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

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

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

WHEREAS, The San Francisco Controller's recent report, "Assisting Homeowners with Troubled Mortgages," found that between 2008 and 2012, San Francisco had 3,827 foreclosures; and

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

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

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

WHEREAS, Foreclosures have a negative social and economic impact on the affected families, neighborhoods, and on our city as a whole; and
WHEREAS, The Department of Housing and Urban Development (HUD), Fannie Mae and Freddie Mac, and at times the big banks, are selling off pools of delinquent mortgages, most often to private equity firms, hedge funds, and other Wall Street entities; and

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

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

WHEREAS, The Controller's report says that these types of programs "pose low financial risks and low administrative burden to the City;" and

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

RESOLVED, That the Board of Supervisors of the City and County of San Francisco wishes to support these efforts by collaborating with other cities to prevail upon the owners of delinquent mortgages—including a number of big banks, Fannie Mae, Freddie Mac and HUD—to sell these at-risk loans to qualified non-profits that have the funding and infrastructure to purchase and restructure the loans for the benefit of helping homeowners secure affordable and stable mortgages that can lead to long-term economic security; and, be it
FURTHER RESOLVED, That the Board of Supervisors urges the Mayor Lee Administration to assist in these negotiations with these institutions and to help recruit other cities to join us in this effort; and, be it

FURTHER RESOLVED, That the Board of Supervisors requests that the Lee Administration include this initiative for discussion on the agenda for the 83rd Annual Conference of Mayors to be held in San Francisco June 19-22, 2015.
Resolution declaring the Board of Supervisors' intent to work with other cities to prevail upon the owners of delinquent mortgages to sell these at-risk loans to qualified non-profits that have the funding and infrastructure to purchase, restructure, and hold the mortgages in order to prevent foreclosures and help keep struggling homeowners in their homes.

March 17, 2015 Board of Supervisors - ADOPTED
Ayes: 10 - Avalos, Breed, Campos, Christensen, Cohen, Farrell, Kim, Mar, Tang and Yee
Excused: 1 - Wiener

I hereby certify that the foregoing Resolution was ADOPTED on 3/17/2015 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

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

Date: 3/27/15