



**Richard Alarcón**  
Councilmember, District Seven

## **Even in Tight Times, Room for Innovation: *Low & Moderate-Cost Asset Building & Asset Protection Policies***

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California Working Families Policy Summit

Presented by Sarah Brennan, Policy Deputy

*Office of Los Angeles City Councilmember Richard Alarcón*

**SUMMARY:** Over the last two years in Los Angeles, as in other cities, counties and states across the country, budgets for asset building and protection programs have come under increasing pressure. Nevertheless, a number of initiatives designed to maximize services and resources that safeguard the assets of low-income residents and alleviate poverty have been implemented or are at various stages in the legislative process. Here are a few of the highlights.

### **1. Banking Development Districts**

*Status: In Committee*

*Sponsor: Councilmember Richard Alarcón*

According to AARP Foundation research, the average unbanked consumer in the United States spends an average of \$40,000 in fees over the course of his or her lifetime just to cash checks and pay bills. In Los Angeles, many low- and moderate-income neighborhood residents do not have proximity to a mainstream financial institution. For example, in Pacoima—a community of over 80,000 residents in 7 square miles—there are just 2 bank branches and 1 credit union.

The Banking Development Districts (BDD) proposal is based on the successful New York State and New York City program that has been operational for more than 10 years. Through the program, local and state governments place a certain amount of deposits in banks that open a branch in a previously un-served area. In New York City, the BDD program has resulted in 25 new branches in formerly un-banked neighborhoods.

### **2. Increasing Take Up of Federal, State & City Benefits**

*Status: Implemented*

*Sponsor: Councilmember Richard Alarcón*

- One-E-App/Earned Income Tax Credit

In 2009-2010, the City of Los Angeles rolled out a one-stop benefits screening and application tool at all of the City's assistance centers. Called One-E-App, the tool allows individuals to find out which city, state and federal programs they are eligible for through a single application session. In the past, Angelenos missed out on program services due to multiple and sometimes confusing application processes, as well as due to lack of awareness of all the programs for which they qualify.

### 3. Foreclosure Registry Ordinance

*Status: Bill Passed May 2010, Implementation in Progress*

*Sponsor: Council President Eric Garcetti*

Foreclosures are hugely expensive not only for homeowners but for their surrounding communities. Studies estimate the taxpayer cost of a single foreclosure between \$5,000 to \$34,000 per property, including costs such as unpaid water and sewage fees, nuisance and vagrancy calls to the police, trash removal, and inspections. The recently passed Foreclosure Registry Ordinance is one way cities can stop these types of fees from being passed on to taxpayers. The ordinance establishes fees for lenders that do not maintain foreclosed properties, payable to the City –up to a total of \$100,000 per property. All fines collected are placed in a special trust fund used to administer the ordinance, and remaining funds remit to the City's General Fund at the end of each fiscal year.

### 4. Responsible Banking

*Status: Final Committee Review*

*Sponsor: Councilmember Richard Alarcón*

The Responsible Banking bill is modeled on the federal Community Reinvestment Act (CRA) as well as a similar local ordinance in Philadelphia. The bill would require financial institutions that receive City business to provide information about their Los Angeles area community development activities (the City holds over \$6 billion in short-term investments and accounts, and \$30 billion overall, including pension funds). The City Treasurer would then rate a financial institution's local performance on a number of measures – for example, how many and what types of foreclosure modifications have been offered to homeowners and the number, distribution, and type of loans extended to small businesses. Banks that receive outstanding grades will have their best practices publicly recognized by the City and receive extra points in the Request for Proposals bidding process for City business.

### 5. City Surplus Food Policy

*Status: Bill Passed December 2010, Beginning Implementation*

*Sponsor: Councilmember Jose Huizar*

LA's recently adopted City Surplus Food Policy immediately requires the City to begin donating surplus food from City facilities and events to area food banks and other aid organizations in Los Angeles. Later implementation of the policy will focus on providing technical assistance to businesses in Los Angeles to help them establish policies, programs and procedures to increase food donations, including information about how to get food to the right agency, what is safe and appropriate to donate, and options for delivery services.

#### **Questions/Further Information:**

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