

File No. 120286

Committee Item No. 5

Board Item No. 36

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Land Use and Economic Development Date April 2, 2012

Board of Supervisors Meeting Date April 10, 2012

Cmte Board

☐	☐	Motion
☒	☒	Resolution
☐	☐	Ordinance
☐	☐	Legislative Digest
☐	☐	Budget and Legislative Analyst Report
☐	☐	Legislative Analyst Report
☐	☐	Youth Commission Report
☐	☐	Introduction Form (for hearings)
☐	☐	Department/Agency Cover Letter and/or Report
☐	☐	MOU
☐	☐	Grant Information Form
☐	☐	Grant Budget
☐	☐	Subcontract Budget
☐	☐	Contract/Agreement
☐	☐	Form 126 – Ethics Commission
☐	☐	Award Letter
☐	☐	Application
☐	☒	Public Correspondence

OTHER (Use back side if additional space is needed)

☒	☒	Senate Bill No. 1470, dtd 2/24/12
☒	☒	Senate Bill No. 1471, dtd 2/24/12
☒	☒	Senate Bill No. 1472, dtd 2/24/12
☒	☒	Senate Bill No. 1473, dtd 2/24/12
☐	☐	
☐	☐	
☐	☐	
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Completed by: Alisa Miller Date March 30, 2012
Completed by: Alisa Miller Date April 5, 2012

An asterisked item represents the cover sheet to a document that exceeds 25 pages.
The complete document can be found in the file.

1 [Support for State and Federal Measures to Protect Homeowners and Suspension of
2 Foreclosure Activities in San Francisco]

3
4 **Resolution supporting the California Homeowner Bill of Rights; urging City and County**
5 **officials and departments to protect homeowners from unlawful foreclosures; and**
6 **urging City contractors and all mortgage and banking institutions to suspend**
7 **foreclosure activities and related auctions and evictions until State and Federal**
8 **measures to protect homeowners from unfair and unlawful practices and provisions for**
9 **principal reductions are in place.**

10
11 WHEREAS, The United States Department of Justice (DOJ) recently entered into a
12 \$26 billion settlement agreement with five major banks, including San Francisco-based Wells
13 Fargo, over findings of misconduct in foreclosure activities serving as a first step towards
14 ensuring broader investigation, due process, principal reduction, and more comprehensive
15 restitution for borrowers who have lost their homes unjustly; and

16 WHEREAS, In light of mounting investigations into alleged malfeasance by banking
17 institutions and mortgage and trustee companies, state legislators have introduced a package
18 of bills known as the California Homeowner Bill of Rights, as encompassed in Senate Bills
19 1470, 1471, 1472, and 1473, to help protect homeowners from unlawful foreclosure actions
20 and ensure due process and accountability from the mortgage industry; and

21 WHEREAS, Despite the DOJ settlement, and mounting evidence of nefarious banking
22 and mortgage industry practices, and filing of legislative measures to protect homeowners and
23 tenants, there is still no immediate protection and relief for millions of homeowners whose
24 struggling to pay their mortgage, homes are underwater, or currently facing foreclosure; and

25 WHEREAS, Many of these foreclosures can be attributed to predatory banking

1 practices that disproportionately targeted racial and ethnic minority communities, especially
2 working-class African-Americans and Latinos; and

3 WHEREAS, A September 2011 report entitled "Wall Street Wrecking Ball: What
4 Foreclosures Are Costing San Francisco Neighborhoods" by the Alliance of Californians for
5 Community Empowerment ["ACCE"] and the California Reinvestment Coalition ["CRC"] of the
6 ReFund California Coalition, estimated that between 2008 and the end of 2012, over 12,410
7 San Franciscans will have lost their homes to foreclosures; and

8 WHEREAS, Over half of the foreclosures (6,279) occurred in San Francisco's
9 predominantly African American and Latino communities of the Excelsior, Lakeview, and
10 Oceanview in District 11; Bayview and Visitacion Valley in District 10; and the Mission and
11 Bernal communities of District 9; and

12 WHEREAS, In the third quarter of 2011, the real estate data firm Zillow found that over
13 18 percent of San Francisco homes were underwater –with their homes worth less than the
14 value of its mortgage – severely impacting the stability of the local economy; and

15 WHEREAS, The City and County of San Francisco Assessor-Recorder independent
16 report entitled "Foreclosure in California: A Crisis of Compliance", ["the Report"] released in
17 February 2012, provided an audit of 382 foreclosures, a statistically significant sample of
18 homes that went through foreclosure in San Francisco during the period of January 2009
19 through October 2011; and

20 WHEREAS, The Report revealed that 84 percent of the foreclosures sampled had at
21 least one clear violation of law such as substitutions executed by an entity other than the
22 beneficiary, false claims of beneficiary status, and back-dated documents; and

23 WHEREAS, According to the Report, mortgage companies perpetuate 82 percent of
24 fraudulent practices, including fabricating documents, submitting them as evidence to
25

1 foreclosure on homeowners; back-dating documents, and robo-signing – using fake
2 signatures to accelerate foreclosure documents; and

3 WHEREAS, The non-judicial foreclosure process in the City and County of San
4 Francisco has been compromised by recorded documents that do not meet due process and
5 chain of title standards and that based on the Report, our City and County departments have
6 no choice but to rely on recorded foreclosure documents that are legally insufficient; and

7 WHEREAS, A recent CRC survey of 75 Housing and Urban Development certified
8 housing counselors found clear evidence of Dual-Tracking a process where borrowers are
9 working with their banks on a loan modification, but, at the same time, they are also tracked
10 for foreclosure and, in some cases, have their home sold out from under them; and

11 WHEREAS, A recent survey of 260 consumer attorneys by the National Association of
12 Consumer Advocates, the National Association of Consumer Bankruptcy Attorneys, and the
13 National Consumer Law Center found that 90% of respondents report representing a
14 homeowner placed in foreclosure while awaiting a Government Sponsored Enterprise (GSE)
15 loan and/or Home Affordable Modification Program (HAMP) loan; and

16 WHEREAS, California State Attorney General Kamala Harris has been a leader on
17 holding major banks accountable for unlawful foreclosure practices and on February 27, 2012,
18 asked for a suspension of foreclosures on loans controlled by Fannie Mae and Freddie Mac
19 and has made similar requests of the major banks pending an investigation and proposals for
20 principal reduction; now, therefore, be it

21 RESOLVED, That the Board of Supervisors urges all City and County officials and
22 contractors of the City and County of San Francisco, including but not limited to, the offices of
23 the Mayor, the Assessor-Recorder, the City Attorney, the District Attorney, and the Sheriff, to
24 take proactive steps and measures to ensure that the City and County of San Francisco
25 prevents and protects its resident from illegal foreclosures, auctions, and evictions; and, be it

1 FURTHER RESOLVED, That the Board of Supervisors urges the Mayor to direct the
2 City lobbyists in Washington D.C. to support efforts towards principal reduction modifications
3 and our City lobbyists in the California State Capitol to prioritize support for the California
4 Homeowner Bill of Rights State Bills, as encompassed in Senate Bills 1470, 1471, 1472,
5 1473; to urge lawmakers to modify the effective dates so that they expeditiously take effect
6 upon passage; and to proactively advocate for the following legislation to retain the following
7 provisions:

8 SB 1470: Foreclosure Reduction Act of 2012 – Allow for the translation of notices into
9 the six most spoken languages in California and provide for adequate time for a borrower to
10 evaluate loan modification offers and consult a housing counselor;

11 SB 1471: Due Process Reform Legislation – Require creditors to provide a single point
12 of contact to borrowers in the foreclosure process who will be responsible for providing an
13 accurate account and other information related to the foreclosure and loss mitigation efforts,
14 and also authorize borrowers to challenge the unlawful commencement of a foreclosure
15 process in court;

16 SB 1472: Blight Prevention Legislation – Ensure that receivership powers should be
17 tied to enabling low income households to occupy the property, and partnerships with qualified
18 nonprofits should be encouraged;

19 SB 1473: Tenant Protection Legislation – Clarify that local ordinances may provide
20 additional and greater protection against eviction; and, be it

21 FURTHER RESOLVED, That the Board of Supervisors supports nearly 100
22 organizations and calls on our representatives in Washington DC to urge Edward DeMarco,
23 Acting Director of the Federal Housing and Finance Agency (FHFA), to suspend all
24 foreclosure activities until such time FHFA has in place policies to:
25

1 Reduce Principal – Allow Fannie Mae and Freddie Mac to offer loan modifications
2 containing principal reduction down to market value, at least where this passes the net
3 present value test, which will often be the case;

4 Stop Dual-Tracking – Prevent Fannie Mae and Freddie Mac servicers from continuing
5 the foreclosure process while borrowers are negotiating for a loan modification;

6 Offer Tenants Long-Term Leases – Require Fannie Mae and Freddie Mac to offer
7 tenants residing in foreclosed properties the option of a two-year lease if they wish to remain
8 in their homes; and, be it

9 FURTHER RESOLVED, That the Board of Supervisors urges all banks, especially our
10 City banking partners Bank of America, Union Bank, and Wells Fargo to immediately suspend
11 foreclosure activities and evictions until a full investigation of irregularities and legal violations
12 is conducted; and until state and federal reforms to protect homeowners from unfair and
13 unlawful practices and a pathway to due process and principal reduction are in place.

Introduced by Senators Leno, Pavley, and Steinberg
(Coauthors: Senators DeSaulnier and Hancock)

February 24, 2012

An act relating to mortgages.

LEGISLATIVE COUNSEL'S DIGEST

SB 1470, as introduced, Leno. Mortgages and deeds of trust: foreclosure.

Existing law generally regulates mortgages and deeds of trust, including establishing procedures for foreclosure in the case of default.

This bill would express the intent of Legislature to enact legislation to amend the state's foreclosure laws to implement and make permanent the servicing standards and other provisions of the National Mortgage Settlement.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. It is the intent of the Legislature to enact
- 2 legislation to amend the state's foreclosure laws to implement and
- 3 make permanent the servicing standards and other provisions of
- 4 the National Mortgage Settlement.

O

**Introduced by Senators DeSaulnier and Pavley
(Coauthors: Senators Hancock and Leno)**

February 24, 2012

An act relating to mortgages.

LEGISLATIVE COUNSEL'S DIGEST

SB 1471, as introduced, DeSaulnier. Mortgages and deeds of trust: foreclosure.

Existing state and federal law regulate the terms and conditions of mortgages and deeds of trust secured by real property. Existing state law requires, upon a breach of the obligation of a mortgage or deed of trust secured by real property, that the trustee, mortgagee, or beneficiary record a notice of default in the office of the county recorder where the mortgaged or trust property is situated and mail the notice of default to the mortgagor or trustor, among other acts, prior to exercising a power of sale. Existing state law, until January 1, 2013, prohibits the filing of a notice of default on a mortgage or deed of trust, as specified, secured by owner-occupied real property, as defined, until 30 days after specified parties contact the borrower or 30 days after satisfying due diligence requirements in this regard.

This bill would express the intent of the Legislature to enact legislation that would improve protections for homeowners who are subject to foreclosure.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. It is the intent of the Legislature to enact
- 2 legislation that would improve protections for homeowners who
- 3 are subject to foreclosure.

Introduced by Senators Pavley and DeSaulnier
(Coauthors: Senators Hancock and Leno)

February 24, 2012

An act relating to real property.

LEGISLATIVE COUNSEL'S DIGEST

SB 1472, as introduced, Pavley. Real property: blight.

Existing law authorizes local government entities to impose civil fines on specified property owners when the condition of their property constitutes a nuisance.

This bill would express the intent of the Legislature to enact legislation to amend the Civil Code and the Health and Safety Code to provide communities throughout California with additional tools to fight blight.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. It is the intent of the Legislature to enact
- 2 legislation to amend the Civil Code and the Health and Safety
- 3 Code to provide communities throughout California with additional
- 4 tools to fight blight.

O

Introduced by Senator Hancock
(Coauthors: Senators DeSaulnier, Leno, and Pavley)

February 24, 2012

An act relating to mortgages.

LEGISLATIVE COUNSEL'S DIGEST

SB 1473, as introduced, Hancock. Mortgages and deeds of trust: foreclosure: tenants.

Existing law generally regulates mortgages and deeds of trust, including establishing procedures for foreclosure in case of default. Existing law, until January 1, 2013, grants certain rights to a tenant residing in a housing unit that is sold in foreclosure.

This bill would express the intent of the Legislature to enact legislation to improve protections for tenants residing in housing units that are subject to foreclosure.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. It is the intent of the Legislature to enact
- 2 legislation to improve protections for tenants residing in housing
- 3 units that are subject to foreclosure.

MARCH 26, 2012

Petition to San Francisco Board of Supervisors to Support Foreclosure Moratorium Resolution

Dear Supervisors,

We the undersigned request that you support the resolution urging a Moratorium on Foreclosures and Related Auctions and Evictions that Supervisor Avalos introduced to the San Francisco Board of Supervisors on March 20, 2012.

Sincerely,

Name	Signature	Address	City/Town	Zip	Who's Your Supe?
1 DOLE MURIL		808 WINTERS ST	SF	94110	CAMPES
2 JLC LOPEZ		2314 12th	SAN JOSE	95712	LABOR COUNCIL
3 JOSE A. PORTIUS		115 BUNKER AVE	SAN FRANCISCO	94134	CAMPES SFCLC
4 BRUCE KERNAN		772 FOREMAN	SO SAN FRAN	94090	LABOR COUNCIL
5 SEAN MC GARY		926 CORRAL	SAN FRANCISCO	94118	LABOR COUNCIL
6 JAVIER FLORES		3271-18th ST	SF	94110	CAMPES
7 JESUS VILLALOBOS		3271-18th ST	SF	94110	CAMPES
8 RAMON HERNANDEZ		3271-18th ST	SF	94110	SFCLC
9 MICHAEL MERRILL		307 PARRIS AVE	SF	94112	AVALOS
10 EVA ROYAL		6029 5th AVE	SF	94110	PAYSON
11 KEN GR		40 VIRGINIA AVE	SF	94110	CAMPES
12 PAT CRAWFORD		1720 G MARINA CT	SM	94403	LABOR COUNCIL
13 SUSAN SOLOMON		1520 O'FARRELL ST #1	SAN FRANCISCO	94115	OLAGUE
14 CAROLYN SAMMA		757 CAMPBELL #2	SAN FRANCISCO	94115	OLAGUE
15 RODGER SCOTT		1249 HAYES ST	SF	94117	OLAGUE

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March 26, 2012

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Sincerely,

Name	Signature	Address	City/Town	Zip	Who's Your Supe?
1 RAY BERARD	R. J. Berard	253 Sutter St.	San Francisco	94131	Weiner
2 Gus Goldstein	Gus Goldstein	5431 California #1	"	94118	Mos
3 Warren Marx	Warren Marx	232 27th St.	SF	94131	Weiner
4 LINDA RAY	Linda R.	1125 Potrero	SF	94110	Malia Cohen
5 Francesca Ray	Francesca Ray	1650 Broadway #402	SF	94103	J. Kim
6 Maria Guillen	Maria Guillen	751 Castro St.	SF	94114	Weiner
7 Conny Ford	Conny Ford	65 West End St.	SF	94115	O. L. Yuen
8 Aracely Hernandez	Aracely Hernandez	144 Highland Ave	SF	94110	Campos
9 Mary Nicholas	Mary Nicholas	3555 Cesar Chavez St	SF	94110	Campos
10 Elena Pendaville	Elena Pendaville	94 Patricia Way	San Rafael	94903	- at City
11 Linda Wells	Linda Wells	152 Deland	San Francisco	94112	Avalos
12 Debra Isabella Burkha	Debra Burkha	50 Sausalito St	SF	94131	Wu
13 Diane Doe	Diane Doe	170 Topeka	SF	94124	Elsberg
14 Ian Lewis	Ian Lewis	264 Dublin St	SF	94112	Avalos
15 Ed Hinchley	Ed Hinchley	2656 Bryant St	SF	94110	Campos

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Sincerely,

Name	Signature	Address	City/Town	Zip	Who's Your Supe?
1 Madelyn McMillian		240 St. Joseph Ave	SF	94115	
2 Rebecca Morrow		1828 Belden Gate	SF	94115	Olaguer
3 Peter F.		2510 32nd Ave	SF	94116	
4 John Rodriguez		770 Skatwell	S.F.	94110	Campes
5 RUON GONZALEZ		286 MUNICH ST	S.F.	94112	Avalos
6 Rachel Richmond		1182 Market	SF	94102	
7 BOB MUSCAT		4182 Market	SI	94102	Choi
8 MARY MARZOTTO		469 Guerrero St	ST	94110	Kim
9 LARRY GRIFFIN		1920 McALLISTER	S.F.	94115	OLAGUER
10 Lois Scott		85 CLAY ST #11	SF	94109	Olaguer
11 Ging M. Louie		1401 Gough St #2	SF	94109	Olaguer
12 Sheila Tully		1419 Barbora	SF	94118	Mar
13 Ricky Stone		3470 16th St #27	SP	94114	Campes
14 Alice Lindstrom		160 Ralston St SF 94132	SF	94132	Avalos
15 Keith Ward		182 Kensington Dr SF 94103	SF	94103	Kim

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Sincerely,

Name	Signature	Address	City/Town	Zip	Who's Your Super?
1. Andres Lopez	[Signature]	231 N 19th	San Jose	95112	Laban comin
2. James T. [unclear]	[Signature]	107 Cleo [unclear] 1201	SF	94124	Marie Cohen
3. Aaron Sabers	[Signature]	750 MacArthur Blvd	OAK	94610	
4. Gabriel [unclear]	[Signature]	39 Downey	SF	94117	Olague
5. Chas Finn	[Signature]		Berkeley	94702	
6. Dave Welsh	[Signature]	2310 Mason St	SF	94133	Dan's Office
7. Victoria Swicki	[Signature]	1185 Ellet	Richmond	94801	SF Labor Council
8. Jean Taylor	[Signature]	997 Capitol Ave	SF	94112	Ava 105
9. Rosa Marshall	[Signature]	816 45th	OAKLAND	94608	SF Labor Council
10. Jim [unclear]	[Signature]	137 LUNDY	SAN FRANCISCO	94116	SF UNION COUNCIL
11. [unclear]	[Signature]	3 Townsend St	SF	94102	SU [unclear]
12. [unclear]	[Signature]	188 [unclear]	SF	94108	S. [unclear]
13. [unclear]	[Signature]	330 Clippin St	SF	94114	Wiewer
14. Dan Prince	[Signature]	570 Barnwell	SF	94124	
15. [unclear]	[Signature]	570 Barnwell Ave	SF	94124	M. Cohen

San Francisco SUN Narrative

March 2012

San Francisco Does Have a Foreclosure Problem

Since, 2008 San Francisco has experienced over 12,000 foreclosure filings and approximately 3,200 foreclosures. In 2008, according to San Francisco's Fair Lending Working Group there was a 400% increase in the number of foreclosures in the City with 667. There has been an increase each year in the number of foreclosures with 713 in 2009, 887 in 2010 and 924 in 2011. APD Solutions, a National Neighborhood Revitalization Firm with its GPS technology that tracks delinquent and foreclosure homes has identified approximately 2,500 homes as a part of San Francisco's "showdown inventory" that are 30 to 90 days delinquent. Over 60% of the foreclosed properties have been on the southeast side of the City in communities of color such as Bayview Hunters Point and the Excelsior Districts where many low/mod families currently live. Up until now, the primary strategy used to address the foreclosures issue in San Francisco has been through the provision of counseling by HUD-approved agencies to assist clients in understanding their options, which included loan modification, forbearance and short sale.

The Faces of Foreclosure in San Francisco

The counseling organizations in San Francisco has assisted clients from all walks of life including long-term senior residents victimized by predatory lending, union workers that have accepted salary concessions to assist with balancing the City's budget, former financial service employees that have been laid off due to the down turn in the economy and construction workers struggling to find consistent work in the building trades. For the

most part, San Francisco's foreclosure crisis has been no respecter of person but, it's most devastating impact has been felt by communities of color with incomes from 60% to 120% AMI. One noticeable example is Mr. and Mrs. Robinson, 91 and 87 years old respectfully living in Visitation Valley in their home of over 55 years but, are now faced foreclosure because they were given a option arm predatory loan 5 years ago without any regard for them being on fixed income. Another example is Ms Cortez a single mother and member of the carpenters union, Local 22 that has been struggling to hold onto the home she bought in 1998. In both of these situations the families have had to deal with multiple bank personnel, loss paperwork and dual tracking in the quest to receive a loan modification.

Focused on the Wrong Side of the Equation

Loan modifications have been the most sought after remedy to address a client's default and this is due to both the Bush and Obama Administration's initiatives Hope 4 Homeownership and Making Homes Affordable. Also, the state of California received \$2 billion in Hardest Hit Funds from the U.S. Treasury Department that's been deployed under the Keep Your Home California program. Despite these efforts to stem the tide of foreclosures the program with the best outcome has been Making Homes Affordable with a 13% success rate while, Keep Your Home California has distributed less than 8% of its funds. Furthermore, the funding sources used to support the counseling organization such as Housing & Urban Development, National Foreclosure Mitigation Counseling Program Community Development Block Grant Program, Banks and Foundations have experienced serious cuts or will be ending at the end of fiscal year 2013 primarily due to

the dismal 13% success rate previously mentioned. This cut in funding will leave counseling organization without the necessary resources to assist struggling homebuyers. On top of this funding cut, none of the above mentioned sources cover the cost of administering foreclosure counseling services and nonprofits have had to secure funding from other donors. Furthermore, the piecemeal manner in which these funds are administered doesn't cover the cost associated with each individual client. The loan modification strategy has proven to be a loss leader in that precious resources continue to be poured into something that doesn't necessarily work being that it is focused on the wrong side of the equation with 87% of homeowners pursuing some other outcome for their property.

Why Force the Banks to something they don't want to do?

Other cities and municipalities have sought to address the question of foreclosures through more creative and definitive community stabilization strategies that include various home retention options. For example, Boston Community Capital and its SUN initiative in partnership with a hedge fund are buying the home of struggling homeowners at a reduced price and selling the home back to the existing homeowner at an affordable price. Since 2009, BCC have successfully stabilized over 150 families formally in default and at risk of losing their home to foreclosure. Waypoint Real Estate Group has a strategy of buying foreclosed homes and in some cases renting the home back to the existing tenants. To date, they have turned around over 1,000 foreclosed properties. APD Solutions in conjunction with its socially responsible capital partners are implementing various neighborhood stabilization strategies across the country including the "Get Home Now" Initiative, a turnkey FHA 203k loan program that provides rehab dollars for first

time homebuyers to acquire a foreclosed home. Additionally, one of their other home retention programs is a partnership with HUD on the "ReOwn" lease-to-own program that is being used to keep existing families in their home. Since 2009, APDS has successfully acquired, managed, and responsibly disposed over approximately 750 properties in various markets across the United States.

San Francisco: Two Real Estate Markets

A lot of questions have been raised regarding the applicability of the above mentioned programs to the San Francisco housing market being that San Francisco is a high cost real estate market. However, many seasoned real estate professional acknowledge that there are two real estate markets in San Francisco. The first and more expensive are neighborhoods north of Market Street, which has been virtually unaffected by the current foreclosure crisis is the City. The other market consists of those neighborhoods south of Market Street where much of the impact around foreclosure has been seen. The unfortunate thing about having two real estate markets in San Francisco is that what's happening in the individual neighborhoods on the southeast side of the City gets lost in the overall discussion about the low rate of foreclosures in San Francisco. Nonetheless, the impact of foreclosures in theses neighborhood are comparable with other high impact cities and are experiencing rates of foreclosure from 6% to 10%.

For neighborhood advocates in San Francisco the challenge has been how to overcome the narrative that "San Francisco doesn't have a foreclosure problem" despite what they know is happing in communities of color like Bayview Hunters Point and Excelsior.

Also, this narrative has made it difficult to engage policymakers around community stabilization strategies since their perception is that the city doesn't have a foreclosure problem. However, the recent Phil Ting report demonstrating that out of 382 foreclosure cases audited, 84% have serious irregularities. This coupled with the recent Occupy protest throughout the City serves to demonstrate the San Francisco does have a foreclosure problem that has claimed approximately 3,200 home from 2008 to 2011.

One thing that is clear throughout the current mortgage crisis is that there is enough blame to go around including everyone from homeowner, banks and elected officials. This has kept everyone focused on the problem instead of the solutions and strategies to assist in solving the problem. The various home retention options represent a win/win scenario for homeowners, banks and politicians being that they satisfy the homeowners desire to remain in the home, banks to liquidate nonperforming assets, city government to stabilize neighborhoods and their tax based during these times where all of us are being ask to do more with less. Furthermore, home retention strategies allow counselors to have additional options when addressing the very personal issue of losing a home to foreclosure.

Not the Answer, but a Solution: Stabilizing Urban Neighborhoods

The SUN model has been proven be successful in the city of Boston where housing prices are very similar to San Francisco. According to Trulia.com the average home sales price in Boston, MA for the year ending December 31, 2011 was \$631,000 compared to San Francisco at \$649,000. Very similar to Boston, the San Francisco neighborhoods

seriously impacted by foreclosures are concentrated in low/mod communities of color with high levels of homeownership.

Taking a closer look at the application of this program in San Francisco shows that it can in fact work considering that banks are will to provide what can be considered a principle reduction/discount when they are able to sale a nonperforming performing asset. For example, in 2011 of the 106 home sold in BVHP approximately half of them sold for \$300,000 or less therefore making them affordable to families from all household sizes at 80% AMI. This is supported by the fact that of the 150 foreclosure prevention cases analyzed by SFHDC from July 1, 2010 to the present 87 had income at or above 80% AMI.

Missed Opportunity on a Win/Win Solution

As the counseling organizations have struggled in their efforts to assist client with receiving a loan modification there are tools that other cities are using to stabilize their neighborhoods hard hit by foreclosures. In looking at the attach real estate sales report for the year 2011 approximately 50% of the 106 home sales in Bayview Hunters Point fell within the affordability guidelines for the SUN Model and this represents a missed opportunity to achieve a win/win out come for distressed homeowners, banks and The City. By continuing down the path of emphasizing loan modifications as the only solutions many of the approximately 2,500 home owners will lose their homes to foreclosure when there are other alternatives that can be used to stabilize the families struggling to remain current on their mortgage.

Conclusion

San Francisco does have a foreclosure problem that's concentrated on the southeast side of the City and has claimed approximately 3,200 homes since 2008. Unfortunately, the City now has over 2,500 households that are a part of its "shadow inventory" that are 30 - 90 days delinquent on their mortgage. There have been several programs and settlements put forth by the major banks with highest success rate of 13% seen on "Making Homes Affordable" (HAMP) loan modification program. These program, for the most part, required voluntary participation on by the banks and have required things of them that their business model is not set up to do. Nonetheless, the banks have demonstrated their willing to sell properties at a discount by getting them off of their balance sheet. In other words they are willing to grant a principle reduction if they can get the loans off of their books.

The City of Boston with its real estate market that is very similar to San Francisco has gotten to scale with its "Stabilizing Urban Neighborhoods Initiative through the purchasing over 150 properties at a discount and selling them back to the existing homeowners. Also, firm like Waypoint and APD Solutions has had their own success in various parts of the country with their community stabilization efforts. Finally, an analysis of real estate sales in San Francisco in 2011 demonstrates that approximately 50% of the 106 properties sold in Bayview Hunters Point may have been able to be saved by the SUN programs. Therefore, indicating a missed opportunity to create a win/win situation between homeowners, banks and the City of San Francisco.

Progress to date toward SFSUN

- Partnership with Palladian Capital in raising \$20 million in capital.
- Partnership with APD Solutions to provide matching funds for property acquisition and assistance with property disposition with their "ReOwn" lease option programs as a part of larger neighborhood stabilization efforts.
- Partnership with San Francisco Realist, local branch of National Association of Real Estate Brokers (NAREB). NAREB's "Home Assurance Program" is an \$800 million initiative to stabilize urban neighborhoods. This initiative was created as per a provision of the Dodd-Franks bill formation of the Office of Minority and Women Participation.
- Partnership and buy-in of local HUD-approved counseling agencies through HomeownershipSF NeighborWorks collaboration.
- Partnership and support of Occupy the Dream, ACCE, Occupy Bernal, NAACP and OccupySF.

What's need from the City of San Francisco?

- Partnership with the San Francisco SUN Initiative by helping to oversee program.
- City assistance with establishing closer partnerships and working relationships with banks around SUN program and other home retention options.
- Use of the City's HUD Mortgagee Status for "ReOwn" Lease-to-Own program targeted at distressed homeowners and First Time Homebuyers.

- Use of Surety Bond Program to provide confidence to investors and ensure stability of the program.
- Use of City's CBDG funding to support counseling program operations and home retention options.
- Use of City's Retirement Fund to provide low cost acquisition capital and loan funds for existing homeowners to repurchase their homes.
- City assistance with leveraging additional private equity capital for property acquisition and loan program for homeowners with damage credit.
- City's assistance with galvanizing Federal support under the Dodd/Franks bill provision that created the Office of Minority and Women Participation in order to leverage resources to stem the tide of foreclosures.