

**TO THE COUNCIL OF THE
CITY OF LOS ANGELES**

Your HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE

reports as follows:

HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to a proposed framework for an Ordinance to establish registration and maintenance requirements, as well as associated fees and fines, for properties in foreclosure.

Recommendations for Council action, as initiated by Motion (Garcetti – Smith - Parks):

1. APPROVE the proposed framework for an Ordinance (Attachment A of the Chief Legislative Analyst (CLA) report dated November 2, 2009) to establish registration and maintenance requirements and associated fees and fines for properties in foreclosure in the City.
2. REQUEST the City Attorney, with the assistance of the CLA and Los Angeles Housing Department (LAHD), to Prepare and Present an Ordinance in 30 days based on the proposed framework (Attachment A of the CLA report dated November 2, 2009) that includes:
 - a. A requirement lenders, mortgagees, or beneficiaries of trust (Lenders) who issued a Notice of Default on a residential property in the City as a result of a defaulted obligation shall register the property with the City.
 - b. A requirement that Lenders maintain subject properties according to provisions contained in the proposed framework.
 - c. A fee for registration and fines for failure to register and/or maintain, as outlined in the proposed framework.
 - d. Provisions to establish a special fund for fee and fine revenue associated with the registry requirement to support LAHD administrative costs associated with enforcement of the registry, subject to a requirement that any fine revenue remaining in the fund in excess of LAHD administrative costs revert to the General Fund at the end of each Fiscal Year.
3. INSTRUCT the CLA to report back relative to:
 - a. Potential City liability associated with the proposed Ordinance.
 - b. Further defining the maintenance requirement and vacancy definitions of the proposed framework (Attachment A of the CLA report dated November 2, 2009).
 - c. The possibility of depositing into the Affordable Housing Trust Fund (rather than the General Fund) all post cost recovery maintenance fine revenue that is collected.

Fiscal Impact Statement: The CLA reports that, as proposed in its report dated November 2, 2009, fines collected by the City as a result of failure to comply with the maintenance requirement contained in the proposed framework will be deposited in the General Fund. As a result, the recommendations have a potential positive impact on the General Fund. The amount of fine revenue to be generated as a result of the maintenance requirement is unknown at this time. As proposed, registration fee revenue and fines for failure to maintain will support the LAHD to address costs associated with maintenance and enforcement of the registry, subject to a requirement that any fine revenue remaining in the fund in excess of LAHD administrative costs revert to the General Fund at the end of each Fiscal Year.

Community Impact Statement: None submitted.

Summary:

In its transmittal dated November 2, 2009, the CLA reports that, as instructed by Motion (Garcetti – Smith – Parks), it has convened a working group comprised of representatives from Council Districts 12 and 13, the Office of the Mayor, the Office of the City Attorney, the City Administrative Officer, the LAHD, and the Los Angeles Department of Building and Safety (Working Group) to develop a framework for an Ordinance to establish registration and maintenance requirements and associated fees and fines for properties in foreclosure in the City. The proposed framework (Attachment A of the CLA report dated November 2, 2009) is recommended by the Working Group based on research into a similar Ordinance enacted by the City of Chula Vista, consultation with lenders, and recently enacted State law (Senate Bill 1137 (Perata)), which established maintenance requirements and penalties for failure to maintain foreclosed properties.

The CLA further reports that the proposed framework also contains provisions to address the issues identified in the following Motions: (1) Motion (Wesson - Garcetti), which instructed various departments to work with the LAHD to prevent and abate fraudulent activity in foreclosed properties (Council file No. 07-2438-S11); (2) Motion (Cardenas - Smith) to address hazards created by swimming pools in abandoned foreclosed properties (Council file No. 09-1738); and (3) Motion (Parks - Perry) to expand the Utility Maintenance Program to require owners of foreclosed properties to pay all utility bills (Council file No. 09-0960).

At its regular meeting held December 2, 2009, the Housing, Community, and Economic Development Committee discussed this matter with City staff and recommended that Council approve the recommendations of the CLA, as submitted in its report dated November 2, 2009. The Committee further recommended that Council instruct the CLA to report back relative to: (a) potential City liability associated with the proposed Ordinance; (b) further defining the maintenance requirement and vacancy definitions of the proposed framework; and, (c) the possibility of depositing into the Affordable Housing Trust Fund (rather than the General Fund) all post cost recovery maintenance fine revenue that is collected.

Respectfully submitted,

HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
WESSON	YES
REYES	ABSENT
ALARCÓN	YES
CÁRDENAS	ABSENT
PERRY	YES

- Not Official Until Council Acts-