

City of Philadelphia



Council of the City of Philadelphia
Office of the Chief Clerk
Room 402, City Hall
Philadelphia

(Resolution No. 080808)

RESOLUTION

Urging the U.S. Congress and the Department of Housing and Urban Development to amend the use requirements of the Community Development Block Grant Neighborhood Stabilization Program funds.

WHEREAS, According to data from the Federal Reserve Bank of Philadelphia, 3,206 of the high-cost loans made in 2006 in the Philadelphia area are likely to go into foreclosure and the costs to all of the stakeholders involved will be more than \$345 million; and

WHEREAS, These costs represent approximately \$23 million to individual homeowners in foreclosure, \$158 million to lenders and investors, \$62 million to local government, and \$107 million in lower home values of neighbors; and

WHEREAS, This data, along with other research, has shown that foreclosures increase violent crime in neighborhoods, decrease property values in neighborhoods, and reduce City tax revenue, making it harder to provide good schools, police protection, code enforcement, and other services; and

WHEREAS, In response to this foreclosure crisis and Resolution No. 080331, which called on Sheriff John Green and President Judge C. Darnell Jones to impose a moratorium on residential foreclosure sales in Philadelphia, the First Judicial District of Pennsylvania created the Residential Mortgage Foreclosure Diversion Pilot Program ("Foreclosure Prevention Pilot Program") as a means to assist homeowners and lenders to develop loan workouts and other solutions to permit homeowners to remain in their homes; and

WHEREAS, The Foreclosure Prevention Pilot Program, a strong network of City-funded housing counseling agencies, and coordinated executive, legislative, and judicial leadership have enabled Philadelphia to become a model for how to address the nation's foreclosure crisis; and

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WHEREAS, The U.S. Congress also took action concerning our foreclosure crisis by passing the landmark Housing and Economic Recovery Act, which provided emergency funding for cities and states that have vacant and abandoned properties in neighborhoods that have high rates of foreclosure and, through this legislation, the Department of Housing and Urban Development (“HUD”) announced \$3.9 billion in Community Development Block Grant Neighborhood Stabilization Program funds (“Stabilization Funds”), of which Philadelphia will receive approximately \$16 million; and

WHEREAS, Stabilization funds can only be used to acquire land and property, demolish or rehabilitate abandoned property, or offer down payment or closing assistance to low- to moderate-income homebuyers; and

WHEREAS, While it is commendable that the U.S. Congress and HUD allocated federal dollars to address the nation’s foreclosure crisis, the use requirements for Stabilization funds are too restrictive because foreclosure problems manifest themselves differently depending on the city, county, or state; and

WHEREAS, In Detroit, Michigan, Stockton, California, and Reno, Nevada, homeowners have abandoned homes prior to foreclosure sales, where they become vacant and abandoned for significant time periods; however in Philadelphia, foreclosed properties are usually sold in a short time period and homeowners have generally remained in homes and new owners are often required to file civil ejectment actions to remove previous owners from properties; and

WHEREAS, The current eligible uses for Stabilization funds are too restrictive to effectively address the foreclosure crisis in Philadelphia and these funds should be used in more proactive ways like the Foreclosure Prevention Pilot Program and other initiatives so that fewer homeowners would lose their homes due to this crisis; now, therefore be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That we hereby urge the U.S. Congress and the Department of Housing and Urban Development to amend the use requirements of the Community Development Block Grant Neighborhood Stabilization Program funds.

FURTHER RESOLVED, That an Engrossed copy of this resolution be transmitted to the Pennsylvania delegation to the U.S. Congress.

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CERTIFICATION: This is a true and correct copy of the original Resolution, Adopted by the Council of the City of Philadelphia on the twenty-third of October, 2008.

Anna C. Verna
PRESIDENT OF THE COUNCIL

Patricia Rafferty
CHIEF CLERK OF THE COUNCIL

Introduced by: Councilmembers Tasco, Jones and Sanchez

Sponsored by: Councilmembers Tasco, Jones, Sanchez, Greenlee, Goode, Council President Verna, Councilmembers Rizzo, Clarke, Green, Reynolds Brown, Kenney, Krajewski, Blackwell, Miller, O'Neill, Kelly and DiCicco