

1962

BONDS: HOUSING FOR THE AGED AND PHYSICALLY HANDICAPPED

Follow this and additional works at: http://repository.uchastings.edu/ca_ballot_props

Recommended Citation

BONDS: HOUSING FOR THE AGED AND PHYSICALLY HANDICAPPED California Proposition 4 (1962).
http://repository.uchastings.edu/ca_ballot_props/633

This Proposition is brought to you for free and open access by the California Ballot Propositions and Initiatives at UC Hastings Scholarship Repository. It has been accepted for inclusion in Propositions by an authorized administrator of UC Hastings Scholarship Repository. For more information, please contact marcusc@uchastings.edu.

The only alternative is to permit the State's physical plant to fall inevitably and hopelessly behind realistic estimates of future needs.

In recognition of these facts this Bond Act was passed 64 to 1 by the Assembly and 33 to 1 by the Senate. A YES vote by the people assures the orderly construction of facilities necessary to meet the just demands of our future.

HUGO FISHER
State Senator, 40th District

THOMAS M. REES
Member of the Assembly, 59th District

JEROME R. WALDIE
Member of the Assembly, 10th District

Argument Against Issuance of \$270,000,000 in State Construction Bonds

Vote NO on Proposition 3, \$270,000,000 in state construction bonds.

The Property Owners Tax Association of California urges voters to reject this huge blank check to the Legislature to spend as it may see fit on almost any state building project including, but not limited to, prisons, mental hospitals and colleges.

The Governor and the Legislature have apparently so presumptuously thought voters would approve this proposition that they even included \$270,000,000 in revenue from the sale of these bonds in the planned 1962-63 Budget to make it balance. In effect, they planned to spend money while not even sure they would get it. This is dangerous, speculative financing.

And the Legislature also seemed so sure that voters would not read the fine print in the bond bill itself that it even wrote in, "Nothing in this act is intended to prevent the Legislature from deviating from the specific projects mentioned in said report." In short, this language means: "Just sign this blank check for \$270,000,000. We know best what is good for you."

The "shopping list" in the State Building Construction Report of the Joint Legislative Budget Committee even includes lavish residence halls and

costly parking facilities for state colleges and the university. Many other states properly finance housing and parking for students from fees charged for their use.

Construction of state facilities for the past 10 years, financed as much by current taxes as by bond funds, would be financed almost exclusively by borrowing, should Proposition 3 be approved.

Continuation of the program at the pace proposed would in less than 10 years bring annual tax collections for just debt payments—principal and interest on the bonds—to an amount approximately equal to the annual revenue from sales of new bonds in that year.

Taxpayers by paying for any really needed facilities year by year would save the interest charges, which add about 50 percent to the cost of bond financing. Persistent bond financing for the state construction program at even \$100,000,000 annually would, in a few short years, as shown by the Legislative Analyst, A. Alan Post, push actual annual interest and principal payments on these state bonds alone past the \$100,000,000 mark—all from taxes.

The strangest element of this bond proposal is the \$20,000,000 which was tacked on for "Trojan horse gifts" to communities for the building of junior colleges. The bond bill would even permit the Legislature to pay school districts the debt service on bonds issued and already spent for construction of junior college facilities. These would be delusive "outright grants," an obvious alluring bait to get junior college districts to adopt further bond issues, whether needed or not. Even in the long existing program of state aid to build elementary and high schools in so-called "impoverished" districts, the State at least requires some effort by the local districts to repay the state taxpayer.

We urge a NO vote on Proposition 3.

THE PROPERTY OWNERS TAX
ASSOCIATION OF CALIFORNIA
By Paul Sheedy
Executive Vice President
Melvin Horton
Secretary-Treasurer

4 BONDS: HOUSING FOR THE AGED AND PHYSICALLY HANDICAPPED. Senate Constitutional Amendment No. 10. Authorizes issuance and sale of \$100,000,000 in State bonds for loans to private corporations and public agencies for constructing, acquiring, and developing low-rent housing for elderly and physically handicapped persons of low income as provided in the Housing for the Elderly Law enacted in 1961 which act is hereby validated. Authorizes further supplemental legislation.

| | |
|-----|--|
| YES | |
| NO | |

For Full Text of Measure, See Page 6, Part II

Analysis by the Legislative Counsel

This measure would add Article XXXV to the State Constitution relating to housing for the aged and the physically handicapped.

It would require the issuance and sale of state bonds in the amount of \$100,000,000, to be used

primarily for the purpose of providing low-rent housing for elderly or physically handicapped persons of low income and to pay the expenses incurred in the sale of the bonds and in the administration of the expenditure of the proceeds.

The measure authorizes the Legislature to appropriate money for expenditure for the same pur-

poses, but provides that if such an appropriation is made in lieu of the bond proceeds, the total amount of the bonds required to be sold shall be reduced by the amount so appropriated.

The measure requires the Legislature to pass all laws necessary or convenient to carry into effect its provisions and authorizes the Legislature to include provision for the loan of funds to private corporations and public agencies for the construction, acquisition or development of low-rent housing for elderly or physically handicapped persons of low income. Any such corporation or agency receiving a loan from bond proceeds would be required to repay the loan to the State on such terms as the Legislature may prescribe.

This measure would also approve, validate and make fully and completely effective the Housing for the Elderly Law (Health and Safety Code, Sections 35800-36003, inclusive) enacted in 1961. That law contains the procedures to be followed in issuing the bonds mentioned above. It also creates a Division of Housing for the Elderly in the State Department of Finance and authorizes the Chief of that Division to make loans for land, buildings and improvements acquired, owned, constructed, developed, managed or operated to provide low-rent housing for persons of low income who are 60 years of age or older. These loans are to be made to any housing authority, limited dividend housing corporation, land chest corporation or nonprofit corporation, on specified terms and conditions. The law which is validated also exempts from state, county, city or other local taxes and assessments the property of any project which receives such a loan, except property of limited dividend housing corporations and land chest corporations.

Finally, this measure would provide that neither Article XXXIV nor anything else in the State Constitution shall limit its provisions. Article XXXIV presently precludes any state public body from developing, constructing or acquiring any low-rent housing project unless a majority of the qualified electors of the city, town, or county in which the project is to be located, voting at an election upon the issue, approved the project.

Argument in Favor of Proposition No. 4

Proposition No. 4 provides good low-rent housing for low-income, elderly and physically handicapped at no cost to taxpayers. It reduces the need for additional public institutions for future care.

According to a 1958 survey (State Department of Social Welfare) and assuming that Old Age Security recipients pay rent with grant money, more than \$25,000,000 of public funds were spent for rent per year. The Senate Committee on Housing and Recreational Needs of Elderly Citizens found that these funds were spent to rent substandard or overcrowded housing which nurtures disease, frustration, and despair, resulting in more costs to build and support hospitals, asylums and other institutions.

How does the program work? A self-liquidating bond issue will provide a \$100,000,000 revolving

fund from which long-term, low-interest loans will be made to build locally owned and operated housing programs for the elderly and physically handicapped. Only nonprofit or limited dividend organizations will be eligible for loans. Only low-income elderly or physically handicapped persons who have been residents of California for five years will be eligible for occupancy. Similar to the California farm and veterans home loan program, loans will be repaid in full, plus interest.

Who will be aided? First, taxpayers will benefit by a substantial reduction in need for additional public institutions for elderly and physically handicapped.

Second, needy senior citizens will be provided with decent, safe, sanitary housing located in suitable environments at rents they can afford.

Third, the economy of the State will benefit from the local expenditure of \$100,000,000 for labor and materials to build the housing.

Fourth, all Californians will benefit by restoring human dignity to those long neglected and left to the mercies of slum owners.

Before the end of 1962, California will become the largest state in the nation according to population. This program—or some costly alternative—is obviously necessary. The 1960 U. S. Census figures show an increase of over 60 percent in the number of elderly persons in this State during the last decade. In 1950 those over 65 in California numbered 900,000; in 1960, 1,500,000; and in an estimated 2,000,000.

To assure the voters immediate action, the State Legislature in 1961 enacted the Housing for the Elderly Law which automatically implements the program as soon as Proposition 4 is approved.

This is one program that can't wait. It's already late for those who now need to be served. Let's stop the \$25,000,000 annual subsidy to the slum landlords. Let's provide decent, safe, sanitary housing for our senior citizens, and for less cost. Let's house our elderly in homes instead of institutions. Let's all remember that by 1980, half of you now reading this statement will be senior citizens, and by the year 2000, this will be true of every Californian who is now old enough to vote. This program helps your parents today—and it helps us all tomorrow.

HUGH M. BURNS
State Senator, 30th District
RICHARD RICHARDS
State Senator, 38th District

Argument Against Senate Constitutional Amendment No. 10

The constitutional amendment, providing for a \$100 million issue or appropriation from the General Fund, should be defeated for the following reasons:

(1) It will increase the interest rate on bonds issued by the state. In the next few years ahead, the state will have to issue bonds totaling several billion dollars to finance necessary school

uilding and water system construction. The greater amount of state bonds outstanding, the higher interest they will have to bear. While the housing projects are alleged to produce enough income to pay off the bonds, it is highly questionable that this will be possible.

(2) This constitutional amendment would permit the State Legislature to appropriate money out of the General Fund to finance the cost of housing for the elderly, if bonds are not issued. If this program is financed out of the budget, it will increase taxes of everyone.

(3) It is not true that many elderly persons are forced to live in slum conditions, nor that many pleasant, sanitary housing accommodations are not available at low rentals. Ask any state social worker for verification of this fact.

(4) There are ample low-rent housing units in the state now available to the elderly under a Federal housing program.

(5) The companion legislation, Senate Bill 414, (Ch. 1765, Stats. 1961) which spells out how the \$100 million shall be used, will not accomplish its objective of providing housing available at low rentals for elderly persons of low income. Houses built under such government programs always cost more than housing built by private enterprise. There is no subsidy here to permit rents to be reduced below those charged by sponsors of private enterprise housing projects for the elderly.

(6) If the housing projects built under this legislation cannot produce housing at low rent

and there are no rental ceilings imposed by the Legislature, it will mean that such projects built with public money will be competing unfairly for tenants with projects built by churches and other sponsors.

(7) Housing units produced under this legislation will, in general, not pay any local taxes, yet they will cost the cities or counties for services rendered to them.

(8) Since the state guarantees the interest and repayment of bonds, the state, which means the taxpayers, will stand any loss if the projects lose money.

(9) This constitutional amendment requires repayment of loans, but it is mute on interest charges. While Senate Bill 414 (Ch. 1765, Stats. 1961) requires the payment of interest, the question may be raised as to whether the act can be amended by the Legislature to forgive interest payments.

(10) A \$100 million bond issue will provide less than 10,000 units for a privileged few who will receive the benefit of this use of state credit. Certainly there will be a clamor for more and more of these units which could increase the burden on the state to expand this program.

(11) There is already one state bureau caring for the problems of the elderly who need help. This amendment should be defeated.

JOHN A. MURDY, JR.
State Senator, Orange County

5 FOR THE STATE PARK AND RECREATION BOND ACT. This act provides for a bond issue of one hundred fifty million dollars (\$150,000,000) to be used to meet the recreational requirements of the people of the State of California by acquiring and developing lands for recreational purposes.

AGAINST THE STATE PARK AND RECREATION BOND ACT. This act provides for a bond issue of one hundred fifty million dollars (\$150,000,000) to be used to meet the recreational requirements of the people of the State of California by acquiring and developing lands for recreational purposes.

For Full Text of Measure, See Page 7, Part II

Analysis by the Legislative Counsel

This measure would authorize the issuance and sale of state general obligation bonds in the amount of \$150,000,000 to meet the costs of developing a statewide recreational program, which program would include the acquisition of sites for, and the development of, state and county beaches, parks, recreational facilities, small craft harbor facilities, and historical monuments. The measure would earmark this money as follows:

(1) \$95,000,000 would be available for expenditure, in such manner as the Legislature may provide, as follows:

a) Not less than 15 percent nor more than 25 percent thereof would be available for the development by the State of beaches, parks, recreational facilities, and historical monuments.

(b) The remainder thereof would be available for the acquisition of sites by the State for such facilities, of which amount not more than \$2,500,000 thereof would be available for fire prevention purposes to protect forests with a historical, wildlife conservation, or recreational significance.

(c) Not less than 40 percent of the \$95,000,000 would be required to be expended in the Counties of San Luis Obispo, Kern, Inyo, Santa Barbara, Ventura, Los Angeles, San Bernardino, Orange, Riverside, San Diego, and Imperial; not less than 40 percent thereof in the remaining counties of the State; and the balance thereof could be expended in any area of the State.

(2) \$45,000,000 would be available for expenditure, in such manner as the Legislature may provide, for grants to counties for projects the primary emphasis of which is the providing of regional rec-

ation made by subdivision (b) of Section 5 of this act such sums as have been expended for the purposes specified in said subdivision (b) of Section 5. The amounts so redeposited may be used for the same purposes whenever additional sales

of bonds are made pursuant to this act. When the bonds authorized by this act have been sold, the unexpended and unobligated balance of the appropriation made by subdivision (b) of Section 5 of this act, shall revert to the General Fund.

4 **BONDS: HOUSING FOR THE AGED AND PHYSICALLY HANDICAPPED.** Senate Constitutional Amendment No. 10. Authorizes issuance and sale of \$100,000,000 in State bonds for loans to private corporations and public agencies for constructing, acquiring, and developing low-rent housing for elderly and physically handicapped persons of low income as provided in the Housing for the Elderly Law enacted in 1961 which act is hereby validated. Authorizes further supplemental legislation.

| | |
|-----|--|
| YES | |
| NO | |

(This proposed amendment does not expressly amend any existing article of the Constitution but adds a new article thereto; therefore, the provisions thereof are printed in **BLACK-FACED TYPE** to indicate that they are **NEW**.)

**PROPOSED AMENDMENT TO THE
CONSTITUTION
ARTICLE XXXV
HOUSING FOR THE AGED AND THE
PHYSICALLY HANDICAPPED**

Section 1. Bonds of the State of California shall be prepared, issued, and sold in the amount of one hundred million dollars (\$100,000,000), in such denominations, to be numbered, to bear such dates, and to bear such rate of interest as shall be determined by the Legislature.

The proceeds of such bonds shall be used:

(a) Subject to such legislation as the Legislature may, from time to time, enact, to provide aid to elderly persons of low income and to physically handicapped persons of low income, or to either class of persons of low income, as defined by law, in the form of loans for use in constructing, acquiring or developing low-rent housing for such persons of low income.

(b) To pay the expenses that may be incurred in preparing, advertising, issuing, and selling the bonds, and in administering and directing the expenditure of the moneys realized from the sale of such bonds.

The issuance, signing, countersigning, endorsing, and selling of the bonds herein provided for, and the interest coupons thereon, the place and method of payment of principal and interest thereon, the procedure for initiating, advertising and holding sales thereof, and the performance by the state agencies and state officers of their respective duties in connection therewith; and all other provisions, terms, and conditions relating to the bonds, shall be as provided by the Legislature.

The Legislature may appropriate money to be expended in addition to or in lieu of the money received from the sale of the bonds sold under the authority of this section. The money so appropriated shall be expended pursuant to subdivision (a) of this section. If the Legislature appropriates money in lieu of the money received from the sale of the bonds, the total amount of bonds required

to be sold pursuant to this section shall be reduced by the amount so appropriated.

The Legislature shall pass all laws, general or special, necessary or convenient to carry into effect the provisions of this article. Such laws may provide for the loan of funds to private corporations and public agencies for the purposes of this article.

The Legislature shall require each private corporation or public agency receiving a loan of money from the sale of bonds pursuant to this section for the purposes prescribed in subdivision (a) of this section to repay such money to the State on such terms as may be prescribed by the Legislature.

The people of the State of California in adopting this section hereby declare that it is in the interests of the State and of the people thereof for the State to aid elderly persons of low income and physically handicapped persons of low income in providing necessary and adequate housing for such persons who cannot afford adequate, safe, and sanitary housing available in the various communities and areas of the State.

Sec. 2. The issuance and sale of bonds of the State of California and the use and disposition of the proceeds of the sale of said bonds, all as provided in the Housing for the Elderly Law enacted at the 1961 Regular Session of the Legislature authorizing the issuance and sale of bonds for the purpose of providing funds to be used and disbursed for loans for the construction of low-rent housing for elderly persons of low income, is hereby authorized and directed, and the Housing for the Elderly Law enacted at the 1961 Regular Session of the Legislature is hereby approved, adopted, legalized, validated and made fully and completely effective. All provisions of this section shall be self-executing and shall not require any legislative action in furtherance thereof but this shall not prevent such legislative action.

Sec. 3. There is hereby appropriated from the funds and sources referred to in the Housing for the Elderly Law enacted at the 1961 Regular Session of the Legislature, the amounts of money designated therein for the purposes specified therein.

Sec. 4. Neither Article XXXIV nor any other provision of this Constitution shall be a limitation upon the provisions of this article.