



COUNCIL REPORT

DATE: October 8, 2024
CATEGORY: Consent
DEPT.: City Manager's Office
TITLE: **Council Policy Position—Support for Proposition 5**

RECOMMENDATION

1. Waive the City Council Policy A-16 requirement that ballot measures be referred to staff for analysis by a majority vote of the City Council before Council takes a position on a measure in order to consider Proposition 5.
2. Adopt a Council Policy position of support for Proposition 5, a statewide measure which allows local bonds for affordable housing and public infrastructure with 55% voter approval. Legislative Constitutional Amendment.

BACKGROUND

California voters will make many important decisions on the November 5, 2024 ballot. Besides electing a president, congressional and state representatives, and community leadership and reviewing local measures, voters will decide the fate of 10 statewide propositions. One of these measures, if approved, will have financial and policy impacts on local governments by proposing to lower voting thresholds for local bonds for affordable housing and public infrastructure.

For many local governments, however, the biggest news associated with the November ballot has already occurred. Thanks to the advocacy efforts of a coalition of local government agencies, labor groups, public safety, infrastructure advocates, and others, along with leadership from Governor Gavin Newsom and Democratic legislators, the California Supreme Court ruled that the sweeping limitations on state and local tax and fee authority proposed by the Taxpayer Protection and Government Accountability Act (TPGA) was a constitutional revision and ineligible for the ballot. In a related move, the Legislature also shifted ACA 13 (Ward) to the November 2026 ballot. ACA 13¹ was adopted by the Legislature as a strategic counterpoint to the TPGA by

¹ https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240ACA13

prohibiting initiatives from increasing voter approval thresholds for state or local measures unless voters approved the initiative by an equivalent vote.²

Mountain View City Council Policy A-16 (Attachment 1) states that Council may take a position on a ballot measure if it would directly impact the City's finances, responsibilities, legal authority, or operations and the ballot measure has been referred to staff for analysis by majority vote of the City Council before Council takes a position on the measure.

According to the Policy, Council's consideration of whether to refer the measure to staff for analysis shall be guided by certain guiding principles, including:

- The ballot measure would directly impact the City's finances, responsibilities, legal authority, or operations or a significant portion of the residential or business communities of Mountain View that could, in turn, impact City government finances, responsibilities, legal authority, or operations;
- The ballot measure is intended to protect or increase funding or otherwise benefit specific programs or services utilized in Mountain View;
- The ballot measure is consistent with existing City policy, past action, or current City Council major goals; and
- The ballot measure has been reviewed by the City Manager or designee.

ANALYSIS

Waive Requirement for Referral to Staff

Mail-in ballot voting for the November 5, 2024 election will begin on Monday, October 7, 2024. Staff recommends that Council waive Policy A-16's requirement that ballot measures be referred to staff for analysis by majority vote of the City Council before a staff recommendation is brought to Council. This will allow Council to consider supporting the ballot measure at its meeting on October 8, 2024, early in the voting period.

This ballot measure has been reviewed by City staff as directed by the City Manager. Staff has determined it is consistent with the guiding principles specified in Council Policy A-16 for Council's consideration of whether to refer a measure to staff for analysis as support for

² Moving ACA 13 to the 2026 ballot also serves as a potential deterrent to the sponsors of the Taxpayer Protection and Government Accountability Act to propose a similar measure.

Proposition 5 is consistent with three of the City's 2024 Adopted Legislative Platform policy statements as identified below:

- C1: Support legislation that provides more resources and tools that enable Mountain View to address housing needs specific to the community, including resources to fund infrastructure and services to support new housing development;
- C8: Support legislative or funding mechanisms that promote affordable housing projects to meet the diverse needs of City residents, including housing for people with special needs; and
- C10: Support housing funding opportunities provided to local jurisdictions through statewide bond efforts for affordable and middle-income housing.

Proposition 5

Proposition 5 reduces the local vote threshold requirement from two-thirds to 55% for local public infrastructure and affordable housing financing proposals using general obligation bonds paid for with increases in ad valorem property taxes. If this proposal is approved by a majority of statewide voters, the reduced vote threshold will apply to local measures, including those appearing on the same ballot.

This measure provides voters the opportunity to reduce vote thresholds for local bonds which invest in infrastructure or affordable housing. Voters approved a similar reduction for school facility bond measures via Proposition 39 of 2000. This measure initially qualified for the March 2024 primary ballot with the approval of ACA 1 (Aguiar-Curry) in 2023, but it was later moved to the November 2024 ballot. In its initial form, the measure also proposed to reduce the vote thresholds for special taxes and parcel taxes.

However, in June, the Legislature approved ACA 10 (Aguiar-Curry), which narrowed it to only apply to general obligation bond measures and revised the definitions of "infrastructure" and "affordable housing." The definition for "infrastructure" aligns well with many City interests. Public infrastructure is defined to include all of the following:

- Facilities or infrastructure for the delivery of public services including education, police, fire protection, parks, recreation, open space, emergency medical, public health, libraries, flood protection, streets or highways, public transit, railroad, airports, and seaports.
- Utility, common carrier or other similar projects, including energy-related, communication related, water-related, and wastewater related facilities or infrastructure.
- Projects identified by the state or local governments for recovery from natural disasters.

- Equipment related to fire suppression, emergency response, and interoperable communications.
- Projects that provide protection of property from sea level rise.
- Projects that provide broadband internet expansion in underserved areas,
- Private uses, incidental to, or necessary for, the public infrastructure.

In addition to ACA 10, the Legislature approved Assembly Bill (AB) 2813 (Aguiar-Curry) containing additional implementation provisions. Supporters include local government agencies and infrastructure, affordable housing, and labor and public safety groups. Anticipated opponents are antitax groups and some business organizations.

In addition to the implementation language contained in AB 2813, local agencies should expect legislative efforts in 2025 to further define and interpret its provisions.

Ballot Language

The Legislative Analyst Office's impartial analysis for Proposition 5 can be found in Attachment 2. The ballot language and arguments in favor of and against Proposition 5 are posted in the Official Voter Information guide at <https://voterguide.sos.ca.gov>. Provided below is the question for Proposition 5 as it will appear on the November 2024 ballot:

- Allows approval of local infrastructure and housing bonds for low- and middle-income Californians with 55% vote.

A “Yes” vote on this measure means certain local bonds and related property taxes could be approved with a 55% vote of the local electorate rather than the current two-thirds approval requirement. These bonds would have to fund affordable housing, supportive housing, or public infrastructure.

A “No” vote on this measure means certain local bonds and related property taxes would continue to need approval by a two-third vote of the local electorate.

FISCAL IMPACT

Support for Proposition 5 would lower the voter approval requirement that would make it easier for cities to pass local general obligation bonds for housing assistance and public infrastructure and could increase the amount of funding available for these projects.

ALTERNATIVES

1. The City Council may choose not to support the ballot measure.
2. Provide other direction.

PUBLIC NOTICING—Agenda posting.

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CG/1/CAM
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- Attachments:
1. Council Policy A-16—Positions on Ballot Measures and Legislative Advocacy
 2. Legislative Analyst Office Impartial Analysis for Proposition 5, Allows Local Bonds for Affordable Housing and Public Infrastructure with 55% Voter Approval. Legislative Constitutional Amendment.