

*The Asset Policy Initiative of California (APIC) brought together 30 Thought Leaders in the housing, banking, asset-building sectors to help us “think out loud” about how to increase first-time homeownership opportunities for California's working families. We defined solutions broadly: public policy change, business strategies, and non-profit innovations.*

*The supply-side strategies below represent our collective best thinking about a continuum of responsible strategies designed to move more of California's low- and moderate-income families into homeownership:*

### **Streamlined State & Local Regulatory Framework**

- Streamline state and local land use laws to facilitate development of new affordable homes, including the following:
  - Housing Element Reform: Encourage jurisdictions to plan for homeownership, in part by addressing zoning impediments and enforcing implementation of RHNA Assessments.
  - Improve state housing density bonus to accommodate greater homeownership development
  - Broaden local and state land use regulations to facilitate development of more attached housing units
  - Reform CEQA to restore its original comprehensive planning purpose, and promote use of existing statutory affordable housing exemptions to enable expedited processing
- Condition allocation of some State homeownership funds on quality of locality's housing element and RHNA planning, especially in terms of affordable homeownership.
- Prioritize affordable homeownership development that enables smart growth or greenhouse gas reduction goals

### **Incentivized innovative land-use structures facilitating affordable homeownership, including:**

- Inclusionary zoning
- Transit-Oriented Development (TOD) and Urban Infill
- Sweat-equity homes and subdivision development

### **Expanded Capital Market Resources and New Funds for Affordable Homeownership Development**

- Support permanent revenue source and continued state bonds for affordable housing and homeownership
- Increase pension fund investment in affordable homeownership
- Streamline New Markets Tax Credit so that it can more easily facilitate affordable homeownership development opportunities
- Cap state mortgage interest deduction for certain extremely-high-value homes and redirect revenue to affordable homeownership.

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APIC is managed and staffed by the Earned Assets Resource Network (EARN)  
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### **Asset-Building Linked with Homeownership Innovations**

- Next generation IDA product targeted to homeownership
- Expansion of credit-building innovations
- Continued advocacy for and expansion of Public Housing Authority Family Self-Sufficiency Program savings accounts
- Expansion of financial literacy and homeownership counseling programs
- Capacity-building assistance for providers of foreclosure prevention counseling

### **Responsible Mortgage Products**

- New responsible mortgage products including: a) more competitive terms based on evidence of ability to accumulate savings; b) appropriate targeting to qualifying segments of underserved markets and LMI buyers of foreclosed properties; and c) affordable products from credit unions and community banks
- Mortgage disclosure and product enhancements designed to make homeownership safer for low- and moderate-income buyers, including: 1) dramatic simplification of disclosures and loan comparisons; and 2) tying lender compensation to loan performance
- A Federal and/or State Earned Income Homeownership/Housing Tax Credit
- Targeted allocation of state greenhouse gas reduction and energy efficiency funds to foreclosed properties (needing rehab) for first-time homebuyers
- Increased cross-sectoral advocacy around Employer-Assisted Housing
- Raised cap on penalty-free withdrawals from 401k or IRA for first-time homebuyers in high-cost areas

### **Incentivized Alternative Ownership Structures, including:**

- Community Land Trusts and Shared Equity Mortgages
- Standardized mortgage products for new and alternative ownership structures

### **Secondary Market and Capital Market Tools**

- Permanent extension of the 2008 increased federal GSE conforming loan limit and FHA ceiling for high cost areas
- Expansion of sound FHA and GSE involvement in the subprime market

### **Streamlined State/Local Regulatory Framework**

- New authorities to Redevelopment Agencies to 1) use non-housing funds to purchase, renovate and make available foreclosed properties to low-income home buyers, 2) allow targeted relief from otherwise applicable long-term affordability restrictions; and 3) allow housing funds to be used outside of project areas for foreclosure relief and new 1st time homebuyer opportunities.
- Increased income limits in CA mortgage assistance programs to accommodate workforce eligibility for homeownership assistance, especially in high cost areas.

### **Foreclosure-Specific Solutions**

- Financing and regulatory tools (such as bridge financing, right of first refusal) to help municipalities and nonprofits purchase foreclosed properties quickly
- New tools—such as shared equity mortgages—enabling lenders to rework loans for existing homeowners in, or at risk of, default