



AB 1837 (Bonta) – Homes in Community Hands Act

(Updated 02/14/22)

SUMMARY

This bill, AB 1837, resolves implementation gaps in the existing foreclosure intervention law, ensuring foreclosed homes be prioritized for renters and the community, not corporations.

BACKGROUND / PROBLEM

The Great Recession created a foreclosure crisis across the United States. Between 2007 and 2011, 4.7 million households lost their homes to foreclosure, and a million more to short sale. More than 785,000 California families lost their homes to foreclosure between 2007 and 2011.

Investor corporations, eager to capitalize on this market, purchased houses at rock bottom prices in foreclosure auctions. Working families didn't have a chance to compete with these investors. In Oakland alone, between 2007 and October 2011, more than 40% of the 10,508 homes that went into foreclosure were purchased by real estate investors. 93% of these homes were in low-income neighborhoods.

Investor corporations have raked in \$60 billion dollars from the hundreds of thousands of properties they purchased at foreclosure auctions. This has come at the expense of families, many Black and Latinx families, locked out of access to the generational wealth that homeownership provides.

The COVID-19 pandemic threatened to create a similar opportunity for investors to take advantage of the economic hardships many families faced. To help combat this threat, and to give working families a fighting chance, Senator Skinner authored SB 1079 (Chapter 202, Statutes of 2020). SB 1079 gave residents or nonprofits a special window to match the bid of investors at foreclosure auctions.

However, over the last year, housing advocates have observed for-profit actors continue to find ways to defy and manipulate current law in their favor. For example, in at least one Northern California case, all prospective buyers at an auction certified they would occupy the homes they were bidding on, even if the buyer had no intention of living in it. These actions effectively precluded the opportunity for actual prospective homeowners to place a bid. In other cases, illegitimate non-profits purchased these homes with no intention of providing housing for families.

SOLUTION

AB 1837 (Bonta) strengthens California's landmark foreclosure intervention law by reducing opportunities to misuse it. Specifically, AB 1837 does the following:

1. Revises the definition of an eligible nonprofit buyer and expands affidavit and declaration requirements for eligible bidders;
2. Authorizes the Attorney General, a county counsel, or a city attorney to bring an action to enforce its provisions;
3. Restricts evictions in homes; and
4. Requires that, in specific cases, units be maintained as affordable to lower income households.

SUPPORT

- California Community Land Trust Network (Sponsor)
- Alliance of Californians for Community Empowerment (ACCE)
- California Community Builders
- California CLT Action
- California Reinvestment Coalition
- Sustainable Economies Law Center

CONTACT

Haydee Dominguez
Legislative Assistant
haydee.dominguez@asm.ca.gov
916-319-2018