

2026 Regular Session

SENATE BILL NO. 506

BY SENATOR BARTHELEMY

HOUSING. Creates the Dream Starter Act. (gov sig)

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AN ACT

To enact Part 1 of Chapter 3-G of Title 40 of the Louisiana Revised Statutes of 1950, to be comprised of R.S. 40:600.121-600.126, relative to the Dream Starter Act; to provide relative to homeownership; to provide for the creation of a fund for first-generation homebuyers; to provide for administration; to provide for loan forgiveness and for eligibility requirements; to provide for annual reporting; to provide relative to legislative findings and purposes; to provide relative to the creation of a fund for first-generation homebuyers; to provide for definitions; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. Part 1 of Chapter 3-G of Title 40 of the Louisiana Revised Statutes of 1950, comprised of R.S. 40:600.121 through 600.126, is hereby enacted to read as follows:

CHAPTER 15-C. THE DREAM STARTER ACT

§600.121. Short Title; purpose

A. This part shall be known and may be cited as the "Dream Starter Act."

B. The purpose of this Part is to create a targeted and accountable

1 program to expand access to first-generation homeownership.

2 §600.122. Legislative findings

3 A. The legislature finds as follows:

4 (1) Homeownership is a workforce issue and a family wealth issue.

5 (2) Expanding sustainable homeownership strengthens workforce
6 stability, local tax bases, and long-term household wealth.

7 (3) Residents without generational wealth or prior exposure to
8 homeownership face barriers not captured fully by income screening alone.

9 §600.123. Definitions

10 For purposes of this Chapter, the following definitions shall apply:

11 (1) "First-time homebuyer" means an individual who has not held an
12 ownership interest in residential real property within the previous three years.

13 (2) "First-generation homebuyer" means a first-time homebuyer who has
14 not previously held sole ownership of residential real property and who meets
15 one or more additional criteria established by this Chapter or by rule consistent
16 with this Chapter.

17 (3) "Principal residence" means an owner-occupied residential dwelling,
18 including a single-family residence and other eligible owner-occupied residential
19 structures recognized by rule.

20 §600.124. Fund and administration

21 There is hereby established in the state treasury the First-Generation
22 Home Buyer Assistance Fund, administered by the Louisiana Housing
23 Corporation. Monies in the fund may consist of legislative appropriations,
24 federal funds, grants, gifts, donations, repayments, interest earnings, and other
25 lawful sources. The corporation may coordinate this program with existing state
26 and local homeownership programs and may partner with private lenders,
27 nonprofit organizations, and housing counselors.

28 §600.125. Assistance and eligibility

29 The program shall provide forgivable loans to eligible applicants for

1 **down payment assistance, closing costs, mortgage insurance, interest-rate buy-**
 2 **downs, and other allowable costs established by rule. Applicants shall complete**
 3 **approved home buyer education and financial counseling and shall occupy the**
 4 **property as a principal residence for the period and other applicants identified**
 5 **in this Chapter.**

6 **§600.126. Accountability and Integrity**

7 **The corporation shall submit an annual report to the legislature on**
 8 **participation, geographic distribution, loan performance, and program**
 9 **outcomes. The corporation shall implement safeguards including income**
 10 **verification, occupancy verification, and recapture provisions for**
 11 **noncompliance.**

12 Section 2. This Act shall become effective upon signature by the governor or, if not
 13 signed by the governor, upon expiration of the time for bills to become law without signature
 14 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 15 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 16 effective on the day following such approval.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Senate Legislative Services. The keyword, summary, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

DIGEST

SB 506 Original 2026 Regular Session Barthelemy

Proposed law provides the following legislative findings:

- (1) Homeownership is a workforce issue and a family wealth issue.
- (2) Expanding sustainable homeownership strengthens workforce stability, local tax bases, and long-term household wealth.
- (3) Residents without generational wealth or prior exposure to homeownership face barriers not captured fully by income screening alone.

Proposed law provides that the purpose of proposed law is to create a targeted and accountable program to expand access to first-generation homeownership.

Proposed law provides for purposes of proposed law the following definitions shall apply:

- (1) "First-time homebuyer" means an individual who has not held an ownership interest in residential real property within the previous three years.

- (2) "First-generation homebuyer" means a first-time home buyer who has not previously held sole ownership of residential real property and who meets one or more additional criteria established by proposed law or by rule consistent with proposed law.
- (3) "Principal residence" means an owner-occupied residential dwelling, including a single-family residence and other eligible owner-occupied residential structures recognized by rule.

Proposed law provides for the establishment in the state treasury the First-Generation Home Buyer Assistance Fund, administered by the Louisiana Housing Corporation. Provides that monies in the fund may consist of legislative appropriations, federal funds, grants, gifts, donations, repayments, interest earnings, and other lawful sources. Further provides that the corporation may coordinate this program with existing state and local homeownership programs and may partner with private lenders, nonprofit organizations, and housing counselors.

Proposed law provides that the program shall provide forgivable loans to eligible applicants for down payment assistance, closing costs, mortgage insurance, interest-rate buy-downs, and other allowable costs established by rule. Provides that applicants shall complete approved homebuyer education and financial counseling and shall occupy the property as a principal residence for the period and other applicants identified in proposed law.

Proposed law provides that the corporation shall submit an annual report to the legislature on participation, geographic distribution, loan performance, and program outcomes. Further provides that the corporation shall implement safeguards including income verification, occupancy verification, and recapture provisions for noncompliance.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 40:600.121 through 600.126)