

**CITY OF OAKLAND**  
**AGENDA REPORT**

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2008 JAN 10 PM 5:58

TO: Office of the City Administrator  
ATTN: Deborah A. Edgerly  
FROM: Community and Economic Development Agency  
DATE: January 22, 2008

RE: **Follow-Up Report on Actions Underway in Response to Foreclosure Activity**

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**SUMMARY**

This report is a follow-up to the December 11, 2007 report and the December 18, 2007 supplemental report on actions to address foreclosure activity. The reports were in response to the City Council's direction that staff identify actions that could be taken to address the increasing number of home mortgage foreclosures that are occurring throughout Oakland.

The actions undertaken to date include 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 initiated actions and some that will continue over a period of time.

**FISCAL IMPACT**

There are no additional fiscal impacts. Funds to implement the proposed actions are budgeted in appropriations within the FY 2007-09 Adopted Policy budget.

**BACKGROUND**

On November 6, 2007, the City Council adopted Resolution No. 80930 C.M.S. endorsing proposed federal legislation to address the growing foreclosure crisis. As part of the resolution, City Council directed to staff to analyze and report back on implementation of possible actions 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. Staff received further direction to submit a supplemental report for the December 18, 2007 City Council meeting to provide information on programs and initiatives being undertaken in other parts of the state and nationwide.

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## 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, which has led to a substantial increase in the number of homeowners who 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 and increase monthly payments to levels that may exceed homebuyers' ability to make the required payments. As well, renters who occupy foreclosed homes face eviction in violation of the City's Just Cause ordinance, in part because many tenants and lenders are unaware of the protections afforded by the Just Cause ordinance. In addition to the displacement of individual households, the growing number of foreclosures may result in large numbers of vacant properties that could result in blighting and other undesirable conditions in many Oakland neighborhoods.

Many efforts are underway at the federal and state level to deal with this crisis. Staff will continue to identify legislation for City Council to support. Oakland and other localities continue to seek and identify actions to undertake at the local level.

## PROGRAM DESCRIPTION

Staff identified a number of actions to undertake and implement right away and others to be implemented over time. These actions 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 developed a set of four newspaper advertisements (**Attachment A**) to provide contact information and resources for both homeowners and tenants. Homeowners are directed to call the City Attorney's hotline 232-5378 (BE ALERT) and tenants are directed to call the Rent Adjustment unit at 238-3721. A set of ads will run each week for four weeks from December 20, 2007 – January 20, 2008. These advertisements were placed in the following newspapers:*

*El Mensajero*

*El Mundo*

*Globe*

*Koreo Times*

*Oakland Post*

*Oakland Tribune*

*Sing Tao Daily*

*Sunday Morning News*

- Staff is working with the Cultural Arts and Marketing Division of the City Administrator's Office and KTOP staff to produce Public Service Announcements to air on a number of stations over a 30-day period.

*KTOP expects to complete production of the Public Service Announcement (PSA) during the second week of January. Comcast will run the PSA on various channels, local edition and headline news for two to three weeks. Housing staff taped an announcement for the Comcast Local Edition to run during the month of January and were interviewed on KPFA radio in December.*

- Issued a Request for Proposals (RFP) 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 received previous approval from the City Council as part of the adopted budget and the adopted Consolidated Plan.

*CDBG staff issued an RFP for \$100,000 for Mortgage Delinquency and Default Resolution Counseling, to serve persons at risk of losing their primary homes due to the inability to make mortgage payments, on November 20, 2007. Responses to the Request for Proposals are due January 18th. Due to the submission date of this report prior, staff will report on the number of responses received and a plan to award a contract at the January 22<sup>nd</sup> CED meeting.*

- Outreach to community organizations to provide public information on available resources for counseling and homebuyer assistance.

*Staff developed a tri-fold information mailer brochure (**Attachment B**) to provide information on resources for assistance for homeowners and tenants impacted by foreclosure. These will be mailed to homeowners who have received a notice of default, lenders, non-profits and organizations on our various mailing lists, realtor associations, property management companies, real estate attorneys, community organizations and those who receive notices of the annual CPI increase from Rent Adjustment.*

- Identify additional funding resources to expand counseling and legal assistance.

*Staff identified possible funds and will consult with the Budget Office to confirm availability. Additionally, Freddie Mac has indicated they will provide a \$25,000 challenge grant for foreclosure activity.*

- Identify resources to assist people in finding rental housing if their home is foreclosed.

*Rent Adjustment will refer persons seeking rental housing to Eden Information and Referral (Eden I & R).*

*Eden I & R is a nonprofit agency based in Hayward, serving all of Alameda County, that maintains a computerized database of over 43,000 units of housing in Alameda County. They provide free information on housing-related services -- to property managers and persons seeking housing.*

- Work with CEDA's Real Estate unit to identify a reliable and timely source of data on past and pending foreclosures.

*Staff are reviewing two possible sources that can provide statistics of foreclosure activity. CEDA's Real Estate unit will receive data of notices of defaults and notices of trustee sales beginning December 2007. Staff will summarize this and other data and provide the information to Council members on a regular basis. There is a one (1) month lag for information the title company receives.*

*Staff is also exploring RealtyTrac as a source of foreclosure listings if they can provide data more timely.*

*The following information was included in a December 2007 report "Foreclosed: The Burden of Homeownership Loss on City of Oakland and Alameda County Residents" prepared by Housing and Economic Rights Advocates and the California Reinvestment Coalition:*

***For Alameda County as a whole, recorded Notices of Default in the first 3/4 of 2007 were 50% higher than for the entire year of 2006.***<sup>10</sup> *A total of 6245 Notices of Default were filed from January 1 through October 1, 2007.*

- *In 2007, the City of Oakland saw a 20% increase in Notices of Default in the first ¾ of the year as compared to the entire year of 2006. A total of 1507 Notices of Default were recorded on Oakland homes from January 1, 2007 to October 1, 2007.*
- *Out of the 1507 Notices of Default recorded on Oakland homes in the first ¾ of 2007, 58% have been in 3 zip codes: 94605, 94607 and 94621.*

<sup>10</sup>

*Data obtained from Alameda County Recorder's Office, on-line database. Please note that these numbers include both residential and non-residential properties. Data on foreclosures by city was not available through the Recorder's Office.*

*Data for the year 2007 is from January 1<sup>st</sup> to October 1<sup>st</sup>.*

- Work with the Mayor's Office to convene a meeting with lenders and invite State officials to attend.

*Mayor Dellums and Congresswoman Barbara Lee will jointly host a meeting at Oakland City Hall on Saturday, January 12, 2008 from 10:00 a.m. – 1:00 p.m. In addition to lenders, the meeting will include, Secretary of California's Business, Transportation and Housing*

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*Agency, Dale E. Bonner, and local assembly members, state senators and County supervisors.*

*The U.S. Department of HUD and HUD-approved counseling agencies will participate. Other agencies that can provide consumer home mortgage information may also participate and provide information.*

- Research programs and initiatives being undertaken by cities in other parts of the state and nationwide.

*Staff provided information in a supplemental report to the City Council on December 18, 2007. That report provided information of efforts in Chicago, Boston, Denver, New York City, Detroit, Antioch, Pittsburg and Contra Costa County. Staff will continue to survey efforts implemented in other cities and determine if their actions are feasible for Oakland.*

Staff will continue to attend and participate in meetings, town hall meetings and other forums to gain and provide information and resources that can benefit homeowners and tenants.

## **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:*** These 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 will 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 City Council accept this report of actions implemented to address foreclosure activity. Staff will provide updates and additional information as it becomes available.

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**ACTION REQUESTED OF THE CITY COUNCIL**

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

Respectfully submitted,



Dan Lindheim, Interim Director  
Community and Economic Development Agency

Reviewed by:  
Sean Rogan, Deputy Director  
Housing and Community Development

Prepared by:  
Jackie Campbell  
Homeownership Programs Manager  
Housing and Community Development

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

  
Office of the City Administrator

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**We fell behind in our  
mortgage payments  
when our son was sick.**

**The bank is  
foreclosing!**

**Know your rights.**

**510-BE-ALERT (232-5378)** (City Attorney's Hotline)

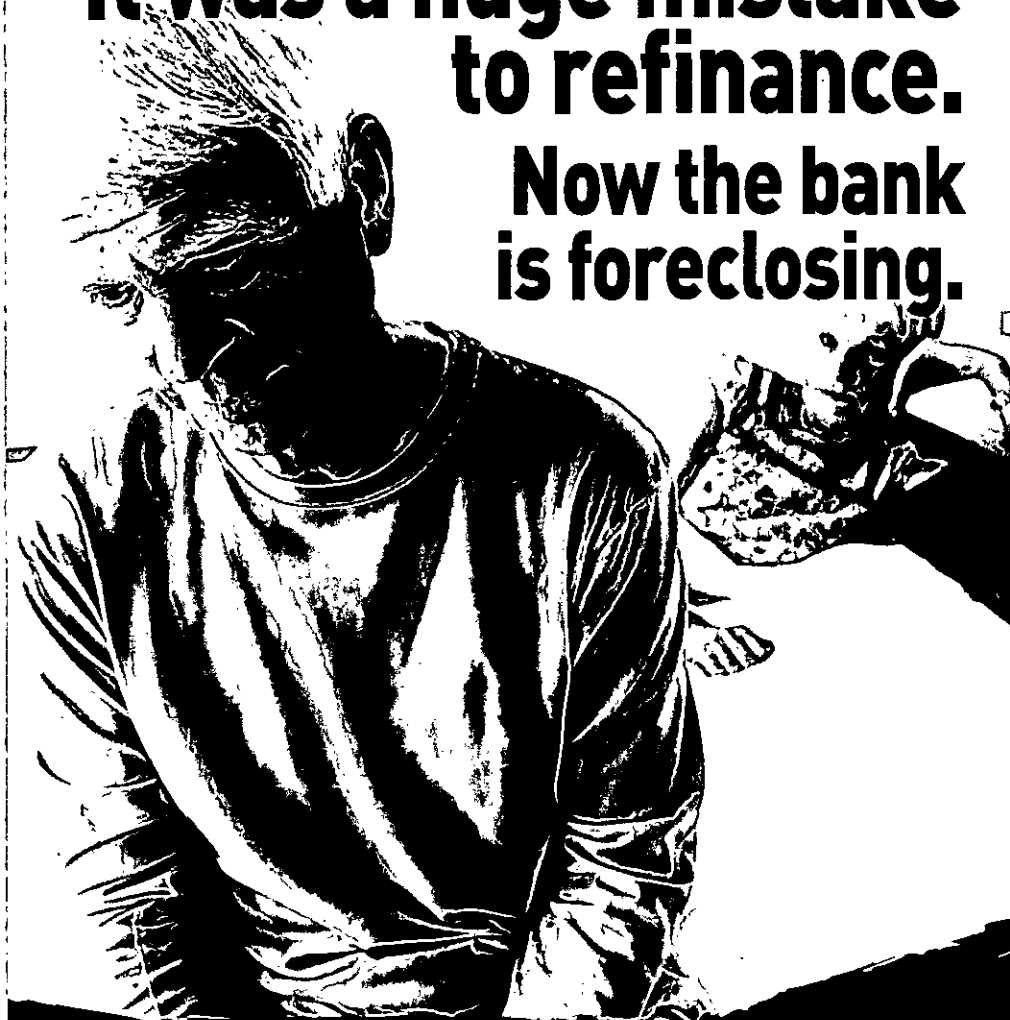
**[www.oaklandnet.com/oaklandhelps](http://www.oaklandnet.com/oaklandhelps)**



**CITY OF OAKLAND • COMMUNITY & ECONOMIC DEVELOPMENT AGENCY**  
**Housing and Community Development Division**

**It was a huge mistake  
to refinance.**

**Now the bank  
is foreclosing.**



**Know your rights.**

**510-BE-ALERT (232-5378)** (City Attorney's Hotline)

**[www.oaklandnet.com/oaklandhelps](http://www.oaklandnet.com/oaklandhelps)**



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**Our mortgage  
payment has doubled.**

**The bank refuses to  
negotiate with us.**

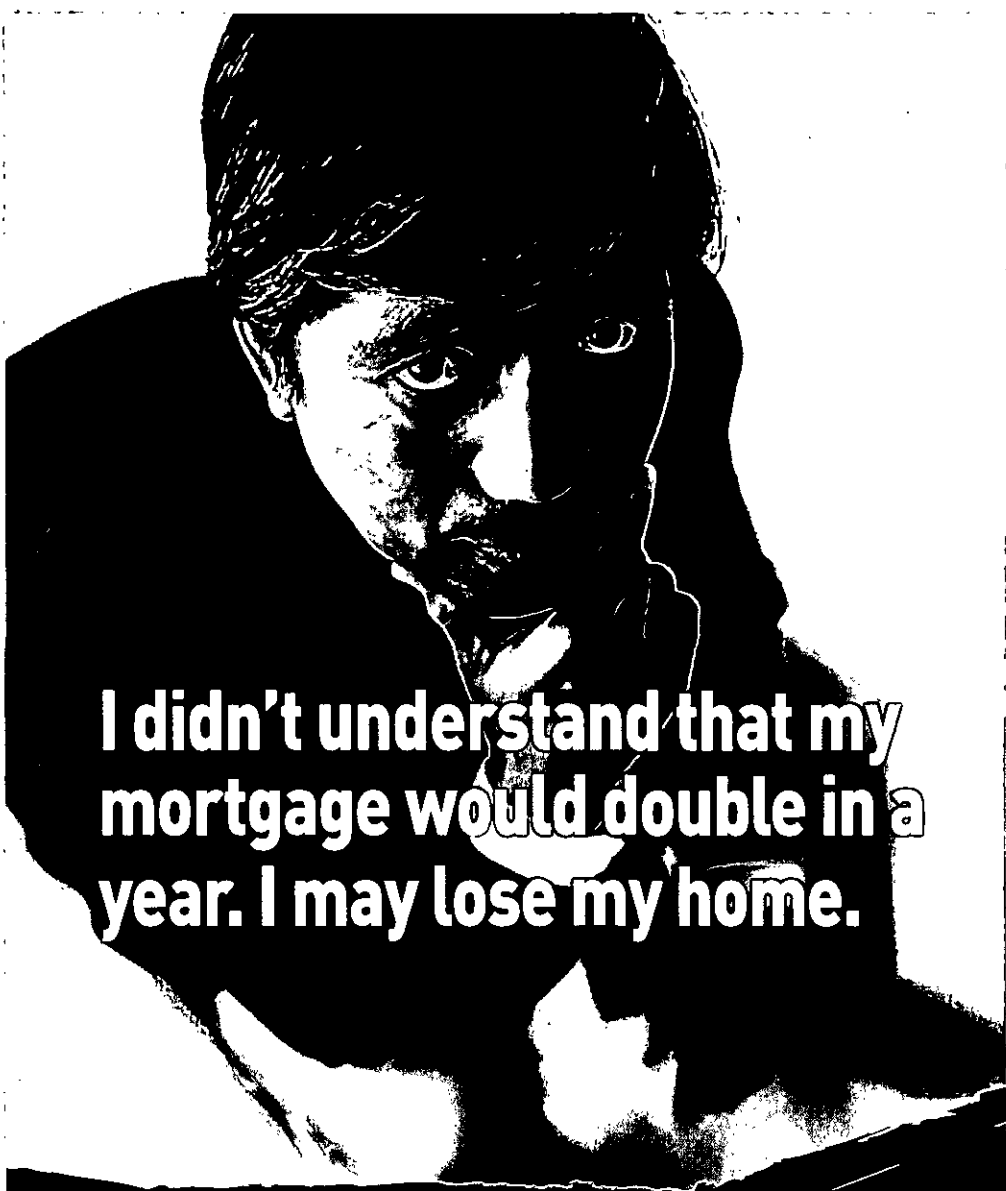
**Know your rights.**

**510-BE-ALERT (232-5378) (City Attorney's Hotline)**

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**I didn't understand that my mortgage would double in a year. I may lose my home.**

**Know your rights.**

**510-BE-ALERT (232-5378)** (City Attorney's Hotline)

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**CITY OF OAKLAND • COMMUNITY & ECONOMIC DEVELOPMENT AGENCY  
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**Why was my family evicted?  
We were on time with our  
rent every month.**



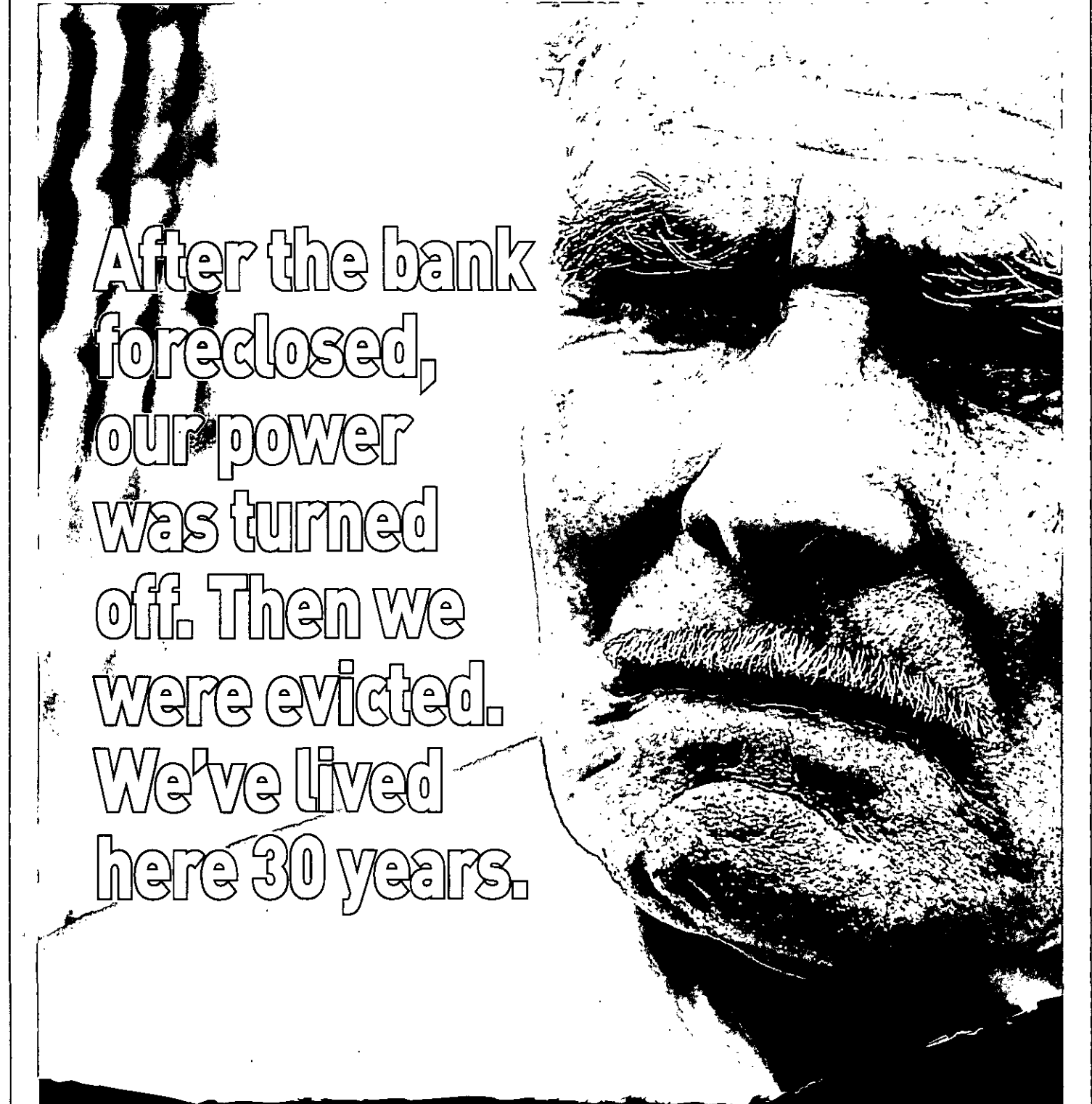
**Know your rights.**

**510.238.3721 • [www.oaklandnet.com/oaklandhelps](http://www.oaklandnet.com/oaklandhelps)**

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After the bank  
foreclosed,  
our power  
was turned  
off. Then we  
were evicted.  
We've lived  
here 30 years.

**Know your rights.**

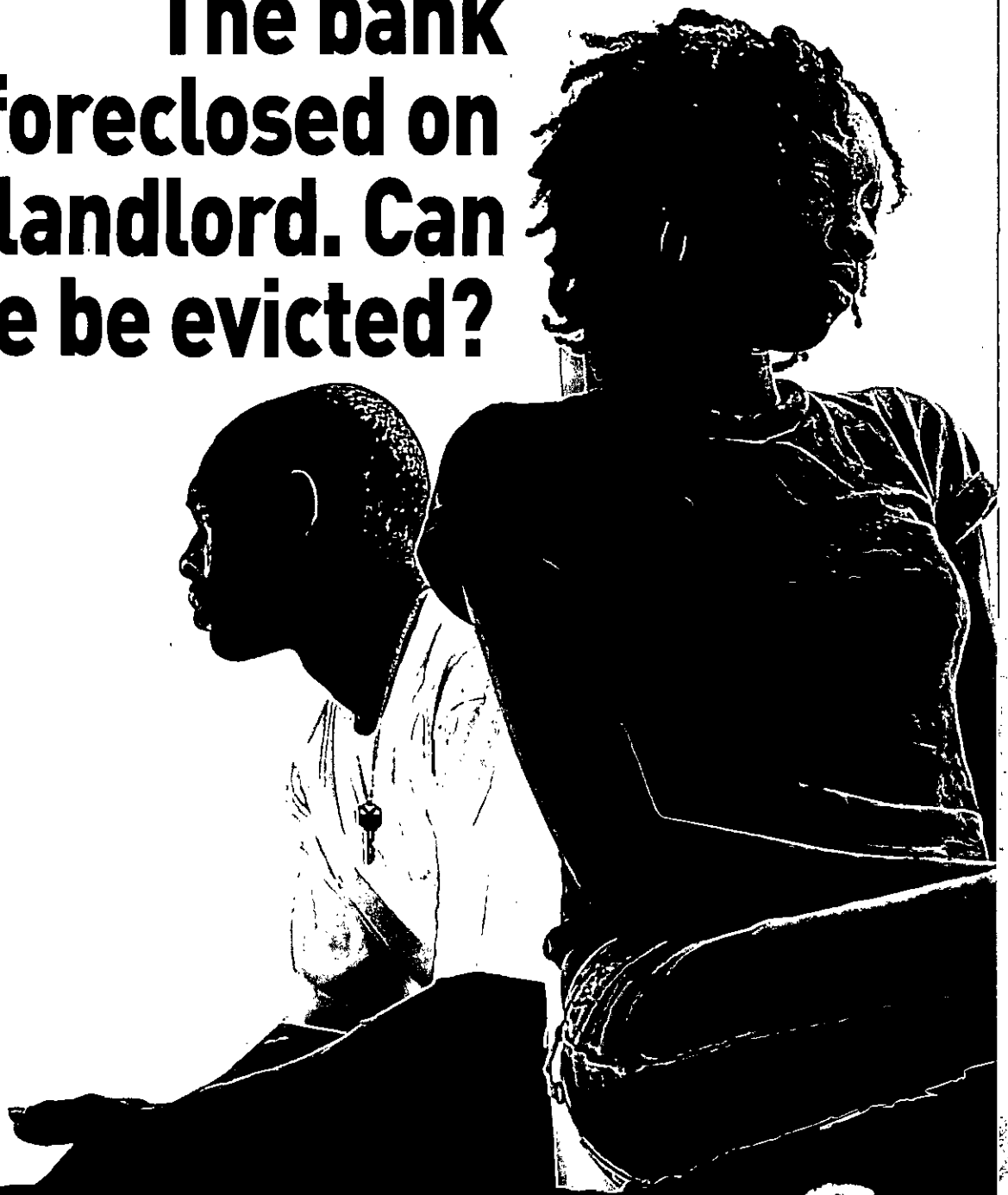
510.238.3721 • [www.oaklandnet.com/oaklandhelps](http://www.oaklandnet.com/oaklandhelps)

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**The bank  
foreclosed on  
our landlord. Can  
we be evicted?**



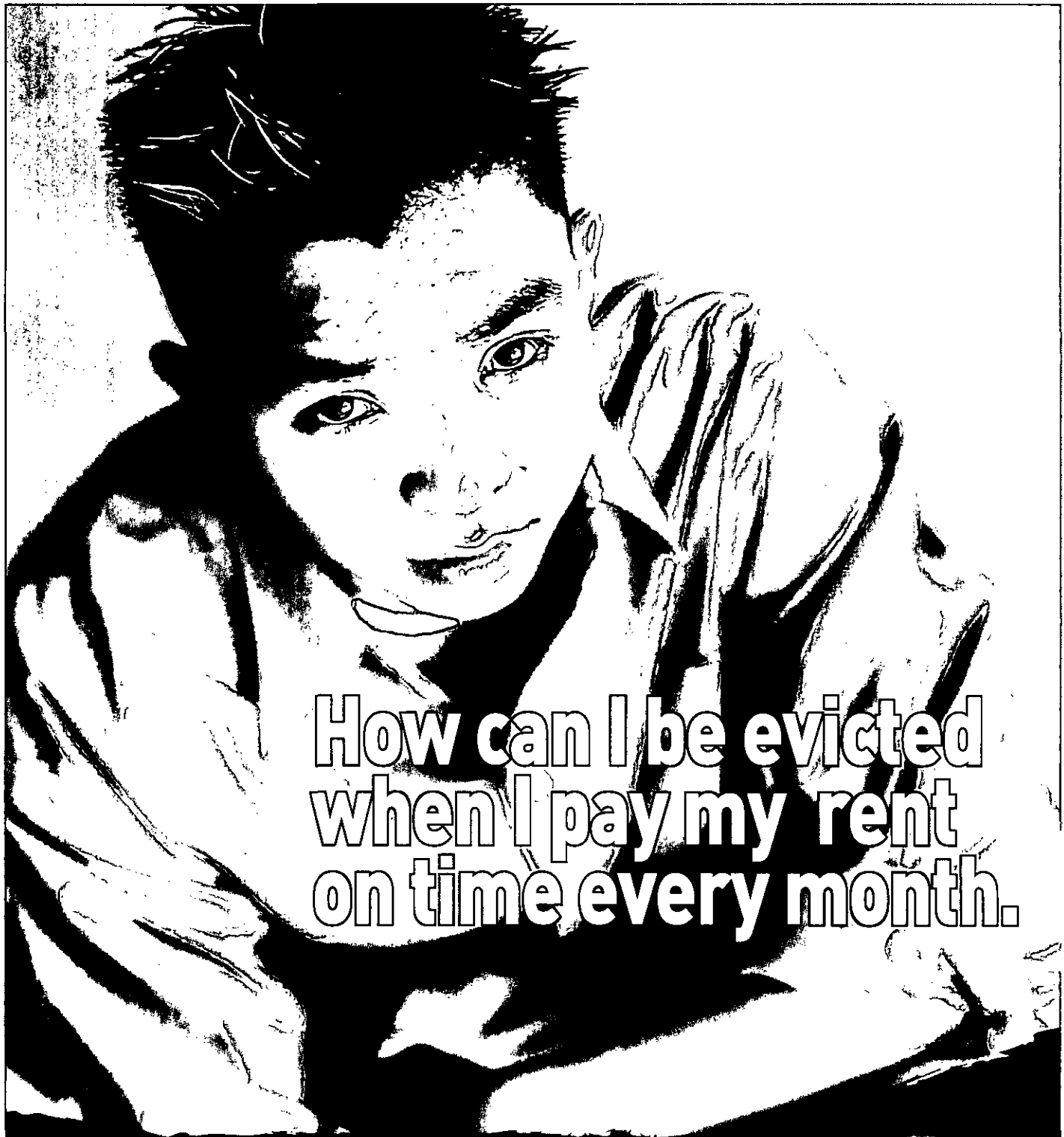
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How can I be evicted  
when I pay my rent  
on time every month.

**Know your rights.**

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# What you need to know about **EVICTION and FORECLOSURE**

Ending practices during the last few years have included a number of high-risk loans involving adjustable interest rates, balloon payments, and other provisions that have led to a great increase in the number of homeowners who lose their homes to foreclosure. In the coming months, an even larger number of adjustable-rate mortgages will re-adjust upward. This will increase the monthly payment to levels that many homeowners will simply not be able to afford. In addition, tenants who live in buildings that are foreclosed are being evicted in violation of the Oakland Just Cause Ordinance. Part of the reason for this is that many tenants and lenders do not know that tenants in this situation are usually protected by the Just Cause for Eviction Ordinance. The growing number of foreclosures negatively affects not only homeowners and tenants, but the community as a whole. It may result in large numbers of vacant buildings, which increase crime and blight in our city.



**CITY OF OAKLAND**  
Community and Economic Development Agency (CEDA)  
Housing and Community Development Division  
250 Frank H. Ogawa Plaza, Suite 5313  
Oakland, CA 94612

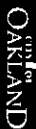
**Facing Eviction?**  
510.238.3721



**FORECLOSURE?**  
510.238.5378

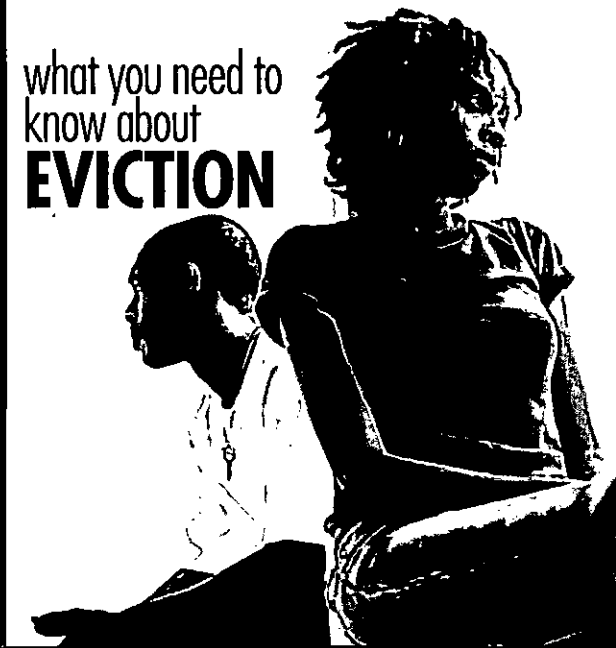


**Know your rights.**



[www.oaklandnet.com/oaklandhelps](http://www.oaklandnet.com/oaklandhelps)

# what you need to know about **EVICTION**



## **Can I be evicted because my building has been foreclosed?**

**NO!** The Oakland Just Cause for Eviction Ordinance states that a landlord must have good cause to evict a tenant. If a building is foreclosed, a bank or mortgage company becomes the new owner. This is no different from a situation in which a building owner sells the building to someone else. In either case, the fact that someone else owns the building is not a lawful reason to evict a tenant or increase the rent.

## **If there is a foreclosure, can my rent payment be increased?**

**NO!** Under the Oakland Rent Ordinance, a new landlord, including a bank or lender who has foreclosed on the property, does not have any more or less right to increase a tenant's rent than the prior landlord had.

## **What if I paid rent to the prior landlord and the new landlord claims that I haven't paid?**

A tenant who has paid rent to a prior landlord before being notified that there has been a foreclosure is given credit for the rent payment. It is your responsibility to prove that the rent was paid. Always insist on getting a receipt.

# **Know your rights.**

510.238.3721 (eviction information)

510.232.5378 (foreclosure information)

[www.oaklandnet.com/oaklandhelps](http://www.oaklandnet.com/oaklandhelps)

## **ATTENTION PROPERTY OWNERS**

There are a series of legal steps that a lender must take before a property is foreclosed. **Get the facts!** Call the Oakland City Attorney's Hotline at **510.BE ALERT (232.5378)**.

## **ATTENTION TENANTS**

Foreclosure or sale of a building is **not** a lawful reason to evict a tenant or raise the rent in the City of Oakland. **You have rights!** For questions about rent increases, call the Rent Adjustment Program at **510.238.3721**.

## **FOR TENANT COUNSELING CONCERNING EVICTIONS, CALL:**

Bay Area Legal Aid .....	510.250.5270
Centro Legal de al Raza .....	510.437.1554
East Bay Community Law Center ...	510.548.4040
East Bay Tenant Bar Association ...	510.548.4774
Eviction Defense Center .....	510.452.4541
Sentinel Fair Housing .....	510.645.1057

## **BEWARE OF NEW LOANS**

**Don't sign** any document that you do not understand.

Greedy loan brokers and mortgage companies have given loans when they knew the borrower would not be able to keep up with the payments. Always find out the **real** cost of the loan. If it **sounds** too good to be true, it probably **IS** too good to be true.



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Housing and Community Development Division

# facts about **FORECLOSURE**

## **Who should I contact if I fall behind on my mortgage payments or think I might not be able to make my next payment?**

Contact your servicer or lender immediately to discuss your options. If you cannot reach your servicer, or need your options clarified, call the HOPENOW hotline at 888-995-HOPE for an HUD-approved credit counselor.

## **If the foreclosure process has started, do I have any rights to negotiate with the lender?**

Depending on your ability to sustain the debt and make the new payments on time, you may be able to negotiate a workout plan during the foreclosure proceedings.

## **I was promised that I would be able to refinance after the second year when my mortgage rate would double. What can I do?**

Contact your lender about refinancing.

## **Avoid rescue scams.**

Do not refinance into another ARM or non-fixed rate product. Call the HOPENOW hotline for counseling or go to our website at [www.hopenow.com](http://www.hopenow.com)

