



Las Vegas

Agenda Item No.: 50.

**AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF NOVEMBER 5, 2008**

**DEPARTMENT: CITY MANAGER
DIRECTOR: DOUGLAS A. SELBY**

Consent Discussion

**SUBJECT
ADMINISTRATIVE**

Report from Consumer Credit Counseling Services of Southern Nevada and Fannie Mae on foreclosure prevention and intervention strategies as it relates to the housing foreclosure crisis facing Southern Nevada. All Wards

Fiscal Impact

No Impact

Augmentation Required

Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

Congress recently authorized the Neighborhood Stabilization Program (NSP), part of the Housing and Economic Recovery Act (HERA), in an effort to reduce the available housing inventory across the nation. Unfortunately, none of the federal NSP funds can be used for foreclosure prevention and intervention. Therefore, the Department of Neighborhood Services continues to develop a program to help homeowners initiate the mortgage modification process required to avoid foreclosure. Zeeda Daniele, Sr. Business Manager of Fannie Mae (Southwest Region) and Michele Johnson, President/CEO of Consumer Credit Counseling Services of Southern Nevada (CCCS) will give a presentation and remarks on available resources and strategies regarding foreclosure prevention and intervention programs and services.

RECOMMENDATION:

Receive report only

BACKUP DOCUMENTATION:

None

Minutes:

MAYOR GOODMAN noted that he and COUNCILMAN ROSS were invited to take a tour of Ward 6 and view some of the foreclosed properties and conditions of these properties. It was suggested to have a presentation at a Council meeting to provide valuable information pertaining to the stabilization funds and resources to assist homeowners facing foreclosure. The city of Las Vegas will be receiving approximately 20 million dollars through the Neighborhood Stabilization Plan, and some of the funds will be used in providing credit counseling services.

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STEVE HARSIN, Director of Neighborhood Services, stated the stabilization funds cannot be used for foreclosure prevention. At the next City Council meeting, staff will be presenting Council with a plan. Staff is working closely with Consumer Credit Counseling Services (CCCS) and Fannie Mae on foreclosure prevention, and a website has been developed that provides up-to-date information, resources and contact information. There is a hotline number, 229-4663(HOME), that individuals can call for referrals. In addition, there will be upcoming foreclosure prevention forums to assist homeowners with mortgage modification; the first one is scheduled for December 12 and 13 at Centennial Hills. MR. HARSIN introduced MICHELE JOHNSON, CCCS, and ZEFEDA DANIELLE, Fannie Mae.

COUNCILMAN REESE expressed concern for some foreclosed properties within his own ward that are in need of landscape maintenance and questioned if some of the funding could be used to hire a landscaping company to maintain these properties. HARSIN responded that there is no funding to maintain the landscaping on vacant properties that have not been acquired by the City. MAYOR GOODMAN added that a policy will be forthcoming that will allow for local groups to handle this issue, as the City does not have the expertise or manpower to do so. He had hoped the stabilization funds could be given to homeowners to prevent foreclosures.

MICHELE JOHNSON, President and CEO, CCCS, stated she has been a Las Vegas resident since 1959. She commented on foreclosure issues, upcoming challenges and opportunities.

For almost two years, Nevada has been number one in the nation relative to the highest number of filed foreclosures. Recent statistics revealed zip codes 89108 has 1,775 foreclosures; 89131 has 1,825; 89106 has 626; 89107 has 906; 89145 has 596; and 89101 has 502. It is anticipated that many more homeowners will be going through foreclosure before there is a turn-around. MS. JOHNSON pointed out one of the main challenges is the dramatic decrease in property values, which lessens the opportunity for homeowners to take advantage of any federal programs. In addition, homeowners, including those with existing credit issues, were misled and financed with adjustable rate mortgages (ARM). The Hope for Homeowners Program was intended for homeowners with ARM's who had fallen behind on mortgage payments after the mortgage adjusted. The Federal Housing Administration requires a minimum of three percent equity; the program was not successful due to homeowners decreased property values or no equity.

Foreclosure usually takes a minimum of seven months. She encouraged individuals to contact CCCS first and speak to a certified counselor, who will provide viable resources. Although some individuals may not avoid foreclosure, the CCCS offers assistance by establishing a financial plan, budget maintenance and possibly debt liquidation in an effort for some to experience homeownership again. There is also a concern with fraud, and homeowners need to be aware of those soliciting their services. CCCS is a non-profit agency and does not charge for their services.

MS. JOHNSON was pleased with the City's initiative relative to the upcoming forums. Prior to this event, CCCS will be partnering with the City, Fannie Mae and other community leaders in holding a telethon to bring awareness to this issue and provide information. She pointed out that the CCCS has experienced a 70 percent increase in clientele for the past 12 months.

She informed MAYOR GOODMAN that should a homeowner file bankruptcy, it remains on his/her credit report for seven years. Even so, she believed that if the consumer debt is maintained, lenders may look at the situation differently. She added that education, along with the City being proactive and other municipalities joining in, will hopefully change some policies and prevent future situations such as this.

ZEEDA DANIELE, Senior Business Manager, Fannie Mae, reaffirmed their commitment in partnering with the City of Las Vegas, CCCS and other agencies locally and nationally. In meetings with staff, the goal is to avoid as many foreclosures as possible for those having loans with Fannie Mae. With that in mind, training was provided relative to loss mitigation, remedies and/or loan modifications.

Regarding the December 12 and 13 event, Fannie Mae took a strategic approach and focused on certain zip codes facing foreclosures so that homeowners facing foreclosure can feel comfortable in seeking help while maintaining their integrity. In addition, significant meetings can take place at that time to review their loans with the goal of obtaining solutions.

Fannie Mae will be establishing a website, www.fightmortgageforeclosure.com, which will provide information on all non-profit agencies within Nevada as well as began an on-line loan modification process. In addition, a comprehensive plan will be established to develop strategies so individuals can maintain homeownership as well as ways to provide additional funding for the local non-profit agencies.

MS. DANIELE appreciated the City's initiative and the opportunity for Fannie Mae to partner on such an important issue.

COUNCILMAN BARLOW questioned how homeowners can avoid scams and become better educated on the credible agencies. MS. JOHNSON stressed that the agency should be a HUD approved, non-profit, housing counseling agency, and a consumer should not deal with an entity that initiates contact. MS. DANIELE confirmed for the Councilman that ultimately other lenders will be involved and subsequent events will take place within each ward.

COUNCILMAN WOLFSON questioned if a percentage was known regarding those that were given an outright bad loan versus those given an appropriate loan but could not maintain the mortgage. Given the current economy and varying circumstances, MS. JOHNSON estimated

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that the percentage was 50 percent for both; she recalled during one period, 62 percent of the loans given were ARM's. MS. DANIELE agreed and added other factors included investors who opted out of properties, rapid growth and cases where vulnerable consumers, such as seniors and moderate income families, were targeted. The Councilman felt there were no regulations in place but believed that the efforts being made were on a statewide basis to ensure legislators are informed in hopes that laws are passed to prevent this from happening again. MS. DANIELE noted that Fannie Mae's role is to assist the City in moving forward with information received from the consumers through these upcoming events. MS. JOHNSON emphasized that as a non-profit agency, the CCCS is limited as to how much lobbying can be done but the legislators are updated on a regular basis.

COUNCILMAN ROSS commended MR. HARSINI, Neighborhood Services Department, MS. JOHNSON and MS. DANIELE for their proactive response. He agreed that there is a large percent of investors, but the real concern is for those who are small homeowners. He believes with measures such as this, the predators will be on their heels.

COUNCILMAN REESE was concerned about those homeowners who have already lost their homes and questioned if assistance was available for them. MS. JOHNSON'S response was that the issue evolved quickly and the problem is ever-widening; however, with the current efforts being made and counseling, these individuals could become homeowners again. MAYOR GOODMAN added that by not having funding available to these individuals, there is a limitation in how they can be assisted after the fact. Although they were grateful for the stabilization funding, COUNCILMAN BARLOW and COUNCILWOMAN TARKANIAN agreed with COUNCILMAN REESE and MAYOR GOODMAN'S comments.

COUNCILWOMAN TARKANIAN applauded MS. JOHNSON and MS. DANIELE for working diligently with staff. Regarding zip code 89106, LISA MORRIS, Neighborhood Services, informed the Councilwoman that it is part of the Neighborhood Stabilization Plan but not part of the zip codes involved with the December 12 and 13 events. That event will encompass zip codes 89131 and 89108, as well as three zip codes within the City of North Las Vegas. Eventually, 89106 will be addressed, but the priority is reaching out to the areas having the highest number of homes in foreclosure.

MS. DANIELE believed that by having resources available, such as the website, homeowners will not have to wait for assistance even if they are not on the priority list of zip codes. MS. JOHNSON added that there is also a Nevada statewide foreclosure prevention task force, which is involved in outreach measures.

On behalf of the Council, MAYOR GOODMAN thanked staff, MS. JOHNSON and MS. DANIELE for their assistance, partnership and presentation.