

Commission on Building for the 21st Century

In 1999, through Executive Order D-4-99, Governor Davis created the Commission on Building for the 21st Century. The Governor directed the Commission to study the building and infrastructure needs for the state in the new millennium. In addition, he tasked the Commission with identifying existing critical infrastructure needs and developing a long-term plan for financing public infrastructure. The Commission is composed of leading representatives from the private sector, public interest groups, and labor. It is co-chaired by the Secretary of the Business, Transportation and Housing Agency and the Lieutenant Governor.

The Commission delivered two reports to the Governor in 1999. The first report outlined a work plan for addressing the requirements of the Executive Order. The second report described recommendations for meeting the immediate and critical needs of the state. The Commission is now working on developing long-term recommendations for meeting infrastructure needs and will submit its final report to the Governor on December 1, 2000.

As an integral part of assessing California's infrastructure needs, the Commission has shouldered the task of analyzing the state's housing needs. Because this effort encompasses the charge of last year's proposed Housing Task Force, the Governor directs the Commission to assume the duties of that Task Force, to avoid duplication of effort. To enhance the Commission's work on housing issues, the Governor recently appointed the State Treasurer to the Commission to co-chair the facilities committee that is examining housing needs.

Bonds

The March 2000 ballot will contain five bond measures that together provide an historic opportunity for California to meet the needs of its future. Voter approval of these bonds will provide capital to improve the state's water and air quality, improve and increase park lands and wildlife habitat, improve the quality and quantity of the state's libraries, improve public safety by building modern crime laboratories, and enhance the respect the state shows for its veterans by improving the quality of California's Veterans Homes.

Proposition 12: The Safe Neighborhood Parks, Clean Water, Clean Air and Coastal Protection Bond Act of 2000—As he signed the legislation putting Proposition 12 on the ballot, Governor Davis said "For far too long, we have neglected these magnificent mileposts of California's natural heritage. On this day, we take historic steps to restore that which is irreplaceable." Proposition 12, a \$2.1 billion general obligation park bond, will provide California's first opportunity in more than a decade to make a major investment in local and state parks, clean water, and natural habitats. The Parks measure will provide \$905.0 million to local governments for parks, youth centers, river parkways, and environmental enhancement projects; \$525.0 million

to restore and improve state parks; and \$670.0 million for coastal acquisitions, acquisition and restoration of wildlife habitat, Lake Tahoe (\$50.0 million), and farmland protection (\$25.0 million).

Proposition 13: The Safe Drinking Water, Clean Water, Watershed Protection and Flood Protection Act—Water is a critical, precious resource for California. Not only does it sustain the economy of the state, but is essential to the support of the state's natural ecosystems and the fish and wildlife that inhabit those environs. Proposition 13, a \$1.97 billion general obligation water bond, will make a record investment in California's economic, agricultural, and environmental future. The water bond includes \$630.0 million for water supply, reliability, and infrastructure projects; \$468.0 million for watershed protection; \$355.0 million for clean water and water recycling programs; \$292.0 million for flood protection; \$155.0 million for water conservation; and \$70.0 million for safe drinking water.

Proposition 14: The California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000—This Act will provide \$350.0 million in grant resources for public library construction and renovation. An important component of the measure requires that local libraries that partner with school districts will get first priority for funding for new construction and remodeling projects. This component of the bond measure continues the Administration's support of joint use of public facilities where feasible. Public libraries provide an important resource to many school children and to broad segments of the public.

Proposition 15: The Hertzberg-Polanco Laboratories Construction Bond Act of 1999—This Act will provide \$220.0 million to rehabilitate or replace outdated and inefficient local forensic crime laboratories. New and updated labs will assist local law enforcement in the performance of effective and efficient forensic analysis.

Proposition 16: The Veterans' Home Bond Act of 2000—This measure will improve the quality of life and living environment for our veterans by providing \$50.0 million to renovate and remodel existing veterans' homes and develop future veterans' homes. Initial funding from the bond is proposed in the Budget for capital improvement projects at both the Yountville and Barstow sites. Proposed projects include space for assisted living programs, activity and chapel area renovations, and renewal of the Yountville veterans' cemetery.

The Administration's Commitment To Critical Infrastructure Needs

In addition to its support for the bonds on the March ballot, the Administration proposes significant funding in the Governor's Budget for other critical infrastructure needs. Beyond dollars, the Administration also proposes changes to existing procedural and legal constraints that will enable quicker and more effective use of existing funding for infrastructure.

Infrastructure Requires Resources—The Governor's Budget proposes \$3.4 billion for transportation related infrastructure. Additionally, the Governor proposes an integrated package of transportation proposals to make more timely and effective use of existing transportation resources by accelerating state and local project selection and delivery, and by addressing restrictions in the California Constitution on the use of gas tax funds for transit. Taken together, these proposals would accelerate the commitment and spending of \$3.0 billion in existing revenues for critically needed transportation projects. The Budget spending totals do not reflect the impact of these proposals on project design and management staff, nor on construction spending, because specific state and local projects will be selected this spring and summer in the 2000 State Transportation Improvement Program process and through additional mechanisms to be established by the California Transportation Commission.

Because of the state's healthy economy, the Budget also includes \$121.0 million in one-time funding from the General Fund for intercity and urban/commuter rail projects in both Northern and

Southern California that will improve the rail capital infrastructure and facilitate the expansion of rail service statewide (see Transportation).

In addition to the resources for transportation, the Budget proposes \$1.2 billion in expenditures for other new and continuing infrastructure projects. This program of infrastructure development and renewal includes \$731.2 million to address higher education needs including enrollment growth, \$143.4 million to meet facility needs for both youth and adult correctional programs, and \$203.2 million for resources programs.

Resources for Affordable Housing—Despite a robust economy that is adding more than 400,000 jobs a year, new home construction has remained at disappointingly low levels. Over the past decade, housing permits averaged only 110,000 per year, little more than half the 200,000-unit annual pace of the 40 years up to 1990. The slow pace of housing construction is placing strong upward pressures on rents and home prices, with the result that a growing number of Californians are unable to afford housing within reasonable commuting distance of their work.

California's housing supply and affordability problems could undermine the state's continued economic strength and diminish the quality of life in its communities. The availability of an adequate supply of affordable housing is a key element in retaining and attracting job-creating businesses to the state.

Recognizing housing's role in California's strong economy and communities, the Governor's Budget includes the following proposals to expand upon its first-year housing initiatives:

- A permanent increase in tax credits allocated for low-income housing development from \$35.0 million annually to \$50.0 million. Chapter 9, Statutes of 1998, authorized this increase for two tax years only—1998 and 1999. The Administration's proposal would make this increase permanent, beginning with the 2000 tax year. The proposal recognizes that lack of affordable housing limits economic development in California's fastest growing areas.
- \$50.0 million for a one-time down payment assistance program for teachers, administered by the California Housing Finance Agency (CHFA) on behalf of the Department of Housing and Community Development. The program will help recruit and retain teachers for hard-to-staff schools by helping them become homeowners. CHFA will loan 5,000 applicants up to \$10,000 each that would be forgiven if the teacher continues working in the school for five years. See the Education section for additional information on this program.
- \$20.0 million for ongoing programs that assist communities in providing affordable housing. The programs funded are: \$11 million for multi-family housing, \$2.5 million for preservation of housing previously federally assisted, \$2.2 million for self-help housing, \$3.5 million for farm worker housing, and \$0.8 million for cold-weather shelter programs.

Planning is Required to Meet California's Infrastructure Needs

Recognizing the need for planning for future infrastructure investment, the Legislature and the Administration agreed to a process that will result in a five-year capital outlay plan beginning with the Budget Act of 2002. With the enactment of Chapter 606, Statutes of 1999 (AB 1473), California will identify, for the first time, long-term needs for new facilities, as well as replacement of aging infrastructure. In addition, the Administration will analyze all funding sources and propose a plan to fund the most critical of those needs.

Over the next 12 months, agencies and departments will be reviewing their long-term program needs as well as their current planning processes to begin the development of a plan for long-term investment in California's future. The Department of Finance will work with a task force of department representatives to develop the plan for the 2002-03 Governor's Budget.

