

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2581 (Soria) – As Amended April 13, 2026

SUBJECT: Housing: affordable housing tenants: home ownership

SUMMARY: Requires the Department of Housing and Community Development (HCD) and the California Housing Finance Agency (CalHFA), by January 1, 2028, to develop and implement strategies, including but not limited to advertising existing homeownership programs to tenants of deed-restricted affordable housing, to promote the movement of tenants of deed-restricted affordable housing into homeownership through existing homeownership programs implemented by the department or the agency. This bill applies these requirements to the Joe Serna Jr. Farmworker Housing Grant Program, CalHome Program, My Home, and the California Dream for All Program.

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)

FISCAL EFFECT: Unknown

COMMENTS:

Author's Statement: According to the author, "With California in the midst of a multi-decade housing crisis, homeownership has become increasingly out of reach for everyday Californians as the avenues to homeownership have become scarcer and more inaccessible. While in recent years California has improved its housing efforts by improving coordination between different programs and the agencies that run them, there has not yet been significant reforms to create a pipeline for tenants of affordable housing to achieve the dream of homeownership through existing programs.

AB 2581 addresses this troubling oversight by requiring the Department of Housing and Community Development and the California Housing Finance Agency to develop and implement strategies to promote the movement of tenants of affordable housing into homeownership. With the new Housing and Homelessness Agency being created this year, now is the time to chart a new pathway to homeownership for Californians. AB 2581 takes the first steps to make this happen."

State Homeownership Programs: The state supports homeownership through both the construction of ownership units and down payment assistance to facilitate the purchase of an existing home. CalHFA, the state's affordable housing lender, 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 Federal Housing Administration-insured loan that is secured on a property. CalHFA does not lend money directly to consumers. CalHFA-approved lenders qualify buyers 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 the 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.

HCD administers two programs that fund the construction of ownership units – CalHOME and the Joe Serna Farmworker Housing Program. The CalHOME program provides loans and grants to nonprofit corporations and local governments to support homeownership activities. Grants provide down payment assistance to qualified households and loans to fund the construction of ownership units. To qualify, households must be lower income (making 80% of the area median income (AMI) or less); however, grants may be made to households making up to 120% of the AMI in areas where the Governor has declared a state of emergency due to a disaster. Joe Serna, Jr. Farmworker Housing Grant Program at HCD finances the new construction, rehabilitation, and acquisition of owner-occupied and rental units for agricultural workers, with a priority for lower income households.

Affordable Rental Programs: The state subsidizes construction of affordable, multifamily rental housing for families who are 80% of the AMI or less through tax credits, bond funds, and General Fund dollars. Residents must income qualify and are only required to pay 30% of their income toward the rent. This is considered an affordable rent. Federal and state law allows a tenant to remain in housing if their income rises to 140% of AMI.

This bill directs HCD and CalHFA to develop and implement strategies that would attempt to match residents of state-subsidized multi-family rental housing with ownership units or down-payment assistance. This strategy could result in families transitioning from rental housing into ownership.

Arguments in Support: None on file.

Arguments in Opposition: None on file.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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