

American Dream 2.0

Executive Summary

In American Dream 2.0 we present strategies that policy-makers and other leaders can adopt to responsibly put first-time homeownership back within the reach of hard-working Californians. While the current economic crisis has brought national attention to foreclosures, it also creates some unique opportunities for California's leaders to create a blueprint and infrastructure for first-time homeownership now. In our opinion, that blueprint should include the following elements:

Enabling Renters to Become Responsible Home Buyers

- Establish a statewide **first-time homebuyer Individual Development Account (IDA)**, a matched savings account that helps low-income working families save for a downpayment.
- Create **alternative credit-building** opportunities which consider monthly bills such as rent, utilities, online banking, and installment payments in assembling credit.
- Expand high quality pre-purchase **homeownership counseling** to prevent predatory lending.
- Enact legislation that gives homebuyers access to **transparent home performance information** (i.e. energy costs) before purchasing a home.
- Create funding and incentive framework to promote the development of additional **affordable housing**.

Providing First Time Home Buyers with Responsible Financing Options

- Promote **shared equity loans** that assist first-time home buyers with a down payment or second mortgage assistance in exchange for providing a share of the home's appreciation upon resale.
- Advocate the increased use of **energy efficiency financing** to reduce the long term energy cost of a home.
- Create awareness of **lease purchase devices** in which a nonprofit sponsor purchases the home and then leases it to a first-time home buyer until the buyer has sufficient savings to make the full purchase. This strategy is especially needed in communities hard hit by foreclosures.
- Promote **limited equity cooperatives** and **community land trusts** that keep home prices low by restricting resale prices to relatively affordable levels.

Encouraging Employers to be Thought Leaders

- Provide incentives for employers who contribute to homeownership through **financial or homeownership counseling, assistance with down payments, private mortgage loans**, or by developing **employee-friendly loan products** (i.e. location-efficient loans).

We believe this blueprint provides a constructive point of departure for California leaders who want to create a structure that supports responsible first-time homeownership for low-income families now and in the future. This blueprint was developed with the help of thought leaders from a variety of sectors who participated in EARN's Assets and Homeownership Initiative in 2008.



www.assetpolicy.org

235 Montgomery St., Suite 300, San Francisco, CA 94104

Phone: 415.217.3671 Sunaena@sfearn.org

