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## **ALARCON INTRODUCES TO WITHDRAW CITY INVESTMENTS IN BANKS THAT DO NOT PARTICIPATE IN FORECLOSURE ASSISTANCE**

*Los Angeles has a \$25 Billion investment portfolio and on any given day from tens to hundreds of million of dollars are invested with banks that provide home loans in Los Angeles*

**Los Angeles, CA** – Today, Los Angeles City Councilmember Richard Alarcón will introduce a motion aimed at decreasing the devastating effects of foreclosures in Los Angeles. The motion, which was seconded by Council President Garcetti and Councilmembers Reyes, Hahn and Parks, instructs 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.

“The foreclosure crisis has hit every corner of our nation and it is imperative that we take bold steps to reduce the number of foreclosures and stabilize our neighborhoods,” said Councilmember Richard Alarcón. “Banks and financial institutes need to know that if they are not willing to work with homeowners who come to them in good faith to renegotiate their loans, we have no interest in doing business with those banks.”

The City has a \$25 billion investment portfolio, with over \$10 billion invested in LACERS and almost \$11 billion in the fire and police pension portfolio. This motion would call for a report exploring which banks are failing to cooperate with families facing foreclosure, and call on the city to remove investments with those banks.

Councilmember Alarcon has been a leader on the issue of combating foreclosures in Los Angeles. Last Tuesday, January 27<sup>th</sup>, Alarcón introduced a motion instructing the Los Angeles Housing Department, the Community Redevelopment Agency and other applicable agencies to develop a “Council District Seven Foreclosure Prevention Strategy” and to identify \$1.5 million in funds to implement this program.

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.

This is not the first time Councilmember Alarcon has introduced a motion instructing the City to consider divesting funds from banks. In July of 1998, Councilmember Alarcón introduced a motion to have the City of Los Angeles divest all funds from Swiss banks in support of the efforts of the Holocaust victims and their heirs to seek restitution from the Swiss government and banks for money and assets confiscated during WWII. Negotiations involving the banks and the World Jewish Congress ultimately resulted in a settlement of \$1.25 billion in August 1998.