



## Community and Media Tour of Blighted Foreclosed Properties, February 7, 2013 Tour Background

We believe the issue of blighted foreclosed properties compounds the effect of the foreclosure crisis by further destabilizing our communities, causing crime, bringing down property values, and exacerbating the city budget crisis through increased emergency and abatement response costs. Today, community members will highlight examples of LA's foreclosure blight problem and have a dialogue regarding tools the city currently has at its disposal to mitigate this issue – and regarding how the city's Foreclosure Registry Ordinance can be better implemented.

Professor Katherine Porter will be joining us on the tour in her capacity as State Monitor for the national mortgage settlement, due to the fact that the settlement requires some of the largest servicers of foreclosed properties to maintain those properties in good condition. Professor Porter is visiting communities throughout the state in order to assess the banks' compliance with the national mortgage settlement.

- In 2012, **more than 10,000 properties were in foreclosure** in the city of Los Angeles.
- Foreclosure costs cities nearly **\$20,000 per property** in safety, clean up and other services, according to a recent study.
- Because of foreclosures, in 2012 homeowners in Los Angeles **lost \$4.4 billion in home values**.
- The City of Los Angeles lost an estimated **\$27 million in property taxes** in 2012.
- A summer 2012 survey by LA Conservation Corps in ten zip codes with the densest number of foreclosures found 450 properties with possible blight violations.
- We estimated from that survey that hundreds more across the city might be in violation of the **Los Angeles Foreclosure Registry Ordinance (FRO)**.
- The FRO requires bank lenders that issue a notice of default on a property to **register with the LA Housing Department, keep the home secured** and free of debris, graffiti and overgrown vegetation, and hire a local property manager to **maintain the property at least monthly**.
- **Dozens of properties currently have open citations** from Los Angeles Department of Building and Safety related to blight violations covered under the Foreclosure Registry Ordinance, but **not one property owner** has been issued the related fine of \$1,000 per day.
- We estimate that **the city has left millions on the table** by not enforcing this ordinance.
- We want banks to pay for the damage they have done to our communities, and to clean up these properties.
- Amendments to the FRO written by the City's Legislative Analyst and City Attorney's office will be introduced in February to City Council to **require proactive enforcement** of bank owned properties, **hire dedicated code enforcement staff** to enforce the FRO, and **require monthly reports of the progress** of the program.