

CALIFORNIA PROP 01

Authorizes Bonds for Affordable Housing Programs

Purpose

This measure, proposed by the legislature, would authorize \$11.25 billion in general obligation bonds to fund affordable housing and homeownership programs, with repayment coming from the state's General Fund over time.¹

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Background

California has a housing affordability crisis. Despite recent stabilization, California housing costs have risen sharply since the COVID pandemic in 2020. According to the California Legislative Analyst's Office (LAO), California's mid-tier home prices are now more than double the national average, while entry-level home prices are 30% above the national average.² In response, the state has increased its focus on affordable housing, almost tripling the number of homes it subsidizes over the past six years.³ The state offers nonprofits and housing developers inexpensive loans and grants for new housing units, which then must be rented or sold to low-income Californians.

To fund construction and housing costs, California has historically used general obligation (GO) bonds. The state repays GO bonds over time through its General Fund. Since 1990, California has repeatedly used GO bonds to pay for housing assistance,⁴ often coupling housing subsidies with support for military veterans. Most recently, in 2024, Californians approved a \$6.38 billion housing bond measure, with \$2 billion specifically dedicated to affordable housing.⁵

Figure 1. Spending Breakdown of Proposition 1²²

Affordable Multifamily Housing Programs	\$7.2 billion
Veterans Housing Program	\$1.25 billion
Homeownership Programs	\$1.1 billion
Infrastructure Programs	\$500 million
Farmworker Housing Program	\$450 million
Higher Education Student Housing Programs	\$350 million
Tribal Housing Program	\$200 million
Local Pilot Programs	\$200 million

Proposal

Proposition 1 would allow the state to sell \$11.25 billion in GO bonds, with the funding divided into different housing programs.

As Figure 1 shows, the majority of Proposition 1 bond funding (\$7.2 billion) would go to acquiring, building, or renovating rental housing, such as apartment buildings. Other funds would assist low- and moderate-income households, veterans, and farm workers in purchasing housing. The measure would also fund infrastructure projects such as water, sewage, and parks necessary for new housing, and it would provide funds to California public universities to assist with student housing.

The LAO estimates that the bonds could be used toward 40,000 multifamily rental units, 2,500 units for farmworkers, and about 1,200 beds for university students. The funds would also help as many as 40,000 households, including about 2,100 veterans, with homeownership.⁶

Fiscal Impact

Veterans who participate in the housing program would make a monthly payment to the state; as a result, the state would need to repay only \$10 billion instead of the full \$11.25 billion.⁷ The LAO predicts the cost to the General Fund would be \$500-600 million annually for the next 25 years.⁸ Including interest and adjusting for inflation, the state would ultimately pay 15% more than if it paid upfront. Additionally, the state estimates an increase in administrative costs to accommodate the expansion of housing programs. However, these costs are covered in the pre-planned bond spending.⁹

SUPPORT FOR PROPOSITION 1

Supporters of Proposition 1 Include:

- California Democratic Party
- Governor Gavin Newsom (D)¹⁰
- ACLU California Action¹¹
- League of California Cities¹²
- California-Hawaii NAACP State Conference¹³

The proponents' official website is <https://yesonprop1ca.com>.

As of September 19, 2026, proponents had raised \$42,037,117.¹⁴ Building a Better California donated \$33,958,054 to the Yes on Prop 1 campaign.¹⁵

Arguments for Proposition 1

Supporters argue Proposition 1 would:

- Increase funding for housing without raising taxes or using tax dollars.¹⁶
- Honor the country's veterans and expand the existing CalVet Home Loan Program.¹⁷

OPPOSITION TO PROPOSITION 1

Opponents of Proposition 1 Include:

- State Assembly Member David Tangipa (R-8)¹⁸
- Reform California¹⁹

Currently, no official campaign has formed to oppose Proposition 1. As of September 19, 2026, opponents had raised no funds to defeat the proposition.²⁰

Arguments Against Proposition 1

Opponents argue Proposition 1 would:

- Increase debt and long-term spending at a time when the state has sufficient other resources to support veterans and provide more affordable housing.²¹

A YES VOTE ON PROPOSITION 1

A **YES** vote on Proposition 1 would allow the state to issue \$11.25 billion in bonds in order to fund numerous income-qualified housing programs, including the Multifamily Housing Program and veteran home loan program.

A NO VOTE ON PROPOSITION 1

A **NO** vote on Proposition 1 would not authorize the state to issue \$11.25 billion in bonds in order to fund these programs.

Endnotes

- 1 The text of the proposition is at California Secretary of State, *Official Voter Information Guide, General Election, November 3, 2026*, pp. 100-105, <https://vig.cdnsos.ca.gov/2026/general/pdf/complete-vig.pdf>.
- 2 Bentz, Alex, "California Housing Affordability Tracker (1st Quarter 2026)," California Legislative Analyst's Office (LAO), accessed August 2nd, 2026, <https://lao.ca.gov/LAOEconTax/Article/Detail/793>.
- 3 Davalos, Monica, "Proposition 1: California's Veterans and Affordable Housing Bond," California Budget & Policy Center, accessed August 1, 2026, <https://calbudgetcenter.org/resources/proposition-1-californias-veterans-and-affordable-housing-bond/>.
- 4 LAO, "Implementation of the Housing Bond," Analysis of the 2007-08 Budget Bill: General Government, accessed August 1, 2026, https://lao.ca.gov/analysis_2007/general_govt/gen_o2_anl07.aspx.
- 5 Ballotpedia. "California Proposition 1, Behavioral Health Services Program and Bond Measure (March 2024)," accessed August 2, 2026, [https://ballotpedia.org/California_Proposition_1_Behavioral_Health_Services_Program_and_Bond_Measure_\(March_2024\)](https://ballotpedia.org/California_Proposition_1_Behavioral_Health_Services_Program_and_Bond_Measure_(March_2024)).
- 6 LAO, "Proposition 1."
- 7 LAO, "Proposition 1."
- 8 LAO, "Proposition 1."
- 9 See the LAO's "Overview of State Bond Debt" in CA Secretary of State, *Official Voter Information Guide*, p. 80.
- 10 Office of Governor Gavin Newsom, "Governor Newsom Signs Historic Housing Bond Set for Voters on the November Ballot," June 25, 2026, <https://www.gov.ca.gov/2026/06/25/governor-newsom-signs-historic-housing-bond-set-for-voters-on-the-november-ballot/>.
- 11 Ballotpedia, "Proposition 1."
- 12 Ballotpedia, "Proposition 1."
- 13 California State Senate, Senate Rules Committee, Office of Senate Floor Analyses, "SB 417: The Veterans and Affordable Housing Bond Act of 2026," prepared by Alison Hughes, July 7, 2026, https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202520260SB417.
- 14 Ballotpedia, "Proposition 1."
- 15 Ballotpedia, "Proposition 1."
- 16 CA Secretary of State, *Official Voter Information Guide*, p. 18.
- 17 CA Secretary of State, *Official Voter Information Guide*, p. 18.
- 18 Ballotpedia, "Proposition 1."
- 19 Reform California, "CA Statewide Voter Guide," accessed August 3, 2026, <https://www.reformcalifornia.org/voter-guides/california>.
- 20 Ballotpedia, "Proposition 1."
- 21 Ballotpedia, "Proposition 1."
- 22 LAO, "Proposition 1: Authorizes Bonds for Housing Affordability Programs. Legislative Statute," July 14, 2026, <https://lao.ca.gov/BallotAnalysis/Proposition?number=1&year=2026>.

