



April 2, 2021

The Honorable Buffy Wicks  
California State Assembly  
State Capitol, P.O. Box 942849  
Sacramento, CA 94249

**RE: AB 528 (Wicks) – Property Taxation: Tax-Defaulted Properties: Sales to Nonprofits – SUPPORT**

Dear Assemblymember Wicks,

East Bay Housing Organizations (EBHO) is pleased to support AB 528, which will make it easier for non-profit housing providers, including community land trusts, to purchase tax-defaulted properties and turn them into affordable housing resources for current and future occupants. By encouraging them to partner with non-profit agencies, this bill will help local governments address properties that are challenging for residents, neighborhoods, and administrators alike, while placing the residential stability of occupants at the center of the process.

EBHO is a non-profit, member-driven organization with over 300 organizational and individual members. For 35 years, we have worked to preserve, protect, and create affordable housing opportunities for low-income communities in the East Bay by educating, advocating, organizing, and building coalitions. We believe that solutions to California's severe housing crisis must be comprehensive. As such, we support a multi-pronged effort based on the three principles of production of new housing, preservation of existing housing that is affordable, and protection of residents from unaffordable rent increases, eviction, displacement, and homelessness.

Currently, California law gives non-profit affordable housing developers and public agencies the first option to purchase tax-defaulted properties three years after tax delinquency through the Chapter 8 Tax Defaulted Property sale. The program is a unique opportunity to acquire vacant and/or distressed sites at a cheaper price and then transform them into affordable housing, which will serve the community for decades. However, this process is extremely underutilized due to the current program design. According to the State Controller, **only 55 tax-delinquent properties across California have been repurposed for affordable housing over the past 10 years.**

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AB 528 will improve the existing and cumbersome Chapter 8 process by:

- Incentivizing cities and county tax collectors to work together and with non-profit affordable housing developers to turn more tax-defaulted properties into affordable housing.
- Reducing the time it takes for a non-profit or public agency to acquire a tax-defaulted property.
- Increasing the length of required affordability from 30 years to 55 years.
- Giving tenants an opportunity to purchase the property first before it goes into tax sale, and guaranteeing tenants replacement units at rents or sales prices affordable that are to them if the property is redeveloped as affordable housing.
- Creating a statewide list of available properties for affordable housing preservation and development.
- Directing the State Controller's Office to work with Counties to develop a standardized process.

The economic shocks of the COVID-19 pandemic threaten to increase the number of properties that become tax-defaulted, thus undermining the stability and wellbeing of the occupants and neighborhoods. The 2008-2009 foreclosure crisis revealed that, without adequate tools for community preservation, defaults can allow speculative investors to buy up the unsubsidized housing stock in low-income neighborhoods. Such speculation has driven up the cost of housing and pace of displacement in vulnerable communities throughout the state. AB 528 will make it so that local communities have the tools they need to prevent a loss of affordable housing stock during the COVID-19 pandemic and future economic downturns.

We thank you for introducing this bill and look forward to working to secure its passage.

Sincerely,



Alex Werth  
Policy Associate