



MEMORANDUM

STEPHANIE
RAWLINGS-BLAKE

PAUL T. GRAZIANO

To: The Honorable President and Members of the Baltimore City Council
c/o Karen Randle, *Executive Secretary*

From: Paul T. Graziano, *Commissioner*

Date: January 21, 2014

Re: **City Council Bill 13-0135R (Resolution) – Local Principal Reduction Programs**

The Department of Housing and Community Development (HCD) has reviewed City Council Bill 13-0135R for the purpose of supporting the City of Richmond, California in its efforts to save homes and neighborhoods through the use of a Local Principal Reduction program; and calling for Baltimore to explore the use of a similar program here at home.

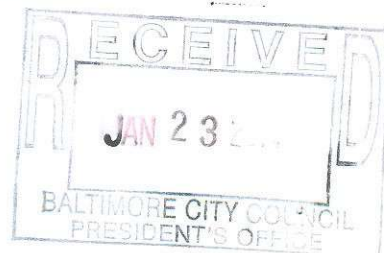
This resolution calls on the City Council to support the efforts of the City of Richmond, California to save homes and neighborhoods through the adoption of a Local Principal Reduction program, which, as one of its components, uses eminent domain authority to seize mortgages that exceeds the current value of the property. The resolution also asks the City Council to contact the Securities Industry and Financial Markets Association and the Federal Housing Finance Administration requesting that they work with communities advocating for these programs. In addition, the resolution asks the City Council to request Baltimore Housing to develop a brief report on what this program would look like in Baltimore, including an analysis of the number of loans that might qualify, an estimate of the average benefit to borrowers and the attendant economic benefit, as well as the names of potential participating funding partners.

If this resolution, which demonstrates support to the City of Richmond in their efforts to save homes and neighborhoods passes, HCD will work with the law department to prepare the requested report. However, HCD is concerned that this program is not good policy for the current Baltimore housing situation. The housing market in Baltimore is showing signs of sustained improvement and the risk of implementing a similar program may outweigh the benefits.

The Department of Housing and Community Development is opposed to the adoption of City Council Bill 13-0135R.

PTG:sd

cc: Ms. Angela Gibson, *Mayor's Office of Government Relations*
Ms. Kaliope Parthemos, *Deputy Chief*



Opposed