

Proposition 46: Housing and Emergency Shelter Trust Fund Act of 2002

What would it do?

Through the sale of general obligation bonds, Proposition 46 would raise approximately \$2.1 billion to fund 21 housing-related programs, such as the construction of emergency shelters and transitional housing for homeless families with children; downpayment assistance programs for first-time low- and moderate-income homebuyers; and the construction of affordable rental housing. The major allocations of the bond proceeds are as follows:

- \$1.11 billion would fund a variety of housing programs aimed at the construction of rental housing projects, such as apartment buildings. These programs generally provide local governments, nonprofit organizations, and private developers with low-interest (3%) loans to fund part of the construction cost. In exchange, a project must reserve a portion of its units for low-income households for a period of 55 years. This measure gives funding priority to projects in already developed areas and near existing public services (such as public transportation).

- \$405 million would be used to encourage homeownership for low- and moderate-income homebuyers. Most of the funds would be used to provide down payment assistance to homebuyers through low-interest loans or grants. Typically, eligibility for this assistance would be based on the household's income, the cost of the home being purchased, and whether it is the household's first home purchase.

- \$385 million would be allocated for the construction of homeless shelters, payments to cities and counties based on their approval of housing units, provision of mortgage insurance for high-risk homebuyers, and capital needs of local code enforcement departments.

- \$200 million would be used to provide loans and grants to the developers of housing for farmworkers. Program funds would be used for both rental and owner-occupied housing.

Is it good for kids?

Yes. The benefits of this program to California's children are substantial. According to the California Office of Emergency Services, 23,000 women and children were turned away from domestic violence centers last year due to inadequate space; the state's homeless shelters are overflowing and most don't have special facilities for families with children. California is the least affordable state in terms of housing; five of the nation's eight least affordable metropolitan area rents for a benchmark two-bedroom apartment are in California. The housing wage in California (the hourly rate a worker would have to earn in order to be able to work forty hours per week and afford a two-bedroom unit at the area's fair market rent) is \$18.40—294% of the present minimum wage.

By doubling the number of emergency shelter beds, this measure would help keep children and youth off the streets. By constructing and rehabilitating affordable rental housing, young families and single parents would be more likely to be able to find housing within their budget without sacrificing necessities such as food and clothing. First-time homebuyer assistance programs should help young families transition out of rental housing. Finally, because some of the money from this program will be used for a multitude of construction and rehabilitation projects, it should also serve as an economic stimulus throughout California.