

## MOTION **BUDGET & FINANCE**

On March 25th, Governor Newsom announced a mortgage payment relief package with support from Citigroup, JPMorgan Chase, U.S. Bank, Wells Fargo, and nearly 200 state-chartered banks, credit unions, and servicers. The package includes a 90-day grace period for mortgage payments, no negative credit impacts for taking advantage of forbearance, a moratorium on foreclosure sales, and relief from mortgage related fees. At least 23 different financial institutions across the country have voluntarily publicized support available to residential mortgage holders, including deferred mortgage payments, waived late fees, suspended foreclosure actions, and stayed negative reporting to credit agencies.

Not all rental properties in Los Angeles are eligible for these programs, and none of these programs include a measure to cancel or suspend the rent obligations of the tenants living in those rental properties that receive mortgage relief. Before this pandemic, 58% percent of renters in Los Angeles were rent-burdened, paying over 30% of their income for rent, while about one-third were severely rent-burdened, paying over 50% of their income for rent. Since this crisis began, tens of thousands of renters across Los Angeles are currently unable to pay rent, and will continue to be unable to pay after the eviction moratorium ends.

Over 60% of City residents are renters. Mortgage relief without an accompanying rent payment relief program would continue to jeopardize the housing stability of the majority of City residents. In order to protect both property owners and renters, there must be a comprehensive program of mortgage and rent relief together.

While the City continues to pressure State and Federal governments to work with financial institutions to adopt and modify mortgage relief programs to include rent cancellation, we should ensure that financial institutions with which we do business are contributing to the overall financial health of the City and are upholding the priorities of the City Council in protecting City property owners and tenants from foreclosure and evictions.

The City's Responsible Banking Ordinance (Ordinance No. 182138) already establishes certain standards for financial institutions that seek City banking business, ensuring that the City's deposits and portfolio are invested in financial institutions that, in turn, reinvest in and benefit Los Angeles residents. In a similar manner, now facing an unimaginable public health crisis that will be made worse by foreclosure and evictions, the City can exercise its discretion as a customer of banking services to prioritize doing business with those institutions that offer mortgage relief paired with rent relief to rental properties in the city, in a manner consistent with federal, state, and local laws.

**I THEREFORE MOVE** that the Chief Legislative Analyst, in consultation with City Attorney, Office of Finance and City Administrative Officer, report back on potential amendments to the Responsible Banking Ordinance to ensure that the City, consistent with current law and reporting requirements, is doing business with financial institutions that are providing maximum protections to property owners and renters during the COVID-19 emergency, including but not limited to:

- Requiring financial institutions already providing or seeking City banking business to disclose, within 30 days, the institution's policies and programs to provide relief to its customers and borrowers who may be suffering from the economic impacts of the COVID-19 emergency and any specific relief programs it has offered to holders of mortgages on rental properties.
- Requiring financial institutions already providing or seeking City banking business to disclose every 30 days how many applications have been received, how many customers and borrowers have been assisted, and how many applications for relief have been rejected, *prioritize | emphasize RSO housing providers*
- Requiring financial institutions already providing or seeking City banking business to disclose, every 30 days during the COVID-19 emergency, the number of foreclosures it has sought or executed

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against rental properties in the city and, where the financial institution is itself a landlord within the city, any evictions for nonpayment of rent it has sought or executed, *prioritize and emphasize RSO housing providers*

- Requiring financial institutions already providing or seeking City banking business to disclose within 30 days any stimulus funding received and how the funding will be utilized nationwide and specifically in the City of Los Angeles, *prioritize and emphasize RSO housing providers*
- Scoring financial services bids to prioritize bidders that demonstrate they are providing the greatest available relief to rental property mortgage holders and their tenants during and in the aftermath of the COVID-19 emergency, *prioritize and emphasize RSO housing providers*
- Requiring a publicly accessible scorecard of financial institutions' performance specifically related to meeting the City's goals of mortgage and rent payment relief, helping landlords maintain rental properties, and helping renters stay in their homes during and in the aftermath of the COVID-19 emergency, *prioritize and emphasize RSO housing providers*
- Any other amendments to integrate linked mortgage and rent payment relief for rental properties during and in the aftermath of the COVID-19 emergency into the Responsible Banking Ordinance and regulations, and to strengthen enforcement of the ordinance to better protect and sustain housing stability in Los Angeles during this crisis.

**I FURTHER MOVE** that the Chief Legislative Analyst, in consultation with City Attorney, Office of Finance and City Administrative Officer, report back on other possible actions within the City's authority to require or incentivize rent suspension, including mortgage relief conditioned on rent suspension for rental properties during and in the aftermath of the COVID-19 emergency.

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**ORIGINAL**