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OAKLAND

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AGENDA REPORT

TO: DEANNA J. SANTANA
CITY ADMINISTRATOR

FROM: Fred Blackwell
Assistant City Administrator

SUBJECT: Foreclosure Prevention and Mitigation
Reports

DATE: January 8, 2013

City Administrator
Approval

Date

1/16/12

COUNCIL DISTRICT: City-wide

RECOMMENDATION

Staff recommends that the City Council accepts this

Monthly Tracking Report On The Implementation Of The Vacant Building Registry Program.

Staff further recommends that the Council accept staff's proposal to change the item to report back to the Community and Economic Development Committee on a quarterly basis, and to expand the report to include information related to more comprehensive foreclosure data, including bank by bank performance.

ANALYSIS

In March 2011, members of the Council's Community and Economic Development Committee requested that staff provide monthly reports to the Committee on the implementation status of the City's Vacant and Foreclosed Properties Registration program that was passed in 2010. Staff has been providing such monthly reports, most recently covering outcomes through October, 2012. Include here as *Attachment A* is data showing program outcomes through December, 2012.

Staff is recommending that the frequency of this tracking report be changed to be on a quarterly basis, and be expanded to include vital information about Oakland foreclosure data, including specific bank performance. Key changes have occurred since the Committee requested monthly reports that justify this recommendation, including:

Item: _____
CED Committee
January 29, 2013

- Oakland has developed a model proactive foreclosed properties program which several other cities are seeking to emulate, including the cities of Los Angeles, Richmond, San Diego, and others. For example, in FY 11-12, the Oakland program resulted in the following:
 - Registration of over 1,600 properties
 - Inspection of over 2,900 properties
 - Major lenders cleaning up all their properties that were cited rather than City clean-up
 - Direct collection of over \$1.6 million in fees and penalties, including the use of a \$1,000/day fine for blight.
- The City's ordinance was expanded in June 2012 to include the registration by lenders of all defaulted and foreclosed properties, as well as the proactive inspection and maintenance of applicable properties.
- Recent inspections under the City's new expanded ordinance evidences effective results from the City's diligent efforts to change bank practices to provide high level attention and proactive maintenance by major lenders on Oakland foreclosed properties:
 - Out of the inspection of 55 Wells Fargo foreclosed properties, there were only 3 properties with blight, which are being by Wells Fargo. Out of the 325 Wells Fargo defaulted properties inspected, there were only 6 with minor blight, and the property owners were sent a courtesy notice pursuant to the City's new code enforcement procedures.
 - Out of the inspection of 46 spot-checked non-Wells Fargo foreclosed and defaulted properties, there were no blighted properties identified.
 - In contrast, when the City began its proactive blight program last year, the original inspections found that 46% of foreclosed properties and 54% of defaulted properties inspected were blighted.

Providing Council reports on a quarterly rather than monthly basis facilitates increased staff focus on expanded and critical program delivery needs.

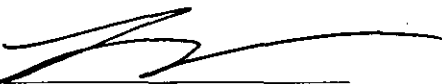
- Council passage of a comprehensive foreclosure prevention plan in October 2012 contemplates the issuance of quarterly reports on related foreclosure data including registration and blight issues. See <http://oakland.legistar.com/LegislationDetail.aspx?ID=1202752&GUID=2589D73E-B5E9-4B49-93FF-71626D1614D7&Options=&Search=>.

Information to be provided on a quarterly basis would include the following by specific banks:

- Number of Notice of Defaults (NOD) filed
- Number of trustee sales
- Number of completed foreclosures or Real Estate Owned (REO)
- Number of short sales, with or without a NOD filed
- Number of loan modifications completed, including with principal reduction
- Complaints regarding violations of the National Mortgage Settlement Agreement or the new State Homeowner Bill of Rights Act and resolution
- Complaints of violations of local laws, including tenant protections and resolution
- Number of blighted properties complaints
- Effective resolution of blight complaints
- Registration of NOD and REO properties, including fees assessed and collected
- Blight penalty fees assessed and collected
- Information about City funded services, including outreach work, housing counseling, and legal services for both tenants residing in properties and homeowners at risk of foreclosure.

For questions about this report, please contact Margaretta Lin, Strategic Initiatives Manager, at 510-238-6314.

Respectfully submitted,



Fred Blackwell
Assistant City Administrator

Reviewed by:
Ray Derania, Building Official

Prepared by:
Margaretta Lin, Strategic Initiatives Manager
Department of Housing and Community Development &
Department of Planning, Building, and Neighborhood
Preservation

Attachment A: Monthly Foreclosed Properties Report

Item: _____
CED Committee
January 29, 2013

ATTACHMENT A, outcomes through December 2012

FORECLOSED & DEFAULTED PROPERTIES-REGISTRATION							
	METRIC	July 2010 to June 2011	July 2011 to Dec 2011	Jan 2012 to Oct 2012	Nov 2012	Dec 2012	TOTALS, program to date
1	Foreclosed & defaulted parcels registered by lenders	1,188	449	1017	161	403	3,218
1.1	• Foreclosed registration fees collected (at \$568 each)	\$667,000	\$255,040	\$320,352	\$28,968	\$65,320	\$1,336,680
2	Foreclosed registration penalty notices mailed to lenders	598	22	66		233	919
3	Foreclosed registration penalties charged (at \$5,000 each)	\$710,000	\$15,000	\$138,500		\$1,165,000	\$2,028,500
3.1	• Foreclosed registration penalties collected	\$185,000	\$0	\$20,000			\$205,000
4	Foreclosed cost-recovery fees charged	\$608,000	\$35,600	\$117,300			\$760,900
4.1	• Foreclosed cost-recovery fees collected	\$115,000	\$33,900	\$23,700			\$172,600
5	Total CHARGED: foreclosed registration fees, penalties and cost-recovery fees	\$1,985,000	\$305,640	\$576,152	\$28,968	\$1,230,320	\$4,126,080
6	Total COLLECTED: foreclosed registration fees, penalties and cost-recovery fees	\$967,000	\$288,940	\$364,052	\$28,968	\$65,320	\$1,714,280
7	City staff overtime cost incurred	\$225,000	\$31,500	\$0	\$0	\$0	\$256,500

ATTACHMENT A, outcomes through December 2012

FORECLOSED & DEFAULTED PROPERTIES--BLIGHT ABATEMENT							
	METRIC	July 2010 to June 2011	July 2011 to Dec 2011	Jan 2012 to Oct 2012	Nov 2012	Dec 2012	TOTALS, program to date
8	Number of foreclosed parcels inspected	1,900	1,034	647	270	156	4,007
8.1	• Number of blight penalty notices mailed to lenders	481	41	30	0	0	552
8.2	• Foreclosed parcels cleaned and/or secured by lenders	270	25	38	2	1	336
8.3	• Foreclosed parcels cleaned and/or secured by Code Enforcement	35	0	0	0	0	35
9	Fees & penalties ASSESSED for blighted foreclosed properties	\$0	\$242,600	\$673,000	\$0	\$0	\$915,600
10	Fees & penalties COLLECTED for blighted foreclosed properties	\$0	\$242,600	\$84,000	\$0	\$0	\$326,600
11	SB 1137 properties inspected	553	58	23	N/A	N/A	634
11.1	• SB 1137 notices served	36	3	6	N/A	N/A	45
11.2	• SB 1137 penalties assessed	n/a	\$84,000	\$0	N/A	N/A	\$84,000
11.3	• SB 1137 penalties collected	n/a	\$0	\$0	N/A	N/A	\$0

ATTACHMENT A, outcomes through December 2012

GENERAL CITYWIDE BLIGHT ABATEMENT ACTIVITY (NON-FORECLOSURES)							
	METRIC	July 2010 to June 2011	July 2011 to Dec 2011	Jan 2012 to Oct 2012	Nov 2012	Dec 2012	TOTALS, program to date
12	Property blight complaints received by Code Enforcement (citywide)	5,225	1,672	3,986	299	463	11,645
12.1	• Property blight inspections conducted (each complaint can require multiple inspections)	18,600	5,900	7,470	474	734	33,178
13	Residential habitability complaints received by Code Enforcement (citywide)	3,290	1,163	1,834	167	226	6,680
13.1	• Citywide residential habitability inspections conducted (each complaint can require multiple inspections)	11,980	4,260	3,513	283	382	20,418
14	Property blight abatement contracts issued by Code Enforcement (citywide)	373	64	87	6	11	541
14.1	• Citywide property blight abatement contracts, amount lienied	\$2,225,300	\$455,635	\$134,855	\$3,008	\$14,029	\$2,832,827
14.2	• Of that lienied, amount collected	\$489,200	\$1,189,162	\$1,144,331	\$30,341	\$13,169	\$2,866,203