SENATE THIRD READING
SB 417 (Limón and Rivas)
As Amended June 22, 2026
2/3 vote. Urgency

SUMMARY

Authorizes the Veterans and Affordable Housing Bond Act of 2026 to place a $11.25 billion bond on the November 3, 2026, ballot to fund veteran's home ownership program and affordable housing programs.

Major Provisions

1) Authorizes $11.25 billion in bonds for the November 3, 2026, statewide general election to fund the following programs:

   a) $1.25 billion for the Department of Veteran Affairs (CalVet) Home Loan Program to fund loans for veterans purchasing homes;

   b) $5.10 billion to Multifamily Housing Program (MHP). At least 10% of units in a MHP development must be available for extremely low-income households;

   c) $1.15 billion to supportive housing administered through MHP. Requires the Department of Housing and Community Development (HCD) to offer capitalized operating subsidy reserves for supportive housing developments receiving funding;

      i. Up to 15% of this amount shall be made available for the HomeKey program to fund interim housing for people who are homelessness or at risk of homelessness; and

      ii. $150 million of this amount shall used for housing for current or former foster youth who are homelessness or at risk of homelessness. Requires any funds not encumbered for this purpose within three years of being made available to revert to MHP.

   d) $750 million for the Portfolio Reinvestment Program, which provides funding to extend the long-term affordability of HCD-funded rental multifamily housing projects that are at-risk of conversion to market-rate housing;

   e) $200 million for a program to be created by the Legislature that funds acquisition and rehabilitation of unrestricted housing units (*i.e.,* unsubsidized housing that may naturally be affordable) and the attachment of long-term affordability restrictions to the units. Requires any funds not encumbered for this purpose within three years of being made available to revert to MHP;

   f) $600 million to the CalHOME Program to provide direct, forgivable loans to assist homeownership development projects. Requires any funds not encumbered for this program by November 3, 2036 to revert to the MHP program.

g) $500 million for the My Home down payment assistance program administered by California Housing Finance Agency (CalHFA) to provide down payments for lower and moderate income households to purchase homes;

h) $450 million to the Joe Serna, Jr. Farmworker Housing (Serna) Program to fund grants or loans for the construction or rehabilitation of housing for agricultural employees and their families;

i) $200 million for the Tribal Housing Grant Program to finance housing and housing related activities that will enable tribes to rebuild and reconstitute their communities; Requires any funds that are not encumbered by for this program by November 3, 2036 to revert to the MHP program;

j) $500 million to the Infill Infrastructure Grant (IIG) Program of 2019 for grants to assist in the new construction and rehabilitation of infrastructures that supports high-density affordable and missed income housing on infill sites;

k) $350 million for new affordable student housing projects for the University of California and the California State University; and

l) $200 million to the Local Housing Trust Fund (LHTF) Program to fund competitive grants and loans to local housing trust funds that develop, own, lend, or create or preserve affordable housing.

2) Authorizes the Legislature to amend any law related to programs which have been allocated funds by the bond to further improve the efficacy and effectiveness of those programs.

3) Authorizes the Legislature to reallocate funds authorized by the bond to effectively promote affordable housing in the state.

4) Authorizes HCD to disperse funds made available through the bond to housing developments during the construction period.

5) Includes the following definitions:

a) "Board" means HCD for programs administered by the department and CalHFA for programs administered by the agency;

b) "Committee" means the Housing Finance Committee; and

c) "Fund" means the Affordable Housing Bond Act of 2026.

6) Authorizes the Committee, upon a request by the board, to determine whether or not it is necessary and desirable to issue bonds, upon a request by the board, and if so, the bonds will be issued and sold.

7) Authorizes the board to request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account to support the bond.

8) Includes an urgency clause.

COMMENTS

Affordable Housing Need: According to the 2022 Statewide Housing Plan, to meet California's unmet housing needs, the state needs an additional 2.5 million housing units, including 1.2 million for lower-income households. Decades of underbuilding have led to a lack of housing overall, particularly housing that is affordable to lower-income households. The state needs an additional 180,000 new units of housing a year to keep up with demand – including about 80,000 units of housing affordable to lower-income households. By contrast, production in the past decade has been under 100,000 units per year – including less than 20,000 units of affordable housing per year.

Furthermore, the state's homelessness crisis is driven by the lack of affordable rental housing for lower income people. According to the California Housing Partnership's (CHP's) Housing Need Dashboard, in the current market, over 2 million extremely low-income and very low-income renter households are competing for roughly 750,000 available and affordable rental units in the state. Over three-quarters of the state's extremely low-income households and over half of the state's very low-income households are severely rent burdened, paying more than 50% of their income toward rent each month.

Despite recent investments over the last few years, state and local governments have not significantly invested in affordable housing production in decades, leading to a lack of supply. In addition, local governments have failed to adequately zone or plan for affordable housing for decades. In the last eight years, the state has taken major steps to increase the supply of housing by requiring local governments to plan and zone for 2.5 million new housing units, holding local governments accountable for approving housing, and streamlining both affordable housing and mixed-income housing.

Affordable Housing Funding: Developing housing that is affordable to very low- and low-income families requires some amount of public investment. Due to the high cost of land and construction materials and significant regulatory barriers, the private market does not build housing that is affordable for lower income households. The state provides public subsidies to non-profit and for-profit developers to build affordable housing that is deed restricted for 55 years. It is important to note that a single affordable housing unit serves more than one individual over the course of its 55-year affordability term. Most affordable housing units will serve 17.5 people over the term. Historically, the state has funded affordable housing production through voter-approved bonds and low-income housing tax credits (LIHTC). Only in the last few years have the Legislature and the Governor allocated General Fund dollars to affordable housing.

Beginning in 2019, an unprecedented $8 billion in General Fund has gone to a variety of affordable housing programs. The last voter-approved bond, the Veterans and Affordable Housing Bond Act of 2018, authorized $3 billion to fund state affordable housing programs and $1 billion for the CalVet program, which provides mortgages to veterans. All of the funding from the bond, including $1.5 billion for the state's flagship affordable multi-family rental housing program – MHP – has been fully allocated.

CalVet Home Loan Program: The CalVet program is funded primarily by veterans' bonds, a type of tax-exempt General Obligation (GO) bond. However, the program is fully self-supporting and does not impose any cost to the General Fund (GF). Further, the bonds backing the program are more like revenue bonds in that they are repaid by CalVet loan holders through the payment of principal and interest on their farm and home loans. Since 1921, California voters have approved 24 bonds for the program, and the program provided more than $8.5 billion in loans to nearly 500,000 veterans since its inception more than 100 years ago. The program currently services approximately 4,800 loans with an aggregate outstanding portfolio balance of nearly $1.2 billion. CalVet offers at or below market interest rate loans, with low- or no-down payment requirements. There are no lender fees other than a one-percent origination fee. Loans are reviewed by underwriters who approve loans that make sense for applicants. CalVet loans carry unparalleled fire, flood, earthquake, and hazard insurance, for low deductibles. CalVet loans are serviced by CalVet, not by bank loan officers and they are never sold.

According to the Author
"SB 417 is the reflection of the hard work done in the Legislature to address and respond to the critical housing needs that Californians are facing across the state. The Veterans and Affordable Housing Bond Act of 2026 is a historic, $11.25 billion investment that will accelerate the construction, rehabilitation, and preservation of affordable housing, support homeownership programs, and provide funding for a variety of state housing initiatives. This bond targets investments to serve Californians with special housing needs – including people experiencing homelessness, farmworker families, public university students, members of California's tribal communities, young adults, and veterans, through proven, cost-effective programs. Resources will also expand local infrastructure capacity and innovative local housing trust fund programs. The Veterans and Affordable Housing Bond Act of 2026 continues our commitment to prioritize access to housing in the Golden State for everyone."

Arguments in Support
The American Legion-Department of California, AMVETS-Department of California, California State Commanders Veterans Council, Military Officers Association of America-California Council of Chapters, and the Vietnam Veterans of America-California State Council all write in strong support of this bill. Supporters state that the CalVet Home and Farm Loan Program is one of California's oldest and most successful veterans' benefits. The program has provided nearly 500,000 low-interest home and farm loans to California veterans over more than a century, deploying more than $8.5 billion in lending authority across 27 separate voter-approved bond measures. California voters have approved every one of those measures. This bill continues a promise the state has kept, and the voters have honored, for more than one hundred years. Additionally, the support argues that there is no cost to the General Fund, the bonds are self-liquidating. The veterans who participate in the program repay their loans, and those repayments, not state taxpayers, service the debt through the Veterans' Farm and Home Building Fund. The program has operated at effectively zero net cost to the General Fund for its entire history, which makes it one of the most fiscally responsible bond programs the state administers.

Arguments in Opposition
None on file.

FISCAL COMMENTS

1) Bond Costs. *Affordable Housing Programs.* Estimated total principal and interest costs to pay off the bonds of approximately $17.39 billion ($10 billion in principal and $7.39 billion in interest), with General Fund (GF) debt service payments of approximately $580 million annually when all bonds are sold. This assumes an interest rate of 4.02% (the rate secured by the State Treasurer over several general obligation bond sales in 2025) and a 30-year maturity. Actual costs would depend on the interest rate and the timing of the sales.

Veterans' Homeownership Program. The CalVet Home Loan Program is funded primarily by veterans' bonds, a type of tax-exempt general obligation bond. The CalVet program is fully self-supporting and does not impose any cost to the GF. The bonds backing the program function like revenue bonds in that they are repaid by CalVet loan holders through the payment of principal and interest on their farm and home loans.

2) Administrative Costs. HCD would incur significant increased staffing and operating costs to administer the various housing programs funded by the bond act. Consistent with previous housing bond measures, HCD expects to utilize up to 5% of bond proceeds for administrative purposes. HCD indicates final staffing estimates would fall within these parameters and it does not anticipate a GF impact.

   The California Housing Finance Agency (CalHFA), which administers the downpayment assistance program, does not anticipate significant additional administrative costs.

   CalVet would incur costs of an unknown amount to continue to administer the Home Loan Program.

3) Ballot Costs. Estimated one-time GF costs to the Secretary of State (SOS) in the range of $984,000 to $1.23 million for printing and mailing costs to place the measure on the ballot in the November 3, 2026, statewide election. This estimate assumes an average per-page cost of $123,000 and the addition of eight to ten pages in the Voter Information Guide

VOTES

SENATE FLOOR: 30-9-1
YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener
NO: Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Seyarto, Strickland, Valladares
ABS, ABST OR NV: Ochoa Bogh

ASM HOUSING AND COMMUNITY DEVELOPMENT: 10-2-0
YES: Haney, Patterson, Ávila Farías, Caloza, Garcia, Kalra, Lee, Quirk-Silva, Wicks, Wilson
NO: Ta, Tangipa

ASM APPROPRIATIONS: 12-3-0
YES: Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache
NO: Dixon, Ta, Tangipa

UPDATED

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