FORECLOSURE PREVENTION & INTERVENTION

Presentation By:
MAYOR’S OFFICE OF HOUSING

CITY AND COUNTY OF SAN FRANCISCO
MAYOR EDWIN M. LEE
AGENDA

Context
• What are the reasons for foreclosure?

Mayor’s Office of Housing Programs
• Prevention: Homebuyer Counseling
• Intervention: Foreclosure Counseling
• Renter Protection

Future Outlook
Causes of Foreclosure

- Underemployment/Unemployment

- Subprime Mortgages
  - Adjustable Rate Mortgages
  - Negative Amortization Loans

- Reduced Home Value

**Most owners in default have a two-fold problem: a subprime mortgage and reduced income due to unemployment, underemployment or family crisis such as illness, death or divorce.**
Pre-purchase Counseling

• 6 Agencies funded in FY2010

• 660 potential homebuyers receiving per-purchase counseling and education services

• 86 new homeowners
Foreclosure Counseling

• What are typical default & foreclosure prevention services?

Goal
• Avoid foreclosure

Options
• Loan Modification (most desirable)
• Shortsale
• Deed in Lieu

• Value of “full loss mitigation” services
  • Funding challenges for staffing
MOH PROGRAMS

Foreclosure Counseling

• 320 homeowners received default and foreclosure prevention services (FY2010)

• Impact of Services
  
  Rough estimates:
  ~ 40% go through foreclosure
  ~ 20% receive loan modifications
  ~ 40% short sale
Tenant Counseling/ Eviction Prevention

**Investment**
- 2010-2011: 16 projects, $1,086,500 total funding
- 2011-2012: 16 projects, $1,041,634 total funding

**Annual Outcomes**

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<th>2010-2011 (Year-end)</th>
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<tr>
<td># of people receiving landlord/tenant counseling</td>
<td>4,194</td>
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<tr>
<td># of people stabilized through rental assistance</td>
<td>461</td>
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<tr>
<td># of people avoiding eviction</td>
<td>1,914</td>
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MOH PROGRAMS

Innovations

Work Connections
Foreclosure counselors to refer clients to workforce development and job search services

Renter Supports
Enhanced outreach

Discussion with Lenders
Improved foreclosure intervention
A.G. SETTLEMENT

• $25 billion settlement
• Nationwide
• 5 banks:
  Bank of America, Chase, Wells Fargo, Citibank, Ally Financial

The Mayor’s Office is working to ensure that proceeds from the settlement benefit San Francisco homeowners

• Loan modifications
• Principal reduction
• Refinanced mortgages
• Payments to borrowers who lost homes
New CA Foreclosure Protection Bills
“The Homeowner Bill of Rights”

• **Supported by Board Members & Mayor Lee**

• **Goes beyond the A.G. Settlement to**
  • End dual-track foreclosures
  • Provide a single point of contact for homeowners
  • Impose a $10,000 civil penalty for "robo-signed" mortgage documents
  • Prevent blight and force banks to maintain foreclosed homes
  • Allow renters more time to stay in foreclosed residences
• **44% Decline in Funding FY 2010-FY 2012**
Future Outlook: Program Resources

San Francisco Housing Resources, MOH + SFRA, 2007-2012

$0
$20,000,000
$40,000,000
$60,000,000
$80,000,000
$100,000,000
$120,000,000
$140,000,000
$160,000,000

FY07-08 FY08-09 FY09-10 FY10-11 FY11-12 FY12-13 (estimate)

85% anticipated decline in City Housing Resources 2009-2012

Total Available, MOH and SFRA
San Francisco Redevelopment Agency
MOH Sources*

MOH Sources includes HOME, CDBG, Affordable Housing Fund, Hotel Tax Fund, Prop A Bonds, and General Fund. SFRA sources include tax increment revenue and bond proceeds.