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**AB-595 Housing: Building Home Ownership for All Program.** (2025-2026)

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AMENDED IN ASSEMBLY MAY 05, 2025

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

**ASSEMBLY BILL**

**NO. 595**

Introduced by Assembly Member Carrillo

February 13, 2025

An act to add and repeal Section 12335 of the Government Code, relating to housing.

**LEGISLATIVE COUNSEL'S DIGEST**

AB 595, as amended, Carrillo. Housing: Building Home Ownership for All Program.

Existing law defines the duties of the Treasurer, which include, but are not limited to, keeping an account of all money received and disbursed. Existing law requires, as soon as April 1, 2022, but no later than specified, the Treasurer, in consultation with the California Housing Finance Agency, the Department of Housing and Community Development, and other relevant stakeholders, to develop a framework for the California Dream For All Program in accordance with the goals and intent of the program, including, among other things, making home ownership more affordable by reducing the cost of home ownership by up to 45 percent for lower and moderate-income Californians, and submit a report outlining the program framework to the Legislature, as specified.

This bill, upon appropriation by the Legislature, on or before January 1, 2027, would require the Treasurer, in consultation with the California Housing Finance Agency, the Department of Housing and Community Development, and other stakeholders deemed relevant by the Treasurer, to develop the Building Home Ownership for All Program in accordance with the goals ~~and elements~~ of the program, including, among other things, expanding access to home ownership and maximizing wealth-building opportunities by making it affordable for ~~moderate-and middle-income~~ *lower and moderate-income* Californians to buy a ~~home~~ *home, as specified, and with the elements of the program, including, among other things, certain eligibility limits for persons obtaining housing under the program and for housing eligible under the program, as specified.* The bill would require, on or before January 1, 2028, and annually thereafter, the Legislative Analyst to collaborate with the California Tax Allocation Committee to review the effectiveness of the program. The bill would repeal these provisions on December 31, 2031.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

# THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

## **SECTION 1.** The Legislature finds and declares all of the following:

- (a) California has a statewide housing crisis, represented by a shortage of nearly 3,500,000 homes.
- (b) California's housing crisis stifles economic growth, contributes to homelessness, consumes an ever-growing share of the paychecks of working families, and holds millions of households back from realizing the California dream of home ownership.
- (c) Home ownership is still the primary way in which most Americans build wealth and assets. California has the third-highest median home price in the country and the high cost of housing has pushed what was once a modest goal of owning a home further and further out of reach for most people of color.
- (d) Home ownership rates in California are among the lowest nationwide, and in recent years those numbers have continued downward. Between 2020 and 2022, California home ownership declined by 3.19 percent.
- (e) While the home ownership gap is an issue throughout the country, the rate of African American and Latinx home ownership is significantly worse in California. At a national level, African Americans and Latinx have a home ownership rate of 42 percent and 47 percent, respectively, while here in California, that rate drops down to 35 percent and 42 percent, respectively.
- (f) The Legislative Analyst's Office has identified a lack of housing supply as one of the culprits for the severe home ownership gap. The office's 2016 housing affordability report, found that "the state's housing shortage also makes many Californians, not only low-income residents, more likely to commute longer distances, live in overcrowded housing, and delay or forgo home ownership."
- (g) Access to sustainable home ownership can be expanded with fiscal assistance, housing counseling, sound lending, flexible underwriting that ensures the ability to pay, and backing by Federal Housing Administration (FHA) mortgage insurance.
- (h) As production has slowed and changed, for-sale inventory has tightened, particularly for entry-level homes.
- (i) Higher home prices have translated to less diversity in who is able to purchase a home.
- (j) Home ownership is a powerful tool to close the racial and ethnic wealth gap across the State of California and nationwide.

## **SEC. 2.** Section 12335 is added to the Government Code, immediately following Section 12334, to read:

**12335.** (a) Upon appropriation by the Legislature, on or before January 1, 2027, the Treasurer, in consultation with the California Housing Finance Agency, the Department of Housing and Community Development, and other stakeholders determined relevant by the Treasurer, shall develop the Building Home Ownership for All Program in accordance with the goals of and the elements specified by this section.

(b) The goals of the program shall include, but not be limited to, all of the following:

- (1) Establishing a program to finance the construction of for-sale housing units at a price that is ultimately affordable to ~~moderate and middle income~~ *lower and moderate-income* Californians through the use of tradable tax credits similar to the federal and state Low-Income Housing Tax Credit Program, New Markets Tax Credit Program, and other similar tax credit programs.
- (2) Expanding access to home ownership and maximizing wealth-building opportunities by making it affordable for ~~moderate and middle income~~ *lower and moderate-income* Californians to buy a home, including, but not limited to, Californians impacted by generational barriers to home ownership due to systemic racism, including redlining, Californians who lost homes during the Great Recession and have not returned to home ownership, Californians with substantial higher education student loan debt, and Californians who have lost their homes due to wildfires or other natural disasters.
- (3) Ensuring that this new program maximizes the effectiveness of state subsidies by prioritizing the efficiency and speed of the review and allocation process.
- (4) Ensuring that existing rental programs do not see a reduction in funding due to enactment of the program.
- (5) *Focusing on homebuyers who are historically excluded from home ownership opportunities due to systemic barriers.*
- (6) *Ensuring that housing under the program is priced below market rate to ensure that the value of the tax credit is passed on in the form of lower housing costs.*

(c) The program shall include, but not be limited to, all of the following elements:

(1) Program structuring tailored to the development of income-restricted for-sale housing similar to tax-credit-based programs, ~~such as;~~ *including* the Low-Income Housing Tax Credit Program and the New Markets Tax Credit Program.

(2) Income limits for Californians and price limits for homes eligible for the program consistent with those already used by the California Housing Finance Agency's first-time homebuyer programs.

(3) Tax credit allocation to a project that offsets the equivalent of 40 percent of eligible costs.

(4) Incentive structure that effectively creates demand and participation in the program from homebuilders as well as traditional investor participants in the Low-Income Housing Tax Credit Program, New Market Tax Credit Program, and other existing housing finance programs.

(5) Resale restrictions consistent with the California Housing Finance Agency's first-time home buyer ~~programs such as~~ *programs, including* the California Dream for All Program, without jeopardizing any of the previously stated goals.

(6) Ability for these tax credits to be syndicated and resyndicated consistent with other tax credit programs that finance residential development.

*(7) Eligibility limits for persons obtaining housing under the program and for housing eligible under the program, including both of the following:*

*(A) Persons eligible to obtain housing under the program shall be limited to lower and moderate-income homebuyers.*

*(B) Housing eligible under the program shall be limited to housing that is owner-occupied.*

(d) On or before January 1, 2028, and annually thereafter, the Legislative Analyst shall collaborate with the California Tax Credit Allocation Committee to review the effectiveness of the program, including, but not limited to:

(1) The number of units produced.

(2) The ability of first-time home buyers to purchase a ~~market rate~~ home *at or below market rate* due to wealth created by the program.

(3) The efficiency of the program at delivering capital to homebuilders and improvements that could be made to make the program even more efficient in the delivery.

(e) This section shall become inoperative on December 31, 2031, and shall be repealed as of that date.