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**City of San José Announces Foreclosure Help
Initiative to Assist Residents Facing Foreclosure,
Neighborhoods Impacted by Bank-Owned, Vacant Homes**

SAN JOSE, CALIF. – Mayor Chuck Reed, the City Council, and City officials today announced the launch of Foreclosure Help, a comprehensive initiative to help families and neighborhoods impacted by the foreclosure crisis.

“Foreclosures don’t just impact the family who loses their home, they affect the stability of our neighborhoods,” said Mayor Chuck Reed. “Vacant homes can become a nuisance and an eyesore, creating blight and becoming a magnet for criminal activity.”

The total number of San José homes in the foreclosure process for 2008 was 14,000. Since January 2009, an additional 3,700 foreclosure filings have occurred, meaning those units are in some state of foreclosure, ranging from owners struggling to retain their homes to units that banks own and are attempting to sell.

Through the Foreclosure Help Initiative, the City of San José is opening a one-stop center to assist residents who are in foreclosure or at-risk of foreclosure. Located at the Work2Future facility at 1290 Parkmoor Ave., the Foreclosure Help One-stop center will be opening soon. Residents who are also seeking assistance with employment needs can access those services at Work2Future.

On Thursday, April 23, the City, County, nonprofits, and the real estate and financial services industries will join together to hold a Foreclosure Help Workshop from noon until 5 p.m. at the Santa Clara County Fairgrounds.

“Our goal is to provide easy-to-access assistance for residents who are in foreclosure or concerned that they might be facing foreclosure in the future,” said Leslye Krutko, Director of Housing for the City of San José.

The City of San José’s Foreclosure Help Initiative takes a four-pronged approach to the issues surrounding the current crisis:

- Prevention – Helping families before they get to the crisis stage. Services include financial literacy, legal and credit counseling, and foreclosure prevention counseling.
- Intervention – Assisting families who are in the process of foreclosure with loan modification and other programs to prevent foreclosure.

- Family Stabilization – Efforts include social services that assist families during the process, including a relocation strategy if homeownership is not sustainable, family counseling, and short-term financial assistance. A key goal is ensuring that families do not become homeless as a result of the foreclosure.
- Neighborhood Stabilization – Addressing the issues that arise from having a large number of vacant homes in a community, including vandalism, crime, gang activity, as well as deteriorating landscaping and appearance of the structure. Proactive code enforcement efforts are underway, and additional inspectors are in the field in the most impacted neighborhoods in San José’s Strong Neighborhoods Initiative areas.

The City has received \$5.6 million in Housing and Economic Recovery Act funding from the U.S. Department of Housing and Urban Development which will be used to assist with neighborhood stabilization efforts, including the acquisition, rehabilitation, redevelopment, or resale of foreclosed properties to qualified buyers.

Additionally, City officials are concerned that foreclosures in San José will continue to increase. With the dramatic decline in home prices, many residents are underwater, owing more on their mortgages than their homes are worth. Many homeowners who financed their home purchase with adjustable-rate mortgages are facing loan resets over the next two years. With each loan reset, homeowners typically experience a significant increase in their monthly mortgage payment. For many families, even those who can afford the increased payment, refinancing to decrease the mortgage to a sustainable level is not an option for those who owe more than their house is worth.

“Early intervention is critical,” said Mayor Chuck Reed. “The best time for a homeowner to seek help is before they are in a foreclosure situation. We hope residents will reach out and get the assistance they need.”

Data on the Foreclosure Crisis in San José

- Number of San José homes and condos in foreclosure has increased 700% over the past three years:
 - 2,000 in 2006
 - 5,800 in 2007
 - 14,000 in 2008
- Current median home price in Santa Clara County: \$408,500 in February 2009
 - Note: this has plummeted from an all-time high of \$713,500 in May 2007.
- Three zip codes in San José have had more than 300 foreclosure filings:
 - 95116 (353), 95127 (330), and 95122 (318)
- Five zip codes have more than 3% of the owner-occupied units in foreclosure: 95116 (4.8%), 95122 (4.6%), 95111 (3.8%), 95127 and 95110 (3.0%)
- Partners in the Foreclosure Help Initiative include: Santa Clara County Association of Realtors, California Association of Mortgage Brokers, Project Sentinel, Neighborhood Housing Services Silicon Valley, Bay Area Legal Aid Society, and Consumer Credit Counselors.

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