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GOVERNOR’S MAY REVISE BUDGET GUTS PRESERVATION FUNDING MEANT TO KEEP FAMILIES IN PLACE

“We’re calling on the legislature to restore funding for the Foreclosure Intervention Housing Preservation Program (FIHPP) to the level proposed in the Governor’s January budget. While this would still amount to a massive cut to the program, it would be sufficient to fund the pipeline of projects waiting on these funds and secure stable and affordable housing for thousands of families at risk of displacement from their homes.”

- Leo Goldberg, Co-Director, California Community Land Trust Network

In the wake of the Governor’s May Revise to the California State Budget, both sides of the California Legislature should maintain funding for the Foreclosure Intervention Housing Preservation Program (FIHPP) and greenlight initiation of the program. FIHPP is designed to prevent the displacement of at-risk California residents through grants to eligible nonprofit affordable housing organizations to acquire and rehabilitate 1-25 unit residential properties at risk of foreclosure or in the foreclosure process.

FIHPP was added to California’s Health and Safety Code in July 2021 via the Budget Act of 2021 which appropriated $500 million through June 30, 2027 for the program. After a lengthy process of guidelines development and contracting with nonprofit fund managers, the California Department of Housing and Community Development (HCD) is ready to make program funds available. There has never been a greater need for these funds.

We are facing the double crisis of homelessness and the displacement of low-income, predominantly Black and Brown households. FIHPP intervenes in the cycle of displacement and homelessness by stabilizing at-risk households where they live rather than trying to address their needs with more costly measures (e.g. new construction of subsidized housing or supportive services) after they are already forced out of their homes.

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

Foreclosure rates exceed pre-pandemic levels. In 2023 alone, 31,136 properties in CA received a foreclosure notice. Those buildings are home to approximately 100,500 Californians including thousands of renters whose housing is at risk.

An ecosystem of community-based housing providers, including Community Land Trusts, have spent years building their capacity and identifying properties for FIHPP acquisitions. They are ready to act and opportunities
are being squandered. There is no denying that the state is facing a tough budget year and that the Legislature has tough decisions to make.

The Governor’s January budget proposal outlined a $248 million cut to FIHPP, erasing appropriations to the program after the current fiscal year. We acknowledge that cuts will occur across the board in this fiscal context. We implore the Legislature to stand up to the Governor’s May Revise and keep FIHPP funded at a level that will allow it to make an impact on the state’s displacement and homelessness crisis. That would mean at minimum maintaining the governor’s proposed $237.5M for the program.

We urgently call on the Legislature to reverse what the Governor suggested in the May Revise and provide FIHPP the resources that have been promised for three years and to avoid any further delays in implementing this innovative program.

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The California Community Land Trust Network is a non-profit organization of 40 Community Land Trusts (CLTs) across the state of California, collectively representing over $220,000,000 of permanently affordable homes and community facilities serving low- and moderate-income Californians. CLTs keep properties permanently affordable while providing stability and affordability to residents and create pathways to homeownership.