

**FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
Legislative	Lisa Herbold/4-5331	N/A

**Legislation Title:**

A RESOLUTION exploring mortgage principal reduction and other foreclosure prevention programs for low-income homeowners in order to support and revitalize communities impacted by the foreclosure crisis.

**Summary of the Legislation:**

States intent to create an Interdepartmental Team (IDT) from Council staff, the City Budget Office, and the Office of Housing to review the recommendations of a Council commissioned report on options to assist low-income homeowners who continue to suffer from the foreclosure crisis and the circumstances and causes of foreclosures and the foreclosure methods and practices of lenders, including reviewing any apparent inequities people in Seattle may face when lender foreclosure proceedings occur.

The IDT will review the financial and legal implications of the principal reduction strategies proposed by the Council commissioned report as well as other foreclosure prevention programs in order to make a recommendation of what program is the most appropriate program for the City to pursue. Depending on the recommendations, the IDT will also report on possible next steps to pursue in developing a mortgage principal reduction program for low-income homeowners.

**Background:**

Since 2006, nearly five million families nationally have lost their homes to foreclosure, nine million Americans have lost their jobs, and ten million families are estimated to now owe more on their mortgages than their homes are worth. According to the Council commissioned report, the “Hockett Report” the loss of wealth and density of foreclosures in many Seattle zip codes are higher than the national average and adversely impacts communities of color in Seattle.

Mortgage debt overhang is one of the primary drags on economic recovery and nationally \$1 trillion more is owed than our nation’s homes are worth, principal reduction on underwater homes as recommended by the Hockett Report may aide in our economic recovery.

Please check one of the following:

**\_\_\_\_\_ This legislation does not have any financial implications.**

(Please skip to “Other Implications” section at the end of the document and answer questions a-h. Earlier sections that are left blank should be deleted. Please delete the instructions provided in parentheses at the end of each question.)

**X This legislation has financial implications.**

(If the legislation has direct fiscal impacts (e.g., appropriations, revenue, positions), fill out the relevant sections below. If the financial implications are indirect or longer-term, describe them in narrative in the "Other Implications" Section. Please delete the instructions provided in parentheses at the end of each title and question.)

This legislation will have minimal financial implications as it relates to workload of staff on the IDT. The amount of time necessary for the work is comparable to other typical policy development and should be easily integrated in department workplans. If future funding needs are identified for this work, the Council can review requests via a supplemental budget allocation, budget adjustments, and/or Departmental and/or City Council Consultant budget

**Other Implications:**

- a) **Does the legislation have indirect financial implications, or long-term implications?**  
No
- b) **What is the financial cost of not implementing the legislation?**  
None
- c) **Does this legislation affect any departments besides the originating department?**  
Yes, the City Budget Office, the Office of Housing, and Finance and Administrative Services will participate in the IDT. The office directors have been notified and in some cases additional staff as well.
- d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**  
N/A
- e) **Is a public hearing required for this legislation?**  
No
- f) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**  
No
- g) **Does this legislation affect a piece of property?**  
No
- h) **Other Issues:**  
N/A

**List attachments to the fiscal note below:**

Hockett Report