



October 27, 2025

Hon. Rob Bonta
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Anabel Renteria
Initiative Coordinator

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INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

Dear Attorney General Bonta:

Pursuant to Elections Code Section 9005, we have reviewed the proposed constitutional initiative pertaining to a housing assistance program for certain University of California (UC) employees (A.G. File No. 25-0018, Amendment #1).

BACKGROUND

Overview of UC's Budget and Workforce. In 2024-25, UC operated with a budget of about \$54 billion. Most of this money came from hospital operations, campus services (such as housing, dining, and parking), and other nonstate sources. The state contributed about \$5 billion, and students paid about \$4 billion in tuition. In April 2024, UC had about 272,000 employees at its ten university campuses, research centers, and other sites. Of these employees, 112,666 were career support staff, 14,482 were tenured or tenure-track faculty, and 191 were senior managers (with the remainder being lower-level managers, lecturers, and student workers, among others).

UC Has Housing Assistance Program for Select Faculty and Senior Managers. UC has a systemwide program that provides select faculty and senior managers with home loans. The program is intended to help UC attract highly sought-after candidates. In 2022-23, UC's program provided 300 home loans totaling \$296 million (for an average home loan of about \$1 million). The loans generally cover 90 percent of the home purchase price, with the borrower making a down payment of 10 percent (rather than the more typical 20 percent). The loans generally have below-market interest rates. The UC employees who receive these home loans make monthly payments to UC to pay down the associated debt over time.

UC Borrows From an Internal Account to Cover Program Costs. Typically, UC borrows some funds from its Short-Term Investment Pool (STIP) to issue home loans. STIP holds cash


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from tuition, fees, state funds, and other revenues. UC places these funds in safe, short-term investments so it can generate interest until the funds are spent for university purposes. As with typical home loans, it takes many years for UC to recoup the initial cash it pays to purchase the homes. During this time, the borrowed STIP funds effectively are not available for other university purposes.

State Has a Housing Assistance Program for Lower-Income Households. Created in 2022, the California Dream for All (DFA) program offers down-payment assistance to first-time homebuyers with incomes below a certain level (150 percent of the area median income). The California Housing Finance Authority administers this program. To date, the state has paid for this program using the General Fund. The program provides a participating homebuyer with a loan to cover the entire down payment, up to 20 percent of the home price. Instead of making typical monthly payments, each loan is repaid all at once when the borrower sells their home. At that time, any increase in the home price since the original purchase is shared proportionally between the participating homebuyer and the DFA program. The DFA program is oversubscribed. During the most recent application round, about 18,000 people applied, with 2,300 awarded loan vouchers.

PROPOSAL

Creates a Down-Payment Assistance Program for UC Support Staff. The measure requires UC to establish a new program offering down-payment loans to UC support staff that meet certain eligibility criteria. Each loan would cover up to 20 percent of a home's purchase price. Borrowers would not be required to make monthly payments on these loans. Instead, borrowers would pay back the loans in full when they sold or refinanced their homes. At that time, repayment would include both the original loan amount and a proportional share of any increase in the home's value. The measure states that no taxpayer money, state funds, or student tuition revenue may be used to finance the program. The measure indicates that UC must use the same investment funds to support this program as it uses for its existing home assistance programs.

Program Has Certain Eligibility Criteria. To qualify for a home loan under the measure, support staff must have worked for UC for at least five years and be first-time homebuyers. Each year, UC would be required to issue 300 loans or the number of loans UC provided to faculty and senior managers in the preceding year, whichever is highest. At least three-quarters of the new loans each year must be given to support staff with household incomes at or below the area median income. The Legislature or the administering entity would establish a process for selecting loan recipients.

FISCAL EFFECTS

Costs to UC to Provide New Home Loans. We estimate UC would incur costs of about \$30 million annually the first few years of the program to provide the new home loans. The measure requires UC to use STIP to cover these costs, with that funding not available for other university purposes while the loans are outstanding. The annual cost to UC would decrease over time as old loans were paid off and the freed-up funds could be used for new loans. After about three decades, a sufficient number of old loans likely would be paid off in any given year to

support new loans that year. Thereafter, the program likely would have little or no added annual cost to UC. The amount of time needed to reach this point could be shorter or longer depending upon a few conditions, including the borrower default rate on the home loans and the future housing market conditions in different areas of the state.

Costs to UC to Administer the New Home Loan Program. In addition to the direct loan costs, UC will incur ongoing administrative expenses. We estimate these costs would be in the low millions of dollars annually, with costs generally increasing as the number of outstanding loans increases.

Summary of Fiscal Effects. We estimate that this measure would have the following major fiscal effect:

- Costs to the University of California of about \$30 million annually the first few years to provide new home loans, with annual costs decreasing over a few decades as loans are repaid.

Sincerely,



for Gabriel Petek
Legislative Analyst



for Joe Stephenshaw
Director of Finance