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THIRD READING

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Bill No: AB 57  
Author: McKinnor (D), et al.  
Amended: 8/29/25 in Senate  
Vote: 21

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SENATE HOUSING COMMITTEE: 7-2, 6/17/25

AYES: Wahab, Arreguín, Cabaldon, Caballero, Cortese, Durazo, Grayson

NOES: Seyarto, Ochoa Bogh

NO VOTE RECORDED: Gonzalez, Padilla

SENATE JUDICIARY COMMITTEE: 11-1, 7/8/25

AYES: Umberg, Allen, Arreguín, Ashby, Caballero, Durazo, Laird, Stern, Wahab,  
Weber Pierson, Wiener

NOES: Niello

NO VOTE RECORDED: Valladares

SENATE APPROPRIATIONS: 5-2, 8/29/25

AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab

NOES: Seyarto, Dahle

ASSEMBLY FLOOR: 52-10, 5/29/25 - See last page for vote

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**SUBJECT:** California Dream for All Program: descendants of formerly enslaved people

**SOURCE:** Author

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**DIGEST:** This bill requires the California Housing Finance Agency (CalHFA) to set aside 10% of funds under the California Dream for All program for applicants who are certified as descendants of formerly enslaved people.

## **ANALYSIS:**

Existing law:

- 1) Establishes CalHFA, which provides first mortgage loans and down payment assistance to first-time homebuyers, as well as financing and programs for affordable rental housing. CalHFA is a self-supporting state agency; its bonds are repaid by revenues generated through mortgage loans.
- 2) Establishes the California Dream for All program a shared-appreciation loan program for low- and moderate-income first-time homebuyers, under CalHFA.
- 3) Establishes 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).

This bill:

- 1) Requires CalHFA to set aside 10% of funds under the California Dream for All program for applicants who meet program requirements and are certified as descendants of formerly enslaved people as determined by a certification process established by the Bureau for Descendants of American Slavery.
- 2) Makes this bill contingent upon the passage of SB 518 (Weber Pierson) in the 2025-26 Regular session and takes effect on or before January 1, 2027.

## **Background**

*CalHFA.* CalHFA is the state's affordable housing bank. It borrows money from the private financial market at below-market interest rates by issuing tax-exempt revenue bonds, then passes these interest rate savings on to low- and moderate-income first-time homebuyers and affordable rental housing developers by offering below-market-rate mortgages. These bonds are backed only by CalHFA revenues, not by the state General Fund. CalHFA also provides down payment assistance in the form of deferred, "silent second" mortgages (*i.e.*, the borrower makes no monthly payments but repays the loan at sale or refinance) for families who need extra assistance achieving homeownership. In order to be eligible for CalHFA's down payment assistance programs, the applicant must be: (a) be a first-time homebuyer; (b) occupy the property as a primary residence (non-occupant co-

borrowers are not allowed); (c) complete homebuyer education counseling and obtain a certificate of completion through an eligible homebuyer counseling organization; and (d) meet CalHFA income limits for this program. Eligible properties include: single-family, one-unit residences, including approved condominiums; guest houses, granny units and in-law quarters; or manufactured housing.

*California Dream for All.* The Legislature created the California Dream for All program in the 2022-23 budget. This program authorizes CalHFA to provide shared-appreciation loans to help low- and moderate-income first-time homebuyers achieve homeownership by assisting with down payments and closing costs. In order to be eligible for California Dream for All, each borrower must be a first-time homebuyer; be either a citizen or other National of the United States, or a “Qualified Alien” as defined under federal law (*e.g.*, a refugee, an individual who has been granted asylum, or a lawful permanent resident); and meet specified credit, income, and loan requirements, including Fannie Mae underwriting goals.<sup>1</sup> In addition, at least one borrower must be a first-generation homebuyer and a current California resident. This is defined as either (1) an applicant who has not been on title, held an ownership interest, or been named on a mortgage to a home in the US in the last seven years and whose parents (biological or adoptive) have not or did not own a home, or (2) an applicant who has at any time been placed in foster care or institutional care.

## Comments

- 1) *Reparations Task Force recommendations.* In 2020, SB 3121 (Weber, Chapter 319, Statutes of 2020) established the Reparations Task Force. The final report of the Reparations Task Force, issued in 2023, included 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. SB 1007 (Bradford, 2024), which failed to reach the Governor’s desk, sought to implement this recommendation by establishing a new program, the Homeowner’s Assistance for Descendants of Enslaved Persons Program, under CalHFA. That program would have provided financial aid or assistance to help descendants with purchasing, owning, or maintaining real property to be used as a primary residence, including subsidizing mortgage

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<sup>1</sup> The Federal National Mortgage Association (Fannie Mae) is a government-sponsored enterprise, under the conservatorship of the Federal Housing Finance Agency (FHFA), which purchases mortgages from lenders to free up the money they need to make other mortgage loans, thereby ensuring the ongoing availability of affordable mortgages.

payments for homeowner's insurance. This bill instead creates a set-aside in an existing CalHFA program, the California Dream for All program.

- 2) *Background: Historic Housing Discrimination.* As detailed in the Final Report of the Reparations Task Force<sup>2</sup>, 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.

From World War I until the 1950s, the federal government built high quality housing but did not allow African Americans to live in it, instead often building separate, low quality units for them. From the 1950s, as the federal government subsidized mortgages for white families to move to the suburbs and paid local governments to demolish racially integrated neighborhoods, it also built high-rise apartment buildings in urban neighborhoods that concentrated poverty in African American neighborhoods in the inner cities.

Redlining and racially restrictive covenant policies further exacerbated housing segregation. "Redlining" refers to a practice in which federal and local governments, acting together with private banks, systematically deny home loans to African American people. Redlining was accomplished at the federal level through three agencies: the Federal Housing Administration (FHA), the Veterans Administration (VA), and the Home Owners' Loan Corporation. In Northern California, from 1946 to 1960, 350,000 new homes were built with support from the FHA; fewer than 100 of these homes went to African Americans.

Racially restrictive covenants are legally binding contracts, usually written into the deed, that prohibit nonwhite people from living on a property or in a neighborhood. By 1940, according to news reports quoted in the 1973 U.S. Commission on Civil Rights Report, 80% of homes in Los Angeles contained restrictive covenants barring African American families. From 1937 to 1948, more than 100 lawsuits attempted to enforce covenants and evict African American families from their homes in Los Angeles.

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<sup>2</sup> California Task Force to Study and Develop Reparation Proposals for African Americans Final Report. 6/1/2022. Accessible here: <https://oag.ca.gov/system/files/media/full-ca-reparations.pdf>

- 3) *Background: Housing segregation today.* According to the final report of the Reparations Task Force, America is about as segregated today for African Americans as it was in 1940. Although the Fair Housing Act of 1968 prohibited future discrimination, it did not repair the structures put in place by 100 years of discriminatory government policies. Sixty-eight percent of white Californians own a home, compared with 41% of African American Californians. From 2019 to 2020 nationwide, African American mortgage applicants were 2.5 times more likely than white applicants to be rejected for mortgages. Studies continue to show that African American mortgage borrowers pay more in financing fees, mortgage insurance, and property taxes. Recent studies of home ownership loans find in 2019, despite making up 5.5% of the state's population, African American Californians received only 3.28% of home purchase loans. Additionally, African American homeowners who apply to refinance their homes are denied over 30% of the time, compared to 17% of white homeowners – making it difficult for African American homeowners to make necessary repairs to their homes and to move out of dilapidated homes.
- 4) *How would eligibility be determined?* This bill requires, prior to the set-aside taking effect, for the Bureau of Descendants of American Slavery to establish a certification process for the descendants of American slavery. This bill only becomes operative upon the passage of SB 518 (Weber Pierson) in the 2025-26 regular session and takes place on or before January 1, 2026.
- 5) *Senate Appropriations Amendments.* Author's amendments taken in the Senate Appropriations Committee revise the contingent enactment language to specify this bill would only become operative if SB 518 (Weber Pierson) is enacted and takes effect on or before January 1, 2027, rather than on or before January 1, 2026.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee:

- 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.

**SUPPORT:** (Verified 8/29/25)

AAPI Force

Black Californians United for Ece

Black Equity Collective

California Black Power Network

California Faculty Association

California Reparations Task Force Members Dr. Cheryl Grills, Lisa Holder, and Don Tamaki

California Teachers Association

California-hawaii State Conference of the NAACP

Catalyst California

Cft- a Union of Educators & Classified Professionals, Aft, Afl-cio

Cleanearth4kids.org

Community Housing Development Corporation

Congregations Organized for Prophetic Engagement

Equal Justice Society

First Congregational Church of Santa Barbara

Imperial Valley Equity & Justice Coalition

Japanese American Citizen League (eden Township Chapter)

Japanese American Citizens League - San Jose Chapter

Livefree California

Multi-faith Action Coalition

Where Is My Land

**OPPOSITION:** (Verified 8/29/25)

Californians for Equal Rights Foundation

**ARGUMENTS IN SUPPORT:** According to the author, “The purpose of AB 57 is to address the long-standing racial wealth gap by improving access to homeownership for descendants of formerly enslaved people. Historic and systemic discrimination has prevented Black 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.”

**ARGUMENTS IN OPPOSITION:** The Californians for Equal Rights Foundation (CFER) states that by establishing a preference for descendants of formerly enslaved people, this bill violates Article 1, Section 31(a) of the California Constitution, established by Proposition 209 of 1996, which states that “The state shall not discriminate against, or grant preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, or public contracting.”

**ASSEMBLY FLOOR:** 52-10, 5/29/25

**AYES:** Addis, Aguiar-Curry, Ahrens, Alanis, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Calderon, Caloza, Carrillo, Connolly, Elhawary, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Ortega, Pacheco, Papan, Patel, Pellerin, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schultz, Soria, Stefani, Valencia, Wicks, Wilson, Zbur, Rivas

**NOES:** Castillo, Davies, DeMaio, Dixon, Ellis, Gallagher, Hadwick, Macedo, Patterson, Sanchez

**NO VOTE RECORDED:** Alvarez, Bryan, Chen, Flora, Jeff Gonzalez, Hoover, Irwin, Lackey, Nguyen, Petrie-Norris, Schiavo, Sharp-Collins, Solache, Ta, Tangipa, Wallis, Ward

Prepared by: Alison Hughes / HOUSING / (916) 651-4124  
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