

Legislation Text

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Calling on the Federal Housing Finance Agency, Freddie Mac, Fannie Mae, and the U.S. Department of Housing and Urban Development to reform their programs for the sale of distressed mortgage notes in order to better protect homeowners from foreclosure and facilitate community redevelopment.

WHEREAS, The 2008 housing crisis had devastating effects on many American homeowners, and particularly impacted African American and Latino homeowners who were disproportionately targeted for predatory subprime mortgages and were more likely to lose their homes; and

WHEREAS, As a result of the wave of foreclosures, increased pressure in rental markets has led to rising rental rates, with working families facing unsustainable rental housing costs; and

WHEREAS, Across the country, hundreds of thousands of homeowners are still facing foreclosure, including many in Philadelphia; and

WHEREAS, Philadelphia historically has had high rates of low-income and minority homeownership, and contains many communities who continue to struggle with the linked problems of foreclosure and vacant foreclosed properties that cause blight and further reduce property values; and

WHEREAS, The Federal Housing Finance Agency, Freddie Mac, Fannie Mae, U.S. Department of Housing and Urban Development, and U.S. Department of Housing and Urban Development administer a “distressed note sale” program that has auctioned off the vast majority of mortgages to Wall Street investors connected to hedge funds or private equity firms at a discount; and

WHEREAS, Non-profit organizations have raised significant capital and are prepared to negotiate the purchase of these distressed notes, with the mission of preserving homeownership whenever possible or alternately engaging in community-responsive redevelopment; and

WHEREAS, Changes are needed to the existing distressed note sale program to ensure that non-profit organizations can successfully compete, and to allow localities like Philadelphia to have early access to information about the existence of these delinquent mortgages and plans for the mass sale of mortgages; now, therefore, be it

RESOLVED, THAT THE COUNCIL OF THE CITY OF PHILADELPHIA, Calls upon the Federal Housing Finance Agency, Freddie Mac, Fannie Mae, and the U.S. Department of Housing and Urban Development to reform their programs for the sale of distressed mortgage notes in order to better protect homeowners from foreclosure and facilitate community redevelopment.