August 31, 2020

The Honorable Gavin Newsom
State Governor
RE: SB 1079 (Skinner) Homes for Homeowners Not Corporations – SUPPORT

Dear Governor Newsom:

The undersigned California community organizations support SB 1079, which aims to prevent the corporate buyout of single-family homes in foreclosure and prevent corporations from leaving homes vacant and blighted by giving local governments additional enforcement tools. We are relying on your leadership to pass this necessary legislation during this pandemic.

This dynamic was documented by the California Reinvestment Coalition in 2015. In “REO to Rental in California: Wall Street Investments, Big Bank Financing, and Neighborhood Displacement,” a survey of 80 community based nonprofit organizations which found Wall Street’s profit scheme of buying and renting foreclosed homes (REO to Rental) was hurting neighborhoods throughout California.

CRC members were on the front lines of the foreclosure crisis, and saw vast wealth transferred from Black Indigenous and People of Color (BIPOC) communities into the hands of Wall Street, private equity and Real Estate Investment Trust (REIT) firms. This property and wealth transfer deprived first time homebuyers the opportunity to build equity, subjected tenants to problematic landlords, and changed neighborhoods. This bill will help to ensure these mistakes are not repeated.

During the wave of foreclosures in the last recession, large corporate owners purchased hundreds of thousands of single-family homes in California, causing owner-occupied homeownership to drop and leaving many homes vacant and unmaintained. This mass corporate buyout also created a new corporate home-rental class with leases that contained onerous fees and many new and largely unfair provisions. Such practices reduced the number of available affordable homes and intensified California’s affordability crisis. One Wall Street firm, Blackstone, purchased 13,000 homes in California during the recession and was at one point the largest single-family property owner in the nation.

This bill aims to prevent this same scenario from happening again. SB 1079 provides a window for local governments, public agencies, nonprofit organizations, and prospective owner-occupants to purchase homes in foreclosure. It also prohibits the bundling of properties for sale at foreclosure and allows local governments to increase fines on vacant and unmaintained foreclosed properties.

California has employed this model before and currently gives local governments and nonprofits the right of first refusal to buy state-owned vacant property. Additionally, the federal ‘First Look’ program allows families and individuals who plan to live in a residence a first right to put an offer on a home that has been subject to a federal foreclosure, leapfrogging corporations and investors. SB 1079 limits corporate control of California’s neighborhoods.

For these reasons, we support SB 1079 and we are relying on your leadership to pass this necessary legislation. If you have any questions about this letter or wish to discuss further, please feel free to contact Kevin Stein or Jyotswaroop Bawa of the California Reinvestment Coalition at kstein@calreinvest.org or jbawa@calreinvest.org.

Sincerely,
1. California Reinvestment Coalition
2. Alliance for Community Transit, Los Angeles (ACT LA)
3. Asian, Inc.
4. Bay Area Organization of Black Owned Businesses (BAYOBOB)
5. Bend the Arc Southern California
6. Beverly Vermont Community Land Trust
7. Black Arts Movement Business District Community Development Corporation (BAMBD CDC)
8. CAARMA (Consumer Advocates Against Reverse Mortgage Abuse)
9. Cabrillo Economic Development Corporation
10. California Coalition for Rural Housing
11. California Community Economic Development Association (CCEDA)
12. California Community Land Trust Network
13. California Housing Partnership Corporation
14. California Low Income Consumer Coalition (CLICC)
15. City of San Jose
16. Community HousingWorks
17. Community Housing Council of Fresno
18. Community Housing Development Corporation of North Richmond
19. Community and Housing Initiatives Corporation
20. Cooperative Center Federal Credit Union
21. East Bay Housing Organizations (EBHO)
22. East Bay Permanent Real Estate Cooperative
23. East Los Angeles Community Corporation
24. Esperanza Community Housing Corporation
25. Fair Housing Council of San Fernando Valley
26. Faith and Community Empowerment
27. Faith in Action, Bay Area
28. Fideicomiso Comunitario Tierra Libre
29. Fresno Native American Business Development Center
30. Greenlining Institute
31. Haven Neighborhood Services
32. Home Preservation and Prevention, Inc. (HPP CARES)
33. Homewonership San Francisco
34. Housing California
35. Housing Rights Center, Los Angeles
36. Housing Rights Committee of San Francisco
37. Inclusive Action for the City
38. Institute on Aging
39. Inquilinos Unidos
40. Jakara Movement
41. KIWA (Koreatown Immigrant Workers Alliance)
42. LA Forward
43. LIFT Economy
44. Malonga Arts Residents Association
45. Mission Economic Development Agency (MEDA)
46. Montebello Housing Development Corporation
47. Neighborhood Partnership Housing Services, Inc. (NPHS)
48. New Economics For Women (NEW)
49. NorCal Resilience Network
50. Non Profit Housing Northern California
51. Opportunity Fund
52. Prevention Institute
53. Public Law Center
54. Public Counsel
55. Richmond LAND
56. Renaissance Entrepreneurship Center
57. Tenants Together
58. Tenderloin Neighborhood Development Corporation
59. Thai Community Development Corporation
60. The Green Life at San Quinten
61. United Way of Greater Los Angeles
62. Urban Possibilities
63. Urban Strategies Council
64. Youth Finance Institute of America