

HOUSING COMMITTEE REPORT relative to enhancing the Foreclosure Registry Program and the Foreclosure Information Management System.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. AUTHORIZE expenditures for on-going support and enhancements to the Foreclosure Information Management System in the amount of \$1,507,860.

2. AUTHORIZE the Controller to:

a. Create within the Foreclosure Registry Program Fund No. 56V the following accounts:

Account Title

43M230 Technical Assistance - Foreclosure Registry Neighborhood Stabilization Program (FRNSP)  
 43M900 Contract Programming - Systems V

b. Transfer appropriations within Fund No. 56V/43, as follows:

<u>Fund Account Title</u>	<u>Amount</u>
From: 56V 43M411 Unallocated	\$1,794,783

<u>Fund Account Title</u>	<u>Amount</u>
To: 56V 43M143 HCIDLA	\$170,382
56V 43M230 Technical Assistance - FRNSP	50,000
56V 43M900 Contract Programming - Systems	1,488,860
56V 43M299 General Fund Related Costs	<u>85,541</u>
Total:	\$1,794,783

c. Increase appropriation in General Fund No. 100/43, as follows:

<u>Account Title</u>	<u>Amount</u>
001010 Salaries General	\$151,382
006010 Office and Administrative	<u>19,000</u>
	\$170,382

d. Change the funding source and related costs for five full time positions from the Rent Stabilization Trust Fund No. 440/43 and Systematic Code Enforcement Fund No. 41M/43 to Fund No. 56V/43, as follows:

<u>Fund Account Title</u>	<u>Amount</u>
From: 440 43M143 HCIDLA	\$254,419
440 43M299 General Fund Related Costs	143,764

41M 43M143 HCIDLA	254,419
41M 43M299 General Fund Related Costs	<u>143,764</u>
	Total: \$796,366

<u>Fund Account Title</u>	<u>Amount</u>
To: 56V 43M143 HCIDLA	\$508,838
56V 43M299 General Fund Related Costs	<u>287,528</u>
	Total: \$796,366

- e. Decrease appropriation within Fund No. 56V/43, Account 43M411 Unallocated in the amount of \$796,366.
  - f. Expend funds upon proper written demand of the General Manager, Los Angeles Housing and Community Investment Department (HCIDLA), or designee.
3. REQUEST that the City Attorney, in consultation with the HCIDLA, to prepare and present an ordinance to amend the Foreclosure Registry Ordinance to establish a process for the negotiation of the payment of outstanding penalty fees.
  4. INSTRUCT the HCIDLA to report on the Option 2 Down Payment Assistance Program as discussed in the in the Department's January 14, 2016 report to the Mayor, relative to:
    - a. Partnering with philanthropic organizations, non-profits, banks, and foundations to potentially fund a new mortgage assistance fund.
    - b. Partnering opportunities with the Realtors Association or any other like groups would like to assist in such program.
    - c. Opportunities to leverage the Community Reinvestment Act.
  5. RESOLVE that the following six new position authorities in the HCIDLA for the periods March 1, 2016 through June 30, 2016, and for Fiscal Year 2016-17 for the HCIDLA Foreclosure Registry Unit, to be funded from the Foreclosure Registry Program fees, are approved and confirmed:

<u>No.</u>	<u>Class Title</u>	<u>Code</u>
2	Management Assistant	1539
1	Senior Housing Inspector	4244
2	Housing Inspector	4243
1	Programmer Analyst I	1431-1

6. RESOLVE that the following two position authorities in the City Attorney's Office for the periods March 1, 2016 through June 30, 2016, and for Fiscal Year 2016-17:

<u>No.</u>	<u>Class Title</u>	<u>Code</u>
1	Deputy City Attorney III	TBD
1	Paralegal I	0576

7. AUTHORIZE the General Manager, HCIDLA, or designee, to make any necessary technical adjustments consistent with this action, subject to the approval of the City Administrative Officer; and, AUTHORIZE the Controller to implement these instructions.

Fiscal Impact Statement: The HCIDLA reports that this action will not impact the General Fund. The Foreclosure Registry program, and its staff, is fully supported by the \$155 registration fee. Presently, there are sufficient Foreclosure Registry funds to support all programmatic expenditures. The proposed Foreclosure Stabilization Program, if adopted, will be funded by the Foreclosure Registry Penalty fees.

Community Impact Statement: None submitted.

**(Personnel and Animal Welfare Committee waived consideration of the above matter.)**

**(The City Council may recess to Closed Session, pursuant to Government Code Section 54956.9(d)(1) and/or (d)(2) to confer with its legal counsel relative to the above matter.)**

#### SUMMARY

In a report to the Mayor dated January 14, 2016, HCIDLA discusses enhancing the Foreclosure Registry Program. HCIDLA states that the purpose of the Foreclosure Registry Program is to prevent blight by ensuring that lenders maintain foreclosed properties in the City of Los Angeles. Lenders are required to register residential properties with HCIDLA within 30 days of recording a Notice of Default. The annual registration fee is \$155. Lenders are also required to conduct monthly inspections and certify the condition of the property in reports submitted to the Department. A penalty in the amount of \$250 per day (not to exceed a total penalty amount of \$100,000) will be assessed for failure to comply.

In response to issues raised by Council and an audit conducted by the Controller, HCIDLA will develop a foreclosure GeoRegistry system to improve the tracking of foreclosed properties in the City, use penalty fees for the development of a Neighborhood Stabilization Program, negotiate the collection of outstanding penalty fees, and request resolution authority for six new positions for the program in addition to the five employees already assigned to the program.

At its meeting held March 16, 2016, the Housing Committee discussed this matter with representatives of HCIDLA. The General Manager, HCIDLA stated that additional staff is needed to receive and review foreclosure reports from lenders and inspect foreclosed properties. The City Attorney requires additional staff to assist with the negotiations for the payment of penalties by non-compliance lenders and servicers. It was stated that HCIDLA has collected \$4.25 million in permit fees, and approximately \$4 million in penalties.

During the public comment period, support was expressed for Option 2, the Down Payment Assistance Program described in the HCIDLA report to the Mayor. It was stated that the program will assist borrowers that are unable to qualify for loan from conventional lenders.

The Housing Committee recommended that Council approve HCIDLA's recommendations, as amended to delete Recommendation Nos. 2 and 3, to approve the additional staff for the City

Attorney, and to direct HCIDLA to report relative to the Down Payment Assistance Program.

Respectfully Submitted,

HOUSING COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
CEDILLO: <i>gcedillo</i>	YES
FUENTES:	ABSENT
HUIZAR:	YES
PRICE:	YES
HARRIS-DAWSON:	YES

jaw

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**