

---

## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair  
2025 - 2026 Regular Session

---

### **SB 492 (Menjivar) - Youth Housing Bond Act of 2026**

**Version:** January 8, 2026

**Urgency:** Yes

**Hearing Date:** January 20, 2026

**Policy Vote:** HOUSING 9 - 1

**Mandate:** No

**Consultant:** Mark McKenzie

**Bill Summary:** SB 492, an urgency measure, would enact the Youth Housing Bond Act of 2026, which authorizes the sale of an unspecified amount of general obligation bonds for youth center and youth housing purposes, upon approval by voters at the next statewide general election.

#### **Fiscal Impact:**

- **Bond costs:** Total principal and interest costs would depend upon the amount of bonds authorized by this measure, which is currently unspecified. For illustrative purposes, if the measure authorized the sale of \$1 billion in general obligation bonds, the total principal and interest costs to pay off the bonds would be approximately \$1.739 billion (\$1 billion in principal and \$739 million in interest), with average annual debt service payments of \$58 million (General Fund), when all bonds are sold, and assuming a 30-year maturity and an interest rate of 4.02% (the average weighted interest rate secured by the State Treasurer for general bond sales in 2025). If interest rates increase to 5% in the near future, annual debt service would be approximately \$65 million (General Fund) and total principal and interest costs over the repayment period would be approximately \$1.952 billion.
- **Administrative costs:** The Department of Housing and Community Development (HCD) would incur significant increased staffing and operations costs, likely in the low millions annually, to administer the new Youth Housing Program established by this measure (2026 Youth Housing Bond Fund). This measure authorizes HCD to use up to 5% of bond proceeds appropriated to the department for its administrative costs, which the department indicates is sufficient to cover their administrative costs. Staff notes that, if the measure authorized the sale of \$1 billion in general obligation bonds, HCD's administrative costs over the life of the new program would be up to \$50 million in the aggregate. See staff comments for a breakdown of potential annual costs and staffing needs.
- One-time Secretary of State (SOS) costs in the range of \$784,000 to \$984,000 in the 2026-27 fiscal year for printing and mailing costs to place the measure on the ballot for the November 3, 2026 statewide general election. To the extent that it is not possible for the SOS to include this measure in the main Voter Information Guide ballot pamphlet for the November general election, costs for the SOS to generate and mail a supplemental pamphlet to the voters would be significantly higher. Preliminary estimates indicate that these one-time costs could be in the range of \$4 million. (General Fund)

**Background:** Existing law, as enacted by SB 1227 (Burton), Chap. 26/2002, establishes the Housing and Emergency Shelter Trust Fund Act of 2002, authorizing the sale of \$2.1 billion in general obligation bonds for various affordable housing programs, upon approval by the voters. Subsequently, the 2002 Act was approved by the voters as Proposition 46 in the November 2002 general election. According to HCD, Proposition 46 assisted in the construction of 91,000 units of housing, including 10,000 shelter spaces.

Existing law, as enacted by SB 1689 (Perata), Chap. 27/2006, establishes the Housing and Emergency Shelter Trust Fund Act of 2006, authorizing the sale of \$2.85 billion in general obligation bonds for various affordable housing programs, upon approval by the voters. Subsequently, the 2006 Act was approved by the voters as Proposition 1C at the November 2006 general election. HCD notes that 92,000 housing units and 3,000 shelter spaces were constructed with Proposition 1C bond funds.

California has invested significantly in affordable housing construction and rehabilitation in recent years through the passage of one-time discretionary actions in the budget and the passage of additional voter approved bonds. Only in the last few years have the Legislature and Governor allocated General Fund dollars to affordable housing programs. Beginning in 2019, over \$8 billion from the General Fund has been dedicated to a variety of affordable housing programs. The Veterans and Affordable Housing Bond Act of 2018 (Proposition 1), 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 Proposition 1 was fully allocated by the end of 2023. In addition, Proposition 2 of 2018 authorized the state to issue \$2 billion in general obligation bonds against revenues from the Mental Health Services Act for purposes of funding the No Place Like Home Program, which provides investments in the development of permanent supportive housing for persons who are in need of mental health services and are experiencing homelessness, chronic homelessness, or are at-risk of chronic homelessness. Those funds supported the construction of over 7,000 supportive housing units and the funds are now exhausted.

More recently, voters approved Proposition 1 in the March 2024 primary election, which establishes the Behavioral Health Infrastructure Bond Act of 2024, and authorizes the issuance of \$6.38 billion in general obligation bonds. Bond proceeds are to be allocated to the Department of Health Care Services (DHCS) and HCD for funding community-based treatment and residential care settings, as well as permanent supportive housing, as specified. Proposition 1 of 2024 provided \$1.05 billion for loans or grants administered by HCD and the Department of Veterans Affairs to develop supportive housing for veterans experiencing or at risk of homelessness with behavioral health challenges, and an additional \$922 million for loans and grants administered by HCD through the Homekey Program to develop supportive housing for people experiencing or at risk of homelessness with behavioral health challenges. Existing law requires HCD to allocate at least 8% of Homekey funding for projects that serve homeless youth or youth at risk of homelessness.

**Proposed Law:** SB 492, an urgency measure, would enact the Youth Housing Bond Act of 2026 and authorize the issuance of an *unspecified amount* of general obligation bonds for the purpose of acquiring, renovating, constructing, and purchasing equipment for youth centers and youth housing, upon approval by the voters at the next statewide

general election. Among other things, this bill would do the following:

- Define various terms for purposes of the Bond Act.
- Establish the Youth Housing Program and require HCD to make awards to local agencies, nonprofit organizations, or joint ventures in order to purchase equipment and acquire, renovate, and construct youth centers or youth housing, as specified.
- Create the 2026 Youth Housing Bond Fund within the State Treasury and require the proceeds of bonds issued pursuant to this measure to be deposited in this Fund.
- Require moneys in the Fund to be available to HCD upon appropriation by the Legislature for purposes of the Youth Housing Program, as specified.
- Require that an *unspecified amount* of funding be available for youth centers and youth housing, respectively, and specify that any remaining money not awarded within two years would be available for both youth centers and youth housing.
- Authorize HCD to use up to 5% of moneys in the Fund to pay for its administrative costs associated with the Youth Housing Program.
- Require recipients of awards for the acquisition, construction, or renovation of facilities used as a youth center or youth housing to ensure the facility will be used for that purpose for a specified number of years, respectively, and provides a mechanism for HCD to recapture awarded funds under certain circumstances.
- Require HCD, before issuing a request for proposals, to create a specified advisory committee to secure advice on the request for proposals and the criteria for reviewing and evaluating proposals.
- Require HCD to seek the cooperation and advice of the California Interagency Council on Homelessness and other appropriate agencies, in addition to the advisory committee, in administering the Youth Housing Program.
- Require proposals for both youth centers and youth housing funding to, at a minimum, do all of the following:
  - Document the need for the applicant's proposal.
  - Contain a written commitment and a plan for the delivery of programs and services designed to meet the needs of the youth of the targeted community.
  - Include a specified match for funding, depending on the applicant type.
  - Document the cost effectiveness of the proposal.
  - Contain a written commitment and plan to develop and implement a process to receive and consider feedback and suggestions from the community served, including a separate mechanism for the youth it serves.
  - Document plans to utilize and coordinate with other organizations serving the same youth population, including making the facilities available where possible.
- Require HCD to establish a priority for considering and ranking proposals based on all of the following:
  - The greatest need in the most heavily populated areas.
  - The most underserved areas.
  - The most economically disadvantaged areas, both in urban and rural counties.
  - The number of youth to be served.
  - The cost effectiveness of the proposal.
  - The utilization of, and coordination with, other agencies serving youth.
  - The applicant's experience in program management, particularly in programs serving the needs of youth.

- The applicant's experience in programs serving youth.
- Require HCD to rank all proposals based on these priorities and to award funds to applicants in the following order of priority: nonprofit organizations, joint ventures between local agencies and nonprofit organizations, and local agencies.
- Require HCD to treat funding for youth centers and youth housing as separate programs and require at least 50% of funding for youth housing to be awarded to housing for homeless youth and a maximum of 50% of funding to housing for current or former foster youth. Any awarded money that has not been encumbered by July 1, 2030 must be reallocated according to a supplemental process developed by HCD, as specified.
- Prohibit an eligible applicant from using more than 5% of the funds allocated for the program to pay the administrative costs of that program.
- Require the SOS to submit the Youth Housing Bond Act of 2026 to the voters at the next statewide general election following the effective date of this measure, notwithstanding specified provisions of the Elections Code.
- Require the SOS to include the Bond Act in the ballot pamphlet mailed to voters, and specify that if inclusion is not possible, the SOS must publish a supplemental ballot pamphlet to be mailed with the main ballot pamphlet. If the supplemental ballot cannot be mailed with the main ballot pamphlet, the SOS must mail the supplemental ballot separately to voters.

**Related Legislation:** SB 417 (Cabaldon), the Affordable Housing Bond Act of 2026, which is currently pending in this Committee, would authorize the sale of \$10 billion in general obligation bonds to fund various affordable housing programs, upon approval of the voters at the June 2, 2026 statewide primary election.

AB 736 (Wicks), the Affordable Housing Bond Act of 2026, which is currently pending in the Senate Rules Committee, would authorize the sale of \$10 billion in general obligation bonds to fund various affordable housing programs, upon approval of the voters at the June 2, 2026 statewide primary election.

SB 1079 (Menjivar), which was approved by the Senate in 2024 but not referred to a policy committee in the Assembly, was substantially similar to this bill and would have authorized the sale of \$1 billion in general obligation bonds for purposes of funding youth centers and youth housing programs, upon approval of the voters at the next statewide general election.

**Staff Comments:** The State Treasurer sold over \$6 billion in general obligation bonds for various purposes in 2025 (including both new money bonds and refunding bonds to refinance previously issued general obligation bonds). The weighted average all-in interest rate on general obligation bond sales over the 2025 calendar year was approximately 4.02%. The fiscal impact estimates noted above assume equivalent rates but also note the difference in debt service costs if the rate rose to historical averages of 5%. Staff notes that interest rates for general obligation bond sales have fluctuated in recent years, with rates as low as 2% in 2021 and as high as 5.06% in October of 2025. California's GO Bonds are currently rated Aa2 by Moody's Investor Service, AA- by S&P Global Ratings, and AA by Fitch Ratings.

HCD would incur significant increased staffing and operating costs to establish and administer the Youth Housing Program created by this bill. The Department's workload

would include convening an advisory committee, creating specific program guidelines, developing and issuing Notices of Funding Availability (NOFAs), reviewing and scoring applications, making awards, creating and executing contracts, compliance oversight, and long-term monitoring functions. HCD expects total costs associated with any new staffing needs would be within the 5% cap for administrative costs that is specified in this bill. For illustrative purposes, staff notes that HCD previously provided estimates for a substantially similar measure (SB 1079 of 2024), indicating projected costs of approximately \$4.18 million and 21.0 PY of new staff for the first year, and costs of approximately \$5.93 million and 30.0 PY for the second year and ongoing, to establish and administer a Youth Housing Program. These figures assumed that \$1 billion in bond funds would be authorized by SB 1079, and that \$500 million would be available for each of two rounds of funding. The costs and PY needs related to SB 492 could ultimately be lower or higher if the bill is amended to authorize the sale of significantly more or less bond funds.

The SOS indicates that printing and mailing costs associated with placing a measure on the statewide ballot are estimated to be approximately \$123,000 per page, based on the average costs for recent elections, and depending on the length of the ballot. These per page costs assume that SB 492 is enacted with sufficient time to include the Bond Act in the November 3, 2026 general election ballot pamphlet, and the fiscal estimates noted above reflect the addition of 6-8 pages in the Voter Information Guide ballot pamphlet. Actual costs would depend upon the length of the title and summary, analysis by the Legislative Analyst's Office, proponent and opponent arguments, and text of the proposal. If inclusion of this measure in the Voter Information Guide ballot pamphlet is not possible, SB 492 requires the SOS to publish a supplemental ballot pamphlet regarding the Youth Housing Bond Act of 2026 which is to be mailed with the main ballot pamphlet. If timing does not allow the supplemental pamphlet to be mailed with the main ballot pamphlet, the bill requires the SOS to mail the supplemental ballot separately. Preliminary estimates indicate that SOS costs to produce and mail a supplemental ballot separate from the main Voter Information Guide ballot pamphlet could be in the range of \$4 million.

**Recommended Amendments:** Staff recommends that the bill be amended to specify the amount of general obligation bonds that would be authorized for issuance, if this bond act is adopted, and to specify the amounts available for youth centers and youth housing, respectively, all of which are currently blank in the bill.

**-- END --**