

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

0160-01563-0000

Date: 10/22/14

Date: **OCT 22 2014**

Submitted in Housing Committee

Council File No: 12-0647-S1 and S

To: The Council
The Mayor

Item No.: #1

*Addendum to Report from
The City Administrative
Officer*

From: Miguel A. Santana, City Administrative Officer *[Signature]*

Sharon M. Tso, Chief Legislative Analyst *[Signature]*

Subject: **ADDENDUM FOR PROPOSED PROACTIVE FORECLOSURE REGISTRY
PROGRAM INSPECTION FEE (C.F. 12-0647-S1 AND 12-0647-S6)**

On October 21, 2014 the CLA and CAO released a joint report regarding a fee analysis on the Foreclosure Registry Proactive Inspection Program. The report should have noted that it was in response to Motion (Cedillo-Krekorian-Wesson) C.F. 12-0647-S6, which is attached to this addendum. The report listed the Council File as C.F. 12-0674-S1. The corrected Council Files are C.F. 12-0647-S1 and 12-0647-S6.

MAS:SMT:MMR:CM:02150024C

Attachments

12-0647-56

JUN 03 2014

BUDGET & FINANCE

MOTION

HOUSING

In order to address the blight caused by the escalating number of foreclosures in the City of Los Angeles, in 2010 the City Council adopted the Foreclosure Registry Program. The intent of the Registry Program was to establish an abandoned residential property registration program as a mechanism to protect residential neighborhoods from becoming blighted through the lack of adequate maintenance and security of abandoned properties as a result of the foreclosure crisis.

While the market is slowly recovering, there continue to be thousands of properties in foreclosure that are a direct blight in the community. The ordinance as currently written is inherently flawed; it lacks adequate authority for enforcement of the properties registered, preventing the City from maintaining a proactive enforcement effort and preventing ongoing blight in our communities.

Moreover, upon the filing of a Notice of Default (NOD), the lender (including any beneficiary or trustee who holds or has an interest in a deed of trust on the property) is required to register the property with LAHD within 30 days, and pay a fee of \$155. If the lender fails to comply with the registry requirement, the ordinance provides for a \$250 per day penalty.

The City Controller issued an audit on the Foreclosure Registry Program in where it was reiterated that "the program has been ineffective in reducing blight and holding lenders accountable, primarily due to the requirements set forth by a flawed Ordinance." Controller Galperin states that as a result of these deficiencies, the program failed to achieve its goal of preventing blight from taking root in our communities as a result of foreclosures.

At this time it is crucial to enact amendments to our current Foreclosure Registry Program to ensure that adequate enforcement is occurring throughout the City, and to hold banks accountable for the subprime foreclosure fallout that has left many communities with blighted eyesores of foreclosed and abandoned houses.

I THEREFORE MOVE that the City Attorney, with the assistance of the Housing Department, Building and Safety Department, Chief Legislative Analyst (CLA) and City Administrative Officer (CAO), be requested to prepare and present an ordinance to amend the Foreclosure Registry Program to require lenders to pay a pro-active inspection fee at the time a property changes status from Notice of Default (NOD) to Real-estate owned (REO).

I FURTHER MOVE that the CAO, with the assistance of the CLA and Building and Safety, be instructed to report on a fee analysis based on the needed Building and Safety personnel to carry out the inspection of bank-owned properties;

I FURTHER MOVE that the Housing Department, with the assistance of the City Attorney, be instructed to report on the number of properties where the banks have issued a Notice of Default (NOD), since the adoption of the Foreclosure Registry Ordinance, and have failed to register with the City; this report should include the amount of fines that could have been collected from these properties along with a plan of action on how to notify the banks of the \$250 fine per day moving forward.

I FURTHER MOVE that the Housing Department, with the assistance of the CLA, be instructed to report on a cost analysis to upgrade the technology of our current foreclosure registry to allow for better coordination between the Building and Safety Department and any other involved departments.

PRESENTED BY: Gilbert Cedillo
GILBERT A. CEDILLO
Councilman, 1st District

CO-PRESENTED BY: Paul Kerkorian
PAUL KERKORIAN
Councilman, 2nd District

SECONDED BY: Steph Kempf

[Signature]

ORIGINAL

JUN 03 2014