



Request for City Council Committee Action from the Department of Intergovernmental Relations

Date: April 24, 2008
To: Chair Betsy Hodges and Intergovernmental Relations Committee Members
Subject: **Federal Mortgage Foreclosure Policy Statement for Inclusion in the FY 2009 Federal Agenda**

Recommendation: Approve an amendment to the FY 2009 Federal Agenda related to the impacts of mortgage foreclosure and requesting federal action. The agenda should be amended to include the italicized language under "Housing Stabilization" policy statement listed below, and be listed as the first item in the Policy Initiatives section with the heading, Housing Stabilization.

Prepared by: IGR Staff

Approved by: Gene Ranieri, Director, IGR

Presenters in Committee: IGR Staff

A handwritten signature in cursive script, reading "Gene Ranieri", written over a horizontal line.

Supporting Information

The City has adopted mortgage foreclosure policies as part of the 2008 legislative agenda. The federal agenda does support housing and community development initiatives, however, there is no specific statement regarding federal mortgage foreclosure policies.

It is proposed that the 2008 federal agenda be amended to include the following policy statement.

Housing Stabilization. *The housing crisis has resulted in record mortgage foreclosures throughout the country and has caused an economic slowdown. The nation's financial and credit markets have been adversely affected by mortgage lending practices that have lead to tight credit, bankruptcies and evidence of fraud. Many states including Minnesota have enacted legislation to prohibit predatory lending, tighten mortgage laws and provide assistance to persons in foreclosure.*

The foreclosure crisis has adversely impacted neighborhoods in cities and suburbs throughout the nation. Parts of Minneapolis and St. Paul have concentrations of foreclosures that are threatening the stability of the neighborhoods.

It is recommended that federal action include measures to assist individuals to refinance loans. Measures can include federal participation in renegotiating loans, making capital available for loans and reforming banking regulations. In addition, federal policies should also include resources to local governments to stabilize neighborhoods. Grants and loans for property acquisition, rehabilitation, or new construction should be part of the federal initiative.