

**RESOLUTION NO. 120-13**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RICHMOND APPROVING CERTAIN PROGRAM GUIDELINES FOR THE RICHMOND CARES PROGRAM AND RESTATING OUR DESIRE FOR STAFF TO WORK TOWARDS A JOINT POWERS AUTHORITY FOR THE PURPOSES OF IMPLEMENTING THIS HOUSING RECOVERY PROGRAM**

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**WHEREAS**, over the past six years, Richmond has been adversely affected by an unprecedented economic downturn; unemployment has reached record high levels, revenue to local governments throughout California has dropped to historic lows, and a drop in household income, particularly for working families, has resulted in widespread foreclosures of homes; and

**WHEREAS**, we recognize that the housing crisis and foreclosures do great harm to both families and our city as whole, negatively impacting neighborhood stability and health, property values and property tax revenue for the city; and

**WHEREAS**, home values in Richmond plummeted after the crash and still have a long way to go to recover, with large numbers of Richmond homeowners having “underwater loans” or “negative equity”—where the outstanding principal balance on the home loan exceeds the market value of the house—which increases the likelihood of further foreclosures, inhibits the ability to refinance, and dampens consumer confidence and economic activity; and

**WHEREAS**, in recognition of the severity of this crisis the City of Richmond (“Richmond”) has already begun working to develop the Richmond CARES (Community Acton to Restore Equity & Stability) program in order to help address this crisis; Richmond CARES being a program that seeks to reduce foreclosures and blight by helping more homeowners get into affordable sustainable mortgages; and

**WHEREAS**, Richmond wishes to enter into a joint powers agreement that will establish a joint powers authority (“the Authority”) to implement the CARES program, upon approval by one or more additional Parties; and

**WHEREAS**, we want to make sure that people living in the neighborhoods hardest-hit by this crisis receive significant benefit from this program; and

**WHEREAS**, Richmond is focused on our end goal of helping our city recover from the housing crisis, and we continue to prefer arriving at an amicable resolution, working collaboratively with the financial community in control of these troubled loans;

**NOW, THEREFORE, BE IT RESOLVED THAT:**

- 1) The Richmond CARES program will only work with qualifying homeowners who choose to opt-in to the program, and who have first mortgages held in PLS trusts, with remaining balances that are below the conforming loan limit defined by the Federal Housing Authority. The Program will prioritize assistance to those neighborhoods that have been particularly hard hit by the housing crisis, predatory lending and foreclosures; and
- 2) The use of eminent domain to acquire underwater mortgages will only be employed when a clear public purpose is to be served. In addition to this basic standard, we will specifically restrict the use of eminent domain to the exceptional circumstances when large numbers of households are underwater and there are not other adequate measures to address the problem; and
- 3) The City Council instructs City staff to outreach to the trustees and servicers of loans that may be eligible for Richmond CARES for the purpose of determining once and for all whether or not they have an alternative solution to propose that yields the same result we are currently working towards, which is helping underwater homeowners whose loans are in PLS trusts to get into mortgages in-line with current market values and interest rates. In such case

as there are servicers or trustees offering a strategy to accomplish this goal, we ask staff to pursue this as a possibility, endeavoring to involve other cities as well, while Richmond continues to work towards the JPA to implement the CARES program; but only in those cases where the proposed end result appears to be the same, or very similar, to the results we are currently working towards with the Richmond CARES program.

- 4) The City Council restates its desire for City staff to work with interested Council Members to encourage other cities to join Richmond in this endeavor.

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I certify that the foregoing resolution was passed and adopted by the Council of the City of Richmond at a regular meeting thereof held December 17, 2013, by the following vote:

AYES: Councilmembers Butt, Beckles, Myrick, and Mayor McLaughlin  
NOES: Councilmember Rogers and Vice Mayor Boozé.  
ABSTENTIONS: None.  
ABSENT: Councilmember Bates.

DIANE HOLMES  
CLERK OF THE CITY OF RICHMOND  
(SEAL)

Approved:

GAYLE MCLAUGHLIN  
Mayor

Approved as to form:

BRUCE GOODMILLER  
City Attorney

State of California            }  
County of Contra Costa        }        : ss.  
City of Richmond               }

I certify that the foregoing is a true copy of Resolution No. 120-13, finally passed and adopted by the City Council of the City of Richmond at a regular meeting held on December 17, 2013.