BP

California Proposition 1, Housing Programs and Veterans' Loans Bond (2018)

California Proposition 1, the **Housing Programs and Veterans' Loans Bond**, is on the ballot in California as a legislatively referred bond act on November 6, 2018.

A **"yes"** vote supports this measure to authorize $4 billion in general obligation bonds for housing-related programs, loans, grants, and projects and housing loans for veterans.

A **"no"** vote opposes this measure to authorize $4 billion in general obligation bonds for housing-related programs, loans, grants, and projects and housing loans for veterans.

Overview

Measure design

Proposition 1 would authorize $4 billion in general obligation bonds for housing-related programs, loans, grants, and projects and housing loans for veterans. The measure would distribute bond revenue as follows:[1]

- $1 billion for the CalVet Home Loan Program, which offers loans to veterans for the purchase of homes, farms, units in cooperative developments, and mobile homes;
- $1.5 billion for the Multifamily Housing Program (MHP), which offers loans for the construction, rehabilitation, and preservation of rental housing for persons with incomes of 60 percent or below of the area median income;
- $150 million for the Transit-Oriented Development Implementation Fund, which offers loans and grants to local governments and developers for housing projects near transit stations;
- $300 million for the Regional Planning, Housing, and Infill Incentive Account, which offers grants for infill infrastructure that supports high-density affordable and mixed-income housing;

California Proposition 1

CALIFORNIA REPUBLIC

Election date
November 6, 2018

Topic
Bond issues and Housing

Status
On the ballot

Type	Origin
Bond issue	State Legislature

- $150 million for the Home Purchase Assistance Program, which offers loans to low-income and moderate-income homebuyers;
- $300 million for the Joe Serna, Jr. Farmworker Housing Grant Fund, which offers grants and loans for farmworker housing;
- $300 million for the Local Housing Trust Matching Grant Program, which offers matching grants to local housing trust funds for "pilot programs to demonstrate innovative, cost-saving approaches to creating or preserving affordable housing;" and
- $300 million for the Self-Help Housing Fund, which provides forgivable loans for mortgage assistance, the development of multiple home ownership units, and manufactured homes.

Bonds on the ballot in California

In California, the state sells general obligation bonds to investors, who are in effect providing funds to the state that the state repays the investors with interest over a period of time. The state repays bondholders through revenue in the General Fund.[2] The California Constitution requires that general obligation bond issues of $300,000 or more be referred to voters for approval or rejection. Between 1993 and 2018, voters of California cast ballots on 39 bond issues, approving 31 of them.

Text of the measure

Ballot title

The official ballot title is as follows:[3]

“   Authorizes Bonds to Fund Specified Housing Assistance Programs. Legislative Statute.[4]   ”

Ballot summary

The official ballot summary is as follows:[3]

“
- Authorizes $4 billion of state general obligation bonds to fund existing housing programs.
- Includes $1.5 billion for Multifamily Housing Program for low-income residents, $1 billion for loans to help veterans purchase farms and homes, $450 million for infill and transit-oriented housing projects, $300 million for farmworker housing program, and $300 million for manufactured and mobile homes.
- Provides housing assistance for buyers, infrastructure financing, and matching grants to expand affordable housing stock.
- Appropriates General Fund revenues to pay off bonds for existing programs that have no revenues or insufficient revenues.[4]   ”

Fiscal impact statement

The fiscal impact statement is as follows:[3]

> " Increased state costs to repay bonds averaging about $170 million annually over the next 35 years. These bond funds would be used to provide affordable housing.[4] "

Full text

The full text of the measure is as follows:[1]

SEC 1. This act shall be known, and may be cited, as the Veterans and Affordable Housing Bond Act of 2018.

SEC. 2. The Legislature finds and declares all of the following:

(a) California is experiencing an extreme housing shortage with 2.2 million extremely low income and very low income renter households competing for only 664,000 affordable rental homes. This leaves more than 1.54 million of California's lowest income households without access to affordable housing.

(b) While homelessness across the United States is in an overall decline, homelessness in California is rising. In 2015, California had 115,738 homeless people, which accounted for 21 percent of the nation's homeless population. This is an increase of 1.6 percent from the prior year. California also had the highest rate of unsheltered people, at 64 percent or 73,699 people; the largest

Support

Affordable Housing Now, also known as **Yes on Prop 1**, is leading the campaign in support of Proposition 1.[5]

Supporters

- Chan Zuckerberg Initiative[6]

Arguments

- Sen. Jim Beall (D-15) said, "Prop. 1 gives help and hope to the many Californians who have been priced out of finding an affordable home in the communities they want to raise their families, work and thrive. Investing in Prop. 1 and affordable housing now makes good economic sense for all Californians and our communities."[6]

Official arguments

Gerald G. Wilson, former state commander of California Disabled American Veterans, **Sharon Ellis**, chair of Habitat for Humanity California, and **Gary Passmore**, president of the Congress of California Seniors, wrote the official argument found in the state voter information guide in support of Proposition 1:[3]

> " YES on Prop. 1 means relief from the crushing housing crisis that is devastating Californians and taking its harshest toll on veterans, hardworking families, seniors, and people with disabilities.
>
> Prop. 1 is the ONLY proposition that directly addresses the shortage of housing by building more affordable homes—WITHOUT RAISING TAXES. YES on 1 means housing for veterans, and delivering help to those who are struggling most by: "
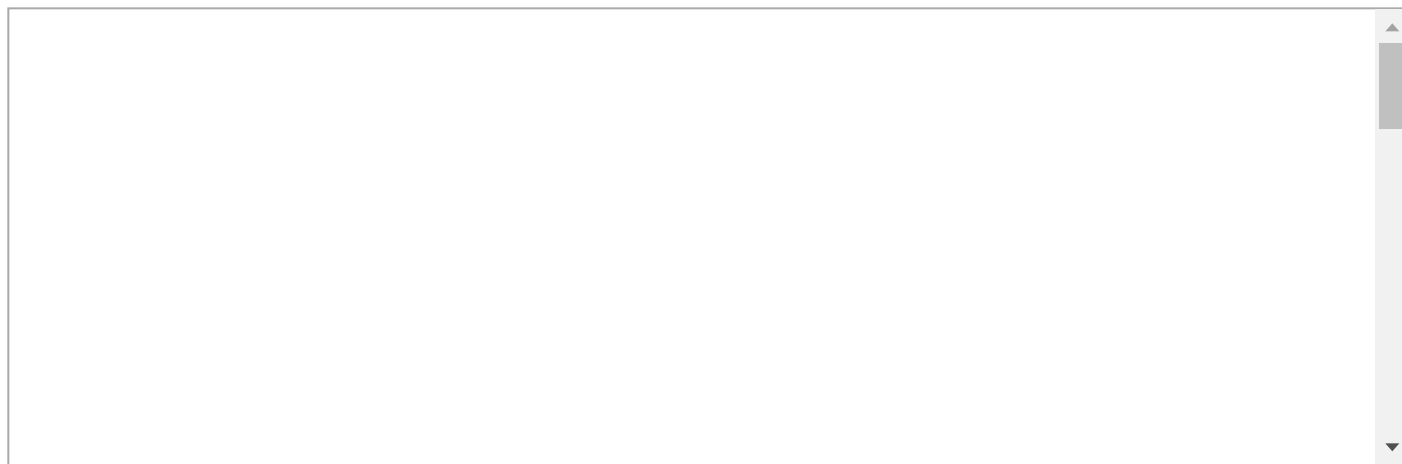>
> - Investing $1 billion to help veterans afford homes
> - Building new, emergency housing for homeless children and families
> - Building multi-family housing for working families and creating homeownership opportunities

Opposition

Arguments

Official arguments

Gary Wesley wrote the official argument found in the state voter information guide in opposition to Proposition 1:[3]

Background

Housing legislative package

Proposition 1, known as Senate Bill 3 in the California State Legislature, was part of a legislative package designed to increase housing production and lower housing costs. On August 29, 2017, Gov. Brown (D) and legislative leaders announced the legislative package following negotiations. The legislative package also included Senate Bill 2 and Senate Bill 35.[7]

The bills composing the legislative package were passed on September 14 and September 15, 2017.[1][8][9]

Rep. Anthony Rendon (D-63), Speaker of the Assembly, praised the bills, saying, "Today we took a step toward addressing a housing crisis that has been plaguing California for years. The package of bills we approved today addresses funding, project streamlining, stricter enforcement, and real accountability – all the affordable housing elements necessary to help more Californians pay the rent or buy a house."[10]

Voting on Housing

Ballot Measures

By state

By year

Not on ballot

Local　　[show]

Senate Bill 2 enacted a fee, ranging between $75-$225, on certain real estate transactions, including mortgage refinancing, deeds, declarations of homestead, easements, and notices of trustee sale. The bill exempted the sale of homes and commercial properties from the fee. The Senate Appropriations Committee estimated that the fee would bring in between $200 to $300 million in revenue each year. Between January 1, 2018, and December 1, 2018, half of the revenue from the fee would be spent on addressing homelessness and half would be spent on providing funds to local governments to update planning and zoning ordinances to streamline housing production. After January 1, 2019, 20 percent of the fee revenue would be spent on affordable owner-occupied workforce housing; 70 percent would be spent on providing funds to local governments to develop rapid rehousing, rental assistance, navigation centers and construct or rehabilitate permanent and transitional rental housing; and 10 percent would be spent on providing funds to local jurisdictions that are nonentitlement areas for housing projects.[8]

Senate Bill 35 was designed to streamline the review process for multifamily housing projects in cities that have not met the state's housing goals. The bill required developers who want to use the streamlined review process to provide prevailing wages to workers.[9] As of 2018, the state requires cities to approve a minimum number of housing units per year, but there was no mechanism to enforce the requirement or encourage compliance before Senate Bill 35.[11]

Bond issues on the ballot in California

See also: Bond issues on the ballot

Voters of California cast ballots on 39 bond issues, totaling $154.829 billion in value, from January 1, 1993, through January 1, 2018. Voters approved 31 (79.49 percent) of the bond measures—a total of $143.409 billion. Six of the measures were citizen's initiatives; four of six were approved. Thirty-three of the measures were legislative referrals; 25 of 33 were approved. The most common purposes of bond measures during the 25 years between 1993 and 2018 were water infrastructure and public education, for which there were seven bond measures each. There were three bond measures related to housing between 1993 and 2018, for which two of three were approved.

Prior to the election on June 5, 2018, the most recent bond issue that citizens voted on was a $9 billion public education bond titled Proposition 51.

*Click **show** to expand the bond revenue table.*

Year [show]	Measure	Amount	Primary purpose	Origin	Outcome

Bond debt in California

As of December 1, 2017, California had $73.33 billion in debt from general obligation bonds. The state had $31.09 billion in unissued bonds, including $571.53 million for housing-related bonds.[12]

Budgets

The state budget for fiscal year 2017-2018, which was signed into law on June 27, 2017, included $183.3 billion in state funds. Most—$125.1 billion—came from the General Fund and less than two percent—$3.3 billion—came from bond funds. The 2017-2018 budget included $703.088 million for the state's Department of Housing and Community Development.[13]

On January 10, 2018, Gov. Brown (D) released a $190.3 billion budget plan for the state's fiscal year 2018-2019.[14] Around $2.5 billion of the proposed spending would be derived from bonds. The proposed 2018-2019 budget would include $1.2 billion for the state's Department of Housing and Community Development, a 70.2 percent increase from the prior budget.[15] The budget requires the approval of the California State Legislature, which votes on amendments and other changes to the budget.

Campaign finance

See also: Campaign finance requirements for California ballot measures

> **The campaign finance information on this page is according to the most recent scheduled reports, which covered through June 30, 2018, and interim reports available as of July 31, 2018. The deadline for the next scheduled reports is September 27, 2018.**

There were two ballot measure committees registered in support of Proposition 1—**Affordable Housing Now** and **California Homeless and Housing Coalition Action Fund**. Affordable Housing Now is raising and spending funds for Proposition 1 and Proposition 2. The committees reported $2.14 million in contributions and $415,297 in expenditures.[16]

Total campaign contributions:	
Support:	$2,087,931.10
Opposition:	$0.00

The Chan Zuckerberg Advocacy, a committee affiliated with the Chan Zuckerberg Initiative, provided the largest contribution—$250,000—to Affordable Housing Now.[16] Mark Zuckerberg, the founder of Facebook, and his spouse Priscilla Chan founded the Chan Zuckerberg Initiative, which, as of 2018, focuses on supporting and investing in projects that promote biomedical research, personalized learning, affordable housing, and criminal justice reform.[17]

There were no committees registered in opposition to Proposition 1.[16]

Support

The following table includes contribution and expenditure totals for the committees in support of the initiative:[16]

Committees in support of Proposition 1				Total
Supporting committees	Cash contributions	In-kind services	Cash expenditures	Total raised:
Affordable Housng Now, a Coalition of Housing California, California Housing Consortium, State Building and Construction Trades Council of California and Silicon Valley Leadership Group	$2,066,900.00	$21,031.10	$342,765.77	Total spent:
California Homeless and Housing Coalition Action Fund	$51,500.00	$0.00	$51,500.00	
Total	$2,118,400.00	$21,031.10	$394,265.77	

Donors

The following were the donors who contributed $100,000 or more to the support committee as of August 24, 2018:[16]

Donor	Cash	In-kind	Total
Chan Zuckerberg Advocacy	$250,000.00	$0.00	$250,000.00
Members' Voice of the State Building and Construction Trades Council of California	$150,000.00	$0.00	$150,000.00
Caleb J. Roope	$100,000.00	$0.00	$100,000.00
California Works - Senator Toni Atkins BMC	$100,000.00	$0.00	$100,000.00
EAH, Inc.	$100,000.00	$0.00	$100,000.00
Eden Housing, Inc.	$100,000.00	$0.00	$100,000.00
Highridge Costa Investors, LLC	$100,000.00	$0.00	$100,000.00
Housing Trust Silicon Valley	$100,000.00	$0.00	$100,000.00
Mercy Housing, Inc.	$100,000.00	$0.00	$100,000.00
MidPen Housing Corporation c/o Mid-Peninsula Housing	$100,000.00	$0.00	$100,000.00

Reporting dates

In California, ballot measure committees filed a total of five campaign finance reports in 2018. The filing dates for reports are as follows:[18]