CITY OF SEATTLE

RESOLUTION 31434

A RESOLUTION regarding local solutions for low-income homeowners and communities impacted by the foreclosure crisis.

WHEREAS, in the City of Seattle, according to the 2012 2nd Quarter Zillow report, 38% percent of all homeowners are underwater on their mortgages and the average amount of negative equity carried by the individual homeowner because of the loss of value in their homes is approximately $92,200; and

WHEREAS, according to the Seattle Office of Housing, between 2008 and November 30, 2012, 9,491 Seattle families have lost their homes due to foreclosures stemming from the housing crisis and approximately 34 percent of those are concentrated in Southeast Seattle where 14% of the City's homeowners live; and

WHEREAS each new foreclosure brings another distressed property on the market, pushing the value of all housing lower, causing property tax revenues to decline as well and budget deficits to increase, forcing cuts to services and jobs supporting communities; and

WHEREAS nationally, underwater homeowners owe $700 billion more on their mortgages than their homes are worth and resetting mortgages on underwater homes to fair market value is critical to our economic recovery because it will increase consumer spending and create jobs; and

WHEREAS homeowners who are severely underwater on their mortgages are 150% to 200% more likely to default on their mortgages; and

WHEREAS the City of Seattle has an interest in assisting low-income families who are severely underwater and at risk of foreclosure, and low-income families who are delinquent on their mortgages and facing foreclosure; as well as an interest in preserving the tax base; and

WHEREAS, nationally, banks have received more than $700 billion in bailout funds, yet, many of the programs to help homeowners included no provisions to hold the banks accountable to use those funds to help struggling homeowners, and the industry continues to prove unwilling to renegotiate loans on any meaningful scale; and

WHEREAS, in Resolution 31337, "recognizing and supporting the peaceful and lawful exercise of the First Amendment as a cherished and fundamental right in the effort to seek solutions for economically distressed Americans at the federal and local levels," the Council asked the Office of Housing to work with the Seattle-King County Asset Building Collaborative's Foreclosure Prevention Action Team to gather qualitative data

on the circumstances and causes of foreclosures and the foreclosure methods and practices of lenders, including reviewing apparent inequities many people in Seattle face when lender foreclosure proceedings occur; NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE MAYOR CONCURRING, THAT:

The City Council will review the qualitative data on 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. Furthermore, the City Council in collaboration with the Office of Housing will explore all legal options to assist low-income homeowners who continue to suffer from the housing crisis.

Adopted by the City Council the ____ day of _____, 2013, and signed by me in open session in authentication of its adoption this_____ day of _____, 2013.

_____

President _____of the City Council

THE MAYOR CONCURRING:

_____

Michael McGinn, Mayor

Filed by me this ____ day of _____, 2013.

_____

Monica Martinez Simmons, City Clerk

(Seal)

Author's Full Name
Department Acronym Short description of legislation FISC (e.g., CBO Fourth Quarter Supplemental FISC)
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FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Legislative	Lisa Herbold/4-5331	n/a

Legislation Title:

A resolution regarding local solutions for low-income homeowners and communities impacted by the foreclosure crisis.

Summary of the Legislation:

The Council will review the qualitative data on 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. Furthermore, the City Council in collaboration with the Office of Housing will explore all legal options to assist low-income homeowners who continue to suffer from the housing crisis.

Background:

The City of Seattle has an interest in finding new ways to assist low-income families who are severely underwater and at risk of foreclosure, and low-income families who are delinquent on their mortgages and facing foreclosure; as well as an interest in preserving the tax base.

Please check one of the following:

__X__ **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.)

____ **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.)

Other Implications:

a) **Does the legislation have indirect financial implications, or long-term implications?**
Depending on how the Council decides to collect the data, there may be indirect financial

implications.

b) **What is the financial cost of not implementing the legislation?**
N/A

c) **Does this legislation affect any departments besides the originating department?**
The Office of Housing will be involved in the implementation of the resolution goals.

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