



DAVID TANGIPA

CA STATE ASSEMBLYMEMBER | 8TH DISTRICT



AB 1714 – Guaranteed Repair Reimbursement

Summary:

AB1714 creates a personal income tax credit to offset required repair costs home sellers face when selling a home to a buyer using a California Housing Finance Agency (CAHFA) assistance program. Beginning January 1, 2028, and ending January 1, 2033, eligible taxpayers can claim a credit equal to 100 percent of qualified repair expenses, up to \$25,000 per taxable year. The credit applies only to repairs that are mandatory as a condition of financing and closing and excludes cosmetic or discretionary improvements.

Existing Law:

California law provides various personal income tax credits but does not offer a targeted credit to offset repair costs required to close a home sale involving a first-time homebuyer assistance program. Existing first-time homebuyer programs by the California Housing Finance Agency require properties to meet specific health and safety standards as a condition of financing, but sellers currently receive

no financial relief for complying with those requirements

Problem:

First-time homebuyers frequently rely on state-administered assistance programs to access homeownership, yet many transactions fail due to required health and safety repairs identified during lender appraisals or inspections. These mandatory repairs, common in older homes, must be completed before a sale can close, even when both the buyer and seller are otherwise ready to proceed. Sellers are often unable or unwilling to absorb these costs, particularly when selling to first-time buyers who lack the flexibility to waive repair conditions. As a result, escrows fall through, housing inventory remains constrained, and first-time buyers face additional barriers to entering the market. This dynamic undermines the effectiveness of existing first-time homebuyer assistance programs, like CalHFA, and disproportionately affects moderate-income buyers and communities with aging housing stock.



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Solution:

By creating a narrowly tailored, tax credit for sellers who incur required repair expenses AB 1714 will assist in the process and ensure individuals utilizing the CalHFA programs are not given marked up costs, and sellers can feel confident in their decision to work with individuals utilizing these loans.

By offsetting unavoidable repair costs, the bill helps reduce failed transactions,

strengthens the effectiveness of existing first-time homebuyer programs, and expands access to homeownership without creating an open-ended or overly broad program and assisting with affordability.

Contact:

Belle Castro – Legislative Director
Office of Asm. Tangipa

Belle.Castro@asm.ca.gov

916-319-2008