

Date of Hearing: April 29, 2025

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Mike Fong, Chair

ACA 3 (Haney) – As Introduced January 16, 2025

SUBJECT: University of California: home down payment loans for support staff.

SUMMARY: Creates the University of California (UC) First-Time Homebuyer Down Payment Loans for Support Staff; which amends the California Constitution to require the UC Regents, on or before January 1, 2027, to extend portions of homeownership assistance, currently provided to senior executives and faculty, to eligible support staff. Specifically, **this constitutional amendment:**

- 1) Requires the UC Regents by January 1, 2027, to extend a portion of the homeownership assistance provided to UC senior executives and faculty to eligible support staff to provide down payment loans.
- 2) Stipulates that the extension of the homeownership assistance to eligible support staff, as enumerated in (1) above, must not increase student tuition or impact the State's General Fund.
- 3) Requires the UC Regents to provide the same number of down payment loans to eligible support staff as housing loans provided to senior executives and faculty during the 2023-24 fiscal year.
- 4) Provides that for each fiscal year thereafter, the total number of down payment loans for eligible support staff must equal the total number of all housing loans made to senior executives and faculty in the preceding fiscal year, but no fewer than the total number of loans made to senior executives and faculty in the 2023–24 fiscal years.
- 5) Requires the UC Regents to ensure that all repayments and revenue generated by down payment loans are used for future down payment loans for support staff.
- 6) Requires that 75% of down payment loans be made available to eligible support staff whose household incomes that are at or below the area median income (AMI).
- 7) Authorizes the Legislature to enact laws or delegate to an appropriate body or agency the power to implement the down payment loan program created by this constitutional amendment, including, but not limited to, the following:
 - a) Establish priorities and procedures consistent with the purpose of this measure;
 - b) Specify the type and condition of properties for which loans may be provided;
 - c) Specify the terms, underwriting, and additional eligibility criteria for loans; and,
 - d) Determine whether the Regents must also provide low-interest primary mortgages to eligible support staff, but only to the extent that providing low-interest primary mortgages is necessary for eligible support staff to qualify for down payment loans.

- 8) Defines the following terms for purposes of this measure:
- a) “AMI” means the median family income of a geographic area of the state;
 - b) “Down payment loan” means a no-interest, deferred-payment, subordinate, shared-appreciation loan for 20% of a home’s purchase price, that may be used only for a down payment on the purchase of the borrower’s primary residence. Provides that when the home is sold or the primary mortgage is refinanced, the borrower shall repay the amount of the subordinate down payment loan plus 20% of the appreciated home value to the UC;
 - c) “Eligible support staff” means career employees who have worked for UC for at least five years and are first-time homebuyers. “Eligible support staff” does not include loan applicants who are UC supervisors, managers, senior executives, or members of the UC faculty in the Academic Senate;
 - d) “Faculty” means UC faculty in the Academic Senate;
 - e) “Low-interest” means a rate comparable to the lowest rates the UC offers on home loans it provides to senior executives and faculty, or 3.25% per annum, whichever is lower;
 - f) “Provide” means to originate, loan, arrange or cause to be made available, directly or indirectly, including through the UC Home Loan Program Corporation, or any other mortgage-originating entity;
 - g) “Senior executives” means those executives and senior managers in the UC’s senior management group; and,
 - h) “UC” or “Regents” means the UC Regents, and includes any affiliated mortgage originating entity such as the UC Home Loan Program Corporation.
- 9) Includes a severability clause.
- 10) Provides that if this measure and another measure or measures relating to the provision of housing loans by the Regents or employees appear on the same statewide election ballot, the provisions of the other measure or measures must not be deemed to be in conflict with this measure, and if approved by the voters, this measure must take effect notwithstanding approval by the voters of another measure or measures relating to the provision of housing loans by the UC Regents employees by a greater number of affirmative votes.
- 11) Provides that if this measure is approved by the voters but superseded by any other conflicting ballot measure approved by the voters at the same election, and the conflicting measure is later held invalid, this measure shall be self-executing and given the full force of law.
- 12) Provides that this measure must be liberally construed, interpreted, and implemented in order to achieve the purposes set forth in this measure.

EXISTING LAW:

- 1) Establishes the UC as a public trust to be administered by the Regents of the UC; and, grants the Regents full powers of organization and government, subject only to such legislative control as may be necessary to insure security of its funds, compliance with the terms of its endowments, statutory requirements around competitive bidding and contracts, sales of property and the purchase of materials, goods and services (Article IX, Section (9)(a) of the California Constitution).
- 2) Establishes and authorizes the California Housing Finance Agency (CalHFA), in part, to make loans to housing sponsors for housing developments and to qualified mortgage lenders. Provides that the primary purpose of CalHFA is to meet the housing needs of persons and families of low- or moderate-income. Provides that CalHFA is administered by a board of directors and is supervised on a day-to-day basis by an executive director (Health and Safety Code (HSC) Section 50901, et seq.).
- 3) Establishes a number of housing assistance programs for affordable housing at the Department of Housing and Community Development (HCD), including, but not limited to, CalHOME, which provides grants to individual homebuyers to purchase a home and loans to nonprofit developers to construct single-family homes (HSC Section 50650.3).

FISCAL EFFECT: Unknown

COMMENTS: *Double referral.* This measure was heard on April 24, 2025, by the Assembly Committee on Housing and Community Development, where it passed out of the Committee with a vote of 10-0.

Need for the measure. According to the author, “for over 40 years, the University of California has successfully made available approximately \$4 billion to UC senior executives and faculty for low-interest home mortgages, down payment subsidies, moving costs, closing costs and an overall robust homeownership program. Many times, these home mortgage loans are for second/vacation homes, are forgivable loans, and moving and closings costs are waived. The home mortgage loans offered are typically 90-95% of the purchase price, a 30-year term at an interest rate no lower than 3.25%, and in recent years the average mortgage is \$1,039,101. In 2024, this home mortgage loan program was extended to UC Chancellors despite the fact that each Chancellor already receives a house on campus.”

Further, the author states that, “a 2024 survey by Bankrate found that 81% of would-be buyers say that down payment and closing costs are obstacles toward owning a home. And, 78% of Americans say owning a home is part of the American Dream. As a renter, I understand first-hand that saving for a down payment is one of the biggest hurdles Californians face when striving for homeownership. As housing prices and rents continue to rise, so does the challenge to save for a down payment.”

The author contends that, “as UC continues to invest in its Executives, Faculty and Chancellors to ensure they are able to own a home near where they work, we must also invest in all UC employees so that they are not travelling hours or sleeping in their cars during the workweek to avoid their long-distance commutes. Once approved on the ballot, the people of California will see that this ACA [Assembly Constitutional Amendment] is a modest but important step as it begins to assist hundreds of families each year. In time, the measure will help thousands of

families without impacting taxpayers; guaranteeing that UC sees loans repaid as well as a return on their investment.”

This measure, in part, creates the UC First-Time Homebuyer Down Payment Loans for Support Staff; which amends the California Constitution to require the UC Regents, by January 1, 2027, to extend portions of homeownership assistance, currently provided to senior executives and faculty, to eligible support staff.

The CalHFA. Established in 1975, CalHFA was chartered as the state's affordable housing lender to make below market-rate loans for single-family and multi-family housing through the sale of tax-exempt bonds. The CalHFA is a self-supporting entity and its debts, including those related to the compensation and retirement costs of its employees, are separate from the State; that is to say, CalHFA is a self-supported State agency that does not rely on taxpayers dollars for its operational costs, but regularly administers various State and federal resources on behalf of the State. Investor capital, through the sale of bonds, provides the agency's source of revenue. Existing statutes and bond indentures stipulate that the agency's debts are not a debt or liability of the State or any political subdivision thereof and are not backed by the faith and credit of the State.

The image below, from CalHFA, depicts the number of homebuyers assisted and dwelling units created/preserved in the 50 years of CalHFA's existence:



Committee Staff understands that nothing currently precludes eligible UC classified staff from participating in CalHFA loan programs, however, the loan programs are oversubscribed.

Intended to have launched on March 27, 2023, a memorandum of understanding (MOU) between CalHFA and UC Santa Cruz would have allowed employees the ability to participate in the California Dream for All program. Used in conjunction with a Dream For All Conventional mortgage, the program is a shared appreciation product where the State provides the homebuyer a down payment loan consisting of a zero interest 20% down payment loan. When the homebuyer sells or transfers the home to a new lender, the homebuyer agrees to repay the loan plus 20% of the appreciation of the home value.¹

Committee Staff understands that the aforementioned MOU has not been authorized, however in the UC's letter of opposition dated April 14, 2025, it was noted that the UC desires to work with CalHFA in order for CalHFA to expand its down payment assistance program.

Moving forward, the author may wish to provide more time to the two entities in order to see if a solution can be reached on a down payment plan that appears to be substantially similar to the purposed plan in this measure.

¹ <https://news.ucsc.edu/2023/03/homebuyer-program/>

Current homebuyers and homeowners lending programs at the UC. In July 1984, the UC Regents approved the Mortgage Origination Program (MOP), UC Regents Policy 5309, to provide primary mortgage financing to support the UC's recruitment and retention needs for faculty and Senior/Executive Managers. From program inception in July 1984 through June 30, 2015, the Office of Loan Programs (OLP) funded 6,077 MOP loans with an aggregate amount of \$2.7 billion.

In March 1993, the Supplemental Home Loan Program (SHLP) was approved by the UC Regents to provide flexibility to utilize campus funding sources to offer an additional source of financing. The SHLP is most often used as secondary financing in conjunction with a MOP loan. In some cases, a SHLP loan has been used as primary financing in order to provide loan terms that are not available under MOP.

The eligible campus population able to participate in the loan programs consists of full-time UC appointees with positions in the following categories:

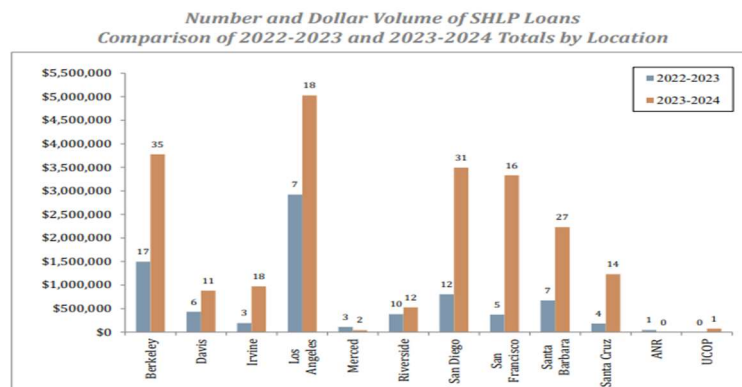
- 1) Academic Senate members;
- 2) Academic titles equivalent to titles held by Academic Senate members, as defined in UC policy;
- 3) Acting Assistant Professors;
- 4) Senior Management Group employees;
- 5) UC Law San Francisco (formerly UC Hastings) faculty members;
- 6) UC or UC Law San Francisco employees who will be appointed to any of these eligible categories effective no more than 180 days after loan closing; and,
- 7) Other appointees who have received required additional approvals to be eligible for participation.

Further, the UC Employee Housing Assistance Program is currently comprised of the following loan options:

- 1) Mortgage Origination Program (MOP);
- 2) Graduated Payment Mortgage Origination Program (GP-MOP);
- 3) 5/1 Mortgage Origination Program (5/1-MOP);
- 4) Supplemental Home Loan Program (SHLP);
- 5) Centrally-Funded Supplemental Home Loan Program (CF-SHLP);
- 6) Interest-Only Supplemental Home Loan Program (IO-SHLP); and,

7) Zero Interest Supplemental Home Loan Program (ZIP-SHLP) ²

According to the most recent annual report by the UC on SHLP (based on fiscal year 2023-24), the outstanding portfolio of all SHLP loans as of June 30, 2024, consists of 466 loans with a principal balance of \$48.1 million. Of these loans, 457 remain as UC investments and have an aggregate principal balance of \$47.2 million. The remainder of the portfolio has been sold to outside investors and consists of nine loans with an aggregate principal balance of \$930,290. The chart below (from the aforementioned report), displays a comparison of the number and dollar amount of SHLP loans funded by location for the past two fiscal years.



Committee Staff notes that UC support staff are not included in the above population and therefore not able to take advantage of any of UC's housing assistance programs.

Moving forward, the author may wish to reach out to the UC in order to ascertain the feasibility of the UC adding or modifying one or more of the loans above to include UC support staff.

Mission and vision of the UC. According to the UC, its core mission is teaching, research, and public service. The UC states the following as its vision:

“We will achieve a level of operational excellence equivalent to UC's world-class teaching and research enterprise. We will achieve quality, innovation and service excellence. Our support of the UC mission will be rigorous and data-driven. Our services will create consistent, frictionless experiences and model best practices for campus leaders, the Board of Regents, the Office of the President, UC employees, retirees, patients and students. Continuously applying leading and innovative practices, our UC community will be safe and feel safe as they work, learn and live at our UC locations. We will lead the University's highest priorities, accelerating progress by delivering strategic advice, building and utilizing leading technology, adopting best practices, and implementing effective, equitable policies. We will be recognized as an employer of choice. We will cultivate a culture where our employees will be engaged, find purpose in their work, feel that their contributions are valued and that they belong in UC Operations.”

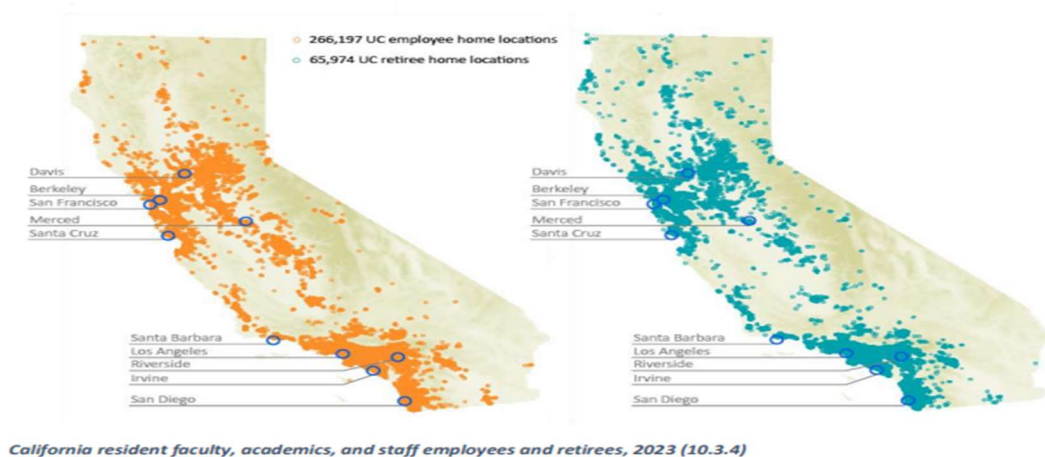
Committee Staff notes that while the UC has its MOP and SHLP loan programs, the UC is not a loan agency. While this measure does not use State funds for the purposes of UC support staff to

² <https://regents.universityofcalifornia.edu/governance/policies/5309.html>

be able to have a down payment assistance program, is could require the UC to have to employ more staff in order to implement the provisions of this measure.

At a time where the UC is facing an 8% reduction of State funding, the author and this Committee may wish to examine if it is prudent to place an additional financial burden on the UC that is not aligned to the UC's core mission.

The UC Employees. According the UC's 2024 Accountability Report, the UC is California's third largest employer. As reflected on the map below, over 266,000 UC employees and over 65,000 retirees live across the state:



Committee Staff understands that there are over 110,000 UC support staff.

Arguments in support. According to the sponsors, AFSCME Local 3299, “ACA 3 is limited to long-term UC support staff who are first-time homebuyers whose modest incomes will additionally limit the type of home they can afford and the size of the down payments needed.”

AFSCME Local 3299 contends that, “ACA 3 limits the number of loans offered and does not extend to support staff the more robust, longstanding UC home mortgage program available to executives and faculty. But by using the same UC Short-Term Investment Pool, these first-time homebuyer down payment loans will likewise have no impact on student tuition, no impact on the State's General Fund, and no impact on California taxpayers. The shared-appreciation framework guarantees that UC will recoup money loaned, earn a fair return, and recirculate it for future UC support staff to purchase their starter-home. This is a modest proposal to address a portion of our growing housing problem.”

Arguments in opposition. According to the UC, “ACA 3 is unnecessary as it requires the University to duplicate an existing down payment loan program created and funded by the Legislature and Governor at the California Housing Finance Agency (CalHFA). Since its creation, CalHFA has helped more than 226,000 low- and moderate-income homebuyers.”

Further the UC contends that, “at a time when the state deficit and federal cuts are creating severe budgetary shortfalls, ACA 3 represents a needless and inefficient use of public resources. A better approach would be to work with the University and aid in accelerating our existing efforts on workforce housing that benefit all University employees. For example, the University

has been in discussions with CalHFA for almost a year to extend the state's down payment assistance program to the University's employees, leveraging the state's current resources to provide broad access to this program with less overhead and administrative cost. This can be accomplished without a constitutional amendment or bill, but it will require resources to maximize the reach and effectiveness of this partnership. The University is willing to provide funding for this endeavor and is hopeful that the Legislature sees the value in this responsible and efficient use of public funds."

REGISTERED SUPPORT / OPPOSITION:

Support

AFSCME Local 3299 (Sponsor)
 Alameda Labor Council
 Alliance of Californians for Community Empowerment (acces Action)
 American Federation of State, County and Municipal Employees (AFSCME) Local 57
 American Federation of State, County and Municipal Employees, AFL-CIO
 California LULAC State Organization
 California State Council of Service Employees International Union (SEIU California)
 California Teamsters Public Affairs Council
 CFT – a Union of Educators & Classified Professionals, AFT, AFL-CIO
 Clergy and Laity United for Economic Justice
 Contra Costa Central Labor Council
 Council of UC Faculty Associations
 Courage California
 Housing and Economic Rights Advocates
 Los Angeles Alliance for a New Economy (LAANE)
 Los Angeles County Federation of Labor, AFL-CIO
 National Union of Healthcare Workers (NUHW)
 North Valley Labor Federation
 Orange County Labor Federation, AFL-CIO
 Sacramento Central Labor Council, AFL-CIO
 San Diego & Imperial Counties Labor Council
 San Francisco Labor Council
 UNITE HERE International Union, AFL-CIO
 University of California Student Association

Opposition

Bay Area Council
 California Chamber of Commerce
 Central City Association of Los Angeles
 Los Angeles Area Chamber of Commerce
 Los Angeles Business Council
 University of California
 Valley Industry and Commerce Association (VICA)
 West Los Angeles Chamber of Commerce