

**CALIFORNIA'S  
LEGISLATURE TAKES  
ON HOMEOWNERSHIP:**

An Analysis of 2022  
Homeownership Bills

Part II



## CALIFORNIA'S LEGISLATURE TAKES ON HOMEOWNERSHIP: AN ANALYSIS OF 2022 HOMEOWNERSHIP BILLS — PART II

*This analysis focuses on all bills introduced in the California State Legislature during the 2021-22 session which include a substantial focus on homeownership or a policy area connected to homeownership. California Community Builders has taken positions on some of these bills, and we indicate that support via a footnote as appropriate.*

### WHAT PASSED AND WHERE DOES THAT LEAVE CALIFORNIA?

In May, we wrote about housing bills in the California Legislature that included homeownership and noted a legitimate uptick in bills which included homeownership vis-a-vis previous years. There seemed to be clear evidence that legislators weren't just talking about homeownership and the racial wealth gap — they were writing bills to address it.

So now that the dust has cleared and the 2021-22 legislative session has come to an end, did this increase in proposed bills mean that more actual bills passed? Which homeownership bills are now on Governor Newsom's desk awaiting a signature (or a veto)?

The short answer is that homeownership won some of its biggest battles, staking a claim in flagship funding and zoning reform bills. There was also an important step forward in regional housing finance in Los Angeles and on foreclosure prevention and Community Land Trust issues. On important issues that don't always make headlines — construction defect legislation, small site redevelopment, mortgage lending regulation — much is still to be done in 2023 and beyond.

**For those that prefer a bulleted summary, please see the bottom of this brief.**

### MAJOR BILLS

The legislature took some bold steps with its largest bills. It stood up the California Dream for All program, under which the State of California partners with prospective homeowners who need assistance with the large down payment needed to buy a house. While the original bill to create the program, [SB 1457](#), did not advance, the program was created through [SB 197/AB 197](#) budget acts. [California Community Builders was proud to participate in the study report](#) that informed this program. The California Housing Finance Agency (CalHFA) is charged with building this program, which has a \$500 million budget allocation for the first year. The agency is [currently taking public comment](#) on how to successfully implement this program.

## MAJOR BILLS, CONT'D.

Homeownership also featured prominently in the flagship zoning reform bill, [AB 2011 \(Wicks\)](#) (1). This bill is currently awaiting the governor's signature – or potential veto—and would allow 'by-right' development in certain parcels, especially underutilized commercial corridors and old shopping centers. Owned-occupied units are an eligible use for this site, both for the affordable and market-rate units.

[AB 2053 \(Lee\)](#), the Social Housing bill which included limited-equity homeownership as a supported tenure, did not pass. Supporters have indicated they intend to bring the bill back for the 2023-24 session.

## FORECLOSURES

Both bills designed to reform some aspect of the foreclosure process passed. [AB 1837 \(Bonta\)](#) will clean up a funding program for foreclosure prevention that was designed to be used by community land trusts, but which has been abused by fake nonprofits (2). [AB 2170 \(Grayson\)](#) will restrict bulk-sales of foreclosures and offers a brief window for tenant and nonprofit purchase in cases where large institutions foreclose on more than 175 properties in a given year.

## COMMUNITY LAND TRUSTS

AB 1837 (Bonta) discussed above, was a major priority for Community Land Trusts. In addition, [AB 1206 \(Bennett\)](#), a bill from 2021, will extend the Welfare Tax Exemption (3) to community land trusts, and allows them to keep the exemption even when occupants' income goes up to 140% of the area median income. This bill is part of a general push to give Community Land Trusts similar rights under state law as other forms of affordable housing like deed-restricted rental housing (4).

[AB 2021 \(Wicks\)](#), which would have made it possible for CLTs to be included in programs which enable nonprofit housing organizations to purchase and be informed about tax-defaulted properties, did not pass. Neither did [AB 2710 \(Kalra\)](#), which would have created a mandatory right of first offer for tenants whose buildings are put up for sale.

## HOUSING FINANCE

Legislators took some important steps on housing finance. The biggest leap was the passage of [SB 679 \(Kamlager\)](#), which will create LACASA, a regional housing finance agency for Los Angeles County and its jurisdictions. [SB 1105 \(Hueso\)](#), which would have done the same for San Diego, did not pass, but overall the momentum for regional housing finance agencies enabled to support homeownership does appear to be growing.

The remaining bills did not do as well. [AB 2560 \(Bonta\)](#) (5), which would have created a new financing model for local jurisdictions to turn blighted properties into homeownership opportunities for low- and moderate-income households, was held in the [suspense file](#) and did not pass. Also falling short were [SB 625 \(Limon\)](#) and [AB 561 \(Ting\)](#), which would have increased financing programs in different government agencies, the latter focused on accessory dwelling units specifically. [SB 490 \(Caballero\)](#), which would have funded housing acquisition and rehabilitation technical assistance programs, and included language on homeownership, was a victim of the legislative tactic called "[gut-and-amend](#)," in which its original content was stripped out and replaced by something completely different.

## BUDGET

This year California had a [massive budget](#), with a surplus of record proportions. California Dream for All was funded with an initial stake of \$500 million, plus a planned \$1 billion in following years — assuming funds are available. Traditional first-time homebuyer programs like [HCD's CalHome \(\\$250 million\)](#) and [CalHFA Homebuyers Loan Program \(\\$2.5 billion\)](#) received ongoing funding, and pandemic-related [mortgage relief \(\\$1 billion\)](#) also received important monies.

Where homeownership gets less support in the budget is on the production side. Much more limited support is available to ensure we have enough homes for sale -- especially smaller, multifamily homeowners opportunities like condos and co-ops. Stay tuned for much more from California Community Builders on why Multifamily Homeownership is critical for California's future -- and for closing the racial wealth gap.

## OTHER BILLS

Two small but important bills did not make it out: [SB 1176 \(Limon\)](#) would have initiated a study to analyze creating a statewide Community Reinvestment Act for California, which would, among other things, enable the state to fill gaps in federal regulation of non-bank mortgage lending (6). [AB 919 \(Grayson\)](#) would have changed the construction defect laws to make it easier to build condominiums, a major area of focus for affordable homeownership (7).

## SUMMARY OF WHAT PASSED IN 2022

*Note: all of the bills outlined below are linked in the narrative above and can also be explored directly at <https://leginfo.legislature.ca.gov/>*

## MAJOR BILLS

### (PASSED)

#### **SB 197/AB 197:** California Dream for All Program

Budget bill launching California Dream for All program and funding CalHFA to build it.

#### **AB 2011:** Affordable Housing and High Road Jobs Act of 2022

AUTHORS: Wicks, Bloom, Grayson, Quirk-Silva, Villapudua

SPONSORS: CA Conference of Carpenters, California Housing Consortium

HOMEOWNERSHIP ROLE: Establishes new by-right zoning in commercial areas with explicit role for Below Market Rate (BMR) homeownership.

### (DID NOT PASS)

#### **SB 1457:** California Family Home Construction and Homeownership Bond Act of 2022

AUTHORS: Hertzberg, Caballero, Portantino

HOMEOWNERSHIP ROLE: Creates \$25 billion bond for November 2022 ballot, including \$7 billion for infrastructure and \$18 billion for second mortgage down payments.

#### **AB 2053:** The Social Housing Act

AUTHORS: Lee, Carrillo, Kalra

SPONSORS: East Bay for Everyone, San Jose State University Human Rights Institute, State Building and Construction Trades Council – AFL-CIO, YIMBY Action

HOMEOWNERSHIP ROLE: Creates a limited-equity homeownership option for residents of buildings constructed by the proposed California Housing Authority.

## **FORECLOSURES**

### **(PASSED)**

#### **AB 1837:** Residential Real Property: Foreclosure

AUTHORS: Bonta

SPONSORS: California Community Land Trust Network

HOMEOWNERSHIP ROLE: Clean-up bill for SB 1079 funding process (AB 140, AB 175) which was designed to be used by Community Land Trusts to purchase foreclosed homes with existing low-income homeowners. It has used by shady characters and fake nonprofits to purchase homes. Will ensure that Community Land Trusts will be able to use these funds to prevent displacement of existing owners.

#### **AB 2170:** Residential Real Property: Foreclosure Sales

AUTHORS: Grayson

SPONSORS: California Association of Realtors

HOMEOWNERSHIP ROLE: Restricts bulk sales of foreclosed properties and offers a tenant or nonprofit owner purchasing window for properties owned by major institutions who foreclose on 175 properties in a given year.

## COMMUNITY LAND TRUSTS

### (PASSED)

#### **AB 1206:** Property Taxation: Affordable Housing: Welfare Exemption

AUTHORS: Bennett

SPONSORS: California CLT Network

HOMEOWNERSHIP ROLE: Extends welfare tax exemption to community land trusts, allows them to keep the exemption even when occupants' income goes up to 140% of AMI.

### (DID NOT PASS)

#### **AB 2710:** Residential Real Property: Sale of Rental Properties: Right of First Offer

AUTHORS: Kalra

SPONSORS: Housing California, Public Advocates

HOMEOWNERSHIP ROLE: Creates a right of first offer requirement for the majority of rental buildings. Tenants can assign this right to a nonprofit, including CLTs, to negotiate on their behalf. Buildings purchased through this program would be deed-restricted and must be offered by the nonprofits to tenants within 18 months.

#### **AB 2021:** Property Tax Sales: Access to Tax-defaulted Property Information

AUTHORS: Wicks

HOMEOWNERSHIP ROLE: Helps CLTs in the tax-defaulted property process.



## HOUSING FINANCE

### (PASSED)

#### **SB 679:** Los Angeles County Affordable Housing Finance Agency

AUTHORS: Kamlager

SPONSORS: United Way of Greater Los Angeles

HOMEOWNERSHIP ROLE: Establishes the Los Angeles County Affordable Housing Solutions Agency (LACAHS). Homeownership programs are a permitted use.

### (DID NOT PASS)

#### **AB 2560:** Housing: Blighted and Tax Defaulted Property

AUTHORS: Bonta

SPONSORS: California Community Builders, Richmond Community Foundation, Richmond Neighborhood Housing Services

HOMEOWNERSHIP ROLE: Creates new financing models to rehab blighted vacant property into low- and moderate-income homeownership opportunities.

#### **SB 490:** Housing Acquisition and Rehabilitation: Technical Assistance

AUTHORS: Caballero

SPONSORS: Enterprise Community Partners, Housing California

HOMEOWNERSHIP ROLE: Creates a Housing Acquisition and Rehabilitation Technical Assistance Program at the Housing and Community Development Department for nonprofits and governments, and includes homeownership nonprofits like CLTs and limited-equity co-ops as both subjects and providers of technical assistance.

#### **SB 1105:** San Diego Regional Equitable and Environmentally Friendly Affordable Housing Finance Agency

AUTHORS: Hueso

HOMEOWNERSHIP ROLE: Creates San Diego Regional Equitable and Environmentally Friendly Affordable Housing Finance Agency, with a minimum mandate for homeownership financing.

## HOUSING FINANCE, CONT'D.

### (DID NOT PASS)

#### **SB 625:** Community Development Financial Institutions: Grant Program

AUTHORS: Caballero, Limon

SPONSORS: California Coalition for Community Investment

HOMEOWNERSHIP ROLE: Creates the California Investment and Innovation Program in the California Infrastructure and Economic Development Bank (I-Bank) for Community Development Finance Institutions. Homeownership assistance is an eligible use.

#### **AB 561:** Help Homeowners Add New Housing Program: Accessory Dwelling Unit Financing

AUTHORS: Ting, Bloom

SPONSORS: Bay Area Council

HOMEOWNERSHIP ROLE: Requires Treasurer's office to provide a report to the legislature on how to help homeowners qualify for ADU / JADU loans.

## ENDNOTES

1/ CCB signed on in support of this bill.

2/ CCB signed on in support of this bill.

3/ The [Welfare Tax Exemption](#) is a property tax exemption for certain types of landowners, generally charities and religious institutions. It has traditionally been applied in California to non-profit landlords of deed-restricted buildings whose tenants earn less than 80% of Area Median Income, but has not been extended to CLTs.

4/ Deed restrictions are legally binding obligations that are attached to property and impact what current and future owners can do with the property. Income restrictions are a common form of deed restriction for affordable housing, as it obligates the property to be owned or rented by someone at a set income level.

5/ CCB is a co-sponsor of this bill.

6/ This will be the subject of an upcoming policy brief.

7/ Construction defect rules determine the legal liability of builders for construction defects. This particularly [impacts for-sale housing](#), as builders can be sued by new owners.

## ACKNOWLEDGEMENTS

This policy brief was prepared by [Schafran Strategies](#) on behalf of, and in collaboration with, California Community Builders. We welcome feedback on our publications and invite readers to reach out to Adam Briones ([abriones@ccbuilders.org](mailto:abriones@ccbuilders.org)) to share your perspective.