

1 [Studying a Homeownership Stabilization Authority and Other Approaches to Assist
2 Homeowners with Troubled Mortgages]

3 **Resolution urging that a study of a potential Joint Powers Agreement with the City of**
4 **Richmond to establish a Homeownership Stabilization Authority as well as other**
5 **possible approaches to assist homeowners with troubled mortgages.**

6
7 WHEREAS, Since the beginning of the housing crisis in 2007, more than four million
8 families lost their homes to foreclosure leading to state and local governments facing crippling
9 budget crises; and

10 WHEREAS, Hundreds of San Francisco homeowners whose loans were sold into
11 private-label securitization trusts ("PLS loans"), which pooled these loans into trusts with many
12 investors, are unable to access many of the foreclosure prevention programs available to
13 other struggling homeowners; and

14 WHEREAS, PLS loans tend to be predatory loans, and an examination of these loans
15 in San Francisco shows that 94 percent of the underwater PLS loans located in the City have
16 some predatory feature in the terms of the original loan, such as adjustable rate mortgages,
17 balloon mortgages, interest-only mortgages and negative amortizations; and

18 WHEREAS, PLS loans tend to be subject to pooling and servicing agreements that
19 would require collective action by a large majority of security holders before the PLS loans
20 may be modified or sold out of trusts; and

21 WHEREAS, Conducting such a collective action across most holders of the PLS loans
22 historically has been difficult; and

23 WHEREAS, Approximately three hundred (300) underwater PLS loans were made on
24 homes located in San Francisco, and these homes are particularly concentrated in San
25 Francisco's historically Black, Latino, and Asian working class communities; and

1 WHEREAS, The foreclosure prevention efforts that have been implemented thus far at
2 the local, state, or federal levels are unable to help these homeowners with underwater PLS
3 loans obtain loan modifications; and

4 WHEREAS, The City has an interest in reducing the number of foreclosures within the
5 City to keep families in their homes and preserve the community and the City's property tax
6 base; and

7 WHEREAS, The City of Richmond, California is developing a program called Richmond
8 CARES ("Community Action to Restore Equity and Stability") to acquire troubled mortgage
9 loans in order to restructure the loans to the benefit of the homeowner, thereby preventing
10 foreclosures and their attendant problems for communities and municipalities; and

11 WHEREAS, A number of cities across the country are considering similar programs;
12 and

13 WHEREAS, The City of Richmond, California, is seeking other cities to enter into an
14 agreement to establish a Homeownership Stabilization joint powers authority to carry out a
15 mutually-agreed-upon Homeownership Stabilization program; and

16 WHEREAS, The purpose of the Homeownership Stabilization authority and program
17 would be to preserve home ownership and occupancy for homeowners with troubled
18 mortgages (mortgages with negative equity, predatory terms, and/or other factors that put
19 them at risk of foreclosure) who are located within the members' jurisdictions, and to promote
20 the economic vitality and health of the member communities; and

21 WHEREAS, The Planning Department has determined that the actions contemplated in
22 this Resolution comply with the California Environmental Quality Act (California Public
23 Resources Code Sections 21000, et seq.); said determination is on file with the Clerk of the
24 Board of Supervisors in File No. 140709 and is incorporated herein by reference; now,
25 therefore, be it

1 RESOLVED, That the Board of Supervisors of the City and County of San Francisco is
2 committed to assisting homeowners with troubled PLS mortgages and hereby directs the
3 Controller, in consultation with the City Attorney's Office, the Director of the Mayor's Office of
4 Housing, and the Director of Real Estate, to study a potential joint exercise of powers
5 agreement with the City of Richmond and possibly other public agencies that could contain
6 the following provisions:

7 (1) The purpose of the joint powers authority shall be to study and implement, if
8 appropriate, the acquisition through voluntary sale or eminent domain as permitted by law, of
9 troubled residential mortgages meeting certain criteria to be established by the authority;

10 (2) The joint powers authority shall not have the power to condemn homes or
11 other real property, but only residential mortgages which are not: (i) owned by Fannie Mae,
12 Freddie Mac, a Federal Home Loan Bank, or any other federal government agency or entity;
13 (ii) guaranteed by the Federal Housing Administration, the Veteran's Administration, or other
14 federal governmental agency or entity; and/or (iii) held in or originated for inclusion in a Fannie
15 Mae, Freddie Mac, Ginnie Mae or other federal securitization trust;

16 (3) The joint powers authority shall work with an independent appraiser to
17 determine the fair market value of any residential mortgages to be acquired;

18 (4) The joint powers authority shall not condemn individual mortgages without
19 the consent of the homeowner;

20 (5) The joint power agreement shall not bind or otherwise commit the City to
21 proceed with the Homeownership Stabilization program unless and until the authority
22 completes its study, determines that the program is in the best interests of the community,
23 and approves the terms of the program;

24 (6) The debts, liabilities, and obligations of the authority shall not be debts,
25 liabilities, or obligations of the City or any member of the authority;

1 (7) The authority or its private partner(s) shall be required to obtain and carry
2 insurance, and to defend and indemnify the City against all liability arising from the formation
3 of the joint powers authority, the conduct of the joint powers authority, or its implementation of
4 the Homeownership Stabilization program(s); and,

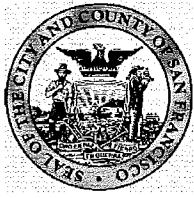
5 (8) The City shall have the right to terminate its membership in the authority at
6 any time by adopting a resolution to that effect and giving the authority 90 days written notice;
7 and, be it

8 FURTHER RESOLVED, That the Controller, in consultation with the City Attorney's
9 Office, the Director of the Mayor's Office of Housing, and the Director of Real Estate, shall
10 also report on other possible approaches help homeowners with troubled PLS mortgages;
11 and, be it

12 FURTHER RESOLVED, That the Board of Supervisors urges the Controller to provide
13 the study of the proposed joint powers agreement and other possible approaches to assist
14 homeowners with troubled PLS mortgages to the Board of Supervisors within 75 days of the
15 approval by the Board of Supervisors of this resolution; and, be it

16 FURTHER RESOLVED, That if the negotiated joint powers agreement is approved by
17 the Board of Supervisors, the Controller, or his designee, shall be further authorized to
18 execute the agreement and any and all other agreements or other documents and take any
19 other steps necessary to effectuate the City's membership in the authority; and, be it

20 FURTHER RESOLVED, That the Board of Supervisors hereby directs the Director of
21 the Mayor's Office of Housing to contact homeowners with troubled PLS loans to assess their
22 interest in participating in a program to assist them, their ability to qualify for a modified or
23 refinanced mortgage, and to explore possible alternative financing models for homeowners
24 who may not qualify for a modified or refinanced mortgage.
25



City and County of San Francisco

Tails

Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 140709

Date Passed: October 28, 2014

Resolution urging that a study of a potential Joint Powers Agreement with the City of Richmond to establish a Homeownership Stabilization Authority as well as other possible approaches to assist homeowners with troubled mortgages.

June 24, 2014 Board of Supervisors - CONTINUED

Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

July 08, 2014 Board of Supervisors - REFERRED

Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

October 01, 2014 Budget and Finance Committee - REFERRED WITHOUT RECOMMENDATION

October 07, 2014 Board of Supervisors - CONTINUED

Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

October 21, 2014 Board of Supervisors - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

October 21, 2014 Board of Supervisors - CONTINUED AS AMENDED

Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

October 28, 2014 Board of Supervisors - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

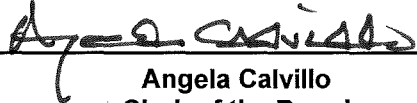
Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

October 28, 2014 Board of Supervisors - ADOPTED AS AMENDED

Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

File No. 140709

I hereby certify that the foregoing
Resolution was **ADOPTED AS AMENDED**
on **10/28/2014** by the Board of Supervisors
of the City and County of San Francisco.

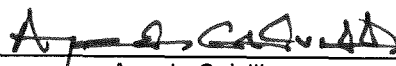


Angela Calvillo
Clerk of the Board

Unsigned
Mayor

11/7/2014
Date Approved

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without his approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.



Angela Calvillo
Clerk of the Board