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Homeownership Coalition Responds to Governor’s May Budget Revision

SACRAMENTO (May 13) – The California Building Industry Association (CBIA), CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.), Habitat for Humanity California and numerous business, civic and housing organizations that make up the California Homeownership Coalition today announced their response to Governor Gavin Newsom’s May revised state budget for Fiscal Year 2022-23:

This spring the homeownership coalition joined a bi-partisan group of [State Assemblymembers](#) and [State Senators](#) in calling for \$600 million in this budget to support homeownership for low-income families so they can build equity, increase community stability, and gain the multi-generational benefits of owning a home. Unfortunately, the Governor’s May Budget Revision does not include this extremely modest investment in addressing the state’s housing crisis. This \$600 million investment would include \$400 million for the existing CalHome program to build affordable ownership housing and \$200 million for the state’s existing down payment assistance programs, and would help address systemic [inequities in homeownership rates](#). Because home equity makes up the majority of wealth for low- and middle-income families, gaps in homeownership rates magnify wealth inequality.

“While I am encouraged by the Governor’s inclusion of \$500 million in the May Revision to accelerate the production of affordable housing, Californians need access to affordable homeownership opportunities,” said Assembly Majority Leader Eloise Reyes (D-Colton). Homeownership is proven to help families build generational wealth and achieve financial stability. This is especially true for families of color and those from low-income communities. I urge the Governor to collaborate with Legislative leadership to reach a final agreement that includes at least \$400 million to increase the supply of affordable homeownership units, and \$200 million for down-payment programs, to help low-income Californians become first-time homeowners.”

“Right now, while we have a near-record breaking surplus, California has the perfect opportunity to invest in its future first-time homebuyers,” said Assemblymember Timothy Grayson (D-Concord). “As thoughtful negotiations between the Governor and the Legislature continue in the coming months, it is my hope that we can come to a budget agreement that includes this critical funding to support permanent housing solutions and expand opportunities for California families to own a home.”

Our state is at a unique moment. While we face historic homeownership lows – rates that disproportionately impact Black and Latino Californians – we also have a \$49.2 billion discretionary surplus (out of an overall surplus near \$100 billion). It is an unprecedented opportunity for California to lead the way on increasing access to homeownership through production of affordable ownership housing and down payment assistance. Now is the time to prioritize giving families with lower incomes a path to ownership. Now is the time to invest in equity and opportunity, in economic growth and generational wealth.

“With our state in second-to-last place for homeownership rates, it is imperative that we turn the tide,” said Debbie Arakel, Executive Director of Habitat for Humanity California. “While we applaud more housing opportunities across the spectrum, with nearly 50 years of building affordable ownership housing, we at Habitat know that ownership is transformational, because it goes far beyond walls and windows. It leads to improved health, financial, and educational outcomes, stabler communities, and economic empowerment with effects rippling out for generations. CalHome needs a full investment to help California bridge the production shortfall that is leaving so many families with lower incomes out of the opportunity to purchase a home and build the economic mobility that comes with it. Down payment assistance is also needed to offer that vital hand up from rental to ownership housing. We look forward to working with the state legislature to ensure a meaningful investment that will bring more Californians home.”

Californians continue to face the highest housing costs in the country, while new home construction has fallen far behind the well-documented need. Since 2010, the state has built only 1.1 million new housing units, fueling an intense housing crisis due to a demand-supply imbalance. As a result, California’s overall homeownership rate declined to just 56% in 2020, and the state’s median home price recently reached a new record high of \$849,000. As a result, only 24 percent of California households can afford to buy a median-priced home.

According to a new PPIC report, [California's Housing Divide](#), most homeowners start as renters who then save their way into buying a house—but when rents are high, chances to save are low. African American and Latino renters are more likely to pay a sizable share—30% or more—of their household income on gross rent, making the prospect of saving for homeownership daunting.

“Greater funding for ownership housing will expand opportunities for Californians to become homeowners and gain housing security while building equity in a home they own,” C.A.R. President Otto Catrina said. “Study after study shows that homeownership is the best way for working people to attain economic security and develop wealth. In fact, according to the Federal Reserve’s 2019 Survey of Consumer Finances, a family that owns a home has a median net worth of \$255,000, while a comparable renter family has a median net worth of just \$6,300. While the May Budget Revision does not satisfy the need for more funding for the construction of owner-occupied housing and down-payment assistance programs, California REALTORS® will continue to work with the California State Legislature to seek greater funding to help Californians reap the benefits of ownership and address what is an unprecedented housing supply crisis. Additional funding is required to help address multi-generational wealth and economic security discrepancies between groups, particularly for communities of color.”

The California Homeownership Coalition advocates for policies and funding to increase homeownership because it provides working families economic stability and strengthens communities. Among the state’s largest ethnic groups, only 46% of Latinos and 37% of Black families own their home. California needs to help provide long-term stability or financial independence for families and those underserved individuals by boosting homeownership opportunities.

“The state desperately needs to build more housing across all levels of affordability to address inequities in homeownership, which historically impacts Black and Latino families,” said Dan Dunmoyer, President and CEO of the California Building Industry Association. “We respectfully urge the Governor and the Legislature to fully fund the coalition’s homeownership investment request of \$600 million. Solving California’s housing crisis starts with building more homes and focusing on homeownership. Given the state’s historic surplus, leaving this investment out of the budget would be unconscionable because it would rob many families of the benefits of homeownership.”

The California Homeownership Coalition includes: California Building Industry Association, CALIFORNIA ASSOCIATION OF REALTORS®, Habitat for Humanity California, Housing Action Coalition, SPUR, California YIMBY, The Two Hundred and other housing, civic and business organizations.

About Habitat for Humanity California

Habitat for Humanity California is a statewide coalition of independent Habitat affiliates serving communities across California. Habitat affiliates bring people together to build homes, communities, and hope. Habitat California advocates to increase affordable homeownership opportunities for families with limited incomes.

About California Building Industry Association

The California Building Industry Association is a statewide trade association based in Sacramento representing thousands of member companies including homebuilders, trade contractors, architects, engineers, designers, suppliers and industry professionals in the homebuilding, multi-family and mixed-use development markets.

About the CALIFORNIA ASSOCIATION OF REALTORS®

Leading the way...® in California real estate for more than 110 years, the CALIFORNIA ASSOCIATION OF REALTORS® (www.car.org) is one of the largest state trade organizations in the United States with more than 200,000 members dedicated to the advancement of professionalism in real estate. C.A.R. is headquartered in Los Angeles.

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