

1 [Declaration of Intention to Work With Other Cities to Prevail Upon the Owners of Delinquent
2 Mortgages to Sell to Non-Profits for Restructuring and Foreclosure Prevention]

3 **Resolution declaring the Board of Supervisors’ intent to work with other cities to**
4 **prevail upon the owners of delinquent mortgages to sell these at-risk loans to qualified**
5 **non-profits that have the funding and infrastructure to purchase, restructure, and hold**
6 **the mortgages in order to prevent foreclosures and help keep struggling homeowners**
7 **in their homes.**

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9 WHEREAS, Since the beginning of the housing crisis in 2007, more than four million
10 families have lost their homes to foreclosure, which has contributed to state and local
11 governments facing crippling budget deficits; and

12 WHEREAS, The San Francisco Controller’s recent report, “Assisting Homeowners with
13 Troubled Mortgages,” found that between 2008 and 2012, San Francisco had 3,827
14 foreclosures; and

15 WHEREAS, The report found that, while the rate of foreclosures in San Francisco has
16 decreased since 2011, the south and southeastern neighborhoods of the City continue to be
17 disproportionately impacted by foreclosures; and

18 WHEREAS, The report found that 3,002 loans in the City were owner-occupied units
19 that were underwater or near-underwater, and that 746 of these at-risk loans had predatory
20 features such as interest-only, negative amortization, or a balloon payment; and

21 WHEREAS, The report found that these at-risk borrowers are also concentrated in the
22 south and southeastern neighborhoods of the City; and

23 WHEREAS, Foreclosures have a negative social and economic impact on the affected
24 families, neighborhoods, and on our city as a whole; and

1 WHEREAS, The Department of Housing and Urban Development (HUD), Fannie Mae
2 and Freddie Mac, and at times the big banks, are selling off pools of delinquent mortgages,
3 most often to private equity firms, hedge funds, and other Wall Street entities; and

4 WHEREAS, A number of Community Development Financial Institutions (CDFIs) and
5 non-profits have raised the necessary capital to compete in this market, purchasing pools of
6 delinquent mortgages for the purpose of saving homes from foreclosure and creating
7 affordable housing by restructuring and stabilizing the mortgages; and

8 WHEREAS, Several of these CDFIs and non-profits that have a track record of
9 success and the capital to expand their programs need help getting current note holders to
10 sell enough of their delinquent mortgages; and

11 WHEREAS, The Controller’s report says that these types of programs “pose low
12 financial risks and low administrative burden to the City;” and

13 WHEREAS, The city councils of Richmond, California and Newark, New Jersey
14 recently passed resolutions stating their intention to work with other cities to negotiate with the
15 owners of at-risk mortgages to encourage them to sell these mortgages to CDFIs and non-
16 profits that can restructure them to avoid foreclosure; now, therefore, be it

17 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
18 wishes to support these efforts by collaborating with other cities to prevail upon the owners of
19 delinquent mortgages—including a number of big banks, Fannie Mae, Freddie Mac and
20 HUD—to sell these at-risk loans to qualified non-profits that have the funding and
21 infrastructure to purchase and restructure the loans for the benefit of helping homeowners
22 secure affordable and stable mortgages that can lead to long-term economic security; and, be
23 it

1 FURTHER RESOLVED, That the Board of Supervisors urges the Mayor Lee
2 Administration to assist in these negotiations with these institutions and to help recruit other
3 cities to join us in this effort; and, be it

4 FURTHER RESOLVED, That the Board of Supervisors requests that the Lee
5 Administration include this initiative for discussion on the agenda for the 83rd Annual
6 Conference of Mayors to be held in San Francisco June 19-22, 2015.

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