----- TEMPLATE SUPPORT LETTER ----- ON ORGANIZATIONAL LETTERHEAD -----

Honorable Chair Portantino

Senate Appropriations Committee

1021 O Street, Suite 7630

Sacramento, CA 95814

MONTH, DAY, 2022

**RE: Support for AB 1837, the “Homes in Community Hands Act”**

Honorable Chair Portantino,

The purpose of this letter is to express our support for AB 1837 (Bonta), otherwise known as the “Homes in Community Hands Act.”

*---------- INSERT A PARAGRAPH ABOUT YOUR ORGANIZATION, WHO YOU REPRESENT, WHERE YOU ARE LOCATED, AND WHAT YOU DO ----------*

Assembly Bill 1837, will resolve the implementation gaps in California’s existing foreclosure intervention law and ensures homes are prioritized for homeowners and nonprofits, not corporations.

In 2020, in response to a growing number of California homes being acquired by corporate investors, the legislature enacted Senate Bill (SB) 1079, commonly referred to as the “Housing for Homeowners, not Corporations Act.” The intent was to ensure that investor corporations were not allowed to capitalize on a foreclosure crisis by creating a fairer process under which non-profits or prospective homeowners could outbid corporations.

However, in 2021, housing advocates became aware that for-profit actors were finding ways to defy the foreclosure intervention law and even manipulate it in their favor. For example, in at least one Northern California case, all present bidders at an auction were urged to sign a “waiver” form, attesting they were a prospective owner occupant and would use the property as their primary residence, even when certain bidders had no intention of doing so.

Additionally, dubious nonprofits are taking advantage of SB 1079’s vague language to buy up homes without a clear intention of operating the housing as housing for low-income families. For-profit out of state corporations are partnering with non-profit organizations to win foreclosure auctions and flip the property for a profit. This practice, which sidelines residents and mission driven nonprofits, is permitted because of the loopholes in the current law.

AB 1837 (Bonta) would strengthen existing law and deter those who would misuse it. The bill would revise the definition of an eligible nonprofit buyer and expand affidavit and declaration requirements for eligible bidders. AB 1837 (Bonta) would also authorize the Attorney General, a county counsel, a city attorney, or district attorney, to bring an action to enforce these provisions, would restrict evictions in homes acquired through the existing foreclosure intervention law, and would require that, in specific cases, units be maintained as affordable to lower income households.

**Recently, opposition speakers with dubious claims to represent grassroots constituencies have arrived at committee meetings unannounced, asking for amendments that would leave the loopholes in SB1079 open to misuse.**

* Specifically, they want to remove the requirement that nonprofit buyers utilizing SB1079 have to ensure that units remain affordable to lower income households for at least 30 years. This provision is a key safeguarding against the profit-seeking flipping activity that some nonprofits are engaging in using SB1079. **At a time of dire affordability crisis, asking that nonprofits benefiting from SB1079 keep these homes affordable is a no brainer.**
* They ask to remove AB1837’s prohibition on for-profit entities benefitting from SB1079. AB1837 curtails SB1079 benefits to limited liability companies and for-profit partnerships specifically because those vehicles have been abused by bad actors. To be clear, for profits are still eligible to buy homes at foreclosure sales, they just don’t get priority position in AB1837. **Undoing this aspect of AB1837 leaves the law open to abuse.**

AB 1837 is a fiscally responsible way for our state to ensure proper implementation of the state’s existing foreclosure intervention law and help keep homeownership and housing within the reach of families. For these reasons and many others, we are strongly in support of AB 1837 and call on the committee to reject amendment requests coming from parties funded by or otherwise in partnership with the types of speculative real estate investors that the bill is designed to regulate. Please contact us at <PHONE NUMBER & EMAIL> if you have questions about our position.

<SIGNATURE>

<NAME> <TITLE>

<ORGANIZATION NAME>