
California Slow to Sell Housing Bonds as Homelessness Worsens.

Residents in L.A. and Alameda County voted to use municipal bonds to ease a homeless crisis, but many housing projects remain bogged down by other obstacles.

California's efforts to alleviate homelessness through local borrowing are running up against the realities of slow-moving bond financing — and rising interest rates mean higher costs for the governments.

It's been more than five years since voters in Alameda County, home to Oakland; Santa Clara County, the heart of Silicon Valley; and Los Angeles approved borrowing a total of $2.73 billion to tackle homelessness and boost affordable housing. Yet, less than half authorized in Los Angeles and Alameda County has been sold while Santa Clara County has cleared about 63% of its share.

To avoid racking up interest costs unnecessarily, localities sell bonds only when the projects are ready to spend money on construction and other expenses. The share of unsold bonds demonstrates how even if the funds are earmarked, many projects remain bogged down in obstacles such as zoning and still have a long way to go before the money can be spent. Meanwhile, bond yields have started to rise, meaning governments will have to pay more for the debt than they would have paid a couple years ago. Benchmark 10-year municipal bond yields are about 170 basis points higher than they were a year ago, according to Bloomberg indexes.

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