

California proposal seeks to aid undocumented immigrants in purchasing homes

By Eric He

08/21/2024 08:00 AM EDT

California launched a program last year to help first-time homebuyers secure loans toward a purchase, but uncertainty over whether undocumented immigrants are eligible is prompting follow-up legislation to ensure they are included.

[AB 1840](#), by Assemblymember [Joaquin Arambula](#) (D-Fresno), is a first-in-the-nation proposal that would allow undocumented immigrants to qualify for [loan programs that assist prospective homebuyers](#) — including the [California Dream for All Program](#), which was wildly popular in its first year. The program offers buyers a loan of up to 20 percent of the purchase price of the home, up to \$150,000. Participants must be first-time homebuyers, and at least one borrower must be a first-generation homebuyer. Their income level must be below specific income limits [depending on the county](#), which ranges from between \$100,000 and \$300,000.

Arambula's measure comes as vice president and presumptive Democratic presidential nominee Kamala Harris [pushes a Biden administration proposal](#) that would provide up to \$25,000 in down payment assistance to first-time, first-generation homeowners.

Advocates say that without an explicit understanding that they are eligible for certain government programs, undocumented immigrants often assume they don't qualify and therefore do not apply. That can have an impact, considering the [high cost of housing in California](#).

"We simply wanted to be as inclusive as possible within our policies so that all who are paying taxes here in our state were able to qualify," Arambula told POLITICO. "Without the intentional law that we are introducing, we felt that there were complexities and questions that many in the immigrant community would have."

WHAT'S IN THE BILL?

This Pro Bill Analysis is based on the [text of the bill](#) as amended on Aug. 15.

The bill would add a section to the [California Health and Safety Code](#) specifying that an applicant would not be disqualified for a loan under any home purchase assistance program managed by the California Housing Finance Agency based on their immigration status, as long as they meet all other requirements for a loan. This would include any requirements under the Federal National Mortgage Association or other loan providers (Sec. 1).

The measure also would make clear that it would be in line with [federal law regarding noncitizens](#).

WHO ARE THE POWER PLAYERS?

Assemblymember [Joaquin Arambula](#) (D-Fresno) introduced the bill, which is sponsored by the [Coalition for Humane Immigrant Rights](#). [Cynthia Gomez](#), the group's deputy director of state policy and advocacy, told POLITICO that the measure is about equity because sometimes, being able to make a down payment is the difference between transitioning from renting to owning a home.

"There are a lot of folks that have lived in California for many, many years," Gomez said. "They have deep roots in California and want to see themselves as a homebuyer. We've made a lot of progress as a state to make sure that that's a reality for the Californians who want to own a home here, and that should also be inclusive of undocumented folks."

Arambula said that the **California Housing Finance Agency**, which runs the programs, signaled that it would like to see eligibility for undocumented immigrants for all loan programs, after an initial version of the bill only applied to the first-time homebuyers program. He said that Gov. [Gavin Newsom's](#) administration “likes the direction and feels that it’s easier to implement if it’s at the department level than it is for each and every specific program.”

Chris Saur, a spokesperson for CalHFA, declined to comment on the measure, citing pending legislation.

“CalHFA is committed to our mission of helping low- and moderate-income Californians find a place to call home, as it showed in June when it awarded California Dream For All shared appreciation loan vouchers to 1,700 first-generation homebuyers,” Saur said in a statement to POLITICO.

This outreach came as a result of comments made by state Sen. [Anna Caballero](#) (D-Merced) during the July 2 Senate Judiciary Committee hearing. Caballero called for the state to examine other programs where it should specifically include undocumented immigrants, because “it’s the right thing to do.”

The bill currently has no registered opposition, but is unlikely to see support from Republican lawmakers. State sen. [Kelly Seyarto](#) (R-Murrieta) said at the June 18 Senate Housing committee hearing that the first-generation requirement in the California Dream for All program already eliminates certain prospective homebuyers.

“All I see is we keep expanding without answers to why it got sold out in the first place and whether we have access available already to people that are kids, that are students,” Seyarto said. “They just get out of school, [and] they can't even afford a house.”

Likewise, Assemblymember [Joe Patterson](#) (R-Rocklin) said at the June 18 Senate Housing Committee hearing that he “just can’t get behind using our limited dollars for people who are in this country undocumented, when we have limited funds.”

Arambula responded that he didn’t want to “conflate the larger immigration issue with the proposal that we have before us,” noting that the bill specifies that all applicants must still qualify for a loan — which would include having an employee identification or social security number.

WHAT’S HAPPENED SO FAR?

AB 1840 initially only applied to the [California Dream for All Program](#) — which launched in 2023 after being included in the [prior year's budget](#) — quickly ran out of funding. Roughly \$300 million was exhausted [in just 11 days](#), and more than 2,100 homebuyers secured loans. The state awarded an additional \$220 million to 1,700 applicants this year. After [concerns from the first round](#) that the funding was not being distributed equally, Arambula said that he hopes the proposal will help the program better reflect the diversity of the state.

“If we could pass a law that allowed us to be more intentional and inclusive, we have a greater chance to make sure that resources are being spread to all who can benefit from them,” Arambula said.

The bill was amended in the Senate Appropriations Committee on Aug. 15 to broaden its scope to all home purchase assistance programs, including loan programs that provide 30-year fixed interest rate mortgages and down payment assistance programs like Dream for All.

The proposal is a response to [an existing federal law](#) — which is referenced in the bill text — that prevents undocumented immigrants from participating in state benefits without a state law providing for eligibility. Arambula added that, similar to Medi-Cal, undocumented immigrants may be concerned about being designated [under the public charge](#) rule which could prevent them from becoming legal residents.

A prior version of the bill would have created a sub-account under the California Dream for All Program for the additional applicants, but the amended proposal would use funds from the state’s general Home Purchase Assistance Fund.

“It’s those dollars that would be going out for any immigrants that may qualify if this bill were to become law,” Arambula said. “With that, we can with certainty tell them that this is not going to affect public charge, and that should lead towards an increase in participation, similar to what we saw with Medi-Cal.”

WHAT’S NEXT?

The measure now awaits a floor vote in the Senate, with an Aug. 31 deadline to send bills to Newsom's desk.

If signed into law, the bill could cost millions annually to accommodate additional applicants, according to the [Senate Appropriations Committee](#).

WHAT ARE SOME STORIES ON THE BILL?

[Read POLITICO news on AB 1840.](#)