

Testimony of Michael A. Nutter
Before the Senate Committee on Banking, Housing and Urban Affairs
April 6, 2008

My name is Michael Nutter and I am the Mayor of Philadelphia – which I believe the next census will show is still the fifth largest city in the country. I applaud the Senate Committee on Banking, Housing, and Urban Affairs and Chairman Dodd for holding this hearing to address the mortgage foreclosure issue, and I thank Senators Dodd and Casey for their leadership in this area.

The Current Problem in Philadelphia:

In 2007, there were 6,200 foreclosure filings in Philadelphia. This was an increase of 18% over 2006. The City's foreclosure rate is currently 17 – 18%. The amount of foreclosure varies significantly across neighborhoods, however, with some neighborhoods such as West Oak Lane; East Mt. Airy; Southwest Philadelphia experiencing significantly higher rates. Approximately 400 Sheriff's Sales are scheduled each month in our City. This crisis is already hurting the City of Philadelphia by disturbing our economy and by depressing real estate prices. It is also affecting City tax revenues.

Current Activities to Address Foreclosure Crisis and to Prevent Foreclosures:

The City of Philadelphia is committed to dealing with this crisis. I will be proposing putting additional funds into our FY 09 budget to provide relief to homeowners facing foreclosure. Funds will be used for the following activities:

Outreach, through an expanded foreclosure hotline, additional counseling services to help homeowners negotiate payment plans and work out predatory loans, and expanded support for legal services to help homeowners negotiate better mortgage terms and respond to sheriff sale lawsuits.

In addition, the City is committed to developing refinancing tools and products such as the state's HERO (Homeowner's Equity Recovery Opportunity) Loan Program, which targets families with bad credit who cannot refinance at an affordable interest rate. Philadelphia has committed \$1 million to the program, which will leverage \$10 million in PHFA resources and \$5 million from PNC Bank.

We are also considering expanding the moratorium on Sheriff Sales just instituted by the Sheriff.

Need for Federal Assistance:

As you can see, the City is stepping up to the plate to address this crisis. The Commonwealth of Pennsylvania, under the leadership of Governor Rendell and PHFA Director Brian Hudson, has also done a great job of providing additional resources.

However, we need the Federal government to do its part. Additional funding is needed to enable cities to maintain and purchase abandoned properties, to support housing counseling and legal assistance, and to provide bankruptcy relief to our citizens by allowing judges to modify mortgages.

I am pleased to work with Senator Casey on this important issue and stand ready to help him address this critical issue, and I thank the members of this Committee for their attention to this critical issue.