

---

## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair  
2025 - 2026 Regular Session

---

### **AB 57 (McKinnor) - California Dream for All Program: descendants of formerly enslaved people**

**Version:** June 24, 2025

**Urgency:** No

**Hearing Date:** August 18, 2025

**Policy Vote:** HOUSING 7 - 2, JUD. 11 - 1

**Mandate:** No

**Consultant:** Mark McKenzie

**Bill Summary:** AB 57 would require that at least 10% of funds available under the California Dream for All Program are reserved for eligible applicants who have been certified as descendants of formerly enslaved people by the Bureau for Descendants of American Slavery (Bureau). The bill is contingent upon the enactment of SB 518 (Weber Pierson) of the current legislative session, which would establish the Bureau.

#### **Fiscal Impact:**

- The California Housing Finance Agency (CalHFA) estimates annual costs in the range of \$100,000 to \$150,000, beginning in a future fiscal year, to implement changes to the program and make necessary IT system updates in the first year, as well as for ongoing staffing workload annually thereafter to conduct ongoing monitoring and oversight related to the 10% set-aside. These costs would only be incurred to the extent SB 518 is enacted, the Bureau establishes a certification process, and future funding is available for allocation under the California Dream for All Program. (General Fund)
- Ongoing General Fund cost pressures in the tens of millions annually to augment future appropriations into the California Dream for All Fund and/or loan repayments that are deposited into the Fund for future funding rounds. Staff notes that previous funding rounds have been heavily oversubscribed, and ongoing program funding is unpredictable. Reserving 10% of funds for a specific population within an oversubscribed program would create cost pressures to provide additional funding to avoid displacing funding for other eligible applicants.

**Background:** CalHFA is an independent public instrumentality and political subdivision of the state that was established in 1975 as the state's affordable housing lender. The agency is governed by its own Board of Directors, and is financially self-supporting, with its own credit rating. While the annual Budget Act may appropriate funds for specific purposes, CalHFA's operations are not funded through the state budget. Funding for its programs and operations generally comes from the sales of tax-exempt and taxable revenue bonds, and it sets its loan interest rates slightly higher than debt service costs and charges fees for specific services to cover its lending costs and risks. Historically, CalHFA has provided housing assistance in three areas: (1) below-market interest rate mortgages and downpayment assistance for first-time homebuyers, most of whom are low- and moderate income families and ethnic minorities not well-served by market rate products, (2) insurance for single-family home purchase mortgages, and (3) loans for the development of multifamily rental housing. These financial products are funded

through sale of revenue bonds secured by the mortgage products and the underlying property.

Existing law, as enacted by SB 197 (Budget and Fiscal Review Committee), Chap. 70/2022, establishes the California Dream for All Program to provide shared appreciation loans to qualified low- and moderate-income first-time homebuyers purchasing owner-occupied homes. Existing law requires CalHFA to administer the program, subject to the availability of funds, and to adopt policies rules, and regulations to achieve specified goals, including expanding opportunities for California households to accumulate wealth for themselves and their families, and establishing a revolving, shared appreciation first-time homebuyer program with the goal of eventually providing up to \$1 billion per year for first-time homebuyers. Dream for All loans are used for downpayment assistance and closing costs, up to 20% of the home sale price, not to exceed \$150,000. Payment on the loan is deferred until the home is sold, at which time the borrower must repay the original loan amount, plus 20% of the increase in the home's value (a borrower with less than 80% of the AMI would repay the loan amount, plus 15% of the increase in the home's value). Loan repayments and shared equity amounts would be deposited back into the California Dream for All Fund and used for future downpayment loans.

The 2022 Budget Act appropriated \$500 million in General Fund revenues for the program, \$300 million of which was allocated by CalHFA in March of 2023 for the first phase of the program. The 2023 Budget Act appropriated an additional \$20 million from the General Fund, which was added to the \$200 million remaining from the previous year, and \$40 million in fallout funds from cancelled loans from the first phase, providing a total of approximately \$260 million for the second phase of the program. CalHFA indicates that all program funds that were previously appropriated have been allocated to date, resulting in the award of approximately 2,300 vouchers out of a total registered applicant pool of approximately 18,000 eligible borrowers. Staff notes that the 2025-26 Budget Act included a General Fund appropriation of an additional \$300 million in one-time funds for the Dream for All Program. CalHFA is planning to initiate a third phase of funding in the current budget year.

In 2020, SB 3121 (Weber), Chap. 319/2020, established the Task Force to Study and Develop Reparations Proposals for African Americans, with a Special Consideration for African Americans Who are Descendants of Persons Enslaved in the United States (Reparations Task Force). The 2023 final report of the Reparations Task Force notes that, since the Civil War, federal, state, and local governments worked with private individuals to actively segregate land into African American and white neighborhoods through a variety of strategies and policies. Specifically, this happened through policy in three broad areas: unequal access to public housing, segregated zoning using redlining and racially restrictive covenants, and displacing African American communities. The final report includes a series of recommendations to increase housing affordability for renters and homeowners, including direct financial assistance for home ownership to African Americans through shared appreciation loans and subsidized down payments, mortgages, and homeowner's insurance.

**Proposed Law:** AB 57 would require that, upon establishment of the certification process for the descendants of American slavery by the Bureau, at least 10% of moneys in the California Dream for All Fund must be reserved for applicants who meet

the requirements for a loan under the program and have been certified as descendants of formerly enslaved people by the Bureau. The bill's requirements would only become operative if SB 518 (Weber Pierson) is enacted and takes effect by January 1, 2026 to establish the Bureau.

**Related Legislation:** SB 518 (Weber Pierson), which is currently pending in the Assembly Appropriations Committee, would establish the Bureau for Descendants of American Slavery within the Department of Justice, upon appropriation of sufficient funding by the Legislature, and require the Genealogy Division within the Bureau to, among other things, establish a process for certifying an individual's status as a descendant of a person subjected to chattel slavery, as specified.

SB 101 (Budget and Fiscal Review Committee), Chap. 4/2025, the 2025-26 Budget Bill, includes a General Fund appropriation of \$300 million to CalHFA for the California Dream for All Program.

SB 143 (Budget and Fiscal Review Committee), Chap. 196/2023, a budget trailer bill, included provisions that directed CalHFA to establish specific guidance for the California Dream for All Program to better target assistance to lower-income households and first-generations homebuyers, and to support an equitable distribution of funds throughout the state.

SB 197 (Budget and Fiscal Review Committee), Chap. 70/2022, a budget trailer bill, included provisions requiring CalHFA to establish the California Dream for All Program, as specified.

**Staff Comments:** The requirements of this bill would only become operative if SB 518 (Weber Pierson) is enacted and takes effect by January 1, 2026, and establishes the Bureau. As currently drafted, the implementation of SB 518 is contingent upon the appropriation of sufficient funding by the Legislature. Furthermore, assuming SB 518 is enacted, the requirement in this bill for CalHFA to reserve 10% of California Dream for All Program funding for descendants of formerly enslaved persons would not be operative until the Bureau created by SB 518 establishes the process to certify individuals as descendants of formerly enslaved persons. As such, the requirements of this bill and related fiscal impacts would be delayed for at least several years, and would only be incurred to the extent that additional funding is made available for the program in a future fiscal year.

-- END --