



# URGENT ITEM AGENDA MATERIAL

Government Code Section 54954.2(b)  
Rules of Procedure Chapter III.C.5

**THIS ITEM IS NOT YET AGENDIZED AND MAY OR MAY NOT BE  
ACCEPTED FOR THE AGENDA AS A LATE ITEM, SUBJECT TO THE  
CITY COUNCIL'S DISCRETION ACCORDING TO BROWN ACT RULES**

**Meeting Date: June 1, 2021**

**Item Description: Support for Full Funding of CA SB-1079 Residential Property:  
Foreclosure**

This item is submitted pursuant to the provision checked below:

Emergency Situation (54954.2(b)(1) - majority vote required)  
*Determination by a majority vote of the legislative body that an emergency situation exists,  
as defined in Section 54956.5.*

Immediate Action Required (54954.2(b)(2) - two-thirds vote required)  
*There is a need to take immediate action and the need for action came to the attention of the  
local agency subsequent to the agenda for this meeting being posted.*

Once the item is added to the agenda (Consent or Action) it must be passed by the standard required vote threshold (majority, two-thirds, or 7/9).

**Facts supporting the addition of the item to the agenda under Section  
54954.2(b) and Chapter III.C.5 of the Rules of Procedure:**

The California State Senate Budget and Fiscal Review Committee hearing is scheduled for June 2, 2021

To: Honorable Mayor and Members of the City Council

From: Councilmembers Ben Bartlett (Author) Susan Wengraf, and Terry Taplin (Co-Sponsor)

Subject: Support for Full Funding of CA SB-1079 Residential Property: Foreclosure

### RECOMMENDATION

Send a resolution in support of full funding for The Foreclosure Intervention Housing Preservation Program to Senator Skinner, Senator Caballero, Assemblymember Carrillo, Assemblymember Wicks, Assemblymember Quirk, Assemblymember Ting, Governor Gavin Newsom, and the California State Senate's Standing Committee on Budget and Fiscal Review. Funding this bill supports SB 1079, intended to mitigate against blight, vacancy, and the transfer of residential property ownership from owner occupants to corporate landlords in the event that California experiences a wave of foreclosures.

### BACKGROUND

On September 22, 2020, the Berkeley City Council unanimously voted to send a resolution in support of SB-1079 Residential Property: Foreclosure (Skinner) to Senator Nancy Skinner, Assemblymember Buffy Wicks, and Governor Gavin Newsom. On September 28, 2020, Governor Newsom signed SB-1079 into law. Written into law, the intention of the legislation still needs to be fully funded to mitigate against blight, vacancy, and the transfer of residential property ownership from owner occupants to corporate landlords in the event that California experiences a wave of foreclosures.

The economic fallout from the COVID-19 pandemic has resulted in widespread job loss and financial distress. This raises the prospect that many California homeowners will soon default on their mortgage payments (if they have not done so already) and a wave of home foreclosures could follow. This bill draws upon lessons learned from what happened in California's last foreclosure crisis and creates mechanisms to try to prevent them from recurring in the event that another wave of foreclosures does hit the state.

During the Great Recession many foreclosed homes were sold in bulk at auctions. For the first time, corporations snatched them up, transferring wealth from families to Wall Street. SB-1079 forbids a foreclosure trustee from bundling properties for sale at a foreclosure auction, instead requiring that each property be bid on separately.

SB-1079 affords an existing tenant of a foreclosed home, a prospective owner- occupant, or non-profit affordable housing developer, 45 days after a home foreclosure auction to make an offer for the home that exceeds the highest bid. Funding for the bill gives tenants, prospective owner-occupants, and non-profit affordable housing developers access to capital at favorable rates within the 45-day window, increasing the likelihood of housing stability and increasing equity among historically marginalized communities.

The Foreclosure Intervention Housing Preservation Program also makes funding available to tenants and nonprofits to acquire and stabilize buildings that are in foreclosure but have yet to

reach foreclosure. These acquisitions would decrease the displacement of renters in distressed properties and enhance the ability of affordable housing providers to compete with speculative investors.

The bill declares that nothing in the Civil Code provisions governing mortgage liens exempts the legal owner of property purchased at a foreclosure sale from complying with applicable laws regarding the eviction or displacement of tenants, including but not limited to, notice requirements, requirements for the provision of temporary or permanent relocation assistance, the right to return, and just cause eviction requirements. SB-1079 will sunset January 1, 2026.

#### ENVIRONMENTAL SUSTAINABILITY

Not directly impacted

#### FINANCIAL IMPLICATIONS:

None

#### CONTACT PERSONS

Councilmember Ben Bartlett	510-981-7130
James Chang	510-981-7131

#### ATTACHMENTS:

1. Resolution
2. Council Item: [Support for SB-1079 Residential Property: Foreclosure](#)
3. [SB-1079](#)

RESOLUTION NO. ##,###-N.S.

City of Berkeley Support for Full Funding of SB-1079

WHEREAS, The economic fallout from the COVID-19 pandemic has resulted in widespread job loss and financial distress, raising the prospect that many California homeowners will soon default on their mortgage payments; and

WHEREAS, We learned from California's last foreclosure crisis that corporations snatched up single-family homes sold in bulk at auction – shifting wealth from low- and moderate- income families to Wall Street; and

WHEREAS, In some California communities, corporations left the homes they owned vacant and in disrepair; and

WHEREAS, SB-1079, passed in 2020, includes a trio of provisions intended to mitigate against blight, vacancy, and the transfer of residential property ownership from owner occupants to corporate landlords; and

WHEREAS, Legislation supporting homes for homeowners, not corporations has been enacted in the form of SB 1079, which went into effect January 1st, 2021, which was critically needed to prevent a repeat of the Great Recession's housing outcomes.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that it fully supports full funding of The Foreclosure Intervention Housing Preservation Program, which would be the funding mechanism for SB 1079 (Skinner).