

FILED
OFFICE OF THE CITY CLERK
OAKLAND

CITY OF OAKLAND

AGENDA REPORT

2008 MAR -6 PM 2:16

TO: Office of the City Administrator
ATTN: Deborah A. Edgerly
FROM: Community and Economic Development Agency
DATE: March 18, 2008

RE: **Resolution Authorizing The City Administrator, or Her Designee, to Negotiate and Enter Into a Contract With The Unity Council for Mortgage Delinquency and Default Resolution Counseling to Low Income Homeowners in Oakland at Risk of Losing Their Primary Homes Due to Inability to Make Mortgage Payments in an Amount Not to Exceed \$100,000 for the Period Of April 1, 2008 to June 30, 2009**

SUMMARY

The item is a request for City Council approval of a resolution authorizing the City Administrator to enter into a contract with The Unity Council for mortgage delinquency counseling to low income homeowners in Oakland at risk of losing their primary homes due to inability to make mortgage payments in an amount not exceed \$100,000 for the period of April 1, 2008 to June 30, 2009.

FISCAL IMPACT

The funds for this contract are currently budgeted and available in the CDBG (Fund 2108, Project G06250, Org. 88949, Account 54912). The expenditure of these funds will have no negative impact on the General Fund.

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 directed staff to 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.

On November 19, 2007 the Community and Economic Development Agency, Housing and Community Development Division mailed a Request for Proposals to all agencies in the Bay Area that were approved by the US Department of Housing and Urban Development (HUD) to provide Mortgage Delinquency and Default Resolution Counseling. Proposals were due January 18, 2008. Three agencies returned proposals: The Unity Council; Acorn Housing Inc, with ACORN as a subcontractor; the San Francisco Housing Development Corporation (SFHDC). Upon review by staff, the Acorn Housing and SFHDC proposals were found to be substantially incomplete. All

Item: _____
City Council
March 18, 2008

three organizations were mailed a letter asking them to correct any deficiencies in their proposals by February 4, 2008. Only the Unity Council returned their additional information complete and on time.

KEY ISSUES AND IMPACTS

As the mortgage pandemic continues to grow, greater numbers of families at risk of losing their homes have begun turning to local, state and federal government for assistance. It is clear that the number of desperate people is growing and there is a need to expand the services that are currently available to help home buyers prevent foreclosure and mitigate their losses.

Foreclosures affect the entire community, not just the homeowner at risk of losing their home. In order for the City of Oakland to address this growing need it requires the assistance of nonprofit organizations that have the experience and a strong knowledge base.

The Unity Council identified 4,763 homes in Oakland in February that are in the pre-foreclosure stage having either received a Notice of Default or Notice of Trustee Sale. At the current funding levels, the Unity Council expects to be able to council approximately 1,100 homeowners under this contract.

PROGRAM DESCRIPTION

The Unity Council will provide at least one foreclosure workshop every month in Oakland in partnership with other community organizations and proactive leaders and charitable organizations like One California Foundation; continue their partnership with Univision's Mortgage Delinquency Phone-A-Thon; provide intensive 1:1 counseling; build up their current referral network of community referrals to include knowledgeable bankruptcy and foreclosure attorneys, certified public accounts, and real estate agents with proven experience negotiating successful short-sales. The Unity Council will continue to work with partners like the Community Reinvestment Coalition, Center for Responsible Lending, the Governor's Task Force, HERA and others. The Unity Council will utilize ACORN to provide outreach activities for this contract. The Unity Council will continue to work with lenders and servicers to make permanent long-term modifications to unaffordable loans, regardless of whether the homeowner is current or delinquent.

Through the provision of the above services, The Unity Council will:

- Raise the bar of financial literacy for Oakland residents and minimize the possibility that this will happen again in the future;
- Create long-term, permanent solutions by advocating for, and insisting on, long term permanent loan modifications with reduced/negotiated interest rates, 30-50 year fixed mortgages, and fully amortized payments; and

Item: _____
City Council
March 18, 2008

- Provide struggling homeowners with real hope that comes with understanding the how and the why behind the mortgage industry in general, and money markets in particular.

SUSTAINABLE OPPORTUNITIES

Economic: This project will help avoid and reduce neighborhood blight that can impede economic development efforts. The smaller amount of foreclosed homes allows for a greater amount of tax and sales revenues being raised to support public works, road repair, schools, hospitals, and services for the elderly and disabled.

Environmental: This project has no identified environmental opportunities.

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 contract does not provide specific benefits or programs for disabled or senior citizens; however, if these individuals are in danger of losing their homes assistance will be available to them.

RECOMMENDATION(S) AND RATIONALE

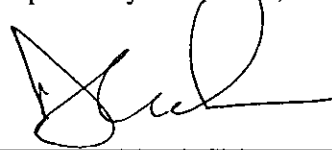
Staff recommends that the City Council authorize the City Administrator to negotiate and enter into a contract with The Unity Council for mortgage delinquency counseling to low income homeowners in Oakland at risk of losing their primary homes due to inability to make mortgage payments in an amount not exceed \$100,000 for the period of April 1, 2008 to June 30, 2009.

Item: _____
City Council
March 18, 2008

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council accept this report and approve a resolution authorizing the City Administrator to negotiate and enter into a contract with The Unity Council for mortgage delinquency counseling to low income homeowners in Oakland at risk of losing their primary homes due to inability to make mortgage payments in an amount not exceed \$100,000 for the period of April 1, 2008 to June 30, 2009.

Respectfully submitted,



Dan Lindheim
Director
Community and Economic Development Agency

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

Prepared by:
Michele Byrd, Manager
Community Development Block Grant Program

APPROVED AND FORWARDED TO THE
CITY COUNCIL:



Office of the City Administrator

Item: _____
City Council
March 18, 2008

2008 MAR -6 PM 2:16

D. Bialosky
DEPUTY CITY ATTORNEY

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C. M. S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR, OR HER DESIGNEE TO NEGOTIATE AND ENTER INTO A CONTRACT WITH THE UNITY COUNCIL IN AN AMOUNT NOT TO EXCEED \$100,000 FOR THE PERIOD OF APRIL 1, 2008 TO JUNE 30, 2009, FOR MORTGAGE DELINQUENCY AND DEFAULT RESOLUTION COUNSELING TO LOW INCOME HOMEOWNERS IN OAKLAND AT RISK OF LOSING THEIR PRIMARY HOMES DUE TO INABILITY TO MAKE MORTGAGE PAYMENTS.

WHEREAS, on November 6, 2007, City Council adopted resolution 80930 C.M.S. regarding subprime lending and foreclosures and recommending policies to address foreclosures in Oakland; and

WHEREAS, a part of the resolution, City Council directed staff to provide information, outreach and counseling activities to address the increasing number of home mortgage foreclosures that are occurring in throughout Oakland; and

WHEREAS, on November 19, 2007, the Community Development Block Grant Program issued a Request for Proposals to all agencies in the Bay Area that were approved by the U.S. Department of Housing and Urban Development (HUD) to provide mortgage delinquency and default resolution counseling; and

WHEREAS, The Unity Council submitted a comprehensive proposal and was recommended to receive funding for the contract; and

WHEREAS, the City of Oakland would like to enter into an contract with The Unity Council to provide outreach services, information and referral, conduct foreclosure workshops and provide intensive 1:1 counseling services to low income homeowners in Oakland at risk of losing their primary homes; and

WHEREAS, funding exists in the CDBG Administration Budget (Fund: 2108, Org 88949, Project G06250); now, therefore, be it

RESOLVED: That the City Administrator, or her designee, is hereby authorized to negotiate and enter into a contract with The Unity Council in an amount not to exceed \$100,000 for the period April 1, 2008 to June 30, 2009 for mortgage delinquency counseling to low income homeowners in Oakland at risk of losing their primary homes due to inability to make mortgage payments; and be it

FURTHER RESOLVED, That funding will be provided from the CDBG Administration Budget (Fund: 2108, Org 88949, Project G06250); and be it

FURTHER RESOLVED: That the City Administrator, or her designated representative, is hereby authorized to approve any subsequent amendments, or modifications or extensions of said agreement, excepting those related to increasing the amount of the contract above the amounts authorized under this Resolution, provided that such amendments or extensions shall be approved as to form and legality by the office of the city Attorney and filed with the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2008

PASSED BY THE FOLLOWING VOTE:

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

NOES -

ABSENT -

ABSTENTION -

ATTEST:

LATONDA SIMMONS
City Clerk and Clerk of the Council