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# AGENDA REPORT

**TO: DEANNA J SANTANA  
CITY ADMINISTRATOR**

**FROM: Fred Blackwell**

**SUBJECT: Quarterly Report on Foreclosure Issues**

**DATE: January 2, 2014**

City Administrator  
Approval

Date

1/8/13

**COUNCIL DISTRICT: City-wide**

## RECOMMENDATION

Staff recommends that the Committee accept this quarterly informational report

**Quarterly Tracking Report on Housing Foreclosure and Outcome Data  
from Related City Programs.**

## BACKGROUND

This report responds to the standing request of the Community and Economic Development Committee for a quarterly report tracking housing foreclosure data and outcomes from City of Oakland programs designed to help address problems caused by foreclosures

## ANALYSIS

### **I RESIDENTIAL FORECLOSURE DATA & TRENDS**

National information on foreclosure issues shows the following trends in many urban communities have continued this past quarter

- 1 Significant decrease in foreclosure activities<sup>1</sup>
- 2 Sale prices are up and availability of houses for sale is down
- 3 The prior increase in short sales<sup>2</sup> has now declined in Oakland, which appears to be primarily due to completion activities from the National Mortgage Settlement Agreement

<sup>1</sup> RealtyTrac, Overall US Foreclosure Activity Drops to 6-Year Low 5/7/13 [www.realtytrac.com](http://www.realtytrac.com)

<sup>2</sup> New York Times, Despite Aid, Borrowers Still Face Foreclosure, 2/21/13

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- 4 A slow-down of investors purchasing foreclosed properties in hot housing markets like Oakland's<sup>3</sup>

### ***National Mortgage Settlement Agreement & Aftermath***

Regarding the National Mortgage Settlement Agreement (NMSA) negotiated with five (5) major banks Ally, Bank of America, Citibank, JP Morgan Chase, and Wells Fargo, according to the latest Monitor's report, "there continue to be issues with the loan modification process, single point of contact, and customer records"<sup>4</sup> The Monitor is continuing to assess servicer performance Problems with dual tracking still occur, some of which are not covered under the protections of the new California Homeowner Bill of Rights Act

The New York State Attorney General recently found that Bank of America and Wells Fargo had violated the terms of the NMSA Bank of America has agreed to provide additional protections, including the provision of a high level escalation officer to work with housing counseling agencies New York State has filed a lawsuit against Wells Fargo<sup>5</sup> JP Morgan Chase recently agreed, in a settlement agreement with the U S Department of Justice, to pay \$13 billion to settle mortgage claims related to Fannie Mae and Freddie Mac loans As part of the settlement, JP Morgan Chase is required to provide \$4 billion in mortgage relief to homeowners, including principal reduction Ocwen Financial, the nation's fourth largest mortgage servicer, has also recently entered into a \$2.1 billion settlement agreement with federal and state regulators regarding claims of mortgage servicing violations It is anticipated that the settlement would provide eligible California homeowners up to \$268 million in first lien principal reductions<sup>6</sup>

The Los Angeles City Attorney recently sued Citigroup and Wells Fargo on mortgage discrimination claims, including alleged violations of fair housing laws<sup>7</sup>

### ***Fair Housing Settlement Agreement with Wells Fargo, Including Oakland***

In the prior quarters we reported on a settlement agreement between HUD, the National Fair Housing Alliance and other fair housing groups with Wells Fargo Bank regarding fair housing and other claims Under the \$39 million agreement, Wells Fargo committed to invest \$27 million to support neighborhoods in 19 areas, including Oakland Pursuant to City staff communications with the National Fair Housing Alliance (NFHA), fund administrator, NFHA has agreed to support the City's proposal developed with local foreclosure recovery partners

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<sup>3</sup> USA Today, As Prices Rise, Rental Home Investors Seek New Markets, January 22, 2013

<sup>4</sup> Office of Mortgage Settlement Oversight, Summary of Compliance A Report from the Monitor of the National Mortgage Settlement Agreement, June 19, 2013

<sup>5</sup> New York Times, New York to Sue Wells Fargo Over Mortgage Settlement, October 1, 2013

<sup>6</sup> Visalja Times Delta, Attorney General Announces Mortgage Settlement, December 30, 2013

<sup>7</sup> USA Today, LA Sues Wells Fargo, Citigroup Over Foreclosures, December 6, 2013

regarding the use of \$1.3 million dedicated to Oakland. Details regarding the funding allocations are provided below.

**Oakland Data**

**A. Post-National Mortgage Settlement Agreement—Decreasing Notice of Default Filings in Quarter**

Notice of Default (NOD) filings have continued to fluctuate month to month this quarter with the average number of filings in October and November at 71, unchanged from last quarter. The monthly trends seen in the last quarter (67, 81, and 67 per month) continued in October and November (89 and 54), which reflect a 36% average decline from the peak of the brief upswing in NOD filings from the Spring. While the numbers are still slightly higher than the low level of filings from the beginning of the year (60/Jan and 62/Feb), they represent a 54% decrease in NOD filings from November 2012.

**Oakland NOD Filings**

Period	Qtr	Avg/Mo
2012 Q1	609	203
Q2	613	204
Q3	494	165
Q4	410	137
2013 Q1	224	75
Q2	305	102
Q3	215	72
October 2013		89
November 2013		54
Q4 2mo Avg		72
Change in Avg since last Qtr		0%
Change Nov 2012 - Nov 2013:		-54%

Nov 2012 117

More information, including foreclosure activities by specific major lenders is available at **Attachment A**.

**B. Rise in Homeowner Association Related Foreclosures**

Reports from local advocates as well as information from Nationstar, a growing mortgage servicing company, indicate a rise in Homeowner Association collection and assessment issues, that can lead to homeowners losing their homes over small debt owed. For example, without

targeted outreach and publicity, HERA has recently seen in the past year approximately 20 Oakland households and another 30 non-Oakland households regarding HOA collections issues HERA recently filed a class action lawsuit against a debt collector for related unfair practices

### C. Impact on Vulnerable Oakland Homeowners and Steep Housing & Rent Increases

As reported last quarter, the profile of current Oakland homeowners in foreclosure crisis has changed dramatically in the past several years. Currently, 90% of Oakland families in foreclosure have owned their home for at least 6 years, with over one-third of them owning their homes for more than 10 years. Most of the clients in the ROOT program have owned their homes for decades, including over 50 years.

Surveys conducted by the foreclosure prevention outreach workers of about 600 households show

- Of households (both tenant and homeowner) affected by foreclosure
  - 40% have school-aged children
  - 19% have seniors and 13% have disabilities
  - 26% are female-headed households
  - 88% have lived in Oakland over 6 years, 43% over 20 years
  - 61% have lived in their home over 6 years
  
- Reasons for default given by homeowners
  - 35% lost wages due to recession
  - 12% were long-term unemployed
  - 16% cited health problems or medical expenses
  - 20% cited the type of mortgage (reverse, balloon, interest-only)

Oakland's housing prices continue to skyrocket and Oakland is considered to be one of the nation's fastest-moving housing markets<sup>8</sup>. According to realtor.com, Oakland's median listing price of \$467,500 is an increase of 23.35% from last year's prices<sup>9</sup>.

In addition, Oakland's foreclosure crisis, which led to home loss for 1 in 14 Oakland households and then to subsequent investor purchases, has contributed to dramatically rising rents. Last quarter, as compared to 2012, reports show that Oakland saw a 15% increase in rents across

<sup>8</sup> <http://www.homebuyinginstitute.com/news/homes-selling-faster-440/>

<sup>9</sup> <http://www.realtor.com/data-portal/Real-Estate-Statistics.aspx>

apartment buildings and a 10.3% rent increase in buildings of 50 units or more<sup>10</sup> These increases were in addition to the 11.5% increase in rents from 2011 to 2012

**D. Decrease in Distressed Property Sales and Increase in Non-Distressed Market Sales**

Similar to national and statewide trends, distressed property sales in Oakland continue to decline sharply. Altogether, November short sales, REO sales, and 3<sup>rd</sup> party purchases at auction are down 54% from last year. Non-distressed market sales including market flips of formerly distressed properties continue to increase at a modest pace, up 11% from last quarter and up 22% from this time last year. The reduction in distressed sales outweighs the increase in regular market transactions, however, and overall residential housing sales are down 16% from last year.

**Oakland Sales Trends**

Period	Reg. Market Sales		Off-Market/Distressed		All Sales	
	Qtr	Avg/Mo	Qtr	Avg/Mo	Qtr	Avg/Mo
2012 Q1	280	93	685	228	965	322
Q2	514	171	861	287	1375	458
Q3	554	185	748	249	1302	434
Q4	668	223	688	229	1356	452
2013 Q1	556	185	533	178	1089	363
Q2	885	295	518	173	1403	468
Q3	879	293	494	165	1373	458
October		275		121		396
November		246		95		341
	Change from last Qtr	11%		-34%		-19%
	Change Nov 2012- Nov 2013	22%		-54%		-16%

**E. Decreasing Short Sale<sup>11</sup> Activities in Oakland**

Short sale activity has declined over the past two quarters following the spike in late 2012 that resulted from lender concessions mandated by the National Mortgage Settlement Agreement. Lenders have mostly fulfilled their obligations and monthly short sale activity is half what it was

<sup>10</sup> San Francisco Chronicle, "Rents Soaring Across Region," October 25, 2013 (10.3% increase from 2012 for buildings over 50 units from source RealFacts, 15% increase across all apt buildmgs from source Lovely)

<sup>11</sup> Short sales are when a property is sold and the lender agrees to accept less money than is actually owed. In a short sale, the homeowner does not receive any proceeds from the sale.

in the spring, down 38% from November 2012 Re-sales or “flips” of short sale purchases are also down slightly, to about 5 per month

**Oakland Short Sale Trends**

Period	w/NOD in last 180 days		All	
	Qtr	Avg/Mo	Qtr	Avg/Mo
2012 Q1	95	32	235	78
Q2	120	40	301	100
Q3	159	53	342	114
Q4	116	39	341	114
2013 Q1	73	24	231	77
Q2	54	18	260	87
Q3	34	11	162	54
October		7		58
November		11		42
Quarterly Change in avg NODs/mo		-21%		-52%
Change since November 2012		-57%		-38%

**F Auction Sales Continue to Decline in Oakland**

Trustee sales continue to decline and the projected number of auctions in 2013 is less than half as many as were completed in 2012 The spike in investor activity at trustee sale has also dropped off and the share of REO outcomes at auction is up 16 percentage points from Q2 to 42% in November On average, about 10 homes auctioned per month end up in bank inventory

<b><u>Auction Outcomes</u></b>		All Auctions		Auction to REO%
Period		Qtr	Avg/Mo	
2012 Q1		405	135	71%
Q2		278	93	62%
Q3		266	89	57%
Q4		231	77	60%
<b>TOTAL 2012</b>		<b>1180</b>		<b>63%</b>
2013 Q1		161	54	55%
Q2		151	50	26%
Q3		103	34	38%
October			29	34%
November			24	42%
<b>TOTAL 2013 Year to Date</b>		<b>468</b>		<b>30%</b>

**II. FORECLOSURE PREVENTION & MITIGATION PROGRAM STATUS**

On October 16, 2012, Council approved funds for new and expanded activities to prevent and mitigate foreclosures, including the following

- Direct outreach to homeowners with a NOD and tenants living in NOD properties
- Hotline services for tenants and homeowners in distress to connect to appropriate services
- Housing counseling and legal services
- City escalation team to work with Bank escalation teams
- ROOT loan fund program to preserve homeownership for qualified distressed families
- Reporting of violations of National Mortgage Settlement Agreement or the new State Homeowner Bill of Rights Act to the State Monitor or Attorney General's office

Several of these programs required a start-up period before providing direct services. The outreach workers began their door to door outreach services in mid-January 2013. CHDC's housing counseling services in Oakland began in March. The reporting of tenant service outcomes beginning July 2013 is being developed with the tenant service providers as the foreclosure related services are being folded into the renewed CDBG funded agreement, versus the separate contract arrangement in FY 12-13. We anticipate providing updated tenant service numbers in the next quarterly report. The below chart provides a summary of year to date activities.

Status	Outreach (Allen Temple, OCCUR, Family Bridges, MLK FC, CJC) through October	Homeowner Hotline (HERA through December)	Housing Counseling (CHDC March – November & Unity Council July - June)	Homeowner Legal Services (HERA through October)	Tenant Hotline (CJC through June 2013)	Tenant Counseling (CJC through June 2013)	Tenant Legal Services (Centro Legal & EBCLC through June 2013)
<b>HHs Reached or Served</b>	4292 attempts 792 reached	29	Total 62 CHDC 120 Unity Council	183	111	84	Total 118  74 EBCLC 44 Centro
<b>Outcomes</b>	369 tenants referred to services  431 homeowners referred to services	29 homeowners served by direct services (HERA or CHDC)	<u>CHDC</u> 2 loan mod completed 19 in process for loan mod 12 other pending cases 16 referred to ROOT	29 loan mod completed (through December) 2 other help keeping home 19 loan mods or help to save home pending	Legal services referral 27  Brief counseling 46  Case	Stopped eviction 11 Habitability or rent issues addressed 22 Cash for keys 4 Pending 16 Other brief	<u>EBCLC</u> Stopped eviction 7 Habitability addressed 1 Cash for keys 2 Brief service 49 Pending 1 <u>Centro</u> Habitability addressed

Status	Outreach (Allen Temple, OCCUR, Family Bridges, MLK FC, CJJC) through October	Homeowner Hotline (HERA through December)	Housing Counseling (CHDC March – November & Unity Council July - June)	Homeowner Legal Services (HERA through October)	Tenant Hotline (CJJC through June 2013)	Tenant Counseling (CJJC through June 2013)	Tenant Legal Services (Centro Legal & EBCLC through June 2013)
			5 referred to legal services 8 brief counseling <u>Unity Council</u> 9 loan modifications 42 other help keeping home 8 other positive outcomes 32 pending 18 unable to help/ withdrew 11 brief service	106 brief legal service or counseling 27 referred to ROOT or CHDC	management 38	counseling 31	or rent increase rescinded 11 Negotiated settlement 5 Provided single point of contact 1 Brief service 22

***The ROOT Loan Fund Program***

The ROOT program, administered by Community Housing Development Corporation, an affordable housing nonprofit agency, preserves homeownership for qualified homeowners by purchasing their properties at current market value and reselling them back to the homeowner

Five Oakland households have completed the ROOT underwriting process. Negotiations with Wells Fargo to purchase the long-time home (51 years) of an Oakland family who had been recently foreclosed upon has been successful and are now in the transactional process to sell the property back to the family. Negotiations to purchase two other properties from Wells Fargo and one from Bank of America are also occurring to preserve homeownership for long-time Oakland homeowners. Complications with the fifth family are being addressed with Fanme Mae. During this quarter an additional 16 households are in various stages of being reviewed for ROOT eligibility. Alternative assistance is offered to households denied for the ROOT program, such as assistance to get into the pipeline for affordable rental housing. The Foreclosure



Prevention outreach workers are engaging in targeted outreach for the ROOT program to NOD owner occupants and REO former owner occupants

### ***Jobs for Oakland Residents***

In addition to staff currently employed with the funded organizations, the outreach organizations employed eight employees to conduct street outreach on a part-time basis, all of whom are Oakland residents

### ***National Learning Community***

There is continuing interest from other communities regarding the City's foreclosure prevention and mitigation plan and staff has provided information and/or assistance to the following communities this quarter Los Angeles, Sacramento, Buffalo, as well as presented Oakland's programs at convenings organized by the San Francisco Federal Reserve Program staff were also interviewed by the Center for American Progress for their research on foreclosure recovery strategies In addition, the program is learning from new efforts launched in Cleveland to address the problem of blighted abandoned properties, and is in communication with the Center for Community Progress regarding possible technical assistance in developing new strategies to address abandoned and/or blighted properties in Oakland Through facilitation from the SF Federal Reserve, the national trade alliance HOPE NOW has helped the City connect with the right officials at servicing agencies where staff did not have a prior relationship

### ***Addressing Critical Gaps—National Fair Housing Alliance Partnership Funds***

In the 7 to 12 months of foreclosure prevention and mitigation services, the service providers served over 700 households and provided an effective outcome for 36% of those served In a sampling study of 179 HERA clients, about 20% could keep their home if the loan amount was reduced to market value, the majority, unfortunately, have insufficient income or other barriers To address these and other gaps, staff has developed the following proposal for the use of \$1,278,947 00 from National Fair Housing Alliance's settlement with Wells Fargo Bank

- 1 **Homeownership Preservation** \$798,947 dedicated to provide grants up to \$50,000 per household for families who need gap funds as part of a home preservation strategy such as the ROOT loan fund program Criteria would be flexible but include
  - Hardship such as loss of income, health problems, disability, etc
  - A forgivable loan for Oakland households who continue to reside in their Oakland home for up to 5 years If they sell or refinance their home in less than 5 years, then payment at 0% interest would be required A case by case hardship exemption regarding the repayment would be available

- Funds can be used for any type of foreclosure prevention assistance needed, such as payment of HOA fees, back taxes, rehabilitation loan, or through qualifying for the ROOT program
  - Households must have gone through or are currently in a HUD certified housing counseling program
  - Families who are at or below 120% Area Median Income
  - Referrals will come from Oakland's Housing Assistance Center, homeowner counseling agencies and legal services
  - Priority to be given to Oakland families who have resided in their homes for at least 5 years, live in neighborhood stabilization priority areas especially in the International Boulevard Area,<sup>12</sup> and have members who are elderly, disabled, or school-aged children
  - Anticipated families served 15-40
- 2 Tenant Anti-Displacement—***The Pay It Forward Fund***: \$250,000 dedicated to provide rental housing assistance grants of up to \$5,000 per household for tenant families being pushed out of their rental housing given rapidly rising rental housing prices and market force displacement activities<sup>13</sup> This fund could be administered by Catholic Charities Criteria to include
- Families residing in properties with foreclosure history or displaced by foreclosure-related reasons, including investor activity
  - Families who are at or below 80% of Area Median Income
  - Priority to be given to Oakland families who have resided in Oakland for at least 5 years, live in neighborhood stabilization priority areas especially in the International Boulevard Area, and have members who are elderly, disabled, or school-aged children
  - Referrals will come from Oakland's Housing Assistance Center (a new one-stop housing center), tenant legal services and counseling agencies
  - Expectation of community service once housing and lives are stabilized, including volunteering at the Oakland Housing Assistance Center

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<sup>12</sup> These are both the NSP areas as well as the neighborhoods rapidly changing given investor activities in Oakland For example, the Maxwell Park neighborhood which is slightly outside the NSP threshold, used to be an area with high rates of African American homeownership but rapidly changing given foreclosures and investor activities

<sup>13</sup> Oakland's housing market is considered one of the top 5 hottest markets in the nation In the last quarter, Oakland was the 2<sup>nd</sup> city in the nation for the highest level of rising rents—about 6.9%, on top of a 11.5% rent increase from 2011 to 2012

- Proposal of Catholic Charities to administer the fund with a 10% administrative fee and provide quarterly reports to NFHA and the City of Oakland on the number of applicants and recipients of the funds, including demographic data
  - Anticipated families served 45-70
- 3 **Development of New Innovative Strategies Requiring System Changes for Banks or City of Oakland: Group Foreclosure Prevention, Group Purchase of Foreclosed Properties, Green & Healthy Housing Rehab Standards:** \$80,000 towards City of Oakland staff time working on new innovative strategies that address systems changes for banks and City of Oakland operations Given budget constraints, this grant would assist the City to have dedicated staffing needed to develop and implement its new efforts, including the following
- Development of a pilot program for banks, starting possibly with Wells Fargo, to sell distressed mortgage notes or servicing agreements in the City of Oakland to a current servicing entity, as a way to achieve principal reduction
  - Development of a group purchase program of foreclosed properties rather than individual properties going through the First Look programs This new system will transfer properties upstream and prevent the re-occurring impact of blighted properties on low-income neighborhoods
  - Inclusion of green and healthy housing rehabilitation standards for properties going through the City's new Community Buying program and integrated access to City rehabilitation funds for eligible households This will help address the significant asthma and other health problems in the foreclosure hotspot neighborhoods
- 4 **Property Access for First-Time or Re-Entering Homebuyers** \$50,000 towards the development of a pipeline for ready to go first-time or re-entering homebuyers to access foreclosed or abandoned properties as part of the City's new Community Buying Program
- The grant would go to Hello Housing, a nonprofit housing organization, selected as the Administrator of the City of Oakland's new Community Buying program
  - Homebuyers would be at or below 120% AMI and have gone through a homeownership counseling program sponsored by the City of Oakland or a housing counseling partner
  - Anticipated families served 50
- 5 **Outreach to Families on New Resources:** \$100,000 towards outreach for Oakland households in foreclosure as well as others in target foreclosure hotspot neighborhoods to let families know about new foreclosure prevention, anti-displacement, and new ownership

assistance programs The City of Oakland last year provided \$100,000 to these outreach groups from blight penalty funds towards foreclosure prevention and counseling outreach

- The grant would go to established Oakland outreach groups—Martin Luther King Jr Freedom Center (\$50,000) and the Oakland Citizens Committee for Urban Renewal (OCCUR) (\$50,000)
- Anticipated families served 3,000

**III. FORECLOSED PROPERTIES PROGRAM STATUS**

The following is a quarterly and year-to-date summary of performance outcomes from the City’s Foreclosed and Defaulted Properties Registration, Inspection, and Maintenance Programs Specific information, including performance by major lenders is provided in *Attachment A*.

Time Period	Registrations	Properties Inspected	Charges Collected
Q 10/1/2013— 12/30/13	409	132	\$408,718 total <ul style="list-style-type: none"> <li>• \$44,848 reg fees<sup>14</sup></li> <li>• \$363,869 penalties</li> </ul>
YTD 7/1/2013— 12/30/13	655	234	\$765,552 total <ul style="list-style-type: none"> <li>• \$82,667 reg fees<sup>15</sup></li> <li>• \$682,885 penalties</li> </ul>

Proactive inspections of 116 foreclosed and defaulted properties this quarter found 7 properties with blight, mostly minor—6% of the inspected properties The lender/servicer is being pursued for abatement in 5 of those cases, 3 being bank owned and 2 being possibly abandoned by the owner The remaining 2 are being addressed by the current owner in default In addition, 11 properties were inspected to follow up with new complaints regarding blighted defaulted or foreclosed properties Eight of these complaints were verified and abated timely, 2 are in the abatement period, and one remains an active open case due to complications with potentially unauthorized occupants Information in Attachment A provides violation break-downs by specific lenders/servicers

Staff continues to deal with increasing numbers of unauthorized occupants in abandoned and/or defaulted or foreclosed properties who are creating blight and/or engaged in nuisance activities Seven such cases were successfully abated this quarter through lender action coordinated by Building Services and the Oakland Police Department Those properties remain clean and secure Three active cases remain and new strategies are being developed through coordination between Building Services and the Oakland Police Department to address unsanitary and hazardous conditions that have resulted

<sup>14</sup> An additional \$7,372 in Rec/Tech restricted fees were collected  
<sup>15</sup> An additional \$12,189 in Rec/Tech restricted fees were collected

#### **IV. STATUS OF INVESTOR OWNED FORECLOSED AND DEFAULTED PROPERTIES PROGRAM**

In November, 2012, the City Council passed an ordinance requiring the registration, inspection, and maintenance of formerly foreclosed or defaulted properties purchased by investors. The new program, including a new online registration portal, launched in early August 2013. Registration notices were issued to 70 properties between August and November with the following outcomes:

- 35 properties have been registered
- 15 properties were determined to be exempt
- 14 penalties have been issued for failure to register
- Registration is required for the remainder by early January

Of the 15 inspections conducted so far, 11 properties were issued a Notice of Violation and given 30 to 60 days to abate the conditions. Twenty inspections are pending.

#### **V. STATUS OF COMMUNITY BUYING PROGRAM—TRANSFORMING ABANDONED PROPERTIES INTO AFFORDABLE HOUSING**

As provided in the last report, the City issued a Solicitation for Partners to select a Nonprofit Administrator of the Community Buying (CB) Program and qualified nonprofit and for-profit developers committed to working with the City to achieve its community development and neighborhood stabilization goals. Hello Housing, a nonprofit housing development organization with experience in administering similar programs for Alameda and Contra Costa Counties, was selected as the Program Administrator. Nine development partners were also selected: Allen Temple Economic Development Agency, Asian Inc, Community Housing Development Corporation, East Bay Asian Local Development Corp, Habitat for Humanity, Hello Housing, Nehemiah Corporation of America, Self Help, and Turner Group Construction.

The immediate priorities for the CB Program are to:

1. Develop systems for efficient, effective, and equitable disposition of available properties among the developer partners.
2. Organize developer partners to purchase and develop the 55 abandoned properties that did not sell in the pilot program that the City and County developed to address 76 abandoned properties with City code enforcement and County tax liens that had not sold in prior tax auctions.<sup>16</sup> These properties would be redeveloped into affordable ownership or rental housing. Staff is working with the County Treasurer-Tax Collector, Donald

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<sup>16</sup> See Report and Resolution Approving the Potential Removal of Liens on 75 Properties to Facilitate the Sale of These Properties in the Alameda County Auction Program, October 2, 2012 Council meeting.

White, and his staff on crafting disposition strategies that promote the affordable housing goals

- 3 **Revise the First Look programs for the National Community Stabilization Trust and Fannie Mae to improve transparency and purchasing opportunities of foreclosed properties** Preliminary changes would be the creation of a City of Oakland Community Buying portal through the NCST that would give Community Buyers the first priority to purchase available properties that are offered through the First Look programs, as well as coordinate access with Fannie Mae's HomePath program Staff has also been in discussion with Wells Fargo and Nationstar about the development of a First Look program prior to foreclosure, possibly at short sale

## **VI. DEVELOPMENT OF PROACTIVE PROGRAMS AND POLICY RECOMMENDATIONS**

As provided in past reports, staff has been working with community partners and national experts to develop new strategies and identify new resources and/or policies to accomplish the following goals

- 1 **Preserve homeownership for qualified residents**
- 2 **Provide meaningful access to foreclosed properties for owner-occupant purchasers**
- 3 **Support the disposition of foreclosed properties into affordable and quality rental housing**

As discussed in recent Council and CED Committee meetings, while foreclosures have significantly declined in Oakland, given the City's unmet concerns about the current impact on long-time Oakland homeowners, including the elderly and families, and the growing related affordable housing crisis, the City is looking for structural and more expeditious solutions to prevent foreclosures Building upon prior efforts, staff is now working with Self Help, a national Community Development Financial Institution with a regional office in Oakland, on the possible development of a mortgage notes sales program See **Informational Report on Local Principal Reduction Strategies, November 19, 2013 Council meeting.**

In addition, staff is in discussion with state political representatives and advocacy organizations about the development of possible policy solutions

### ***Development of Policy Recommendations for Council Consideration***

There may be policy recommendations for Council action, in a separate future staff report, to support the alternative disposition goals of home preservation, new homeownership opportunities, and quality and affordable rental housing Staff will be convening meetings with different stakeholder groups to develop any policy recommendations for Committee consideration, including the following ACCE, Alameda County Public Health Department,

CJJC, East Bay Rental Housing Association, Jobs and Housing Coalition, OCO, Oakland Realtors Association, Urban Strategies Council, and others

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** Oakland's foreclosure crisis has had devastating economic impact to residents, neighborhoods, economic development efforts, and City revenues. Blighted foreclosed or defaulted properties have resulted in significant expenditures of limited City resources including Code Enforcement, Police, Fire, and City Attorney. The City's proactive strategies will foster Oakland's economic goals.

***Environment:*** Vacant or unmaintained foreclosed or defaulted properties have impacted the City's physical environment, as well as the health of residents. The City's proactive strategies will foster Oakland's environmental goals.

***Social Equity:*** The foreclosure crisis has disproportionately impacted lower income residents who reside in flatland neighborhoods. The crisis has also significantly contributed to the current affordable housing crisis. The City's proactive strategies will foster social equity goals.

For questions regarding this report, please contact Margaretta Lin, Departments of Housing and Community Development and Planning and Building, at 510-238-6314.

Respectfully submitted,



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Assistant City Administrator

Reviewed by  
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***Attachment A: Foreclosure Data  
& Properties Status***

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Departments of Housing and Community Development  
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Item \_\_\_\_\_  
CED Committee  
January 28, 2014

		Foreclosure Events			Registrations						Inspections								
		NOD/REO Filings			Notice of Default			Foreclosed / REO			Inspected Properties				Abatement				
Time Period	Bank*	NOD	Trustee Sale	REO	Total NOD	Occupied	Vacant	Total REO	Occupied	Vacant	Proactive		New Complaints		Total Violations	Pending	Timely	Penalties	
											Inspected	Violations	Inspected	Violations**					
Current Qtr Oct - Dec 2013																			
Major Lenders	BofA	10	1	1	28	18	10	4	0	4	11	1	1	1	2	1	1	0	
	Chase	23	3	2	3	2	1	1	0	1	9	0	2	2	2	0	2	0	
	Fannie Mae	1	0	0	0	0	0	0	8	4	4	10	2	1	1	3	2	1	0
	Freddie Mac	0	0	0	0	0	0	0	0	0	0	3	1	0	0	1	1	0	0
	US Bank	12	2	1	4	2	2	0	0	0	0	3	0	0	0	0	0	0	0
	Wells	39	8	2	206	196	10	11	8	3	3	40	0	3	3	3	1	2	0
Other Lenders	Ocwen	20	2	1	85	84	1	1	0	1	13	1	0	0	1	1	0	0	
	Nationstar	17	4	3	3	3	0	0	0	0	8	0	1	1	1	0	1	0	
	Bank of NY	8	1	0	0	0	0	0	0	0	0	0	1	1	1	1	0	0	
	Deutsche Bk	10	0	0	1	1	0	1	0	1	1	0	0	0	0	0	0	0	
	One West	15	0	0	4	4	0	0	0	0	2	0	0	0	0	0	0	0	
	SP Servicing	6	0	0	4	2	2	4	1	3	9	0	0	0	0	0	0	0	
	Others***	63	16	8	33	24	9	8	3	5	7	0	2	2	2	1	1	0	
	Total	224	37	18	371	336	35	38	16	22	116	5	11	11	16	8	8	0	
FY to Date July - Dec 2013																			
Major Lenders	BofA	15	4	3	44	31	13	5	1	4	19	1	2	2	3	1	1	1	
	Chase	43	14	5	36	22	14	2	0	2	28	2	2	2	4	0	4	0	
	Fannie Mae	6	1	1	0	0	0	17	10	7	13	2	4	4	6	2	2	2	
	Freddie Mac	0	0	0	1	0	1	0	0	1	3	1	0	0	1	1	0	0	
	US Bank	24	9	4	5	3	2	0	0	0	6	0	0	0	0	0	0	0	
	Wells	81	19	7	251	240	11	14	8	6	56	2	3	3	5	1	4	0	
Other Lenders	Ocwen	34	5	2	121	119	2	3	0	3	31	1	0	0	1	1	0	0	
	Nationstar	28	14	11	40	38	2	1	0	1	8	0	2	2	2	0	2	0	
	Bank of NY	12	4	2	0	0	0	0	0	0	2	1	2	2	3	2	1	0	
	Deutsche Bk	17	1	1	1	1	0	2	0	2	8	1	0	0	1	0	1	0	
	One West	30	2	2	4	4	0	0	0	0	4	0	1	1	1	0	0	1	
	SP Servicing	9	0	0	25	23	2	4	1	3	15	0	1	1	1	0	0	1	
	Others***	140	67	20	64	53	11	15	4	10	21	0	3	5	5	1	4	0	
	Total	439	140	58	592	534	58	63	24	39	214	11	20	22	33	9	19	5	

Notes on Methodology

\*There are often multiple entities involved in the loan for a defaulted or foreclosed property including the lender or investor/note holder and the servicer that manages the loan payments. Properties are assigned to the primary responsible party based on a combination of information pulled from public records and details provided in the registry.

\*\*Proactive inspections this quarter found 3 blighted bank-owned properties and 5 blighted properties in the default stage, with mostly minor violations. Only 1 of the defaulted properties is included in the table above because the lender is being pursued for abatement due to potential abandonment by the owner.

\*\*\* In the case of Trustee Sales, this number includes sales to a 3rd party as well as lenders not uniquely identified above.