



---

### PURPOSE

---

Assembly Bill 595 aims to increase affordable homeownership opportunities for working families and communities of color by making the construction of affordable for-sale homes more financially viable.

---

### BACKGROUND

---

Most Californians share the American Dream of homeownership, because it provides housing security and the opportunity to build long-term financial stability. But the severe housing shortage has put homeownership out of reach for most Californians. Our state has the second lowest rate of homeownership in the country: only 15% of families can afford the median priced home.<sup>1</sup>

The lack of affordable homeownership opportunities denies millions of low- and moderate-income Californians the benefits of homeownership – and contributes to the racial wealth gap. The shortage of affordable home buying opportunities has exacerbated racial inequities. African American homeownership rates are 26% lower and Latino homeownership rates are 19% lower than white Californians.<sup>2</sup> As a result, Black and Latino families hold just \$0.23 in wealth for every \$1 held by a white family.

Addressing these disparities and making homeownership equitable, accessible, and affordable for all, demands an increase in the construction and supply of homes available to purchase, at prices the working Californian can afford.

---

### EXISTING LAW

---

California has several strong and successful tools for building more affordable rental units, but few, if any, programs exist at the state level to fund

homeownership construction. Programs to support homeownership are primarily available in the form of down payment assistance, which are critical but unfortunately do not create new affordable homes for sale. In order to support the success of purchase-based programs in connecting families with homeownership, we also need to rapidly increase the number of homes available for purchase.

The state’s only funding to support homeownership development on the production side – CalHOME – has been inconsistent and undependable. The \$152 million allocated towards CalHOME in the 2024-25 budget was completely cut in the 2024 May Budget Revise, potentially spelling the end of the program when existing funding is depleted. Federal funding faces similar challenges, with unreliable support for home development exacerbated by recent changes and cuts. To ensure affordable for-sale development remains financially viable in California, a crucial piece of attaining our overall housing goals, state support is needed.

An effective tool for creating more affordable homeownership opportunities could be transformative for working Californians, communities of color, and efforts to reclaim housing and a sense of community in neighborhoods devastated by climate disasters.

---

### SOLUTION

---

AB 595 will incentivize and increase the financial feasibility of for-sale home development by directing the California State Treasurer’s Office to design a pilot program to finance the construction of for-sale homes at a price that is affordable to middle-income Californians, through the use of tradable tax credits.

---

<sup>1</sup> [CAR: Third quarter 2023 housing affordability report](#)

<sup>2</sup> [PPIC: California’s Housing Divide](#)

AB 595 establishes goals and guidelines for the Treasurer to abide by in the development of the program, ensuring that the program will:

- Expand access to homeownership and maximize wealth building opportunities by making it affordable for working families to buy a home;
- Be tailored to the development of income-restricted for-sale housing, with income and price limits consistent with existing state first-time homebuyer programs;
- Be accessible to developers of affordable housing by allowing the credits to be traded and syndicated, and incentivizing participation by investor participants;
- Build off the successful components of existing housing finance programs;
- Maximize the effectiveness of state subsidy by prioritizing the efficiency and speed of the review and allocation process;
- Protect against a reduction in funding for existing rental programs due to enactment of the program.

---

#### **SUPPORT**

California Community Builders (Sponsor)  
California YIMBY (Sponsor)  
UnidosUS (Sponsor)

---

#### **CONTACT**

Brenda Contreras  
[Brenda.Contreras@asm.ca.gov](mailto:Brenda.Contreras@asm.ca.gov)  
916-319-2039