



Susan Wengraf
Councilmember District 6

CONSENT CALENDAR
September 22, 2020

To: Honorable Mayor and Members of the City Council

From: Councilmember Wengraf, (Author), Councilmember Hahn (Co-Sponsor), Councilmember Harrison (Co-Sponsor), and Councilmember Robinson (Co-Sponsor)

Subject: Support for SB-1079 Residential Property: Foreclosure

RECOMMENDATION

Send a resolution in support of SB-1079 Residential Property: Foreclosure (Skinner) to Senator Skinner, Assemblymember Wicks, and Governor Gavin Newsom. This bill proposes a trio of provisions 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.

FINANCIAL IMPLICATIONS

None

BACKGROUND

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 proposes 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 would afford 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.

In some California communities, corporations left the homes they owned vacant and in disrepair. SB-1079 increases the civil fine that a governmental entity can impose on an owner for failing to maintain a property purchased at foreclosure sale, in exchange for

providing the owner detailed notice of alleged violations and additional time to remedy them.

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 would sunset January 1, 2026.

ENVIRONMENTAL SUSTAINABILITY

Not directly impacted

CONTACT PERSON

Councilmember Wengraf

Council District 6

510-981-7160

Attachments:

1: Resolution

2: [SB-1079](#)

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

City of Berkeley Support for 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 proposes 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 is 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 SB-1079 (Skinner).

