

Date of Hearing: March 26, 2025

**ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT**

**Matt Haney, Chair**

**AB 57 (McKinnor) – As Amended March 3, 2025**

**SUBJECT:** Home Purchase Assistance Program: descendants of formerly enslaved people

**SUMMARY:** Requires that at least 10% of funds available for down payment assistance at the California Housing Finance Agency (CalHFA) be made available to qualifying applicants who are also descendants of formerly enslaved people.

**EXISTING LAW:**

- 1) Establishes the Home Purchase Assistance Fund at CalHFA. (Health and Safety Code (HSC) 51342)
- 2) Requires CalHFA to administer a home purchase program to assist low- and moderate-income homebuyers to qualify for the purchase of owner-occupied homes. Authorizes assistance in the form of any of the following:
  - a) An interest rate subsidy to reduce the interest rate;
  - b) A deferred-payment, low-interest, subordinate mortgage loan, including downpayment assistance, closing cost assistance, or both, to make financing affordable to low- and moderate-income homebuyers; and
  - c) Buying down the cost of mortgage insurance. (HSC 51343)
- 3) Establishes the California Dream for All Program at CalHFA to provide shared appreciation loans to qualified first-time, low- and moderate- income homebuyers. Establishes a revolving, shared appreciation first-time homebuyer program with the goal of eventually providing up to one billion dollars per year for first-time homebuyers. (HSC 51523)
- 4) Requires that prior to the disbursement of the remainder of funding for the California Dream for All Program appropriated in the 2022 Budget Act, and prior to the disbursement of any funding for the program that may be appropriated in the 2023 Budget Act, CalHFA shall review the program terms and parameters, and shall implement adjustments designed to achieve the following program improvements:
  - a) Defining first-generation homebuyers;
  - b) Targeting funds to aid first-generation homebuyers;
  - c) Supporting an equitable distribution of program funds in different regions of the state; and
  - d) Prioritizing participation by homebuyers in the lower tiers of the income eligibility structure. (HSC 51529)
- 5) Establishes, within the Government Code, Chapter 4.5 of Division 1 in Title 2, entitled “Apology Act for the Perpetration of Gross Human Rights Violations and Crimes Against

Humanity, with special consideration for African Slaves and their Descendants.”  
(Government Code (GC) 8301 et seq.)

- 6) Establishes the Task Force to Study and Develop Reparation Proposals for African Americans, with Special Considerations for African Americans who are Descendants of Persons Enslaved in the United States. (GC 8301.1(a))

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

**Author’s Statement:** According to the author, “The purpose of AB 57 is to address the long-standing wealth gap by improving access to homeownership for descendants of individuals affected by historic and systemic discrimination. These barriers have prevented many Californians from acquiring and passing down wealth through homeownership. By reserving a portion of home purchase assistance funds, this bill provides targeted support to help rectify these injustices and promote economic mobility.”

**Background:** CalHFA is the state’s affordable housing lender. In addition to a multi-family loans and grants programs, CalHFA runs several programs to support first time homebuyers including a 30 year fixed interest mortgage and down payment assistance. The fixed interest first mortgage is an FHA-insured loan that is secured on a property. CalHFA does not lend money directly to consumers. CalHFA-approved lenders qualify consumers and make all mortgage loans. CalHFA purchases closed loans that meet CalHFA's requirements.

CalHFA offers two down payment assistance programs. The MyHome program provides up to 3% in down payment assistance to low- and moderate-income households. Lenders identify borrowers who qualify for the program and refer them to CalHFA for assistance. The mortgage is held and serviced by a private lender and the down payment assistance is recorded as a silent-second on a home. The second can be removed if the borrower refinances and repays the down payment or it can be repaid when the home sells. Funds are returned back to the program to fund future borrowers. My Home is essentially an over-the-counter program and the only requirements needed to qualify are meeting the income threshold and being able to qualify for a home mortgage.

The Dream for All Program operates in the same way as the MyHOME program except for a few key differences. The goal of the program is to create generational wealth for families who have not had a history of homeownership. Borrowers can receive 20% in down payment assistance up to \$150,000 and are required to share a portion of any equity increase in the home with the state when the home is sold. These funds are then recycled back into the program to provide for future down payments. Borrowers must also be a first homebuyer and a first generation homebuyer. To qualify as a first generation homebuyer, borrowers must not have a living parent or deceased parent that owns/owned a home or an interest in a home in the United States or be an individual who has at any time been placed in foster care or institutional care.

According to CalHFA’s 2023-24 Annual Report, 6,037 homebuyers were helped through down-payment assistance with \$157 million in down payment assistance and closing costs and \$2.57 billion in first mortgage lending. Demographic data collected on homebuyers shows the

following breakdown by race and ethnicity: 8% of borrowers were Asian, 5% of borrowers were African American, 47% Hispanic/Latino, 30% white, and 10% unknown.

***Slavery in California:*** According to The California Reparations Report, the census of 1860, the last census taken before the Civil War, found that of the about 12 million people living in the 15 slave-holding states, almost four million were enslaved. California technically entered the Union in 1850 as a free state. Some scholars estimate that up to 1,500 enslaved African Americans lived in California in 1852. California did not ratify the Fourteenth Amendment, which protected the equal rights of all citizens, until 1959 and did not ratify the Fifteenth Amendment, which prohibited states from denying a person's right to vote on the basis of race, until 1962.

***Redlining and Segregation:*** Through conscious policy choices, the federal government promoted homeownership for white Americans and prevented black families from owning homes. During the Great Depression, the federal government created the Home Owners' Loan Corporation (HOLC) to provide assistance to homeowners who were defaulting on their mortgages. HOLC evaluated neighborhoods based on the age of housing, access to transportation, amenities, racial make-up and economic conditions and created maps that denoted whether a neighborhood was a good credit risk by color. The term "redlining" comes from the fact that neighborhoods made up of African American households were colored red on the map and deemed a poor credit risk. Out of HOLC came our modern mortgage system. Short term loans with large balloon payments were replaced by 30 year fixed mortgages. Not until 1968 did the Federal Fair Housing Act (FFHA) prohibit discrimination in the sale, rental, and financing of housing based on race, color, religion, sex, familial status, and national origin. The FFHA created a path for Black families to purchase homes. However, the homeownership rate for African Americans nationally is still well below white families. In 2023, the homeownership rate for Black Americans was 45.7%, significantly lower than the 74.3% rate for white Americans, highlighting a persistent racial gap in homeownership. In 2023, the homeownership rate among African American households in California was 36.6%, which is significantly lower than the overall homeownership rate of 55.7% and the rate for white households at 61.8%.

***Functionality:*** This bill would require 10% of funds in CalHFA's down payment assistance programs to be set aside for descendants of slaves. There is currently no state entity with authority to determine if an individual is a descendant of slaves. There are bills pending in the Senate and Assembly to create a state level entity to determine status as a descendant of enslaved people. To implement this bill, CalHFA will need a mechanism to determine if an applicant for down payment assistance is a descendant of slaves. The committee may wish to consider amending the bill to require the creation of an entity to establish that a person is a descendent before the 10% set aside is made available.

This bill would apply the set-aside to both the My Home Program and the Dream for All Program. The only requirements to qualify for the My Home Program are income and the ability to qualify for a mortgage. The Dream for All Program has more requirements and could be modified more easily to create a set-aside for descendants of former slaves. The committee may wish to consider limiting this bill to the Dream for All Program.

***Arguments in Support:*** Supporters of this bill argue this bill reflects a commitment to justice, equity and opportunity for an important community that has been disproportionately harmed by historical oppression.

**Arguments in Opposition:** Opponents of this bill argue it would violate California's constitutional principle of equal treatment as well as the U.S. Constitution and federal legislation by giving preferential treatment to descendants of formerly enslaved people in a home purchase assistance program.

**Committee Amendments:**

- Make the creation of a 10% set-aside for descendants for former slaves contingent on the creation of a state entity that will determine that a potential borrower is a descendant of former slaves.
- Limit this bill to down payments from the Dream for All Program.

**Related Legislation:**

SB 518 (Weber Pierson) of the current legislative session would establish the Bureau for Descendants of American Slavery to determine how an individual's status as a descendant of a slave would be confirmed. The bill would also require proof of an individual's descendant status to be a qualifying criterion for benefits authorized by the state for descendants. This bill is pending hearing in the Senate Governmental Organization Committee.

SB 437 (Weber Pierson) of the current legislative session would require the Director of Finance to allocate \$6,000,000 to the California State University to conduct research to further the recommendations of the Task Force to Study and Develop Reparation Proposals for African Americans, with a Special Consideration for African Americans Who are Descendants of Persons Enslaved in the United States. This bill would require the California State University to explore options to determine how to confirm an individual's status as a descendant of a slave and to establish a process for conducting or verifying genealogical research to confirm eligibility for reparative claims. This bill is pending a hearing in Senate Education Committee.

AB 1315 (Essayli) of the current legislative session would establish the California American Freedmen Affairs Agency to create and maintain an accurate database registry of American Freedmen residents. This bill is pending referral in the Assembly Rules Committee.

**Double Referred:** This bill was also referred to the Assembly Committee on Judiciary where it will be heard should it pass out of this committee.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

Allison Simon  
California Faculty Association  
CFT- a Union of Educators & Classified Professionals, AFT, AFL-CIO  
Courage California  
Dasia Childress  
Desean Frazier  
Greater Sacramento Urban League  
Individuals (4)  
Raymond C. Jolla

Santa Monica Democratic Club  
St. Margaret's Center  
Western Center on Law & Poverty  
Westmont West Athens Task Force

**Opposition**

Californians for Equal Rights Foundation  
Pacific Legal Foundation

**Analysis Prepared by:** Lisa Engel / H. & C.D. / (916) 319-2085