

**CITY OF BALTIMORE
COUNCIL BILL 08-0037R
(Resolution)**

Introduced by: Councilmember Holton, President Rawlings-Blake, Councilmembers D'Adamo, Henry, Cole, Branch, Young, Curran, Middleton, Welch, Clarke, Conaway, Reisinger
Introduced and read first time: April 14, 2008
Assigned to: Taxation, Finance and Economic Development Committee

Committee Report: Favorable
Adopted: January 26, 2009

A COUNCIL RESOLUTION CONCERNING

Investigative Hearing – Foreclosures – Impact on Baltimore City

FOR the purpose of investigating the foreclosure crisis in Baltimore City to ascertain the effects on prospective home buyers, current homeowners, and mortgage lenders; to project the consequence to Baltimore City's property tax base; and to evaluate the immediate and long-range affect of mortgage lending reform legislation and other foreclosure-related legislation recently passed in the 2008 Session of the Maryland General Assembly.

Recitals

The Reinvestment Fund's study, *Mortgage Foreclosure Filings in Maryland*, a comprehensive examination of mortgage originations, foreclosures, and delinquencies throughout Maryland, which was funded by the Annie E. Casey Foundation, Associated Black Charities, and the Goldseker Foundation and coordinated by the Baltimore Homeownership Preservation Coalition, reports that the Congressional Joint Economic Committee estimated that nearly 15% of subprime mortgages currently in Maryland will go to foreclosure before the end of 2009, causing a \$2.73 billion loss in property-related wealth to Maryland residents and a \$19.1 million loss in property tax.

The study shows that, between January 2000 and April 2005, 25,616 foreclosures were filed against City homeowners, and while the annual number of foreclosures declined during that period, Baltimore still had significantly more foreclosures per owner-occupied housing unit than comparable locales. Baltimore City foreclosures were more likely found in areas with higher percentages of African-American residents, more loans in foreclosure were obtained for home purchase than refinancing, homeowners in foreclosure likely bought their homes with very little equity, leaving them susceptible to foreclosure from even minor economic shocks, and the loan pool in foreclosure was disproportionately subprime.

In response to the rising default and foreclosure rate in Maryland, the Governor appointed the Maryland Homeownership Preservation Task Force in the summer of 2007. The Task Force developed an action plan that was the basis for an Administration package of bills to help families at risk of foreclosure and to create greater protections for future homeowners. Together the bills sought to:

EXPLANATION: Underlining indicates matter added by amendment.
~~Strike out~~ indicates matter stricken by amendment.

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- 1 • improve regulation of mortgage industry professionals and reform lending practices;
- 2 • create a criminal mortgage fraud statute that covers all potential actors engaged in
- 3 mortgage fraud;
- 4 • modify the 2005 Protection for Homeowners in Foreclosure Act by banning the
- 5 conveyance of real property in the foreclosure rescue context; and
- 6 • reform the foreclosure process and reform lending practices in Maryland.

7 Given the unprecedented number of foreclosures, it is likely that Baltimoreans will lose at
8 least \$122 million in property-related wealth. It is imperative that foreclosures are prevented in
9 the future and that the personal and governmental impact of foreclosures that have unfortunately
10 already taken place be fully understood.

11 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That this
12 Body will investigate the foreclosure crisis in Baltimore City to ascertain the effects on
13 prospective home buyers, current homeowners, and mortgage lenders; to project the consequence
14 to Baltimore City’s property tax base; and to evaluate the immediate and long-range affect of
15 mortgage lending reform legislation and other foreclosure-related legislation recently passed in
16 the 2008 Session of the Maryland General Assembly.

17 **AND BE IT FURTHER RESOLVED,** That the Director of Finance, the Commissioner of Housing
18 and Community Development, and the Director of Government Relations are requested to
19 participate in the analysis of the impact of the foreclosure crisis on Baltimore City residents and
20 Baltimore City government.

21 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Mayor, the
22 Honorable Chairs and Members of the Baltimore City Senate and House Delegations to the
23 Maryland General Assembly, the Director of Finance, the Commissioner of Housing and
24 Community Development, the Director of State Relations, and the Mayor’s Legislative Liaison
25 to the City Council.