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**SENATE COMMITTEE ON HOUSING**  
**Senator Nancy Skinner, Chair**  
**2023 - 2024 Regular**

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<b>Bill No:</b>	SB 1007	<b>Hearing Date:</b>	4/2/2024
<b>Author:</b>	Bradford		
<b>Version:</b>	4/1/2024 Amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Max Ladow		

**SUBJECT:** Housing: property assessment relief: grant program

**DIGEST:** This bill establishes the Homeowner’s Assistance for Descendants of Enslaved Persons Program to make financial aid or assistance available to descendants for the purposes of purchasing, owning, or maintaining a home.

**ANALYSIS:**

*Existing law:*

- 1) Establishes the California Housing Finance Agency (CalHFA), which provides first mortgage loans and down payment assistance to first-time homebuyers, as well as financing and programs for affordable rental housing. CalHFA is a self-supporting state agency; its bonds are repaid by revenues generated through mortgage loans.
- 2) Establishes the Task Force to Study and Develop Reparations Proposals for African Americans, with a Special Consideration for African Americans Who are Descendants of Persons Enslaved in the United States.

**This bill:**

- 1) Defines “Descendant” as meaning African American descendants of a chattel enslaved person, or descendants of a free Black person living in the United States prior to the end of the 19<sup>th</sup> century. Also further qualifies that eligibility for grant funding requires the applicant currently lives in the state.
- 2) Establishes the Homeowner’s Assistance for Descendants of Enslaved Persons Program (Program) under CalHFA, which shall develop and administer the program to provide financial aid or assistance to qualified applicants for issued grants.

- 3) Requires CalHFA to solicit and receive applications by January 1<sup>st</sup> of each year the program has available funding.
- 4) Requires that financial aid or assistance from this program will be used to assist descendants with purchasing, owning, or maintaining real property to be used as a primary residence. This includes subsidizing mortgage payments for homeowner's insurance and any other means that will assist descendants with owning and maintaining a home.

### COMMENTS:

- 1) *Author's statement.* "Even after the abolition of slavery, federal, state and local laws enabled discriminatory practices that segregated Black Americans into communities separate from the rest, through red-lining, discriminatory zoning, pricing them out or outright prohibition. Governments passed zoning ordinances and state courts enforced racially restrictive covenants to exclude African Americans from neighborhoods. This compounding legacy of housing discrimination and segregation stole wealth from African Americans and led to the large and persistent wealth gap that African Americans experience today compared to white Americans. The Reparations Task Force's Final Report documents that statewide, a typical black-owned home is 22% less valuable than a white-owned home. Statewide, African Americans make up 6% of the population, but 40% of the unhoused population. In major cities like Los Angeles, Sacramento, San Diego, and San Jose, there are enormous gaps ranging from 20% to 57% between the rates of white homeownership compared to black homeownership. In these same cities, the value of a home in a formerly red-lined neighborhood compared to green-lined neighborhoods have a gap ranging from 50% to 125%. These gaps in equity show in plain numbers the damaging effect of these discriminatory practices and the need for a fix."
- 2) *Background: Historic Housing Discrimination.* As detailed in the Reparations Task Force's Final Report<sup>1</sup>, since the Civil War, federal, state, and local governments worked with private individuals to actively segregate American land into African American and white neighborhoods through a variety of strategies and policies. Specifically, this happened through policy in three broad areas: through unequal access to public housing, segregated zoning using redlining and racially restrictive covenants, and displacing African American communities.

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<sup>1</sup> California Task Force to Study and Develop Reparation Proposals for African Americans Final Report. 6/1/2022. Accessible here: <https://oag.ca.gov/system/files/media/full-ca-reparations.pdf>

From World War I until the 1950s, the federal government built high quality housing but did not allow African Americans to live in these high quality buildings, instead often building separate, low quality units for African Americans. Then, from the 1950s, as the federal government subsidized mortgages for white families to move to the suburbs and paid local governments to demolish racially integrated neighborhoods, it also built high-rise apartment buildings in urban neighborhoods that concentrated poverty in African American neighborhoods in the inner city.

Redlining and racially restrictive covenant policies further exacerbated housing segregation. Redlining refers to a federal and local governmental practice, acting together with private banks, to systematically deny home loans to African American people. Redlining was accomplished at the federal level through three agencies: Federal Housing Administration (FHA), Veterans Administration, and the Home Owners' Loan Corporation. In Northern California, from 1946 to 1960, 350,000 new homes were built with support from the FHA, but fewer than 100 of these homes went to African American people.

Racially restrictive covenants are legally binding contracts, usually written into the deed, that prohibit nonwhite people from living on a property or in a neighborhood. By 1940, according to news reports quoted in the 1973 U.S. Commission on Civil Rights Report, 80% of homes in Los Angeles contained restrictive covenants barring African American families. From 1937 to 1948, more than 100 lawsuits attempted to enforce covenants and evict African American families from their homes in Los Angeles.

- 3) *Background: Housing segregation today.* According to the Reparations Task Force's Final Report, America is about as segregated today for African Americans as it was in 1940. The Fair Housing Act of 1968 prohibited future discrimination, but did not fix the structures put in place by 100 years of discriminatory government policies. Sixty-eight percent of white Californians own a home, compared with 41% of African American Californians. From 2019 to 2020 nationwide, African American mortgage applicants were 2.5 times more likely than white applicants to be rejected for mortgages. Studies continue to show that African American mortgage borrowers pay more in financing fees, mortgage insurance, and property taxes. Recent studies of home ownership loans find in 2019, despite making up 5.5% of the state's population, African American Californians received only 3.28% of home purchase loans.

Additionally, African American homeowners who apply to refinance their homes are denied over 30% of the time, compared to 17% of white

homeowners, which makes it more difficult for African American homeowners to make necessary repairs to their homes and to move out of dilapidated homes.

- 4) *Background: Reparations Report's Housing Recommendations.* The Reparation Task Force's Final Report details a number of housing recommendations with the overall goal of prioritizing responsible housing and community development. Many of these recommendations involve increasing and easing housing affordability for renters and homeowners including funding community-based organizations for home ownership and providing direct financial assistance for home ownership to African Americans through shared appreciation loans and subsidized down payments, mortgages, and homeowner's insurance. These efforts are further supplemented by recommendations to enable better long-term housing policy by collecting data on housing discrimination, reviewing housing policies in currently segregated cities and counties, and repealing crime-free housing policies. Finally, specific policy recommendations to provide restitution for racially motivated takings and to provide a right to return for displaced African Americans allow for reparations for specific historic housing-related targeting by state and local governments.

Following the recommendations on providing direct financial assistance to African American homeowners, this bill would create a new program at CalHFA to fund the purchasing, owning, or maintaining of property to be used as a primary residence by descendants. By including various means to assist with owning and maintaining a home, this program will have the necessary flexibility to address the multiple, complicated layers of inequality recent studies continue to reveal in housing finance. Ultimately, this bill will help to help to reduce the gaps in housing equity resultant from our segregated housing history and present.

- 5) *Determining Descendent Status.* While the bill includes the definition of "descendent" as determined by the Task Force report, the bill does not currently require that or suggest how CalHFA might determine the status of an applicant's eligibility as a descendent. SB 490 would establish California American Freedmen Affairs Agency, which would include a Genealogy Office to support potential reparations claimants by providing access to expert genealogical research to confirm reparations eligibility. SB 490 is pending in the Assembly Judiciary committee.

**RELATED LEGISLATION:**

**SB 490 (Bradford, 2023)** — establishes the California Freedman Affairs Agency which shall implement the recommendations of the Reparations Task Force, including a Genealogy Office to support reparation claimants through access to genealogical research to confirm reparations eligibility. *This bill is currently pending in the Assembly Judiciary Committee.*

**AB 3121 (Weber, Chapter 319, Statutes of 2020)** — established the Task Force to Study and Develop Reparations Proposals for African Americans, with a Special Consideration for African Americans Who are Descendants of Persons Enslaved in the United States.

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

**POSITIONS:** (Communicated to the committee before noon on Wednesday, March 27, 2024.)

**SUPPORT:**

California Housing Partnership Corporation  
California Organizations for Reparations Coalition  
1 Individual

**OPPOSITION:**

None received.

**-- END --**