments have overshadowed investments in affordable housing, causing many proponents of CPA to be concerned that the goal of more efficient and balanced development is being undermined.[48] Of the 45 communities that have distributed CPA funds in 2002 and 2003, 22 communities are projected to invest the bare minimum for affordable housing programs. In fact, when projects from Cambridge are excluded (Cambridge accounts for 35 percent of all CPA funds disbursed) only 10 percent of the total CPA dollars have been used for affordable housing, while open space and historic preservation needs have consumed the remainder.[49]

ACA 14 and SCA 11 take a better-calculated approach to loosening constraints on approving local fiscal measures. The proposals are designed to encourage more efficient and equitable development by relaxing the supermajority vote requirement for special tax and bond measures *only if* they allocate at least 20 percent funding to each of four categories: affordable housing, neighborhood and transportation improvements, parks and open space, and general infrastructure.

Local governments now must raise funds separately to address specific community needs. This forces local governments and advocates for different interest groups (transportation, housing, the environment) to pursue their agendas separately, sometimes competitively, rather than looking to meet the real and connected needs of their communities. By creating a blended pool of resources, ACA 14 and SCA 11 recognize the multiple dimensions of livable communities and make it easier for localities to finance integrated neighborhood infrastructure and land-use choices. Establishing minimum allocations for essential community infrastructure investments would encourage cooperation and motivate planners, interest groups, and decision-makers to implement growth strategies that can lead to healthier, more sustainable communities.

ACA 14 and SCA 11 are important steps on the road to state-local fiscal policy reform, empowering local jurisdictions—rural, suburban, and urban—with a new set of tools to invest in a more sustainable future for all Californians.

Appendices

Appendix A. Acres of Parkland for Select Communities in California

City	Population (2000)	All Parkland* (Acres)	Acres per Thousand Residents
Fresno	428,000	1,323	3.1
Long Beach	462,000	2,792	6.0
Los Angeles	3,695,000	30,134	8.2
Oakland	399,000	3,822	9.6
Sacramento	407,000	3,694	9.1
San Diego	1,223,000	38,993	31.9
San Francisco	777,000	5,916	7.6
San Jose	895,000	3,858	4.3

Source: Trust for Public Land, "The Excellent City Park System, 2003."
www.tpl.org/content_documents/excellent_city_parks.pdf
*"All Parkland" includes all parks and preserves owned by municipal, county, metropolitan, state, and federal agencies within the boundary of the city.

Appendix B. Percentage of Households that can Afford to Purchase a Median-Priced Home by Region and County

REGION	%
Central Valley	39
High Desert	64
Los Angeles	29
Monterey	16
Northern California	31
Northern Wine Country	17
Orange County	21
Palm Springs/Lower Desert	19
Riverside/San Bernardino	39
Sacramento	42
San Diego	22
San Francisco Bay Area	19
San Luis Obispo	17
Santa Barbara	13
Santa Clara	26

Source: California Association of Realtors, Housing Affordability Index, April 2003.

COUNTY	%
Alameda	20
Contra Costa	10
Fresno	44
Kern	57
Marin	17
Merced	33
Riverside	33
San Bernardino	49
San Francisco	11
San Joaquin	32
San Mateo	18
Santa Cruz	16
Sonoma	18
Stanislaus	38
CALIFORNIA	27
UNITED STATES	59

Appendix C. Backlog of Deferred Road Maintenance by County

County	Deferred Maintenance Backlog
Alameda	$247,962,709
Alpine	$19,407,143
Amador	$27,738,000
Butte	$66,724,599
Calaveras	$38,964,255
Colusa	$34,500,000
Contra Costa	$248,816,028
Del Norte	$70,200,000
El Dorado	$79,249,691
Fresno	$277,732,601
Glenn	$46,244,615
Humboldt	$141,343,400
Imperial	$43,876,575
Inyo	$58,000,000
Kern	$245,124,395
Kings	$71,456,763
Lake	$174,000,000
Lassen	$18,800,000
Los Angeles	$2,640,694,160
Madera	$351,500,000
Marin	$105,986,375
Mariposa	$18,000,000
Mendocino	$90,038,741
Merced	$100,716,174
Modoc	$69,500,000
Mono	$26,200,000
Monterey	$117,749,834
Napa	$93,644,517
Nevada	$50,817,750

Source: California Transportation Commission, "Inventory of Ten-Year Funding Needs for California's Transportation Systems." May 5, 1999.

County	Deferred Maintenance Backlog
Orange	$690,188,196
Placer	$123,397,544
Plumas	$16,645,000
Riverside	$447,992,061
Sacramento	$153,855,506
San Benito	$47,000,000
San Bernardino	$880,691,835
San Diego	$361,485,681
San Francisco	$142,000,000
San Joaquin	$172,950,486
San Luis Obispo	$95,935,379
San Mateo	$221,015,397
Santa Barbara	$96,311,849
Santa Clara	$222,524,770
Santa Cruz	$48,783,572
Shasta	$52,500,000
Sierra	$5,500,000
Siskiyou	$74,357,905
Solano	$145,500,000
Sonoma	$181,657,477
Stanislaus	$119,527,731
Sutter	$42,410,953
Tehama	$46,837,935
Trinity	$26,600,000
Tulare	$174,926,452
Tuolumne	$22,200,000
Ventura	$163,584,450
Yolo	$49,667,304
Yuba	$72,384,588
STATEWIDE TOTAL	**$10,473,420,396**

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