

2014

VETERANS HOUSING AND HOMELESS PREVENTION BOND ACT OF 2014.

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VETERANS HOUSING AND HOMELESS PREVENTION BOND ACT OF 2014.

- Authorizes \$600 million in general obligation bonds for affordable multifamily supportive housing to relieve homelessness, affordable transitional housing, affordable rental housing, or related facilities for veterans and their families.
- Provides funding for programs to address homeless veterans and those at risk of becoming homeless and annual evaluations of the effectiveness of housing programs funded by the bonds.
- Appropriates money from General Fund to pay off bonds.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Increased state bond repayment costs averaging about \$50 million annually over 15 years.

State Bond Cost Estimates

Authorized borrowing	\$600 million
Average annual cost to pay off bonds	\$50 million
Likely repayment period	15 years
Source of repayment	General tax revenues

**FINAL VOTES CAST BY THE LEGISLATURE ON AB 639 (PROPOSITION 41)
(Chapter 727, Statutes of 2013)**

Senate:	Ayes 36	Noes 0
Assembly:	Ayes 78	Noes 0

ANALYSIS BY THE LEGISLATIVE ANALYST**BACKGROUND**

State Housing Programs. In most years, about 150,000 houses and apartments are built in California. Most of these housing units are built entirely with private dollars. Some, however, receive financial help from federal, state, or local governments. For example, the state provides local governments, nonprofits, and private developers with low-cost loans to fund a portion of the housing units' construction costs. Typically, housing built with these funds must be sold or rented to Californians with low incomes.

A portion of housing units built with state funds is set aside for homeless Californians. These include homeless shelters, short-term housing, and supportive housing. Supportive housing combines housing with certain services, including mental

and physical health care, drug and alcohol abuse counseling, and job training programs. A January 2013 federal government survey identified 137,000 homeless Californians, including about 15,000 veterans. California veterans are more than twice as likely to be homeless than non-veterans.

Veterans' Home Loan Program. The state and federal governments provide home loan assistance to some of the 1.9 million veterans living in California. Under the *state* program, the state sells general obligation bonds to investors and uses the funds to buy homes on behalf of eligible veterans. Each participating veteran then makes monthly payments to the state, which allows the state to repay the investors. These payments have always covered the amount owed on the bonds, meaning the program has operated at no direct cost to

taxpayers. Since 2000, the number of veterans receiving new home loans under this program each year has declined significantly. Many factors have contributed to this decline, including:

(1) historically low mortgage interest rates, (2) the availability of federal home loan assistance, and (3) the recent housing crisis. When the Legislature placed this measure on the ballot, it also reduced the amount of bonds that could be used for the veterans' home loan program by \$600 million. As a result, about \$500 million of state bonds remain available for veterans home loans.

PROPOSAL

New General Obligation Bonds for Veterans' Housing. This measure allows the state to sell \$600 million in new general obligation bonds to fund affordable multifamily housing for low-income veterans. The general obligation bonds authorized by this measure would be repaid using state tax revenue, meaning that taxpayers would pay for the new program. (For more information on the state's use of bonds, see "Overview of State Bond Debt" later in this guide.)

Housing for Low-Income Veterans. This measure funds construction, renovation, and acquisition of affordable multifamily housing, such as apartment complexes. The state would do this by providing local governments, nonprofit organizations, and private developers with financial assistance, such as low-interest loans, to fund part of a project's costs. Housing built with these funds would be rented to low-income veterans (and their families)—that is, those who earn less than 80 percent of average family income, as adjusted by family size and county. For example, the average statewide amount for a single person to be considered low-income for this program is about \$38,000. State law requires these units to be affordable, meaning rent payments made by veterans cannot exceed 30 percent of the income limit for the program.

Housing for Homeless Veterans. State law gives funding priority in this program to projects that would house homeless veterans and veterans who are at risk of becoming homeless. In particular, at least one-half of the funds would be used to construct housing for extremely low-income veterans. These veterans earn less than 30 percent of the amount earned by the average family in the county where they live. (The average statewide amount for a single person to be considered extremely low-income is about \$14,000.) A portion of the funding for extremely low-income veterans would be used to build supportive housing for homeless veterans.

Other Provisions. Under this measure, the Legislature could make changes in the future to improve the program and the state could use up to \$30 million of the bond funds to cover the costs of administering the program. In addition, the state would be required to publish an annual evaluation of the program.

FISCAL EFFECTS

Bond Costs. This measure would allow the state to borrow up to \$600 million by selling general obligation bonds to investors, who would be repaid using general tax revenues. The cost of these bonds would depend on their interest rates and the time period over which they are repaid. We assume that (1) the interest rate for these bonds would average 5 percent, (2) they would be sold over the course of five years, and (3) they would be repaid over a ten-year period. Based on these assumptions, the cost to taxpayers to repay the bonds would **average about \$50 million annually for 15 years**. This amount is less than one-tenth of 1 percent of the state budget.

Visit <http://cal-access.sos.ca.gov> for details about financial contributions for this proposition.

★ **ARGUMENT IN FAVOR OF PROPOSITION 41** ★

Vote YES on Proposition 41, the Veterans Housing and Homeless Prevention Bond Act of 2014 to build affordable housing for California’s veterans without raising taxes or adding to California’s debt by redirecting \$600 million of existing, unspent funds.

This is a fiscally responsible ballot measure that will help thousands of homeless veterans get a roof over their heads. This act doesn’t create new taxes or add new debt to California. In fact, this act will save taxpayer dollars in healthcare and public safety by getting veterans off the streets and into safe, affordable housing.

California is home to more than one-quarter of all homeless veterans in the United States. We must take action to address this shocking situation, but we also know that California has had significant budget troubles over the past several years. That’s why this measure *doesn’t add to California’s debt*; instead, it takes previously approved but unspent bond funds and uses them to construct affordable housing for homeless and near-homeless veterans. *We know we need to do more for our veterans, and we can take action without raising a dime in new taxes or adding a nickel to California’s debt.*

Every veteran has unique needs, and this act will help ensure that we approach homelessness among veterans comprehensively. This act will help build transitional housing for veterans who are trying to escape homelessness, while also constructing supportive housing for veterans who are dealing with physical injuries, mental health issues, or Post Traumatic Stress stemming from their service. Priority will go to nonprofits and local governments to construct new housing or renovate existing facilities to meet the needs of veterans locally.

By voting YES on Proposition 41, we can act to make sure homeless veterans have access to quality, affordable housing and give at-risk veterans the opportunity to find the job training, counseling, and rehabilitation services they need—and since this act uses money that has already been approved, but not spent, we can honor their service without adding to the debt or raising taxes.

As our conflicts overseas draw to a close, up to 45,000 young veterans will be returning home to California. They have sacrificed so much for our country, and some will be coming home with no jobs or homes waiting for them. *We cannot allow these men and women who have served our country to be left on their own.*

That is why organizations like the American Legion, Vietnam Veterans of California, Veterans Village of San Diego, U.S. VETS, and Swords to Plowshares support this act. They know that we must do right by our veterans and taxpayers alike.

Vote YES on Proposition 41 to build \$600 million in quality affordable housing for California’s veterans, without raising taxes or adding to California’s debt. Honoring the sacrifices California’s veterans have made isn’t just our duty as voters—it’s our basic obligation as citizens. For more information, please visit www.yesonprop41forvets.org.

Let’s support our veterans for all their sacrifices—by voting YES!

JOHN A. PÉREZ, Speaker of the California Assembly
LEON E. PANETTA, Former United States Secretary of Defense
STEPHEN PECK, President
 U.S. VETS

★ **REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 41** ★

In general, it is the responsibility of the federal government to care for military veterans; however, when the federal government falls short and no one else picks up the slack, it is appropriate for state governments to lend a hand to persons who have served—even if voluntarily—in the military.

Credit the California Legislature for proposing in Proposition 41 to shift \$600 million in voter-authorized borrowing to programs that may better help veterans in need.

Keep in mind, though, that all money borrowed (by selling bonds) must be repaid with interest.

In the case of CalVet loans for the purchase of homes (and farms), the recipients have been required to pay

back the loans with interest. In contrast, the programs proposed for homeless veterans would not be paid for by the veterans (as they cannot afford to pay).

Also, keep in mind that any program which involves expenditures not given directly to the intended beneficiaries is subject to possible mismanagement and waste.

In the future, the best way to avoid homelessness among veterans is to avoid the unnecessary committing of ground troops into combat around the globe. Putting “*boots on the ground*” in foreign lands should be a last resort.

GARY WESLEY

★ **ARGUMENT AGAINST PROPOSITION 41** ★

In 2008, California voters approved a \$900 million bond measure to further fund the CalVet Farm and Home Loan Program. The Program began in 1921. It has helped more than 400,000 California military veterans buy homes (and farms).

In this proposition, the State Legislature is proposing to authorize use of \$600 million of the prior \$900 million bond measure (two-thirds) for another program aimed at helping homeless veterans. According to the Legislature, there are approximately 19,000 homeless veterans in California—with more coming.

If approved by voters, this proposition would allow a new “*Housing for Veterans Finance Committee*” to borrow money by selling up to \$600 million in general obligation bonds “*to provide the acquisition, construction, rehabilitation, and preservation of affordable multi-family supportive housing, affordable transitional housing, affordable*

rental housing, or related facilities for veterans and their families to access and maintain housing stability.”

According to the State Legislature, the \$900 million in borrowing (by selling bonds) authorized by voters for the CalVet Loan Program in 2008 is not being fully used by veterans to buy homes or farms. Indeed, the Legislature reports that borrowing authority under the prior \$500 million bond measure for the Loan Program has not been exhausted.

The chief questions raised by this proposition are:

- (1) Should \$600 million in borrowing capacity be taken from the CalVet Farm and Home Loan Program?
- (2) Should \$600 million be borrowed (by selling bonds) to support a new California veterans’ program?

GARY WESLEY

★ **REBUTTAL TO ARGUMENT AGAINST PROPOSITION 41** ★

Prop. 41, the Veterans Housing and Homeless Prevention Act of 2014 redirects existing, unspent bond funds that were previously approved by voters but that have not been used. Prop. 41 does not raise taxes or add to the overall state debt. Prop. 41 authorizes \$600 million to be dedicated to constructing and renovating affordable housing for homeless and near-homeless veterans.

The existing program that these funds come from is badly underused. In fact, a *Los Angeles Times* editorial said that the original ballot measure that authorized this funding “missed the mark in terms of meeting the needs of the state’s veterans.” That’s why Prop. 41 is essential to veterans—it builds the kinds of housing California’s veteran population needs, without raising taxes.

This act redirects previously approved, but unused bonds. That means that it doesn’t add to California’s overall authorized debt. Using these bonds will produce minor financing costs to the state, while leading to savings

in social services and healthcare. As the *L.A. Times* noted, “By reducing the number of homeless veterans and connecting more of them to the rehabilitation and mental health services they need, the bonds could help the state *avoid some of the healthcare and social service costs* it faces today.” The *Times* also notes these bonds *could assist more homeless veterans to rejoin the workforce.*

This is the fiscally responsible way to do right by California’s veterans. Vote YES on Prop. 41 to help California’s veterans get the housing they need.

ED FORD, State Commander
 Veterans of Foreign Wars, California Department
PETER CAMERON, Executive Director
 Veterans Resource Center of America
JOSEPH GARCIA, State Commander
 American Legion, Department of California

PROPOSITION 41

This law proposed by Assembly Bill 639 of the 2013–2014 Regular Session (Chapter 727, Statutes of 2013) is submitted to the people in accordance with the provisions of Article XVI of the California Constitution.

This proposed law adds sections to the Military and Veterans Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Article 5y (commencing with Section 998.540) is added to Chapter 6 of Division 4 of the Military and Veterans Code, to read:

Article 5y. The Veterans Housing and Homeless Prevention Bond Act of 2014

998.540. *This article shall be known and may be cited as the Veterans Housing and Homeless Prevention Bond Act of 2014.*

998.541. (a) *California is home to almost two million veterans, more than any other state in the nation, and with the winding down of the wars in Iraq and Afghanistan, an unprecedented number of California veterans will return to our communities, many in need of housing, employment, mental health and drug treatment, and physical rehabilitation.*

(b) *Unfortunately, California also leads the nation in the number of homeless veterans, roughly 25 percent of the nation's homeless veterans live in California, approximately 19,000 veterans. According to the California Research Bureau, Los Angeles is number one in terms of the number of homeless veterans followed by the San Diego region at number three, and the San Francisco Bay Area at number nine.*

(c) *Moreover, the face of the nation's homeless veterans' population is changing as more OIF/OEF veterans find themselves in a downward spiral towards homelessness and, increasingly, female veterans and their children comprise more and more of the homeless veteran demographic.*

(d) *With their higher rates of post-traumatic stress disorder, substance abuse, and unemployment, as well as the higher incidence of sexual trauma experienced by our female veterans, current homeless veterans, all too often, cycle in and out of our jails, hospitals, and treatment programs, disproportionately drawing down services without receiving the proper services to stabilize their lives.*

(e) *The Legislature must advance a comprehensive, coordinated, and cost-effective approach to respond to the housing needs of our veterans. Such an approach should leverage public and private resources as well as*

align housing and services.

(f) *Five years ago, Californians overwhelmingly affirmed their gratitude to our veterans by approving Proposition 12, a nine hundred million dollars (\$900,000,000) general obligation bond intended to help veterans specifically purchase single family homes, farms, and mobilehomes through the CalVet Home Loan Program.*

(g) *As a result of the nation's economic crisis and state's housing downturn coupled with the changing demographics of our veterans, the Farm and Home Loan Program, as approved by Proposition 12, has been significantly undersubscribed. Five years since its passage, the full nine hundred million dollars (\$900,000,000) remains unspent as does a portion of the five hundred million dollars (\$500,000,000) from Proposition 32, which was approved by the voters in 2000.*

(h) *Meanwhile, the need of veterans for multifamily housing that is affordable, supportive, and transitional remains unmet and public and private resources available for these purposes remain underutilized.*

(i) *California voters should be granted the opportunity to restructure the Proposition 12 veterans' bond program to better respond to the housing needs as well as the changing demographics of the current veteran population.*

(j) *The Veterans Housing and Homeless Prevention Bond Act of 2014 will restructure six hundred million dollars (\$600,000,000) of the existing Proposition 12 bond moneys to allow for the construction and rehabilitation of multifamily housing for veterans and prioritize projects that align housing with services. Even with this restructuring of bond moneys, the act still preserves over half a billion dollars for the existing CalVet Farm and Home Loan Program.*

(k) *The Veterans Housing and Homeless Prevention Bond Act of 2014 will expand housing and service options for veterans, cost-effectively leverage public dollars, reduce the number of homeless veterans and its attendant public costs, and place California at the forefront of our nation's efforts to end veterans' homelessness by 2015.*

998.542. (a) *The State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), as amended from time to time, except as otherwise provided herein, is adopted for the purpose of the issuance, sale, and repayment of, and otherwise providing with respect to, the bonds authorized to be issued by this article, and the provisions of that law are included in this article as though set out in full in this article. All references in this article to "herein" refer both to this article and that law.*

(b) For purposes of the State General Obligation Bond Law, the Department of Veterans Affairs is designated the board. The Department of Veterans Affairs shall carry out the board duties in consultation with the California Housing Finance Agency and the Department of Housing and Community Development.

998.543. As used herein, the following terms have the following meanings:

(a) “Board” means the Department of Veterans Affairs.

(b) “Bond” means a veterans’ bond, a state general obligation bond, issued pursuant to this article adopting the provisions of the State General Obligation Bond Law.

(c) “Bond act” means this article authorizing the issuance of state general obligation bonds and adopting the State General Obligation Bond Law by reference.

(d) “Committee” means the Housing for Veterans Finance Committee, established pursuant to Section 998.547.

(e) “Fund” means the Housing for Veterans Fund, established pursuant to Section 998.544.

998.544. (a) Bonds in the total amount of six hundred million dollars (\$600,000,000), or so much thereof as is necessary, not including the amount of any refunding bonds, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in subdivision (b) and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.

(b) The proceeds of bonds issued and sold pursuant to this section shall be made available to the board for the purposes of creating a fund to provide multifamily housing to veterans and their families pursuant to the Veterans Housing and Homeless Prevention Act of 2014 (Article 3.2 (commencing with Section 987.001)), and any subsequent statutory enactment that amends that act or enacts or amends any successor act for the purpose of providing housing to veterans and their families.

(c) The Legislature may, from time to time, by majority vote, amend the provisions of this act for the purpose of improving program efficiency, effectiveness, and accountability, or for the purpose of furthering overall program goals.

(d) The proceeds of bonds issued and sold pursuant to this article shall be deposited in the Housing for Veterans Fund, which is hereby created.

998.546. The bonds authorized by this article shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law, except subdivisions (a) and (b) of Section 16727 of the Government Code, shall apply to the bonds and to this article and are hereby incorporated in this article as though set forth in full in this article.

998.547. Solely for the purpose of authorizing the issuance and sale pursuant to the State General Obligation Bond Law of the bonds authorized by this article, the Housing for Veterans Finance Committee is hereby created. For purposes of this article, the Housing for Veterans Finance Committee is “the committee” as that term is used in the State General Obligation Bond Law. The committee consists of the Controller, Treasurer, Director of Finance, Secretary of Business, Consumer Services, and Housing, and Secretary of Veterans Affairs, or their designated representatives. The Treasurer shall serve as chairperson of the committee. A majority of the committee may act for the committee.

998.548. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this article in order to carry out the actions specified in Section 998.544 and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

998.549. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year. It is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act that is necessary to collect that additional sum.

998.550. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this article, an amount that will equal the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this article, as the principal and interest become due and payable.

(b) The sum necessary to carry out Section 998.551, appropriated without regard to fiscal years.

998.551. For the purposes of carrying out this article, the Director of Finance may authorize the

41 *withdrawal from the General Fund of an amount not to exceed the amount of the unsold bonds that have been authorized by the committee to be sold for the purpose of carrying out this article. Any amounts withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund*

42 *from proceeds received from the sale of bonds for the purpose of carrying out this article.*

998.552. *All money deposited in the fund that is derived from premium and accrued interest on bonds sold, in excess of any amount of premium used to pay costs of issuing the bonds, shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.*

998.553. *Pursuant to Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code, all or a portion of the cost of bond issuance may be paid out of the bond proceeds, including any premium derived from the sale of the bonds. These costs shall be shared proportionally by each program funded through this bond act.*

998.554. *The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, including other authorized forms of interim financing that include, but are not limited to, commercial paper, in accordance with Section 16312 of the Government Code, for purposes of carrying out this article. The amount of the request shall not exceed the amount of the unsold bonds that the committee, by resolution, has authorized to be sold for the purpose of carrying out this article. The board shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this article.*

998.555. *The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. Approval by the voters of the state for the issuance of the bonds described in this article includes the approval of the issuance of any bonds issued to refund any bonds originally issued under this article or any previously issued refunding bonds.*

998.556. *Notwithstanding any other provision of this article, or of the State General Obligation Bond Law, the Treasurer may maintain separate accounts for the investment of bond proceeds and for the investment of earnings on those proceeds. The Treasurer may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or take any other action with respect to the investment and use of those bond proceeds required or*

desirable under federal tax law or to obtain any other advantage under federal law on behalf of the funds of this state.

998.557. *The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this article are not “proceeds of taxes” as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.*

PROPOSITION 42

This amendment proposed by Senate Constitutional Amendment 3 of the 2013–2014 Regular Session (Resolution Chapter 123, Statutes of 2013) expressly amends the California Constitution by amending sections thereof; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENTS TO SECTION 3 OF ARTICLE I AND SECTION 6 OF ARTICLE XIII B

First—That Section 3 of Article I thereof is amended to read:

SEC. 3. (a) The people have the right to instruct their representatives, petition government for redress of grievances, and assemble freely to consult for the common good.

(b) (1) The people have the right of access to information concerning the conduct of the people’s business, and, therefore, the meetings of public bodies and the writings of public officials and agencies shall be open to public scrutiny.

(2) A statute, court rule, or other authority, including those in effect on the effective date of this subdivision, shall be broadly construed if it furthers the people’s right of access, and narrowly construed if it limits the right of access. A statute, court rule, or other authority adopted after the effective date of this subdivision that limits the right of access shall be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

(3) Nothing in this subdivision supersedes or modifies the right of privacy guaranteed by Section 1 or affects the construction of any statute, court rule, or other authority to the extent that it protects that right to privacy, including any statutory procedures governing discovery or disclosure of information concerning the official performance or professional qualifications of a peace officer.

(4) Nothing in this subdivision supersedes or modifies any provision of this Constitution, including the guarantees that a person may not be deprived of life, liberty, or property without due process of law, or denied equal protection of the laws, as provided in Section 7.