

California State PTA

Study and Analysis of Proposition 5

**ALLOWS LOCAL BONDS FOR AFFORDABLE HOUSING AND PUBLIC
INFRASTRUCTURE WITH 55% VOTER APPROVAL.**

LEGISLATIVE CONSTITUTIONAL AMENDMENT.

November 5, 2024 - Statewide General Election

[Text of Prop. 5](#)

Legislation Study Committee Report for Statewide Ballot Measure
Submitted by Carol Kocivar, Kathleen Fay, and Denise Morgan

WHAT Prop 5 PROPOSES TO DO

Lowers Voter Approval Requirement for Certain Bonds: Proposition 5 lowers the voting requirement needed to approve local general obligation bonds if they would fund housing assistance or public infrastructure from two-thirds to 55 percent.

Accountability: Bonds must include accountability requirements, including citizens' oversight committees to help supervise spending, and annual independent financial and performance audits. Administrative costs are capped at 5 percent of proceeds.

Property taxes: Allows local governments to assess property taxes above 1 % to repay affordable housing and infrastructure bonds if approved by 55% of voters instead of the current two-thirds approval requirement.

[Source: Ballot Title and Summary](#)

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact

Increased local borrowing to fund affordable housing, supportive housing, and public infrastructure. The amount of increased borrowing would depend on decisions by local governments and voters. Borrowed funds would be repaid with higher property taxes.

FISCAL EFFECTS

Certain Local Bonds More Likely to Pass. A lower voter approval requirement would make it easier to pass local general obligation bonds for housing assistance and public infrastructure, so local governments may propose more measures.

Increased Local Funding for Housing Assistance and Public Infrastructure. If local voters approve more bonds, local governments also will have more borrowing costs. These costs would be paid with higher property taxes. Ultimately, any future bond approval would depend on decisions by local governments and voters.

[Source: Legislative Analyst](#)

BACKGROUND

Housing Is Expensive. A typical California home currently costs around twice the national average. Renters typically pay about 50 percent more for housing than renters in other states.

Local Programs Help Pay for Housing. Some programs help low-income Californians with affordable and supportive housing.

Local Governments Pay for Public Infrastructure. This includes roads, hospitals, fire stations, libraries, and water treatment facilities.

Local Governments Often Use Bonds to Pay for Projects. Bonds are a way for local governments to borrow money and then repay it, plus interest, over time. Similar to the way a family pays off a mortgage on their home, bonds allow governments to spread costs over a few decades.

[Source: Legislative Analyst](#)

CALIFORNIA STATE PTA AUTHORITIES

PTA authorities for legislative positions include the PTA mission, PTA legislative platform, resolutions, and position statements. [PTA Resolutions](#) come from our members and call attention to a problem and a need for action on a particular issue with statewide implications affecting children, youth, and families. [PTA Position Statements](#) establish, clarify or interpret PTA position or belief. Position statements help provide a basis for action on legislation and other California State PTA action. PTA authorities relevant to this ballot measure are below.

PTA Mission

Our mission is to positively impact the lives of all children and families.

Legislation Platform

The California Congress of Parents, Teachers, and Students, Inc. legislation platform reflects the priorities that guide our efforts to secure adequate laws for the care and protection of children, youth and families.

General Principles

General Principles for Consideration of Proposed Legislation:

3. Effective governance systems and practices that are rooted in social justice to effectively serve the needs of children, youth and families.
5. Establishment of and adherence to fiscal responsibility in government, with concern for fair taxation, but keeping priorities for the needs of all children and youth foremost.
7. Strong and broadly based tax structures at state and local levels.
8. Budgets and financial support to provide needed public services for all children and youth, with the continued constitutional guarantee of financial support for public schools, as the first claim on all state revenues in the general fund.

Legislation Planks

California State PTA will support legislation that:

14. Prevents, controls or eliminates hazards to the health, safety and well-being of all children and youth.
16. Provides effective community services and facilities for all children, youth and adults, directed toward the well-being of the family.
17. Promotes public policy that contributes to the stability of families and to the adequate physical, emotional, and financial support of children and youth.
22. Improves governance systems and practices to effectively serve the needs of children and youth.
23. Supports the needs of vulnerable children in all aspects of their lives.

CAPTA Resolutions

LOCAL SCHOOL PARCEL TAX MEASURE THRESHOLD REDUCTION

Adopted by Convention Delegates May 2008 / Reviewed and deemed relevant November 2017

RESOLVED, That the California State PTA actively support and/or partner with coalitions to promote legislation and ballot measures to lower the requirement of a 2/3 threshold presently required to pass local school parcel tax measures to a 55% supermajority; and be it further

RESOLVED, That district, council and unit PTAs support legislation and ballot measures to lower the requirement of a 2/3 threshold presently required to pass local school parcel tax measures to a 55% supermajority.

LOWERING THE 2/3 VOTE REQUIREMENT ON SCHOOL AND LIBRARY BONDS

Adopted by Convention Delegates May 1999 / Reviewed by Board of Managers March 2013

RESOLVED, That the California State PTA and its units, councils and districts support legislation and ballot measures to lower the requirement of a 2/3 vote presently required to pass school and library bond measures.

STATE TAX REFORM

Adopted by Convention Delegates May 1991 Reviewed by Board of Managers March 2013 (excerpt)

RESOLVED, That the California State PTA vigorously seek and support legislation and/or necessary ballot measures to fundamentally restructure the state tax system to ensure a broadly based, equitable system of taxation that generates adequate revenues to fund education and all other services needed by the children, youth and families of California.

CAPTA Position Statements

Fair Housing

Adopted May 1981 – Reviewed and deemed relevant November 2020 – Health & Community Concerns

California State PTA believes:

- All families need to have access to safe and affordable housing;
- Encouragement should be given to the formation of broadly based community action groups to promote citizen understanding of housing issues and involvement in advocating programs that will meet the housing needs in their communities; and
- Encouragement should be given to the development of rental and individually owned homes for low- and moderate-income families and that such housing should not be isolated within local communities.

PTAs should encourage city councils, county boards of supervisors, and city and county housing authorities to

- Adopt and implement balanced community policies that stipulate a mix of housing types as well as provisions for the development of housing for low- and moderate-income families;
- Develop and implement programs utilizing all available funding sources to provide rental and individually owned single- and multi-family housing for low- and moderate-income families.

Rights of Foster Children and Foster Families

Adopted May 2013 – Community Concerns Commission – Revised August 2018

California State PTA supports the foster child Bill of Rights as listed in Welfare and Institutions Code (Section 16001.9).

California State PTA believes that the foster families have the right:

- To live in a safe, healthy, and comfortable home where they are treated with respect;
- To have storage space for personal possessions

Homeless Families and Children

Adopted July 1988 – Revised August 2020 – Health & Community Concerns Commission

California State PTA believes:

- All children should have access to safe and affordable housing

PTA urges all government agencies, non-profit organizations and citizen groups to cooperate in the development and implementation of programs that:

- Give assistance to homeless families in securing low-cost, safe housing in their community;

Supporters: Arguments in favor

“Prop. 5 gives local voters more control over funding for affordable housing and vital Infrastructure projects including roads, bridges, local fire protection and water systems. Without raising taxes, Prop. 5 shifts local public policy decisions and spending priorities away from state government, giving local voters and taxpayers more tools, more power and greater autonomy to address those issues in their own communities.

PROP. 5: AFFORDABLE HOUSING FOR LOW AND MIDDLE-INCOME CALIFORNIANS

We have a massive shortage of affordable housing for low and middle-income Californians. The high cost of housing consumes too much of our paychecks, and many middle-class families are being pushed out of the communities where they work and where their children go to school. Prop. 5 gives local communities more tools to make housing more affordable, including:

- *Providing first-time homebuyers' programs;*
- *Building new housing, including affordable for-sale ownership and rental housing, for low and middle-income Californians, seniors, veterans and homeless families; and*
- *Renovating and repairing existing affordable housing.*

PROP. 5: LOCAL PROJECTS SUPPORTING NEW HOUSING AND SAFE COMMUNITIES

In addition to affordable housing, Prop. 5 makes it easier for local voters who choose to invest in safety repairs and improvements to bridges, roads, public transportation, water systems and other critical public infrastructure as they see fit. Local voters can also approve bonds for emergency preparedness, including local fire stations and engines, ambulances and early-warning systems for natural disasters. Prop. 5 trusts local voters to prioritize what's most important in their communities.

PROP. 5: LOCAL CONTROL. INCREASED ACCOUNTABILITY

Prop. 5 does not raise taxes. It simply gives voters more power to address the unique needs of their communities without relying on the state, which has not met the challenges facing most California families.

But with increased control, comes increased accountability, transparency and oversight to ensure that these programs truly deliver results. To increase protection of local tax dollars, qualifying bond measures have strict accountability requirements including:

- A clear list of the specific types of projects to be funded.*
- All funding must be spent to benefit the jurisdiction that approves the bonds, ensuring that local taxpayers benefit.*
- Caps on administrative costs so resources are used for the projects local taxpayers voted for.*
- Independent performance and financial audits of spending must be posted publicly and reviewed by the State Auditor.*
- Strict conflict of interest checks for local officials.*
- Oversight by an independent citizens committee.*

For years, local voters have known what challenges their communities face, and how best to address those issues. Voting Yes on Prop. 5 empowers local voters to make decisions about what their communities need, and makes it easier to solve those local problems¹ with less reliance on state government which has proven to be too slow and unable to address the critical needs of our individual communities.

Prop. 5 trusts local voters to know what's best for their own communities when faced with affordable housing shortages and other infrastructure challenges, and gives them the tools to invest in their own local solutions.

Vote Yes on Prop. 5.”

Brian K. Rice, President, California Professional Firefighters
Christopher Caison, President, League of Women Voters of California
Leah Miller, Chairperson, Habitat for Humanity California

[Source: California Secretary of State](#)

Opponents: Arguments against

“NO ON PROP 5: WRITTEN BY POLITICIANS TO INCREASE DEBT AND RAISE TAXES

Prop 5 changes the constitutional requirements that have existed for 145 years by reducing the voter approval requirements to pass bonds. Prop 5 makes it easier for cities, counties and special districts to increase property taxes to pay for our already massive debt levels in California. Increased debt, combined with skyrocketing interest rates, means HIGHER PROPERTY TAXES ultimately paid for by every Californian.

NO ON PROP 5: EVEN MORE UNSUSTAINABLE DEBT

California already has more debt than any other state, with more than \$500 billion in state and local debt. When this debt is added to the state's total unfunded liabilities, it totals a staggering \$1.6 TRILLION. Prop 5 puts taxpayers on the hook for even more—saddling future generations with the bill!

NO ON PROP 5: HIGHER TAXES, HIGHER RENTS, HIGHER PRICES

Bonds are not free money. Like a loan, mortgage or credit card debt, bonds have to be paid back—with interest. Interest charges turn a \$20 billion bond into a \$30 billion tax after principal and interest— and TAXPAYERS PAY those costs through higher property taxes.

Higher property taxes mean higher house payments for homeowners, higher rents for renters, higher costs to farmers, and higher prices for everything we buy since local businesses will have to pass their higher property taxes on to consumers.

NO ON PROP 5: SHIFTS STATE BURDEN TO LOCAL TAXPAYERS

The politicians in Sacramento have made a mess with their financial mismanagement and wasteful spending, turning a \$100 billion surplus into a \$73 billion deficit with unsustainable spending. Prop 5 allows politicians to cover up their mess by shifting the costs for state programs to local taxpayers. And Prop 5 was written to define "infrastructure" so broadly that it can include just about anything the politicians and special interests want to fund on the backs of taxpayers.

PROP 5: BEWARE THE FINE PRINT

The politicians who wrote Prop 5 even snuck in a provision buried in the fine print that would make it RETROACTIVE – meaning that any bond passed this November would only need a lower vote total to pass. Normally, when voters approve a measure on the ballot, it doesn't go into law until after the election results are certified. By making Prop 5 retroactive, they hope to saddle taxpayers with billions in new taxes and debt immediately. That means taxpayers could see their property taxes skyrocket right away.

NO ON PROP 5– IT WILL MAKE EVERYTHING MORE EXPENSIVE

Californians already struggle with the highest cost of living in the nation. We already pay the highest income, sales and gas taxes in the country, and Prop 5 will lead to even higher property taxes and higher costs for everyone. Homeowners will be hit with higher taxes, renters with higher rent, and consumers with higher prices on everything from food to gas and utilities to services.

PROP 5 will make everything more expensive when Californians can least afford it.

NO on PROP 5.”

Robert Gutierrez, President, California Taxpayers Association
Julian Canete, President, California Hispanic Chambers of Commerce
Kendra Moss, Advisory Member, Women Veterans Alliance

[Source: California Secretary of State](#)

PTA ANALYSIS

California State PTA has a long history of supporting legislation that improves the lives of children, youth, and families in our schools and in our communities. This includes efforts to ensure the health, safety, and stability for California’s families.

PTA believes:

- All families need to have access to safe and affordable housing,
- We must give assistance to homeless families in securing low-cost, safe housing in their community
- Foster children need to live in a safe, healthy, and comfortable home where they are treated with respect.

PTA legislative priorities

Prop 5 addresses many of PTA’s highest legislative priorities. These include:

- To prevent, control or eliminate hazards to the health, safety and well-being of all children and youth.
- To provide effective community services and facilities for all children, youth and adults, directed toward the well-being of the family.
- To promote public policy that contributes to the stability of families and to the adequate physical, emotional and financial support of children and youth.
- To improve governance systems and practices to effectively serve the needs of children and youth.
- To support the needs of vulnerable children in all aspects of their lives.

Reducing the voter threshold to 55% is intended to support affordable housing and public infrastructure projects.

California State PTA has a strong history of support for reducing the two-thirds vote requirement to enable communities to provide the support that children, youth, and families need. Since passage of [the original] Prop. 13, which reduced the ability of local communities to raise taxes by requiring a two-thirds (2/3) vote, schools and communities have struggled to meet the growing costs of running schools and providing programs and services for children, youth, and families.

Because a two-thirds (2/3) vote makes it difficult for the state and communities to meet funding needs, California State PTA has been a strong proponent of lowering the two-thirds (2/3) vote threshold. The two-thirds (2/3) vote requirement can block the will of the majority. *(For example, a measure with 64% voter approval – a clear majority – will still not pass because it does not reach the required two-thirds supermajority level needed of >66.6%, so that the 36% of voters who are against the measure – a minority of the votes cast – control the outcome.)*

RECOMMENDATIONS

Based on the California State PTA authorities and the fiscal impact of this proposed legislatively-referred constitutional amendment, this committee recommends that California State PTA support this measure.