



California State Treasurer Fiona Ma, CPA

News Release

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California Sells Innovative Social Bonds to Assist the Homeless

SACRAMENTO – California State Treasurer Fiona Ma announced the sale of \$500 million in revenue bonds for the State’s No Place Like Home (NPLH) program, a groundbreaking effort to use voter-approved income tax revenues earmarked to help relieve the state’s homeless problem.

The bonds sold today are designated as “Social Bonds” because they follow the Social Bond Principles adopted by the International Capital Markets Association. They are the first portion of \$2 billion in bonds authorized by Proposition 2, approved by voters in November 2018.

“Today’s sale will have a positive impact on our state’s homeless problem,” said Treasurer Ma. “Proceeds raised in this inaugural issuance will translate directly into affordable housing and mental health services for our most vulnerable citizens.”

Net proceeds from the bond sale will be used by the California Department of Housing and Community Development to assist in the production of permanent supportive housing for persons who are experiencing homelessness, chronic homelessness or who are at risk of chronic homelessness, and who are in need of mental health services. Most of the funds will be allocated to counties and developers of this type of housing.

The bonds will be repaid from a portion of a 1 percent state tax on income in excess of \$1 million, which was approved by California voters as part of the Mental Health Services Act (Proposition 63) in 2004.

The 15-year fixed rate revenue bonds were sold by an underwriting syndicate of 15 banks led by Raymond James & Associates, Inc. and Citigroup Global Markets Inc. The bonds are rated Aa3 by Moody's Investors Service, AA- by Fitch Ratings and AA- by Standard & Poor's. The all-in true interest rate on the bonds, which are subject to federal income tax, is 2.77%. Yields to investors ranged from 1.896% for the 2021 maturity to 3.034% for the 2034 maturity. The syndicate generated in excess of \$2.3 billion of total orders from over 100 unique investors, including \$84 million directly from international investors.

"We were very pleased to see \$596 million in orders from 13 investors with Environmental, Social and Governance (ESG) and Socially Responsible Investing (SRI) objectives," noted Treasurer Ma, who added "In addition, we are delighted to have received \$200 million in orders from 18 local government investment funds, including 14 from California. This deep and broad base of investors demonstrates the market's support for the No Place Like Home program."

Various studies have shown the link between mental illness and homelessness, including a recent study from the California Policy Lab at UCLA showing that 78 percent of unsheltered homeless people had a mental health condition. <https://www.capolicylab.org/wp-content/uploads/2019/10/Health-Conditions-Among-Unsheltered-Adults-in-the-U.S.pdf>

Information on upcoming state bond sales is available at BuyCaliforniaBonds.com.

Fiona Ma is California's 34th State Treasurer. She was elected on November 6, 2018 with more votes (7,825,587) than any other candidate for treasurer in the state's history. She is the first woman of color and the first woman Certified Public Accountant (CPA) elected to the position. The State Treasurer's Office was created in the California Constitution in 1849. It provides financing for schools, roads, housing, recycling and waste management, hospitals, public facilities, and other crucial infrastructure projects that better the lives of residents. California is the world's fifth-largest economy and Treasurer Ma is the state's primary banker. Her office processes more than \$2 trillion in payments within a typical year. She provides transparency and oversight for the government's investment portfolio and accounts, as well as for the state's surplus funds. Treasurer Ma oversees an investment portfolio of more than \$90

billion, more than \$23 billion of which are local government funds. She serves as agent for sale for all State bonds, and is trustee on more than \$90 billion of outstanding debt.

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