



Legislation Text

File #: 11-0723, **Version:** 1

Resolution to Amend Contracts with Legal Services of South Central Michigan and Housing Bureau for Seniors for Foreclosure Prevention and Counseling Services (\$70,001.00 FY 2011 General Fund)
(8 Votes Required)

The Office of Community Development (CD) is requesting that City Council approve amendments to Legal Services of South Central Michigan (LSSCM) and the Housing Bureau for Seniors' (HBS) existing Foreclosure Prevention and Counseling Services contracts by extending the contracts to June 30, 2012 and increasing the contract amount by \$40,000 for LSSCM and \$30,001 for HBS. The funds are included in the FY 2011 Office of Community Development General Fund budget. Community Development is collaborating with the Tax and Mortgage Foreclosure Taskforce, which includes the Washtenaw County Treasurer's Office, Legal Services of South Central Michigan, MSU Extension, and the Housing Bureau for Seniors.

This collaboration provides a comprehensive response to the mortgage and tax foreclosure problem, and compliments the City's utility shut-off grants and payment plans, poverty tax exemptions, annexation fee waivers, and homeowner loans for sidewalk repairs and housing rehabilitation.

The Foreclosure Taskforce members provide education, counseling, advocacy, legal services and emergency loan services. The intake services and mortgage counselors are housed at MSU Extension and will work one-on-one with residents with mortgage foreclosure issues. A foreclosure counselor will work with seniors at the Housing Bureau for Seniors. Two tax foreclosure counselors are housed at the County Treasurer's Office who work one-on-one with residents who have tax foreclosure issues. A revolving loan fund is used to help people who are in a crisis, but have the ability to keep up with their loan payments after a work-out plan. Legal Services of South Central Michigan will provide legal advocacy and loan reviews to residents.

The Office of Community Development recommends Council approval of \$40,000 in general funds to Legal Services of South Central Michigan and \$30,001 in general funds to the Housing Bureau for Seniors for Foreclosure Prevention and Counseling Services.

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Reviewed by: Mary Jo Callan, Community Development Director
Sumedh Bahl, Community Services Administrator

Whereas, Mortgage and tax foreclosures are a serious problem in all parts of Washtenaw County, including the City of Ann Arbor;

Whereas, Mortgage foreclosures in the City of Ann Arbor average about 20 per month;

Whereas, Twenty-seven percent of the mortgage foreclosures initiated in Washtenaw County, in which it was possible to establish an age, were individuals aged 55 and older;

Whereas, Mortgage foreclosures have been driven historically by individual setbacks such as job loss or illness;

Whereas, Mortgage foreclosure can lead directly to homelessness for the former owner and family members;

Whereas, Foreclosed properties often sit vacant and are at higher risk for arson, vandalism and other crime;

Whereas, Foreclosures depress property values for neighbors and communities and ultimately reduce assessed values and property tax revenue;

Whereas, There is a need for foreclosure prevention counseling and intervention;

Whereas, The Washtenaw County Treasurer's office in collaboration with the Office of Community Development, MSU Extension, Legal Services of South Central Michigan, the Housing Bureau for Seniors and the Mortgage and Tax Foreclosure Taskforce have created a comprehensive response to address the significant number of mortgage and tax foreclosures in the community;

RESOLVED, That the Mayor and City Council approve an amendment to Legal Services of South Central Michigan's contract by increasing the contract amount by \$40,000 funded from FY 2011 general funds for Foreclosure Prevention and Counseling Services and that the funds be available without regard to fiscal year;

RESOLVED, That the Mayor and City Council approve an amendment to the Housing Bureau for Senior's contract by increasing the contract amount by \$30,001 from FY 2011 general funds for Foreclosure Prevention and Counseling Services and that the funds be available without regard to fiscal year;

RESOLVED, That the Mayor and City Clerk are hereby authorized and directed to execute the contracts with Legal Services of South Central Michigan and Housing Bureau for Seniors consistent with this resolution, subject to approval as to substance by the City Administrator and approval as to form by the City Attorney; and

RESOLVED, That the City Administrator, or his designee, is authorized to take necessary administrative actions and to execute any documents necessary to complete these transactions and to implement this resolution.