



METROPOLITAN  
TRANSPORTATION  
COMMISSION

**Agenda Item 3b**

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*Memorandum*

TO: Legislation Committee

DATE: July 6, 2018

FR: Executive Director

W.I. 1131

RE: Propositions 1 and 2: Affordable Housing and Homelessness Bonds– Support

**Background**

This November, California voters will consider two bond measures, the Veterans and Affordable Housing Bond Act of 2018 and No Place Like Home Act of 2018, which would together provide \$6 billion for permanent supportive housing, affordable housing, veterans housing and housing-related infrastructure. These bond measures are described in more detail below.

Veterans and Affordable Housing Bond Act of 2018 (Proposition 1)

The Veterans and Affordable Housing Bond Act/Proposition 1 is a \$4 billion general obligation bond authorized by SB 3 (Beall, 2017) – a bill MTC supported – which was passed as part of the 2017 housing package. Similar to Proposition 46 (2002) and Proposition 1C (2006), bond proceeds would fund a range of affordable housing preservation and construction activities, including park and infrastructure investments to facilitate transit-oriented development and infill development. It would also subsidize veteran’s home loans. If approved, funds would be allocated to existing programs as follows:

- Multifamily Housing Program (\$1.5 billion)
- Cal-Vet Home Loan Program (\$1 billion)
- Local Housing Trust Fund Matching Grant Program (\$300 million)
- Infill Incentive Grant Program (\$300 million)
- Joe Serna, Jr. Farmworker Housing Grant Fund (\$300 million)
- CalHome Program (\$300 million)
- Transit-Oriented Development Implementation Program (\$150 million)
- Home Purchase Assistance Program (\$150 million)

No Place Like Home Act of 2018 (Proposition 2)

The No Place Like Home Act/Proposition 2 would approve \$2 billion in revenue bonds to finance the construction and rehabilitation of permanent supportive housing for homeless individuals with mental illnesses. The \$2 billion would be awarded through the existing Department of Housing and Community Development (HCD) No Place Like Home Program

(NPLH), with \$1.8 billion reserved for a county competitive grant program. The remaining \$200 million would be available to counties based on each county's share of the state's homeless population or in the amount of \$500,000, whichever is greater. Bonds would be funded from Proposition 63 Mental Health Services Act (MHSA) revenues.

Although the NPLH program and issuance of bonds were authorized by the Legislature in 2016, legal challenges regarding whether or not the program is a valid use of MHSA revenues have tied up the funds. This ballot measure, if approved by the voters, would affirm the use of MHSA revenues for the No Place Like Home Program.

**Recommendation:** Support Proposition 1 and Proposition 2

### **Discussion**

Like many areas throughout the state, high housing costs in the Bay Area are driving workers further and further away from job centers, degrading their quality of life and hindering our efforts to achieve state climate goals. With San Francisco and East Bay rental rates and housing prices reaching historical highs and homelessness affecting increasing numbers of Bay Area residents, the need for more affordable housing in the region could not be more apparent.

Propositions 1 and 2 would augment the \$500 million in homelessness funding set aside in the fiscal year 2018-19 Budget and the ongoing state housing revenue stream authorized by SB 2 (Atkins, 2017), which was also part of the 2017 housing package. SB 2 is expected to generate \$250 million annually through a new document recording fee. The Bay Area has also increased investments in homelessness and affordable housing in recent years through voter approval of more than \$1.5 billion in housing bonds in 2016. These recent actions to reinvest in affordable housing and homelessness follow years of steep cuts in state and federal support.

Propositions 1 and 2, though not a panacea, would invest in critical infrastructure to help localities address immediate homelessness and housing needs while also providing funding for longer-term solutions, including the preservation and construction of more affordable housing. Consistent with our MTC/ABAG 2018 Joint Advocacy Program, staff recommends a support position on both propositions.



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Steve Heminger

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