Metropolitan Transportation Commission and Association of Bay Area Governments

Joint MTC ABAG Legislation Committee

August 14, 2026 **Agenda Item 3c-26-0853**

Proposition 1: Veterans and Affordable Housing Bond Act of 2026

Subject:

$11.25 billion statewide housing bond to fund affordable housing and homeownership across California.

Background:

Two Bay Area legislators – Assemblymember Wicks and Senator Cabaldon – spearheaded the successful effort this year to place a housing bond on November's statewide ballot. Introduced last year, Assembly Bill (AB) 736 (Wicks) and Senate Bill (SB) 417 (Cabaldon) initially proposed a $10 billion general obligation (GO) bond for the June 2026 statewide ballot to fund the state's traditional affordable housing rental and ownership programs. MTC-ABAG supported both bills.

Through extensive negotiations, the bond's scope expanded to include homeownership assistance for veterans, student housing, and local housing trust fund matching grants, with a corresponding increase in amount to $11.25 billion. MTC and ABAG sought a friendly amendment to explicitly allow regional housing finance agencies such as the Bay Area Housing Finance Authority (BAHFA) to access bond funding. Though that amendment was not integrated into the bill, BAHFA may be eligible for certain programs, as described below.

In June, the Legislature passed and Governor Newsom signed SB 417 – with Senate President pro Tem Limón as the new author – to place it on the ballot. See Attachment A for a comparison of the program funding proposed in March 2025, when MTC-ABAG adopted support positions on the bills, and final SB 417/Proposition 1 program allocations.

Recommendation:

Support / ABAG Executive Board Approval

Support / Commission Approval

Discussion:

Meeting the Bay Area's affordable housing needs will take a coordinated and sustained effort by all levels of government. Historically, GO bonds have been the state's primary vehicle for making large-scale capital investments in affordable housing. Voters last approved a comprehensive state housing bond in 2018 (the $4 billion Proposition 1). Those funds have been fully allocated. Additionally, voters in 2024 approved a $6.4 billion mental health bond measure, of which $2 billion is for supportive housing for veterans and other individuals with disabilities. That targeted investment is important but is not a substitute for a broader housing bond.

In recent years, the state has supplemented its traditional housing investments through additional General Fund appropriations in the annual state budget. With the state facing an uncertain economic outlook, those supplemental investments are likely to become more difficult to sustain. A new housing bond provides an important opportunity for the state to make a significant contribution toward meeting California's housing needs without placing the full cost on near-term state budgets.

If passed by voters in November, Proposition 1 would infuse as much as $2 billion annually over five years into housing production and preservation across California, in addition to supporting homeownership assistance for veterans. The Bay Area has performed well in past funding rounds for the affordable housing programs included in the bond. BAHFA may also be eligible to administer a portion of the new preservation program – which will be refined through a separate bill – and to apply for funding under the Local Housing Trust Fund Matching Grant Program.

Known Positions:

See Attachment B for positions on SB 417 (Limón)

Attachments:

- Attachment A: Comparison of AB 736 / SB 417 and Proposition 1
- Attachment B: List of Known Positions on SB 417 (Limón)

Andrew B. Fremier