

OFFICE OF THE CITY CLERK
OAKLAND

APPROVED AS TO FORM AND LEGALITY:

05 FEB 14 AM 10:29

By:



Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. 79060 C.M.S.

INTRODUCED BY COUNCIL PRESIDENT DE LA FUENTE

**A RESOLUTION CALLING ON THE CALIFORNIA
LEGISLATURE TO ADOPT STRONGER STATEWIDE
ANTI-PREDATORY LENDING PROTECTIONS OR
AUTHORIZE LOCAL COMMUNITIES TO ADOPT
STRONGER PROTECTIONS TO ADDRESS LOCAL
CONDITIONS AND PROTECT LOCAL INTERESTS**

WHEREAS, the City Council enacted Ordinance No. 12361 C.M.S., the Anti-Predatory Lending Ordinance, on October 2, 2001, which prohibited certain abusive lending practices for high-cost home mortgage loans in Oakland; and

WHEREAS, due to a legal challenge to the Ordinance from the subprime lending industry, the Ordinance never became effective; and

WHEREAS, prior to the enactment of the Ordinance, this Council heard testimony from community organizations and victims of predatory lending practices that predatory lending is a widespread, significant and growing problem in low-income Oakland neighborhoods; and

WHEREAS, in enacting the Ordinance, this Council found that because of the high number of minority and low-income homeowners in Oakland and the pressures of gentrification in certain neighborhoods that increase property values and home equity, Oakland residents in low-income areas have been perceived to be "house rich and cash poor" and thus are prime targets for predatory lending practices; and

WHEREAS, this Council further found that (1) predatory lending is a significant economic drain on low-income families and communities in Oakland, (2) predatory lending practices increase foreclosures, which results in abandoned houses, blighted neighborhoods, and the physical and economic deterioration of low-income, minority and inner-city communities in Oakland, (3) predatory lending increases displacement and economic dislocation, and reduces the availability of

affordable housing in Oakland, and (4) predatory lending reduces property values in Oakland, erodes the tax base, and increases the strain on City services; and

WHEREAS, the state anti-predatory lending statute, AB 489, enacted in 2001, does not adequately address the problem of predatory lending in Oakland; and

WHEREAS, over half of the states have adopted anti-predatory lending statutes, many of which have stronger borrower protections than AB 489; and

WHEREAS, the problem of predatory lending persists in Oakland; and

WHEREAS, on January 31, 2005, the California Supreme Court, in a 4-3 ruling, invalidated the Ordinance, ruling that the California Legislature impliedly preempted local predatory lending laws by enacting AB 489; now, therefore, be it

RESOLVED: That the City Council hereby calls on the California Legislature to adopt stronger statewide borrower protections against predatory lending practices in home mortgage lending, or alternatively to authorize local communities with severe predatory lending problems to adopt regulations over abusive home mortgage lending practices as needed to address local conditions and protect local interests; and be it further

RESOLVED: That the City Council hereby authorizes the City Administrator and the City Attorney to take whatever action they deem necessary or appropriate to support this position consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, FEB 15 2005, 2005

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, AND PRESIDENT DE LA FUENTE, 7

NOES- 0

ABSENT- 0

ABSTENTION- 0

ATTEST: Latonda Simmons
LATONDA SIMMONS
Interim City Clerk
of the City of Oakland