

**ANALYSIS BY THE LEGISLATIVE ANALYST**

CONTINUED

rates in effect at the time they are sold, the timing of the bond sales, and the time period over which they are repaid. We estimate that the cost to taxpayers to repay the bonds would average **about \$170 million annually for 35 years**—totaling \$5.9 billion to pay off both the principal (\$3 billion) and interest (\$2.9 billion). This amount is about one-tenth of 1 percent of the state’s current General Fund budget.

***Bond Cost for Veterans Housing Program.***

This measure would allow the state to borrow up to \$1 billion by selling general obligation bonds to investors. Veterans participating in the home loan program would make monthly payments to the state, allowing the state to repay the bonds. These payments have always covered the amount owed on the bonds, meaning the program has always operated at no direct cost to the state.

***How Many People Could the Measure Help?***

The funds from this measure typically would be used together with other government monies to provide housing assistance. In many cases,

the measure would allow the state to receive additional federal funding for affordable housing. In total, the bond funds would provide annual subsidies for up to 30,000 multifamily and 7,500 farmworker households. The funds also would provide down payment assistance to about 15,000 homebuyers and home loans to about 3,000 veterans. In some cases, such as for the down payment assistance programs, Californians could quickly begin to benefit from the bond funding. In other cases, such as for the construction of new affordable multifamily housing, it could take several years for Californians to benefit from the measure.

Visit <http://www.sos.ca.gov/campaign-lobbying/cal-access-resources/measure-contributions/2018-ballot-measure-contribution-totals/> for a list of committees primarily formed to support or oppose this measure. Visit <http://www.fppc.ca.gov/transparency/top-contributors/nov-18-gen.html> to access the committee’s top 10 contributors.

If you desire a copy of the full text of the state measure, please call the Secretary of State at (800) 345-VOTE (8683) or you can email [vigfeedback@sos.ca.gov](mailto:vigfeedback@sos.ca.gov) and a copy will be mailed at no cost to you.

★ ARGUMENT IN FAVOR OF PROPOSITION 1 ★

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
• Creating new supportive housing for people with disabilities and domestic violence victims

“Together, we can create affordable housing to help those in need, including former foster youth and low-income senior citizens.”—Sen. Jim Beall, Prop. 1 Author, Senate Transportation and Housing Committee Chairman.

HONORING VETERANS WITH HOUSING

YES on Prop. 1 means dedicating \$1 billion SOLELY to veterans’ housing by providing new housing and homeownership opportunities for veterans under the CalVet Home Loan Program that has helped 423,000 veterans and their families. Prop. 1 honors veterans by helping them have a home after they return from service.

California has the largest population of homeless veterans in the nation, and homelessness is expected to increase over the next decade among veterans who served in Iraq and Afghanistan. Veterans suffering from medical and mental health conditions sustained from their service are at high risk for long-term homelessness.

“A safe, stable, affordable home is how we can provide a lifetime of support for veterans of all generations and their families. Affordable housing for veterans opens up opportunities to participate in the American Dream their sacrifices have made possible.”—Gerald G. Wilson, Past State Commander, Disabled American Veterans, Department of California.

HARDWORKING FAMILIES LIVE WHERE THEY WORK

Prop. 1 will build affordable homes for hardworking people like nursing aides, grocery clerks, and teaching assistants, so they can live in the communities where they work while still having money for groceries and childcare.

EASING HOMELESSNESS CRISIS

Prop. 1 will address rising homelessness in our neighborhoods. Families pushed to the financial brink are living in cars, doubled and even tripled up in overcrowded housing. Families with no other options turn to overwhelmed shelters.

SAFE, AFFORDABLE HOUSING FOR VICTIMS OF DOMESTIC VIOLENCE

“Domestic violence exists in the shadows, often unseen, forcing many victims and their children to live in unsafe conditions. Emergency shelters can’t meet the demand and housing crises exacerbate trauma. The ability to live in a stable, affordable home brings safety and healing for survivors and their families.”—Kathy Moore, California Partnership to End Domestic Violence.

ECONOMIC BOOST

Prop. 1 is expected to create tens of thousands of jobs and boost California’s economy. Business leaders say YES on 1 because California must start building more affordable places for our workforce and keep the state economically competitive.

BROAD SUPPORT

Veterans, Habitat for Humanity, domestic violence survivors, seniors, business and health care leaders agree: Prop. 1 helps build the affordable housing our communities need. www.vetsandaffordablehousingact.org

GERALD G. WILSON, Past State Commander Disabled American Veterans, Department of California

SHARON ELLIS, Chair Habitat for Humanity California

GARY PASSMORE, President Congress of California Seniors

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 1 ★

Under Proposition 1, the \$4 billion to be borrowed by selling bonds would go to a variety of programs that may or may not repay money for revolving use.

The programs are aimed at lessening the housing shortage in California for a very limited number of persons. Far bigger solutions are needed. Let’s ask candidates for state offices what they propose.

A VERY BAD PROPOSAL

Earlier this year, corporate executives in California pushed state legislation (Senate Bill 827) to strip cities and counties of the authority to stop big developers from building highrise apartments and condos in every neighborhood within a half mile of a transit hub or quarter-mile of an existing or later-added frequent bus stop.

Under the bill, even onsite parking spots could not be required!

Over 90% of San Francisco, for example, would have been subject to such imposing highrises.

BE WARNED: Although Senate Bill 827 was not approved in April, SB 827 (or a similar bill) could well be passed and signed into law after the November 2018 election and before you know it.

The proposed law could then only be stopped by a statewide referendum (petition and later vote).

Here is one BETTER APPROACH:

In-fill housing where appropriate but otherwise restrict new business centers to areas that have room for nearby new housing.

Many employees could then walk, skip, skate or bike to work.

GARY WESLEY

★ ARGUMENT AGAINST PROPOSITION 1 ★

This is another general obligation bond measure. It asks voters permission for the State of California to borrow more money by selling “bonds” that would need to be repaid with interest (*potentially through higher property taxes*) usually over many decades. I say “*potentially*” because sometimes bond proceeds are used for financing but repaid by program recipients—such as homeowners under the former Cal-Vet home-farm loan program.

Bond measures present several questions:

1. How far in debt is the government already?
2. What is the expected total cost of the measure to the public?
3. Are the proposed uses for the money specified?
4. Are the proposed uses justified—given other things that may be needed or desired?
5. Should voters continue to finance projects through higher property taxes when California’s property tax system is so unfair?

**CALIFORNIA’S PROPERTY TAX SYSTEM IS UNFAIR**

In 1978, California voters approved a voter initiative

then-known as Proposition 13. The initiative added provisions to the California Constitution that prevented the “*re-assessment*” of real property unless and until the property changes hands or is substantially rebuilt.

Proposition 13 has protected real property owners from steep tax increases based on higher property values; however, it has also created a system in which new homeowners pay 10–20 times more than their neighbors whose property has like value but was obtained long ago. In addition, because business property can be and is often leased (instead of sold), Proposition 13 has led to a massive shift of the overall property tax burden from businesses to homeowners.

The proponents of a ballot measure should bear the burden of explaining why it is worthy of support—given the full cost, available alternatives and other needs and wants.

In this case, the proponents should use their REBUTTAL to answer questions 1–5 above.

**GARY WESLEY**

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 1 ★

Prop. 1 is absolutely essential to address California’s severe housing crisis.

Veterans, working families, people experiencing homelessness, seniors, people with disabilities, women escaping domestic violence and many others are struggling to afford the cost of housing.

Veterans who return home after serving our country can’t find a place they can afford to live.

Hardworking people like nursing aides and grocery clerks, and older retirees on fixed incomes, struggle each month to stay in their homes.

We simply must add more safe, affordable housing for these Californians—and that’s what Prop. 1 will do.

**Yes on Prop. 1 will Add Safe, Affordable Housing—Without Raising Taxes**

Don’t be misled. Prop. 1 is not a property tax.

\$1 billion of Prop. 1 is dedicated to affordable home loans for veterans and their families, which they will repay over time. The remainder of Prop. 1 will be covered by existing state funds.

Prop. 1 will allow California to leverage federal housing funds: nearly \$3 to match every dollar we invest from Prop. 1.

**Prop. 1 Will Build Homes and Save Lives**

California is home to nearly a quarter of the nation’s total homeless population, and the highest numbers of veterans and youth facing homelessness alone. We can do better.

Prop. 1 will help alleviate the crisis of homelessness and will honor our veterans with access to safe, affordable homes.

Vote Yes on Prop. 1 to address California’s extreme housing crisis, and help ensure a safe, affordable home is within reach for all Californians.

**KATHY MOORE**, Executive Director  
California Partnership to End Domestic Violence

**DEBORAH JOHNSON**, President  
California Veterans Assistance Foundation

**JENNIFER HARK DIETZ, LCSW**, Executive Director  
People Assisting The Homeless (PATH)