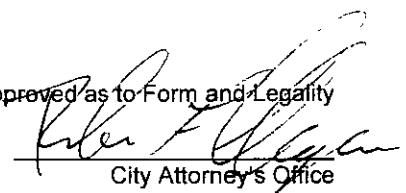


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Approved as to Form and Legality



City Attorney's Office

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

Introduced by Councilmember Kaplan

RESOLUTION RECOGNIZING THE DEVASTATING EFFECT OF THE FORECLOSURE CRISIS ON LOCAL COMMUNITIES, APPRECIATING THE CITY OF RICHMOND'S LEADERSHIP IN EFFORTS TO ASSIST HOMEOWNERS AT RISK OF FORECLOSURE TO REMAIN IN THEIR HOMES, AND, ASKING THE CITY ATTORNEY TO PROVIDE THE OAKLAND CITY COUNCIL WITH A LEGAL ANALYSIS OF THE RICHMOND STRATEGY AND LEGAL IMPLICATIONS OF ACTING SIMILARLY.

WHEREAS, the financial crisis has devastated local communities as nine million Americans have lost their jobs, 10 million families have owed more on their mortgages than their homes are worth, and state and local governments have faced crippling budget crises; and

WHEREAS, over 12,000 households in Oakland have been displaced as a result of mortgage foreclosure between 2007 and September 2013, with 1 in 14 households losing their home to foreclosure and 1 in 7 households at risk of foreclosure; and

WHEREAS, defaulted and foreclosed properties throughout the city continue to significantly impact our neighborhoods by attracting trespassers and transient occupants that foster and enable criminal activities including theft, vandalism, prostitution and the sale and use of narcotics and other controlled substances; and

WHEREAS, defaulted and foreclosed properties throughout the city continue to be a significant and unnecessary discourager to economic development and contributor to the decline of property values in neighborhoods; and

WHEREAS, defaulted and foreclosed properties impose additional financial burdens on neighbors, prospective purchasers and the business community in Oakland; and

WHEREAS, the City of Richmond, California was particularly hard hit by the foreclosure crisis, where roughly half of all homeowners with mortgages in the City are underwater, meaning the homeowner owes more on his or her mortgage than the home is worth; and

WHEREAS, homeowners who are severely underwater on their mortgages are 150% to 200% more likely to default on their mortgages; and

WHEREAS, the foreclosure prevention efforts that have been implemented thus far at the local, state, or federal levels have failed to adequately address the crisis; and

WHEREAS, the City of Richmond is boldly advancing a Local Principal Reduction program to acquire underwater mortgages in private label securities at their current market values and then refinance the new loans with reduced principal in order to bring the mortgages in line with current market values; and

WHEREAS, the City of Richmond is offering to purchase the loans at fair market value, but may consider using eminent domain to acquire the loans if its offers are not accepted; and

WHEREAS, the City of Richmond would pay fair market value to the investors of the underwater mortgages even if it used eminent domain to acquire them; and

WHEREAS, the City of Richmond's use of eminent domain to acquire underwater mortgages would serve the public purpose of preventing blight and preserving the community and tax base; and

WHEREAS, wall Street banks and the financial industry's leadership have chosen to threaten the City of Richmond and other cities who are working on this innovative program with retribution if they move forward with their plans in an effort to bully local communities into backing off from utilizing the legal mechanisms at their disposal to address the crisis and to prevent further devastation, now, therefore, be it

RESOLVED: That City Council of the City of Oakland stands united with the Mayor and City Councilmembers of Richmond and any other city or community that attempts to utilize methods at their disposal as they work to save homes and save neighborhoods; and be it

FURTHER RESOLVED: That the Oakland City Council calls on Wall Street banks, the Securities Industry and Financial Markets Association (SIFMA), and the Federal Housing Finance Administration which oversees Fannie Mae and Freddie Mac, to stop threatening communities with reprisals and litigation and instead work with them to negotiate principal reduction for underwater mortgages to current market values in order to stop the housing crisis, strengthen local economies and help keep families in their homes; and be it

FURTHER RESOLVED: That the Council recognizes the impacts and historic misuse of the power of eminent domain used as part of federal urban renewal efforts has had in Oakland and before any policy change or administrative action which encourages the use of eminent domain for properties undergoing foreclosure is implemented the Council will hold a hearing to consider this policy or action; and be it

FURTHER RESOLVED: That as a first step towards exploring the potential applicability of the Richmond strategy to Oakland, the City Council asks the City Attorney to provide the Oakland City Council with a legal analysis of the Richmond strategy and legal implications of acting similarly.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20_____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, GALLO, KALB, KAPLAN, GIBSON MCELHANEY, REID, SCHAAF, and PRESIDENT KERNIGHAN

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California