

# Assembly Bill 437 – Move-In Loan Program

## Assemblymember Jim Wood

### EXISTING LAW

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Under current law, there are financial assistance programs to aid with the initial cost associated with buying a home, such as the down payment, however, similar startup assistance programs do not currently exist for renters.

### BACKGROUND

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By 2025, California will need to generate 180,000 new homes in order to keep up with housing demands and population growth. The rising demand for more available housing is coupled with the need to make housing more affordable.

In recent years, there has been a shift in housing needs that has resulted in more individuals and families renting rather than buying homes. According to a 2018 report by the Public Policy Institute of California, 53.6% of Californian's owned homes in 2016 compared with 64.3% nationally.

Driven by the increase in demand for rental units, rental costs throughout the state have also seen steady increases in recent years. Currently, the median cost of rent ranges from \$1,095/month to as much as \$4,300/month in urban regions like San Francisco. These rising rent cost leave Californians in the median area income level and below heavily burdened by rent payments every month.

Affordable housing requires that the amount of income spent on housing, whether rent or mortgage payments, does not exceed 30% of an individual or family's income. Reports have shown that 41.5% of median income earners and 80.4% of low and very low income earners pay more than 30% of their income on rent. The burden of high rent coupled with the high cost of health care and

living, leaves little income available for many to afford the initial cost associated with securing rental housing and/or saving to buy a home in California.

The California Housing Finance Agency (CalHFA) currently has programs in place in order to assist individuals and families become home owners, however, with an increased number of renters in California there is also a need for similar assistance for renters.

### BILL SUMMARY

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AB 437 will create a loan program that would serve a population of individuals that can finance the month to month cost of renting, but struggle to come up with the start-up costs such as security deposits, or first and last month's rent that is required by many landlords in order to obtain an apartment lease. These loans would be available for individuals who meet the following criteria: 1) Their income falls at the average median or lower income for a given region and 2) they can provide proof that they can afford the month to month costs of secured rental housing.

### SUPPORT

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California Apartment Association  
City of Santa Monica

### STATUS

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Amended in Assembly

### FOR MORE INFORMATION

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