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ALARCÓN'S MOTION TO CREATE \$1.5 MILLION PILOT PROJECT TO AID HOMEOWNERS GOING THROUGH FORECLOSURE IN COUNCIL DISTRICT SEVEN MOVES FORWARD

Los Angeles, CA – Today, the Los Angeles City Council unanimously supported a motion introduced by Los Angeles City Councilmember Richard Alarcón which moves forward the process to create a “Council District Seven Foreclosure Prevention Strategy” pilot project. The motion instructs the Los Angeles Housing Department and the Community Redevelopment Agency to work in conjunction with Neighborhood Legal Services, One LA-IAF and other local non-profit organizations to create a program that will keep homeowners facing foreclosure in their homes through the renegotiation of loans, including looking at reducing total principal owed to reflect current market value, ensuring affordable fixed-rate loan terms for low and moderate-income borrowers, providing “soft-second” loans and requiring homeowners to receive homeownership counseling and education courses.

The next step for the creation of this pilot program will be a report back on this motion from the Los Angeles Housing Department and Community Redevelopment Agency to the Los Angeles City Council’s Housing, Community and Economic Development Committee in thirty days with an identification of funds and a plan for the creation of this pilot program.

“Every month, thousands of local families receive notices that they are going to lose their home, their American Dream, because of foreclosure and it’s imperative that we work with these folks to help save their homes and protect our neighborhoods,” said Councilmember Alarcón. “This is a problem that affects every neighborhood within our city, and we need to attack this problem from all sides – from leveraging federal dollars from the Neighborhood Stabilization program or the new stimulus package to utilizing our local Community Redevelopment Funds.”

Councilmember Alarcón has been a leader on the issue of combating foreclosures in Los Angeles, introducing numerous motions and hosting foreclosure assistance fairs within his District. Two weeks ago he introduced a motion instructing the City to explore the divestiture of all deposits in banking and other financial institutions that fail to cooperate with foreclosure prevention effort. These efforts include temporary moratoriums on foreclosures, renegotiation of mortgage principles to reflect current values and good faith negotiations with mortgagees. In August of 2007, he held an emergency hearing on foreclosures, understanding that the city needed to aggressively tackle the problem due to the impact it would have on public safety, the city budget, neighborhood blight and local families.

In Council District Seven there are over 1,000 properties facing foreclosure within one month or currently in foreclosure. Upwards of 20% of homeowners In the United States have or could face foreclosure in the coming years. According to RealtyTrac, more than 2.3 million American homeowners faced foreclosure proceedings last year, an 81 percent increase from 2007. Nationwide, more than 860,000 properties were actually repossessed by lenders, more than double the 2007 level. According to Foreclosure-Radar, in 2007 97,000 homes were lost in California, but 249,940 homes were lost in 2008. Moody's Economy.com, predicts that the number of homes lost to foreclosure is likely to rise by an additional 18 percent this year before tapering off through 2011.