



For Immediate Release

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California Community Land Trust Network Statement on the '24-'25 Governor's Proposed Budget and Implications for the Foreclosure Intervention Housing Preservation Program (FIHPP)

The California Community Land Trust Network (CACLTN) and its 52 member organizations regretted learning of the Governor's proposal to cut \$248 million of \$485 million budget (51%) from the Foreclosure Intervention Housing Preservation Program (FIHPP) in the '24-'25 Budget Proposal.

Navigating the California's Budget Situation

There is no denying that the state is facing a tough budget outlook and that the Governor and legislature have tough decisions ahead. We acknowledge that the appropriation of FIHPP funds may need to be altered to create savings and we will be willing partners to the Governor's office and Legislature in finding ways to make that happen.

However, ***we implore the Governor to reconsider cutting half of FIHPP's funding which will undermine the Program at this critical juncture. The need for the program is too great and both HCD and other key stakeholders have sunk too many resources into this pioneering housing strategy to hobble it now.***

We look forward to collaborating with the Governor's office and Legislature to preserve FIHPP. We are confident that there are solutions that will produce budgetary savings while maintaining the viability of the Program.

The Program

After two and a half years of development at HCD, the program will finally be ready to serve precariously-housed Californians this summer. FIHPP is designed to prevent the displacement of

at-risk residents through grants to eligible recipients (including, Community Land Trusts, nonprofit affordable housing organizations, and tenants) to acquire and rehabilitate 1-25 unit properties at risk of foreclosure or in the foreclosure process. When building owners become financially distressed and fall behind on their mortgage or tax payments, their tenants become vulnerable to neglect, deteriorating living conditions, and escalated rents and/or displacement at the hands of a new owner. FIHPP was added to California's Health and Safety Code via the Budget Act of 2021 which appropriated \$500 million for the program in order to stabilize these renters, preventing homelessness before it starts, and creating new long-term affordable¹ housing.

The Need for FIHPP is Ongoing

In 2023, 31,136 Notices of Default² were filed on FIHPP-eligible buildings in California. That represents a substantial increase since the early COVID years, spurred by the lapse of foreclosure moratoria and rental assistance programs. Furthermore, nearly 230,000 1-25 unit residential properties in the state were delinquent on property tax payments as of Jan. 1, 2024. While many will figure out how to pay off their tax debts before losing their buildings, this immense number represents tens of thousands of tenants who are facing the instability that accompanies the financial distress of residential properties.

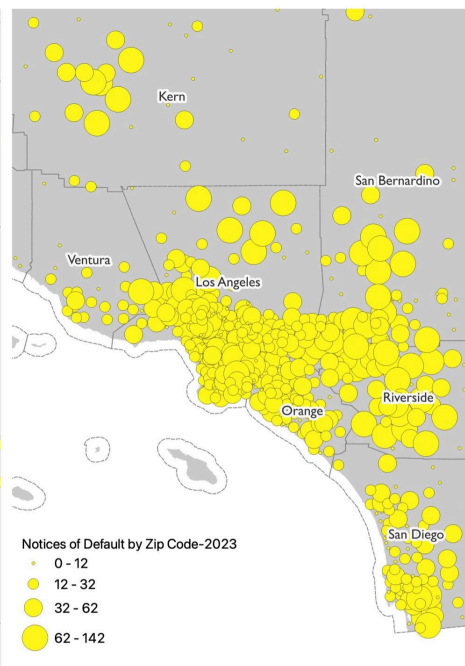
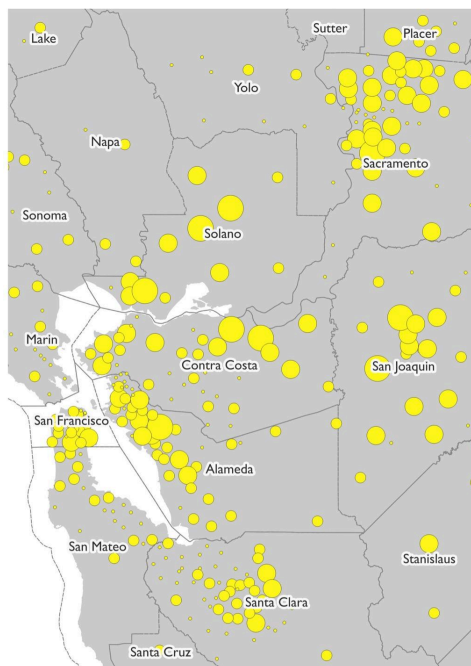
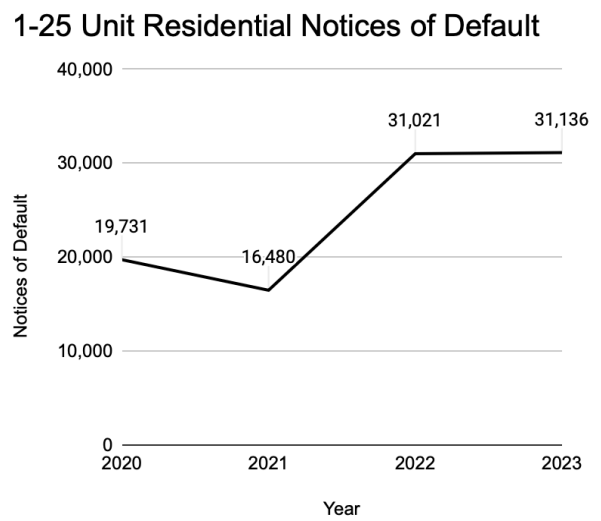
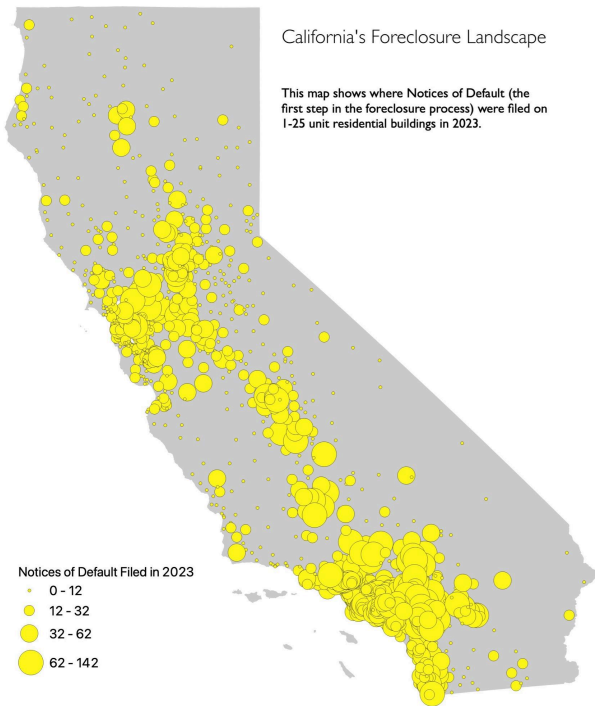
¹ FIHPP-acquired properties must be maintained as affordable for a minimum of 55 years (though CLTs aim to keep them affordable in perpetuity). FIHPP funds are structured to allow for the conversion of rental buildings into limited equity cooperatives or other forms of resale restricted ownership housing, a feature that is relatively unique among government funding sources.

² A Notice of Default is the beginning of the foreclosure process when a property owner is notified that they are in default on a mortgage or property tax payment. Data retrieved from Property Radar.

Rise in Foreclosures Puts Renters at Risk

California Properties that received a foreclosure notice in 2023:

- **34,766 units** of housing
- Home to an estimated **100,500 people**
- Including **9,001 rental units** home to an estimated **26k people**



Another indicator to watch is the increase in eviction filings: Pandemic-era tenant safeguards have expired and eviction filings are now back to pre-pandemic levels.³ In some areas, including Los Angeles and Santa Clara counties, filings are significantly higher than before the pandemic. This is especially concerning given the association between eviction filings and homelessness.⁴

Preparing for FIHPP Has Been a Massive, Multisectoral Effort

Understanding the significance of the program and its intended impact, an array of stakeholders have dedicated resources to prepare for FIHPP implementation. The team at HCD has led the way, working for two and a half years to stand up the program. Philanthropy and nonprofits have also been active throughout, providing feedback and preparing future FIHPP recipients through trainings, business planning, and technical assistance.

Milestone	Date Completed or Anticipated
Included in Budget Act of 2021	July 2021
Draft Guidelines published	May 2022
Trailer bills amend div of labor between HCD & fund managers	Summer 2022
Final Guidelines adopted	January 2023
Fund Manager Selected	July 2023
Technical Assistance Providers Selected	December 2023
HCD and Fund Manager Execute Contract	Estimated. January 2024
Eligible Sponsor Applications open	Estimated. Early summer 2024
Funding Applications open	Estimated. Late summer 2024

About the California Community Land Trust Network

The California Community Land Trust Network represents 42 nonprofit community land trust (CLT) member organizations who develop and steward permanently affordable, community-owned housing. Our member organizations span California from Humboldt County to San Diego. 80% of CLT residents are Black, Indigenous, and People of Color and 60% of CLT households have annual incomes below \$40k.

³ Kuang, Jeanne, “Across California, eviction cases have returned to — or surpassed — pre-pandemic levels”, CalMatters, Nov. 20, 2023.

⁴ Ibid.

CLTs are an essential strategy for addressing California’s affordability crisis – they take land and housing from the speculative market and place them into permanent affordability through community ownership. CLTs own the land in perpetuity, with permanent rent- and resale-restricted housing for community residents, allowing the community to ensure that the housing remains affordable for low-income families long past the term of tax credit investments and other affordable housing mechanisms. Residents and community members participate in the governance structures of CLTs, giving low-income residents a level of ownership and control otherwise unattainable in today’s housing market, except for the very wealthy.

CACLTN Members:

Avanzando San Ysidro CLT	Mammoth Lakes Housing Inc.
Bay Area CLT	Mt. Tam CLT
Beverly-Vermont CLT	Native Roots Network
Bolinas CLT	Neighborhood Housing Services of the Inland Empire
Care CLT	Northern California Land Trust
Central CA Land Trust	Oakland CLT
Cohousing California	Occupancy Mission CLT
CommonSpace CLT	Pahali CLT
Community Land Trust Association of West Marin	Richmond Land
CTY Housing Inc.	Sacramento CLT
Dishgamu CLT – Wiyot Tribe	Saint Joseph CLT
Eden CLT	San Francisco CLT
El Sereno CLT	San Gabriel Valley CLT
Fideicomiso Comunitario Tierra Libre	San Geronimo Valley Affordable Housing Association
Fondo De Solidaridad De Mountain View	Santa Monica Commons - EcoVillage
Habitat for Humanity of Tulare/ Kings County	Sogorea Te’ Land Trust
Hope Housing of Marin	South Bay CLT
Housing For All Long Beach CLT - Long Beach	StopWaste
Residents Empowered	Supportive Housing Community Land Alliance
Housing Humboldt	Tierras Indigenas CLT
Housing Land Trust of the North Bay	THRIVE Santa Ana, Inc.
Housing Land Trust Ventura County	T.R.U.S.T. South LA
Inland Empire Resource Center	Tongva Taraxat Paxaavxa Conservancy
Inland Equity CLT	uxo architects
Irvine CLT	Vital Arts
JEPWA CLT	
LA Chinatown CLT	
Liberty CLT	