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CITY ATTORNEY

REPORT NO. **R 1 6 - 0 2 1 3**

JUN 2 4 2016

REPORT RE:

BALLOT RESOLUTIONS REGARDING PROPOSED SPECIAL PARCEL TAX PROPOSITION, AND ORDINANCE CALLING A SPECIAL ELECTION FOR THE PROPOSITION ON NOVEMBER 8, 2016

The Honorable City Council
 of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

On June 21, 2016, your Honorable Body requested that this Office prepare the documents necessary to place a housing and homeless services funding proposition on the November 8, 2016 ballot. The proposition would impose an annual special parcel tax of $101.96 per parcel on properties within the City of Los Angeles, sufficient to raise $80 million, per fiscal year, for ten years. The revenue from the special parcel tax will fund housing and homeless services and programs. This Office now transmits, approved as to form and legality, the ballot resolutions and election ordinance necessary to place the proposition on the ballot.

Summary of Proposition Provisions

The ballot proposition would provide funding for housing and homeless services through the imposition of a special parcel tax on properties within the City of Los Angeles. Every parcel of property located in the City of Los Angeles that is subject to this tax will be subject to a $101.96 parcel tax per fiscal year, for ten years. The tax will generate approximately $80 million per fiscal year. The proposition would provide exemption for properties owned by government agencies.

The proposition specifies the specific purposes for which the special parcel tax proceeds would be used. The specific purposes include, but not limited to, the construction and financing of homeless housing and affordable housing, provide rental assistance, provide supportive housing facilities and services, remediate housing to accessibility standards, and allow for the use, management, or operation of such housing and facilities by public, private, and non-profit entities. The proposition would create a special fund into which the special parcel tax proceeds would be deposited in order to be used exclusively for the purposes specified in the proposition. Proceeds deposited into this fund would not be subject to reversion to the City's reserve fund.

Consistent with Council's direction and subsequent discussion with the Office of the Chief Legislative Analyst (CLA) and Office of the City Administrative Officer (CAO), the proposition also contains a Maintenance of Effort clause so that the special parcel tax proceeds are not used to supplant existing levels of funding dedicated to housing and homeless services and facilities.

The proposition also provides that the proceeds of the special parcel tax would be subject to a Citizens Advisory Committee and an Administrative Advisory Committee, as further defined by ordinance. The Citizens Advisory Committee will consist of seven members, of which four will be appointed by Mayor, and three by the City Council. The Administrative Advisory Committee will consist of three members - the Mayor, CLA and CAO, or their respective designees. The Citizens Advisory Committee and Administrative Advisory Committee will work in concert to ensure that the special parcel tax proceeds are expended for the exclusive purposes set forth in the ordinance and monitor the implementation and performance of the funded housing and homeless services and programs.

The Citizens Advisory Committee shall adopt and submit an annual expenditure plan with recommended housing programs and homeless services, with priority given to homeless housing, to the Administrative Advisory Committee for review and adoption. The proposition would also require the CAO to file an annual report regarding the funds collected and expended and the status of the programs funded by the proposition, and also provides that the Controller perform annual audits consistent with the Charter.

Voter Approval and Deadline for Council Action

The ballot proposition proposes a special tax and therefore must be approved by two-thirds of the voters of the City at the November 8, 2016 election. Cal. Cons. Article XIIIC, § 2(d).

Council must adopt all resolutions and election ordinances necessary to place a proposition on the ballot by no later than 110 days before the election. City Election

Code § 601. With regard to the November 8, 2016 election, and in light of Council's scheduled recess, that deadline for Council Action is July 1, 2016.

CEQA

It is the opinion of this office that the adoption of the ordinance calling the Special Election does not constitute approval of a project for purposes of complying with the California Environmental Quality Act (CEQA), and therefore, the adoption does not require compliance with CEQA prior to your action to adopt the ordinance. If the ballot proposition is approved by the voters, then the City must complete its compliance with CEQA before it commits itself to approve a project using proceeds from the special parcel tax. If you adopt the ordinance, you should direct staff to file a notice of exemption with the County Clerk pursuant to Public Resources Code Section 21152(b). The filing will commence the running of the statute of limitations on any challenge to your determination that your action of adoption of the ordinance is exempt from CEQA

Council Rule 38 Referral

A copy of the draft ordinance has been presented to the CAO, the CLA, and other relevant departments pursuant to Council Rule 38, and their comments have been incorporated.

If you have any questions regarding this matter, please contact Deputy City Attorney Charles Hong at (213) 978-7782 or Sr. Assistant City Attorney Noreen Vincent at (213) 978-7730. They or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By   DAVID MICHAELSON
        Chief Assistant City Attorney

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Transmittal

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