

## COMMUNICATION

FILE NO. 12-0647-S1

**TO: LOS ANGELES CITY COUNCIL**

**FROM: COUNCILMEMBER RICHARD ALARCÓN, CHAIR  
HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE**

COMMUNICATION FROM CHAIR, HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE relative to proactive enforcement of the Los Angeles Foreclosure Registry.

Recommendations for Council action:

1. APPROVE the proactive enforcement of the Foreclosure Registry using Los Angeles Housing Department (LAHD) and Los Angeles Department of Building and Safety (LADBS) personnel to conduct inspections of select properties on the Foreclosure Registry.
2. APPROVE revisions to the Foreclosure Registry Program, including adding monthly inspection and reporting requirements for responsible parties, and other revisions as described in the Chief Legislative Analyst (CLA) report dated May 17, 2013, attached to Council file No. 12-0647-S1.
3. REQUEST the City Attorney to:
  - a. Prepare an opinion on whether or not the City can require responsible parties to maintain Notice of Default (NOD) Vacant properties and hold them accountable for the conditions of these properties under the new Proactive Foreclosure Registry Program.
  - b. Prepare an opinion on whether or not the City can require responsible parties to maintain NOD Tenant Occupied Multifamily properties whose owners have abandoned and hold the responsible parties accountable for the conditions of these properties under the new Proactive Foreclosure Registry Program.
4. REQUEST the City Attorney, with the assistance of the CLA, the LAHD, and the LADBS, to prepare and present an amendment to the Foreclosure Registry Program Ordinance (No. 181185) within 30 days to include proactive inspections of select properties on the Foreclosure Registry, inspection and reporting requirements, other revisions discussed in the CLA report dated May 17, 2013, and other such revisions necessary to ensure a successful program consistent with the intent of the City Council; and include provisions for additional fees if the LADBS has to make subsequent inspections.
5. INSTRUCT the LAHD and the LADBS to report to the City Council quarterly on the Foreclosure Registry Program's efforts to mitigate foreclosure blight and the status of foreclosures in the City of Los Angeles.
6. REQUEST the LADBS to report in six months in regard to the effectiveness of the cost recovery fee analysis and verify if it is consistent with the current \$274.33 fee.

7. DIRECT the CLA, City Administrative Officer (CAO), Los Angeles Police Department (LAPD), Los Angeles Fire Department (LAFD), LADBS, and all relevant City entities and REQUEST the City Attorney to report in two weeks in regard to moving forward with the implementation of full cost recovery.
8. DIRECT the LADBS to report in six months with a cost recovery fee analysis on whether the \$274.33 fee is sufficient to cover the LADBS' inspection costs.
9. DIRECT the LAHD to report in two weeks on the status of the Foreclosure Registry fund.

Fiscal Impact Statement: The CLA reports that the Foreclosure Registry Program will have no impact on the General Fund if the Council approves the Foreclosure Registry Inspection Fee as proposed and included in the Mayor's Proposed Fiscal Year 2013-14 Budget. The existing LAHD registry fee and inspection fee will fund ongoing LAHD registry and inspection costs.

Community Impact Statement: None submitted.

### SUMMARY

At a regular meeting held on June 5, 2013, the Chair of the Housing, Community and Economic Development Committee considered a report from the CLA dated May 17, 2013, relative to proactive enforcement of the Los Angeles Foreclosure Registry.

Representatives of the CLA, the LADBS, and the LAHD were present to provide an overview of the report and respond to related questions. During discussion of the matter, the Committee Chair questioned whether the proposed LADBS Foreclosure Registry inspection fee of \$274.33 would cover subsequent inspections by LADBS of a foreclosed property as well as other related LADBS costs such as collections. Additionally, the Chair expressed concern that the City may incur other associated legal, Police, and Fire Department costs for responding to issues at such properties that the fee does not cover. CLA and LADBS indicated that the proposed fee covers an initial inspection of a property, but that subsequent inspections are not covered under the fee, nor are collections, systems, clerical, etc.

The Committee Chair recommended that the CLA be directed to work with the City Attorney to also include in the amendment to the Foreclosure Registry Program Ordinance provisions for additional fees if the LADBS has to make subsequent inspections of a property. Additionally, the Chair recommended directing the CLA, CAO, LAPD, LAFD and all relevant City entities in cooperation with the City Attorney to report in two weeks in regard to moving forward with the implementation of full cost recovery. Lastly, the Chair recommended that the LADBS report back in six months with a cost recovery analysis to accurately discern its costs and determine if the \$274.33 inspection fee is sufficient to fully recover those costs.

Additionally, during discussion of this matter, the Chair inquired about the status of the Foreclosure Registry fund and was advised by the representative of the CLA that there is currently a \$3.2 million surplus in the fund, and noted that the \$750,000 startup costs for the LADBS' inspector positions are from this fund and not the General Fund. The representative of the LAHD further noted that a forthcoming transmittal from the LAHD is seeking \$1.2 million for a "Mom and Pop" Rehab Program. The Chair requested a report back from LAHD on the Foreclosure Registry fund.

After consideration the Committee Chair recommended approval of the recommendations as contained in the CLA report as amended and detailed in the above recommendations. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

COUNCILMEMBER RICHARD ALARCÓN, CHAIR  
HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
ALARCON:	YES
REYES:	ABSENT
WESSON:	ABSENT
PERRY:	ABSENT

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