Dream for All
Program
Community Listening Sessions
September 2022

www.calhfa.ca.gov/dream
feedback@calhfa.ca.gov

Please note that Dream For All funds are not yet available. If you are a homeowner seeking down payment assistance, please visit CalHFA at www.calhfa.ca.gov or contact a housing counselor at 800-569-4287
Agenda

• Community Listening Session Format
• California Dream for All Program Overview
• Key Requirements
• Implementation Goals
• Feedback and Comments

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Community Listening Session Format

• Session will be recorded
  • Recording and transcript will be available on CalHFA’s website a few days after this meeting.
• 90-minute session
• Ways to provide input
  • During session
    • Survey (available at www.calhfa.ca.gov/dream)
    • Email submission (feedback@calhfa.ca.gov)
• Stay updated on program developments by signing up for the e-newsletter (at www.calhfa.ca.gov/dream)
• Need technical assistance during the session? Visit www.calhfa.ca.gov/dream
Dream for All Background

- In 2021, AB 140 empowered the California State Treasurer’s Office to develop a framework for the California Dream for All program that makes homeownership more affordable to low- and moderate-income Californians.
- May 2022, Senate President Pro Tem Toni Akins proposes budget appropriation to fund the program
- June 2022, Governor establishes the program through the state budget
- CalHFA tasked with development, implementation, sustainability

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Dream for All

A revolving, shared appreciation loan program that provides loans for a down payment. 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.

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Typical Features of Shared Appreciation Loan

• Subordinate second mortgage
• Down payment and closing cost assistance
• Homebuyer does not make payments until they sell, refinance, or transfer the property
• Effective interest rate on Shared Appreciation loan is equal to the average annual appreciation in the home’s value
Program Requirements

- Includes shared appreciation loan feature.
- Expand access to homeownership by helping low and moderate-income homebuyers purchasing owner occupied homes.
- Ensure design of loan product is not an unreasonable impediment to wealth creation.
- Explore selling subordinate second mortgages to investors.
- Must be paired with a CalHFA first mortgage.
- Adequate consumer protections and disclosures.
Shared Appreciation Example

- **DFA Loan**: $100,000
- **First Mortgage Loan**: $400,000
- **HOME VALUE**: $500,000
Shared Appreciation Example

5 yrs later

HOME VALUE
$500,000

DFA Loan
$100,000

First Mortgage Loan
$400,000

HOME VALUE
$640,000

HOME PRICE APPRECIATION
$140,000

Homeowner Share Appreciation
$112,000

DFA Share Appreciation
$28,000
Shared Appreciation Example

HOME VALUE
$500,000

+ DFA Loan $100,000
+ First Mortgage Loan $400,000

5 yrs later

HOME VALUE
$640,000

HOME PRICE APPRECIATION
$140,000

Homeowner Share Appreciation $112,000
DFA Share Appreciation $28,000

Homeowner sells the home

DFA Loan Payback $128,000
Homeowner Equity $142,000

First Mortgage Balance $370,000

HOME SOLD
$640,000
Shared Appreciation Example

5 yrs later

Homeowner sells the home

HOME VALUE
$640,000

- HOME PRICE APPRECIATION
$140,000

- Homeowner Share of Appreciation
$112,000

- DFA Share of Appreciation
$28,000

First Mortgage Loan $400,000
DFA Loan $100,000

HOME SOLD
$640,000

- First Mortgage Balance
$370,000

- Homeowner Equity
$142,000

- DFA Loan Payback
$128,000

- First Mortgage Paydown
$30,000

Homeowner Equity
$142,000

- Homeowner Share of Appreciation
$112,000
Shared Appreciation Example

**HOME VALUE**
- DFA Loan $100,000
- First Mortgage Loan $400,000
- **Total HOME VALUE** $500,000

**HOME SOLD**
- DFA Loan Payback $128,000
- Homeowner Equity $142,000
- First Mortgage Balance $370,000
- **Total HOME SOLD** $640,000

**HOME VALUE**
- DFA Loan $128,000
- First Mortgage Loan $512,000
- **Total HOME VALUE** $640,000

*Homeowner sells the home...

DFA FUNDS RECYCLED $128,000
Implementation Goals

- Increase access to home ownership for low- and moderate-income Californians
- Provide opportunities for wealth accumulation through home ownership
- Minimize financial risk to the consumer, State, and Agency
- Ensure recyclability of funds so that more Californians can receive assistance
- Embed significant consumer education and outreach
- Ensure long term operational and administrative viability
Public Comment Process

• Please use the “raise hand” feature to join the line for commenting.

• When the moderator calls on you, remember to unmute your microphone.

• We hope you will state your name/organization, but it is not required when making a public comment.

• Please limit your comments to 3 minutes or less.

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Feedback Prompts

• What trade offs do you see with this program and how would you balance those trade offs?

• What are the strengths of a “shared appreciation” program and how should the program leverage those strengths?

• What are potential barriers to people using this program? How might we help people overcome those barriers?

• How can we best help Californians find out about and understand this loan?

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Written Comments/Feedback

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