

*DISCLAIMER: The following analysis is a professional staff recommendation and does not necessarily represent the formal opinion of all the members of the Senate Republican Caucus.*

*MEDIA CONTACT: For media inquiries, please contact Jacqui Nguyen at [Jacqui.Nguyen@sen.ca.gov](mailto:Jacqui.Nguyen@sen.ca.gov) at, 916-651-1756.*

## **Housing**

**AB 1840 (Arambula)  
Oppose**

Vote requirement: 21 (Appropriation)  
Version Date: 08/15/2024

### **Summary**

Prohibits an applicant who otherwise meets the requirements for a loan under the Home Purchase Assistance Program (HPAP) from being disqualified by the California Housing Finance Agency (CalHFA) solely based on the applicant's immigration status.

*Note: Senator Blakespear voted "No" in Senate Housing. However, this bill was rewritten coming out of the Senate Appropriations Committee. The version heard in Senate Housing would have expanded the California Dream for All program, which is a shared appreciation loan program, to include undocumented immigrants.*

### **Vote History**

**Assembly Floor: 56-15 (05/21/24)**

(NO: All Republicans except; ABS: Alanis, Megan Dahle, Mathis)

**Senate Housing: 7-3 (06/18/24)**

(NO: Ochoa Bogh, Seyarto)

**Senate Judiciary: 9-2 (07/02/24)**

(NO: Niello, Wilk)

**Senate Appropriations: 5-2 (08/15/24)**

(NO: Jones, Seyarto)

### **Support & Opposition Received**

Support: Coalition for Humane Immigrant Rights (Sponsor); ACLU California Action; California Faculty Association; California Housing Partnership; California Immigrant

Policy Center; City of Alameda; Livable California; The Academy of Financial Education

Opposition: None on file.

### **Fiscal Effect**

#### **VERY MAJOR STATE COST PRESSURE**

The bill would result in very major state cost pressure, likely in the hundreds of millions of dollars, to provide General Fund for the Home Purchase Assistance Fund administered by the California Housing Financing Agency for the purpose of assisting low- and moderate-income buyers, regardless of immigration status, to qualify for the purchase of a home.

Fiscal Consultant: *Chantele Denny*

### **Arguments in Support**

**According to the Coalition for Humane Immigrant Rights (CHIRLA)**, "As amended, AB 1840 would ensure immigration status is not a barrier when accessing housing services administered by California Housing Finance Agency (CalHFA). Ensuring documentation status does not preclude an individual from accessing housing support and resources removes confusion and encourages undocumented Californians to access critical support services that allow them to achieve housing stability. ... Ensuring individuals are not turned away from accessing programs solely based on their immigration status would benefit thousands of Californians and is in line with the values of our state."

### **Arguments in Opposition**

**Expands program to undocumented immigrants.** California is dealing with a multibillion dollar deficit and numerous housing and homelessness programs are facing budget cuts, but this bill would expand eligibility for a program to include undocumented immigrants. It is unfair to the taxpaying public to lose out on an application to an undocumented immigrant who disobeys our country's laws. If anything, this measure could encourage more undocumented immigration.

**Potential impact to Veterans.** As part of the HPAP, CalHFA was authorized to execute a contract with the Department of Veterans Affairs to provide home purchase assistance to first-time veteran homebuyers. The CalHFA runs the CalHFA VA program, which is a

VA-insured loan featuring a CalHFA fixed interest rate first mortgage. If the HPAP is expanded to include undocumented immigrants, won't the expansion reduce the amount of funds available for veterans?

**Less Funding for Existing Californians.** Expanding this program to undocumented immigrants would also necessarily mean that there is less money available for existing citizens who have legally lived here and paid their taxes. Many low-income persons of color benefit from this program, but will have less ability to access this program if its funds are also made available to undocumented immigrants who have never paid taxes into the State of California.

### **Digest**

Provides an applicant who meets the requirements for a loan under the Home Purchase Assistance Program, including, but not limited to, any requirements imposed on the agency in administering the program by the Federal National Mortgage Association, a government-sponsored enterprise, a loan service, an investor, or a guarantor, and who is otherwise eligible under applicable federal and state law, shall not be disqualified solely based on the applicant's immigration status.

States the Legislature finds and declares this chapter is a state law within the meaning of Section 1621(d) of Title 8 of the U.S. Code.

### **Background**

**Author's Statement:** "The social and economic benefits of homeownership should be available to everyone. As such, the California Dream for all program should be available to all. Homeownership is a fundamental tool for wealth building, as it fosters financial stability and provides a tangible investment in one's future. When undocumented individuals are excluded from such programs, they miss out on a crucial method of securing financial security and personal stability for themselves and their families. Limiting access to homeownership assistance programs perpetuates inequality and excludes residents of California from obtaining a significant wealth building opportunity. Expanding access to homeownership is not only important to personal prosperity but also fosters economic stability and promotes a robust local economy. Ensuring universal access by all qualified borrowers to the California Dream for All Program will contribute to the overall success and vitality of California."

**Home Purchase Assistance Program (HPAP).** Pursuant to Health and Safety Code §§ 51341 et seq. the HPAP was established to assist low- and moderate-income homebuyers to qualify for the purchase of owner-occupied homes. A continuously

appropriated fund was created to provide assistance to first-time homebuyers. Assistance could include, but is not limited to, an interest rate subsidy to reduce the interest rate; a deferred-payment, low-interest, subordinate mortgage loan, including down payment assistance, closing cost assistance, or both; and buying down the cost of mortgage insurance. Repayments under the program are deposited back into the fund to keep the program ongoing.

CalHFA has multiple government loan and conventional loan programs. It also administers multiple down payment assistance programs, which offer deferred-payment junior loans to assist with down payment and/or closing costs.

**Federal National Mortgage Association ("Fannie Mae").** According to their website, Fannie Mae purchases and securitizes mortgages to non-citizens who are lawful permanent or non-permanent residents of the U.S. under the same terms available to U.S. citizens. Per their guidelines, Fannie Mae considers an individual legally present in the U.S. and eligible to be a borrower if they have a Social Security number or Individual Taxpayer Identification Number and they have current, verified status, which may be documented by a valid employment authorization document or other documentation showing immigration status is current (e.g. Green Card, work visa). The borrower must still meet all other applicable underwriting and eligibility requirements for the loan.

**8 U.S.C. §1621(d)** provides a State may provide an alien who is not lawfully present in the U.S. is eligible for any State or local public benefit for which such alien would otherwise be ineligible, as specified, only through the enactment of a State law after August 22, 1996, which affirmatively provides for such eligibility.

**From the Assembly Republican analysis:**

**Homebuying for illegal immigrants.** Across the country, lenders have worked with undocumented homebuyers for years as the U.S. does not restrict foreigners from buying real estate. Most use an individual tax identification number, or ITIN. Around 22% of the undocumented population in California, or 604,000 people, owned homes in 2019, according to the Migration Policy Institute. On the plus side, nationwide, undocumented homeowners are estimated to contribute \$3.6 billion in property taxes each year. ITINs were created by the IRS to ensure foreign nationals and other individuals pay taxes even if they do not have a Social Security number. The numbers can also be used to open bank accounts and qualify for a mortgage on a home. But the down payments and interest rates will often be higher for these applicants because they do not have the typical credit lines of U.S. citizens. These increased payments become the major hurdles for many ITIN applicants to buy homes.

Senate Republican Policy Office/*Kerry Yoshida, Morgan Branch*