

MOTION BY SUPERVISORS JANICE HAHN AND  
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September 15, 2020

**Foreclosure Prevention and Mortgage Assistance**

As part of the coronavirus relief effort, Congress passed a \$2 trillion stimulus package in April with provisions for those struggling to make their mortgage payments. Lenders were supposed to allow forbearance for homeowners with federally backed mortgages or loan modifications as mortgage relief.

Forbearance allows homeowners to suspend their monthly payments when they experience a coronavirus-related hardship without the usual consequences of delinquency or even foreclosure. The flood of requests has mortgage servicers working overtime and homeowners waiting hours on the phone. As states reopen and shut down again more people are investigating their options.

The coronavirus outbreak has left many Los Angeles County homeowners dealing with reduced income or unemployment. Some individual lenders and state governments are also taking independent action to provide mortgage relief to homeowners. Los Angeles County should also take immediate action to help homeowners with foreclosure prevention counseling and mortgage assistance.

MOTION

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**WE, THEREFORE MOVE** that the Board of Supervisors

1. Direct the Acting Chief Executive Officer to reallocate the following sources of funds to expand the County's Foreclosure Prevention Program and establish a Mortgage Financial Relief Program as follows:

a. \$3 million of the FY 2020-21 Affordable Housing Trust Fund set aside for emergency rental assistance to be reallocated to the Department of Consumer and Business Affairs (DCBA) as follows: \$1.5 million for Foreclosure Prevention Program to be used to help homeowners with foreclosure prevention counseling and mortgage assistance and \$1.5 million for the Mortgage Financial Relief Program, which will provide deferred/forgivable loans to homeowners to help stabilize their mortgage with their servicer;

b. \$2.5 million in unspent funds of the FY 2019-20 Affordable Housing Trust Fund set aside for the Los Angeles County Development Authority's Homeownership Assistance Program to CEO's Affordable Housing budget unit who will reallocate the \$2.5 million to the DCBA's towards for the Mortgage Financial Relief Program; and

c. Explore and report back on the potential use of funding from the Consumer Protection Settlement Special Revenue Fund to be used by DCBA for outreach and education on enforcement of consumer protection laws.

2. Delegate Authority to the Acting Chief Executive Officer (CEO), or her designee, to execute or amend a funding agreement with the LACDA to transfer \$2.5 million from LACDA to the County.

3. Direct the Acting Director, or his designee, of DCBA to use the above funding allocation to expand the County's Foreclosure Prevention Program and establish a Mortgage Financial Relief Program with the reallocation of \$5.5 million of funding or other available

funds and report back in 15 days. A plan to target households in areas that have experienced high levels of foreclosures that may need assistance should be included in the report back.

4. Authorize the Acting CEO, or her designee, to take any action necessary to transfer the above funding to DCBA to expand the Foreclosure Prevention Program and establish a Mortgage Financial Relief Program in partnership with HUD-approved housing counseling agencies.

5. Authorize the Acting Director of DCBA, or his designee, to accept up to a total of \$5.5 million from the Affordable Housing Fiscal Year 2020-2021 Budget Unit to expand services under the Foreclosure Prevention Program and establish a Mortgage Financial Relief Program.

6. Authorize the Acting Director of DCBA to enter into agreements and/or amend existing agreements with partner agencies and/or consultants as needed to expand the County's Foreclosure Prevention Program and establish a Mortgage Financial Relief Program.

**WE, FURTHER MOVE** that the Board of Supervisors, acting as the Commissioners of the Los Angeles County Development Authority:

1. Authorize the Acting Executive Director, or his designee, to execute or amend a funding agreement with the County to transfer \$2.5 million from its Homeownership Assistance Program to DCBA.

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