



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Emily S. Lam

SUBJECT: Proposition 1 – Veterans
and Affordable Housing
Bond Act of 2026

DATE: July 22, 2026

Approved

Date:

7/23/2026

COUNCIL DISTRICT: Citywide

RECOMMENDATION

Adopt a resolution supporting Proposition 1 – the Veterans and Affordable Housing Bond Act of 2026, a statewide ballot measure qualified for the California general election on November 3, 2026.

SUMMARY AND OUTCOME

The Administration recommends that the City Council support Proposition 1 – the Veterans and Affordable Housing Bond Act of 2026. This bill aligns with the City Council adopted focus area of Building More Housing. If passed and subject to state funding availability, it may finance the construction or renovation of affordable and student housing in San José. The Administration will engage with stakeholders on behalf of the City in accordance with City Council direction and in alignment with the 2026 Legislative Program.¹

BACKGROUND

The City of San José, as the third largest in California, can influence the outcome of a ballot measure based on its interests and position. The City Council adopted positions on selected ballot measures in past statewide elections that impact the City of San José and its residents and businesses.

The State of California offers two paths to placing a measure on the ballot. The California Legislature can pass a bill to put constitutional amendments, bond measures, or proposed changes to the law on a ballot. Alternatively, any California voter can put a

¹ <https://www.sanjoseca.gov/home/showdocument?id=128505>

referendum or an initiative on the ballot by following the process outlined by the State of California’s Office of the Secretary of State.²

The City Manager’s Office of Administration, Policy, and Intergovernmental Relations (CMO/API) last received direction from the City Council on the Legislative Program on January 13, 2026 ([Item 3.6 26-027](#))³. CMO/API is scheduled to present the Intergovernmental Relations Summer Report and recommendations regarding additional ballot measures to the City Council on September 15, 2026.

ANALYSIS

Proposition 1 – the Veterans and Affordable Housing Bond Act of 2026, was authorized for the November 3, 2026 ballot by Senate Bill 417 (Limón). The Administration is recommending that the City Council support Proposition 1 as it will advance the City Council Focus Area of Building More Housing. The City would not receive a direct allocation of bond proceeds as the funding is distributed directly by state agencies through competitive processes according to the following table of components to Proposition 1 legislation:

Amount	Description	Specifications
\$5.1 billion (B)	Housing Rehabilitation Loan Fund for the Multifamily Housing Program	• At least 10% for extremely low-income households
\$1.25B	CalVet Home Loan	• Homebuyer assistance for veterans and active duty service members
\$1.15B	Housing Rehabilitation Loan Fund for Supportive Housing	• Up to 15% or \$172.5 million (M) for grants to acquire, convert, or rehabilitate interim housing to permanent housing • \$150M for Youth Housing
\$750M	Portfolio Reinvestment Program	• To be appropriated by the Legislature
\$600M	Self-Help Housing Fund	• CalHome Program
\$500M	Home Purchase Assistance Fund	• Homebuyer assistance

² <https://elections.cdn.sos.ca.gov/ballot-measures/pdf/statewide-initiative-guide.pdf>

³ <https://sanjose.legistar.com/LegislationDetail.aspx?ID=7784029&GUID=E816A8C1-9D57-4DE4-BA72-C159E2086963>

\$500M	Infill Infrastructure Grant Program	• Supports new construction and rehabilitation of infrastructure for high-density, affordable or mixed-income infill housing
\$450M	Joe Serna, Jr. Farmworker Housing Grant Fund	• Loans or grants for the construction or rehabilitation of housing for agricultural employees
\$350M	Affordable Student Housing	• Evenly split between the University of California and California State University • To be appropriated by the Legislature
\$200M	Tribal Housing Grant Program	• To be appropriated by the Legislature
\$200M	Affordable Housing Innovation Fund	• Competitive grants or loans to local housing trust funds • To be appropriated by the Legislature
\$200M	Multifamily Housing Program	• Acquisition and rehabilitation of existing affordable homes • To be appropriated by the Legislature

Proposition 1 authorizes a total of \$11.25B in general obligation bonds to fund specified housing programs and initiatives. It represents a historic investment to accelerate affordable and student housing construction, rehabilitation, and preservation.

Proposition 1 targets Californians with special housing needs through existing state housing programs, including people experiencing homelessness, farmworker families, public university students, members of tribal communities, young adults, and veterans. Resources from the bond may also expand local infrastructure capacity and innovative local housing trust fund programs.

To support efficient and timely use of the funds, the measure allows the state housing agency to align or streamline the programs funded to improve efficiency and accelerate

the deployment of funds, provided that expenditures remain consistent with the purposes and eligible uses approved by the voters and the Legislature.

The City of San José secured at least \$14.5M in funding from the \$4B Housing Programs and Veterans' Loans Bond that voters approved on November 6, 2018. If Proposition 1 were approved and assuming a similar proportional allocation, developers in San José could potentially submit applications for over \$40M of state funding invested in local affordable and student housing projects. The Administration is actively evaluating ways for the City of San José to leverage this funding into pipeline projects and initiatives. Approval of Proposition 1 requires a simple majority – if more than 50% of the votes cast on it are “Yes.”

Proposition 1 is supported by a wide range of stakeholders, including the California Apartment Association, the California Housing Consortium, Destination: Home, and South Bay YIMBY. San José State University also supports Proposition 1 as it would add or upgrade housing for 897 students.

EVALUATION AND FOLLOW-UP

No additional follow-up action with the City Council is expected at this time.

COORDINATION

The Administration coordinated this memorandum with the City Attorney's Office; the City Manager's Budget Office, and the Housing Department.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the August 11, 2026 City Council meeting.

BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT

No board, commission, or committee recommendation or input is associated with this action.

HONORABLE MAYOR AND CITY COUNCIL

July 22, 2026

Subject: Proposition 1 – Veterans and Affordable Housing Bond Act of 2026

Page 5

CEQA

Not a Project, File No. PP17-010, City Organizational and Administrative Activities resulting in no changes to the physical environment.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.



Emily S. Lam
Director, City Manager's Office of
Administration, Policy, and
Intergovernmental Relations

For questions, please contact Han Kang, Deputy Director and Chief Intergovernmental Relations Officer, at han.kang@sanjoseca.gov.

ATTACHMENT:

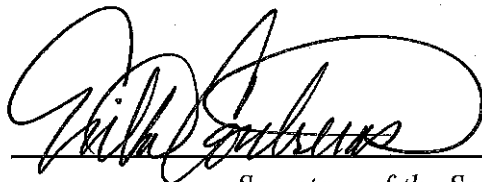
Attachment - Senate Bill 417 (Limón): The Veterans and Affordable Housing Bond Act of 2026

Ch. 16
u.

Senate Bill No. 417

Passed the Senate

JUN 25 2026



Secretary of the Senate

Passed the Assembly

JUN 25 2026



Chief Clerk of the Assembly

This bill was received by the Governor this 25th day
of June, 2026, at 12:30 o'clock p. M.



Private Secretary of the Governor

CHAPTER _____

An act to add Part 16.1 (commencing with Section 54050) to Division 31 of the Health and Safety Code, and to add Article 5ab (commencing with Section 998.750) to Chapter 6 of Division 4 of the Military and Veterans Code, relating to housing, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 417, Limón. The Veterans and Affordable Housing Bond Act of 2026.

Under existing law, there are programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, home ownership for very low and low-income households, and downpayment assistance for first-time home buyers. Existing law also authorizes the issuance of bonds in specified amounts pursuant to the State General Obligation Bond Law and requires that proceeds from the sale of these bonds be used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks. Existing law, the Veterans and Affordable Housing Bond Act of 2018, authorized, the issuance of bonds in the amount of \$4,000,000,000 to finance various existing housing programs, as well as infill infrastructure financing and affordable housing matching grant programs, as well as financing for a specified program for farm, home, and mobilehome purchase assistance for veterans, pursuant to the State General Obligation Bond Law.

This bill would enact the Veterans and Affordable Housing Bond Act of 2026, which, if adopted, would authorize the issuance of bonds in the amount of \$11,250,000,000, pursuant to the State General Obligation Bond Law. Of the proceeds from the sale of these bonds, \$10,000,000,000 would be used to finance programs to fund affordable rental housing and home ownership programs, including, among others, the Multifamily Housing Program, the

CalHome Program, and the Joe Serna, Jr. Farmworker Housing Grant Program, and \$1,250,000,000 would be used to provide additional funding for the above-described program for farm, home, and mobilehome purchase assistance for veterans, as provided.

This bill would provide for submission of the bond act to the voters at the November 3, 2026, statewide general election, in accordance with specified law.

This bill would declare that it is to take effect immediately as an urgency statute.

The people of the State of California do enact as follows:

SECTION 1. This act shall be known, and may be cited, as the Veterans and Affordable Housing Bond Act of 2026.

SEC. 2. Part 16.1 (commencing with Section 54050) is added to Division 31 of the Health and Safety Code, to read:

PART 16.1. VETERANS AND AFFORDABLE HOUSING BOND ACT OF 2026

CHAPTER 1. GENERAL PROVISIONS

54050. Together with Article 5ab (commencing with Section 998.750) of Chapter 6 of Division 4 of the Military and Veterans Code, this part shall be known, and may be cited, as the Veterans and Affordable Housing Bond Act of 2026.

54051. This part shall only become operative upon adoption by the voters at the November 3, 2026, statewide general election.

54052. For purposes of this part, “fund” means the Affordable Housing Bond Act Trust Fund of 2026 created pursuant to Section 54054.

CHAPTER 2. AFFORDABLE HOUSING BOND ACT TRUST FUND OF 2026 AND PROGRAM

54054. (a) The Affordable Housing Bond Act Trust Fund of 2026 is hereby created within the State Treasury. It is the intent of the Legislature that the proceeds of bonds issued and sold pursuant to this part, exclusive of refunding bonds issued pursuant to Section 54076, be deposited into the fund and used to fund

affordable rental housing and home ownership programs as described in this chapter.

(b) The proceeds of bonds issued and sold pursuant to this part for the purposes specified in this chapter shall be allocated in the following manner:

(1) Five billion one hundred million dollars (\$5,100,000,000) to be deposited into the Housing Rehabilitation Loan Fund established pursuant to Section 50661 to be used for the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2. At least 10 percent of assisted units in each development receiving these funds shall be affordable to extremely low income households.

(2) One billion one hundred fifty million dollars (\$1,150,000,000) to be deposited into the Housing Rehabilitation Loan Fund established pursuant to Section 50661 to be used for supportive housing, as described in Section 50675.14, pursuant to the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2. The administering entity shall offer capitalized operating subsidy reserves for supportive housing units in developments receiving these funds.

(A) (i) Up to 15 percent of this amount shall be made available as grants to eligible entities specified in Section 50675.1.3 to acquire capital assets for the acquisition, conversion, or rehabilitation of interim housing to permanent housing, including scattered site projects for persons who are homeless, chronically homeless, or are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, the purchase of affordability covenants and restrictions for units, relocation costs for individuals who are being displaced as a result of rehabilitation of existing units, and capitalized operating subsidies for units purchased, converted, or altered with funds provided by this section.

(ii) Any program or project that uses funds received for any of the purposes described in this subparagraph shall be subject to the regulatory streamlining provisions of Section 50675.1.5 of the Health and Safety Code and subdivision (i) of Section 50675.1.3.

(iii) Any conflict between the other requirements of the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2) and this paragraph shall be resolved in

favor of this paragraph, as may be set forth in the guidelines authorized pursuant to Section 54077.

(B) (i) One hundred fifty million dollars (\$150,000,000) of this sum shall be used for youth housing.

(ii) For purposes of this subdivision, “youth housing” means housing for current or former foster youth, homeless minors or youth, or youth at risk of homelessness, including, but not limited to, housing that assists them develop the skills and resources they need to make a successful transition to independent, self-sufficient adulthood.

(iii) Funds made available under this subparagraph shall be used only for the capital costs of developing, acquiring, rehabilitating, or preserving youth housing, and shall not be used to fund the operation or delivery of services.

(iv) Any funds not encumbered for the purpose of this subparagraph within three years of availability shall revert for general use in the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2.

(3) Seven hundred fifty million dollars (\$750,000,000) to be appropriated by the Legislature, to the program commonly known as the Portfolio Reinvestment Program established pursuant to Chapter 5.5 (commencing with Section 50606) of Part 2. Any funds not encumbered for the purposes of this paragraph by November 3, 2036, shall revert for general use in the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2.

(4) Two hundred million dollars (\$200,000,000) to be appropriated by the Legislature, to a program to fund the acquisition and rehabilitation of unrestricted housing units and attach long-term affordability restrictions on the housing units, while safeguarding against the displacement of current residents. Any funds not allocated by the administering entity within the first three years shall be made available by the administering entity for the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2).

(5) Six hundred million dollars (\$600,000,000) to be deposited into the Self-Help Housing Fund established pursuant to Section 50697.1. The moneys in the fund shall be available for the CalHome Program authorized by Chapter 6 (commencing with Section 50650) of Part 2, to provide direct, forgivable loans to

assist development projects involving multiple home ownership units, including single-family subdivision, for self-help mortgage assistance programs, and for manufactured homes. These funds may also be expended for any authorized purpose of the program. Any funds not encumbered for the purposes of this paragraph by November 3, 2036, shall revert for general use in the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2.

(6) Five hundred million dollars (\$500,000,000) to be deposited into the Home Purchase Assistance Fund established pursuant to Section 51342. Notwithstanding Section 13340 of the Government Code and Section 50697.1, these funds are hereby continuously appropriated to the California Housing Finance Agency without regard to fiscal years, for purposes of the home purchase assistance program established pursuant to Chapter 6.8 (commencing with Section 51341) of Part 3.

(7) Four hundred fifty million dollars (\$450,000,000) to be deposited into the Joe Serna, Jr. Farmworker Housing Grant Fund, established pursuant to Section 50517.5; to fund grants or loans, or both, for the construction or rehabilitation of housing for agricultural employees and their families or for the acquisition of manufactured housing as part of a program to address and remedy the impact of current and potential displacement of farmworker families from existing labor camps, mobilehome parks, or other housing. These funds may also be expended for any authorized purpose of the program. These funds may also be used to provide technical assistance pursuant to Section 54007. Any funds not encumbered for the purposes of this paragraph by November 3, 2036, shall revert for general use in the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2.

(8) Two hundred million dollars (\$200,000,000) to be appropriated by the Legislature, to the Tribal Housing Grant Program established pursuant to Chapter 6.4 (commencing with Section 50651) to finance housing and housing-related activities that will enable tribes to rebuild and reconstitute their communities. Any funds not encumbered for the purposes of this paragraph by November 3, 2036, shall revert for general use in the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2.

(9) Five hundred million dollars (\$500,000,000) for the Infill Infrastructure Grant Program of 2019 established pursuant to Section 53559 of the Health and Safety Code for infill incentive grants to assist in the new construction and rehabilitation of infrastructure that supports high-density affordable and mixed-income housing in locations designated as infill. Any funds not encumbered for the purposes of this paragraph by November 3, 2036, shall revert for general use in the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2.

(10) Three hundred fifty million dollars (\$350,000,000) to be appropriated by the Legislature for new affordable student housing projects. This funding shall be split evenly among the University of California and the California State University. Funded student housing projects shall meet the terms specified in subdivision (f) of Section 17201 of the Education Code. For these projects, the University of California and California State University shall meet the accountability and reporting requirements specified in subdivisions (i) and (o) of Section 17201 of the Education Code.

(11) Two hundred million dollars (\$200,000,000) to be deposited in the Affordable Housing Innovation Fund established pursuant to subparagraph (F) of paragraph (1) of subdivision (a) of Section 53545. Moneys in the fund shall be available, upon appropriation by the Legislature, pursuant to the Local Housing Trust Fund Matching Grant Program established pursuant to Section 50842.2 to fund competitive grants or loans to local housing trust funds that develop, own, lend, or invest in affordable housing and be used to create pilot programs to demonstrate innovative, cost-saving approaches to creating or preserving affordable housing. Local housing trust funds shall be derived on an ongoing basis from private contribution or governmental sources that are not otherwise restricted in use for housing programs. These funds may also be expended for any authorized purpose of this program. Any funds not encumbered for the purposes of this paragraph within three years of availability shall be reverted for general use in the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2, unless the Department of Housing and Community Development determines that the funds should revert sooner due to diminished demand.

(12) Notwithstanding paragraphs (1) to (11), inclusive, the Business, Consumer Services and Housing Agency or its successor and its administering departments may, upon appropriation by the Legislature, align or streamline the programs funded pursuant to this subdivision to improve efficiency and accelerate the deployment of funds, provided that expenditures remain consistent with the purposes and eligible uses approved by the voters and the Legislature.

54056. (a) The Legislature may, from time to time, amend any law related to programs to which funds are, or have been, allocated pursuant to this chapter for the purposes of improving the efficiency and effectiveness of those programs or to further the goals of those programs.

(b) The Legislature may amend this chapter in order to reallocate the proceeds of bonds issued and sold pursuant to this part among the programs to which funds are to be allocated pursuant to this chapter as necessary to effectively promote the development of affordable housing in this state.

(c) The Department of Housing and Community Development or administering entity may disburse any funds made available to housing development projects pursuant to this chapter during the construction period.

CHAPTER 3. FISCAL PROVISIONS

54060. Bonds in the total amount of ten billion dollars (\$10,000,000,000), exclusive of refunding bonds issued pursuant to Section 54076, or so much thereof as is necessary as determined by the committee, are hereby authorized to be issued and sold for carrying out the purposes expressed in this part and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. Any bond, when sold, issued, and delivered, shall be and constitute a valid and binding general obligation of the state, and the full faith and credit of the state is hereby pledged for the punctual payment of both principal of, and interest on, those bonds as the principal and interest become due and payable.

54062. The bonds authorized by this part shall be prepared, executed, issued, sold, paid, retired, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing

with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), except subdivisions (a) and (b) of Section 16727 of the Government Code, and all of the provisions of that law as amended from time to time apply to the bonds and to this part, except as provided in Section 54078, and are hereby incorporated in this part as though set forth in full in this part.

54064. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this part, the Housing Finance Committee created by Section 53524 is continued in existence. For the purposes of this part, the Housing Finance Committee is "the committee" as that term is used in the State General Obligation Bond Law.

(b) References to the "board" as used in this part and in the State General Obligation Bond Law, shall mean the Housing Development and Finance Committee. This authority may be delegated to the Department of Housing and Community Development or the California Housing Finance Agency for programs they administer. The Department of Housing and Community Development is designated the "board" for programs administered by the department, and the California Housing Finance Agency is the "board" for programs administered by the agency.

54066. Upon request of the board stating that funds are needed for purposes of this part, the committee shall determine by resolution whether or not it is necessary or desirable to issue and sell bonds, and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time. Bonds may bear interest subject to federal income tax.

54068. There shall be collected annually, in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in the amount required to pay the principal of, and interest on, the bonds each year. It is the duty of all officers charged by law with any duty in regard to the collections of state revenues to do and perform each and every act that is necessary to collect that additional sum.

54070. Notwithstanding Section 13340 of the Government Code, there is hereby continuously appropriated from the General

Fund in the State Treasury, for the purposes of this part, an amount that will equal the total of both of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this part, as the principal and interest become due and payable.

(b) The sum that is necessary to carry out Section 54074, appropriated without regard to fiscal years.

54072. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for purposes of this part. The amount of the request shall not exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold, excluding any refunding bonds authorized pursuant to Section 54076, less any amount loaned pursuant to this section and not yet repaid and any amount withdrawn from the General Fund pursuant to Section 54074 and not yet returned to the General Fund. The board shall execute any documents as required by the Pooled Money Investment Board to obtain and repay the loan. Any amount loaned shall be deposited into the fund to be allocated in accordance with this part.

54074. For purposes of carrying out this part, the Director of Finance may authorize the withdrawal from the General Fund of an amount not to exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold, excluding any refunding bonds authorized pursuant to Section 54076, less any amount loaned pursuant to Section 54072 and not yet repaid and any amount withdrawn from the General Fund pursuant to this section and not yet returned to the General Fund. Any amounts withdrawn shall be deposited into the fund to be allocated in accordance with this part. Any moneys made available under this section shall be returned to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from moneys received from the sale of bonds that would otherwise be deposited into that fund.

54076. The bonds issued and sold pursuant to this part may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code. Approval by the voters of the sale and issuance of bonds as described in this part includes approval of the sale and issuance of bonds issued to refund bonds issued pursuant to this

part, including any prior issued refunding bonds. A bond refunded with the proceeds of a refunding bond as authorized by this section may be legally defeased to the extent permitted by law in the manner and to the extent set forth in the resolution, as amended from time to time, authorizing that refunded bond.

54076.5. Proceeds of the bonds, in an amount not to exceed the principal amount of bonds authorized to be issued by the Veterans and Affordable Housing Bond Act of 2026 (excluding any refunding bonds issued pursuant to Section 54076), are expected to be and may be used to reimburse any lawfully available source used to pay costs of projects or programs (including funds of particular state departments or agencies that may be spent on costs of the projects or programs) authorized pursuant to the Veterans and Affordable Housing Bond Act of 2026 and paid after November 3, 2026, provided, however, any costs that are to be reimbursed from proceeds of bonds shall not have been paid from the proceeds of any other indebtedness unless that prior indebtedness will be retired with the proceeds of the bonds.

54077. To implement the funding detailed in Section 54054, the administering entity may adopt guidelines establishing requirements for administration of its financing programs. The guidelines are not subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

54078. Notwithstanding any provisions in the State General Obligation Bond Law, the maturity date of any bond authorized by this part shall not be later than 35 years from the date of issuance of the bond.

54080. The proceeds from the sale of bonds authorized by this part are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, and the disbursement of these proceeds is not subject to the limitations imposed by that article.

54082. Notwithstanding any provision of the State General Obligation Bond Law with regard to the proceeds from the sale of bonds authorized by this part that are subject to investment under Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code, the Treasurer may maintain a separate account for investment earnings.

54083. Notwithstanding any other provision of this part, or of the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this chapter that include a bond counsel opinion to the

effect that the interest on the bonds is excluded from gross income for federal tax purposes under designated conditions or is otherwise entitled to any federal tax advantage, the Treasurer may maintain separate accounts for the investment of bond proceeds and for the earnings and investment of earnings on those proceeds. The Treasurer may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or take any other action with respect to the investment and use of those bond proceeds required or desirable under federal law to maintain the tax exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

54084. (a) Subject to subdivision (b), all moneys derived from premiums and accrued interest on bonds sold pursuant to this part shall be transferred to the General Fund as a credit to expenditures for bond interest.

(b) Amounts derived from premiums may be reserved and used to pay the costs of bond issuance before transfer to the General Fund.

CHAPTER 4. ACCOUNTABILITY

54088. The administering entity shall publish in an annual report detailed information regarding the investments resulting from this bond pursuant to Section 50408 of the Health and Safety Code.

SEC. 3. Article 5ab (commencing with Section 998.750) is added to Chapter 6 of Division 4 of the Military and Veterans Code, to read:

Article 5ab. The Veterans and Affordable Housing Bond Act of 2026

998.750. Together with Part 16.1 (commencing with Section 54050) of Division 31 of the Health and Safety Code, this article shall be known, and may be cited, as the Veterans and Affordable Housing Bond Act of 2026.

998.751. (a) (1) The State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), as it may be amended from

time to time, is adopted for the purpose of the preparation, execution, issuance, sale, retirement, redemption, and repayment of, and otherwise providing with respect to, the bonds authorized to be issued by this article, and the provisions of that law are included in this article, as though set out in full in this article, except for both of the following:

(A) Subdivisions (a) and (b) of Section 16727 and subdivision (a) of Section 16755 of the State General Obligation Bond Law shall not apply.

(B) Paragraph (1) of subdivision (c) of Section 16753 of the State General Obligation Bond law shall be replaced in full by the following: "The Treasurer shall require that a successful bidder in a competitive sale or underwriter in a negotiated sale provide a good faith deposit of at least one-half of 1 percent of the principal amount of the bonds for which the bidder is the successful bidder or for which an underwriter submits a proposal. The good faith deposit shall be in the amount that is reasonably determined by the Treasurer at least one day prior to a competitive sale or negotiated sale of bonds, as applicable. The Treasurer shall specify the form of the deposit, which may be a cashier's check, a surety bond, a wire transfer of funds, or a combination thereof. The deposit shall not bear interest."

(2) All references in this article to "herein" refer both to this article and that law as incorporated herein.

(b) For purposes of the State General Obligation Bond Law, the Department of Veterans Affairs is designated the "board."

998.752. As used herein, the following terms have the following meanings:

(a) "Board" means the Department of Veterans Affairs.

(b) "Bond" means a veterans bond, a state general obligation bond, issued pursuant to this article adopting the provisions of the State General Obligation Bond Law as provided herein.

(c) "Bond act" means this article authorizing the issuance of state general obligation bonds and adopting the State General Obligation Bond Law by reference.

(d) "Committee" means the Veterans' Finance Committee of 1943 established by Section 991.

(e) "Fund" means the Veterans' Farm and Home Building Fund of 1943 established by Section 988.

(f) "Payment Fund" means the Veterans' Bonds Payment Fund established by Section 988.6.

998.753. For the purpose of creating a fund to provide farm and home aid for veterans in accordance with the Veterans' Farm and Home Purchase Act of 1974 (Article 3.1 (commencing with Section 987.50)), and of all acts amendatory thereof and supplemental thereto, the committee may create a debt or debts, liability or liabilities, of the State of California, in the aggregate amount of not more than one billion two hundred fifty million dollars (\$1,250,000,000), not including the amount of any refunding bonds issued in accordance with Section 998.762, in the manner provided herein.

998.754. (a) All bonds authorized by this article, when sold, issued, and delivered, shall be and constitute a valid and legally binding general obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of and interest on the bonds as the principal and interest become due and payable.

(b) There shall be collected annually, in the same manner and at the same time as other state revenue is collected, the sum, in addition to the ordinary revenues of the state, as is required to pay the principal of, and interest on, these bonds becoming due and payable each year. It is the duty of all officers charged by law with any duty in regard to the collection of state revenues to do and perform each and every act that is necessary to collect that additional sum.

(c) On the dates on which funds are to be remitted pursuant to Section 16676 of the Government Code for the payment of debt service on the bonds in each fiscal year, there shall be transferred to the Payment Fund to pay the debt service all of the moneys in the fund, not in excess of the amount of debt service then due and payable. If the moneys transferred on the remittance dates is less than the debt service then due and payable, the balance remaining unpaid shall be transferred to the General Fund out of the fund as soon as it shall become available, together with interest thereon from the remittance date until paid, at the same rate of interest as borne by the bonds, compounded semiannually. Notwithstanding any other provision of law to the contrary, this subdivision shall apply to all veterans' farm and home purchase bond acts pursuant to this chapter. This subdivision does not grant any lien on the

fund, the Payment Fund, or the moneys therein to the holders of any bonds issued under this article. For the purposes of this subdivision, "debt service" means the principal (whether due at maturity, by redemption, or acceleration), premium, if any, or interest payable on any date with respect to any series of bonds. This subdivision shall not apply, however, in the case of any debt service that is payable from the proceeds of any refunding bonds.

998.755. Notwithstanding Section 13340 of the Government Code, there is hereby continuously appropriated from the General Fund in the State Treasury, for purposes of this article, without regard to fiscal year, a sum of moneys that will equal both of the following:

(a) That sum annually necessary to pay the principal of, and the interest on, the bonds issued and sold as provided herein, as that principal and interest become due and payable.

(b) That sum necessary to carry out Section 998.756.

998.756. For the purposes of this article, the Director of Finance may authorize the withdrawal from the General Fund of a sum of moneys not to exceed the amount of the unsold bonds which have been authorized by the committee to be sold pursuant to this article, excluding any refunding bonds authorized pursuant to Section 998.762, less any amount loaned pursuant to Section 998.757 and not yet repaid and any amount withdrawn pursuant to this section and not yet returned to the General Fund. Any sums withdrawn shall be deposited into the fund. Any moneys made available under this section to the board shall be returned by the board to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from the sale of bonds for the purpose of carrying out this article.

998.757. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for the purposes of carrying out this article, less any amount withdrawn pursuant to Section 998.756 and not yet returned to the General Fund. The amount of the request shall not exceed the amount of unsold bonds which the committee has, by resolution, authorized to be sold for the purpose of carrying out this article, excluding any refunding bonds authorized pursuant to Section 998.762, less any amount loaned pursuant to this section and not yet repaid and any amount withdrawn pursuant to Section 998.756 and not yet

returned to the General Fund. The board shall execute whatever documents are required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited into the fund to be allocated by the board in accordance with this article.

998.758. Upon request of the board, supported by a statement of its plans and projects approved by the Governor, the committee shall determine by resolution whether or not it is necessary or desirable to issue any bonds authorized pursuant to this article in order to carry out the board's plans and projects, and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out these plans and projects, progressively, and it is not necessary that all the bonds be issued or sold at any one time.

998.759. (a) As long as any bonds authorized pursuant to this article are outstanding, the Secretary of Veterans Affairs shall, at the close of each fiscal year, require a survey of the financial condition of the Division of Farm and Home Purchases, together with a projection of the division's operations, to be made by an independent public accountant of recognized standing. The results of each survey and projection shall be reported in writing by the public accountant to the Secretary of Veterans Affairs, the California Veterans Board, the appropriate policy committees dealing with veterans affairs in the Senate and the Assembly, and the committee.

(b) The Division of Farm and Home Purchases shall reimburse the public accountant for these services out of any moneys that the division may have available on deposit with the Treasurer.

998.760. (a) The Treasurer shall issue and sell the bonds authorized by this article in the amount determined by the committee to be necessary and desirable pursuant to Section 998.758. The bonds shall be issued and sold upon the terms and conditions specified in a resolution to be adopted by the committee pursuant to Section 16731 of the Government Code.

(b) Whenever the committee deems it necessary for an effective sale of the bonds, the committee may authorize the Treasurer to sell any issue of bonds at less than their par value, notwithstanding Section 16754 of the Government Code. However, the discount on the bonds shall not exceed 3 percent of the par value thereof.

998.761. Out of the first moneys realized from the sale of bonds as provided herein, there shall be redeposited into the General Obligation Bond Expense Revolving Fund, established by Section 16724.5 of the Government Code, the amount of all expenditures made for the purposes specified in that section, and the moneys may be used for the same purpose and repaid in the same manner whenever additional bond sales are made. All moneys deposited in the fund that are derived from premium and accrued interest on bonds sold pursuant to this article shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest, except that amounts derived from premium may be reserved and used to pay costs of bond issuance prior to any transfer to the General Fund.

998.762. Any bonds issued and sold pursuant to this article may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code. The approval of the voters for the issuance of bonds pursuant to this article includes approval for the issuance of bonds issued to refund bonds originally issued under this article or any previously issued refunding bonds. Any bond refunded with the proceeds of refunding bonds as authorized by this section may be legally defeased to the extent permitted by law in the manner and to the extent set forth in the resolution, as amended from time to time, authorizing that refunded bond.

998.763. Notwithstanding any provision of the State General Obligation Bond Law or this article, if the Treasurer sells bonds pursuant to this article for which bond counsel has issued an opinion to the effect that the interest on the bonds is excludable from gross income for purposes of federal income tax purposes, subject to any conditions that may be designated, or otherwise entitled to any federal tax advantage, the Treasurer may maintain separate accounts for the investment of bond proceeds and for the earnings on those proceeds, and may use or direct those proceeds or earnings to pay any rebate, penalty, or other payment required by federal law or take any other action with respect to the investment and use of bond proceeds required or permitted pursuant to federal law necessary or desirable to maintain the tax-exempt status of the bonds or to obtain any other advantage pursuant to federal law on behalf of the funds of this state.

998.764. The proceeds from the sale of bonds authorized by this article are not “proceeds of taxes” as that term is used in Article XIII B of the California Constitution, and the disbursement of these proceeds is not subject to the limitations imposed by Article XIII B. “Declaration of Intent” proceeds of the bonds, in an amount not to exceed the principal amount of bonds authorized to be issued by this article (excluding any refunding bonds issued pursuant to Section 998.762), are expected to be and may be used to reimburse any lawfully available source used to pay costs of projects or programs (including funds of particular state departments or agencies that may be spent on costs of those projects or programs) authorized pursuant to this article and paid after November 3, 2026, provided, however, any costs that are to be reimbursed from proceeds of bonds shall not have been paid from the proceeds of any other indebtedness unless that prior indebtedness will be retired with the proceeds of the bonds.

SEC. 4. Sections 2 and 3 of this act shall become operative upon the adoption by the voters of the Veterans and Affordable Housing Bond Act of 2026.

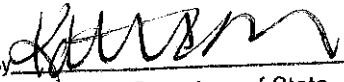
SEC. 5. Sections 2 and 3 of this act shall be submitted to the voters as a single measure, the Veterans and Affordable Housing Bond Act of 2026, at the November 3, 2026, statewide general election, in accordance with provisions of the Government Code and the Elections Code governing the submission of a statewide measure to the voters.

SEC. 6. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

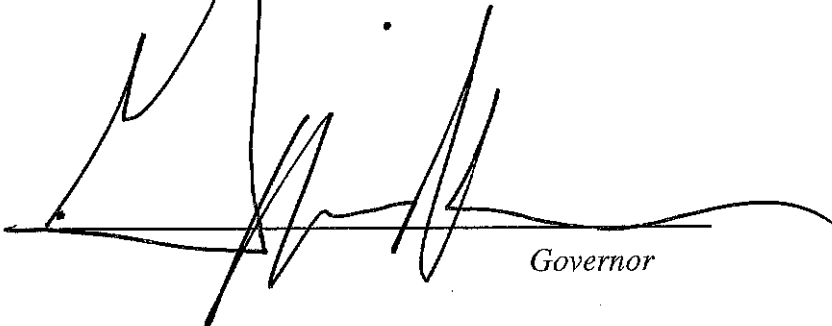
In order to maximize the time available for the analysis and preparation of the proposed issuance of bonds pursuant to this act, it is necessary that this act take effect immediately.

FILED
in the office of the Secretary of State
of the State of California

JUN 25 2026

By 
Deputy Secretary of State

Approved  **JUN 25** _____, 2026


Governor