



Dream For All Program Update

September 21, 2023

Ellen Martin

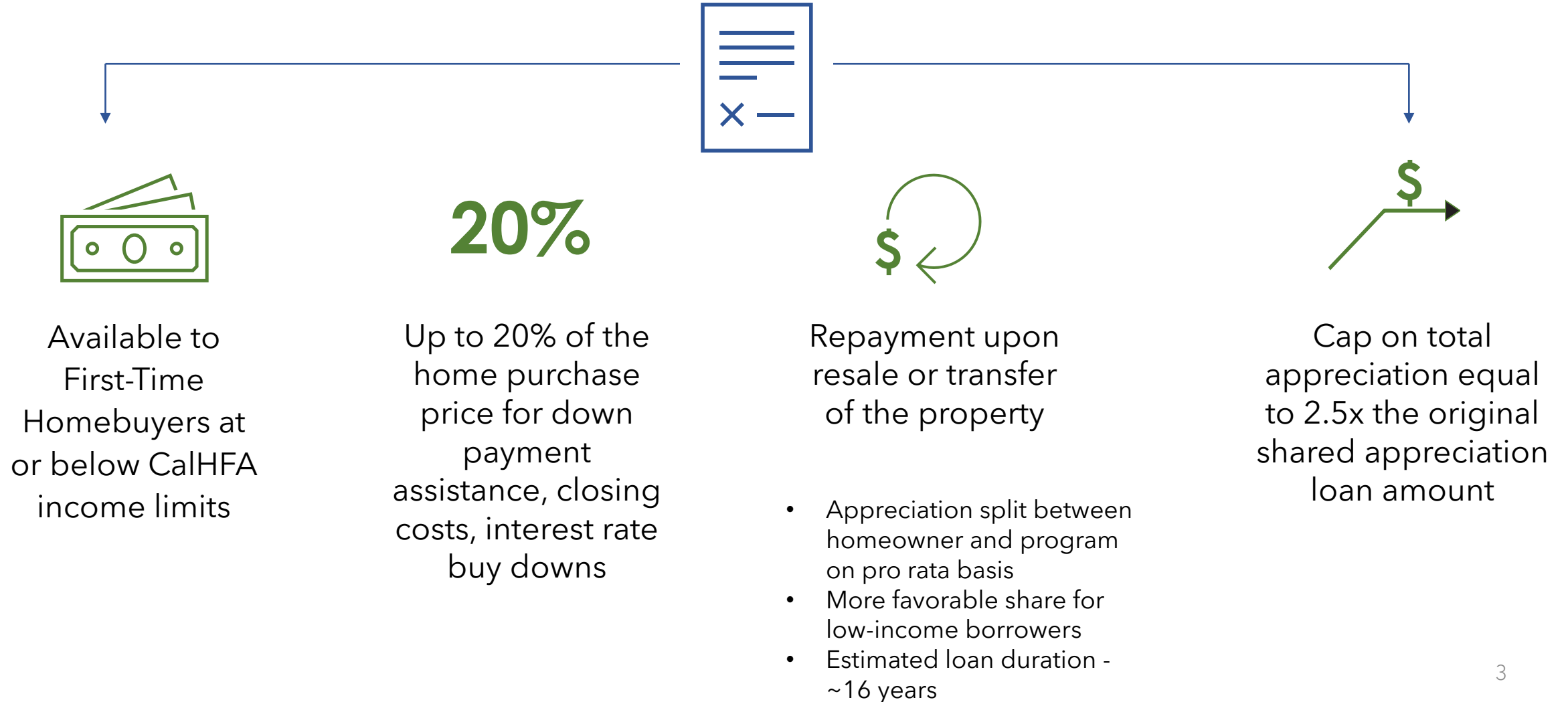
Director of Homeownership

Dream For All Program

- A revolving, **shared appreciation loan program** that provides loans for a down payment to qualified homebuyers. Upon sale or transfer of the home, the homebuyer repays the original down payment loan, plus a share of the appreciation in the value of the home.
- **Simple Example**
 - Dream For All fund provides a loan for 20% of the home purchase price.
 - The homeowner pays back the original loan amount plus 20% of any appreciation in the value of the home.

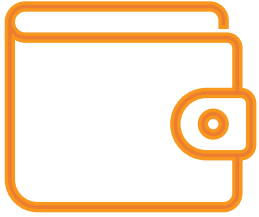


Dream For All Shared Appreciation Loan Terms - Phase 1



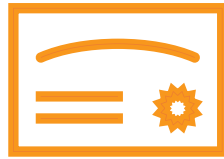


Phase 1 Outcomes



2,500

Total Reservations



87%

Pull Through



\$113,000

Average DFA Loan



\$567,000

Average Home Price

***Note:** All figures based on loan reservations net of cancellations as of 8/31/23. Figures subject to change as loans are processed and funding disbursed.*



Phase 2 Program

Funding Available

- Approximately \$255 million (current allocation + fallout)
- Estimated 2,000 DFA loans

Goals and Objectives



Provide potential first generation homebuyers more time to access program assistance and maximize opportunity for new buyers to enter market



Narrow eligibility to target funds to aid mortgage ready first time homebuyers that most need assistance



Increase program uptake in Black/African American community, and maintain solid program uptake in Latino, AAPI, and Tribal communities



Build on improved uptake in hard-to-serve areas such as Los Angeles, Central Coast, Orange County, and San Diego



Conduct study to evaluate program financing options



Program Calibrations Under Consideration

- Shared Appreciation Loan Delivery and Reservation System
- Expanded Upfront Marketing and Outreach Program
- Narrowed Eligibility Criteria and Program Parameters to target first generation and lower income borrowers





Loan Delivery and Registration System

- “Pre-registration System”
- Change loan delivery system to provide more time to access program and prioritize new homebuyers
- Registration portal and lottery system
- Allow borrowers to secure voucher for DFA reservation before entering into a contract to purchase a home
- Borrower then has specified period of time to shop for a home and reserve their loan
- Integral to achieving remaining Phase 2 objectives
 - First Generation
 - Geographic Pools
 - Reductions to Income Limits
- Anticipated portal opening in March 2024





First Generation

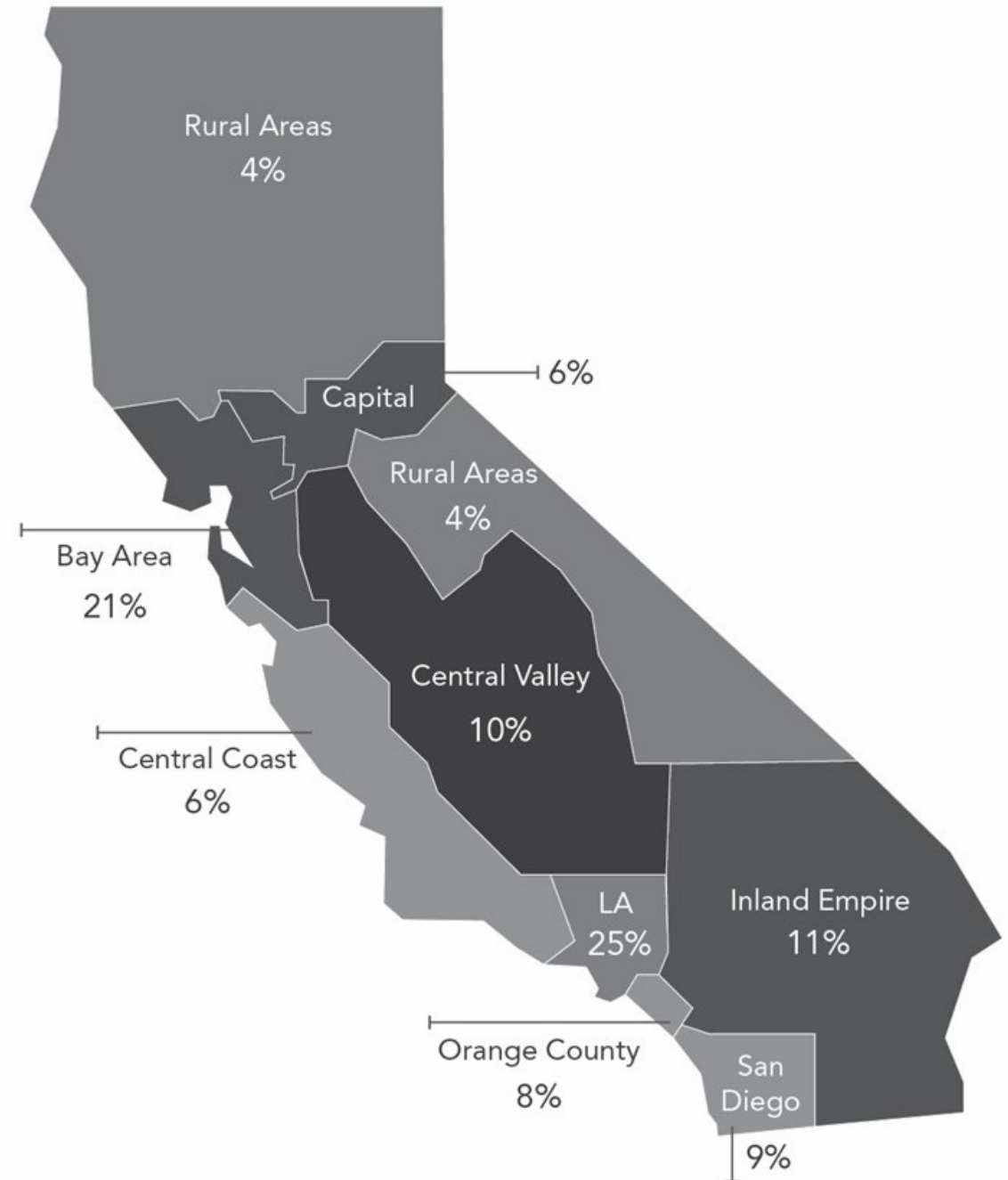
- Program eligibility open to First-Generation Homebuyers Only
- At least one borrower is defined as a First-Generation Homebuyer:
 - The borrower has never owned a home in the United States
 - The borrower's parents or legal guardians have not owned a home in the United States in the last 10 years
 - The borrower grew up in foster care
- Eligibility established via attestation under penalty of perjury with preestablished sample audited and confirmed





Geographic Balance

- Use preregistration system to account for geographic set asides for program.
- Award DFA preregistration vouchers proportionate to household composition by region.
- Borrowers qualify based on current address and may purchase in any County in which they are income qualified.
- Unused funds may be redistributed.





Composition of Households by Race/Ethnicity and Region

Race/Ethnicity	Statewide Total	Bay Area	Capital	Central Coast	Central Valley	Inland Empire	Los Angeles	Orange County	Rural Areas	San Diego
Hispanic/Latino	30%	17%	17%	32%	44%	43%	38%	25%	13%	26%
American Indian or Alaska Native	0%	0%	0%	0%	0%	0%	0%	0%	2%	0%
AAPI	14%	25%	12%	5%	7%	7%	15%	20%	3%	11%
Black/African American	6%	6%	7%	2%	5%	7%	9%	2%	1%	5%
White	46%	47%	59%	58%	41%	39%	34%	50%	77%	54%
Other	3%	4%	4%	3%	3%	3%	3%	3%	4%	4%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: American Community Survey

- Composition of CalHFA borrowers driven by geography
- CalHFA programs typically heavily concentrated in Central Valley, Inland Empire, and Capital Regions
- Geographic set-asides therefore expected to result in demographic shifts as more funds concentrated in the Central Coast, Los Angeles, Orange County and San Diego



Prioritize Lower Income

1. Reduce income eligibility to 120% AMI from 150% AMI.
 - Los Angeles - \$194,000 to \$155,000
 - Alameda County - \$292,000 to \$234,000
 - Fresno County - \$165,000 to \$132,000
 - Sacramento County - \$225,000 to \$180,000
 - Santa Clara County - \$300,000 to \$277,000
2. Cap on Loan Amount
 - Cap shared appreciation loan amount at the lesser of: 20% of home sales price or \$150,000
3. Minimum Cumulative Loan to Value Ratio
 - Establish minimum CLTV of 95%
 - Reduces cash down payment that borrower may make to 5%
4. Most homes sales limited to less than \$800,000





Next Steps

- Feedback from CalHFA Board
 - Preregistration System
 - First Generation Definition and Eligibility Criteria
 - Geographic Set Asides
 - Income Eligibility
 - Cap on Loan Amounts
- Discussions with partners in Administration and Legislature
- Other stakeholder feedback
- Final program calibrations and implementation timeline - October 26 Board meeting



Dream For All Program Statistics - Phase 1

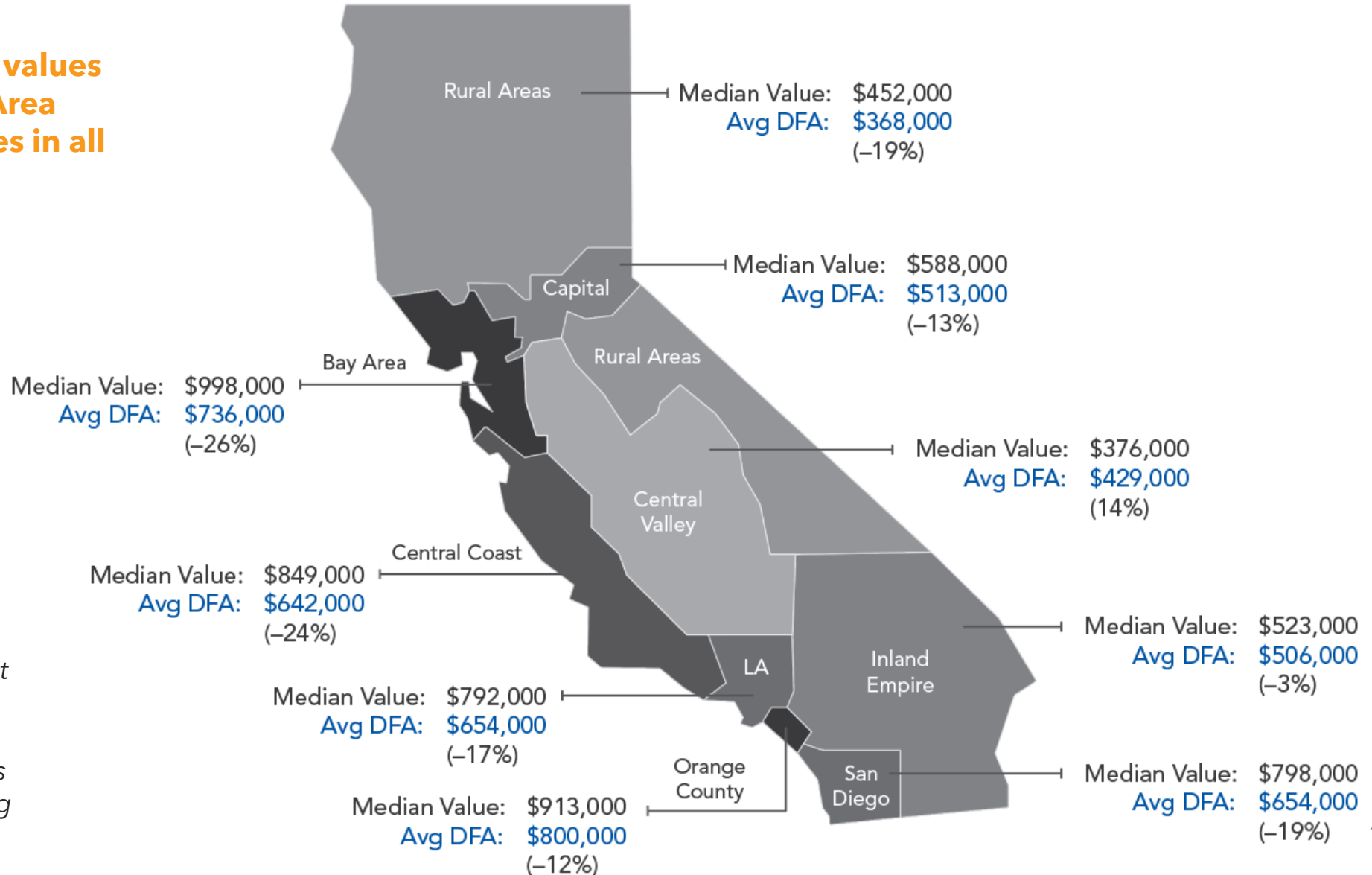
Current as of August 31, 2023

Provided for informational purposes



Regional Average DFA Home Sales Price

Average DFA home values were less than the Area Median Home Values in all but one Region



Note: All figures based on initial loan reservations net of cancellations as of 8/31/2023. Figures subject to change as loans are processed and funding disbursed.



Lender Network

LENDERS

- CalHFA's lender network consists of over 130 lenders located throughout the State.
- Any lender may apply to be an approved CalHFA lender.

GEOGRAPHIC COVERAGE

- Borrowers may contact any CalHFA lender, no matter where they live
- 54 counties are included in a preferred lending officer's primary territory

LANGUAGE ACCESS

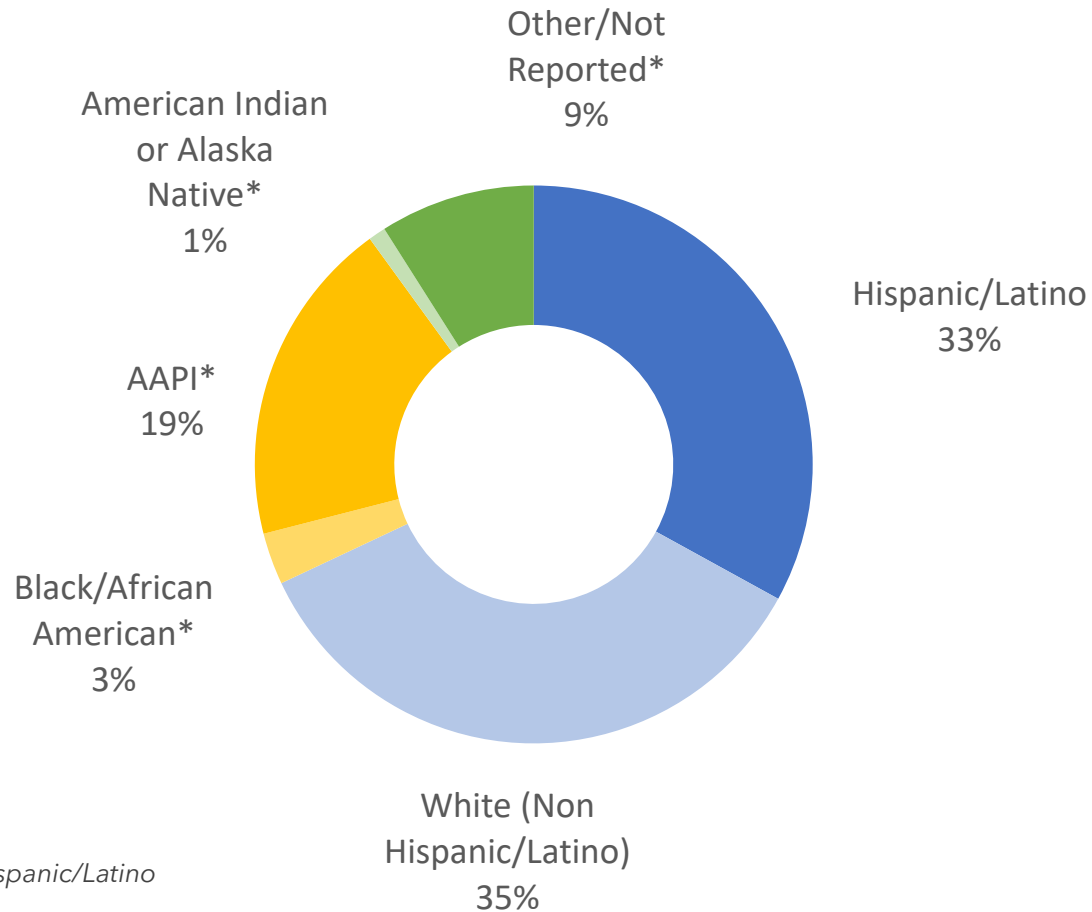
- Over 60% of CalHFA's preferred loan officers speak Spanish
- Other languages:
 - Tagalog
 - Vietnamese
 - Hindi
 - Punjabi
 - Arabic



CalHFA Preferred Loan Officer Primary Territory



DFA Borrowers by Race/Ethnicity



*Non-Hispanic/Latino

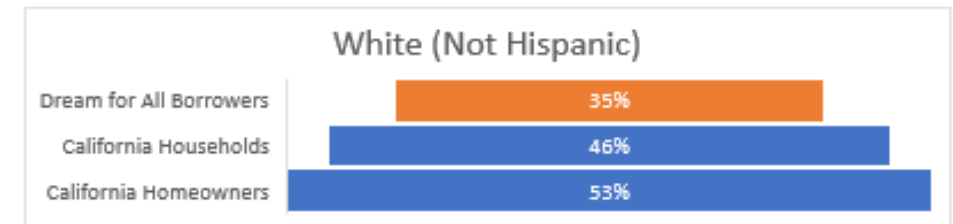
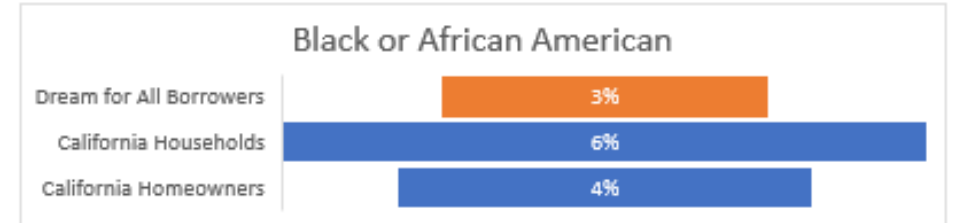
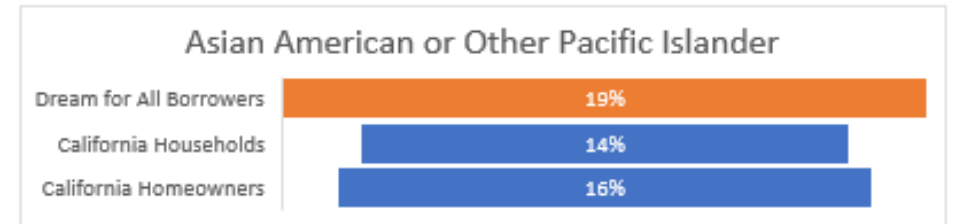
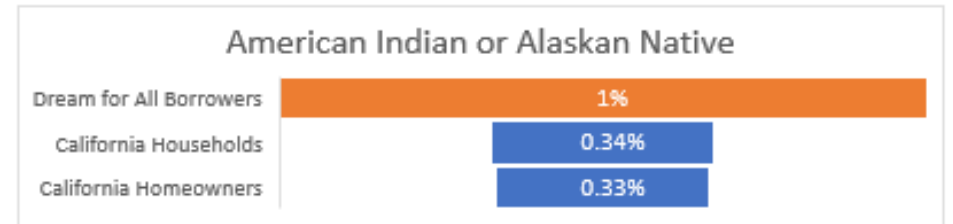
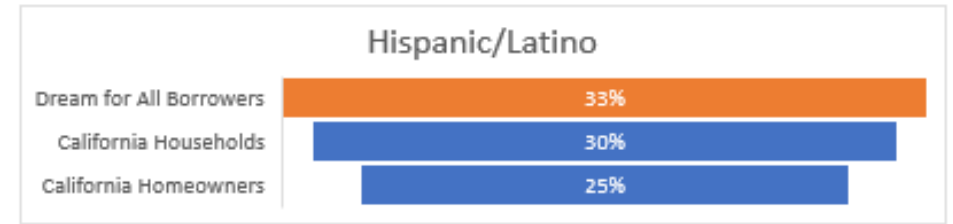
- Over **55%** of Dream for All borrowers self-identified as **belonging to communities of color**
 - 33% of Dream for All borrowers identified as Hispanic or Latino
 - 19% identified as Asian American or Pacific Islander
 - 3% identified as Black or African American
- 35% of Dream for All Borrowers identified as non-Hispanic/Latino White.

Note: All figures based on loan reservations net of cancellations as of 8/31/23. Figures subject to change as loans are processed and funding disbursed.



DFA Borrower Race/Ethnicity Comparison

- DFA outperformed among Hispanic/Latino and AAPI borrowers, with the share of borrowers exceeding both the share of households in California and the share of homeowners in California
- The share of DFA borrowers identifying as Black or African American fell slightly below the share of Black/African American households and the current composition of Black/African American homeownership. This is a key area for outreach focus.
- DFA borrowers identifying as non-Hispanic/Latino White fell well below the current share of Non-Hispanic/Latino White households and homeowners.

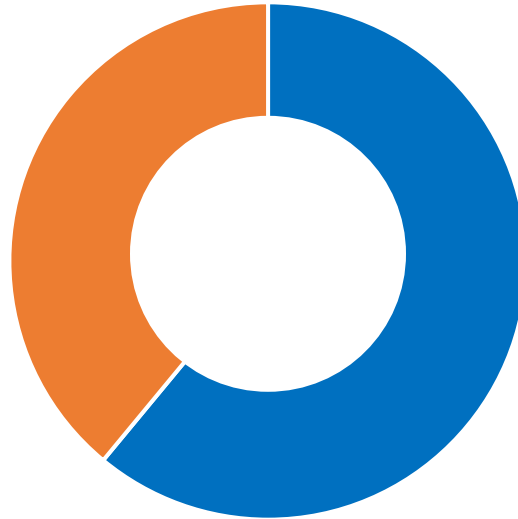


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Dream for All helped lower income borrowers buy their first home.



Nearly **40%** of DFA Borrowers **earned less than \$100,000**



Over **60%** of DFA Borrowers **earned less than \$125,000**



Nearly **80%** of DFA Borrowers **earned less than \$150,000**

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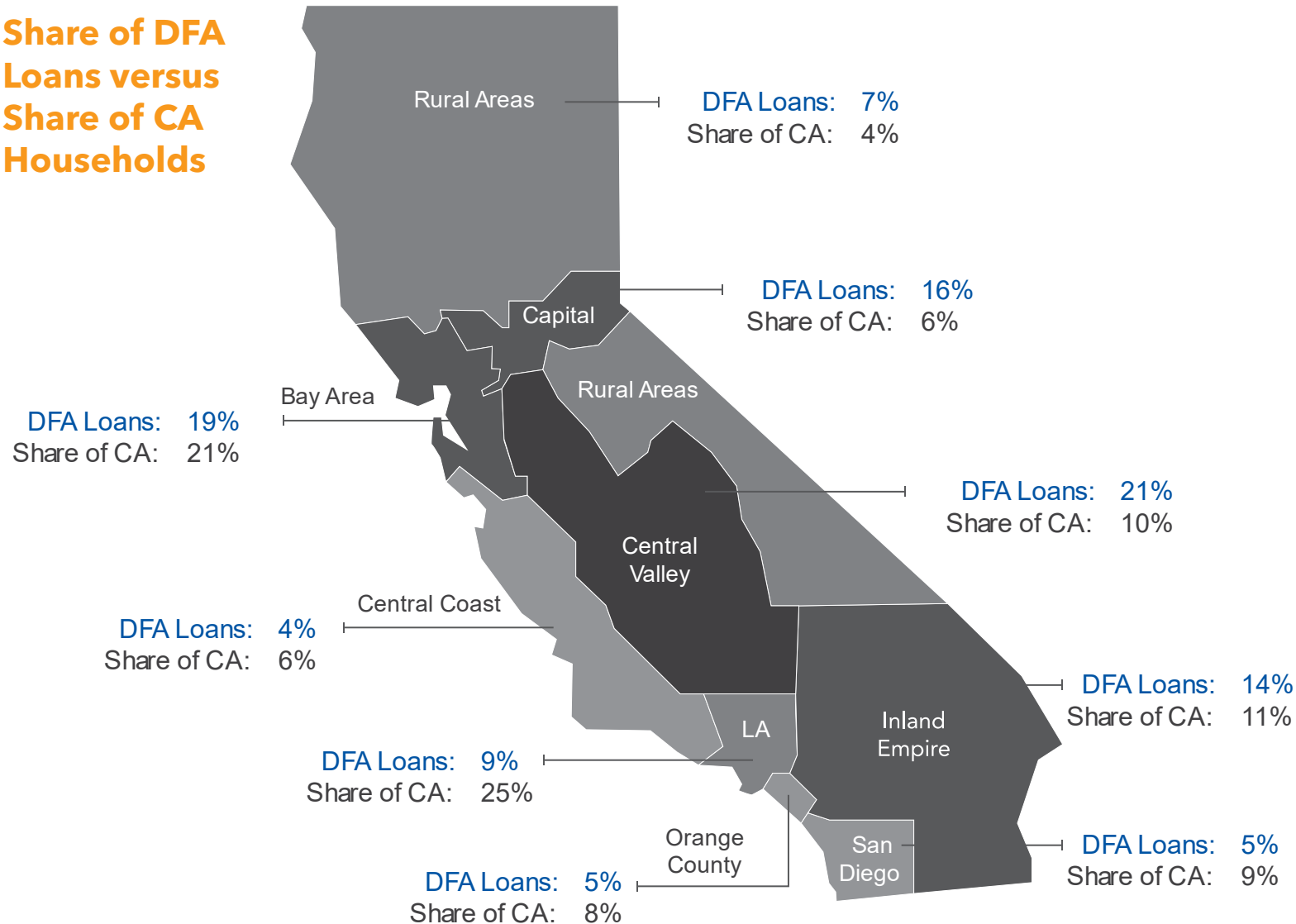
Dream for All loans were geographically diverse

- Loans in 53 of 58 counties
- Relative to other CalHFA down payment assistance programs, shift in areas served:
 - Central Valley, Capital, Inland Empire regions still dominant
 - Significant gains in the share of loans in the Bay Area
 - Also saw gains in the share of loans in San Diego, Los Angeles, Central Coast
- Key Geographic Drivers
 - **Home Values** - more loans were concentrated in Counties where homes are more affordable for CalHFA buyers
 - **Inventory** - more loans were concentrated in Counties with greater inventory of homes



Share of Dream for All Loans by Region

Share of DFA Loans versus Share of CA Households



- Central Valley, Capital Region, Inland Empire saw a significant share of DFA loans, exceeding their share of CA households, due to more affordable home prices and greater inventory of homes for sale.
- More Bay Area residents were served by DFA than other CalHFA down payment assistance programs, with their share of DFA loans approaching their share of CA households.
- Share of DFA loans in Los Angeles, San Diego, Orange County and Central Coast were lower than their share of CA households, due to high home prices and low inventories.
 - Share of DFA loans in these regions still significantly outperformed other CalHFA down payment assistance programs



Comparison of DFA Loan Performance and Housing Affordability

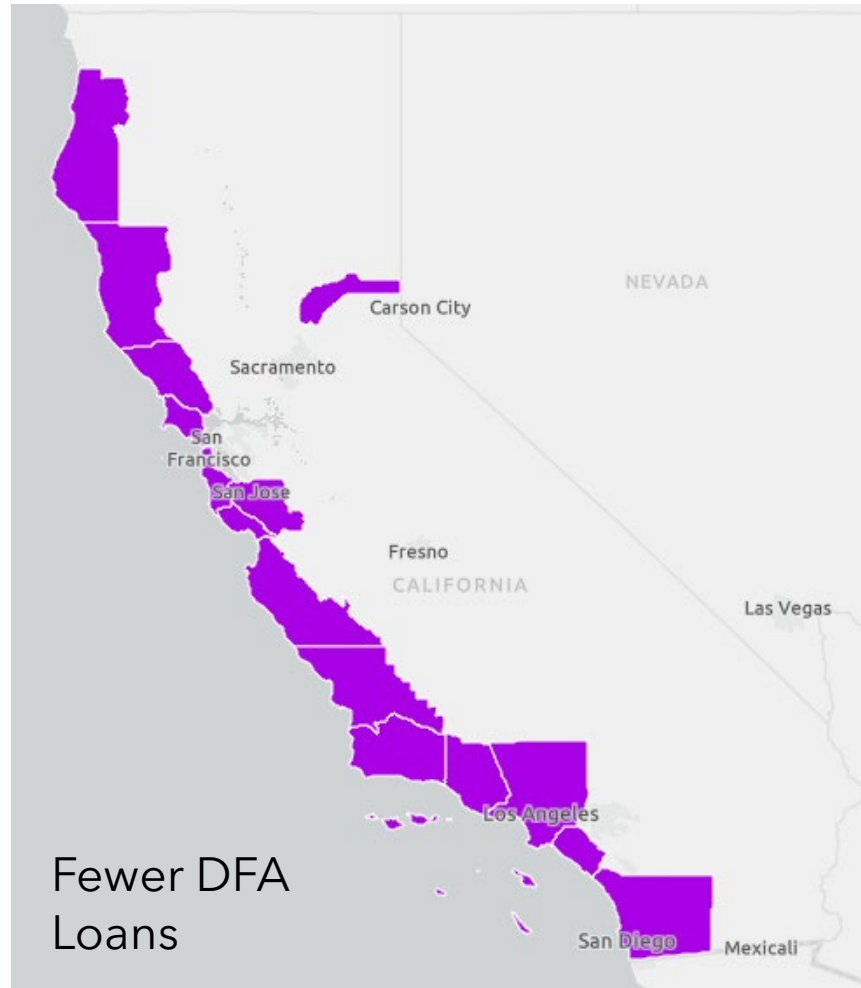
More Dream for All loans were concentrated in counties where homes are more affordable to CalHFA first time homebuyers.





Comparison of DFA Loan Performance and Housing Affordability

Fewer Dream for All Loans occurred in counties where home prices are out of reach for CalHFA borrowers, and/or inventories of homes for sale are low.





Questions