

## Christy Hayek

Government Relations Representative

California Association of Realtors

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Christy Hayek is the newest Government Relations Representative for the California Association of Realtors. She is familiar with the Southern California region having been raised in Torrance. Christy earned a Bachelor's degree in Political Science and Government with a minor in International Relations from American University in DC. She worked in DC for over 6 years as a legislative aide for several members of the House on Capitol Hill focusing on a number of policy issue areas, including housing. Christy also assisted in several election campaigns. She moved to NYC in 2016 to work as the Manager for Public Affairs for the Association of Songwriters, Composers, Authors, and Publishers. In December of 2019 she moved back to the west coast, now working with the California Association of Realtors since early 2020.

The CALIFORNIA ASSOCIATION OF REALTORS® is a statewide trade association dedicated to the advancement of professionalism in real estate. The Association has programs and services that help members' conduct their individual businesses successfully and, through collective action, promotes the preservation of real property rights and of real estate professionals in the public policy arena.

Founded on May 27, 1905 as the California State Realty Federation in response to perceptions of misconduct in the real estate industry. In 1920, the name was changed to California Real Estate Association and, in 1975, it was changed to the CALIFORNIA ASSOCIATION OF REALTORS®.

In 1919, the Association was successful in its sponsorship of the nation's first real estate license law, since then emulated to most other states. Today, the CALIFORNIA ASSOCIATION OF REALTORS® includes more than 100 local member Associations such as Ventura County Coastal Association of Realtors and more than 205,000 REALTORS®, REALTOR®-Associates and affiliate members who abide by a rigid code of professional ethics.

CAR programs include:

- Funds for Disaster relief, Housing Affordability, RE Education,
- Innovator's Workshop – a "RE Shark Tank"
- Diversity and inclusion programs
- Helplines for a variety of assistance
- Real estate educational courses, certifications & designations
- Market forecasts and data analyses



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# HOMEOWNERS MADE HERE

**Fair Housing & Affordability**  
*2021 Priority Legislation*

# 2021 Policy Priorities

Helping to Ease the Housing Crisis & Bridge the Wealth Gap in California



## SUPPLY MADE HERE

*Advocating for increased housing supply including improving affordability and accessibility*

## EQUITY & FAIR HOUSING HERE

*Advocating for fair housing to ensure all Californians can share in the California Dream*



# 2021 Top Legislative Priorities

## C.A.R. Sponsored Fair Housing Legislative Package

*Advocating for fair housing to ensure all Californians can share in the California Dream.*

### SCA 2 (Weiner & Allen): Co-Sponsor

- ✓ Eliminates housing discrimination in the California Constitution, property records, and mixed rate housing by removing Article 24 of the State Constitution. *Pending in the Senate Committee on Elections & Reapportionment.*

### SB 263 (Rubio): Sponsor

- ✓ Requires all real estate licensees to have implicit bias training as part of renewal requirements, and to make the current fair housing training more robust and relevant. *Passed the Senate, ordered to the Assembly.*

### AB 491 (Gonzalez): Sponsor

- ✓ Prohibit mixed-rate properties from isolating “affordable” rate renters from common areas and other units. *Passed the Assembly, Ordered to the Senate.*

## Why C.A.R. Strongly Supports Fair Housing Legislation

REALTORS® strongly supports the removal of all discriminatory statutes and advocates to make homeownership more accessible, affordable and available to ALL Californians.

### C.A.R. FACT

Only 19% of Black home buyers and 20% of Latinx home buyers could afford a median-priced single family home in 2020 according to C.A.R.’s Housing



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# 2021 Top Legislative Priorities

## C.A.R. Opposes Barriers to Homeownership & Housing Affordability

### AB 919 (Grayson): Oppose

Cuts the statute of repose for construction defects in half - reducing it from 10 years to 5 years - if the builder uses skilled and trained labor. *Pending in Assembly Judiciary Committee.*

#### C.A.R. opposes because:

- ✓ Disproportionately affects very-low-, low- and moderate-income families by shifting the costs of most of those repairs from the builder to those low-income homeowners.
- ✓ Exposes homeowners to increased liability for defects resulting from construction.

### AB 946 (Lee): Oppose

Seeks to eliminate the mortgage interest deduction (MID) for second homes in order to fund down payment assistance programs. *Pending in Assembly Revenue & Taxation Committee.*

#### C.A.R. opposes because:

- ✓ The amount of the MID is already capped regardless of whether the taxpayer has one home or two homes.
- ✓ Families now more than ever rely on second homes to care for their loved ones.
- ✓ Reforms at the federal level bring much uncertainty to the current tax structure at this time.
- ✓ Families have made significant financial decisions based on the access to this tax benefit.

### AB 1199 (Gipson): Oppose

Amended on April 5th to specify a 25% of gross receipts for rental housing providers for the privilege of renting or leasing out qualified property. Currently it has a broad coalition of opposition. *Pending in the Assembly Revenue and Taxation Committee.*

#### C.A.R. opposes because:

- ✓ Increases the cost of housing for renters.
- ✓ Arbitrary tax that discourages housing supply and housing units.

### ACA 7 (Muratsuchi): Oppose

Seeks to amend the California State Constitution to permit local preemption of state law as it relates to land use planning and zoning.

#### C.A.R. opposes because:

- ✓ Local ordinances would supersede state law, flipping statutory construction upside-down.
- ✓ Prevents the state from addressing its housing shortage by eviscerating state housing laws.
- ✓ Worsens economic and ethnic segregation.
- ✓ The state's housing crisis, facilitated by restrictive local land use policy, widens our state's wealth gap.



# 2021 Top Legislative Priorities

## C.A.R. SUPPORT – SB 6 (Caballero): Neighborhood Homes Act

C.A.R. strongly supports policies seeking to help families afford to live within the communities in which they work.

### What SB 6 Does

Requires a local government to ministerially approve housing developments of at least 20 units per acre on lots zoned for office, retail, or commercial use on a neighborhood lot. *Pending in Senate Housing Committee for a hearing April 29.*

### Why C.A.R. Strongly Support SB 6

SB 6 seeks to bridge the state's wealth gap:

- ✓ *Encourages the development of mixed income developments on underutilized properties and the construction of naturally occurring, affordable, owner-occupied market rate housing -- helping to bridge our state's wealth gap.*
- ✓ *Helps towards bridging the state's continuing supply deficiency and facilitate the construction of more mixed- income owner occupied developments.*

### C.A.R. FACT

The statewide median home price closed out 2020 at a **record \$717,930** which exacerbates the wealth gap.



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# 2021 Top Legislative Priorities

## C.A.R. Supported Legislation

### *Advocating for Increased Housing Supply & Innovation*

*Creating more entry level market rate units and ownership housing opportunities is the only way that the state will be able to bridge the state's persistent wealth gap.*

#### SB 7 (Atkins): Support

- ✓ Provides for a reasonable extension of existing CEQA streamlining provisions to specified housing projects which will help address the need for more urban infill housing units by helping to expedite housing development and reduce development costs. *Approved and signed into law by the Governor.*

#### SB 8 (Skinner): Support

- ✓ Expands the sunset date for SB 330 (Skinner, 2019) from 2025 to 2030 to continue to assure that developers constructing new units are consistent with local planning, zoning, and design can develop these projects when we need them most. *Passed the Senate, Ordered to the Assembly.*

### C.A.R. FACT

In 2020, there was a **8.8% decrease** in the number of housing permits approved and a **18.5% decrease** in new multifamily units permitted and constructed from 2019.



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# 2021 Top Legislative Priorities

## Support If Amended – SB 9 (Atkins)

C.A.R. is support if amended as we agree with the intent of the bill but it needs permanent safeguards to prevent “gentrification” in ethnically diverse and vulnerable neighborhoods and to not favor for-profit developers over homeowners and community members. *Passed the Senate, ordered to the Assembly.*

## What SB 9 Does

- ✓ Permits developers to take advantage of expedited approval for lot splits (2 units max per lot). An ADU or Jr. ADU is included within the parcels two unit max.
- ✓ Requires a property owner to be able to split their lot 60/40.
- ✓ Requires owner occupancy for only one year.

## Recommended Amendments

- ✓ C.A.R. is asking for amendments that would effectively prohibit anyone from repeatedly taking advantage of the lot split opportunity, assuring that the individual who uses the expedited approval process is a homeowner who is invested in the community and the one financially benefiting from the faster approval process.
- ✓ The lot split requiring 60/40 split does not protect the existing home from having to be demolished in order to split the lot.
- ✓ C.A.R. is asking that streamlined approval for lot splits be only available to owner applicants who commit to occupy at least one parcel as a primary residence for 3 years OR are facilitated by a non-profit corporation that commits to selling both parcels to low- or moderate-income families.



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# 2021 Legislative Successes

With the help of members who have shared their opinions with legislators, this year, C.A.R. has been successful in preventing three bills from moving forward that could have had long lasting harmful effects in our community. While these bills may still come back next year, our success in stopping them from moving forward this year bodes well for us.

## Successfully Stopped AB 946 (Lee) Eliminates Mortgage Interest Deduction on Second Homes

- ✓ This bill seeks to eliminate the state tax deduction for mortgage interest on second homes and directs these new tax revenues to an existing down payment assistance program. Second homes are often used to house family members, even more so during the COVID-19 pandemic.
- ✓ C.A.R. is opposed to AB 946 because its author set out to eliminate the mortgage interest deduction on second homes and will greatly exacerbate housing stability for California's most vulnerable families at a time of great economic uncertainty.
- ✓ This bill will not be moving forward this year.

## Successfully Stopped AB 854. (Lee) Ellis Act

- ✓ The Ellis Act prohibits local government agencies from forcing property owners to continue operating their private properties as rental businesses.
- ✓ AB 854 weakens the Ellis Act by, among other things, forcing property owners to stay in the rental business for at least five years before seeking to use the Ellis Act to go out of business.
- ✓ C.A.R. successfully opposed AB 854, compelling the author to "pull" the bill from its previously scheduled hearing and will not be moving forward this year.

## Successfully Stopped AB 1199 (Gipson) Tax on Rental Housing Providers

- ✓ AB 1199 imposes, among other things, an annual excise tax upon rental housing providers who: 1) own 10 or more properties that are single-family dwellings; or 2) own 25 or more properties that are either single-family or multifamily dwellings.
- ✓ The tax rate would be 25% of the gross receipts of the housing provider that are derived from rental income. C.A.R. opposes AB 1199: it effectively diminishes the state's already constricted housing stock, thereby exacerbating the housing crisis even further.
- ✓ AB 1199 will not be moving forward this year.



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QUESTIONS



September 4, 2020

The Honorable Gavin Newsom  
Governor of California  
State Capitol  
Sacramento, CA 95814

Re: SB 1079 (Skinner): REQUEST FOR VETO

Dear Governor Newsom:

Senate Bill 1079 (Skinner) was recently approved by the Legislature and will soon reach your desk. The organizations listed below are writing to respectfully request your veto.

SB 1079 makes three changes in and around the non-judicial foreclosure sale process. First, the bill provides a 45-day period for specified persons or entities to purchase properties after a trustee's sale. The bill also redundantly prevents "bundling" of separate properties at a trustee's sale and unjustifiably increases the penalty for failing to maintain properties following foreclosure. While we understand and appreciate the Senator's overall goal of promoting the acquisition of residential properties by owner-occupants, despite hours of discussions we continue to believe that SB 1079 is at best ineffective and at worst counterproductive in achieving the goals of the bill.

#### **45-day Period**

SB 1079 creates a 45-day period after a foreclosure sale for tenants, owner-occupants, and housing organizations to purchase residential properties. Despite all good intentions, we believe this change will not materially increase owner-occupancy in residential neighborhoods, could very well harm owners losing their properties to foreclosure, and will prolong a lack of maintenance of properties, contributing to blight.

First, we would offer a few observations about foreclosure sales generally. Perhaps it could go without saying, but a foreclosure sale is not a positive circumstance. An owner-occupant is losing a home, and if the property is rented, the tenant may well be displaced. Foreclosure sales are an unfortunate but necessary result of defaults in mortgage obligations: if lenders cannot recover their security for unpaid mortgage obligations, they cannot continue to make loans.

But the entire objective of the law is to provide an orderly, fair and public process to maximize the sale price at a trustee's sale. This is not primarily for the benefit of the lender, who is entitled only to the amount of the loan in default and costs. For nearly 100 years, the point of the process is to maximize the

foreclosure sale price for the benefit of the borrower, who is entitled to any equity realized above the amount necessary to satisfy the lender.

Therefore, any proposal which discourages bidding at foreclosure sales goes against nearly a century of public policy and threatens to harm owners losing their homes, not lenders. We believe that providing a post-sale, 45-day period for “eligible bidders” to “outbid” the purchaser at the foreclosure sale will discourage and depress bidding. Potential bidders will not wish to see funds tied up for 45 days after the sale, without interest, with the possibility that the whole process will be for naught. The very people specified in the bill who can buy the property during the 45-day period, *all of whom could have bid at the foreclosure sale*, will have every incentive to wait until after the sale. Meanwhile, no one has any incentive to maintain the property during the 45-day period, not the owner losing the home, not the tenant who may be displaced, not the lender who has no access to the property.

During the 45-day period, very negative circumstances can occur, despite attempts to make the bid at the foreclosure sale “irrevocable”. This sounds good in theory but will be ineffective in practice. The successful bidder could file for bankruptcy during the period, cancel the cashier’s check intended to purchase the property, decide to purchase another property, all without any practical or realistic recourse. Again, during this period, the property is likely not being maintained, and property taxes not brought current. And this entire risk is created with the hope that specified entities step up during the 45-day period; the same entities who could have bid at the foreclosure sale can now wait and bid \$1 more than the foreclosure sale amount.

SB 1079 broadly defines “eligible bidders” but fundamentally fails to ensure that these “bidders” actually live in the property. By signing an affidavit “eligible bidders”, including many worthy nonprofits, tenants and prospective owner-occupants, are informing the trustee that they *self-certify that they meet the definition* and are authorized to make a bid during the 45-day period. While SB 1079 requires that any prospective owner-occupant must make the residence their primary residence and occupy the home for at least one year, the bill lacks any enforcement or ways to prevent fraud. This fundamental flaw will allow individuals claiming to be “owner-occupants” to game the 45-day period.

SB 1079 does provide for a shorter 15-day window during the 45-day period for entitled persons to file an “expression of interest” in purchasing the property. This too sounds better in theory than in practice. If the property is rented, the tenant will have every incentive to file such an expression, in order to stay in the property as long as possible without paying rent. And there is no realistic way to penalize those who file an expression of interest but cannot or do not follow through with the purchase. Regrettably, we have concluded that the 45-day provision in SB 1079 will not work to achieve the intended objective, can harm owners losing their homes, and will simply prolong the period during which no one has any incentive to maintain distressed properties.

### **“Bundling”**

SB 1079 proposes to add a new subdivision to Civil Code Section 2924g, to read: “*A trustee shall not bundle properties for the purpose of sale. Each property shall be bid on separately, unless the deed of trust or mortgage provides otherwise.*”

But current law, appearing just below this new proposed language, reads as follows: “*When the property consists of several known lots or parcels, they shall be sold separately unless the deed of trust or mortgage provides otherwise.*”

Why is it necessary to restate current law? What does this new language accomplish? Appellate courts will attempt to ascribe some meaning to the new language, because of the maxim of statutory construction

that the legislature does not accomplish futile acts. Further, we are unaware of properties being bundled for sale in any event. We are aware of foreclosures conducted against a developer for an entire subdivision, but this is permitted by the deed of trust or mortgage. As a practical matter, properties cannot be “bundled” for sale in a typical residential foreclosure: if Ms. Smith’s home is bundled for sale along with Ms. Jones’ home and sold for one amount, how could anyone determine how much each property sold for, such that the former owner could be paid any surplus proceeds?

**Increased Penalty for Failing to Maintain Properties**

SB 1079 proposes to amend Civil Code Section 2929.3 to increase the penalty for failing to maintain properties following foreclosure from up to \$1000 per day to up to \$2000 per day, and after 30 days to \$5000 per day.

The problem is that we have seen *zero evidence* that the penalty amount in current law is not working to achieve the intended effect. The penalty was created during the Great Recession to encourage purchasers at foreclosure, which were mainly lenders, given the collapse in home prices during the foreclosure crisis. But there is no evidence that this authority for local government is not working to maintain properties. Purchasers at foreclosure, whether the lender taking the property back on a credit bid, or third-party purchasers intending to fix the property and “flip” it, have every incentive to restore the property and sell it quickly. And while we understand that \$2000 per day provides more incentive than \$1000 per day, we believe that current law, amounting to \$30,000 *per month*, provides a very, very robust incentive to maintain properties.

**Conclusion**

In conclusion, we worked hard with Senator Skinner to find approaches to maximize the owner-occupancy of neighborhoods. The objective is laudable, but the provisions of SB 1079 will not achieve the desired result.

For these reasons, we would again respectfully request your veto on SB 1079 and would be happy to answer any questions you might have.

Sincerely,



Michael D. Belote, California Advocates, Inc.

California Association of Realtors  
California Bankers Association  
California Credit Union League  
California Chamber of Commerce  
California Community Banking Network  
California Land and Title Association  
California Mortgage Association  
California Mortgage Bankers Association  
United Trustees Association

cc: Ronda Paschal, Deputy Legislative Secretary