

July 26, 2022

The Honorable Mia Bonta
California State Assembly
1021 O Street, Suite 5620
Sacramento, CA 94249

Re: Assembly Bill (AB) 1837 - Support

Dear Assemblymember Bonta,

MidPen Housing is proud to support your bill, AB 1837, otherwise known as the “Homes in Community Hands Act.” We support Assembly Bill 1837 because it will resolve the implementation gaps in California’s existing foreclosure intervention law and ensure homes are prioritized for homeowners and non-profits, not corporations.

MidPen Housing is one of the nation’s leading non-profit developers, owners, and managers of high-quality, affordable housing and onsite resident services. Since MidPen was founded in 1970, we have developed over 100 communities and 8,000 homes for low-income families, seniors and those with supportive housing needs throughout Northern California.

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, some non-profits are taking advantage of SB 1079’s vague language to buy 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 non-profits, 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 non-profit 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.



Building Communities. Changing Lives.

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 reach of families.

Thank you for your leadership on this vital issue.

Sincerely,

A handwritten signature in blue ink, appearing to read "Matthew O. Franklin".

Matthew O. Franklin
President & CEO, MidPen Housing Corporation

cc: Nevada V. Merriman, Director of Policy, MidPen Housing