

Date of Hearing: June 16, 2026

ASSEMBLY COMMITTEE ON MILITARY AND VETERANS AFFAIRS

Pilar Schiavo, Chair

SB 623 (Archuleta) – As Amended June 3, 2026

**SENATE VOTE:** Not relevant.

**SUBJECT:** Veterans' Bond Act of 2026.

**SUMMARY:** Enacts the Veterans Bond Act of 2026 and authorizes the issuance of \$1.25 billion in general obligation (GO) bonds for a veteran's home ownership program, subject to approval by the voters in the November 3, 2026 election.

**EXISTING LAW:**

- 1) Authorizes the Veterans and Affordable Housing Bond Act of 2018, which provided \$4 billion in funding, including \$1 billion for the Department of Veterans Affairs (CalVet) program and \$3 billion for various affordable housing programs. (Proposition 1 of 2018)
- 2) Provides for farm and home purchase benefits for qualifying veterans under the Veterans' Farm and Home Purchase Act of 1943 and the Veterans' Farm and Home Purchase Act of 1974, which are collectively referred to as the CalVet Home Loan Program, and places responsibility for program administration with CalVet. (Military & Veterans Code § 987.50, *et seq*)

**FISCAL EFFECT:** This bill, as amended, has not been analyzed by a fiscal committee.

**COMMENTS:**

- 1) **PURPOSE OF THIS BILL.** According to the author, this bill “places the Veterans Bond Act of 2026 before the voters so California can continue helping veterans and their families achieve the dream of homeownership. For more than 100 years, the CalVet Home Loan Program has helped generations of veterans put down roots, build stability, and provide for their families after serving our country. This program that has stood the test of time because it works and because it is self-supporting, with veterans repaying the bonds through their mortgage payments. But without new bond authority, that legacy is at risk. The program could lose its ability to issue new home loans, cutting off a proven benefit that veterans have earned and that California has proudly supported for generations. California has always recognized the sacrifice of its veterans. This bill gives voters the opportunity to honor that commitment once again and ensure this vital program remains available for the next generation of veterans, service members, and military families.”
- 2) **BACKGROUND.** CalVet Home Loan Program. This program is funded primarily by veterans' bonds, a type of tax-exempt 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.

The use of CalVet loans had declined sharply during the Great Recession, largely attributable to the decline in overall home sales. In addition, pressure from the Federal Reserve to keep private-sector interest rates low made CalVet loans less competitive. Due to CalVet's restructured debt, interest rates are now at or below market rates for 30 year fixed rate loans and their use is increasing. Specifically, loan volume has increased from approximately \$200 million in fiscal year (FY) 2023-24 to more than \$245 million in FY 2024-25, a 22.5% year-over-year increase. Approximately 67% of purchase loans are funded with GO bond proceeds. However, existing bond authority is running out. The most recent bond authority, 2018's Proposition 1, authorized \$1 billion in bonding authority. At the current rate of lending, CalVet projects they will exhaust the remaining bond authority by the Fall of 2027.

Any veteran looking to purchase an owner-occupied home in California can take advantage of this benefit, provided they don't already have a CalVet home loan. There's no limit on how many times veterans can apply for and obtain a CalVet home loan. Here are the specific eligibility criteria:

- a) Veterans who have served on active duty for at least 90 days (excluding training-related duty), whether in wartime or peacetime, qualify;
  - b) Service must have been rendered under honorable conditions; and,
  - c) There are no restrictions on previous residency; veterans can join from outside California. This also includes members of the National Guard or reservists who have been ordered to active duty.
- 3) **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.

- 4) **DOUBLE REFERRAL.** This bill is double referred, upon passage in this committee, this bill will be referred to the Assembly Committee on Housing and Community Development.
- 5) **AMENDMENTS.** The author wishes to add an urgency to this bill in order that the Veterans' Bond Act of 2026 may be included on the November 3, 2026, statewide general election ballot in furtherance of an orderly program of providing farm and home purchase benefits to California veterans, it is necessary that this act take effect immediately.
- 6) **RELATED LEGISLATION.**
  - a) AB 736 (Wicks) authorizes the Affordable Housing Bond Act of 2026 to place a \$10 billion housing bond on the June 2, 2026, primary election ballot to fund production of affordable housing and supportive housing. AB 736 is pending on the Senate Floor.
  - b) SB 417 (Cabaldon) is substantially similar to AB 736 and is pending on the Assembly Floor.
- 7) **PREVIOUS LEGISLATION.** SB 3 (Beall), Chapter 365, Statutes of 2017, enacted the Veterans and Affordable Housing Bond Act of 2018 and authorizes the issuance of \$4 billion in GO bonds for affordable housing programs and a veteran's home ownership program, which was approved by the voters in the November 6, 2018, election as Proposition 1.

#### **REGISTERED SUPPORT / OPPOSITION:**

##### **Support**

California State Treasurer Fiona Ma  
American Legion, Department of California  
Amvets, Department of California  
California Association of Realtors  
California Senior Legislature  
California State Commanders Veterans Council  
Military Officers Association of America, California Council of Chapters  
Orange; County of  
San Diego Military Advisory Council  
VetFund Foundation  
VFW  
Vietnam Veterans of America, California State Council

##### **Opposition**

None on file.

**Analysis Prepared by:** Patty Patten / M. & V.A. / (916) 319-3550