

## Proposition 1: Authorizes Bonds to Fund Specified Housing Assistance Programs

### The Question:

Should the state issue \$4 billion in bonds for housing programs for low-income residents, veterans, farmworkers, plus for mobile homes and transit-oriented housing?

### The Situation:

An average house in California costs 2.5 times the national average and average rent in California is about 50% higher than the national average. About 100,000 houses and apartments are constructed each year in California, most by private interests, and not by the government. In some instances, the state provides assistance with grants or low-cost loans for construction of housing to be sold or rented to low income individuals. California also receives about \$2 billion each year from the federal government to support housing projects.

General obligation bonds are sold to investors and repaid from the State's General Fund. The State repays the principal and interest over time, which is approximately thirty-five years for these bonds. A general rule is that principal and interest payments usually are about twice the principal amount of the bonds. Bonds used to fund home loans for veterans are repaid by the veterans through their mortgage payments.

### The Proposal:

Proposition 1 permits the state to issue \$4 billion in new general obligation bonds for the following housing programs:

- \$1.8 billion for building or renovating affordable multifamily housing (apartments)
- \$450 million for infrastructure (parks, water, sewage and transportation) to support housing construction
- \$450 million for down payment assistance to low and moderate-income home ownership
- \$300 million for farmworker housing (rental and owner-occupied)
- \$1 billion for home loans to eligible veterans.

This proposal would provide assistance to 30,000 multifamily and 7,500 farmworker households as well as home loans to about 3,000 veterans.

### Fiscal Effect:

The cost to taxpayers for \$3 billion in bonds would about \$5.9 billion over a 35-year period or approximately \$170 million a year in order to pay back both the principal and the interest on the general obligation bonds. The \$1 billion set aside for veterans' assistance is repaid as the veterans pay off their loans.

### **What a YES or NO Vote Means**

#### **A YES Vote Means:**

A YES vote on this measure allows the state to sell \$4 billion in general obligation bonds to fund veterans and affordable housing.

#### **A NO Vote Means:**

A NO vote on this measure means the state could not sell \$4 billion in general obligation bonds to fund veterans and affordable housing.

### **Support & Opposition**

#### **Supporters Say:**

- Proposition 1 provides relief from the housing crisis by building some housing and helping those who struggle to buy housing.
- The measure honors veterans by helping them to buy a home.

#### **Opponents Say:**

- Proposition 1 will help a very limited number of persons.
- Californians are being asked to borrow more money through these bonds which will end up costing everyone.