

PROP 1: THE VETERANS AND AFFORDABLE HOUSING BOND

Quick Facts

- **Official ballot title:** The Veterans and Affordable Housing Bond Act of 2026 (SB 417, Chapter 16, Statutes of 2026, Limón).¹
- **Type:** Legislative referral (general obligation bond act). Placed by the legislature, not by citizen signatures.²
- **A vote YES means:** The state may borrow \$11.25 billion by selling bonds. This includes about \$10 billion in general obligation bonds that would fund affordable housing construction, rehabilitation, and homeownership programs, repaid from the general fund, and about \$1.25 billion in revenue bonds funding CalVet home loans, repaid by the veterans who borrow.³
- **A vote NO means:** The state does not authorize this borrowing. Existing state housing programs continue with whatever money remains from prior bonds and the annual budget.⁴
- **Sponsor/proponent:** Senate President pro Tempore Monique Limón (lead Senate author) and Assembly Speaker Robert Rivas (lead Assembly author), with Gov. Gavin Newsom, who signed the measure onto the ballot June 25, 2026.⁵
- **On the ballot because:** The legislature passed SB 417 by the required two-thirds vote and the governor signed it. Bond acts must go to the voters. The Senate concurred twenty-nine to two on June 25, 2026.⁶
- **Full legal text:** [SB 417, California Legislative Information \(leginfo\)](#)
- **LAO analysis:** [Legislative Analyst's Office ballot analysis, Proposition 1 \(2026\)](#)

CALIFORNIA DECIDES

1. WHAT WOULD IT DO?

Proposition 1 asks California voters for permission to borrow \$11.25 billion by selling bonds, with the money directed at affordable housing and veteran homeownership. It is a general obligation bond measure, which is the standard way the state borrows for long-lived investments and pays the money back over time out of the annual budget—requiring higher tax revenues or lower spending on other items.

The measure splits into two very different pieces. The larger piece is \$10 billion in general obligation bonds for what it calls affordable housing programs (and what detractors call “subsidized” housing programs). That money would refill the state’s main housing accounts, most of which have spent down the funds from the last housing bond, 2018’s Proposition 1. The bill directs \$5.1 billion to the Multifamily Housing Program that finances rental construction, with another \$1.15 billion inside that program reserved for housing tied to homelessness and social programs aimed at homelessness. Smaller amounts go to homeownership help, farmworker housing, tribal housing, student housing, and infrastructure that supports new residential building.⁷

The smaller piece is \$1.25 billion for the CalVet Home Loan Program, which offers below-market mortgages to veterans. This piece matters for how voters should read the price tag. CalVet loans are mostly repaid by the veterans who take them out, so this portion is designed to carry its own cost rather than fall on the general fund.⁸ The headline number is \$11.25 billion, but the part that taxpayers repay is the \$10 billion housing bond.

2. THE LEGAL LANGUAGE

- **Full text:** [SB 417, “The Veterans and Affordable Housing Bond Act of 2026,” California Legislative Information](#) (Chapter 16, Statutes of 2026)

- **Key language:**

“Bonds in the total amount of ten billion dollars (\$10,000,000,000), exclusive of refunding bonds issued pursuant to Section 54076, or so much thereof as is necessary as determined by the committee, are hereby authorized to be issued and sold.”⁹

- **What it amends:** Adds Part 16.1 (commencing with Section 54050) to Division 31 of the Health and Safety Code, which houses the affordable housing programs, and Article 5ab (commencing with Section 998.750) to the Military and Veterans Code, which authorizes the CalVet loan bonds.¹⁰ Because a bond act is enacted by the voters, the legislature cannot repeal it on its own, though it does set the program rules that govern how the money is spent.

3. WHO, WHAT, WHERE, WHEN, WHY?

- **Who authored it?** Authored by Senate President pro Tempore Monique Limón and Assembly Speaker Robert Rivas, backed by Governor Newsom and a large roster of Democratic coauthors, along with a coalition of housing developers, labor, and veterans’ groups who would receive the subsidies. The named opposition is a small number of Republican legislators and free-market groups such as the Pacific Research Institute.¹¹ The bond passed with almost no Republican support, and the Senate concurrence vote was twenty-nine to two.¹²
- **What does it do?** Authorization to sell \$11.25 billion in bonds: roughly \$10 billion in general obligation bonds for affordable rental housing, homeownership assistance, farmworker and tribal housing, student housing, and infrastructure, plus \$1.25 billion in revenue bonds for CalVet home loans.¹³

CALIFORNIA DECIDES

- **Where does it apply?** Statewide. The money flows through existing state housing programs administered chiefly by the Department of Housing and Community Development and the Department of Veterans Affairs.¹⁴
- **When would it take effect?** Decided on the November 3, 2026, ballot. If approved, the state would sell the bonds over several years as projects come online and repay them over roughly twenty-five years.¹⁵
- **Why did supporters put it on the ballot?** Supporters point to California's housing affordability and homelessness crisis and argue the state needs a dedicated capital source because prior bond money is nearly gone. Their stated goals are to build and preserve "affordable" homes, expand homeownership for lower-income residents and veterans, and leverage federal and private dollars.¹⁶

4. TRADE-OFFS

A bond is first and last a borrowing and subsequent repayment decision. The Legislative Analyst estimates that repaying the \$10 billion housing portion would cost the general fund roughly \$500 million to \$600 million a year for about twenty-five years.¹⁷ That is money committed to interest and principal for a quarter century, unavailable for schools, healthcare, or anything else, and locked in regardless of the state's budget condition in any given year. California's independent analyst frames the real cost plainly. Paying for these programs with borrowed money rather than cash on hand costs the state about 15 percent more after adjusting for inflation.¹⁸ In nominal dollars the gap is larger. One outside estimate puts total repayment near \$17.4 billion, of which about \$7.4 billion is interest, so a large share of every repayment dollar buys interest rather than housing.¹⁹ Either way, the honest statement is that borrowing is not free, and the premium is the price of building now instead of later.

The case for paying that premium is not weak, and voters should weigh it fairly. Housing is a long-lived asset, and financing long-lived assets with long-term debt is a defensible match, the same logic a family uses for a mortgage. The programs the bond refills are largely spent out, so the practical alternative is not cheaper cash, it is less housing built during a severe shortage. Supporters also argue that each state dollar pulls in roughly four dollars of federal tax credits, local funds, and private capital, which means the state's borrowing is not the whole capital stack but a match that unlocks the rest.²⁰

Voters should also consider the usefulness of government-provided and allocated so-called affordable housing. The record of massive cost overruns (hundreds of thousands of dollars for tiny homeless units) is not encouraging. Affordable housing is really taxpayer-subsidized housing. When it is allocated to people with low incomes, people have to win lotteries and then face the danger of losing their housing subsidies if they earn more money or have an opportunity to get a better job if they move. It can lock people into poverty. The state and cities already pour large amounts into so-called affordable housing directly, and this plan would force developers to create such housing in return for permission to build market-rate housing. Voters should consider if more is needed. Finally, the central source of the housing affordability crisis is the state's and cities' limitations on private housing construction. Creating more government-subsidized and politically allocated housing instead of simply allowing people to build houses would, arguably, only make the crisis worse.

That is the trade-off. On one side, a \$500 million to \$600 million annual claim on the budget for twenty-five years and an inflation-adjusted premium of about 15 percent for borrowing rather than paying cash. On the other side, potentially tens of thousands of affordable and supportive homes financed during a housing emergency, with outside money leveraged on top, but potentially more boondoggles. This bond does nothing to cut the existing red tape around building "affordable" housing. The sharper question is not whether housing is worth building. It is whether a general obligation bond, repaid by all taxpayers over a generation, to fund government provision and allocation of more housing, is the right tool, or whether the same goal should compete for cash in the annual budget where it can be weighed against everything else each year.

5. POTENTIAL RISKS AND BENEFITS

Potential benefits

- Refills the state's main affordable housing accounts, most of which have drained the 2018 bond funds, so the money would sustain construction during a severe shortage.²¹
- Directs the largest share, \$5.1 billion, to the Multifamily Housing Program, with \$1.15 billion for supportive housing aimed at homelessness.²²
- Matches long-term debt to a long-lived asset, the same financing logic used for other capital investments.
- Reportedly leverages roughly four dollars of federal, local, and private capital for each state dollar, expanding the total built.²³
- Expands homeownership at little direct taxpayer cost since the \$1.25 billion CalVet portion is designed to be repaid by veteran borrowers, not the general fund.²⁴

Potential risks

- Commits the general fund to roughly \$500 million to \$600 million a year for about twenty-five years, money unavailable for other priorities regardless of the state's fiscal condition.²⁵
- Produces borrowing costs about 15 percent more after inflation than paying for the same programs with cash, and a large share of nominal repayment is interest.²⁶
- Arrives as California faces budget deficits, adding a fixed cost on top of existing bond debt already near \$6 billion a year in debt service.²⁷
- Says nothing about the permitting, land, and labor costs that drive California's high per-unit building costs, so more money does not guarantee proportionally more units.
- Accepts that the leverage and unit-count claims come largely from proponents and assumes federal credits and local matches materialize as projected.²⁸
- Builds housing that by definition does not pay for itself, leading people to live where they do not want to live and trapping them away from economic opportunity. There's a potential for great waste.

6. OPEN QUESTIONS

- What will each subsidized unit actually cost to build with this money, and how many homes will \$10 billion buy at current California construction costs?
- Who will get them and how?
- Does bond financing add enough housing sooner to justify the inflation-adjusted premium over paying cash through the budget?
- How firm is the “four dollars leveraged per state dollar” claim once federal credit availability and local matches are tested?
- Given projected deficits, what other spending gives way when \$500 million to \$600 million a year is committed to debt service for twenty-five years?
- How much of the money reaches new construction versus preservation and program overhead, and who tracks the units delivered?

7. THE QUESTIONS TO ASK BEFORE YOU VOTE

A bond is a decision to build now and pay later, with interest. The Legislative Analyst's Office says borrowing for these housing programs costs about 15 percent more after inflation than paying cash. Before you vote, ask whether building affordable homes during this shortage is worth that premium and a \$500 million to \$600 million yearly claim on the budget for the next twenty-five years.

Almost every voter wants more affordable housing. But government-provided housing is not more affordable to the state as a whole. It is only affordable to the select few recipients because taxpayers pay for it. The real question is the tool. Should this spending be locked in as bond debt that all taxpayers repay over a generation, or should it compete for cash in the annual budget where it can be weighed against schools, healthcare, and everything else each year?

ENDNOTES

¹ Full text, SB 417, "The Veterans and Affordable Housing Bond Act of 2026" (Chapter 16, Statutes of 2026), California Legislative Information: https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=202520260SB417; California Secretary of State, "Secretary of State Shirley N. Weber, PhD,

Assigns Numbers to November Ballot Measures, Invites Ballot Arguments," press release, June 29, 2026: <https://www.sos.ca.gov/administration/news-releases-and-advisories/2026-news-releases-and-advisories/secretary-state-shirley-n-weber-phd-assigns-numbers-november-ballot-measures-invites-ballot-arguments>.

² Full text, SB 417; California Secretary of State, "Assigns Numbers."

³ Full text, SB 417; Monica Davalos, "Proposition 1: California's Veterans and Affordable Housing Bond," California Budget & Policy Center: <https://calbudgetcenter.org/resources/proposition-1-californias-veterans-and-affordable-housing-bond/>.

⁴ Davalos, "Proposition 1."

⁵ Office of the Governor, "California Leaders Announce Historic Veterans and Affordable Housing Bond Act of 2026 to Expand Homeownership and Build Affordable Housing for Generations of Californians," June 22, 2026: <https://www.gov.ca.gov/2026/06/22/california-leaders-announce-historic-veterans-and-affordable-housing-bond-act-of-2026-to-expand-homeownership-and-build-affordable-housing-for-generations-of-californians/>; Senator Jesse Arreguin, "Legislature Approves \$11.25 Billion Affordable Housing Bond": <https://sd07.senate.ca.gov/news/legislature-approves-1125-billion-affordable-housing-bond>.

⁶ Arreguin, "Legislature Approves"; California Legislative Information, "SB-417 The Veterans and Affordable Housing Bond Act of 2026" (status and history): https://leginfo.ca.gov/faces/billStatusClient.xhtml?bill_id=202520260SB417.

⁷ Full text, SB 417.

⁸ Full text, SB 417; Davalos, "Proposition 1."

⁹ Full text, SB 417.

¹⁰ Full text, SB 417.

¹¹ Arreguin, "Legislature Approves"; John Seiler, "Proposed \$10 Billion Housing Bond Will Only Burden California Cities," Pacific Research Institute, April 22, 2026: <https://www.pacificresearch.org/proposed-10-billion-housing-bond-will-only-burden-california-cities/>.

¹² California Legislative Information, SB 417 bill status and history: https://leginfo.ca.gov/faces/billStatusClient.xhtml?bill_id=202520260SB417.

¹³ Full text, SB 417.

¹⁴ Full text, SB 417.

¹⁵ Full text, SB 417; Legislative Analyst's Office, ballot analysis of Proposition 1 (2026): <https://lao.ca.gov/BallotAnalysis/Proposition?number=1&year=2026>.

¹⁶ Office of the Governor, "California Leaders"; Arreguin, "Legislature Approves."

¹⁷ LAO, ballot analysis of Proposition 1.

¹⁸ LAO, ballot analysis of Proposition 1.

¹⁹ Davalos, "Proposition 1."

²⁰ Office of the Governor, "California Leaders"; Arreguin, "Legislature Approves."

²¹ Full text, SB 417; Davalos, "Proposition 1."

²² Full text, SB 417.

²³ Office of the Governor, "California Leaders"; Arreguin, "Legislature Approves."

²⁴ Full text, SB 417; Davalos, "Proposition 1."

²⁵ LAO, ballot analysis of Proposition 1.

²⁶ Davalos, "Proposition 1"; LAO, ballot analysis of Proposition 1.

²⁷ Davalos, "Proposition 1."

²⁸ Office of the Governor, "California Leaders"; Arreguin, "Legislature Approves."