

- g) Maintain sustainability for CalHFA without significantly adversely affecting its borrowing capacity or ability to meet other affordable housing or agency needs.
 - h) Provide adequate consumer protection and consumer disclosure protections.
- 3) Establishes the California Dream for All Fund in the State Treasury and requires all moneys in the Fund to be continuously appropriated to CalHFA.

This bill:

- 1) Provides that an applicant may not be disqualified from the California Dream for All Program solely on the basis of the applicant's immigration status.
- 2) Establishes a subaccount in the California Dream for All Fund and requires monies in the subaccount to include any appropriation from the Legislature or any other state fund.

COMMENTS:

- 1) *Author statement.* “The social and economic benefits of homeownership should be available to everyone. As such, the California Dream for all program should be available to all. Homeownership is a fundamental tool for wealth building, as it fosters financial stability and provides a tangible investment in one's future. When undocumented individuals are excluded from such programs, they miss out on a crucial method of securing financial security and personal stability for themselves and their families. Limiting access to homeownership assistance programs perpetuates inequality and excludes residents of California from obtaining a significant wealth building opportunity. Expanding access to homeownership is not only important to personal prosperity but also fosters economic stability and promotes a robust local economy. Ensuring universal access by all qualified borrowers to the California Dream for All Program will contribute to the overall success and vitality of California.”
- 2) *California Dream for All Program.* The California Dream for All Program was created as part of the 2021 budget agreement (AB 140, Committee on Budget, Chapter 111, Statutes of 2021) in order to help reduce barriers to homeownership. The program offers up to 20% for down payment or closing costs, not to exceed \$150,000, to first-time, first-generation homebuyers who meet the CalHFA income limit for the county in which they purchase a home. The Dream For All Shared Appreciation Loan is a down payment assistance program used in conjunction with the Dream For All conventional first

mortgage for down payment and/or closing costs. Upon sale or transfer of the home, the homebuyer repays the original down payment loan, plus a share of the appreciation in the value of the home. For example, if the program provided a loan for 20% of the home purchase price to a moderate-income homebuyer, if the buyer then sold or transferred the home they would have to pay back the original loan plus 20% of any appreciation in the value of the home.

- 3) *Program eligibility.* In order to be eligible for the California Dream for All Program, each borrower must be a first-time homebuyer; be either a citizen or other National of the United States, or a “Qualified Alien” as defined under 8 USC Section 1641 (*e.g.*, a refugee, an individual who has been granted asylum, or a lawful permanent resident); and meet specified credit, income, and loan requirements, including Fannie Mae underwriting goals (see #4 below). In addition, at least one borrower must be a first-generation homebuyer and a current California resident. All borrowers must occupy the property as their primary residence within 60 days of closing.
- 4) *Federal requirements.* As noted in (3) above, the California Dream for All Program requires first mortgages to meet the underwriting goals of the Federal National Mortgage Association (commonly known as Fannie Mae). Fannie Mae is a government-sponsored enterprise under the conservatorship of the Federal Housing Finance Agency (FHFA). Fannie Mae purchases mortgages from lenders to free up the money they need to make other mortgage loans, thereby ensuring the ongoing availability of affordable mortgages. Fannie Mae’s standards require a borrower to have a valid Social Security Number or Individual Taxpayer Identification Number (ITIN), in addition to meeting existing legal residency and documentation requirements. The author’s office notes that individuals who are able to obtain an ITIN are generally those who have achieved Deferred Action for Childhood Arrivals (DACA) status.

Under Section 1621(d) of Title 8 of the United States Code, “A State may provide that an alien who is not lawfully present in the United States is eligible for any State or local public benefit for which such alien would otherwise be ineligible under subsection (a), only through the enactment of a State law after August 22, 1996, which affirmatively provides for such eligibility.”

Eligibility requirements for the California Dream for All Program include undocumented individuals with an ITIN who also meet existing legal residency and documentation requirements. However, this eligibility is specified in program regulations, which the author notes is insufficient to meet the requirements of Section 1621(d) of Title 8 of the US Code. Accordingly, this

bill will explicitly provide in statute that a program applicant who meets all other requirements for the program, including but not limited to any requirements imposed by Fannie Mae or other loan servicer, shall not be disqualified solely based on their immigration status.

- 5) *Program funding.* This bill restructures the Dream for All account to create a subaccount. The author states that because only special funds can be used to take equity positions in the homes of “eligible aliens,” this will statutorily provide for CalHFA to reserve General Fund allocations for all other participants.
- 6) *Opposition.* Several individuals state in opposition to this bill that noncitizens should not be eligible for state programs.
- 7) *Double referral.* This bill has also been referred to the Judiciary Committee.

RELATED LEGISLATION:

AB 140 (Committee on Budget, Chapter 111, Statutes of 2021) — required the State Treasurer, in consultation with CalHFA, HCD, and other relevant stakeholders to develop a framework for the California Dream for All First Time Homebuyers Program to reduce barriers to homeownership.

FISCAL EFFECT: Appropriation: Yes Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 12, 2024.)

SUPPORT:

- Coalition for Humane Immigrant Rights (CHIRLA) (Sponsor)
- ACLU California Action
- Bravo & Bravo
- California Faculty Association
- California Housing Partnership Corporation
- California Immigrant Policy Center
- Central Valley Immigrant Integration Collaborative
- City of Alameda
- Episcopal Communities & Services (ECS)
- Livable California
- Oasis Legal Services
- Pico California

Western Center on Law & Poverty, INC.
World Relief Sacramento

OPPOSITION:

7 individuals

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