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REVISED

Approved as to Form and Legality

DRAFT

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, residents and workers in the City of Oakland continue to have difficulty accessing capital to purchase or refinance their homes; 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 Oakland has been working with community groups and lenders and servicers on foreclosure prevention and principal reduction strategies, including the development of new efforts to assist larger numbers of residents, 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 save homes and save neighborhoods; and be it

FURTHER RESOLVED: That the Oakland City Council calls on Wall Street banks, and other financial institutions, to 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 Oakland City Council requests that lenders and servicers to continue or begin to work with City staff and community partners on achieving principal reduction outcomes for eligible Oakland homeowners and requests State and Federal support for these efforts; and be it

FURTHER RESOLVED: That City staff will return to Council in three to four months with a progress and evaluation report on the development of Oakland's new principal reduction strategies, including sampling data on how many Oakland residents have retained their homes through principal reduction or other sustainable home retention strategies and on the level of lender and servicer participation in the new strategies; and be it

FURTHER RESOLVED: That as a first step the City Council ask s the City Attorney for a legal analysis of the Richmond strategy the legal implications of acting similarly, and an analysis of options, and potential impacts to the city.

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