



AB 2140 – Building Home Ownership for All

PURPOSE

Assembly Bill 2140 seeks to direct the State Treasurer and other state housing agencies to develop a framework and study the creation of a large-scale homeownership financing program designed to ease California’s critical homeownership gap

BACKGROUND

Homeownership is how most Americans build wealth, achieve financial security, and stabilize neighborhoods, but is now at its lowest level in California since the 1940s. In 1969, the average home cost 2.6 times a family’s annual salary. In 2020, the average cost was 8.5 times a family’s annual salary.

As a result, the American Dream of homeownership is out of reach for most Californians, particularly in black and brown communities. African American and Latino homeownership rates are 26% and 19% lower than white Californians. Opportunities for first-time home buyers – the majority of whom are people of color – continue to dwindle.

For decades, redlining – the practice of intentionally denying mortgages to people of color – prevented non-white families from buying homes in certain neighborhoods (or at all). This, in turn, increased the wealth gap, leaving Black and Latino households with 12 cents and 21 cents, respectively, for every dollar held by the average white household in 2023.

EXISTING LAW

The Neighborhood Homes Investment Act (NHIA), a federal bill currently being considered in Congress could create a new affordable homeownership financing system; one modeled off of the successful Low-Income Housing Tax Credit (LIHTC) program, which drives the production of affordable rental units

throughout the country. While the NHIA would be the first large-scale affordable homeownership financing program in the country, as written it would not be applicable to most neighborhoods in California due to our state’s high land-costs and lower rate of vacant and blighted land.

In 2021, the Legislature passed AB 140 and allocated \$3 million to the State Treasurer’s Office to fund a report on shared appreciation mortgages studying how California could create a new mortgage program for first time homebuyers. The study resulted in a new mortgage program, the California Dream for All program that has successfully created more than 2,000 first-time homebuyers over the first year of implementation.

In California, many of the current financing programs, such as the LIHTC, are reserved solely for the production of rental housing. What exists to support homeownership is primarily available in the form of down payment assistance programs, which are helpful but do not actually create new affordable homes for sale.

SOLUTION

AB 2140 would direct the state to study the feasibility of creating its own state-led financing system that will create new homes for-sale to low-and moderate -income families at the scale and size of our existing affordable rental financing programs.

SUPPORT

UnidosUS (Co-Sponsor)
California Community Builders (Co-Sponsor)

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