



# City of Columbus

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## Legislation Text

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The Ohio Foreclosure Prevention Task Force was established in March 2007 by Governor Strickland to scrutinize the increasing number of home foreclosures in Ohio. The Task Force, chaired by Ohio Department of Commerce Director Kimberly Zurz, includes representatives from local, state and federal governments, members of the Ohio banking and mortgage banking communities, and non-profit housing advocates. The Task Force recommendations were issued in a final report September 10, 2007. Two pieces of federal legislation currently being considered support findings of The Task Force, which are to remove obstacles that currently prevent bankruptcy courts from restructuring home mortgages in order to help people avoid foreclosure and to allow the Secretary of Housing and Urban Development to make grants to local governments to fund the demolition of vacant housing.

Additionally, The Task Force makes recommendations that include educating people early in the homebuying process and encouraging them to get help before a foreclosure is eminent. Community Development Block Grant funds are currently used to support such programs, but the use of funds for this purpose are restricted to a 15% Public Services cap. In order to expand programs that will help homeowners avoid foreclosure, while keeping the bulk of funds for housing, it is proposed to list such programs as specifically eligible for the bulk of the funds used for home building, home rehabilitation, and if the recommendation is followed, now homebuyer counseling and other programs to help keep people in their homes.

To urge federal lawmakers and The Secretary of Housing and Urban Development to address the national foreclosure crisis by specifically identifying Homebuyer Counseling and other programs designed to help individuals avoid foreclosure as eligible use of Community Development Block Grant Funds, and by passing the federal "Helping Families Save Their Homes Act," as well as the "Neighborhood Reclamation and Revitalization Program Act of 2007"

**WHEREAS**, The City of Columbus is ranked 20<sup>th</sup> in the Nation for the number of foreclosure filings per household from January to June 2007, with 10,706 foreclosure filings made in that time, breaking down as one filing for every 70 homes in Columbus, including 7,363 unique properties that filed for foreclosure, which is a 55% increase over the previous six months and an 85% increase since the first half of 2006,

**WHEREAS**, Experts predict nationally that falling home prices and rising interest rates on adjustable-rate mortgages will lead to foreclosure in 10% of such homes by mid-2008, and

**WHEREAS**, Foreclosure devastates the individuals and families that are losing their homes as well as the neighborhoods where there are a concentration of foreclosed homes, and

**WHEREAS**, the funds required to rehabilitate, demolish, or transfer the thousands of properties impacted by the foreclosure crisis is far beyond the capacity of local jurisdictions, and

**WHEREAS**, The Ohio Foreclosure Prevention Task Force recommends expanding housing counseling and intervention services, providing options for homeowners to refinance or restructure their mortgages, while addressing the need to help communities recover from the aftermath of foreclosures, and

**WHEREAS**, the City of Columbus seeks to address this crisis in a comprehensive way by providing a continuum of services and strategies on the Federal, State and Local levels to prevent and ameliorate home foreclosures and neighborhood blight with the abandoned housing

**BE IT RESOLVED BY THE COUNCIL OF THE CITY OF COLUMBUS:**

**Section 1.** That we urge the U.S Congress and the Secretary of Housing and Urban Development to specifically include Foreclosure Prevention Services, such as Homebuyer Counseling, Credit Repair, and Mortgage Restructuring Counseling, that benefit low- and moderate-income persons as eligible activities for Community Development Block Grant Funds and to specifically exclude such programs from the no more than 15% budget providing Public Services funds.

**Section 2.** That we urge the U.S. Senate to support the passage of S 2136, cited as the "Helping Families Save Their Homes Act.", which will remove obstacles that currently prevent bankruptcy courts from restructuring home mortgages to help people avoid foreclosure.

**Section 3.** We urge the U.S House of Representatives to support the passage of HR 3498, cited as the "Neighborhood Reclamation and Revitalization Program Act of 2007", which would allow the Secretary of Housing and Urban Development to make grants to local governments to fund the demolition of vacant housing.

**BE IT FURTHER RESOLVED**, that a copy of this resolution shall be sent to the members of the Ohio Congressional Delegation, members of the U.S. Senate Committee on the Judiciary, members of U.S. House of Representatives Committee on Financial Services, Representative Brian Higgins, Senator Richard J. Durbin, Senator Charles Schumer, The Secretary of Housing and Urban Development, and The President of the United States of America upon its passage.