

Proposition 37



Analysis of Eligible Households, Projected Housing Production and Economic Impact of the California Middle-Class Homeownership and Family Home Construction Act of 2026

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Purpose

The purpose of this analysis is to estimate the amount and distribution of housing construction that could be supported by successful implementation of the Middle-Class Homeownership Bond program and the economic impacts that could result from such a scenario.

This evaluation cannot predict whether the program, if approved by voters, will successfully attract the investors needed to fund it. Instead, the analysis is intended to offer insight into how prospective homebuilders and homebuyers could respond if the program *is* funded. Specifically, it seeks to shed light on where bond-supported homes could be built, the prices at which they could be sold, and how many California households could be eligible to buy homes with the program's support.

These estimates are produced using publicly available data on new home sales and sale prices from Zillow and income, household, and housing data from the U.S. Census Bureau American Community Survey. The results can be easily reproduced using the Python scripts and data files included with this report.

Summary of Findings

Homes supported

If fully subscribed by concessionary investors at a 3% rate, every \$1 billion of bond capital could support the construction and purchase of approximately 7,600 new homes across the state's 21 metropolitan areas. At the proposed \$25 billion program size, this suggests roughly 190,000 bond-supported homes. If the distribution of homes follows recent production patterns, then the Riverside, Sacramento, and Los Angeles metros together would account for roughly 56% of the total. Shifting production toward coastal metros or condo construction would change this geographic mix modestly without meaningfully altering the total number of homes supported.

Eligible households

A very large pool of California households would meet the program's income criteria. Depending on which eligibility assumptions are used, between 142,000 and 647,000 *renter* households statewide could qualify for a bond-supported purchase, and between 554,000 and 1.35 million *homeowner* households could qualify. Even under the most conservative assumptions — which include household-size-adjusted income caps, upward price adjustments for larger households, and a strict 35% debt-to-income limit for housing costs — eligible households outnumber bond-supported homes by roughly 19-to-1 for renters and 72-to-1 for homeowners at \$1 billion of bond issuance. At the full \$25 billion program size, there would still be multiple eligible renter or homeowner households for every home the program could support, making household demand unlikely to be a binding constraint.

Economic impact

Assuming the program spurs construction of homes that would not otherwise have been built, every \$1 billion of bond investment would leverage an additional \$4.9 billion in private spending on construction and related activities. Applying RIMS II multipliers to that spending yields approximately \$12.5 billion in total economic output and \$4.4 billion in personal income, along with \$65 million in annual property tax revenue for schools and local governments and \$124 million in one-time state income tax revenue per \$1 billion invested. If all \$25 billion is deployed, these figures scale proportionally to roughly \$313 billion in output, \$111 billion in personal income, \$1.6 billion in annual property tax, and \$3.1 billion in one-time income tax revenue.

Key assumptions

The preceding estimates rest on several assumptions, two of which deserve special attention. The first is that the program will attract sufficient concessionary investment to offer bond-supported loans at a 3% interest rate. A sensitivity analysis on a non-concessionary 6% rate finds that eligibility falls by only 13–19%, suggesting the program can still function meaningfully without concessionary capital — but the concessionary rate is genuinely valuable and its realization depends on investor interest that cannot be forecast with confidence.

The second assumption is that bond-supported homes represent net new construction rather than homes that would have been built regardless. The economic impact estimates scale directly with this share: if only 50% of bond-supported homes are attributable to the program, the economic figures above are halved; at 25%, they are one-quarter as large. The true share is unknowable in advance and may be difficult to determine even after the fact. I consider 100% additionality a plausible central estimate given the program's deliberate restriction to new construction, its broad eligible-buyer pool, its qualified-builder provisions, and its complementarity with recent supply-side reforms such as SB 1123. However, readers should treat the headline economic figures as an upper bound and weight them accordingly.

Sensitivity analysis

Three additional findings from the sensitivity analyses are worth flagging. First, the program's design is intended to incentivize condo construction through its qualified-builder provisions. If those provisions allow builders to produce more condos at prices 20–40% lower than detached houses in the same communities, as documented in this analysis and in previous research, then eligibility more than doubles relative to the lower-bound baseline. It would also allow the program to support more homes per dollar invested.

Second, a plausible shift in construction toward California's most urbanized, transit-served metros — consistent with the direction of state housing policy under RHNA and SB 79 — would modestly reduce the total homes supported under current pricing but could more than offset that reduction if paired with a shift toward lower-cost condo products.

Third, the homes and households included in these estimates are treated as fixed. In reality, the eligible population will grow as incomes rise, as new households form, and as people move to California, meaning the program's long-run potential reach is almost certainly greater than a snapshot analysis can capture.

Bottom line

Under reasonable assumptions about investor participation and market response, the Middle-Class Homeownership Bond program could support the construction of thousands of new for-sale homes per billion dollars invested, expand homeownership access to a pool of California households that substantially exceeds the program's direct capacity, and generate significant economic activity and tax revenue — without requiring direct expenditure of state general fund dollars. The most important sources of uncertainty are on the supply side of the analysis: whether concessionary capital materializes, and what share of bond-supported construction is additive. Both risks are mitigated, though not eliminated, by the program's structural design.

Introduction

The California Middle-Class Homeownership and Family Home Construction Act of 2026 is a ballot measure planned for the California statewide election in November 2026. It has three broad objectives: 1) to make it easier for middle-class households to purchase a home, 2) to increase the supply of homes available for purchase, and 3) to fund the program with no risk or burden to taxpayers.

These goals are accomplished by establishing a bond market, overseen by the California Housing Finance Agency but funded by private investors, to support low-interest secondary loans covering up to 17% of a home's purchase price. Combined with conventional mortgages, these "middle-class homeownership loans" would lower homebuyer down payments to as little as 3%, removing a significant barrier to homeownership for many households.

The loans are restricted to new home purchases, providing a strong incentive for increased homebuilding throughout the state, which is necessary for stabilizing prices and improving affordability. In contrast, down payment assistance programs that help participants buy existing homes are more likely to drive up prices by raising demand without a corresponding increase in supply. The Act also includes broad borrower eligibility standards, strong consumer protections, and construction quality standards and right-to-repair provisions that further incentivize participation by buyers and builders.

Critically, this analysis assumes the fund is able to attract significant concessionary investment from the private sector. Such investment is encouraged in Sec. 51515.(a)(4) of the initiative, which calls for providing "opportunities for social impact investment by promoting the purchase of low-interest bonds to support middle-class home loans with below-market interest rates to advance the goal of California home ownership." By reducing borrower down payments to as low as 3% without the mortgage insurance costs associated with products like the FHA loan, the program could make homeownership accessible to many California residents who cannot afford a 20% down payment — up to \$200,000 or more in some markets.

The initiative's economic impact depends in large part on its ability to spur construction of for-sale homes that otherwise would not be built. Aside from addressing the down payment barrier, thereby increasing the market of prospective buyers for homebuilders, the initiative may also support this goal through its qualified builder provisions. Construction defect liability is a well-known and significant obstacle to the construction of for-sale housing in California, particularly condos, and the qualified builder option aims to provide a less adversarial approach to disputes between builders and homeowners. This is important for two reasons. The first is that condos are generally much more affordable than detached single-family homes, putting homeownership within reach of more people. The second is that urban areas prioritized for growth are largely built out, limiting their potential to build more for-sale housing if multifamily projects — that is, condos — are too risky and costly to develop.

Key Assumptions

Key assumptions used in this analysis are summarized below. Many of these assumptions are discussed in greater detail in later sections.

1. Investors will participate in the program and be willing to invest at a concessionary rate under 3%, allowing CalHFA to offer down payment assistance loans at a 3% interest rate. Potential major investors include cash-rich technology companies looking for cost-effective solutions to the housing shortage and affordability crisis, both to benefit their employees and communities and for corporate reputational benefits.
2. The bond program will increase construction of for-sale homes equal to the number of homes purchased using bond funds, above and beyond the number of homes that would otherwise be built. In other words, the program will not simply make it easier or cheaper to buy homes that would have been built regardless. This assumption is justified, in part, by the large number of potentially eligible households relative to the number of homes that can be supported by the program. Although land use restrictions in California have historically limited the responsiveness of housing supply to rising demand, recent laws such as SB 1123 are expected to increase the feasibility of building for-sale single-family homes and the qualified builder option is anticipated to lower barriers to condo construction.
3. Program participants can secure a conventional mortgage at 80% loan-to-value (LTV), and they cannot spend more than 45% of their pre-tax income on the conventional loan, 17% LTV bond-funded loan, property tax, and home insurance. Similar to the California Dream For All program, participants are not required to pay mortgage insurance on their conventional mortgage.
4. Program participants can save enough to afford the remaining 3% down payment and closing costs. I make this assumption in lieu of publicly available data on household-level wealth or net worth. Note also that the initiative provides for using the bond-funded loan to pay closing costs (see Sec. 51515.05.(b).)
5. Program participants take out the maximum loan amount permitted for their home purchase, which is generally modeled as 17% of the median new home sale price/value for the metro area. This likely overstates the average bond loan amount, thus undercounting the number of homes supported and the program's potential economic impact.
6. For the purposes of this analysis, the renter and homeowner populations are treated as fixed, which will tend to understate program eligibility. In reality, both populations are continuously changing. For example, renters who earn too little to be eligible today may earn enough to be eligible in the future, and people who do not currently live in California may move here and become eligible after establishing residency.

Data and Methodology

This analysis proceeds in several steps, outlined below.

A. Historical for-sale housing production trends

First, annual production of for-sale homes is estimated for metro areas throughout California. Zillow data on new construction home sale counts are used to determine the approximate share of new home sales occurring in each metro for two time periods: 2018-2025, reflecting a relatively long time period that includes very recent data, and 2015-2019, a slightly shorter period that excludes the COVID-19 period, which had unprecedented impacts on the housing market. The results are shown in Table 1.

Table 1. Share of new construction home sales in California, 2015-2019 and 2018-2025.

Metro	Sales Share, 2015-2019	Sales Share, 2018-2025
Riverside	23.0%	25.3%
Sacramento	13.5%	16.6%
Los Angeles	19.7%	13.8%
San Francisco	8.2%	7.7%
Fresno	5.9%	6.2%
Stockton	4.4%	5.7%
Bakersfield	4.1%	4.5%
San Jose	4.1%	3.6%
San Diego	5.0%	3.4%
Visalia	2.2%	2.6%
Merced	2.4%	2.3%
Vallejo	1.9%	2.2%
Santa Rosa	1.3%	1.6%
Modesto	1.2%	1.3%
Oxnard	1.4%	1.0%
Chico	0.7%	1.0%
San Luis Obispo	0.9%	0.9%
Hanford	ND	0.4%
Redding	ND	0.1%
Napa	ND	0.0%
Truckee	ND	0.0%

Source: Zillow Research Data — New Construction Sales Count (Raw, All Homes, Monthly).

Note: ND = No Data.

Comparing the distribution of new construction home sales in both periods, I find that the shares are relatively stable in most places; 12 of 17 metro areas with sales data in both periods showed sales shares within +/- 0.5 percentage points. The largest changes were in the Sacramento

metro, which saw a 3.1 percentage point increase in its sales share from the first period to the second, and the Los Angeles metro, where the share fell by 6.0 percentage points.

Due to the similarity in results and expanded data availability over 2018-2025, I use sales shares from this later period for the remainder of the analysis. Using either period does not meaningfully change the results, and alternative scenarios are considered in the sensitivity analysis in the Results section.

B. New home sale prices and down payments

In this step, typical new home sale prices are determined for the metro areas.

Zillow data on the median sale price of newly constructed homes is used for the metro areas where it is reported, averaging the new construction median sale price for the 12 months from 1/31/2025 to 12/31/2025. Zillow sales data was available for nine of 21 California metros. For metro areas where Zillow sale price data is unavailable, I instead use 2024 1-year American Community Survey data on the median value of owner-occupied homes built 2020-2024. Zillow is the preferred source because it uses more recent data and is based on actual sales of new homes rather than homeowner estimates of value.

Table 2 shows the results from both datasets, including the unweighted sample sizes used to estimate median home values in the ACS.

Table 2. Median sale price for new construction sales (Zillow) and median value of homes built 2020-2024 (ACS).

Metro	Zillow Price (\$)	ACS Value (\$)	ACS Sample Size
San Jose	1,572,701	1,400,000	91
Napa	ND	1,000,000	8
Los Angeles	1,220,874	950,000	294
San Francisco	1,160,151	875,000	141
San Luis Obispo	ND	850,000	14
Stockton	677,423	800,000	93
San Diego	ND	800,000	131
Santa Rosa	ND	800,000	42
Oxnard	ND	750,000	26
Vallejo	ND	725,000	38
Sacramento	662,833	699,000	204
Riverside	611,299	650,000	341
Modesto	ND	600,000	17
Truckee	ND	600,000	9
Merced	467,000	530,000	23
Visalia	407,644	520,000	31
Fresno	ND	519,000	82
Chico	ND	500,000	39
Hanford	ND	500,000	9
Bakersfield	441,803	480,000	60
Redding	ND	425,000	18

Source: Zillow Research Data — New Construction Median Sale Price (Raw, All Homes, Monthly), average for 1/31/2025 to 12/31/2025; 2024 1-year American Community Survey, homes built 2020-2024.

In general, Zillow estimates, where available, appear to be significantly higher than ACS estimates in more expensive metro areas and slightly lower in less expensive areas. ACS survey sample sizes are also quite low in metros such as Napa, San Luis Obispo, Modesto, Truckee, and Hanford, increasing the odds that estimates do not accurately reflect home prices. These areas account for a very small share of new construction for-sale housing, however, and so they cannot meaningfully impact the results of this analysis.

Next, I calculate 17% of the median sale price for each metro area. This is the typical bond program loan amount a homebuyer will need, or be eligible for, to purchase a home in that location. It also represents the average bond investment (excluding administrative fees, etc.) required to support the construction of one new home in the metro area.

As noted above, I use the Zillow home price data where available and ACS values otherwise. Later, I show that estimates of production, renter eligibility, and economic impact are affected

only slightly by instead using either the higher or lower of the two estimates in jurisdictions with Zillow data.

C. Bond allocation by metro area

Next, the data are used to determine the bond funding allocation required to support historical for-sale housing production trends — that is, for the bond to support the same share of new units as were built and sold in each metro area over 2018-2025. Implicit in this approach is the assumption that demand for future for-sale housing production will follow past trends. Later in this report I discuss the reasons this assumption may not hold and its potential implications for the distribution of for-sale home construction spurred by the bond program.

For each metro area, I multiply the historical share of California new home sales by 17% of the median new home sale price (the maximum bond-supported loan amount at that price level); this product is *ca_share_x_loan_17*. I then divide *ca_share_x_loan_17* by the sum of all these products; the result is *adjusted_share*, representing the share of bond funding each metro requires to sustain past production trends with homes supported by the program.

As an example, 25.3% of new home sales were in the Riverside metro area over 2018-2025, and Zillow reports a median new construction sale price of \$611,299. This is among the lower median prices for California metro areas, especially compared to places like Los Angeles and the Bay Area, and Riverside therefore requires only 20.0% of bond proceeds to fund 25.3% of homes supported by the bond program. Conversely, Los Angeles accounted for just 13.8% of new owner-occupied home sales, but achieving this share of bond-supported homes requires 21.7% of program funding, a result of the metro area's very high prices.

D. New homes supported

The number of new homes supported in each metro area is estimated by multiplying projected bond proceeds by the *adjusted_share* and then dividing by 17% of the median new construction home sale price.

For example, a metro area could have a median sale price of \$600K, yielding a 17% bond-supported loan amount of \$102,000 ($600K * 0.17 = 102K$), and an *adjusted_share* of 20%. If \$1 billion in bond investments are available for borrowing across the state over one year, then \$200 million is used in this metro area ($1B * 0.2 = 200M$), supporting the purchase of 1,960 homes that year ($200M \div 102K = 1,960$, rounded down).

E. Eligible renter households

The proposed bond cannot spur additional for-sale housing production if prospective homebuyers cannot access it. Such homebuyers must have incomes sufficiently high to afford a typical new home in their area, but they also must not exceed the maximum income threshold set out in the initiative's text.

This step determines the household income needed to afford the median new construction home in each metro area, then estimates the number of renter households that earn above this

income *and* below the eligibility cap of 200% of area median income. The analysis includes eligibility estimates using overall median family income for each metro area in addition to household-size-specific estimates.¹

While homeowners are eligible for the bond program and many would be likely to participate (especially with a concessionary rate on bond-supported debt), renter homebuyers would depend on the program more owing to their relatively limited wealth and the obstacle of a 20% down payment. Given the focus on eligible renter households in this analysis, this should be considered a conservative estimate of potential program demand, assuming it is adequately funded.

To determine the minimum income required to afford a bond-supported home purchase in each metro area, I use the following assumptions:

- 80% loan-to-value conventional 30-year amortizing mortgage at 6% fixed-rate interest
- 17% loan-to-value bond program loan, 30-year amortizing at 3% fixed-rate interest
- Annual property taxes equal to 1.1% of purchase price
- Annual homeowner insurance equal to 0.4% of purchase price
- Homebuyer pays no more than 45% of income on the above housing costs
- Homebuyer is responsible for 3% down payment (not included in calculations)

To illustrate, consider a new home that sells for \$800,000 to a homebuyer using down payment assistance from the bond program. The minimum required income to afford this home, and thus a program eligibility criterion for the purposes of this analysis, is \$144,280. The formula for each step in the calculation of the minimum required income is shown in the table below.

Table 3. Calculation to determine minimum income required to afford an \$800,000 home.

Cost Component	Formula	Annual Amount
Conventional loan	$A = \text{pmt}(0.06/12, 360, 800000 * 0.8) * 12$	\$46,045.48
Bond program loan	$B = \text{pmt}(0.03/12, 360, 800000 * 0.17) * 12$	\$6,880.58
Property tax	$C = (800000 * 0.011)$	\$8,800.00
Home insurance	$D = (800000 * 0.004)$	\$3,200.00
Total annual cost	$\text{tot_cost} = (A + B + C + D)$	\$64,926.06
Minimum required income	$\text{req_inc} = (\text{tot_cost} / 0.45)$	\$144,280.13

In a simple analysis of the upper bound of eligible renter households, I estimate the number of households in each metro area with annual earnings at or above the minimum income required

¹ The ballot initiative states, “any applicant with a family income that does not exceed 200 percent of the area median income for a family of the same size in the county or metropolitan statistical area where the qualified new home is located, adjusted for family size by the agency, shall be eligible.”

to afford the median home, calculated earlier, and below 200% of the median income for a four-person family (median family income, or MFI). I provide separate estimates for all renter households above the minimum income threshold, renter households above the threshold and below 200% MFI (eligible households), and the ratio of eligible renter households to homes supported per billion dollars of bond proceeds. Income data is from the 2024 American Community Survey 1-year sample, using Public Use Microdata Sample (PUMS) with Public Use Microdata Areas (PUMAs) aggregated to core-based statistical areas via the 2020 Census tract-to-PUMA crosswalk.

In a more conservative analysis of the lower bound of eligible renter households, I vary the maximum eligible income with household size in each metro area. For example, median household income in the Fresno metro area is slightly over \$100,000 for a four-person household and \$73,000 for a two-person household, making the maximum incomes for four- and two-person households \$201,000 and \$146,000, respectively. In practice, this has the effect of rendering ineligible for the program nearly all single-person households, most two-person households, and many three-person households. Additional conservative assumptions are evaluated and discussed in the results.

Table 4. Income eligibility cap (200% of area median income) for homeownership bond program by household or family size (thousands of dollars).

	Household or family size (number of people)						
Metro	1	2	3	4	5	6	7+
San Jose	156	311	394	465	408	408	438
San Francisco	133	277	353	414	372	358	328
Napa	129	309	282	330	288	359	410
San Diego	120	216	252	296	269	272	352
Oxnard	109	228	263	309	258	257	332
San Luis Obispo	107	221	265	291	304	427	201
Santa Rosa	106	223	269	284	285	292	391
Sacramento	103	211	230	283	247	262	292
Los Angeles	103	189	213	262	236	257	298
Vallejo	103	179	243	285	297	314	437
Truckee	97	222	316	289	410	252	313
Stockton	91	173	203	229	239	275	281
Riverside	83	168	189	225	233	248	254
Visalia	82	131	135	197	150	150	177
Fresno	80	146	152	201	193	190	205
Modesto	77	150	185	204	201	243	292
Chico	71	136	180	217	218	161	189
Bakersfield	66	143	147	153	190	176	194
Hanford	66	143	146	173	270	121	239
Redding	66	163	185	276	224	181	198
Merced	59	137	139	144	141	194	187

Source: 2024 American Community Survey 1-year sample.

Note: Median household income for one-person households is from table B19019 (Median Household Income by Household Size), while income for the remaining household sizes comes from table B19119 (Median Family Income by Family Size).

Another criterion for bond program eligibility is that the purchased home is priced no higher than 125% of the conforming loan limit for the county where the home is located.² Comparing the home price estimates in Table 2 to the 2025 conforming loan limits published by the Federal Housing Finance Agency (FHFA),³ every metro area except San Jose has a median price under

² The initiative text reads, “The maximum sales price for a qualified new home shall not exceed 125 percent of the conforming loan limit for a one-unit property in the county in which the qualified new home is located, as set forth in the annual conforming loan limit report published by the Federal Housing Finance Agency...”

³ Loan limits are published annually at <https://www.fhfa.gov/data/conforming-loan-limit>.

100% of the FHFA limit for its respective county, and San Jose’s median is under 125%. As such, FHFA loan limits are not considered a meaningful constraint on program participation.

The renter household analysis is supplemented by an analysis of eligible households among California’s existing homeowners.

F. Economic impact

Finally, I use data from the Regional Input-Output Modeling System (RIMS II), produced by the U.S. Bureau of Economic Analysis, to estimate the economic impact of housing construction supported by the bond program. RIMS II uses multipliers to estimate direct and indirect personal income and jobs resulting from spending in a particular sector and geographic area. Table 5 shows the California RIMS II multipliers for single-family residential structures (2334SF).

Table 5. RIMS II multipliers for total output, personal income, and jobs per \$1M spent.

Category	Total Output	Personal Income	Jobs per \$1M Spent
Single-family residential structures	2.1328	0.7548	11.13

Source: Regional Input-Output Modeling System (RIMS II), U.S. Bureau of Economic Analysis.

RIMS II job estimates represent the total number of jobs, full-time or part-time, created for any amount of time, whether a week or year or decade. They are not job-years, another common measure of job creation that cannot be used for this analysis. I omit job estimates from the results section to avoid confusion or misinterpretation, but I include the multiplier here for reference.

I assume that \$1 billion in bond investment leverages an additional \$4.882 billion in spending ($1B * (1 - 0.17) \div 0.17 = 4.882B$; i.e., the loan for 17% of the purchase price catalyzes the remaining 83% of home value in private investment). The RIMS multipliers are applied to this value.

A 1.1% property tax rate is applied to the value of the newly constructed homes. Income taxes are estimated at 3.5% of total direct and indirect personal income — a conservative rate, equal to the state income tax rate of a worker earning \$57,500 in 2025⁴ — with an estimated 80% of personal income earned, and therefore taxed, in the state of California.

⁴ See the California Franchise Tax Board for current income tax rates and brackets:

<https://www.ftb.ca.gov/forms/2025/2025-540-tax-rate-schedules.pdf>.

The average hourly wage for construction laborers in California was \$30.44 in Q1 2024, or slightly over \$60,000 annually with 2000 work hours. It is higher for some residential construction professions (e.g., roofers, carpenters, electricians, inspectors), lower for others (e.g., helpers, material movers), and

Results

This section presents, in order: (1) the geographic distribution of bond-supported homes, (2) the range of renter households potentially eligible to use the program, (3) the range of potentially eligible homeowner households, (4) the economic impact of investment in the program and subsequent homebuilding, and (5) sensitivity analyses on key assumptions.

Location and price of new construction for-sale housing

New construction home sales for 2018-2025 were distributed throughout the state, and Table 6 shows sale counts, share of sales, and share of population for each metro area. The Riverside (25.3% of home sales) and Sacramento (16.6%) metro areas are overrepresented relative to their populations, likely due to their comparatively low prices and high shares of single-family houses among new construction. Los Angeles, with the third-highest share of sales (13.8%), is underrepresented relative to its 35% population share, which is likely a consequence of its low rate of housing construction and high prices.

significantly higher for most ancillary professional service industries (e.g., architects, interior designers, brokers). See the California Employment Development Department: <https://labormarketinfo.edd.ca.gov/cgi/databrowsing/occExplorerQSSelection.asp?menuchoice=occexplorer>.

Table 6. Population shares, new construction home sale counts, and sales shares.

Metro Area	Population Share	New Home Sales	Sales Share
Riverside	12.8%	70,405	25.3%
Sacramento	6.6%	46,053	16.6%
Los Angeles	34.8%	38,325	13.8%
San Francisco	12.5%	21,365	7.7%
Fresno	3.2%	17,329	6.2%
Stockton	2.2%	15,758	5.7%
Bakersfield	2.5%	12,475	4.5%
San Jose	5.4%	9,991	3.6%
San Diego	8.9%	9,353	3.4%
Visalia	1.3%	7,110	2.6%
Merced	0.8%	6,453	2.3%
Vallejo	1.2%	6,008	2.2%
Santa Rosa	1.3%	4,314	1.6%
Modesto	1.5%	3,641	1.3%
Oxnard	2.2%	2,846	1.0%
Chico	0.6%	2,659	1.0%
San Luis Obispo	0.8%	2,389	0.9%
Hanford	0.4%	1,215	0.4%
Redding	0.5%	299	0.1%
Napa	0.4%	29	0.0%
Truckee	0.3%	18	0.0%

Source: 2024 American Community Survey 1-year sample (population); Zillow new construction sales counts, raw, single-family and condos.

Median new home prices or values and maximum bond-supported loan amounts (i.e., 17% of the median price/value) for each metro are presented in Table 7. In general, sale price data could be sourced from Zillow for metros with larger populations and more home sales — nine metros in total — with values for the remaining 12 derived from American Community Survey data.

Table 7. Median new home price (Zillow) or value (ACS) and maximum bond-supported loan amount.

Metro	Median New Home Price/Value	Data Source	17% Loan Amount
Riverside	\$611,299	Zillow	\$103,921
Sacramento	\$662,833	Zillow	\$112,682
Los Angeles	\$1,220,874	Zillow	\$207,549
San Francisco	\$1,160,151	Zillow	\$197,226
Fresno	\$519,000	ACS	\$88,230
Stockton	\$677,423	Zillow	\$115,162
Bakersfield	\$441,803	Zillow	\$75,106
San Jose	\$1,572,701	Zillow	\$267,359
San Diego	\$800,000	ACS	\$136,000
Visalia	\$407,644	Zillow	\$69,299
Merced	\$467,000	Zillow	\$79,390
Vallejo	\$725,000	ACS	\$123,250
Santa Rosa	\$800,000	ACS	\$136,000
Modesto	\$600,000	ACS	\$102,000
Oxnard	\$750,000	ACS	\$127,500
Chico	\$500,000	ACS	\$85,000
San Luis Obispo	\$850,000	ACS	\$144,500
Hanford	\$500,000	ACS	\$85,000
Redding	\$425,000	ACS	\$72,250
Napa	\$1,000,000	ACS	\$170,000
Truckee	\$600,000	ACS	\$102,000

Source: Zillow, New Construction Median Sale Price (Raw, All Homes, Monthly); 2024 American Community Survey 1-year sample.

Bond allocation and homes supported by metro area

Using the above home price data, I next estimate the share of bond funding allocated to each metro area to reproduce for-sale housing construction trends for 2018-2025. Relative to each metro's share of new construction home sales, this decreases the bond allocation in lower-price areas and increases it in higher-price areas.

For example, assuming \$1 billion in annual bond allocations, roughly \$200 million is used to assist homebuyers in the Riverside metro area, corresponding to its *adjusted_share* of 20.0%.

In Riverside, assuming an average loan amount of about \$104,000, this investment supports the construction and acquisition of 1,920 homes.⁵

Table 8 shows the adjusted share, fund allocation per \$1 billion of bond investment, maximum bond-supported loan for the median new home, and number of homes supported by this funding allocation for each metro area. In total, I find that the bond program could support nearly 7,600 new homes for every billion dollars invested.

Table 8. Adjusted share, bond fund allocation, maximum bond-supported loan amount, and homes supported.

Metro	Adjusted Share	Bond Fund Allocation	17% Loan Amount	Homes Supported
Riverside	20.0%	\$199,540,259	\$103,921	1,920
Sacramento	14.2%	\$141,525,542	\$112,682	1,256
Los Angeles	21.7%	\$216,933,320	\$207,549	1,045
San Francisco	11.5%	\$114,918,648	\$197,226	583
Fresno	4.2%	\$41,697,879	\$88,230	473
Stockton	4.9%	\$49,491,920	\$115,162	430
Bakersfield	2.6%	\$25,553,020	\$75,106	340
San Jose	7.3%	\$72,849,797	\$267,359	272
San Diego	3.5%	\$34,690,777	\$136,000	255
Visalia	1.3%	\$13,437,666	\$69,299	194
Merced	1.4%	\$13,971,762	\$79,390	176
Vallejo	2.0%	\$20,194,869	\$123,250	164
Santa Rosa	1.6%	\$16,000,857	\$136,000	118
Modesto	1.0%	\$10,128,498	\$102,000	99
Oxnard	1.0%	\$9,896,218	\$127,500	78
Chico	0.6%	\$6,163,983	\$85,000	73
San Luis Obispo	0.9%	\$9,414,737	\$144,500	65
Hanford	0.3%	\$2,816,562	\$85,000	33
Redding	0.1%	\$589,160	\$72,250	8
Napa	0.0%	\$134,453	\$170,000	1
Truckee	0.0%	\$50,072	\$102,000	0
Total	100.0%	\$1,000,000,000		7,583

Note that this estimate of nearly 7,600 bond-supported homes assumes the average loan is equal to the maximum amount available for the median home in each metro area, and that all

⁵ Note that 1,920 homes corresponds to 25.3% of the 7,583 total supported units, the share of California new construction home sales that occurred in the Riverside metro area for 2018-2025.

borrowers receive the maximum 17% loan. In reality, average sale prices may be higher or lower, and borrowers may seek less than the maximum amount for the bond-supported loan.

It is also important to reiterate that these estimates assume the program spurs construction of new for-sale housing in line with geographical production trends from the recent past. There are good reasons to believe that the program could change the distribution of for-sale housing production within the state, however, though this would not meaningfully affect overall economic impact. This possibility and its potential implications are discussed later.

Eligible renter households

Having estimated the number of homes potentially supported by the bond program and their geographic distribution throughout the state, I now turn to determining the number of renter households who are plausibly eligible for the program.

Upper-bound eligibility estimate

Table 9 presents the minimum household income needed to afford the median new home in each metro area (limiting housing costs to 45% of income or less), comparing the total number of renter households and the number that meet or exceed this income threshold. An estimated 867,000 renter households meet this criterion, or 15% statewide.

Table 9. Renter households earning the minimum income required to afford the median new home (Upper Bound).

Metro	Renter Households	Min. Income Required	Renters Above Min. Income	Share of Renters
Riverside	507,535	\$110,248	111,114	21.9%
Sacramento	327,388	\$119,542	63,058	19.3%
Los Angeles	2,373,302	\$220,185	170,853	7.2%
San Francisco	795,678	\$209,233	150,310	18.9%
Fresno	159,932	\$93,602	35,282	22.1%
Stockton	95,988	\$122,173	16,978	17.7%
Bakersfield	113,316	\$79,679	28,891	25.5%
San Jose	315,397	\$283,637	50,799	16.1%
San Diego	539,908	\$144,280	120,097	22.2%
Visalia	60,760	\$73,519	17,377	28.6%
Merced	39,152	\$84,223	7,565	19.3%
Vallejo	61,695	\$130,754	12,440	20.2%
Santa Rosa	67,884	\$144,280	13,359	19.7%
Modesto	69,242	\$108,210	12,857	18.6%
Oxnard	96,282	\$135,263	23,115	24.0%
Chico	39,410	\$90,175	8,580	21.8%
San Luis Obispo	41,280	\$153,298	5,748	13.9%
Hanford	20,022	\$90,175	5,961	29.8%
Redding	23,910	\$76,649	6,689	28.0%
Napa	17,605	\$180,350	3,777	21.5%
Truckee	9,339	\$108,210	2,368	25.4%
Total	5,775,025		867,218	15.0%

Source: ACS 1-Year Estimates, Table B25118 (Tenure by Household Income in the Past 12 Months).

The minimum eligible income is below \$80,000 in the lowest-price metro areas of Bakersfield, Visalia, and Redding. It rises to over \$100,000 in more moderately-priced metros like Riverside and Sacramento, and exceeds \$200,000 in Los Angeles and San Francisco. In most parts of the state, roughly 15-30 percent of renter households earn enough to afford the median new home. In Los Angeles, slightly more than 7% of households meet this criterion, a function of the area's very high housing prices and moderate incomes. Note however, that this still equates to more than 170,000 potentially eligible households.

Table 10 shows the maximum eligible income in each metro area, assuming 200% of area median income for a four-person family is used as the cap regardless of the homebuyer's household size, and the number of renter households falling under this ceiling *and* meeting or exceeding the income floor shown in Table 9. This simpler approach likely overestimates the number of eligible renter households, and it may be interpreted as an upper bound estimate.

An estimated 647,000 renter households meet these eligibility criteria, or about 11% of renters statewide.

Table 10. Renter households earning the minimum income required to afford the median new home *and* earning less than the income eligibility limit (200% of area median income for a four-person family) (Upper Bound).

Metro	Max. Eligible Income	Renters Above Min. and Below Max. Income	Share of Renters
Riverside	\$225,126	97,410	19.2%
Sacramento	\$283,486	56,951	17.4%
Los Angeles	\$262,390	63,233	2.7%
San Francisco	\$414,094	116,435	14.6%
Fresno	\$201,130	31,469	19.7%
Stockton	\$229,412	14,796	15.4%
Bakersfield	\$153,346	22,980	20.3%
San Jose	\$465,390	35,688	11.3%
San Diego	\$295,902	102,440	19.0%
Visalia	\$197,400	16,273	26.8%
Merced	\$143,778	5,397	13.8%
Vallejo	\$285,456	11,570	18.8%
Santa Rosa	\$283,728	11,256	16.6%
Modesto	\$203,664	11,352	16.4%
Oxnard	\$308,824	21,007	21.8%
Chico	\$216,836	7,446	18.9%
San Luis Obispo	\$290,972	5,148	12.5%
Hanford	\$172,628	4,779	23.9%
Redding	\$275,820	6,531	27.3%
Napa	\$330,070	2,399	13.6%
Truckee	\$288,696	2,368	25.4%
Total		646,928	11.2%

Source: ACS 2024 1-year Public Use Microdata Sample.

As with the minimum income estimates, maximum eligible income exhibits significant variation, ranging from slightly over \$140,000 in Merced to over \$460,000 in San Jose. The spread between minimum and maximum is large in some metro areas and small in others, likely driven in part by differences in household composition and tenure (e.g. metro areas with higher renter shares will tend to have lower median incomes). In many places, including Sacramento and Fresno, the maximum income is roughly double the minimum. It is nearly three times higher in Truckee, Visalia, and Oxnard, and nearly four times higher in Redding. In Los Angeles, the maximum is only \$42,000 above the minimum, about a 20% gap.

While higher-cost metros like Los Angeles, San Francisco, and San Jose see sharp drops in eligible renter households after factoring in the maximum income threshold, eligibility remains over 20% in many jurisdictions, and it exceeds 30% in Visalia. In total, nearly 650,000 renter households meet the conditions set out for eligibility in this upper-bound estimate.

Midrange eligibility estimate

Next, I incorporate several adjustments to arrive at a midrange estimate of potentially eligible renter households. These changes are:

- Rather than using Zillow data, when available, for estimating the median price for new construction homes, and using ACS data otherwise, I use the higher of the Zillow or ACS estimates. This increases the minimum required income in six of 21 metro areas.
- Rather than using the median household income for a four-person family as the maximum eligible income, I use the household-size-adjusted figures. This sets the income cap below the minimum required income for one-person households in every metro area, rendering 100% of single renters who earn above the minimum income threshold (106,380 people) ineligible for the program. It also sharply reduces the number of eligible two- and three-person households.
- Rather than using a uniform median home sale price for all buyers in a metro area, I adjust purchase prices upward for larger households, reflecting their need for more space. The purchase price is increased by 10% for five-person households, 15% for six-person households, and 20% for seven-or-more-person households. Prices are not adjusted downward for smaller households.

The results of this more conservative analysis are provided in Tables 11 and 12. Table 11 shows the minimum income required after incorporating higher median sale price estimates in a subset of metros and higher prices for households with five or more people in all metros, and the number and share of renters who meet or exceed this income threshold.

An estimated 793,000 renter households meet the minimum income threshold in this scenario, or slightly under 14% statewide (compared to 867,000 and 15% for the upper bound estimate).

Table 11. Renter households earning the minimum income required to afford the median new home, with prices adjusted upward for households with five or more people (Midrange).

Metro	Renter Households	Min. Income Required	Renters Above Min. Income	Share of Renters
Riverside	507,535	\$117,228	91,925	18.1%
Sacramento	327,388	\$126,065	52,110	15.9%
Los Angeles	2,373,302	\$220,185	161,224	6.8%
San Francisco	795,678	\$209,233	148,373	18.6%
Fresno	159,932	\$93,602	33,363	20.9%
Stockton	95,988	\$144,280	9,166	9.5%
Bakersfield	113,316	\$86,568	24,577	21.7%
San Jose	315,397	\$283,637	49,457	15.7%
San Diego	539,908	\$144,280	116,777	21.6%
Visalia	60,760	\$93,782	10,355	17.0%
Merced	39,152	\$95,586	5,538	14.1%
Vallejo	61,695	\$130,754	12,103	19.6%
Santa Rosa	67,884	\$144,280	12,727	18.7%
Modesto	69,242	\$108,210	12,022	17.4%
Oxnard	96,282	\$135,263	21,581	22.4%
Chico	39,410	\$90,175	8,224	20.9%
San Luis Obispo	41,280	\$153,298	5,238	12.7%
Hanford	20,022	\$90,175	5,961	29.8%
Redding	23,910	\$76,649	6,322	26.4%
Napa	17,605	\$180,350	3,719	21.1%
Truckee	9,339	\$108,210	2,368	25.4%
Total	5,775,025		793,130	13.7%

Source: ACS 2024 1-year Public Use Microdata Sample.

As expected, the number of renter households meeting the minimum income threshold is reduced in the midrange estimate for nearly all metro areas. The midrange estimate is within 10% of the upper-bound estimate in all but five metro areas. The largest reductions are in Merced (26.8%), Visalia (40.4%), and Stockton (46.0%) — all metro areas that switched from a lower Zillow median sale price to a higher ACS estimate.

Table 12 shows the number and share of renter households at or above the minimum income threshold and below the household-size-specific maximum income thresholds. For brevity, it includes only the maximum income limits for one- and four-person households. An estimated 383,000 renter households meet these eligibility criteria, or 6.6% of renters statewide (compared to 647,000 and 11.2% for the upper bound estimate).

Table 11 + Table 12. Renter households earning the minimum income required to afford the median new home *and* earning less than the income eligibility limit (200% of area median income by household size) (Midrange).

Metro	Max. Eligible Income 1-Person	Max. Eligible Income 4-Person	Renters Above Min. and Below Max. Income	Share of Renters
Riverside	\$82,952	\$225,126	64,657	12.7%
Sacramento	\$103,134	\$283,486	36,224	11.1%
Los Angeles	\$102,716	\$262,390	11,929	0.5%
San Francisco	\$133,052	\$414,094	62,854	7.9%
Fresno	\$80,172	\$201,130	24,558	15.4%
Stockton	\$90,836	\$229,412	6,068	6.3%
Bakersfield	\$66,084	\$153,346	16,060	14.2%
San Jose	\$156,064	\$465,390	17,285	5.5%
San Diego	\$120,430	\$295,902	70,292	13.0%
Visalia	\$81,950	\$197,400	7,094	11.7%
Merced	\$58,768	\$143,778	3,078	7.9%
Vallejo	\$103,370	\$285,456	8,481	13.7%
Santa Rosa	\$105,922	\$283,728	7,925	11.7%
Modesto	\$76,728	\$203,664	8,948	12.9%
Oxnard	\$109,498	\$308,824	15,298	15.9%
Chico	\$71,452	\$216,836	4,907	12.5%
San Luis Obispo	\$106,952	\$290,972	3,512	8.5%
Hanford	\$66,086	\$172,628	3,899	19.5%
Redding	\$65,556	\$275,820	5,243	21.9%
Napa	\$128,548	\$330,070	2,050	11.6%
Truckee	\$96,800	\$288,696	2,175	23.3%
Total			382,537	6.6%

Source: ACS 2024 1-year Public Use Microdata Sample.

Applying maximum income thresholds by household size significantly lowers the number of eligible renter households, especially in a few metro areas. The income cap lowers the statewide number of eligible households by 52% and makes 100% of single-person households ineligible.

The overall reduction ranges from 8% in Truckee and 17% in Redding to 93% in Los Angeles — by far the largest reduction of any metro area, and the only metro in which 100% of two- or three-person households are also ineligible. This is a consequence of high new-home sale prices in LA, with the median home requiring a \$220,000 annual income, and relatively low household incomes, with 200% of area median income for a three-person family at \$213,000.

Lower-bound eligibility estimate

For the most conservative renter eligibility estimate, I lower the debt-to-income (DTI) limit from 45% to 35%. This is in addition to the changes incorporated into the midrange estimate. It means that the costs associated with the first and second mortgage, property tax, and home insurance cannot exceed 35% of household income, with the implicit assumption that many renters have other sources of debt that may count against a typical 42-45% DTI required for mortgage eligibility. This effectively increases the minimum income required to afford purchasing a home.

An estimated 442,000 renter households meet the minimum income threshold in this scenario, or 7.7% statewide (compared to 867,000 and 15% for the upper bound estimate and 793,000 and 14% for the midrange estimate).

Table 13. Renter households earning the minimum income required to afford the median new home, with prices adjusted upward for households with five or more people and maximum housing cost debt-to-income reduced to 35% (Lower Bound).

Metro	Renter Households	Min. Income Required	Renters Above Min. Income	Share of Renters
Riverside	507,535	\$150,721	49,230	9.7%
Sacramento	327,388	\$162,083	28,742	8.8%
Los Angeles	2,373,302	\$283,095	82,882	3.5%
San Francisco	795,678	\$269,014	94,420	11.9%
Fresno	159,932	\$120,345	15,838	9.9%
Stockton	95,988	\$185,503	4,113	4.3%
Bakersfield	113,316	\$111,302	14,564	12.9%
San Jose	315,397	\$364,676	28,692	9.1%
San Diego	539,908	\$185,503	66,794	12.4%
Visalia	60,760	\$120,577	5,552	9.1%
Merced	39,152	\$122,896	3,110	7.9%
Vallejo	61,695	\$168,112	6,391	10.4%
Santa Rosa	67,884	\$185,503	5,977	8.8%
Modesto	69,242	\$139,127	5,806	8.4%
Oxnard	96,282	\$173,909	12,697	13.2%
Chico	39,410	\$115,939	4,174	10.6%
San Luis Obispo	41,280	\$197,097	2,688	6.5%
Hanford	20,022	\$115,939	3,824	19.1%
Redding	23,910	\$98,548	3,055	12.8%
Napa	17,605	\$231,879	2,186	12.4%
Truckee	9,339	\$139,127	1,192	12.8%
Total	5,775,025		441,927	7.7%

Source: ACS 2024 1-year Public Use Microdata Sample.

A 35% debt-to-income limit increases the minimum income required to afford a home to over \$100,000 in all areas except Redding, and minimum income approaches or exceeds \$300,000 in the Los Angeles, San Francisco, and San Jose metro areas. It lowers the statewide share of renter households meeting the minimum income threshold by nearly half, with fewer than 20% of renters eligible in all metro areas. Fewer than 5% of renter households meet the minimum income requirement in the Los Angeles and Stockton metro areas.

Table 14 shows the number and share of renter households at or above the increased minimum income threshold and below the household-size-specific maximum income thresholds. An estimated 142,000 renter households meet these eligibility criteria, or 2.5% of renters statewide (compared to 647,000 and 11.2% for the upper bound estimate and 383,000 and 6.6% for the midrange estimate).

Table 14. Renter households earning the minimum income required to afford the median new home *and* earning less than the income eligibility limit, with prices adjusted upward for households with five or more people and maximum housing cost debt-to-income reduced to 35% (200% of area median income by household size) (Lower Bound).

Metro	Max. Eligible Income 1- Person	Max. Eligible Income 4- Person	Renters Above Min. and Below Max. Income	Share of Renters
Riverside	\$82,952	\$225,126	26,191	5.2%
Sacramento	\$103,134	\$283,486	16,747	5.1%
Los Angeles	\$102,716	\$262,390	0	0.0%
San Francisco	\$133,052	\$414,094	20,202	2.5%
Fresno	\$80,172	\$201,130	8,826	5.5%
Stockton	\$90,836	\$229,412	1,522	1.6%
Bakersfield	\$66,084	\$153,346	7,237	6.4%
San Jose	\$156,064	\$465,390	3,333	1.1%
San Diego	\$120,430	\$295,902	30,373	5.6%
Visalia	\$81,950	\$197,400	2,349	3.9%
Merced	\$58,768	\$143,778	902	2.3%
Vallejo	\$103,370	\$285,456	3,100	5.0%
Santa Rosa	\$105,922	\$283,728	1,903	2.8%
Modesto	\$76,728	\$203,664	3,253	4.7%
Oxnard	\$109,498	\$308,824	7,324	7.6%
Chico	\$71,452	\$216,836	1,646	4.2%
San Luis Obispo	\$106,952	\$290,972	1,011	2.4%
Hanford	\$66,086	\$172,628	2,042	10.2%
Redding	\$65,556	\$275,820	2,118	8.9%
Napa	\$128,548	\$330,070	517	2.9%
Truckee	\$96,800	\$288,696	1,137	12.2%
Total			141,733	2.5%

Source: ACS 2024 1-year Public Use Microdata Sample.

After lowering the DTI limit and significantly increasing the minimum income required to afford a home, applying the household-size-adjusted 200% AMI cap sharply reduces the number of eligible renter households across the state. Eligibility falls below 2% in the Stockton and San Jose metro areas, and it is zeroed out in Los Angeles. Several of the relatively affordable metro areas, including Riverside, Sacramento, and Fresno — and perhaps more surprisingly, San Diego — maintain eligibility rates over 5%.

Eligible renter households per bond-supported home

The conservative, lower-bound estimate finds that only 2.5% of renter households could be eligible for the bond-supported loan program — those earning enough to afford a new home but not too much to be eligible for homebuyer assistance. While this is a very small share of renters, it nonetheless equates to nearly 142,000 households statewide. The upper bound estimate is 647,000 households.

Table 15 compares the number of potentially eligible renters to the number of bond-supported homes estimated above, both at the metro area and in aggregate, for every billion dollars invested in the program. At the state level, there are between 19 and 85 eligible renter households for each bond-supported home. If fully funded at \$25 billion, this would mean there are roughly 0.8 to 3 eligible renter households per home.

Table 15. Eligible renter households per bond-supported home, assuming \$1 billion in bond funding (Upper, Midrange, and Lower Bounds)

		Upper Bound		Midrange		Lower Bound	
Metro	Homes Supported	Eligible Renters	Per Home	Eligible Renters	Per Home	Eligible Renters	Per Home
Riverside	1,920	97,410	51	64,657	34	26,191	14
Sacramento	1,256	56,951	45	36,224	29	16,747	13
Los Angeles	1,045	63,233	60	11,929	11	0	0
San Francisco	583	116,435	200	62,854	108	20,202	35
Fresno	473	31,469	67	24,558	52	8,826	19
Stockton	430	14,796	34	6,068	14	1,522	4
Bakersfield	340	22,980	68	16,060	47	7,237	21
San Jose	272	35,688	131	17,285	63	3,333	12
San Diego	255	102,440	402	70,292	276	30,373	119
Visalia	194	16,273	84	7,094	37	2,349	12
Merced	176	5,397	31	3,078	17	902	5
Vallejo	164	11,570	71	8,481	52	3,100	19
Santa Rosa	118	11,256	96	7,925	67	1,903	16
Modesto	99	11,352	114	8,948	90	3,253	33
Oxnard	78	21,007	271	15,298	197	7,324	94
Chico	73	7,446	103	4,907	68	1,646	23
San Luis Obispo	65	5,148	79	3,512	54	1,011	16
Hanford	33	4,779	144	3,899	118	2,042	62
Redding	8	6,531	801	5,243	643	2,118	260
Napa	1	2,399	3,033	2,050	2,592	517	654
Truckee	0	2,368	4,824	2,175	4,431	1,137	2,316
Total	7,583	646,928	85	382,537	50	141,733	19

Source: ACS 2024 1-year Public Use Microdata Sample.

As with the number of eligible renters, the number of eligible renters per home varies considerably between metro areas. In some places, such as San Diego, Vallejo, and Oxnard, the upper-bound estimate is only two to three times larger than the lower-bound estimate. In others, including Stockton and San Jose, there is a nearly 10-fold gap. As noted earlier, in Los Angeles the number of eligible renter households, and thus bond-supported homes, falls to zero. Rather than suggesting that none of LA's 2.4 million renter households could take advantage of the program, however, this finding highlights the exceptionally conservative nature of the lower-bound estimate.

Eligible homeowner households

The analysis above focuses on renter households for two reasons. First, because renters are most likely to need additional support to afford buying a home in California. Second, and relatedly, because renter household incomes are considerably lower than homeowner

household incomes, and so renter eligibility serves as a conservative estimate of program demand.

The bond program is not restricted to first-time homebuyers, however, and existing homeowners also would be likely to participate in the program — to move up from an older house into a higher-quality home or downsize into a new condo, for example. It could be attractive even to homebuyers who have enough savings or wealth to afford a conventional 20% down payment, especially with a concessionary interest rate allowing them to increase their leverage and invest their wealth elsewhere. This would still be desirable insofar as it made older, more affordable homes available to prospective California homebuyers.

Table 16 summarizes income-based eligibility among California's homeowner households for the three scenarios modeled above: the upper bound, midrange, and lower bound estimates. The share of homeowners meeting the eligibility criteria ranges from 7.7% to 18.7% (compared to 2.5% to 11.2% for renters).

Table 16. Homeowner households earning the minimum income required to afford the median new home *and* earning less than the income eligibility limit (200% of area median income by household size) (Upper, Midrange, and Lower Bound).

	Upper Bound		Midrange		Lower Bound	
Metro	Eligible Owners	Share of Owners	Eligible Owners	Share of Owners	Eligible Owners	Share of Owners
Riverside	294,987	30.2%	237,799	24.3%	114,372	11.7%
Sacramento	187,018	32.6%	158,532	27.7%	89,223	15.6%
Los Angeles	98,701	4.5%	39,528	1.8%	0	0.0%
San Francisco	147,258	15.1%	173,498	17.8%	76,849	7.9%
Fresno	78,320	35.7%	57,973	26.5%	32,072	14.6%
Stockton	42,086	26.9%	25,207	16.1%	7,627	4.9%
Bakersfield	60,876	33.9%	48,707	27.2%	26,419	14.7%
San Jose	36,424	9.6%	39,395	10.4%	11,632	3.1%
San Diego	146,203	22.7%	150,171	23.3%	75,123	11.6%
Visalia	36,681	42.4%	17,108	19.8%	5,529	6.4%
Merced	11,872	24.5%	8,324	17.2%	2,432	5.0%
Vallejo	25,986	26.3%	22,994	23.3%	12,345	12.5%
Santa Rosa	27,162	21.7%	29,580	23.6%	14,644	11.7%
Modesto	29,951	26.7%	26,881	24.0%	14,425	12.9%
Oxnard	52,215	28.0%	54,611	29.3%	30,715	16.5%
Chico	15,433	33.8%	11,066	24.3%	6,344	13.9%
San Luis Obispo	13,535	19.3%	14,443	20.6%	6,724	9.6%
Hanford	7,816	30.6%	6,569	25.7%	4,001	15.7%
Redding	21,910	45.2%	16,290	33.6%	11,576	23.9%
Napa	4,696	14.7%	6,578	20.6%	2,781	8.7%
Truckee	11,577	33.4%	11,948	34.4%	9,056	26.1%
Total	1.35 M	18.7%	1.16 M	16.0%	554 K	7.7%

Source: ACS 2024 1-year Public Use Microdata Sample.

Compared to the renter estimates, there are roughly twice as many eligible homeowners under the less conservative upper-bound analysis, and about four times as many using the most conservative lower-bound estimate. Put another way, the lower debt-to-income limit is a much greater constraint on renters, whose incomes are much lower on average. It is notable that homeowner eligibility in the lower-bound estimates is 5% or less in Stockton, San Jose, and Merced — and 0% in Los Angeles. This reflects both the conservative nature of the analysis and the extent of the affordability crisis in California, with many homeowners likely unable to afford their homes if they had to purchase them at market prices today.

If fully funded at \$25 billion, this range of scenarios suggests there are roughly 2-5 eligible homeowner households per home.

Economic impact

By spurring new home construction in the state, a successful homeownership bond program would generate significant economic impact throughout the state. Workers would be employed in design, construction, finance, marketing and sales, and related fields, and homebuilders would purchase large quantities of material for construction. A large share of the income earned by these workers would recirculate within the California economy, supporting other businesses like restaurants, hairdressers, and furniture stores. The income earned within California would be subject to the state income tax, and the new homes would pay property taxes.

Table 17 shows the estimated economic output per \$1 billion investment in residential construction, including personal income. It uses multipliers from the Regional Input-Output Modeling System (RIMS II), a standard tool produced by the US Bureau of Economic Analysis for estimating economic impact. Refer back to the methodology for more background on RIMS II.

**Table 17. Regional Input-Output Modeling System (RIMS II)
economic impact summary, per \$1 billion in bond funding.**

	Output	Personal Income
RIMS II Multipliers	2.1328	0.7548
Total Spending Per \$1B Bond Funding	\$5,882,352,941	
Total	\$12,545,882,353	\$4,440,000,000

Source: Regional Input-Output Modeling System (RIMS II), U.S. Bureau of Economic Analysis.

Note: Assumes homes purchased using bond loans would not be built if not for the bond program.

As noted earlier, \$1 billion in middle class homeownership bond loans is expected to produce at least \$5.88 billion in total spending, inclusive of the bond loans. Applying the RIMS II multipliers, this amount of spending produces an estimated \$12.5 billion in total output and \$4.44 billion in personal income. (As a reminder, the jobs multiplier is provided in the methodology but job estimates are not provided here because they are easy to misinterpret.) These figures could be larger if the average bond loan is less than 17% of the home purchase price. They could be significantly lower if a meaningful share of homes purchased with bond loans would have been built regardless, a possibility discussed in more detail below.

Table 18 shows estimated revenues from the two largest state tax streams linked to homebuilding in California: property taxes and income taxes.

Table 18. Annual property tax revenue estimates, per \$1 billion in bond funding.

	Inputs	Revenue
Property value	\$5,882,352,941	
Property tax rate	1.1%	
Annual property tax revenue		\$64,705,882
Personal income	\$4,440,000,000	
Share earned in California	80%	
In-state personal income	\$3,552,000,000	
Average tax rate	3.5%	
One-time state income tax revenue		\$124,320,000

Note: Assumes homes purchased using bond loans would not be built if not for the bond program.

Applying a 1.1% rate to the \$5.88 billion in total output — a proxy for the aggregate purchase price of all homes funded by the bond program — yields \$64.7 million in annual property tax revenue. These funds are split between school districts and local city and county governments.

Of the \$4.44 billion in personal income generated from homebuilding activity, 80% is assumed to be earned in California, a reasonable assumption considering the state's large size and relatively small population bordering other states. At a 3.5% average tax rate, this amount of in-state income produces \$124.3 million in one-time income tax revenues.

Sensitivity Analysis

The preceding analysis incorporates numerous assumptions about future events which, however reasonable, may not come to pass. Some favor the bond program, such as the assumption that homes supported by the program would not be built otherwise. Others are likely to downplay its potential impact, such as the assumption that future production will mirror past trends, in which higher-cost detached houses have grown as a share of new for-sale construction and more affordable condos have declined as a share of the market. This section tests the sensitivity of the results to different, more and less conservative assumptions.

Increase in condo construction (lower prices for smaller households)

First I test the potential impact of an increase in condo construction, which I model as a reduction in home prices for smaller households. A UC Berkeley Turner Center analysis of construction defect liability and condo construction trends in California found that the median condo is 30-50% less expensive than a detached house in the same market.⁶ I confirm these findings using 2024 ACS 1-year data, finding that condos values are 28-46% lower when ignoring building age, and 20-40% lower when restricting the sample to buildings built 1990 or later. An analysis of homes built on small parcels similarly found a 40% price reduction relative to homes on traditional larger lots.⁷

In line with these findings, I lower the price of new homes in the model by 40% for one-person households, 30% for two-person households, and 20% for three-person households. I evaluate this change only for the most conservative lower-bound estimate, and I test it statewide and only in the five metro areas with at least 100 respondents to the 2024 ACS who are owner-occupiers in a building with five or more units (Los Angeles, San Francisco, San Jose, San Diego, and Riverside). The results are shown in Table 19.

⁶ Alameldin, M., & Karlinsky, S. (2024). Construction Defect Liability in California: How Reform Could Increase Affordable Homeownership Opportunities. UC Berkeley Turner Center for Housing Innovation.

⁷ Wegmann, J., Baqai, A. N., & Conrad, J. (2023). Here come the tall skinny houses. *Cityscape*, 25(2), 171-202.

Table 19. Change in eligible renter households relative to lower-bound estimate after lowering home prices for 1-3 person households in all metro areas (Statewide) and only in the five metro areas with large numbers of existing condo buildings.

Location of Price Reduction	Renters Above Min. Income	Change	Renters Above Min. and Below Max. Income	Change
Statewide	833,894	+89%	333,701	+135%
Five Metros Only	734,871	+66%	262,241	+85%
Riverside	85,402	+73%	51,581	+97%
Los Angeles	184,922	+123%	0	NA
San Francisco	165,773	+76%	61,678	+205%
San Jose	54,023	+88%	16,123	+384%
San Diego	124,842	+87%	71,225	+135%

Source: ACS 2024 1-year Public Use Microdata Sample.

Lowering home prices for 1-3 person households in all metro areas more than doubles the number of eligible renter households relative to the lower-bound estimate in the previous section. Limiting the price reduction to five metro areas increases eligible renters by 85%, with the largest absolute increase in San Francisco and the largest relative increase in San Jose. The change does not increase eligibility in Los Angeles, mainly due to the area's low household-size-adjusted median incomes and high baseline median new construction home price/value.

Shift in geographic distribution of new home construction

Next, I consider the impact of an increase in new home construction in the state's most urbanized, transit-oriented metro areas — Los Angeles, San Francisco, San Jose, and San Diego — where future growth is prioritized under the state's Regional Housing Needs Assessment program and recent state laws such as Senate Bill 79.

To do this, I increase the number of home sales in the four metro areas from 2018 to 2025 by 30%, then I recalculate the share across all metro areas and determine the updated adjusted shares, bond allocations, and homes supported, as in Table 6 and Table 8. In a separate column, I also consider the impact of a 25% home price reduction in these four metros. This is intended to reflect an increase in condo construction, which is a plausible cause of increased for-sale housing production in the coastal metros. The results are shown in Table 20.

Table 20. Change in homes supported assuming a 30% increase in for-sale housing production in the Los Angeles, San Francisco, San Jose, and San Diego metro areas, and assuming a 25% decrease in median prices for new homes in these markets.

Metro	Homes Supported (Original)	Homes Supported (Coastal Shift)	Homes Supported (Coastal + Lower Prices)
Riverside	1,920	1,696	1,941
Sacramento	1,256	1,110	1,270
Los Angeles	1,045	1,201	1,374
San Francisco	583	669	766
Fresno	473	418	478
Stockton	430	380	435
Bakersfield	340	301	344
San Jose	272	313	358
San Diego	255	293	335
Visalia	194	171	196
Merced	176	155	178
Vallejo	164	145	166
Santa Rosa	118	104	119
Modesto	99	88	100
Oxnard	78	69	78
Chico	73	64	73
San Luis Obispo	65	58	66
Hanford	33	29	34
Redding	8	7	8
Napa	1	1	1
Truckee	0	0	0
Total	7,583	7,271	8,321

As expected, the coastal shift leads to a slight reduction in the total number of homes supported by the bond program, a result of higher prices in these metro areas. The change is quite small, however, representing a loss of roughly 300 units, or about 4%. Lowering prices by 25% in the coastal metros increases the number of homes by about 740 relative to the original scenario and 1,050 relative to the coastal shift without the price reduction.

It is important to note that these changes do not affect the estimates of overall economic impact. Total output and personal income are functions of total spending, which this analysis treats as invariant with the location of spending. In reality, a shift in production and price could affect economic impact in various ways. For example, increased production of lower-cost condos could increase participation in the bond program, thereby increasing the total spending and economic output in a given year. By lowering barriers to condo construction only for projects

using the qualified builder option, it could also increase the share of new homes supported by the bond program that wouldn't have been built otherwise.

Reduction in new home construction attributable to bond program

For the third sensitivity analysis, I consider how the bond program's economic impact would change if some of the homes purchased with bond-supported loans would have been built even if the program did not exist. For these estimates, I simply apply a fractional multiplier to the results from Table 17 and Table 18. I use this basic approach because it is not possible to forecast the share of homes supported by program bonds that would have been built without it (it may not even be possible to know the answer with certainty after the fact).

In fact, while the most likely outcome may be that fewer than 100% of bond-supported homes can be attributable to the program, it is also possible that the program spurs construction of more than 100% of supported homes. For example, the program might give a homebuilder the confidence to embark on a development project they would not have pursued otherwise, only to find that most of the homes sell to buyers with traditional mortgages and down payments. In this scenario, the program could claim some responsibility for the new units even if only a small fraction of buyers participate in it.

The results are shown in Table 21, including estimates in which the bond program spurs construction of as little as 25% and as much as 150% of the number of homes purchased using bond proceeds. I use the number of bond-supported homes in Table 8, 7,583 homes, as the baseline (100%) for the economic impact estimates.

Table 21. Economic impact estimates by the number of new for-sale homes built because of the program, per \$1 billion (millions of dollars).

Homes Generated as a Share of Supported Homes	Total Output	Personal Income	Property Tax (Annual)	State Income Tax (One-Time)
25%	3,136	1,110	16.18	31.08
50%	6,272	2,220	32.35	62.16
100%	12,545	4,440	64.71	124.32
150%	18,818	6,660	97.06	186.48

Even using the very conservative 25% estimate, the program is anticipated to generate tens of millions of dollars in local property taxes and state income taxes per billion dollars of bond loans issued.

Increased interest rate on bond loans

Finally, I evaluate how eligibility changes if the down payment loan cannot be offered at a concessionary 3% interest rate, and instead has a 6% rate. While this would likely lower interest in the program, a down payment loan with an interest rate equal to the conventional loan would

still be desirable compared to an FHA loan, which provides a similar loan-to-value but requires the borrower to pay mortgage insurance, significantly increasing their monthly costs.

Results are shown in Table 22 for the midrange and lower-bound renter eligibility estimates and the lower-bound homeowner eligibility estimate.

Table 22. Change in income-eligible households with bond loan interest rate increased to 6%, selected scenarios.

Metro	Midrange Renter		Lower Bound Renter		Lower Bound Owner	
	Number	Change	Number	Change	Number	Change
Riverside	55,164	-9,493	20,373	-5,818	95,744	-18,628
Sacramento	32,868	-3,356	14,992	-1,755	79,549	-9,674
Los Angeles	8,191	-3,738	0	0	0	0
San Francisco	55,091	-7,763	14,506	-5,696	62,862	-13,987
Fresno	22,201	-2,357	7,150	-1,676	27,283	-4,789
Stockton	4,857	-1,211	992	-530	5,781	-1,846
Bakersfield	14,359	-1,701	6,366	-871	21,374	-5,045
San Jose	13,843	-3,442	2,308	-1,025	7,418	-4,214
San Diego	62,993	-7,299	26,315	-4,058	63,690	-11,433
Visalia	6,765	-329	1,127	-1,222	4,706	-823
Merced	2,276	-802	502	-400	1,348	-1,084
Vallejo	7,666	-815	2,579	-521	11,108	-1,237
Santa Rosa	6,109	-1,816	1,787	-116	12,353	-2,291
Modesto	7,507	-1,441	2,976	-277	10,270	-4,155
Oxnard	13,465	-1,833	6,441	-883	26,855	-3,860
Chico	4,243	-664	1,373	-273	5,549	-795
San Luis Obispo	2,880	-632	1,011	0	4,682	-2,042
Hanford	3,777	-122	1,426	-616	3,889	-112
Redding	4,095	-1,148	1,983	-135	10,448	-1,128
Napa	1,691	-359	164	-353	2,176	-605
Truckee	2,175	0	1,027	-110	8,319	-737
Total	332,216	-50,321	115,398	-26,335	465,404	-88,485
Percent Change		-13%		-19%		-16%

The impact is relatively small for the three estimates, ranging between a 13% and 19% reduction in eligible households. This suggests that while the concessionary interest rate increases eligibility and would likely increase demand from prospective homebuyers, it may not be required for the program to succeed.