

MOTION BY SUPERVISORS HILDA L. SOLIS

April 20, 2021

AND HOLLY MITCHELL

Support of State Budget Proposal to Fund the Foreclosure Intervention Housing Preservation Program implementing SB1079

On January 1st, 2021 Senate Bill (SB)1079 (Chapter 202, Statutes of 2020) went into effect. This bill was otherwise known as the “Housing For Homeowners, Not Corporations Act” sought to preference home ownership for the people of California over corporate investors by modifying the State’s foreclosure auction process to reduce the advantage big corporations purchasing many homes in bulk at a single auction. Specifically, the bill prohibits foreclosure trustees from bundling properties for sale at a foreclosure auction and instead requires that each property be bid on separately. Additionally, the bill provides tenants, prospective owner-occupants, nonprofit affordable housing providers (including community land trusts), and public entities 45-days to purchase residential properties of 1-4 units if they can match or exceed the highest bid at a foreclosure auction. These provisions sunset on January 1, 2026.

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The intent of this bill is laudable, but its application is uncertain since individuals and organizations that want to purchase a foreclosed property at auction must have the financial resources to do so and within a short period of time. A coalition of approximately 30 community-based advocates, led by the California Community Land Trust Network, have proposed a State Budget Proposal (Budget Proposal) to fund implementation of SB 1079 by providing \$770.0 million over five years for the “Foreclosure Intervention Housing Preservation Program.” The proposal is seeking \$103.5 million in Fiscal Year 2021-22.

Despite the State’s current foreclosure and eviction moratorium, there are approximately 6,000 properties in some stage of foreclosure in the State, and over 1,000 of them are in Los Angeles alone. Once the moratorium is lifted, we expect to see a sharp increase in these already alarming numbers. This Budget Proposal would help avert a repeat of the devastating 2008 foreclosure crisis by providing multiple years of financing, routed through regional Community Development Financing Institutions, so that eligible would-be homeowners would be able to meet SB 1079’s 45-day timeline

The Governor’s May Revision will be released soon, and the Legislature’s budget subcommittees are working on their final proposals and recommendations for the Fiscal Year 2021-22 State Budget. The Budget Proposal put forth by the California Community Land Trust Network to fund the Foreclosure Intervention Housing Preservation Program should be one of the proposals under consideration as part of those discussions.

WE, THEREFORE, MOVE that the Board of Supervisors support the California Community Land Trust Network’s \$770.0 million Budget Proposal, or similar proposals, to fund implementation of the Foreclosure Intervention Housing Preservation Program.

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