


**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: August 16, 2018

TO: Honorable Members of the Rules, Elections & Intergovernmental Relations Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File No: 18-0002-S105
Assignment No: 18-08-0772

SUBJECT: Resolution to Support Proposition 1 and Proposition 2

CLA RECOMMENDATION: Adopt Resolution (Wesson - Cedillo) to include in the City's 2017-2018 State Legislative Program, SUPPORT for Proposition 1 which places a \$4 billion General Obligation Bond on the November 2018 ballot to fund affordable housing programs and the veteran homeownership program, and Proposition 2 which would build and rehabilitate housing for those with mental illness who are homeless or at risk of being homeless.

SUMMARY

The Resolution (Wesson - Cedillo), introduced August 8, 2018, advises that California is under a housing crisis that affects one in three people leaving them rent burdened. Los Angeles is home to a large population of homeless veterans and, according to the Los Angeles Homeless Count, approximately one third of homeless individuals suffer from mental illness.

The Resolution further advises that currently on the November State ballot are the Veterans and Affordable Housing Act (Proposition 1) which provides funding for housing for veterans, and the No Place Like Home Act (Proposition 2) which will allow for the use of existing county mental health funds to be used to pay for housing for homeless individuals with mental illness. These measures would build and preserve affordable homes for Los Angeles residents experiencing homelessness and it is in the City's interest to support both ballot measures.

The Resolution recommends that the City support Proposition 1 which would place a \$4 billion General Obligation Bond on the November 2018 ballot to fund affordable housing programs and the veterans homeownership program; and Proposition 2 which would provide funding for the construction and rehabilitation of housing for individuals with mental illness who are homeless, or at-risk of homelessness.

BACKGROUND

California is experiencing a housing shortage which forces low income renters to compete for an inadequate amount of affordable housing. California has one of the most expensive rental markets in the country and the loss of redevelopment funds has contributed to the lack of investment in affordable housing. The difficulty of the housing market has left many households rent burdened and has put families at risk of homelessness. In 2015, the homeless population in California

accounted for 21 percent of the nation’s homeless population. California also had the highest rate of unsheltered individuals, 64 percent of the State’s homeless population.

There are eleven measures on the ballot to be considered by voters on November 6, 2018. These measures encompass issues such as homelessness, housing, healthcare, and infrastructure. Proposition 1 and Proposition 2 address the issues of homelessness and housing in the State of California.

Proposition 1

Proposition 1, the Veterans and Affordable Housing Act, would allow the State to issue \$4 billion in General Obligation Bonds to fund veterans and affordable housing. The measure would allow for \$3 billion of the bonds to be used for various State housing programs and the remaining \$1 billion would be used for home loan assistance to veterans.

The \$3 billion in bond proceeds for housing programs are allocated as follows:

Program	Appropriation
Multifamily Housing Program (Housing Rehabilitation Loan Fund)	\$1,500,000,000
Transit-Oriented Development Implementation Program (Transit-Oriented Development Implementation Fund)	\$150,000,000
Infill Incentive Grant Program (Regional Planning, Housing, and Infill Incentive Account)	\$300,000,000
Home Purchase Assistance Program (Self-Help Housing Fund)	\$150,000,000
Joe Serna, Jr. Farmworker Housing Grant Fund	\$300,000,000
Local Housing Trust Fund Matching Grant Program (Affordable Housing Innovation Fund)	\$300,000,000
Self-Help Housing Fund (CalHome Program)	\$300,000,000

The remaining billion dollar bond allocation would supplement \$900 billion already authorized under the Veterans’ Bond Act of 2008 for farm, home, and mobile home purchase assistance for veterans. The measure would cost approximately \$170 million in annual repayment costs for about 35 years.

Proposition 2

Proposition 2, the No Place Like Home Act, would allow funds in the Mental Health Services Fund to be utilized for bond payments for the No Place Like Home Program. The Mental Health Services Act (MHSA), approved by voters in 2004 as Proposition 63, provides funding for various county-level mental health services through a 1 percent income tax on those earning over 1 million dollars.

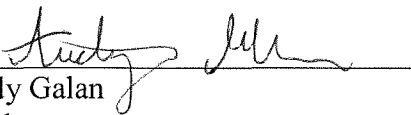
The No Place Like Home Program was created by the State Legislature in 2016 for the construction and rehabilitation of housing for those who suffer from mental illness who are homeless or at risk of becoming homeless. The construction of housing is funded under the No Place Like Home

Program by the issuance of up to \$2 billion in bonds, to be repaid by revenues from the Mental Health Services Fund. However, the utilization of mental health services funds to support the construction of housing has been challenged in court. This measure would provide clarity by amending the MHSA to expressly allow for funds from the Mental Health Services Fund to be utilized to make annual bond payments for the No Place Like Home Program. The consequent utilization of funds for housing purposes would result in a decrease in funds available for mental health services.

Support for Proposition 1 and Proposition 2 is consistent with past City efforts to provide support to those who suffer from mental illness and are homeless or at risk of homelessness, to encourage the construction of affordable housing, and to provide necessary aid to veterans.

DEPARTMENTS NOTIFIED

Housing and Community Investment Department of Los Angeles


Andy Galan
Analyst

Attachments: 1. Resolution (Wesson - Cedillo)

RESOLUTION RULES, ELECTIONS, INTERGOVERNMENTAL RELATIONS

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence or the Mayor; and

WHEREAS, the housing crisis in California affects one in three people and many of them are spending more than 30% of their incomes on housing; and

WHEREAS, California has the largest population of unsheltered homeless veterans in the nation and Los Angeles has a large homeless population which includes homeless veterans; and

WHEREAS, according to the Los Angeles Homeless Count, approximately one third of the homeless population suffers from some form of mental illness; and

WHEREAS, currently on the November ballot of California election are the Veterans and Affordable Housing Act of 2018 which dedicates funding to help military veterans have a safe place to call home and the No Place Like Home Act of 2018 which will use existing county mental health funds to pay for housing for those with mental illness who are homeless; and

WHEREAS, the Veterans and Affordable Housing Act of 2018 would place a \$4 billion General Obligation Bond on the November 2018 ballot of which the majority will be spent on a home loan program for veterans and a multi-family housing program for families and people experiencing homelessness; and

WHEREAS, the No Place Like Home Act of 2018 would allow the State to sell up to \$2 billion in bonds to pay for No Place Like Home which would build and rehabilitate housing for those with mental illness who are homeless or at risk of being homeless; and

WHEREAS, because the measures would build and preserve affordable homes, including supportive housing, for veterans, working families, people with disabilities, mental illness, and residents of the City of Los Angeles experiencing homelessness, it is in the City's interest to support both ballot measures;

NOW, THEREFORE, BE IT RESOLVED, with concurrence of the Mayor, that by adoption of this Resolution, the City of Los Angeles hereby includes in its 2017-18 State Legislative Program SUPPORT for Veterans and Affordable Housing Act of 2018 (Proposition 1) that places a \$4 billion General Obligation Bond on the November 2018 ballot to fund affordable housing programs and the veterans homeownership program; and No Place Like Home Act of 2018 (Proposition 2) which would build and rehabilitate housing for those with mental illness who are homeless or at risk of being homeless.

Presented By: _____
Herb J. Wesson, Jr.
Councilmember, 10th District

Seconded By: _____

AUG 08 2018