

CITY OF OAKLAND

AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2007 NOV 29 PM 7:51

TO: Office of the City Administrator
ATTN: Deborah A. Edgerly
FROM: Community and Economic Development Agency
DATE: December 11, 2007

RE: **A Report and Possible Action on Activities Initiated in Response to Subprime Lending and Foreclosure Activity**

SUMMARY

This report is in response to the City Council's direction that staff identify actions that can be taken to address the increasing number of home mortgage foreclosures that are occurring throughout Oakland, including information and outreach, counseling activities, data collection and reporting, and other efforts to assist homeowners and ensure that foreclosed properties do not become blighting influences in Oakland neighborhoods. This report provides a summary of actions already initiated and staff will report back in January on other issues.

FISCAL IMPACT

There are no additional fiscal impacts. Actions to be implemented will be funded per appropriations contained within the FY 2007-09 Adopted Policy budget.

BACKGROUND

On November 6, 2007, the City Council adopted a resolution endorsing proposed federal legislation to address the growing foreclosure crisis. As part of that resolution, the City Council also directed to staff to analyze and report back on possible actions that could be implemented at the local level to address this issue. At the November 8, 2007 Rules Committee meeting, staff was directed to prepare a report for the December 11, 2007 Community and Economic Development Committee to discuss actions that could be immediately implemented.

KEY ISSUES AND IMPACTS

Subprime lending practices during the last few years have included a number of high-risk loans involving adjustable rates, balloon payments and other provisions that have led to a substantial increase in the number of homeowners that have lost or are in danger of losing their homes to foreclosure. In the coming months, an even larger number of adjustable-rate mortgages will readjust upward, thereby increasing the monthly payment to levels that exceed homebuyers' ability to make the required payments. In addition, renters occupying foreclosed homes are being evicted in violation of the City's Just Cause ordinance, in part because many tenants and lenders

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are unaware of the protections afforded by the Just Cause ordinance. Apart from the displacement of individual households, the growing number of foreclosures may result in large numbers of vacant properties that could be blighting influences in many Oakland neighborhoods.

Many efforts are underway at the federal and state level to deal with this crisis, and staff will continue to identify legislation that could be supported by the City Council. At the same time, some localities are seeking to identify actions that can be taken at the local level.

PROGRAM DESCRIPTION

Staff has identified a number of actions that can be undertaken right away and has already begun to implement them. These immediate actions will provide information and resources to assist Oakland residents who are facing foreclosure or may be at risk of foreclosure.

- Rent Adjustment will place advertisements in local newspapers providing information on tenant rights.
- Staff is working with the Cultural Arts and Marketing Division of the City Administrator's Office and KTOP staff to produce Public Service Announcements that will be aired on a number of stations over a 30-day period.
- A Request for Proposals will be issued by December 1st for housing counseling agencies to provide Default and Delinquency counseling, information and services to borrowers. Community Development Block Grant (CDBG) funds for housing counseling activity have previously been approved by the City Council as part of the adopted budget and the adopted Consolidated Plan.

Additionally, staff will:

- Reach out to community organizations to provide information to the public regarding available resources for counseling and homebuyer assistance.
- Identify additional funding resources that can be used to expand counseling and legal assistance.
- Identify resources to assist people in finding rental housing if their home is foreclosed.
- Work with CEDA's Real Estate unit to identify a reliable and timely source of data on past and pending foreclosures.
- Work with the Mayor's Office to convene a meeting with lenders and invite State officials to attend.

- Research programs and initiatives being undertaken by cities in other parts of the state and nationwide
- Provide an updated report to the Committee on January 22, 2008 on these and other actions responding to foreclosure activity.

SUSTAINABLE OPPORTUNITIES

Pursuant to City Council Resolution No. 74678 C.M.S., adopted December 1, 1998, staff encourages property owners to operate sustainable projects.

Economic: These actions will help avoid and reduce neighborhood blight that can impede economic development efforts.

Environmental: The actions discussed in this report do not create direct environmental benefits. Vacant homes increase the possibility of deteriorating properties, vandalism, debris and other negative elements.

Social Equity: These actions are intended to provide information and assistance to citizens in danger of losing their homes so they can continue to occupy their residences. Maintenance of homeownership, especially for low and moderate income households, is a key social equity goal of the City Council.

DISABILITY AND SENIOR CITIZEN ACCESS

This report does not provide specific benefits or programs for disabled or senior citizens.

RECOMMENDATION(S) AND RATIONALE

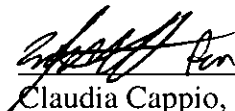
Staff recommends that the Council accept this report of actions that have been implemented to address foreclosure activity. Staff will continue to implement these activities and provide updated and additional information by January 22, 2008.

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ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the Council accept this report of actions implemented in response to foreclosure activity.

Respectfully submitted,

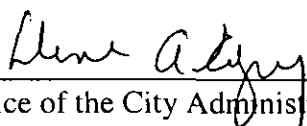


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Community and Economic Development Agency

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**APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:**



Office of the City Administrator

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