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ALARCÓN SUBMITS MOTION TO CREATE “OFFICE OF FORECLOSURE ASSISTANCE” TO ASSURE LOS ANGELES RECEIVES FAIR SHARE OF NEW FEDERAL DOLLARS

Los Angeles, CA – Today, the same day that President George W. Bush signed into law the American Housing Rescue and Foreclosure Prevention Act of 2008 (H.R. 3221), Los Angeles City Councilmember Richard Alarcón introduced a motion instructing the Los Angeles Community Development Department (CDD) and other relevant departments to report forthwith to the City Council with recommendations on how to ensure that the City will receive a fair share for funding for foreclosure prevention from these Federal funds. It also includes a request that the City open an Office of Foreclosure Assistance, so that the City’s foreclosure assistance programs can be coordinated out of one central office and the City can be in the best position to apply for, receive and utilize funding.

In the City of Los Angeles, 14,505 homes have been foreclosed upon with over \$5 billion in property liens. This is a 400% increase over the previous year and a 63 percent increase in the second quarter of this year over the first quarter. In Council District Seven alone, there are over 1,000 properties facing foreclosure within one month or currently in foreclosure.

“Los Angeles is ground zero for the foreclosure crisis, and we must act immediately to ensure that the City receives the federal funding that it deserves and best leverages this funding to help keep families in their homes and preserve the quality of our neighborhoods,” said Councilmember Alarcón. “The President and Congress have approved this funding, but it’s incumbent on us to ensure that we are not caught unprepared and miss out on funding that our communities desperately need.”

H.R. 3221 includes a provision for Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes. This provision would provide \$4 billion in emergency assistance to communities with the highest foreclosure rates for the purchase and redevelopment of abandoned and foreclosed-upon properties for the prevention of blight and improve the value of neighboring properties. H.R. 3221 also includes funding for counseling and legal services, and the proposed Office of Foreclosure would be responsible for tracking local programs that help homeowners who are faced with foreclosure and can help community groups and the city apply for these funds as well.

The motion was referred to City Council’s Housing, Community and Economic Development Committee, but Chairperson Councilmember Herb Wesson has agreed to waive the motion from Committee and the motion is expected to be heard before the full Council this coming Friday, August 1st.

Councilmember Alarcón has been a leader on the foreclosure issue and has introduced a number of motions and resolutions aimed at reducing the effect of the foreclosure crisis. Last August, Councilmember Alarcón held an emergency hearing on foreclosures through the Ad Hoc Committee on Ending Poverty in Los Angeles. Out of this hearing came a series of resolutions for the city, state and federal government concerning foreclosure. Councilmember Alarcón has also asked for reports on the impact of foreclosure on the City budget and called on the Federal Government to re-classify the City of Los Angeles as a “high cost area” to ensure residents have access to federally backed loans.