AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

THE HOUSING CRISIS IN LOS ANGELES AND RESPONSES TO PREVENTING FORECLOSURES AND FORECLOSURE RESCUE FRAUD

FIELD HEARING

BEFORE THE

SUBCOMMITTEE ON
HOUSING AND COMMUNITY OPPORTUNITY

OF THE

COMMITTEE ON FINANCIAL SERVICES

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

MARCH 28, 2009

Printed for the use of the Committee on Financial Services

Serial No. 111–23

U.S. GOVERNMENT PRINTING OFFICE

48–876 PDF WASHINGTON : 2009

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

HOUSE COMMITTEE ON FINANCIAL SERVICES

BARNEY FRANK, Massachusetts, *Chairman*

PAUL E. KANJORSKI, Pennsylvania
MAXINE WATERS, California
CAROLYN B. MALONEY, New York
LUIS V. GUTIERREZ, Illinois
NYDIA M. VELÁZQUEZ, New York
MELVIN L. WATT, North Carolina
GARY L. ACKERMAN, New York
BRAD SHERMAN, California
GREGORY W. MEEKS, New York
DENNIS MOORE, Kansas
MICHAEL E. CAPUANO, Massachusetts
RUBÉN HINOJOSA, Texas
WM. LACY CLAY, Missouri
CAROLYN McCARTHY, New York
JOE BACA, California
STEPHEN F. LYNCH, Massachusetts
BRAD MILLER, North Carolina
DAVID SCOTT, Georgia
AL GREEN, Texas
EMANUEL CLEAVER, Missouri
MELISSA L. BEAN, Illinois
GWEN MOORE, Wisconsin
PAUL W. HODES, New Hampshire
KEITH ELLISON, Minnesota
RON KLEIN, Florida
CHARLES A. WILSON, Ohio
ED PERLMUTTER, Colorado
JOE DONNELLY, Indiana
BILL FOSTER, Illinois
ANDRÉ CARSON, Indiana
JACKIE SPEIER, California
TRAVIS CHILDERS, Mississippi
WALT MINNICK, Idaho
JOHN ADLER, New Jersey
MARY JO KILROY, Ohio
STEVE DRIEHAUS, Ohio
SUZANNE KOSMAS, Florida
ALAN GRAYSON, Florida
JIM HIMES, Connecticut
GARY PETERS, Michigan
DAN MAFFEI, New York

SPENCER BACHUS, Alabama
MICHAEL N. CASTLE, Delaware
PETER T. KING, New York
EDWARD R. ROYCE, California
FRANK D. LUCAS, Oklahoma
RON PAUL, Texas
DONALD A. MANZULLO, Illinois
WALTER B. JONES, JR., North Carolina
JUDY BIGGERT, Illinois
GARY G. MILLER, California
SHELLEY MOORE CAPITO, West Virginia
JEB HENSARLING, Texas
SCOTT GARRETT, New Jersey
J. GRESHAM BARRETT, South Carolina
JIM GERLACH, Pennsylvania
RANDY NEUGEBAUER, Texas
TOM PRICE, Georgia
PATRICK T. McHENRY, North Carolina
JOHN CAMPBELL, California
ADAM PUTNAM, Florida
MICHELE BACHMANN, Minnesota
KENNY MARCHANT, Texas
THADDEUS G. McCOTTER, Michigan
KEVIN McCARTHY, California
BILL POSEY, Florida
LYNN JENKINS, Kansas
CHRISTOPHER LEE, New York
ERIK PAULSEN, Minnesota
LEONARD LANCE, New Jersey

JEANNE M. ROSLANOWICK, *Staff Director and Chief Counsel*

SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY

MAXINE WATERS, California, *Chairwoman*

NYDIA M. VELÁZQUEZ, New York
STEPHEN F. LYNCH, Massachusetts
EMANUEL CLEAVER, Missouri
AL GREEN, Texas
WM. LACY CLAY, Missouri
KEITH ELLISON, Minnesota
JOE DONNELLY, Indiana
MICHAEL E. CAPUANO, Massachusetts
PAUL E. KANJORSKI, Pennsylvania
LUIS V. GUTIERREZ, Illinois
STEVE DRIEHAUS, Ohio
MARY JO KILROY, Ohio
JIM HIMES, Connecticut
DAN MAFFEI, New York

SHELLEY MOORE CAPITO, West Virginia
THADDEUS G. McCOTTER, Michigan
JUDY BIGGERT, Illinois
GARY G. MILLER, California
RANDY NEUGEBAUER, Texas
WALTER B. JONES, JR., North Carolina
ADAM PUTNAM, Florida
KENNY MARCHANT, Texas
LYNN JENKINS, Kansas
CHRISTOPHER LEE, New York

CONTENTS

	Page
Hearing held on:	
March 28, 2009	1
Appendix:	
March 28, 2009	59

WITNESSES

SATURDAY, MARCH 28, 2009

Abasto, Christian, Managing Attorney, Housing and Eviction Defense Units, Legal Aid Foundation of Los Angeles	52
Battle-Bey, Marva Smith, President and CEO, Vermont Slauson Economic Development Corporation	17
Becker, Caryn, Policy Counsel, Center for Responsible Lending	42
Brown, Hon. Jerry, Attorney General, State of California	5
Cordova, Martha	19
Faccuseh, Jazmin, Housing Counselor, East LA Community Corporation (ELACC)	29
Fertig, Dr. Ralph D., Associate Professor, Graduate School of Social Work, University of Southern California	15
Fraga, Armando, Chief Investigator, L.A. County District Attorney, Fraud Division	49
Gay, Lori R., President and CEO, Los Angeles Neighborhood Housing Services	28
Gross, Larry, Executive Director, Coalition for Economic Survival (CES)	12
Herrera, Pastor, Jr., Director, Los Angeles County Department of Consumer Affairs	48
Johnson, Minelle, Housing Choice voucher recipient, Los Angeles, California	14
Marquez, Mercedes, General Manager, City of Los Angeles Housing Department	24
Montiel, Rudolf C., President and CEO, Housing Authority of the City of Los Angeles (HACLA)	26
Peters, Heather, Deputy Secretary for Business Regulation and Housing, California's Business, Transportation and Housing Agency	46
Shannon, Susie, Housing and Homeless Advocate, Los Angeles Coalition to End Hunger and Homelessness	11
Teague, Ruth, Director, Los Angeles Office, Corporation for Supportive Housing (CSH)	31
Tull, Tanya, President and CEO, Beyond Shelter	9

APPENDIX

Prepared statements:	
Abasto, Christian	60
Battle-Bey, Marva Smith	71
Becker, Caryn	78
Faccuseh, Jazmin	91
Fertig, Dr. Ralph D.	93
Fraga, Armando	176
Gay, Lori R.	179
Gross, Larry	188
Herrera, Pastor, Jr.	197
Johnson, Minelle	201
Montiel, Rudy	203
Peters, Heather	208

Page

Prepared statements—Continued
Shannon, Susie 214
Teague, Ruth 220
Tull, Tanya 225

THE HOUSING CRISIS IN LOS ANGELES AND RESPONSES TO PREVENTING FORECLOSURES AND FORECLOSURE RESCUE FRAUD

Saturday, March 28, 2009

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HOUSING AND
COMMUNITY OPPORTUNITY,
COMMITTEE ON FINANCIAL SERVICES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in the Thomas Lakin Gymnasium of the Los Angeles Southwest College, 1600 West Imperial Highway, Los Angeles, California, Hon. Maxine Waters [chairwoman of the subcommittee] presiding.

Members present: Representative Waters.

Also present: Representative Watson.

Chairwoman WATERS. This hearing of the Subcommittee on Housing and Community Opportunity will come to order.

Good morning, ladies and gentlemen. Welcome to the Subcommittee on Housing and Community Opportunity. This is our first field hearing of the 111th Congress, and I thank you for coming.

I would like to thank Los Angeles Southwest College and College President Dr. Jack E. Daniels, III, for hosting today's hearing. Where is Dr. Daniels? Would you please come down front, Dr. Daniels? That is Dr. Daniels walking down the aisle. Please give him a round of applause.

Dr. Daniels, we thank you for your generosity. Each time we ask you to be our host, or to allow us to come and hold a hearing or a town hall meeting or a play or community meeting, you are always responsive. You have never turned us down, and we thank you for that. Another round of applause for Dr. Daniels.

I would like to thank Coach Washington. Is he here? You know, a lot of coaches don't like you to use their gymnasiums, but he allowed us to be here today. So give him a round of applause, too.

I would also like to thank Dr. Janet Clark, the principal of the Maxine Waters Employment Preparation Center for delivering and setting up the equipment for this hearing. A round of applause for Dr. Janet Clark. Thank you.

And I would like to extend a special thanks to Shawnee Stewart, Student Services and Faculty Coordinator, for connecting all of the dots. Without all of your help today, today's hearing would not have been possible.

I would also like to thank our ranking member of the Housing Subcommittee, Shelly Moore Capito, who very much wanted to be here today but was unable to come.

We may have some other members joining us who may or may not serve on the committee. If so, we welcome their participation.

Today we will be examining the housing crisis in Los Angeles and responses to preventing foreclosures and foreclosure rescue fraud. I believe that this hearing is needed because Los Angeles is facing a severe housing crisis. When I first became chairwoman of the Housing Subcommittee, I wanted to have the subcommittee's first field hearing in the city with the most pressing housing needs.

Accordingly, we held our first field hearing on the Gulf Coast, which was, and is still, recovering from Hurricane Katrina, which destroyed over 100,000 units of housing, arguably the single largest loss of housing faced by any one region at any one time.

Although the Los Angeles area has not encountered a natural disaster on the scale of Hurricane Katrina, the lack of affordable housing, combined with the increase in foreclosures, amounts to a housing disaster in its own right. That is why I decided to hold the subcommittee's first hearing of the 111th Congress in Los Angeles.

And I would like to thank our elected officials who are here today. I see Senator Rod Wright is sitting in the first row. Would you please stand? Give him a round of applause.

And thank you for showing interest in being here with us today.

I held two hearings in Los Angeles in 2007. We held a field hearing on foreclosures, and in 2008, we held a field hearing at Jordan Downs on the redevelopment of the public housing project there. But today's hearing is different from our previous hearings, not only in scope but in format, because we need a comprehensive solution to the housing crisis.

We are going to look comprehensively at the housing challenges in Los Angeles. For the first time in years, all sectors of the Los Angeles housing market, including owner-occupied housing, rental housing, Section 8, and public and assisted housing are in crisis. We have known for some time that affordable housing has been in short supply in Los Angeles.

Nearly 100,000 households, or 8 percent, of all Los Angeles households live in affordable housing that is subsidized in some way. The need for this housing, however, is much greater, with nearly 1 in 4 Los Angeles renters paying more than 50 percent of their income towards rent, and one-third living in overcrowded conditions. In fact, in order to afford the rent on a two-bedroom apartment, a renter in Los Angeles would have to earn $16.67 an hour and work 58 hours a week.

In Los Angeles, demand simply outstrips supply, and the supply of affordable housing is constantly at risk. For example, according to the national housing trust, there are 282 project-based Section 8 properties with 13,713 units in Los Angeles that may potentially be lost in the next 3 years.

While Section 8 and public housing are supposed to provide housing opportunities for extremely-low-income families, we know that nationally only 1 in 4 families who qualify for these housing programs can actually participate in them. In many cities, Section 8 waiting lists are either too long or, as in the case of the Los Ange-

les Housing Authority, completely closed. Public housing is also disappearing nationwide.

The winds and water of Hurricane Katrina didn't destroy the 4,500 units in New Orleans' Big Four public housing development. The bulldozers of the Bush Administration did. Nationally, since 1995, we have lost over 200,000 units of public housing through demolition, disposition, or convention to vouchers. Several housing authorities, such as the San Diego Public Housing Authority, have gotten rid of their public housing entirely.

This is why I am pleased that Rudy Montiel and Mayor Villaraigosa are committed to one-for-one replacement. We need to build more public housing units, but we also need to maintain what we have. This means rehabilitating deteriorated public housing units and investing in these properties and the people who call them home.

Nationwide, there is an estimated $32 billion backlog in deferred repairs and maintenance for public housing. This is why I fought for $5 billion in the recently-passed stimulus bill for the rehabilitation of public housing. While only $4 billion was provided, these funds represent the first step in addressing the backlog, and I am committed to fighting for more funding for public housing and all the other affordable housing programs, including Section 8.

I am also concerned about the rising levels of homelessness in Los Angeles. As foreclosures increase, homelessness levels are also rising. Homeless service providers are reporting an increased demand for their service as renters who pay their rent on time and homeowners unable to come to terms with their mortgage servicers lose their homes.

This isn't to say that there wasn't a homeless crisis before the current wave of foreclosures. According to the most recent HUD data, on any given day, Los Angeles has approximately 68,600 homeless people. In fact, there are more homeless people in Los Angeles than in any other city. Given the current state of affordable housing in Los Angeles, the foreclosure crisis is putting excess strain on an affordable housing system that is already stretched thin.

According to RealtyTrac, foreclosure filings were reported on nearly 81,000 California properties in February 2009, the most of any State. This represents a 5 percent increase from January and a 51 percent increase over February 2008. The number of foreclosures in California is only expected to rise. According to the Center for Responsible Lending, 22 percent of subprime loans written in California in 2005 and 2006 will enter foreclosure. A projected 179,798 families will lose their homes. Nearly one-quarter of these families are in Los Angeles County.

Thus far, mortgage servicers have been reluctant to modify loans to prevent foreclosures. I know firsthand how difficult it is to connect and to get a loan modification from a mortgage servicer. I am hopeful that the Making Home Affordable Program recently announced by President Obama, which builds off legislation introduced at the beginning of this Congress, will stop this unending avalanche of foreclosures.

I am also planning to reintroduce legislation that I drafted as a result of my first hearing in Los Angeles to require mortgage

servicers to work out loans with borrowers before foreclosing on their homes. This makes sense for homeowners, investors, and communities because no one benefits from foreclosure. The homeowner loses their home, the investor takes a significant loss on their investment, and the community loses tax revenue and only gains a blighted, abandoned home.

But helping families to avoid foreclosure has gotten much more complicated with the entry of so-called foreclosure consultants and foreclosure specialists. For a fee, these individuals or entities promise to help save homes from foreclosure, but either charge an excessive fee for services that can be obtained for free from a qualified nonprofit housing counseling agency or deliver little or nothing for the money they receive.

And they are very common. For example, several weeks ago, I was alerted to a fake HUD Web site that was taking applications online for the President's loan modification program. I contacted the Federal Trade Commission, the Federal Communications Commission, and HUD. Within hours, the Web site was taken down. However, it shouldn't take a letter from Congress for our regulatory agencies to become aware of these kinds of fraudulent activities.

There are many varieties of mortgage foreclosure rescue fraud, but in each case the perpetrator makes misleading promises that consumers' homes will be permanently saved from pending foreclosure. Consumers, however, ultimately lose their homes and lose the money they paid to scammers.

So let me say this for the record, and for all of you who are here today: Never pay anyone for a loan modification, never pay anyone to help you get a loan modification. Through the President's newly-announced foreclosure plan, it is free. It shouldn't cost anything, and anyone who offers to modify your loan for a fee does not have your best interests in mind.

I will soon be introducing legislation to end these foreclosure rescue scams at the Federal level, and I am very interested to hear from our witnesses what they are doing to combat this problem at the State and local level.

Because this hearing is so comprehensive, I have arranged the panels differently than you would normally see in a congressional hearing. On the first panel, we will hear from California State Attorney General Jerry Brown, who is going to testify about his office's lawsuit against Countrywide, one of the Nation's worst subprime lenders.

Next, we will hear from housing advocates and residents of Section 8 and public housing. They will tell us about how this crisis started and their struggles with affordable housing. Third, we will hear from the people who are implementing solutions to address this housing crisis, including the foreclosure crisis. And, last, we will hear about how our witnesses are combatting these foreclosure rescue scams and what homeowners need to do, need to know to avoid being duped.

Again, I am looking forward to hearing the witnesses' views on this very important program. And we will continue to move forward, and we will include any of our Members of Congress who appear today.

Let me just say to our witnesses that we will provide a one-minute time cutoff warning to you after you have given your testimony. Each person will be allotted 5 minutes, and, again, we will warn you 1 minute before cutoff time.

I would like to call up our first witness, and I am very pleased and proud to have with us today the Honorable Jerry Brown, Attorney General for the State of California. He is a friend.

He is someone that I have known for many years and had the pleasure of working with when I served in the California State Assembly. I am very pleased and proud about his aggressive action to assist the homeowners of this of this country and of this State.

And I say all of that because, as I understand it, there are other attorneys general who are taking note from what you are doing here, Attorney General Jerry Brown, and they are moving forward in their States also to address predatory lending, to deal with some of the predatory lending loan initiators, and to prepare to deal with the fraudulent claims by those who are seeking to earn a big profit from the most vulnerable by stating they can save their homes through loan modifications when in fact they are simply collecting money up front.

So welcome, and thank you for being here. And the floor is yours, Mr. Attorney General.

STATEMENT OF THE HONORABLE JERRY BROWN, ATTORNEY GENERAL, STATE OF CALIFORNIA

Mr. BROWN. Representative Waters, thank you very much for inviting me. It has been a while since I have been at Southwest College. The committee of our democratic leaders spend most of their time in Beverly Hills or the other venues. I am very glad to be here and see so many people coming before you. And I don't want to take too much of the time, because there are a lot of advocates who should be heard from.

I want to talk about three things: mortgage scams; mortgage modification; and the responsibilities of the Federal Government. First, on mortgage scams, my office is very actively engaged in both civil and criminal prosecutions and investigations of those scam artists who would exploit the vulnerability of homeowners in this State.

As you just mentioned, don't pay anybody for a mortgage modification. Go to your bank and tell them you want it. If you think anything is not right, call the Attorney General's office, or call Congresswoman Waters' office and she can tell us. We have laws, we have investigators, and we will go after those who break the law by falsely representing what they can do and what they will do.

We have examples, and we have actually arrested people, and have people on trial for forging documents, outright lies, and other forms of deception that have taken tens of thousands of dollars from people. So be on the lookout. And if you go to the Attorney General's Web site, you will get some helpful suggestions and some phone numbers to call.

We want to hear about any kind of scam that you may know about, because there is more out there than we have been able to get hold of. So we rely on whistleblowers. We rely on advocates to tell us, and then we take action.

So mortgage scam, we have to fight that, number one. Number two, the modification of mortgages. We sued Countrywide, and I want to just point out that we were only able to sue Countrywide as a large bank, because it was chartered by the State of California.

All of the other big banks, many of them who had exploitive mortgages—these were under the control of the Federal Government, and the Federal Government has preempted, or taken over, the authority of my office, the Attorney General of California, all of the other States, so that we can't prosecute and we can't go after them for loan modifications unless the financial institution is regulated by the State.

And as a matter of fact, we sued Countrywide literally within days before they were taken over by Bank of America, which is a federally-regulated institution. Anyway, we got the settlement, and we want to make sure that settlement, which promises loan modifications in the pay option ARMs instruments, that Countrywide is doing that.

Now, we have a very good settlement, but it is only as good as it is operationalized. And I invite people who are here this morning to let me know, let my office know, actually how this is working, because it is one thing to bring a lawsuit; we did that.

It is one thing to get a settlement; we did that. Now we are waiting for the tens of thousands of loan modifications and interest reductions that we were promised. So that is the second point.

The third point, regarding the overall housing challenge. Listening to the report of Representative Waters is absolutely shocking, because we are now in a country that is spending trillions to bail out the banks and the financial industry, and the insurance company, this AIG, a company that most of us never heard about. And now we find out they are behind everything that is going on in the country.

And the U.S. Government gives these insurance companies and these banks money, and then they pay all these big bonuses. And the bonuses are even written into Federal law in a Democratic Congress. So that tells you how powerful it is.

Well, one good result of this—because I didn't know we had trillions of dollars. I didn't know it was there. They just found it in the last few months, and now they are spending it. Well, if we have all those thousands and trillions, why aren't we taking care of the housing challenge? What are we waiting for? They used to tell us we didn't have any money.

It is not true. And what they are telling us is, if the banking system goes down, we are all done for. Yes, that is true. But what about the people? If they don't have a house to live in, we are all done for, too.

So now is the time for equity, now is the time to take care of these unmet needs as we take care of the consequences of the crooks, the scam artists, and all of the big shots who have made all of this money. And they took bonuses because they traded wealth, but the wealth was a bubble. And now the wealth has to be taken from the taxpayers, otherwise, they tell us the system will collapse.

Okay. Make sure the system doesn't collapse, but make sure you take care of the people system, the housing system, the affordable housing system, public housing, homelessness. Let us wrap them all up together and solve the total crisis, and do it now.

Thank you.

Chairwoman WATERS. Thank you very, very much. As always, you are on top of it, Attorney General. You are very well informed. Your office has been very active and aggressive.

And I would like to, at this time, yield myself 5 minutes to raise a few questions with you. The first question I would like to ask of you is: Will you direct your staff to document the increasing number of ads that are being placed on television by those who purport to be loan modifiers, and document what they are saying, and even have people call in, as I did one night, where they asked me for $3,500 to help me with a mortgage that was in trouble that I made up. I would like to ask you if you would direct your staff to document those ads and to review them to see what we can do to stop those ads that are coming on TV.

Mr. BROWN. Yes, I will. I make that commitment. Maxine, I want to work with you to accomplish it. So after this meeting, we will talk, and I will assign a specific person and we will get from you exactly what the objective is, and then we will figure out a way together and my staff will take care of it. We will document the rip-offs that are over the mass media, as best we can. We will get at it.

Chairwoman WATERS. I appreciate that. One more question. I am looking at ways to bring criminal charges in some of these actions at the Federal level. Do you think that is a possibility, to look at possible criminal charges, after you review all of this and get a handle on it and see what kind of harm is being perpetrated on the innocent citizens of this State?

Mr. BROWN. Sure. I would like to. I have to see the law and see the facts, but where there are possible criminal violations, we will act. We have arrested people. We have investigations going. If you have any information, we will jump on it, if it is within our State authority.

Of course, the Federal Government, for the last 30 years, has been busily destroying the power of State law while it takes over as the Federal law, but then it doesn't do anything. And it is the strategy of the no-standard standard. So the Federal Government sees a State standard being enforced, and then it says, "No. You have to follow the Federal standard," and the Federal standard is to do nothing. That is exactly what happened on the mortgage scam.

Chairwoman WATERS. Well, I thank you, and I am going to call on you again to come to Washington to help me fight preemption. It is rearing its ugly head again, and you are absolutely right that we have allowed the big interests to control the direction of public policy in the Federal Government, and they have preempted States who are doing great things. And so I may call on you again for that.

Mr. BROWN. Okay.

Chairwoman WATERS. Now, we have been joined by Congresswoman Watson. And I have to insert into the record that without

objection, Ms. Watson will be considered a member of the subcommittee for this hearing.

Thank you, Ms. Watson.

And Attorney General?

Mr. BROWN. I have to grab an airplane, if I may.

Chairwoman WATERS. All right. Thank you very much.

Mr. BROWN. Congresswoman Watson, it is very good to see you, and I appreciate all your support over the years.

Thank you.

Chairwoman WATERS. The Chair notes that we may have additional questions for this witness, which we may put in writing. And without objection, the hearing record will remain open for 30 days for members to submit written questions to this witnesses and to place his responses in the record.

I will now introduce the second panel. I would like to ask the second panel to come forward as I call your name. First, Ms. Tanya Tull, who is the president and CEO of Beyond Shelter, a wonderful, wonderful nonprofit, doing great things in our community.

The second witness will be Ms. Susie Shannon, housing advocate, Los Angeles Coalition to End Hunger and Homelessness, and who is responsible for helping us to initiate this hearing here today after a meeting in our office where she indicated she would like us to hold a town hall meeting. But I told her I would make it official and hold an official hearing.

Thank you very much.

Our third witness is Mr. Larry Gross, executive director, the Coalition for Economic Survival, who is well-known for the work that he has been doing. We are so pleased you are able to join us today.

Our fourth witness will be Ms. Minelle Johnson, Housing Choice voucher recipient, Los Angeles, California.

Our fifth witness will be Ms. Renita Pitcher, a Jordan Downs public housing resident, who may or may not be here.

Our sixth witness is Dr. Ralph Fertig, professor, School of Social Work, University of Southern California. I would like to say I have known Ralph Fertig for about 100 years.

[laughter]

We worked in the War on Poverty together when we had ERA, I think, as our umbrella agency, and I was working in Head Start. We are old social workers together. He is older than I am, though.

[laughter]

Our seventh witness will be Ms. Marva Smith Battle-Bey, executive director, Vermont Slauson Economic Development.

Ms. Marva Smith has been working in the community for many years, as a developer of both commercial and residential property. As a matter of fact, I think her biggest—well, her first big project was Slauson and Vermont Shopping Center. And since that time she has developed housing for low-income and moderate-income citizens, and I thank her for being here today.

Without objection, your written statements will be made a part of the record. You will now be recognized for a 5-minute summary of your testimony, and we will start with Ms. Tanya Tull.

STATEMENT OF TANYA TULL, PRESIDENT AND CEO, BEYOND SHELTER

Ms. TULL. Madam Chairwoman and members of the subcommittee, thank you for allowing me to speak. My name is Tanya Tull, and I am the president and CEO—

Chairwoman WATERS. Would you pull that microphone a little bit closer?

Ms. TULL. Yes. My name is Tanya Tull, and I am the president and CEO of Beyond Shelter, a nonprofit agency founded in 1988 in response to increasing numbers of homeless families in Los Angeles and the need for a more responsive approach to addressing the problem. Today the mission of Beyond Shelter is to develop systemic approaches to combat poverty and homelessness among families with children and to enhance their economic security and wellbeing.

I have been working in the field of homelessness in America for more than 25 years, and helped to develop the first family shelters in Los Angeles, one in 1986 and the other in 1988. Because of my longevity in this field, and my contacts with practitioners across the country, I believe that I am in a position to speak for many of them when I say that it is imperative that we apply our resources more responsibly, including how we direct new money sent to flow into our communities, and that we take care to do so now when the lives of so many people in our country and here in the City of Los Angeles are literally falling apart.

Unfortunately, I think that we are seeing just the tip of the iceberg, and that the situation will get much worse before it begins to get better. On the ground so to speak here in Los Angeles, one of the great mega cities of the world, we are facing a crisis of unprecedented proportions.

In addition to tens of thousands of already homeless families with children here in Southern California, thousands of new homeless families, and those who are greatly at risk of homelessness, are joining their ranks. How did we get to this point? And what did we do wrong? More importantly perhaps, what can we begin to do right?

Let us review history for a moment, because there is much that we can learn. During the first decade of homelessness in America, the 1980's, the thought was that we were dealing with a temporary problem, and that providing emergency shelter would solve it. However, we soon learned that we were wrong.

During the 1990's, emergency shelters and transitional housing became part of a continuum of care that supposedly would lead to permanent housing at the end for those served by it, with the desired outcome being, of course, an end to homelessness. And yet as the years went by, no matter how hard we tried, nor how much we cared, the crisis continued to grow.

In Los Angeles, we began to see families cycle in and out of shelters and transitional housing for months and sometimes years at a time. In response, in 1988, I founded Beyond Shelter and introduced an innovation in the field—the Housing First approach to ending family homelessness, and this model has since helped to impact both public policy and practice on a national scale, premised on the universal human right to housing.

The basic methodology helps homeless families and individuals relocate to rental housing as quickly as possible, with the services traditionally provided in transitional housing instead provided after they move into permanent housing.

The premise is simple: Access to affordable housing ends homelessness for the vast majority of homeless families. Do they then benefit from services? Of course they do. But those services are best provided after the family is back in permanent housing. And, furthermore, the services that homeless families most benefit from are those same services that benefit all low-income families, and that should be available in all communities.

Over the past few years, as in those early days of homelessness in America, Los Angeles County has experienced an increase in family homelessness, and the numbers continue to grow. We all know today that in L.A. County, literally thousands of children and their families have no permanent stable or secure place to live.

And, unfortunately, we are also beginning to see the second generation of homeless families in this City, families in which the parents experienced homelessness as children or teenagers, and now as young parents they are homeless again themselves. The recent economic crisis, resulting in job losses and foreclosure, is further aggravating this problem as new homeless families join the already homeless.

Beyond Shelter has recently seen a significant increase in the number of requests for emergency assistance to prevent eviction, and we are currently receiving an average of 50 calls a day requesting funds from both renters and homeowners.

And so if you think about it, and I truly hope you are, we are faced with a problem—emergency shelter versus permanent housing. Which do we fund? What do we do? The answer is that both are needed. While families who become homeless primarily need immediate and coordinated assistance to get back into permanent housing as quickly as possible, including access to rental subsidies and move-in funds, they also realistically need emergency housing during an interim period of time.

Is that one more minute? That is it?

[laughter]

Oh, my goodness. Oh well. Okay. And so—

Chairwoman WATERS. If we are to get out of here today, we have to keep our testimony to 5 minutes. I thank you very much.

Ms. TULL. Okay.

Chairwoman WATERS. And I really appreciate what you do and what you have said.

Ms. TULL. Thank you.

[The prepared statement of Ms. Tull can be found on page 225 of the appendix.]

Chairwoman WATERS. So we are going to go on to our next witness. Let me stop for a moment and say this: I just learned that we don't have official translation. Let me apologize for that. I was just told by my staff that the committee in Washington did not want to pay for translation. If I had been told, I would have personally paid for it. We should never have a meeting in this community without translation, and I appreciate the volunteers in the back who are helping us out.

And I promise you it will never happen again with this committee. Thank you very much.

All right. Let us go on to Ms. Shannon.

STATEMENT OF SUSIE SHANNON, HOUSING AND HOMELESS ADVOCATE, LOS ANGELES COALITION TO END HUNGER AND HOMELESSNESS

Ms. SHANNON. Thank you. Chairwoman Waters, Congresswoman Watson, and subcommittee staff. Thank you for holding this hearing today and for the opportunity to address you on the affordable housing crisis in Los Angeles.

I am Susie Shannon with the Los Angeles Coalition to End Hunger and Homelessness, an organization which advocates on behalf of the homeless and those on the periphery.

We are here in solidarity with our national coalition partners, spearheaded by NESRI and NTIC, and our local partners, the USC School of Social Work, L.A. Can, Power, Union de Vecinos, Beyond Shelter, the ACLU of Southern California, and ACORN, and support future hearings in other cities throughout the country.

The City and County of Los Angeles were in a housing crisis before the foreclosure crisis and economic recession came along. The current economic collapse has only exacerbated the situation. Just under 74,000 people are homeless in Los Angeles County, and approximately 40,000 of those live in the City of Los Angeles.

Currently, local government cannot meet the basic needs of our homeless population, has done an inadequate job preventing homelessness, and is not prepared to provide services for the 21,000 estimated new homeless in Los Angeles County in the next 2 years due to rising unemployment.

Our homeless population has been harassed by police officers. This is part of the rising tensions of increasing homelessness. I have experienced that myself and seen it. On one occasion we were handing out blankets to the homeless, and a man came up to me who had cancer and asked for two blankets because it was raining, his stuff had been confiscated by police officers, and he wanted two blankets so he could put one underneath him and one above him. This is something that really needs to be addressed.

Our shelter system is in crisis. On several occasions, we have been unable to find shelter space for our clients. Many of the emergency shelters in Los Angeles are full on any given night, and some keep waiting lists. The West Los Angeles PATH Shelter currently has a one-month waiting list.

Our transitional shelters are full as well. Alexandria House, a transitional shelter for women and children, will not be taking any new residents for 9 months or longer.

The Housing Authority of Los Angeles closed our Section 8 applications in 2004. They are now servicing constituents who applied in 2002 and 2003, which has made it difficult for those of us who are trying to get people into Section 8 housing. HACLA has a set-aside of about 4,000 vouchers for the homeless as part of a special program. This program is now frozen until May 2009.

The homeless population can only access these vouchers through one of HACLA's contracted nonprofit agencies, and the problem is that most of these agencies are full. We did a phone survey, and

most of them have reported that they either met to capacity or exceeded the number of referrals that they made to HACLA for these vouchers.

Our clients have also been purged from the Section 8 waiting list, because it is difficult for them to maintain a consistent address during the lengthy time it takes between applying for Section 8 and being contacted for an interview. One woman called us. She called and said, "I applied 17 years ago and still have not heard from HACLA." Another man was homeless and living in his car, had a colostomy bag, and needed to get into housing. And when I talked to HACLA, it turned out that he had been on the Section 8 waiting list and on the public housing waiting list but had been purged from both.

Public housing also is in crisis. The waiting list for public housing can be years long, depending on whether it is an individual or a large family trying to access housing. We must preserve our public housing stock and expand the units available to extremely-low-income tenants. We support national legislation for an immediate moratorium on the demolition/disposition of public housing nationwide.

Of immediate concern in Los Angeles are the tenants residing at the Jordan Downs housing community. It is unclear whether all of the current tenants will be allowed to move into their replacement housing without having to reapply for public housing and endure background and other eligibility checks. About 600 families from Pico Aliso and Pico Village never made it back into replacement housing, and we want to make sure this doesn't happen at Jordan Downs as well.

We support a national policy that will provide a presumption of eligibility for current tenants to ensure that public housing residents will be allowed to move into replacement housing. We want one-for-one replacement. We want a resident's right to return. We also seek reversal of all punitive policies, such as the one-strike eviction policies, mandatory community service requirements, and permanent bans on living in subsidized housing if convicted of a felony.

More than 360,000 affordable apartments have been lost since Congress dismantled the Title VI Preservation Program in 1996. For HUD-subsidized housing, Congress must enact a national right of first purchase in the preservation bill to address this problem.

[The prepared statement of Ms. Shannon can be found on page 214 of the appendix.]

Chairwoman WATERS. Thank you very much.

We will move on to our next witness, Mr. Gross.

STATEMENT OF LARRY GROSS, EXECUTIVE DIRECTOR, COALITION FOR ECONOMIC SURVIVAL (CES)

Mr. GROSS. Chairwoman Waters and Representative Watson, thank you for providing me the opportunity to testify on the housing crisis facing Los Angeles. I am Larry Gross, executive director of the Coalition for Economic Survival.

CES is a 36-year old grass roots, multi-racial, multi-cultural organization assisting renters living in private and government-assisted housing throughout Southern California. Los Angeles faces

a tremendous housing crisis. This is a city of renters. Sixty-one percent of our residents are tenants, yet, as wages don't keep pace with rising rents, tenants are forced to pay a greater portion of their income for housing.

Los Angeles has over 63,000 affordable subsidized units in nearly 2,000 developments serving low- and moderate-income households. In the next 5 years, these subsidies and rent restrictions on over 14,000 of these units will expire. Making matters worse, like much of the Nation, this area has been hit with a foreclosure avalanche. While attention has focused on the grim plight of people losing their homes, there are forgotten and overlooked victims in this national travesty. I am referring to renters.

The L.A. Housing Department states that, "Of the roughly 13,000 foreclosures in L.A., over 3,000 are rental units in multifamily buildings." But in stark contrast to the foreclosed vacant homes, these rental units still have tenants living in them, tenants who pay rent on time, have done nothing wrong, but now their lives are totally upended, because banks want them out. Yet these banks had no problem begging Congress to bail them out with hundreds of billions of dollars paid for by these tenants and other taxpayers. These banks should be prohibited from unfairly evicting the very people who are paying their corporate welfare. Our rent control law provides some tenant protections from bank evictions, and recently the City extended these protections to non-rent-controlled housing. While this helped some, thousands are still left without guarantees of securing affordable housing. It is crucial that Congress take swift and bold action and must embrace effective proposals to provide needed relief.

My written testimony has proposals detailed. I will highlight some of them. A comprehensive preservation legislation is needed. We support the many preservation proposals you have received from the National Housing Trust, the National Preservation Working Group, and the National Alliance of HUD Tenants. A preservation bill should include having Congress require owners leaving Federal housing programs to offer the properties for sale at fair market value to preservation purchasers.

A preservation right to purchase would give local governments, tenant groups, and nonprofits working with tenants the right to purchase at-risk buildings and preserve them as affordable housing. The Green Amendment needs support for funding to organize HUD tenants. This funding is crucial to empowering HUD tenants and enabling them to participate in efforts to protect their rights and preserve their affordable housing.

Action is greatly needed to preserve properties with maturing 40-year HUD mortgages as many maturity dates rapidly approach. Beyond the preservation law, these issues need consideration.

The Section 8 voucher program benefits 2 million low-income families, including 289,000 California households. This program must be fully funded, but Congress should also fund 200,000 additional incremental vouchers as L.A. would stand to gain thousands of new vouchers. Congress needs to continue to fully fund all project-based Section 8 contracts to protect the 1.2 million low-income household recipients.

About 25,000 Section 8 voucher families live in units subject to L.A.'s rent control law, which limits rent increases and provides eviction protections. Hundreds have received Section 8 termination notices in violation of our rent control law. Landlords incorrectly contend these notices are invalid. As a result, many Section 8 families have needlessly lost their homes.

Congress needs to clarify the Section 8 statute to clearly state that voucher tenancy terminations must comply with State and local law. Likewise, Congress should clarify that tenants with enhanced vouchers have a statutory right to remain, so long as they comply with lease terms.

You and your congressional colleagues face huge challenges. This Nation is looking to you for leadership and action. We wish you much success, and hope you will consider and support our recommendations.

Thank you.

[The prepared statement of Mr. Gross can be found on page 188 of the appendix.]

Chairwoman WATERS. Thank you.

Ms. Johnson?

STATEMENT OF MINELLE JOHNSON, HOUSING CHOICE VOUCHER RECIPIENT, LOS ANGELES, CALIFORNIA

Ms. JOHNSON. Good morning. My name is Minelle Johnson, and I live in Los Angeles. I am 24 years old, and I have a 2-year old daughter. Her name is Essence.

I had a very rough childhood. There were five of us, three girls and two boys, and my mother was a drug addict. Four of us were from my Dad, who didn't live with us. Then, my mother had the baby with her boyfriend. I am the oldest, and by the time I was 9 years old, I was taking care of all of the kids by myself.

My mother left us for weeks at a time with no gas, no lights, no water, no food, or anything. I stayed home from school to take care of the baby and to make sure that the other kids went off to school each day. I would get them up and out.

Finally, when I was 10, I called my grandma up to come and get us. She took the four older ones and the baby stayed with his father, who was stable at the time. We stayed with my grandmother for a while, and she adopted two of us. But my sister and I ended up going into foster care when she was 15 and I was 16. We moved from foster home to foster home, and things were often really bad. But eventually I graduated from high school and was emancipated at the age of 18.

I came back to L.A. to live with a cousin, but then I got pregnant with my baby. I had no job, no further education, and I had no one to turn to. After the baby was born, my cousin kicked us out, and for 2 months we started going to different places to stay, at different relatives' and friends' houses for a night or a few days at a time.

After I stayed at a mission, and then in a hotel, I went to Beyond Shelter. I met my case worker who said right away that she would help me get a Section 8 and help me to find an apartment. Beyond Shelter moved me to a really nice hotel in a better area, and they helped me apply for a Section 8 voucher. I had never had an apart-

ment of my own, but I always wanted to be independent. I just didn't know where to start and what steps I should take.

After I worked with Beyond Shelter for 2 months, I received a Section 8 certificate. My case manager and a housing specialist helped me find my apartment, which I can afford with the Section 8. I moved in on February 7, 2008, over a year ago. My life has changed. Now that I have my own apartment, I don't have to sit up at night and worry about where I am going to sleep, what I can give my baby to eat, does she have enough diapers to last through the night, and who can I depend on.

I have been able to work at different jobs over the past year, at See's Candy store at holiday times. Because I have an apartment of my own that I can afford with Section 8, I can make my dreams and goals a reality now. In the future, my dreams and goals are to go to college and major in interior design, and one day to have my own business. I want to send my daughter off to college as well to pursue her dreams and goals.

I am not the only parent in this situation. There are over 25,000 families on the waiting list for Section 8 in Los Angeles now. I learned that right now there are more than 10,000 families here who are homeless like we were. The lowest priced one- and two-bedroom apartments are $875 to $1,000 a month. A lot of homeless families have incomes of $350 to $500 a month, or less. Without the help of a Section 8 voucher, I don't think that a homeless family can get out of a shelter or off the streets.

It is important for us to have a place we can call home. I want to work hard, increase my income, and fulfill my dreams. And I will, but it is hard for me and anybody else to look for a job or get more education when you don't know where you will sleep that night or what your child will eat.

[The prepared statement of Ms. Johnson can be found on page 201 of the appendix.]

Chairwoman WATERS. Thank you very, very much.

The next person for the panel is Ms. Renita Pitcher. Is she in the audience? Ms. Pitcher is a public housing resident. And if she is not here, we are going to substitute someone for her. I am going to call on the next witness to testify, who will be Dr. Fertig, and then Marva Smith Battle-Bey. And I would like the Aliso Village constituents who are here to choose a person to represent public housing and have them come forward.

So would you please come forward at this time, and I will call on Mr. Ralph Fertig. And then, I will get back to the person who has been identified.

Without objection, it is so ordered.

Please.

STATEMENT OF DR. RALPH D. FERTIG, ASSOCIATE PROFESSOR, GRADUATE SCHOOL OF SOCIAL WORK, UNIVERSITY OF SOUTHERN CALIFORNIA

Mr. FERTIG. Congresswomen Waters and Watson, it is good to see you. Students and faculty from the University of Southern California School of Social Work have been researching the plight of homeless children and have—

Chairwoman WATERS. Pull the microphone a little bit closer to you, Ralph.

Mr. FERTIG. Is this better?

Chairwoman WATERS. Yes, that is better. I want everybody in the back to hear you.

Mr. FERTIG. Okay.

Chairwoman WATERS. You know you have all your students here today.

Mr. FERTIG. Well, not all, but a good—and they are the ones who have been studying, along with some of their professors who are also here.

Chairwoman WATERS. Okay. All right.

Mr. FERTIG. They have been studying the plight of homeless children. They have gone into the communities, they have checked for literature. They have gone into the shelters, they have interviewed the homeless, and they have come up with some findings. It is that upon which I draw.

The current recession has driven at least 1,350,000 children onto the streets of America. In Los Angeles, 41 percent of those sleeping on the streets, in dumpsters and in alleys, are families and children. And 42 percent of the children who are sleeping on the streets are 5 years old or younger.

Few shelters accept women. Even fewer accept families or children. Child Protective Services provides some help and rental assistance for families who meet at-risk factors, but for some peculiar reason, being homeless is not considered an at-risk factor.

Preventing a family from becoming homeless costs one-sixth as much as intervening once the family has become homeless. The cost for long-stay families in shelters ranges from $27,000 to $55,000 per family.

We have a doctrine called parens patriae, which obligates the State to intervene to protect children from abuse and neglect. Homeless parents have to choose between keeping their children on the streets with them or surrendering them to the parens patriae opportunity of foster care. Removal from their parents is traumatic enough. As Ms. Johnson can tell us, I am sure, you get bounced from family to family, from home to home.

Children in foster care are 3 to 10 times more likely to receive a mental health diagnosis, have 6½ times more mental health claims, and are 7½ times more likely to be hospitalized for a mental health condition than children who are just on welfare.

Over 80 percent of foster care youths register developmental, emotional, or behavioral problems, and 46 percent do not complete high school. After aging out of foster care, 60 percent are unemployed. The average annual cost of keeping the average child welfare size family, which is 2.7 children in foster care, is $47,608. That is 3 times the average cost of providing permanent housing and support services for a year, $13,412.

Once youth are in the foster care system, they are unlikely to be reunited with their natural parents. Grace Corrales is in the audience. She can tell you the story of losing her home and losing her children to foster care and not being able to get them back until she could prove that she has housing. And going to housing agency after housing agency and told she can't get a house until she gets

her children. It is a Catch-22, which has denied her the love of her children, the presence of her children.

No program currently combines the programs of Child Protective Services with those of HUD. So based on these considerations, the graduate students of the School of Social Work of the University of Southern California are urging that you consider a 16-point program. One, affirm the protection of the family unit as a basic human right in line with our American values.

Two, recognize that all Americans, and in particular children, have a basic human right to adequate housing. Three, recognize the significant harms and costs that homelessness poses to American children and youth, family life and values, and to American society. Four, recognize the unacceptably large number of children and youth throughout the country who yearly experience homelessness, often due simply to their family's inability to find affordable housing. Five, recognize that foster care placement for homeless youth is inadequate, possibly damaging, and an expensive substitute for assistance in retaining or obtaining affordable housing for families.

Six, call upon Health and Human Services and other Federal agencies to prioritize their programs to provide homeless children with service-infused permanent housing with their parents wherever appropriate. Seven, support the expansion of rental housing assistance programs to serve families at risk of homelessness, and the adoption of policies to encourage State and local public housing authorities to create or expand set-aside voucher programs for homeless families and youth.

Chairwoman WATERS. We will have to have the other seven or eight entered into the record. And I had made a commitment, I think, when we met with you guys to sponsor that legislation or resolution on behalf of the children.

So thank you very much.

Mr. FERTIG. Thank you so much, Chairwoman Waters.

[The prepared statement of Dr. Fertig can be found on page 93 of the appendix.]

Chairwoman WATERS. We will move on to Ms. Marva Smith Battle-Bey.

Thank you.

STATEMENT OF MARVA SMITH BATTLE-BEY, PRESIDENT AND CEO, VERMONT SLAUSON ECONOMIC DEVELOPMENT CORPORATION

Ms. BATTLE-BEY. Good morning, Congresswoman Waters, and Congresswoman Watson. Thank you for the opportunity to speak about the housing crisis. As you know, our organization is primarily involved in economic development, but we also do housing development.

We have been afforded the opportunity to build at least six supermarkets in our community over the years, which we think provide affordable jobs, which of course leads to housing in our neighborhood.

I want to talk, though, about the kind of drivers that are happening right now at home and in our region that are keeping us from the economic vitality and the quality of life that all Americans

should enjoy and be able to obtain. Even though we have the immediate economic crisis, housing affordability and availability continue to be an issue in Southern California. For the past several decades, the growth of California's population has significantly outpaced the supply of housing.

This lack of supply, in combination with the high cost of land and construction in California, has resulted in a particularly problematic shortage of affordable housing. The State of California's urgent need for more affordable housing for lower income households is well documented. You have some of those numbers.

In the City of Los Angeles, unfortunately, between 2001 and 2006, the City lost nearly 11,000 affordable housing units due to a number of other kinds of properties being built. In the last 5 years, about 90 percent of the new housing produced in the City is affordable only to households who make more than $135,000 a year. This excludes 90 percent of the population.

Our population has significantly outpaced the production of housing. More than 25 percent of all Los Angeles households live in overcrowded conditions. More than 50 percent of the City's senior households are rent-burdened. This means they spend more than 35 percent of their income for rent.

Although there are roughly two million workers in the City of Los Angeles, affordability is out of reach for nearly half of those workers. And I am not just talking about workers who make less than $25,000 a year, and some of our workers, like child care, janitors, food service, but I am also talking about people who are secretaries, truck drivers, people who work in retail industries, electricians who make $50,000 a year. Housing is out of reach for those people.

What can you do in Congress? What do we want you to do for us? What we need is for you to look at reforming the Community Reinvestment Act. I understand that Congresswoman Eddie Bernice Johnson has reintroduced one. We need all of our legislators to sign on to that, to include all real estate, financing institutions, not just the banks, and put some teeth into the enforcement.

We need more support as community-based organizations, who are really the social infrastructure out there, who try to make sure that these industries and people do not prey upon the failures that is happening in the private real estate market. We need your support, we have had it, we would like to continue to have that in our communities.

We want to make sure that we can leverage public resources. Why don't we look at implementing and enforcing a State-wide inclusionary zoning ordinance, so that we can have affordable units and use the in lieu fees, you know, that can work for us for market rate development, streamline the entitlement process?

I know you are not in the City of Los Angeles, but we need more streamlining in the process. Every time we try and build something, it takes forever to get it built in the City of Los Angeles. We are building right now one of the few small retail properties, and it has taken us only 6 months. But it took me 2 years to get a drive-through from the City of Los Angeles, 2 years to get that entitlement. That is ridiculous, and you want people to build in our neighborhoods. It is very hard.

How about some green building efforts? Now that there is that czar in the White House, thank goodness he is from the State of California, maybe we can get some more affordable housing and eco-friendly work being done in the City of Los Angeles.

We also want to encourage you to bring back and to work with private developers, to try and get some public and private work happening together.

I have a lot more to say. It is all in my testimony. I thank you for allowing me to be here today.

[The prepared statement of Ms. Battle-Bey can be found on page 71 of the appendix.]

Chairwoman WATERS. Thank you very much.

Ms. Cordova, thank you for coming up to testify on short notice, but I know you came prepared anyway. Please go right ahead.

STATEMENT OF MARTHA CORDOVA

Ms. CORDOVA. [Speaking in Spanish]

Chairwoman WATERS. Un momenita, por favor.

I would like to have an interpreter come up. Okay. Please go right ahead.

Ms. CORDOVA. I want to thank you for giving me the opportunity to speak.

Chairwoman WATERS. Put the microphone right up to Ms. Cordova, so we can hear her.

Ms. CORDOVA. My name is Martha Cordova. I lived in Aliso Village for 17 years. I am currently living at 1560 College View in Monterey Park. When they came to tell me that I had to move out and they were going to tear my housing down, I am just a single mother with four children.

So HOPE VI forced me out of my community. My community consisted of 685 units, which means 685 families, or close to 3,000 people, would be forced out of our neighborhood. So the Housing Authority operated Aliso Village, and we were told that Aliso Village was a blighted community and that it was better off if it was torn down and all of the residents relocated.

She is saying that what really happened was that President Clinton and Congress had decided to reduce the public housing units across the United States by 100,000 units. So Congress ended up reducing the amount of funds available for maintenance and operation of public housing and increased the amount of funds available for demolition through HOPE VI.

This forced housing authorities all over the United States to submit applications for demolition in order to stay in business. I first found out about the demolition of my community in 1988. When I heard the news, I felt desperation and fear, because I did not know what was going to happen. I was worried about where we were going to live. I was concerned for my children, because they would have to attend a new school in a new community where we did not know anyone and nobody knew us.

Housing Authority kept telling us that they would give us a Section 8 certificate, and with this certificate we could live anywhere. The Housing Authority told us that we would be able to live in a better place than public housing, but Section 8 certificates are not accepted everywhere or in the better neighborhoods or in every

part of town. As we began looking for new housing, we found that only in some of the poor communities of Los Angeles—landlords would only accept Section 8 in those communities.

Chairwoman WATERS. Thank you very much.

And I would like to thank you for coming up to do the interpretation. Would you please go ahead and translate.

Ms. CORDOVA. So she was saying that where she was able to find landlords that would accept Section 8 were in poor communities, and where she ended up living was in housing that was worse than the housing that she was living in, in Aliso Village.

Chairwoman WATERS. Thank you very much. I appreciate all of you coming.

Do not leave. Please do not leave. This is the point in the hearing that we get to raise a few questions. But before I do, I would like to welcome our assemblyman from the 52nd District, Mr. Isadore Hall, III, is here.

And of course I would like to also welcome one of the founders of Southwest College and Drew University and Martin Luther King Hospital, Ms. Lillian Mobley is here.

Without Ms. Mobley, we wouldn't be here today. There would be no Southwest. Thank you very, very much.

I will now recognize myself for 5 minutes for questions. Ms. Shannon, you mentioned some of the obstacles to people living comfortably in public housing. You talked about one-for-one replacement, which Barney Frank and I certainly support, and we have an agreement, for example, from our executive director of the Housing Authority, Mr. Montiel, that in the redevelopment of Jordan Downs, there will absolutely, unequivocally, be one-for-one replacement.

You raised some other questions that are not clear. The other questions are on Federal law that have to do with zero tolerance on individuals being able to live in public housing who have committed crimes. That is a Federal issue. It is in Federal law. And while the progressives of our body would like very much to change that, because we think some people are being unfairly penalized, it is a hot political potato.

And I suspect that it is going to take a lot of organizing by public housing tenants all over this country to convince their own legislators. Many of the people who come to us have not yet talked to their own legislators about whether or not they will join us in that battle.

We also are concerned about displacement in HOPE VI-type projects. And, again, we are committed to one-for-one replacement. We have no guarantees of undoing the law that is the zero tolerance law. We think it is going to take a lot of organizing, a lot of pushing, and, still, we would never be able to get the blue dogs, the Republicans, and the conservatives on the issue. So it is a long shot that needs to be worked on.

You also mentioned guarantees for those who live in public housing where there is redevelopment, guarantees that they would go back in without having to re-apply or to make new applications. We have not talked in depth about that with Mr. Montiel, but my staff and I have taken a look at this, and we are working on this, because we want to include this in our legislation. We think that

if you live there when they tear it down, you ought to be able to live there when they build it up.

So we don't want people being removed because all of a sudden they re-apply and somebody finds, oh, we discovered that back in 1913 you had a problem. So we are going to use this as an excuse to keep you out. We are very mindful of that, and we are going to work very hard to make sure that doesn't happen, not only in redevelopment here but any place in the country.

Maybe somebody did talk about it, but I don't remember. We are absolute—in the reauthorization of McKinney-Vento, we are absolutely committed to permanent housing for the homeless. Permanent housing for the homeless means a lot of things, but most of all it means supportive services. It means ongoing appropriations in order to provide the service for many of those who are homeless who are suffering from all kinds of disabilities.

Mr. Gross, have you been involved in the struggle for permanent housing for the homeless? I understand there is some difference of opinion about that, whether or not we should be expanding shelters or whether or not we should put large sums of money into permanent housing for the homeless. What is your take on that?

Mr. GROSS. It is really not our expertise. Our focus has been preventing the increase in the homelessness by preserving our affordable housing stock and ensuring that there is not increased displacement pushing existing tenants out on the streets. And I think Ms. Shannon is more equipped to answer that question.

Chairwoman WATERS. Let me just say to you that, as you know, housing preservation is a big issue with the chairman of our committee, and we expect to have a huge bill on housing preservation that you can look forward to. And I think we will be successful with it.

Ms. Shannon, did you want to say something about permanent housing for the homeless?

Ms. SHANNON. Yes. What I do know is that the L.A. Homeless Services Authority is expecting $73 million to come in HUD funding, which will provide for 191 new units for the homeless. Our estimate, though, of the growing number of homeless, given the unemployment rate and our rise now in Los Angeles County to 10.5 percent, is that we will be looking at adding an additional 21,000 homeless people in Los Angeles County in the next 2 years.

So while we are happy for the funding, of course, it just doesn't go far enough. And, unfortunately, our homeless situation will become worse we think in the next 2 years, even given this funding.

Chairwoman WATERS. Thank you very much.

Let me just close my portion by saying that my staff reminded me, because they have to do all of this work, that since the Democrats took over Congress in 2007, we increased operating assistance by $900 million nationwide for public housing, and we have $4 billion in the stimulus package that was just approved. So give us a round of applause.

Thank you. I will now recognize Congresswoman Watson. Thank you for being here, Congresswoman. Please, go right ahead.

Ms. WATSON. I want to thank Chairwoman Maxine Waters for holding this hearing in the field.

When I look out over this audience, this is the fabric of California's cloth, and you are what America is. We have a new Administration that is sensitive to the issues you are bringing forth. And I want to thank the panel for this most valuable information.

The chairwoman says that she is going to have a bill, and if she says that she will get 100 percent support from the Progressive Caucus, and I am sure our own Black Caucus, and probably most of the Democratic Caucus members.

I was very interested in Ms. Battle-Bey's report. I know of your development and your work over the years. I want to know, why is it taking so long from the City—and I see someone here from the City, Jim Clark—to get clearances and get these permits? What is your take on it?

Ms. BATTLE-BEY. Well, even though they have what is called the one-stop process, it still is just a very lengthy process. I can't explain it. I don't know why it takes so long. And even with expediting, we almost always go to our local elected official and City Council to get things expedited. But even with expediting, we are told, "Oh. Well, that is 6 months," you know, so I have no idea, really, why it is that slow.

Ms. WATSON. I am going to ask the chairwoman if she will ask Jim Clark to report back to us on the functioning of those departments, because that paperwork is really getting in the way of serving the clients.

Chairwoman WATERS. You may do that and put it right in the record.

Ms. WATSON. All right. Then, I have permission to put it in the record, Jim. Please be my chief of staff.

[laughter]

This will be very familiar. But we would like to have the City let us know why they cannot process these permits. All of the paperwork is unnecessary. And if we have a system that is computerized, we ought to be able to do it sooner. So I would like you to get back to us as to why it takes so long to process these claims.

Dr. Fertig, it is so good to see you, and we go—all of us go way back.

Mr. FERTIG. We do.

Ms. WATSON. And you are still in the fight. I think your particular suggestions will become the meat of a bill. And I would like you to keep us informed of ways we can help you from Washington, with what you have in writing, and I would just like to support what the chairwoman said. You put your comments in writing; they go into the record. And so we can use that input, even if you didn't have time to read your whole script, let us say. We have that information that we can use to develop.

I want to announce to all of you that I am now chair of a subcommittee, and it is the House Subcommittee on Government Management, Procurement, and Organization. We are going to take some of your input back, because we are going to oversee how we can better and more effectively, at the Federal level, get resources out to the State, the county, and the City.

And so we will be holding hearings to see if we can support the legislation by adding more information on resources that are needed locally, so please keep us informed.

Dr. Fertig?

Mr. FERTIG. May I say that McKinney-Vento is point 9 of the 16 points.

Ms. WATSON. Yes.

Mr. FERTIG. And the full body of it has been submitted to the committee. I am so grateful to the two of you. Our years of work together have been so meaningful and helped make America so much better with your leadership, each of you.

Ms. WATSON. Thank you.

Mr. FERTIG. And we thank you so much for taking up this legislation.

Ms. WATSON. Thank you.

Ms. Cordova, we want to thank you for filling in and telling us your story.

There should be no homelessness in the City of Los Angeles, as long as we have HUD properties boarded up.

I am going to ask the chairwoman if she would inform the mayor that we would like to have all of that HUD property opened up, and let college students and high school students who are in building, and so on, turn those into homeless shelters. And we can pay the City a dollar a week, a month, or something like that.

There is no reason to have property that is boarded-up in the City of Los Angeles.

Chairwoman WATERS. Well, let me respond to that—if I asked the mayor, I would be asking the wrong person.

[laughter]

This is HUD's property, the Federal Government's property. We should be asking the President and Mr. Donovan, the HUD Secretary.

Ms. WATSON. Yes.

Chairwoman WATERS. But we get the message. We get the message.

Ms. WATSON. Yes. And, Mr. Gross, thank you for your input. And, Ms. Shannon, you bring these issues into reality when you come and you testify in front of the committee. So I want to thank all of you at the panel, and I want to thank all of the audience for caring enough to come here this morning. And thank you, Chairwoman Waters.

Chairwoman WATERS. Thank you very much, Ms. Watson.

The Chair notes that members may have additional questions for this panel, which we may wish to submit in writing. Without objection, the hearing record will remain open for 30 days for members to submit written questions to these witnesses, and to place their responses in the record.

The panel is now dismissed, and I would like to welcome our third panel. Thank you very much.

Our first witness is Ms. Mercedes Marquez, general manager, City of Los Angeles Housing Department, the woman who is responsible for the housing trust fund, the stabilization, CDBG funds, all of that. So thank you for being here today.

And if I may share with the audience, your expertise is noted around the country. They wanted you in HUD, and you preferred to stay here because you love the City so much.

Next, we will have Mr. Rudy Montiel, president and CEO of the Housing Authority of the City of Los Angeles. For all of our tenants who are leaving, this is your time to hear what Mr. Montiel is going to say. So you may want to stay, because this is the person who runs the public housing. I don't want you to think I run it. He does.

Ms. Lori Gay, president and CEO, Los Angeles Neighborhood Housing Services, one of those HUD-approved agencies responsible for counseling new home buyers, and working with loan modifications, all of that.

Also, we have on this panel: Mr. Charles Boyd, deputy neighborhood officer for housing safety, from the Los Angeles Urban League; Ms. Jazmin Faccuseh, housing coordinator, East Los Angeles Community Corporation; and Ms. Ruth Teague, director, Los Angeles Corporation for Supportive Housing.

Without objection, your written statements will be made a part of the record. Each of you will be recognized for 5 minutes, and I think I will start with Ms. Marquez.

STATEMENT OF MERCEDES MARQUEZ, GENERAL MANAGER, CITY OF LOS ANGELES HOUSING DEPARTMENT

Ms. MARQUEZ. Good morning.

Chairwoman WATERS. Good morning.

Ms. MARQUEZ. My name is Mercedes Marquez and I am the general manager of the Los Angeles Housing Department. Please pardon my froggy throat today. I have a cough, and so I hope it won't be too horrible.

Chairwoman WATERS. If you forgive me for mine, I will forgive you for yours.

[laughter]

Ms. MARQUEZ. I was asked today to focus in on foreclosure activity and the NSP program that the City of Los Angeles is on the precipice of launching. We have been mapping in the City of Los Angeles for the last few years all of the foreclosures in the City, and I can tell you that for the years 2007 and 2008, we have experienced now over 21,000 foreclosures in a little over 17,000 buildings.

Now, that is a very large number. But in our City we have nearly 1.4 million housing units, and that makes them very difficult to find, those 21,000, when they are among 1.4 million. So we went about doing this by mapping extensively, and we were able to do City-wide maps, and then broke those down to City Council level maps and worked with each City Council member to identify pin-by-pin block areas within their council districts that would be the focus of the NSP recovery work.

What I can tell you is that something like Mr. Gross has mentioned in the previous panel, that of these 21,000, we have now somewhere in the area of 6,500 of those are multi-family dwellings. We differ in that somewhat from other cities, not only because we have a number of multi-family buildings, but because we are counting them. In most other cities they are counting units as a whole, but we are actually breaking down single-family from multi-family, because they require very different outcomes.

Interestingly, the vast majority of multi-family buildings that are in foreclosure are located in South Los Angeles. About 96 percent of those are under rent control. And, as Mr. Gross said, they are occupied.

Now, the City in December passed—we were one of the first major cities in the country to pass an eviction moratorium on all foreclosure-related evictions, because we were very concerned about what would happen to the mass of tenants who were living in this occupied housing.

We continue to have issues, but let me talk to you a little bit about what we are going to do. We are meeting 2 to 3 times with lenders and Realtors. We are meeting with contractors. We have now trained over 300 lenders and Realtors and home buyer educators about the NSP program, and we are working very particularly with the National Association of Minority Contractors to help them qualify for RFPs when we put them out on rehab.

We have also done something, I think, very important for the City. We have developed a nonprofit corporation called Rebuild Neighborhoods L.A., and its purpose is to purchase and dispose of this property. In other words, the Housing Department which administers their nearly $33 million in the first round of NSP that is arriving any moment now—we signed our contract well over a month ago, so we are waiting for the money now. They will be a sub-recipient to us.

So they were created under CDBG, and we have actually put forward a plan that has been approved by the mayor and City Council, which funds them for 4 years, because we believe we are going to be in this business a long time, and we did not want to face a shortfall on admin down the line as they really got rolling. So they are funded for 4 years of admin.

And what we are going to do is a couple of things. One, on single-family homes, we have 21,000 foreclosures, but we only have at this point 4,000 RAOs. So that means that Los Angeles, unlike other cities, if you were to focus in on Cleveland or Detroit or Pittsburgh or other cities, we actually have a housing market.

We are being studied by several organizations across the country as—really, as a strong market city is what they are calling us, because most, now, of our RAOs are getting two and three offers on a single-family home across the City. So that means that the City of Los Angeles will focus its efforts on those homes that are not being picked up, those that are in the worst condition. So we are doing a couple of things.

One, for families, for the homes that are in better condition, we are offering a walk-in program, a soft second, and a rehab loan, for them to come in with us for the homes that are in better condition and purchase them within the impact areas that the City Council has set aside. The Housing Department will do all of the underwriting, and that way we will get families with income in sooner. So that is one way to be immediately stabilized.

Then, the nonprofit will go about and begin to acquire single-family homes that are in worse condition. For those, we are talking about right sizing. You both may remember years ago there was a model program, actually Los Angeles was one of the models in the country, for something called EHOP. And it was when we had

homes that HUD was selling for a dollar. We had an agreement with Enterprise. They bought them from us for a dollar and rehabbed them.

We learned some very important lessons. It was actually quite successful, and the Housing Department also ran that program. What we did was something called right sizing. What we know, particularly in South Los Angeles, is that we have some beautiful streets, and we have gorgeous lots. They are large, but some of the homes are too small for today's families' needs.

We have many two-bedroom, one-bathroom homes on a large lot. So what we are going to do is right size them and spend the money now to rehab them as three-bedroom, two-bath homes, so that they make an impact for the next 50 years.

The next thing we are going to do, then, is buy multi-family property in bulk. We are going to work across South L.A. We are going to focus all of the money that is set aside for folks at 50 percent or below of AMI.

And I personally thank you for that, Congresswoman, because it meant I didn't have to have a fight about that. And so I am grateful for not having to have that.

We are going to buy them, rehab them, and put them out as affordable housing with 55-year covenants.

Chairwoman WATERS. Thank you very much, and we will have some more questions about the neighborhood stabilization program.

I would like to—here he is, Mr. Montiel, the executive director of our Housing Authority.

STATEMENT OF RUDOLF C. MONTIEL, PRESIDENT AND CEO, HOUSING AUTHORITY OF THE CITY OF LOS ANGELES (HACLA)

Mr. MONTIEL. Good morning, Chairwoman Waters. Good morning, Congresswoman Watson.

My name is Rudolf Montiel. I am the president and CEO of the Housing Authority of the City of Los Angeles.

Although HACLA is the largest provider of affordable housing in the City, serving over 70,000 households, we are assisting but 20 to 30 percent of the need in this City. We have delayed recently—because of the Omnibus Appropriations Act, we will not provide any increase in funding for Section 8 this year, have delayed the opening of our wait list.

We are anticipating, though, when it is opened later in the year that we will receive applications from 300,000 households. Although the challenges are great, we believe that working closely with the City family, and moving forward Mayor Antonio Villaraigosa's housing plan, we have done some things to help the situation.

Since arriving here in 2004, we have gone from 4,000 homeless set-aside vouchers to 9,100 vouchers in service as of today. We were instrumental in the creation of the City's Permanent Supportive Housing Program, providing HACLA vouchers to help underwrite those units. More importantly, in the last 2 years, we have received the largest allocations, in partnership with LAHSA, the largest allocations of McKinney-Vento homeless housing in the history of Los Angeles.

Our Section 8 program today is fully leased up, and is a high performer. Unfortunately, being fully leased up also means that we cannot serve any other new families, new households.

The most important activities that we are undertaking, led in large part by the mayors and the City family, is a redevelopment of Jordan Downs into a vibrant mixed-income community that will have one-to-one replacement of public housing units. Let me repeat that: one-to-one replacement of public housing units.

Secondly, we will have the right to return for tenants, because simply we do not have to displace tenants as we build the new Jordan Downs, because we have acquired vacant land adjacent to the property. We also are not planning on imposing any onerous barriers to return for the tenants. For example, some housing authorities around the country have applied minimum credit scores. It is my personal view that if people had good credit scores, they probably wouldn't need to live in public housing.

And through the creation of this vibrant urban village, we also are looking to bring in neighborhood-serving retail opportunities, things like a sit-down restaurant in Watts, perhaps a grocery store, and job opportunities. But probably the most important thing that we can do when we redevelop Jordan Downs is redevelop Jordan High School. And through the Mayor's Partnership for Schools, he has committed to bringing this high school into the partnership to transform it into a high-performance learning academy for the people who so desperately need it in Jordan Downs.

I will touch a bit on the neighborhood stabilization program, because it does have a linkage to Jordan Downs. We believe that one of the first things that we can do is take advantage of the competitive grants and the NSP to acquire property in close proximity to Jordan Downs, and offer to residents, the higher-income residents of Jordan Downs, to have the property rehabbed, and then to bring that family in either in a straight-out purchase or a loan—a lease-to-own program that will put them into homeownership at the front end of a HOPE VI type redevelopment, not at the back end.

With that, I would like to close and recognize you, Chairwoman Waters, for your leadership in this country to really look after the rights and the needs of the people who need public assistance for housing, whether it is Section 8, public housing, or McKinney-Vento.

And with you and Ms. Watson and our able congressional body here in Los Angeles, we hope to see even bigger and better things in the future.

Thank you.

[The prepared statement of Mr. Montiel can be found on page 203 of the appendix.]

Chairwoman WATERS. Thank you very much, Mr. Montiel.

I see that Ms. Lori Gay has come in, from Neighborhood Housing Services, who is working with these banks to do loan modifications. How is it going, Ms. Gay?

STATEMENT OF LORI GAY, PRESIDENT AND CEO, LOS ANGELES NEIGHBORHOOD HOUSING SERVICES

Ms. GAY. Thank you, Madam Chairwoman. I appreciate you allowing me to be a bit tardy today. It is a pleasure to speak before the subcommittee.

How is it going? We thought we were making progress. I talk like that a lot now. And as things change, we have to adapt ourselves very quickly to rapid change. So the new plan that is out, Making Homes Affordable, we are encouraging people to go on the Web site, see if it deems them potentially eligible with the SFT, and then we encourage them to call their lender or call a HUD-approved counseling agency, so they come right back.

We are doing now 3 nights a week, sitting with families in workshops, clinics, and them counseling them immediately with a plan in mind. I put a map at the back of my testimony that shows a high volume of dots in your district. Over 500 in the last 6 months have come through our counseling services.

Every single dot on that map we have geographic analysis on now, so anything that any congressional leader within the L.A. County area wants to see about every single person we have counseled in the last year, we can run an analysis on it, where people who are in trouble, African-American, are they female head of household, are they over age 35, are they paying their bills, are they going to church or synagogue?

Those kinds of things that create a face to foreclosure I think is the work we are focused on as well as pushing through now with the opportunity we see ahead with the Obama plan to be able to get more families to stay in their homes. It is not a perfect science.

But I think that it does give us an opportunity. What we need help on—and I saw some of my friends from the GSEs here as I was walking in—is just how do we push for the enforcement side, the implementation of the plan, so that as families call for help, they are not told that the plan is not in place, and that they can't be helped. And if they have a trustee sale next week, or they are at notice of default, you know, hearing that from a lender is very disturbing. So we are spending a lot of time pushing back.

I am personally—at every point at every workshop we are doing—taking every customer that I counsel and trying to walk them through and stay with them, and that is a lot on behalf of any counselor. But what I find is that we read about these things in the paper, we know what legislation is passed. But in reaching the field, and really getting in the trench with families, it takes a while.

And so the help that we would ask for would be how much we can push so that families don't end up losing when we have a plan in place that might assist them. And I think we will keep testing our system, we will keep pushing with the advocacy that we have, but any help, you know, from leadership would be great.

And I think the other thing we have tried to do from a data analysis standpoint is keep track of every involvement with every servicer. We know exactly how many calls we have taken, how many calls it takes to get the response. You know, those kinds of things we need to be able to feed back to you, so that you know who we are struggling with and who we are seeing success with.

I think most of the housing counselors could tell you off the top of their head what successes they have, because it is still a bit slim. It is better than it was, but we still have a journey to go.

The last thing I will say is that we have lots of data now. We have lots of lessons we have learned, and now we are entering what I call the "property phase." There are people, and there is property.

And how do we work as joint units to be able to make sure that neighborhoods are stabilized to the best of all of our ability? I don't think there is any one entity that can do the work ahead. We have encouraged everything from patient capital being put into CDFIs to now, as of next week, I will start cross-training my competition again, the developers in neighborhoods, to try to help them strengthen their skill set in purchase rehab/resell by neighborhood. And we think that is important.

I can't service Little Tokyo as well as the Little Tokyo Service Center, just as an example. And so I think we are there, and we want to continue to be available and to work with everyone to make sure that our teamwork makes the dream work.

Thanks very much.

[The prepared statement of Ms. Gay can be found on page 179 of the appendix.]

Chairwoman WATERS. Thank you.

Thank you very much.

Ms. Jazmin, I think I pronounced your name incorrectly before. Would you please share with me the correct pronunciation of your last name?

Ms. FACCUSEH. It is "Faccuseh."

Chairwoman WATERS. Could you say it again?

Ms. FACCUSEH. "Faccuseh."

Chairwoman WATERS. Yes, "Faccuseh." Ms. Jazmin Faccuseh, housing counselor, East LA Community Corporation. Thank you.

STATEMENT OF JAZMIN FACCUSEH, HOUSING COUNSELOR, EAST LA COMMUNITY CORPORATION (ELACC)

Ms. FACCUSEH. Thank you. Good morning, or should I say good afternoon by now.

Chairwoman WATERS. Yes.

Ms. FACCUSEH. My name is Jazmin Faccuseh, and I am a housing counselor with the East LA Community Corporation.

Chairwoman WATERS. And I am going to ask you to bring the microphone closer. Speak a little louder so they can hear you in the back.

Ms. FACCUSEH. So, as I was saying, my name is Jazmin Faccuseh. Is that better?

Chairwoman WATERS. That is better.

Ms. FACCUSEH. Okay. And I am a housing counselor with the East LA Community Corporation, ELACC. The East LA Community Corporation is dedicated to creating social and economic justice in low-income neighborhoods in and around East Los Angeles through affordable housing development, community organizing, and economic opportunities for low-income families.

Since 2007, when ELACC launched its first foreclosure prevention program, we have opened up loan modification cases for over

500 families. We continue to see clients through weekly clinics and one-on-one foreclosure counseling, resulting in the prevention of foreclosures in many of our cases. But our work is complicated by: One, the prevalence of fraudulent foreclosure assistance services; two, the worsening economic circumstances of clients; and, three, the limitations on the Federal programs designed to respond to the foreclosure crisis.

Number one, fraudulent foreclosure assistance. The problem: Over 50 percent of our families who come to our organization seeking help to prevent a foreclosure have paid thousands of dollars to fraudulent foreclosure assistance services. These services charge money up front and then do nothing. When the family finally realizes that they have been scammed, it is often too late for a housing counselor to help.

The solution: We need legislation that heavily regulates private foreclosure prevention services. It should be a crime to charge money up front, especially when they can receive these services from a HUD-approved counseling agency. Federal programs should require lenders to be sympathetic to borrowers who have fallen victim to a scam and make extra effort to work with the homeowner.

Number two, the worsening economic circumstances of foreclosure prevention clients. The problem: When we began our foreclosure prevention work in 2007, the vast majority of our clients were having difficulty with mortgage payments that increased when their ARM loan adjusted up.

Today, however, our clients' payment hardship is more likely the result of unemployment or other loss of income caused by declines in many business sectors. Even the Making Home Affordable plan will not help in this situation, since banks will not modify loans where there is little or no income.

The solution: We advocate that banks follow the example of Citibank and institute long-term forbearances of up to 12 months for homeowners who have become unemployed or suffered a significant loss of income. Citibank has recently begun offering 3-month forbearances and should be congratulated and encouraged to extend this forbearance time.

The problem: With the collapse of the housing market, our clients are, on average, underwater by a loan-to-value ratio of 150 to 175 percent or more. This means that a home purchase for $450,000, 2 or 3 years ago, is now worth at or around $250,000. This loan-to-value ratio makes homeowners ineligible for the Federal refinance programs that only allow for a loan-to-value ratio of 105 percent, which is not realistic in our cases.

The solution: Get banks to write down principal where the writedown would enable the homeowner to refinance into an affordable loan. Principal writedowns are in effect a short sale without the sale. It is generally agreed that a foreclosure costs a bank on average $60,000. The banks can take this cost and not only preserve homeownership but prevent blight by writing down mortgage by this amount. If they are willing to allow short sales, a principal writedown is no different.

Number three, while the Making Home Affordable plan will be helpful to many homeowners, there are still issues it does not address. The problem: The majority of the loans are held by loan

servicers who say they cannot be bound by this program. Servicers are bound by contracts with their investors that limit their ability to modify loans.

The solution: A Federal soft second loan subsidy. For those situations where the lender refuses to either write down principal or defer principal, the Federal Government should provide a soft second loan directly to the homeowner. CDBG funds have long been used to fund soft seconds for low-income, first-time home buyers, enabling them to purchase homes.

This soft second subsidy for those in danger of foreclosure could be structured like the financing of the purchase of toxic assets. In exchange for lending money, rather than paying interest, the homeowner could agree to share any further equity in the home at the time of sale. This type of government investment is no different than the program recently proposed by the Treasury Department where the Government would finance the purchase of toxic assets with an eye toward recouping the profiting from this investment when the value of the asset rose.

By providing a soft second subsidy directly to the homeowner, the Federal Government is making an investment that will allow taxpayers to profit at the time the home is sold for a profit. This bottom-up solution is cheaper and will go a long way to stop the creation of future toxic assets.

Thank you.

[The prepared statement of Ms. Faccuseh can be found on page 91 of the appendix.]

Chairwoman WATERS. Thank you.

Ms. Teague?

STATEMENT OF RUTH TEAGUE, DIRECTOR, LOS ANGELES OFFICE, CORPORATION FOR SUPPORTIVE HOUSING (CSH)

Ms. TEAGUE. Thank you. I have a little bit of a throat thing going on, too, maybe from trying to fit everything into 5 minutes practicing last night, so please indulge me.

Chairwoman Waters and Representative Watson, good afternoon. My name is Ruth Teague, and I am the director of the Corporation for Supportive Housing's Los Angeles office, and I appreciate this opportunity to testify.

CSH is a national nonprofit organization that works with communities to help build permanent housing, coupled with supportive services to end homelessness. Our Los Angeles office was established in 2003, and since then we have provided over $22 million in loans and grants to other nonprofits, which will result in the development of over 2,000 units of housing for homeless individuals and families in Los Angeles.

Several indicators reflect significant growth in homelessness in L.A. County from 2007 to 2008, particularly among two-parent families, as I have referenced in my written testimony. Yet while the economic downturn and foreclosure are exacerbating the difficulty working class families have finding affordable housing, the fact remains that long before the current economic crisis, L.A. was struggling to meet the housing needs of vulnerable people.

Our primary challenges to addressing homelessness for those struggling with multiple barriers to housing stability are twofold.

One is insufficient housing subsidies, and the second is insufficient alignment of housing finance systems with services funding systems.

Despite many good efforts on the part of the City and L.A. County, housing development subsidies are insufficient to meet the need. We are grateful to the City of Los Angeles for the commitment of $50 million annually toward a new Permanent Supportive Housing Program.

Some of these projects they have financed, however, are currently stalled due to the State's inability to sell bonds issued under Proposition 1C. These project delays are driving up development costs and threatening the fiscal strength of nonprofit housing developers.

Compounding the problems at the State level, many equity investors and low-income housing tax credit projects have cut off their investments in housing for homeless people. Such investor behavior should be analyzed by the Federal Government for the potential impact of redlining projects that serve the most vulnerable populations in the greatest need of housing.

Other cities throughout the county have made varying degrees of commitment toward the development of supportive housing. However, at the current rate of production, limited primarily by the availability of housing subsidies, L.A. County will not be able to significantly reduce homelessness for decades.

Our second primary challenge is that services funding systems are not well-aligned with housing finance systems in Los Angeles. Because of this, homeless service delivery primarily occurs outside of a permanent housing setting, and service providers in L.A. struggle with the task of connecting their clients with permanent housing.

So the emergency housing and shelter system is clogged. The Federal Government could play a role in encouraging better funding alignment and greater collaboration between City and county government by developing policies for health and human service programs that target resources to housing-based services for the most vulnerable. Stronger incentives should be created to link services to housing for homeless people, so they receive the supportive services they need after they are placed in affordable housing.

While the influx of $42 million to Los Angeles and homeless prevention funds from the stimulus package will help avert homelessness for thousands affected by this crisis, we believe the following are essential to our work in reducing homelessness in L.A. and nationwide:

One, reauthorize the McKinney-Vento Homeless Assistance Program in 2009; two, establish better partnerships within HHS and HUD to increase funding for services and permanent supportive housing; three, capitalize the National Housing Trust Fund; and, four, improve existing Federal affordable housing programs to better serve those hard-to-house families and individuals, including ex-offenders, people who have serious mental and physical disabilities, the elderly, and youth aging out of foster care.

Thank you.

[The prepared statement of Ms. Teague can be found on page 220 of the appendix.]

Chairwoman WATERS. Thank you.

I have a couple of people I would like to introduce who are here today. The mayor of one of my cities in my district, Mayor Harold Hofmann from the City of Lawndale, is here.

Thank you, Mr. Mayor.

And also, Robert Pullen-Miles, councilman from the City of Lawndale is here.

He was here somewhere. Thank you very much for coming today.

I would like to thank all of our panelists for testifying here today. And we may have more questions, but right now I am going to recognize Congresswoman Watson before she leaves—she is just about to leave, she has to go to another engagement—in case she wants to ask a question.

Ms. WATSON. Thank you. First, Mr. Montiel, thank you so much, and we are going to have further conversations. We have some housing proposals right in the Crenshaw area.

Can you in one minute bring me up to date on what we are doing with the Morotown project that was supposed to be 140 units, and low-income housing there, or senior housing there?

Mr. MONTIEL. Yes. Congresswoman, that is actually not in our purview. I understand it is in the purview of the CRA. I am not truly up-to-date on the latest details on that, so I would prefer to defer comment for the CRA. But I would also volunteer to have Ms. Cecilia Stellano, the very competent leader of that organization, get back with your office with a report next week.

Ms. WATSON. All right. I have a staff member here. He will give you his card. And if you will inform her that we will be calling her, and it is Mr. Ken Bell—

Mr. MONTIEL. Absolutely.

Ms. WATSON. —behind me.

Mr. MONTIEL. Absolutely.

Ms. WATSON. Ms. Gay, thank you for your continuing hard work. You mentioned that you are receiving hundreds of calls into your office. Can you give the people here in this audience one or two things they can learn through calling your line? You have been very helpful. You have been there in the community. People are calling us by the hundreds wanting help. Maybe you could just tell them some information.

Ms. GAY. Sure.

Ms. WATSON. Go to your lender first, or whatever.

Ms. GAY. Right. A couple of quick things. You can always call your lender as a first step. And if you feel—

Ms. WATSON. Should they do that?

Ms. GAY. We always encourage people to talk directly to their lender about their situation. Some of the lenders are overwhelmed, and so they are encouraging families to call a HUD-approved counseling agency in their area. If a family wants to call our toll-free number, 888–89–LANHS, we can sit with them Tuesday through Thursday nights, 6:30 to 8:30 p.m.

We are sitting—well, it is really 6:00 to 8:30 p.m., we are spending time with families one-on-one and in group counseling sessions, happy to look at their documents, happy to be of assistance, and then we can assist them with reaching their lender after they get their documents together, if they would like to go that course.

Ms. WATSON. Thank you.

Ms. GAY. Thank you.

Ms. WATSON. Ms. Marquez, you are kind of responsible for a department in the City. How can we make the system more effective and efficient for our customers who need that information? How can they get into the area where they can get specific help? Can you tell us really quick?

Ms. MARQUEZ. Well, I would say on some of the land use issues—

Ms. WATSON. Yes.

Ms. MARQUEZ. —for instance, that you mentioned, I can tell you that the mayor directed 12 agencies to work together on something called "12 to 2"—go to from needing writeoffs/signoffs from 12 agencies to 2 agencies, led by the planning director, Gail Goldberg.

Ms. WATSON. Can you give us a list of those agencies, inform our offices in the area, and tell Mr. Clark to follow up, please?

Ms. MARQUEZ. I would be happy to.

Ms. WATSON. Great.

Ms. Faccuseh, I really appreciate your presentation, because you gave us the problem, and you gave us solutions. And we are in the business of trying to find solutions to the problems, so we are going to be calling you, too. And I am sure the Chair would. I think your report was very, very informative and helpful.

Ms. FACCUSEH. Thank you.

Ms. WATSON. So thank you.

And, Ms. Teague, we will be calling you, too.

Ms. TEAGUE. Thank you.

Ms. WATSON. My office is located right in the center of the Wilshire area, we are getting dozens and dozens of calls—people need help. They want information. As a result of this hearing, and a follow-up one that I will have on the 11th of April, we hope that we can lead them in the right direction. So I wanted to get your information, too.

I am taking all of your reports with me, and they have been very, very helpful. It is all in writing, and thank you, Chairwoman Waters, for allowing us to gather this. It saves our staff a lot of time, and so on.

I just want to thank all of you for your input. It has been very, very valuable to us as the policymakers, and I am sure that you are going to see some response as soon as we get back to Washington.

I want to thank the audience. And I have to take off for now, but thank you for your input. It is very, very valuable.

Chairwoman WATERS. Thank you, Congresswoman Watson. I am pleased you were able to participate in the hearing today, and I look forward to working with you.

I recognize myself for 5 minutes for a few questions.

Mr. Montiel, thank you for the work that you are doing on the entire housing plan for the City of Los Angeles, working with the mayor. The mayor was out at Jordan Downs. I am very pleased about that, because that is my emphasis, to keep pushing to make sure that you have real community involvement, and that the residents are coming along with you, because I have seen attempts to rehab public housing. And we get started, and then all of a sudden people didn't realize certain aspects of it.

So I am very intent on having the information shared generously and often. And I understand the mayor is coming back to a larger town hall meeting?

Mr. MONTIEL. That is correct, Madam Chairwoman.

Chairwoman WATERS. I will attempt to join him at that time, and let us see if we can move forward making sure that everybody understands this a premier project for the mayor. Okay?

Ms. Gay, thank you for coming today. I know your hands are full. You know, we have not been able to solve the problem of the tremendous number of foreclosures and the ability to do loan modifications. As you said, the institutions or servicers are overwhelmed, and they haven't done a very good job, I know.

I have a dedicated full-time person on my staff working with our families, and when they reach a really tough point, they call me. And I have learned to tell loan modifiers how to do loan modifications—

[laughter]

—based on everything that I have learned about them. And they have—I think it was ABC did a stint on my doing loan modifications and showing the waiting times and all of that. I am hopeful that the President's plan will help to eliminate some of this. But what I am focusing on right now is the purchase of the toxic assets, which will be a lot of the bad loans. They are calling them "cash for trash."

And if they are in our hands, then maybe we can put together a government effort to do loan modifications faster, better, and maybe have a little more flexibility. I am interested in the writedown of principal, and I think we have go to do some more work on that.

Everybody recognizes that, you know, we can write down the interest rates. I am not so sure that we have figured out what to do about people whose FICO scores have been messed up, who can't get refinancing. There are still a lot of loopholes here, but just continue to do what you are doing. It is rough work, and I have tried to encourage—I did meet—finally, I did meet with one of the CEOs. I usually don't meet with them, because I don't like any of them.

[laughter]

But I did meet with one of the CEOs and asked them to try and put storefront operations out in some communities and see how it works. I am sick and tired of people getting lost in these menus trying to get to the servicers. So I think we have a commitment that they will at least try one on a temporary basis and see how it works or something.

So, yes?

Ms. GAY. Can I note for you that Chase opened their homeownership center in Glendale, from 8:00 a.m. to 8:00 p.m., Monday through Friday.

Chairwoman WATERS. They don't have any foreclosures in Glendale.

[laughter]

Ms. GAY. Well—

Chairwoman WATERS. You heard what Ms. Marquez said. They are all down in South Central L.A. Why did they open it in—

[laughter]

Ms. GAY. They had to test it where it was comfortable first, I think.

Chairwoman WATERS. Right.

[laughter]

Ms. GAY. And so we have encouraged them that they don't have to be fancy. There are a bunch of nonprofits. We are all given desk space. We don't care.

Chairwoman WATERS. What you have to do is go down to the office and show them the way to where the foreclosures are.

Ms. GAY. That is it. You are right.

[laughter]

But I do think that it is a beginning, and so I love that idea. We are encouraging it. See, we don't have a lack of demand. So when a servicer tells me they can't quite get to people, I don't know what that is, because I have a couple thousand people a month we are talking with. I think that your point is well taken, and we will continue to encourage that as well.

Chairwoman WATERS. Thank you very much.

Ms. Marquez, I think you have one of the more exciting programs in the country, your neighborhood stabilization program. I like the idea—what do you call it? Adding that bathroom.

Ms. MARQUEZ. Right sizing.

Chairwoman WATERS. Right sizing. That is such a sensible idea, to take these properties that don't have a second bath or so and make them—rehab them in ways that will be suitable for families.

Oh, I wanted to ask about the money. Your first allocation was only about, what, $13 million?

Ms. MARQUEZ. It is $38.2 million.

Chairwoman WATERS. 32.8 million. Better than I thought. Okay. Very good.

Ms. MARQUEZ. Well, it should have been at least double that.

Chairwoman WATERS. That is right. With the addition of the stimulus package, you will get some more. We don't know how much that is. But can you tell whether or not the amounts that you are getting are going to match the problem in Los Angeles?

Ms. MARQUEZ. Oh, not by a long shot.

Chairwoman WATERS. Okay. That is what I thought.

Ms. MARQUEZ. Not by a long shot. I do think that what we are doing now is understanding where HUD is going, which I think is in a very positive direction. So matching what is going on with NSP, taking a look at the new allocation of CDBG, the new ESG, which is really just ESG in name only for this particular allocation.

I think $29 million is coming to the City of Los Angeles, and we already met this week several agencies to begin talking about how we take a portion of that and layer it with what is going on on NSP, because, as you heard these women speak, there are going to be many who just are way above the LTV values. And they are not going to be eligible for any kind of loan modification.

So we are going to be faced with people who are way underwater, but are working, but still are not going to be eligible.

And that means, how are we going to help? One thing, some CDBG dollars can help in that, as soft seconds. But also, as we are looking are relocation issues for folks—and we know that there are many who should never have bought in the first place.

Chairwoman WATERS. Yes.

Ms. MARQUEZ. So they are going to be renters again. And this new ESG allocation, because it now goes up to 50 percent of AMI, focuses that and allows us to help them transition, and allows us to help them transition within the same neighborhoods that they are already living in, so that we are both helping them and helping that neighborhood and their neighbors.

So we are talking about how we layer it, and then that leads us to the competition on NSP II. Because we have—we designed NSP I for future money, we are actually very well placed for the next competition.

Chairwoman WATERS. That is great. And let me just say that the way you have structured this with your nonprofit that will be making decisions about any number of banks, I would like to—and I have worked with you, with the contractors. Thank you very much for the meetings you have had with the contractors, and they are very interested. And I think some of them have joined together, joined interests—

Ms. MARQUEZ. They have.

Chairwoman WATERS. —in order to take on more, and I appreciate that.

I want to make sure that for those nonprofits who qualify for the program that they use the agents in the community—for example, whether or not it is contractors or real estate people, etc., we had this discussion some time ago with Enterprise when they first did the REOs that we had. So that must be a part of the evaluation.

Ms. MARQUEZ. It is. We have met already with the Southwest Realtors Association.

Chairwoman WATERS. Oh, good.

Ms. MARQUEZ. I meet with them regularly.

Chairwoman WATERS. Okay.

Ms. MARQUEZ. So they are friends. We are all taking a look at how you do this. And, in fact, I owe it really to the Southwest Realtors who have educated me about the housing stock, the private housing stock in South Los Angeles, and that is why we are doing the right sizing program.

Chairwoman WATERS. Well, that is very good. They were involved in the first discussion with Enterprise some years ago, and so their multi-cultural task force has gotten a lot of experience in this, and I thank you.

We have some private developers who would like to be involved, and I am—as I remember, it is—you will have involvement for both private and nonprofit?

Ms. MARQUEZ. That is right.

Chairwoman WATERS. Some of the private developers, again, will be in the situation where they want to develop a small number within a huge number. Is that something which is being looked at?

Ms. MARQUEZ. Yes. What we are doing is we have—we are taking the minority contractors as a good example. The last time we met we brought in folks who do bonding to talk about, what is the right level of bond insurance? What can they afford? What can a small contractor, even if they group together, is it a million dollars? Or is that 10 homes? Is it more? So that we get the bundles to

something that is in the reach of a very good qualified small contractor.

And then, we will have a variety of different opportunities looking at what make sense as a minimum, and also what makes sense as a maximum. So there will be opportunities for everybody. I have also made a commitment to the minority contractors, particularly, that before we come out with an NFP, so—while I can still speak to them before the competition, we are going to come out and do a training, particularly with them, going over the NFP, so they know how to fill it out and what they are going to need.

So we are actually working with them all the way along to give them the best opportunity. They have been—from the first meeting that you and I attended together, they whittled down to a very strong core, and they seem to have broken up now in two groups that will work together. We are also thinking about having a requirement for L.A. residents first to get these contracts.

So we are taking a look at everything within the law to make it possible for people in the community to get these contracts.

Chairwoman WATERS. That is good. And I think we have some people in the audience today who came especially to hear you, because I had a conversation with them about what you are doing, and they are interested. And before you go out that door, somebody is going to stop you. Okay?

Ms. MARQUEZ. All right.

Chairwoman WATERS. All right. Thank you.

Okay. Ms. Faccuseh, I think you referred to the President's plan in your testimony. I held a hearing on the President's plan, and I am worried about some gaps in the plan. I worry at two levels.

One, as I recall, for those persons who may have a 30-year mortgage, and may have a decent interest rate even, who would like to refinance, and because of their situation with lower wages or income than they had when they went into the purchase, and maybe for some other reasons, they kind of fall through the cracks, they can't get refinanced. They don't qualify, because you have to have these great FICO scores in order to refinance.

And some of our members are trying to figure out what to do about having to have these strong FICO scores. These were people who performed on their mortgages for years. They had a great job, and they could afford to pay it. But now they have been laid off, they have less income, and they can't afford the mortgage.

I don't see anything in the President's plan, as I recall, to help them. Do you?

Ms. FACCUSEH. No, I haven't. And a lot of the people would not be eligible to afford that home at fair market value based on their income now. Even if you were to write down principal, not at fair market value but somewhat above fair market value, they would not qualify, because a lot of the homes—as Ms. Marquez mentioned, a lot of the homeowners were never eligible for those homes to begin with.

So, I mean, it is going to be really hard, but that is not something that has been addressed.

Chairwoman WATERS. What about the second part of the plan, for loan modifications for people in ARMs who, again, are going to have—they are going to have problems qualifying even for a loan

modification, as I see it. What holes do you see in that part of the plan for people who are in these adjustable rate mortgages who got in with little or no down payments, resetting with margins of 3 or 4 percent higher than the interest rates they were paying, and they were the ones who perhaps really couldn't afford the home to begin with. What do you see in the President's plan that will help them?

Ms. FACCUSEH. I mean, one thing that would help right now, they can't force a lot of the servicers who are private investors, and they say that they are not—I guess they don't have to follow this plan. It is different when the owner of the loan is one of the like other traditional big banks.

A lot of these loans that we are seeing are owned by individual private investors, and they are saying—there is no safe harbor for these servicers who try to modify these loans, and there should be some kind of legislation to allow some of these servicers to be able to modify some of these loans, because a lot of the investors, I mean, that is—they say that they are not bound by anything that I guess Obama has planned.

Chairwoman WATERS. But all servicers are eligible for the incentive, the $1,000. Would they be eligible for that, based on what you have seen in the plan?

Ms. FACCUSEH. They should be eligible for that, but, I mean, it is really hard. They have until the 31st of December to decide what plan—part of the plan they will adopt, what they will edit out, and whether they will agree or not.

Chairwoman WATERS. I think we all have to spend more time to really understand this plan and what it does and what it does not do, because I am left with a lot of questions about it, too. And I have asked my staff to look into it a little bit more, and we may have to offer some suggestions for clarification or for making it more meaningful than perhaps it is now.

Do you have any other suggestions at this time, or would you like to write us and—

Ms. FACCUSEH. I could write them in.

Chairwoman WATERS. Okay. Thank you.

Okay. Ms. Teague, you just have problems with everything.

[laughter]

Ms. TEAGUE. I have heard that before.

Chairwoman WATERS. You want some more money. You want some more subsidies. You want L.A. to be able to afford to do everything from—

Ms. TEAGUE. The need is great.

Chairwoman WATERS. Yes, yes, yes. Have you looked at the mayor's overall housing plan and—

Ms. TEAGUE. Yes.

Chairwoman WATERS. —what he is attempting to do? And the Housing Trust Fund? Doesn't that make you feel good?

Ms. TEAGUE. Yes. And we thank the mayor, and we thank Mr. Montiel and Ms. Marquez, in particular, for making that program happen. It wasn't easy.

Chairwoman WATERS. And even though we didn't talk about it a lot, it holds out hope for first-time home buyers, doesn't it?

Ms. TEAGUE. Yes.

Chairwoman WATERS. And it will be affordable, for affordable housing. And I suppose, even though I don't know all of the parts of the plan—I guess we could ask—it seems to me right now with the interest rates as low as they are, and with us putting in the stimulus package $8,000 for first-time home buyers, that that Housing Trust Fund could be extremely helpful in helping us to create some more housing, don't you think?

Ms. TEAGUE. Yes, I do. Yes, I do.

Chairwoman WATERS. So do you want to thank them for that, too?

[laughter]

Ms. TEAGUE. Thank you, again. They should also be commended on using the Permanent Supportive Housing Program of the Housing Trust Fund to try to prioritize those people who need supportive housing the most.

Chairwoman WATERS. Okay.

Ms. TEAGUE. They have worked very hard on identifying the most vulnerable homeless people who are most likely to die on the streets.

Chairwoman WATERS. Yes.

Ms. TEAGUE. And they have been providing subsidies and are open to prioritizing those individuals for the housing that gets financed.

Chairwoman WATERS. At some point, I would like to have a roundtable, not a hearing, not a town hall meeting, but a roundtable with stakeholders about the homeless in downtown L.A. It seems to me that the more I learn about the various factions, and the various thinking and philosophies, that we have a lot of work to do.

Yes, ma'am, Ms. Marquez?

Ms. MARQUEZ. You had raised a question at another panel about the balance between shelters.

Chairwoman WATERS. Yes.

Ms. MARQUEZ. And permanent supportive housing.

Chairwoman WATERS. Yes.

Ms. MARQUEZ. And, you know, while ultimately no one should even be in a shelter, and we should put forward much more of a rainbow of what permanent supportive housing is, and because it is many things, it is very different levels of service, but at this point in the history of Los Angeles we don't have what I would call a comprehensive sheltering program.

So it is not enough to say we are just going to build permanent supportive housing if every night we don't have a place for people to sleep while they are waiting.

So we are challenged to do both, like other cities have had to do. Eventually, you phase out shelters to a very limited number of beds, because you have made such a dent. But we are not there yet, so we don't have the luxury of deciding whether we should have one or the other. We have to have both.

And what we really need is a wonderful connector system between those folks in the—one, on the streets into the shelter, and then from the shelter into the permanent supportive housing. We are missing those things.

Chairwoman WATERS. Well, you are absolutely correct, and, if so, it is a complicated problem. And one of the reasons it is so complicated is too many communities are not willing to bear their share—

Ms. MARQUEZ. That is true.

Chairwoman WATERS. —of sheltering for the homeless. And I think that if we had more communities willing to do that, that it would not create the kind of concentration that causes so much concern, you know, by so many in downtown L.A. We spent quite a bit of time there a few days ago, and, you know, my daughter was with me. And despite the fact, you know, her mother has been doing this kind of work all of her life, and I thought she knew everything, she had the audacity to be shocked—

[laughter]

—at what we experienced, and I said, "Well, I want you to come back, and I want you to bring your son back, and I want you to bring people back to see, you know, what we are confronted with in downtown L.A." It is a problem, and people are homeless. They need sheltering, and they need supportive—permanent solutions to be housed. And the business people have a right to be concerned.

And so it is—one of the things I think that we have to really spend some time on is how we can reconcile the contradictions of developing downtown, and with all of these new lofts and all of this development that is going on, and have some permanent supportive housing in that community, and also have some sheltering in all other communities.

So it is a problem, and I want to work on it. I really do.

Ms. Teague, did you have anything else?

Ms. TEAGUE. I would like to add that in addition to the concentration that your daughter saw, perhaps on Skid Row, South Los Angeles has an even greater homelessness problem. And this regionalization of the solution is something we are working very hard on, and the Corporation for Supportive Housing here in Los Angeles, trying to work with some of these smaller municipalities around the county to help them start to invest in supportive housing.

I think that the main issue is that our shelter—our emergency housing system is clogged, and so now when we see more homeless families coming into homelessness for the first time, they are being told, as you have heard from previous testimonies, "We are full. We can't take you in."

And I think that by creating more permanent supportive housing, more permanent affordable housing, and creating those linkages between the services system and the housing systems we will be able to—service providers will be able to more easily move people through that continuum of care into housing to be able to help people stabilize their lives more quickly when they are suffering from homelessness because of the economic downturn.

Chairwoman WATERS. Let me just tell you, and I will tell you how I know this, the downtown concentration of homelessness is South Central. When I walk through, they say, "Hey, Maxine, how are you doing?" I know they are from South Central. So many of the people in downtown are from South Central, and the concentration looks bigger downtown, because you have the Patch Park and

you have the sheltering services that are concentrated. So you see more people.

Out here what happens is people come out late. The homeless come out late at night, and they sleep in Will Rogers—what is now the Watkins Park, and other places like that. And then, in the morning they are up and kind of roving in the alleys and out of sight, and then they are back maybe at night.

So, but when you go—when you drive through South Central, you will see the homeless maybe on the street here and there with their carts, and what have you. But you don't see, you know, 300 or 400 at one time like you see in downtown L.A. It is a problem that we really have to get our arms around. I mean, we really have to do this, and I am committed to it.

And I thank all of you for all of the work that you are doing. Thank you so much.

Ms. TEAGUE. Thank you.

Chairwoman WATERS. We are going to call on our last panel. This is Panel four. Ms. Heather Peters, deputy secretary for business regulation, Department of Business, Transportation, and Housing, State of California. My long-time friend Mr. Pastor Herrera, Jr., director of the County of Los Angeles Department of Consumer Affairs. It is so good to see you. How is the family?

Mr. HERRERA. My best wishes to you from my Mom, 93 years old.

Chairwoman WATERS. I shall come see her very soon. I will be out for the entire month of April. I think I shall come.

Mr. HERRERA. Thank you.

Chairwoman WATERS. Thank you.

Mr. HERRERA. We appreciate that.

Chairwoman WATERS. Mr. Armando Fraga, the chief lieutenant, Los Angeles County District Attorney, Fraud and Corruption Division; Ms. Caryn Becker, policy counsel, Center for Responsible Lending; and Mr. Christian Abasto, managing attorney, Legal Aid Foundation Eviction Defense Center.

Thank you all for your patience. I am looking out, and most of you have been here since the beginning of this hearing. And I thank you so very much for that.

I will start out with Ms. Heather Peters. Please begin.

Ms. PETERS. Thank you very much for having me, Chairwoman Waters.

Chairwoman WATERS. Excuse me. No? You are in the wrong spot. We promised Ms. Caryn Becker, policy counsel, Center for Responsible Lending, that she could be number one, because she really does have to leave.

Thank you.

STATEMENT OF CARYN BECKER, POLICY COUNSEL, CENTER FOR RESPONSIBLE LENDING

Ms. BECKER. Thank you. Good afternoon, Chairwoman Waters, and subcommittee staff. Thank you for holding this hearing today and for inviting me to participate. I do have prepared remarks, but I think I could also answer some of the questions you had in the previous panel for the Obama plan, so I can do it either way. Do you want—should I go through my prepared—

Chairwoman WATERS. No, please, whatever is comfortable. And I am certainly interested in us really knowing and understanding the plan better. I am still looking at it. Any information you could share would be very helpful.

Ms. BECKER. Okay. Thank you. I will go through and I will talk about the plan as well.

Chairwoman WATERS. Okay.

Ms. BECKER. In 2007, a record 85,000 California families lost their homes to foreclosure. Last year, that number skyrocketed to 235,000, and more than 40,000 families in Los Angeles County alone lost their homes. The future is continuing to look grim. Current information, we have 1 in 10 homeowners nationwide who are in or at risk of foreclosure, and nearly 1 in 5 homeowners who are underwater on their mortgages, including 1.9 million in California and 300,000 in Los Angeles.

On top of this, California faces another wave of defaults and foreclosures in the next several years when hundreds of thousands of homeowners with payment option ARMs will face extreme payment shocks with payment increases of up to 100 percent, and sometimes even more than that.

CRL has estimated that 460,000 Californians could lose their homes this year, and as many as 1.5 million over the next 4 years. The flood of foreclosures we are seeing today goes beyond the typical foreclosures that we have seen in years past that are usually brought on by job loss, divorce, and similar instances.

This current crisis originated in losses triggered by the unsustainability of the mortgages themselves, which was brought on by a system that has been wrought with misaligned incentives that assigned very little value to the quality and sustainability of the mortgages. The need to take strong action to avoid preventable foreclosures is no longer in doubt. Foreclosure prevention benefits not just the parties to the mortgage but neighbors, communities, local and State governments, the housing market, and the economy as a whole.

Unfortunately, to date, voluntary loan modification efforts have been woefully inadequate, both in terms of numbers and the substance of the modifications. The Administration's Making Home Affordable Program takes a significant step forward to improve both the number and the quality of loan modifications.

Significantly, the program emphasizes sustainability by setting an affordability standard at 31 percent of the borrower's income. To date, a large percentage of loan workouts have not targeted affordability and have, instead, actually increased the borrower's monthly payments, all but guaranteeing the failure of that workout. Applying the programs—the Administration's affordability standards should reduce borrower's payments and greatly increase the success of loan modifications going forward.

I am going to talk now about how the Administration program has targeted some of the obstacles that have hindered modifications to date, and that sort of goes back to the last panel discussion. So, first, the program is addressing servicers' misaligned financial incentives. Right now, the servicers get—they get paid for foreclosures. It costs them a lot of money to do a loan modification,

so they really haven't had that financial incentive to go forward with them.

The program addresses this by paying servicers both up front for a qualifying loan modification, and also pays them over time for a successful loan modification.

Second, we have all heard about some of the shortfalls in staffing at the servicers that have—and you have experienced yourself. And we feel like the payments to the servicing companies for these modifications can assist them to hire and train staff to meet the demand.

Third, one of the main problems that was touched on in the last panel is the risk of investor lawsuits. A lot of these loans are owned by investors, and the Administration program addresses this in several ways. First, it has called for a safe harbor from lawsuits when the modification meets the standards of the program, and it also provides incentive payments and other insurances to the investors to make a modification more appealing to them.

Additionally, by creating this sort of industry and national standard for modification, the program reduces the uncertainty and risk, which can often lead to litigation risk.

Fourth, another structural impediment to many modifications has been the existence of second liens. The Administration has indicated that they will be announcing a plan to deal with these second liens, and I think those details will be important as well.

So while the Administration's plan has tried to address each of these obstacles, you know, success obviously remains to be seen. Widespread participation by servicers will be required, particularly, as we have discussed, for those servicing loans held by private label securities, because this group accounts only for 16 percent of the outstanding loans, but 60 percent of the delinquencies.

Several other elements will also be important to make the plan effective. First, perhaps the most key component of the plan is permitting judicial modifications in bankruptcy, and this is something that requires legislative action. We applaud the House for passing H.R. 1106, which provides this authorization.

The judicial modifications are essential, both because they provide greater incentives to the investors and the servicers to proceed with modifications on their own, and also by providing a last resort for borrowers who aren't able to get a modification through this program.

[The prepared statement of Ms. Becker can be found on page 78 of the appendix.]

Chairwoman WATERS. Thank you, and I am sorry that we couldn't spend more time on this. I know that you have to leave. So rather than have you wait through all of the other testimony for a question, let me just ask you if you have taken a look at the bankruptcy legislation, and if you have looked at the requirements that are placed in the legislation prior to being able to actually go into bankruptcy, and whether or not you think it is too much of a stumbling block to actually get in bankruptcy for a modification, or whether or not you think those requirements are realistic.

Ms. BECKER. Right. We have supported the version that was passed out of the House and the requirements. We feel like it is a good balance between really making it a last resort for the bor-

rower to go through bankruptcy and providing those added incentives for the servicers and investors to agree to a modification before the borrower actually ends up in bankruptcy.

Chairwoman WATERS. Can you tell me what you understand about the asset management portion of this plan? Is this the Sheila Bair type loan modification that she has done with those banks that she has closed, like IndyMac, where she basically writes down interest? I think she may write down principal, too, doesn't she?

Ms. BECKER. Yes. I think there is a forbearance.

Chairwoman WATERS. Forbearance?

Ms. BECKER. Right.

Chairwoman WATERS. Okay. So is that what you understand about the asset management portion of this money?

Ms. BECKER. What the plan would require would be, first, for the servicer to accept the reduction to 38 percent of the borrower's income, and then the Administration will share the losses and an additional reduction to 31 percent of the borrower's income.

And the way that it is accomplished is largely—will be through interest rate reductions down to—I can't remember if it is 2 or 3 percent, but there also is—

Chairwoman WATERS. Well, it seems to me that they have to go outside of the servicer community as we know it, and that they have to spread out the ability to parcel out some of these toxic products to others, like folks who do, I don't know, money management, etc., etc. Is that your understanding?

Ms. BECKER. I think once it is up and running—my understanding is that there will be sort of a streamlined program to basically just, you know, run each loan. If a servicer signs up, they have to agree to basically run every qualified loan through this program. And so some servicers already have technology that allows them to do sort of a quick, you know, plug-in the numbers and it spits out an answer for you.

So I think, you know, the standards will be set for how to determine both whether there is a greater return for the investor and, you know, what the affordability is for the borrower. You know, I think it can be done in-house.

Chairwoman WATERS. Finally, servicers are not regulated. I have asked some of the servicers, particularly those companies servicing companies owned by the banks, what the training is, how does one get to become a servicer. And while we talk about fraud, and some law firms and others just are hanging out a shingle and charging people, we need to do something. What do we need to do?

Ms. BECKER. Well, we came in earlier on this issue, Chairwoman Waters. We supported the bill that you introduced last year, and we believe, at a minimum, that a duty between the servicer and the borrower is essential. And to realign some of these interests, like we have talked about.

I mean, currently, it is in the servicer's interest to foreclose on borrowers and not to seek out alternatives before that. So we definitely support strong legislation on that issue.

Chairwoman WATERS. Okay. Well, thank you very much, and we won't hold you any longer.

Ms. BECKER. Thank you very much.

Chairwoman WATERS. Thank you so very much.

Now, Ms. Peters.

STATEMENT OF HEATHER PETERS, DEPUTY SECRETARY FOR BUSINESS REGULATION AND HOUSING, CALIFORNIA'S BUSINESS, TRANSPORTATION AND HOUSING AGENCY

Ms. PETERS. Thank you, Chairwoman Waters, for having me once again before your subcommittee. My name is Heather Peters. I am the deputy secretary for business regulation and for housing for the State of California, and I also chair the Governor's Task Force on Non-Traditional Mortgages.

Traditionally, one opens testimony before Congress with a thank-you to the chair, and to the members. I would like to open my testimony with a thank-you to the people who have come here today. There are a lot of other things they could be doing today, it is a beautiful day in Southern California, yet they chose to be here. And I am going to ask each of them to take out a pen and a piece of paper if they have it, because I am going to ask of them some input and give them some very helpful information.

Now, starting more traditionally, thank you, Madam Chairwoman, for your work, tireless work on this, particularly H.R. 3221 that created the NSP program that we have heard so much of today. Without your leadership, that absolutely would not have been part of the bill. I am honored to have the ability to implement that in the State of California.

One thing I want to point out while I have the opportunity is Representative Watson was talking about her oversight. And one of the things that is so important is transparency right now, and that initial allocation of approximately $4 billion was very clearly set forth in the statute to take into account those in most need.

California has 27 percent of the foreclosures, and when that was implemented by HUD there were additional factors that were brought into account that spread the money through the Nation. And California only received 14 percent of the funding.

It was spread throughout the Nation. I was in Washington meeting with my counterparts at other States, and they were looking at me saying, "We wish we could give you the money. We don't even need it. We don't know what to do with it." And with all due respect to other States, if you think that Glendale doesn't have a problem, I can tell you Wyoming and North Dakota don't need the money as much as California does either. So we are hoping that in the new funding we are better represented.

I have been asked to come here today to talk about real estate scams, and it is a pressing issue for all of us. One of the things that is not well-known, and I am glad to have the opportunity to publicize here today, is that California has very strong laws on the books already against this. It is already a crime.

We have laws that require either a lawyer, licensed lawyer, or a licensed real estate broker to be providing these services. If you are not one of those, and you are charging someone a fee, you are acting illegally. We are working with task forces, including the Los Angeles Task Force, the L.A. County Real Estate Fraud Task Force, and many Federal and regional task forces, to enforce those laws.

It is a misdemeanor to violate the Mortgage Foreclosure Consultants Act, punishable by a year in prison or a $10,000 fine. It is a misdemeanor to be unlicensed—to do licensed real estate work without a license, punishable by 6 months in jail, a $20,000 fine for an individual, or a $60,000 fine for a corporation. We have worked closely with Attorney General Brown's office, and he does charge felonies.

What we need today is to get the word out that these are the laws, and to get our tips in order. At the California Department of Real Estate, we currently have over 500 open cases which we are pursuing in conjunction with local law enforcement.

But everyone who has their paper out, and their pen, I want you to write down this phone number. It is (213) 620–2072. That is (213) 620–2072. That is the Los Angeles of the California Department of Real Estate. Every time you encounter one of those advertisements on the radio, on the telephone, on the Internet, I want you to call and report them because we will find them, we will track them down, and we will prosecute them.

Thank you.

Additionally, we have been very creative. We have gone out. We have trained local housing counselors on how to spot this. We have trained local law enforcement. We are working very closely with the State Bar. It is not just enough for one person to have a license, and then hire a call center. Every single person providing those services needs to be licensed.

We have gone out to local foreclosure homeownership fairs, and we have pulled the people who are trying to mine the audience out and cited them right there. We went and attended a seminar where they were trying to recruit additional people to do this work. We shut it down immediately, arrested the man who was running it, and informed everyone that it was illegal what he was doing.

Just last week we had the Department of Corporation, the Department of Real Estate, shut down an operation that in just a few months had collected several million dollars in fees. So we are very actively seeking this out, but we need your help. Please help.

Additionally, I want to write down a phone number for homeowners who may be in trouble. I ask everyone in the audience to carry this, ladies, in your purse, gentlemen, in your wallet, because you will come across people in your neighborhood who need help. It is 888–995–HOPE, 888–995–HOPE. Those are free counselors available 24 hours a day to help people. No one should ever pay a dollar for consulting. This is available through the government.

Additionally, a member was mentioning oversight. California and Governor Schwarzenegger has established a task force. Two days ago they announced making sure there is transparency in all of the money that is coming to California. The Web site is recovery.ca.gov. The task force has existed for 2 days. They have already had two meetings. We want to make sure that you can see where we are spending the money.

In closing, I just want to say that there is always a silver lining to the darkest of clouds. It is difficult to see past the challenges we are facing right now. But when I last spoke with you in November of 2007, only 20 percent of California families could afford to buy a median-priced home in California. Now, unfortunately, we are

facing a crisis. The good news is that now more than 50 percent of California families can afford to buy the median-priced home.

My goal moving forward is to make sure there is safe financing available. Through CAL HFA, we have safe financing, and I would implore the chairwoman to please help us work with Treasury and HUD to make sure that our housing finance authorities receive some of the same support that our banks have.

Thank you very much.

[The prepared statement of Ms. Peters can be found on page 208 of the appendix.]

Chairwoman WATERS. All right. Thank you. Thank you.

Mr. Herrera?

STATEMENT OF PASTOR HERRERA, JR., DIRECTOR, LOS ANGELES COUNTY DEPARTMENT OF CONSUMER AFFAIRS

Mr. HERRERA. Good morning. I am so happy to be here, Congresswoman Waters. It is good to see you again, and thank you again for visiting this issue here in Los Angeles. In fact, just last month, there were 8,500 notices of default that were filed, which comes to about close to 100,000, on an annual basis, of people who may be losing their home in L.A. County.

Definitely, we are in a crisis here, and L.A. County is trying to do its best, not only working with everyone here at this table, but everyone who has been speaking before you today, to make a dent in this problem.

The Department of Consumer Affairs was created in 1976, with basically the role of assisting consumers with fraud, and also counseling them and providing them information. And in that vein, the Department established a Real Estate Fraud and Information Program which serves as the central reporting agency for fraud.

We work with government agencies, community-based organizations, many of them that are here today, law enforcement, legal services, and industry groups, not only to detect but investigate real estate fraud here in L.A. County. We accept complaints, we counsel individuals, homeowners and consumers, and we do investigations regarding foreclosure consultants, as you have mentioned, predatory lending, fraudulent recorded documents, many of them are forgeries, and refinancing transactions.

In 2008, we counseled over 37 homeowners just in our Real Estate Fraud Information Division, and we have opened over 1,300 cases for investigation. And the top areas of those investigations, as you have mentioned, are basically foreclosure consultants, home loan modification facilitators, and attorneys engaged in foreclosure consulting, which is a very disturbing trend now, because they do contract with a third party to supposedly provide assistance, and they charge exorbitant fees and people lose their homes.

I think this is a trend that we are seeing now, and I am glad to hear that the Department of Real Estate is really looking at these ads, because there needs to be some attention paid to that.

As far as what we are doing for homeowners, this is our message to homeowners: If you need help with foreclosure, the service is free. You can contact the Department of Consumer Affairs, you can contact the home certified counseling agencies, and, as mentioned before, the lender. That should be the first point of contact.

And, of course, there is an adage, "You get what you pay for." So many homeowners feel that if they pay for the service they are going to get better service. Unfortunately, that is not true in today's environment. There are services available, and if people want to contact our office, here is another 800 number for them to write down. It is 800–973–3370. And our real niche is the fraud investigation. There is a lot of people doing counseling, but I think we can do the fraud investigations.

Chairwoman WATERS. Can you give the number again?

Mr. HERRERA. Okay. 1–800–973–3370. Outreach and collaboration is very important. We have task forces here, we have good ways of distributing information.

As far as our recommendations, we need to really strengthen our laws in home lending and disclosures. I mean, that is one that is so important for consumers, because most consumers, when they do buy a home, they are not knowledgeable of how they are going to do or how this process is going to play out.

We need to look at the current legal provisions for home loan foreclosure consultants, and we need to strengthen those, and also not exempt attorneys from those provisions. Here in Los Angeles we have a notification program where every time there is a deed, a trustee or a quitclaim deed, we notify the homeowner.

In a motion by Supervisor Mark Ridley-Thomas, we are looking at legislation to add notices of default, so that homeowners can immediately get notification that there is help and assistance before they contract with the foreclosure consultant. And, additionally, we need resources for counseling, translations, and just education.

I thank you for this opportunity, and we look forward to working with you in the future.

[The prepared statement of Mr. Herrera can be found on page 197 of the appendix.]

Chairwoman WATERS. Thank you so much.

Mr. Fraga?

STATEMENT OF ARMANDO FRAGA, CHIEF INVESTIGATOR, L.A. COUNTY DISTRICT ATTORNEY, FRAUD DIVISION

Mr. FRAGA. Good afternoon, Chairwoman Waters, and thank you. I appreciate your allowing me to be here today.

This is our first time here, and I am glad to be here to give you the law enforcement perspective. We have been working with a lot of these agencies on a task force in Los Angeles County for approximately 10 years, and we—fraud has been around, especially real estate fraud—this is my third cycle as an investigator, as a supervisor, and now as a lieutenant.

Every time there is an economic cycle like we are in now, the crooks come out and they figure out, what is the fraud of the moment? Right now, the fraud of the moment is foreclosure consultant fraud, home equity sales contract fraud, loan modification fraud, and also bankruptcy fraud, to forestall foreclosures, but it is not really forestalling anything. It is just they are paying these people fees, and they are not doing anything for them.

I think most of us here have already addressed, and prior speakers have addressed a lot of the different things, but what I want to address is some of the challenges that law enforcement face, so

you can get that perspective, because I think everybody knows the perspective and have seen the perspective about what can we do for the foreclosures, you know, on the legislative level, and so on.

But it is a little different from law enforcement and what we do, because we are really like the last resort. Prevention is huge, I think, and I think we need to do more of that. But by the time they get to us, they are in dire straits. They are usually already out of their home or about to be out of their home, and what can we do? Not a whole lot other than try to put these people in prison and investigate the case.

Right now, since the foreclosure cycle started, you know, several years ago, we are receiving thousands of complaints, you know, throughout Los Angeles County, just Los Angeles County, forget about the State. And there is not enough resources for us to investigate this.

I have a staff of six senior investigators for Los Angeles County, and a supervisor. Recently, because of the economic cycle, a lot of local law enforcement municipalities and the large agencies are curtailing a lot of their investigators and detectives working these cases. Why? Because lack of funding for their departments.

So what does that do? That puts the burden more on, you know, the Department of Consumer Affairs, the Department of Real Estate, the Los Angeles County District Attorneys Office, and we have limited resources. Right now, we are in a hiring freeze, so we are not allowed to hire anybody, so we are trying to just maintain the staff that we have. But the volume of foreclosures and the volume of crooks and the volume of problems are just getting larger and larger.

Also, what you need to know about these types of cases, and I am sure you do, just knowing in buying a home. It is not an easy task to just buy a home, and the stack of papers that you have to go through are very, very cumbersome and complex. Well, we have to deal with all of those complex papers, and they are very labor intensive.

On the law enforcement side, we not only have to get what the victim has been told, and the limited information sometimes the victims are given, we also have to get an escrow file, we have to get a loan file, we have to get a title file, we have to get a broker file, and, quite often, if all these entities are involved, which quite often they are, all the files are different.

Another problem that we are challenged with in law enforcement, we have to prove this beyond a reasonable doubt. We have a very high standard. And, quite often, a lot of these organizations, especially a lot of these institutions, financial institutions that were handing out these loans that shouldn't have been handed out, they are out of business. Some of these title companies have gone out of business.

These appraisers are no longer around. A lot of these things are missing. Where do we go? Well, what do you think they are going to do? They trash them. That doesn't allow us to prove the crime, so how can we prosecute it? So there has to be better regulation on how we deal with that paperwork, so law enforcement can get it to prosecute them.

While we want to help a lot of people, I feel terrible for all of these people who are here and around Los Angeles County, but throughout the United States, that we can't help, because up to a certain point we realize that we can't prove it, and we have—now we spent all of that time, the valuable resource and limited resources we have, and now we can't—I have to decide we have to shut it down, we can't prove it, now we need to move on to another case.

That is just horrible. All those regulatory—the regulations that we have aren't enough. And there is a lot of things that are missing there.

Let me go on to—and I want to talk to you about tools and resources we need. Obviously, the resources we need are investigators and prosecutors. Also, the prosecutors in Los Angeles County, we have six prosecutors to do all of the prosecuting of real estate fraud in Los Angeles County. It is a little ridiculous when you look at the numbers that they have all brought up about how many were seen coming into Los Angeles County.

There is not enough funding. We need more funding. And, unfortunately, economic times what they are, budgets are frozen. No one is able to hire more. Also, the expertise in those areas, not only to investigate but to prosecute, take years to develop. And, you know, when the crisis hits, we should already be in front of the curve, not behind the curve.

So even if we were to bring people in today, investigators and prosecutors, it takes a while for them to learn how to prosecute, how to investigate this. So that is an issue.

I think the outreach programs, I have been to several, and I have participated in them, those are tremendous. Although people say get on the Internet, do this and that, a lot of our—the people that are victims don't have access to that, because they have limited funds to begin with, so they don't have funds to pay for the Internet. That is why these community outreach programs are tremendous of value to them, like, you know, right now a lot of the people that are here are hearing this probably for the first time.

We should get out there more often, as often as we can, weekly, you know, at a minimum and continue to do that, because that is how we educate people to prevent them from being a victim of fraud.

And greater regulatory oversight I think is on all levels—the appraisers, the loan brokers—the underlying factor on all this stuff, and I have seen it, because I have been in law enforcement now 29 years, is greed. Where there is money, these crooks are going to go after it. And they go to where the crime of the moment is.

We have to be smart enough as, you know, you are in Congress, we are here as, you know, in the civil and in the criminal end, to move along with whatever the crime of the moment is, and adapt to it, not wait until we are too far behind and then we are not effective.

[The prepared statement of Mr. Fraga can be found on page 176 of the appendix.]

Chairwoman WATERS. Thank you. And you touched on something that my staff is trying to spend a lot of time on, to see what we can do, and hopefully we can get more help in this area.

Mr. FRAGA. Thank you.

Chairwoman WATERS. Thank you.

Mr. Abasto?

STATEMENT OF CHRISTIAN ABASTO, MANAGING ATTORNEY, HOUSING AND EVICTION DEFENSE UNITS, LEGAL AID FOUNDATION OF LOS ANGELES

Mr. ABASTO. Good afternoon, Chairwoman Waters.

Chairwoman WATERS. Good afternoon.

Mr. ABASTO. Thank you for the invitation to testify regarding the housing crisis in Los Angeles. My name is Christian Abasto. I am the managing attorney of the Housing and Eviction Defense Units of the Legal Aid Foundation of Los Angeles.

Chairwoman WATERS. Speak up and speak right into the microphone, please. They can't hear you in the back.

Mr. ABASTO. I will speak up louder.

Chairwoman WATERS. Okay.

Mr. ABASTO. My name is Christian Abasto. I am the managing attorney of the Housing and Eviction Defense Units of the Legal Aid Foundation of Los Angeles.

I have been practicing housing law in Los Angeles for over 10 years. Behind me is Mr. Bill Flanagan, who is an expert in litigating foreclosure and predatory lending scams, and loan modifications, in case the chairwoman has questions that I cannot answer.

The Legal Aid Foundation of Los Angeles is the frontline law firm for poor and low-income people in this area. For 80 years, LAFLA has been providing critical legal services in this community. There are five points I would like to make with my testimony.

First, our low-income clients are being slammed by both the economic crisis and the foreclosure crisis. Lenders are not willing to enter into reasonable loan modifications with people in foreclosure. To address this problem, bankruptcy judges must be given the authority to modify loans to make them affordable, so that homeowners can stay in their homes.

Second, because of the foreclosure crisis, scammers are targeting homeowners and renters with schemes designed to steal their money. Third, the foreclosure crisis has caused an increased number of unjust evictions. Fourth, the Federal Government must ensure that Section 8 voucher tenants receive the same protections, rent control protections, as other tenants have under State or local law.

Fifth, Congress and our local leaders must find a way to prevent and cure the significant blight that the mass foreclosure-related evictions are causing in our neighborhoods.

In response to the growing number of foreclosures, our Consumer Unit restructured its intake process to prioritize this crisis. In 2009, as of mid-March, LAFLA has assisted 760 persons and is litigating 38 homeownership foreclosure cases in Federal and State court.

One example that has been already discussed that we have seen is the foreclosure rescue scam. The scammer approaches people in foreclosure, offers to stop the foreclosure, takes their money, and does nothing.

Another version of that scam that we have not heard today affects tenants and is caused by the abundance of vacant foreclosed homes in low-income neighborhoods. The scammer approaches people desperate for affordable housing, offers them one of the vacant foreclosed homes that they don't own, takes their money, and then the bank shows up later and throws them out.

In 2008, the Housing and Eviction Defense Units counseled over 7,000 persons. We provided full representation for 428 families in unlawful detainers, Section 8 administrative hearings, and affirmative lawsuits. Our legal representation netted over $1.4 million in monetary compensation for our clients, and the preservation of 222 rental units.

We have seen a significant increase in unjustified evictions by banks of tenants in rent-controlled properties. I think as was discussed earlier, rent control ensures that tenants in these units cannot be evicted without good cause. However, because of ignorance or bad faith, some banks target these tenants and harass them into moving out of their homes, in violation of the law. The best solution to this problem is legal representation for these tenants. The banks are very quick to back off when a lawyer shows up against them in court or writes them a letter.

Section 8 voucher tenants are also suffering, and this is actually related to a point that Chairwoman Waters already brought up—preemption. Some courts have found that our local rent control protection laws are preempted by Federal regulation. Therefore, Congress needs to clarify that Section 8 voucher tenants have the same protections as regular tenants, have the same rent control protection and the same eviction control protections as any other tenant in Los Angeles.

Thank you for the opportunity to testify.

[The prepared statement of Mr. Abasto can be found on page 60 of the appendix.]

Chairwoman WATERS. Well, thank you very, very much.

Let me just say to this panel that you have offered us valuable information relative to this question of fraud that is basically information that has not reached the public policy arena in Washington yet. We have dealt in this committee with FHA and those fraudulent loan initiators, some of whom have gone to prison, come back, and go out and start all over again. And we have stepped up to the plate on that, but we need to do a lot more. And I am certainly instructed by what I am hearing here today.

Ms. Peters, I want to ask you a question. These loan modifications that are brought by attorneys or mortgage brokers, under California law, it seems that they are allowed to charge a fee. However, many of them guarantee, as has been said so many times here today, a loan modification or charge up-front fees equal to the amount of the loan value. Some require borrowers to pay even when they don't provide a modification.

Can the State perhaps just disallow or stop charging a fee? Can they make that illegal in some way? We had a couple of legislators here today who, you know, I think I might follow up with. But from the Governor's office, has this been looked at?

Ms. PETERS. Well, thank you for the question. It is very important. Right now, you can legally charge a fee if you are an attorney

acting within the scope of that license, or if you are a real estate broker. However, you cannot, as a real estate broker, charge an up-front fee unless you have had a written fee agreement reviewed by the Department of Real Estate. And even if you have that, if a notice of default has been filed, it is already illegal to charge an up-front fee.

And what we see is that, you know, the notice of default is filed, the scam artists pick it up from the courthouse, and call up. That is already illegal, and that is what we are cracking down on.

Chairwoman WATERS. Is there some kind of presumption that this is in the scope of a lawyer's license?

Ms. PETERS. No, I don't believe there is. The State Bar would be—

Chairwoman WATERS. Can we just declare that through law, that it is not?

Ms. PETERS. We very well might be able to.

Chairwoman WATERS. Will you take a look at that?

Ms. PETERS. I will.

Chairwoman WATERS. Because I think that before we are able to get at it at the Federal level, national level, I think States can start to do this. And that is one way of looking at it, whether or not you can declare this to be outside of the attorney's scope of license.

Ms. PETERS. Yes. We work very closely with the State Bar, and I promise you I will follow up.

Chairwoman WATERS. Take a look at that. I would appreciate it very much.

Ms. PETERS. Additionally, Madam Chairwoman—

Chairwoman WATERS. Yes.

Ms. PETERS. —you were asking for details about the Obama plan.

Chairwoman WATERS. Yes.

Ms. PETERS. While people have their pens out, the Obama Administration actually has a very user-friendly Web site where a homeowner can go and answer questions, click here if this applies, click there, and automatically find out if they qualify.

I don't have that direct link, but you can get to it through our Web site, www.yourhome.ca.gov. That is www.yourhome.ca.gov, or, in Spanish, www.sucasa.ca.gov. And you look for the little red, white, and blue icon. There are red and blue houses on the right-hand side. And it is very user-friendly, and it will get you to a HUD-approved counselor, regardless of the outcome. Whether you qualify or not, there are lots of other programs that can help.

Chairwoman WATERS. All right. The staff just gave me a note that the Web site is www.makinghomeaffordable.gov.

Ms. PETERS. Thank you.

Chairwoman WATERS. Okay. Thank very much.

Let me just ask Mr. Herrera and Mr. Fraga, based on the difficulties that you are confronted with, what you just described is maddening, Mr. Fraga, in terms of not being able to really do anything for people. By the time they get to you, they have paid money, they have been—the scheme has worked, basically. And here you are with six attorneys, or whatever, dedicated to trying to deal with this in all of the county.

Do you refer them—you have no legal place to refer them, is that right?

Mr. HERRERA. We often do still, you know, we try to, you know, assist them with, you know, the Department of Consumer Affairs if—

Chairwoman WATERS. But you don't go into court on their behalf, do you?

Mr. HERRERA. No, we don't. We work with the prosecutory agency, the Attorney General, the District Attorney, or—

Chairwoman WATERS. But you need the attorneys to develop the case and to do the investigation and to come up with the information that will help you win. This is what you would do, Mr. Abasto, if you had all of the resources to do it, isn't that right?

Mr. ABASTO. Yes, Madam Chairwoman. We have the same problem as the District Attorney. We don't have enough resources to meet the demand.

Chairwoman WATERS. As I recall, and staff can give you some assistance here, I think the chair of our Financial Services Committee attempted to write into—to help homeowners who attempt to get a modification, and it is discovered that they didn't even sign the document, that the median income has been falsified, etc.

We see it there, but then nobody does anything about it, because the servicer does not look at that. The servicer is there to determine whether or not a loan modification should be given.

So what we need to do is try and give some support to Legal Aid or to—two things I am getting out of here today. Yes, Mr. Abasto?

Mr. ABASTO. And one very important point. We could write all the laws that we want, but the low-income people need lawyers to represent them to enforce those laws.

Chairwoman WATERS. Well, that is what I am getting at.

Mr. FRAGA. And it probably goes further than that, is that the laws that we currently have are inadequate to really put these people away for a longer prison sentence. Like you mentioned earlier yourself, a guy goes in, comes out, does it again, comes in, comes out, and they are not going to be licensed. None of these crooks that—at least we have investigated and we prosecute, none of them are licensed. They may have been licensed at some point, but the crooks aren't going to be licensed. They are not going to care about the regulations and about the licensing. That is just the way it is.

And right now, we are hitting them also from our—on our consumer side, Consumer Protection Division. On the civil side, predatory lending, we are going to have to do it civilly, because the level of proof is much less than beyond a reasonable doubt. We also are going after assessors.

There are assessors. Right now people are trying to get their properties reassessed, and now that we have a lot of crooks out there, they are saying that they can do it. Even though the county can do it free, they send it out, making it look like it is an official county document or State document, and they are saying that it is $179 or something like that. And if you don't it in 30 days, you are going to be charged a late fee.

These people don't know—a lot of them were paying it. We are going after them, too, out of our consumer protection on the civil

side. So these crooks are looking for things of the moment, and you just can't believe some of the stuff that is out there. But we—

Chairwoman WATERS. Do we need some criminal penalties?

Mr. FRAGA. We need some criminal penalties on this stuff. And then, the ones that we have, like I think Ms. Peters mentioned, the loan modification—okay, it is great that that there is legislation, it is great that there is law also on the foreclosure consultant fraud stuff, too, as well. But they are misdemeanors, or they are misdemeanors to a law or a felony.

Well, that doesn't do anything for us. I can't even touch those, because we don't prosecute misdemeanors in the District Attorney's office.

Chairwoman WATERS. Okay.

Mr. FRAGA. We don't investigate those.

Chairwoman WATERS. We will take a look at that, too.

Mr. FRAGA. But another thing that I wanted to mention to you is, if I could, is we need to improve the manner and verification of which we accept records at the County Recorder's office, at the Registrar Recorder's. It is too easy for somebody to go in there and file a document with no verification. That is ridiculous.

Anybody can go in there—I can go in there today and file a reconveyance on your property that your property is fully reconveyed, and there is nobody that is going to verify it. I can record anything.

Chairwoman WATERS. Has this ever been discussed at the L.A. County?

Mr. FRAGA. I don't know. I am just bringing it, because you asked us for what things do we need.

Chairwoman WATERS. Yes.

Mr. FRAGA. I am telling you this is something we need.

Chairwoman WATERS. Mr. Herrera?

Mr. HERRERA. Through the home notification program, if there is a reconveyance of grantee deed of trust or quitclaim deed, you know, that recorded document has to be sent to the homeowner. And that has been really very, very effective. We are now talking to enhance that, to include the notices of default, because we know there is the fraud there.

I just wanted to make a comment. One of the things, of course, that we see is many homeowners, they are so frustrated, so overwhelmed by this problem, they forget that they can also complain. And they forget about complaining to agencies, such as ours or the district attorney or whatever agency they can come to. So we really need to get the word out that they need to complain so that people could take action.

And, hopefully, you know, by being here today and by the community representatives here, they will get the word out that is very much needed. And we do need the resources to do the investigations, because that is the basis, so that we can work with the District Attorney to—

Chairwoman WATERS. Well, this information is very, very helpful.

Mr. FRAGA. And what they are doing in terms of the notices that go out is great, having the notice of default, but there are a lot of other documents that aren't even included. I mean, we can go in and change it so now I am the new owner, and you are never going

to know, and now everything is coming to me, the crook. So that notice is valuable. I am not saying it is not.

But there are those crooks that are a lot smarter, and they are going to make sure that that notice is going to come to me, the crook, not the real homeowner. So we have to do a little bit better there.

Chairwoman WATERS. I asked Attorney General Jerry Brown, who was our first witness here today, if he was willing to look at criminal penalties. And he is not only dedicated to aggressively using his office, he said he will certainly look at employing a criminal penalty. So I want to work with you.

Mr. FRAGA. One last thing I wanted to say before—sorry to interrupt you—is just restrict access to real estate—I know it is public record, right?

Chairwoman WATERS. Yes.

Mr. FRAGA. But you have to restrict access to those public records, because what the crooks are doing, there is companies out there that you pay them a $100 fee or a $150 fee and they will—and every day they will still download you the list of all the people that are in foreclosure, just like a salesman. So they go out, they have all the addresses, they start knocking on doors, and they are working on numbers.

If we stop that, where access is only on a right-to-know and a need-to-know, you know, to title companies, people that are really in that field, rather than just anybody, Tom, Dick, or Harry, we would be better off. Restricting the access to those records is important.

I mean, when they want to request something from the District Attorney's office, we have the Public Records Act that we have to deal with, right? They have to make an official request, and so on. Why do we make it so easy for the crooks to just get the list of—anybody can go online and see what you owe and what you own. That is ridiculous.

And then, they will steal your identity, steal the information, and they will start doing things on your property. And even if you get the notices in the mail, you are already a month or two behind.

Chairwoman WATERS. Thank you. We will take a look at all of that, working with the county and the State.

Before you leave, Ms. Peters, in Federal law, I think we dealt with the licensing of real estate brokers. Now, does that cover the State, all of the State? So we will have no more Countrywides, where you have one licensed broker, in a bank like Countrywide was, who licensed, then, all of their loan initiators. That won't happen anymore.

Ms. PETERS. Well, not exactly. The State will still regulate an entity like that. However, everyone who is touching that file needs to be licensed and properly identified in a national database.

Chairwoman WATERS. So there will not be any brokers on the street who are not individually licensed, is that right?

Ms. PETERS. They will be individually registered. They will be subject to education requirements. They will be subject to background checks, which in California they always have been. But now every individual will be registered nationally. They may not be individually licensed, but they will be individually registered.

Chairwoman WATERS. I think our Federal legislation called for licensure? Do you have two different agencies—

Ms. PETERS. Yes.

Chairwoman WATERS. —that are licensing still?

Ms. PETERS. Yes.

Chairwoman WATERS. So what is the difference between the registration and the licensing?

Ms. PETERS. Right. We are working right now with the legislature to implement the Federal legislation and level that playing field across the licenses. So we are working with our legislators to—

Chairwoman WATERS. Do we need to follow up on this?

Ms. PETERS. No, we will absolutely comply with Federal law. We are working on it right now, and its bill, in this legislature currently.

Chairwoman WATERS. Thank you all so very much for being here with us today. The Chair notes that we may have members who have additional questions for this panel, which they may wish to submit in writing. Without objection, the hearing record will remain open for 30 days for members to submit written questions to these witnesses, and to place their responses in the record.

Thank you for being here today.

We also—before we adjourn, the written statements of the following organizations will be made part of the record at this hearing: community leaders submitting written testimony, all of them, the USC students, etc., etc., will all have their written statements entered into the record. Is that sufficient?

Thank you very much. This subcommittee is adjourned.

[Whereupon, at 1:25 p.m., the hearing was adjourned.]

A P P E N D I X

March 28, 2009

Legal Aid Foundation of Los Angeles

Testimony to the United States House of Representatives
Committee on Financial Services

March 28, 2009

Christian Abasto, Managing Attorney
Housing and Eviction Defense Units

Statement Regarding the Housing Crisis in Los Angeles and the Responses to Preventing Foreclosures and Foreclosure Rescue Fraud

Legal Aid Foundation of Los Angeles

Christian Abasto, Managing Attorney, Housing and Eviction Defense Units

Statement Regarding the Housing Crisis in Los Angeles and the Responses to Preventing Foreclosures and Foreclosure Rescue Fraud

United States House of Representatives
Committee on Financial Services
March 28, 2009

Chairwoman Waters and Members of the Subcommittee on Housing and Community Opportunity, thank you for the invitation to testify regarding the housing crisis in Los Angeles County, and our responses to preventing foreclosures and foreclosure rescue fraud. My name is Christian Abasto and I am the Managing Attorney of the Housing and Eviction Defense Units at the Legal Aid Foundation of Los Angeles. We are one of the largest, frontline law firms for poor and low-income people in Los Angeles County. For 80 years, our attorneys have been providing critical legal services in some of the most vulnerable communities, which include South Los Angeles. LAFLA is the first place that thousands of individuals and families turn to when faced with a crisis that threatens their shelter, job security, health and well being or livelihood.

As Managing Attorney, I have been practicing housing law in Los Angeles for over 10 years. Joining me is William Flanagan, an attorney in our Consumer Law Unit, which handles home foreclosures. Bill joined our team a year ago. For almost 20 years he has been working to prevent foreclosures and predatory lending scams. Together we have been involved in saving the homes of hundreds of low-income, elderly and disabled clients who have been the victims of predatory lending practices and foreclosure scams. We are also working to educate housing clients, who have been evicted from their apartments due to foreclosures. With us today is one of our clients, Mr. Robert Jones, a 74-year-old, homeowner who lives in the South Los Angeles community.

I will focus my remarks today on the rise of foreclosures in poor communities, the type of scams we have encountered; the long-term effect to vulnerable communities; what happens to renters in a foreclosure crisis; and what LAFLA is doing to help homeowners and renters, and to educate the public about this issue.

Foreclosure scams are targeting vulnerable homeowners and renters desperate for affordable housing. The reason this is important is community-based research shows that between 30 and 40 percent of homeless people in Los Angeles have been evicted, with evictions often lead directly to homelessness. In addition, these foreclosures and evictions are causing blight and destroying the fabric of our communities because they leave entire neighborhoods empty.

Foreclosure Crisis Identified as Critical Issue for Our Clients

LAFLA's Consumer, Housing, and Eviction Defense Units have identified the foreclosure crisis as the single most important number that threatens the security of our clients.

In 2008, the Consumer Unit handled approximately 786 foreclosure, homeownership fraud and predatory lending calls, and provided legal assistance to 373 home owners at risk of losing their homes.

Recognizing the incredible unmet need for direct legal services in this area, our Consumer Unit restructured its intake process to prioritize the foreclosure crisis. In 2009, as of mid-March, LAFLA has already received 760 calls—providing counsel and advice to most of these calls; and retained for direct legal services 38 home owners, 22 of those are from the South Los Angeles.

Foreclosure "rescue scams" have hit Los Angeles. The scammers actively victimize homeowners made vulnerable by the current economic crisis by trolling through free, publicly available databases where they find the names and addresses of people who have received default notices. They then contact the homeowners and make them false promises to save their homes. These scammers also lure homeowners into contacting them by advertising their "foreclosure prevention services" in the local print, television and, radio media. With all the coverage of President Obama's recently announced loan modification program, homeowners are more hopeful than ever that they can save their houses. The scammers manipulate this hope to lure the vulnerable homeowners into the rescue scam by making elaborate promises to contact lenders and to negotiate loan modifications for the homeowners that they promise will save them from foreclosure. The victims desperate for help believe the scammers because they are advertising in trusted media outlets used by the scammers. Unknowingly, they fall victim to a fraud that will cost them their homes and life savings. The scammers charge the homeowners upfront fees of between $1,500 and $2,500. Once the scammers get the money, they disappear. They do nothing for the homeowner, rob them of their last dollars, and leave them in a more precarious situation than they were originally in.

LAFLA partners with Los Angeles Neighborhood Housing Service and pro bono attorneys to provide loan document review and legal advice about realistic options to foreclosure. LAFLA also regularly participates in community fairs where financially distressed families can go to discuss their cases with a HUD certified counselors and attorneys like those from LAFLA. While on-going community education about this scam and the availability of free HUD-approved loan counseling services can help desperate homeowners to avoid being defrauded, having well trained poverty law lawyers working in the affected communities, as does LAFLA, has the greater overall effect.

Expansion of Foreclosure Work

The Consumer Unit has significantly expanded its representation of low-income homeowners victimized by scammers and threatened by foreclosure. The Housing Unit has worked with the City of Los Angeles, the State of California, and tenant organizers to develop novel tenant foreclosure protection laws and, is developing complex litigation strategies against entities that use the foreclosure process to abuse tenants and violate the law. The Housing and Eviction Defense Units have prioritized the legal representation of tenants in rent controlled units victimized by foreclosing entities that do not obey the law.

While LAFLA is doing its best to meet the need with its limited resources, there are many thousands of homeowners and tenants who we cannot help. Investing in legal representation of tenants and homeowners is a cost-effective method of battling the foreclosure crisis. Nothing levels the playing field against the unscrupulous lenders and scam artists like a good lawyer.

LAFLA is at the Forefront of the Fight Against the Foreclosure Crisis

LAFLA's consumer attorneys are actively litigating, in state and federal court, complex predatory lending and elder financial abuse cases. We are the only legal services provider in Los Angeles who is

using the Bankruptcy courts to stop foreclosures. By filing an adversary proceeding in a bankruptcy case, LAFLA can bring in claims of Truth-in-Lending violations, forgery, fraud, and other claims, that if successful, can greatly reduce, if not eliminate, the amount that our clients owe on the outstanding mortgage debt. Using this strategy, we are currently working to save the homes for two elderly South Los Angeles residents who are at risk of losing their most valuable asset. In addition to litigation, LAFLA convened legal, community-based and, local government organizations to provide a more cohesive approach to addressing foreclosures in greater Los Angeles.

Recently, we developed and honed our message to the media about the depth and breadth of the foreclosure crisis as we see it. Our attorneys and advocates completed a video training program on foreclosure litigation that will allow attorneys who work in small programs, with little or no training budget, to learn about substantive foreclosure and litigation strategies. LAFLA is also an active partner and leader in the California Reinvestment Coalition Network, a statewide group of consumer advocates addressing banking, mortgage and, affordable housing issues. We are the recognized experts in this area of litigation. We continue to provide training and mentoring support to other Los Angeles area legal service providers, including NLS, Los Angeles Center for Law and Justice, Public Counsel, and the Asian Pacific American Law Center.

Protecting Vulnerable Tenants from Illegal Evictions

In 2008, the Housing and Eviction Defense Units counseled 7048 persons about their housing problems. Approximately 10 percent of those persons had foreclosure problems. We prepared legal documents for 1,946 tenants facing eviction. We represented 428 families in unlawful detainers trials, Section 8 administrative hearings, and affirmative lawsuits. Our legal representation resulted in over $1.4 million in monetary compensation for our clients and the preservation of 222 rental units.

LAFLA's presence in the community allowed us to quickly recognize that tenants in rent-controlled units were also victims of the foreclosure crisis, and we moved to prioritize legal representation for these tenants. While tenants in non-rent controlled units only have the right to a 30 or 60 day notice before they have to move out or are evicted, tenants in rent controlled units cannot be evicted without good cause. Some financial institutions, their real estate agents, and their attorneys, attempt to coerce tenants in rent controlled units into leaving their units by serving them illegal notices, refusing to accept their rent, causing the interruption of utilities, and filing improper unlawful detainers. LAFLA represents the victims of these coercive tactics to ensure that the financial institutions and their agents follow the law.

LAFLA's Housing and Eviction Defense Units has worked with the City of Los Angeles, the State of California, and tenant organizers to develop novel tenant foreclosure protection laws, and is developing complex litigation strategies against entities that use the foreclosure process to abuse tenants and violate the law. The City of Los Angeles recently passed the Foreclosure Eviction Ordinance that extended rent control just-cause eviction protections to all rentals, including single family dwellings where ownership was acquired through the foreclosure process. We are also currently working with ACORN on a statewide tenant foreclosure protection bill that would prevent owners that acquired a property through the foreclosure process from evicting the tenants of the property without good cause for one year.

Protection of Section 8 Families from Unwarranted Eviction

The Section 8 Housing Choice Voucher Program makes rental housing affordable for approximately 40,000 low income families in the City of Los Angeles. Over the past few years, however, many local landlords have specially targeted these Section 8 families for eviction in violation of the tenancy protection provisions of local law. These landlords argue that the federal statutory requirement and regulatory definition of "other good cause" for termination of a Section 8 voucher tenancy conflict with and therefore preempt the more extensive protections Los Angeles provides against tenancy terminations for all covered tenants, assisted and unassisted alike. These more extensive protections include a prohibition against tenancy termination and eviction based upon foreclosure or sale of the building.

The landlords' argument is contrary to Congressional intent when creating the current voucher program, and to longstanding HUD policy, to make Section 8 tenancies operate as much like unassisted tenancies as possible. While Congress imposed a federal "good cause" requirement to serve as a minimum nationwide floor of protection for Section 8 tenants, it never intended to deprive Section 8 families of any additional protections provided by generally applicable State and local law to their unassisted next door neighbors.

In the absence of an express statutory or regulatory statement preserving local eviction controls, however, Los Angeles landlords have served eviction notices that do not even purport to comply with local law, causing hundreds of Section 8 families who were unable or unwilling to fight in court to give up their long time homes, and embroiling more than 100 additional families in litigation, with some courts accepting the landlord's preemption argument and ordering evictions contrary to local law. Congress should eliminate this threat to tens of thousands of Section 8 families in Los Angeles (as well as in other jurisdictions such as San Francisco, Oakland, New York, New Jersey, the District of Columbia) by clarifying the Section 8 statute to expressly provide that voucher tenancy terminations must comply with State and local law. Indeed, given the importance of local law in protecting renters from losing their homes as a result of their landlords' financial difficulties, it is even more urgent that Congress do so promptly.

A second major problem arising in Los Angeles and nationwide concerns housing stability for thousands of tenants who received special "enhanced vouchers" when their owners withdrew from federal project-based subsidy programs. Although Congress has required that these tenants have a "right to remain" in their homes, some landlords now argue that their tenancies can be terminated because they no longer want to participate in the voucher program or want to seek a higher rent in circumvention of local rent controls (even though the special voucher pays the same rent available from an unassisted tenant). Congress must clarify that these tenants can only be evicted when they violate their lease terms.

<u>Solutions to the Foreclosure Crisis</u>

- Bankruptcy legislation to allow judges to modify loans to make them affordable so that homeowners can stay in their homes.
- Lenders and servicers still lack sufficient incentives to make realistic modifications of toxic home loans in the volume required to effectively address this nationwide crisis.
- Policy makers need to address the reality that this foreclosure crisis is in effect feeding the greater monster of the unaffordable housing crisis in the United States.

- In order to prevent neighborhood blight, a temporary moratorium on evictions by foreclosing entities who received bailout money requiring the entities to rent to the existing tenants or homeowner until they can find a buyer who can move into the property.
- Increase funding of legal representation for tenant and homeowner victims of foreclosure crisis. They don't stand a chance in our court system without a lawyer.

LAFLA Maintains a Physical Presence in the Communities We Serve

LAFLA's six community-based offices, four courthouse self-help centers, and three courthouse legal clinics give minority and disadvantaged community members reliable access to high quality legal services. In June 2009, LAFLA will open a new state of the art facility in the South Los Angeles community. In order to maintain our presence in the community during construction, we have been operating out of space in Bethel AME Church on Western Avenue. We are currently working with South Los Angeles community members to identify the needs that our new office will meet and, our South Los Angeles Client Council remains an important window into the area's needs. In addition, LAFLA has well-known homeowner and housing help lines that the community uses on a regular basis.

RESUME

William J. Flanagan
2307 Fargo Street
Los Angeles, CA 90039
Office Telephone: 323 881-1811
Cell: 323 423-4256
E-mail: william@duran-flanagan.com

Education and Bar Admission:

St. Vincent de Paul Major Seminary
Boynton Beach, Florida
B.A.

Notre Dame School of Theology
New Orleans, Louisiana
M.Div. (Candidate)

University of Miami School of Law
Coral Gables, Florida
J.D.

Bar Admission:

California - Active
U.S. District Court-Central District of California

Work Experience:

Legal Services of Greater Miami
Miami, Florida
1974-1982
Positions: Staff Attorney, Manager of the Health and Income Maintenance Unit, Manager of the Community Economic Development Unit

Western Center on Law Poverty
Los Angeles, California
1982-1984
Position: Director of National and State Substantive Law Training

Margolis, McTeirnan, Scope & Epstein
Los Angeles, California
1984-1986
Position: Litigation Attorney

Santa Monica Rent Control Board
Santa Monica, California
1986-1988
Position: Staff Attorney

Bet Tzedek Legal Services
Los Angeles, California
1988-1999
Position: Director of Litigation

Duran & Flanagan
Los Angeles, California
1999-Present
Position: Partner

Other Experience:

National Trainer for AARP Training Program regarding Predatory Lending Litigation
2001-Present

References:

Upon request

A. Christian Abasto
3222 Cardiff Ave. Los Angeles, CA 90034
213.640.3826 (work)
cabasto@lafla.org

Experience

Legal Aid Foundation of Los Angeles **Los Angeles, California**
Managing Attorney, Housing and Eviction Defense Units *May 2008- Present*
Supervise eight attorneys and two paralegals. Develop long term strategies and priorities to maximize the impact of our work. Develop protocols to increase the efficiency of advocates and support staff. Supervise attorneys in complex litigation and policy advocacy. Participate in resource and funding development.

Attorney, Housing Unit *May 2001- April 2008*
Developed long term strategies that creatively use litigation, policy, and the media to resolve problems that have a broad impact on the low-income tenant community. Handled complex litigation in state and federal court on behalf of low-income clients on a wide variety of housing issues including rent control and Section 8. Advised and assisted government entities in the development and drafting of local and state policies and laws. Argued appeals and writs before the Court of Appeal and the Appellate Division of the Los Angeles Superior Court. Assisted tenants in asserting their rights against landlords and government entities, resulting in significant monetary settlements for the tenants and rehabilitation of slum buildings in the City of Los Angeles.

Attorney, Eviction Defense Unit *October 1997 - April 2001*
Appeared in Superior Court weekly for trials and motions. Handled appeals from Superior Court decisions. Successfully handled high volume of cases. Conducted clinics and workshops concerning California habitability laws and the eviction process.

Education

University of California Davis, School of Law
Juris Doctor, 1997

University of California, San Diego
B.S. in Cognitive Science, 1993
Minor in Psychology

Languages
Fluent in Spanish.

Member of California Bar, November 1997

Ana M. Storey
1102 Crenshaw Blvd., Los Angeles, CA 90019
(323) 801-7955
astorey@lafla.org

EDUCATION

Loyola Law School, Los Angeles, CA
Juris Doctor **1999**
Honors: Dean's Service Award
President, Women's Law Association
Volunteer Coordinator, Domestic Violence Pro Bono Project

University of Southern California, Los Angeles, CA
B.S. Cum Laude in Public Policy and Management **1996**
Honors: Senior Honors Seminar, Dean's Letter of Merit Award

AWARDS

- Award of Merit, National Center for Missing and Exploited Children **2007**

EXPERIENCE

Legal Aid Foundation of Los Angeles, Los Angeles, CA
Managing Attorney, West Office **May 2008 to Present**
Manage the legal work of the West Office, and specifically that of the Family Law and Consumer Units, Identify and implement significant impact projects, including litigation and policy advocacy, Perform lawyering duties, including interviewing, counseling and representing low income litigants in state and appellate litigation, Supervise attorneys, paralegals and volunteers, Participate in resource development for the office, including identifying and pursuing grants and other funding.
Directing Attorney, Family Law Unit **2006 to May 2008**
Direct Family Law Unit, Identify and implement significant impact projects, including litigation and policy advocacy, Perform lawyering duties, including interviewing, counseling and representing low income litigants in state and appellate litigation, Supervise attorneys, paralegals and volunteers, Participate in resource development for the unit, including identifying and pursuing grants and other funding.

Staff Attorney **2000 - 2006**
Provided legal services, including direct representation, to poor and low income litigants in family law and probate guardianship cases throughout Los Angeles County, Collaborated with community partners to provide education and services to government agencies and community members about domestic violence and family law, Recruited, trained and supervised law students.

RELATED EXPERIENCE

Harriett Buhai Center for Family Law, Los Angeles, CA
Contract Legal Services **1999 - 2000**
Researched and wrote proposals, Wrote and edited family law guide for domestic violence shelter workers, Assisted clinic clients to prepare family law pleadings, Assisted staff attorneys with legal research and writing tasks.

Jenesse Center, Inc., Los Angeles, CA
Temporary Legal Services Coordinator **1999**
Coordinated provision of legal services to domestic violence shelter clients with the Harriett Buhai Center for Family Law, Prepared and presented legal information workshops for shelter residents, staff and volunteers.

PUBLICATIONS

- *Protect Undocumented Immigrants from Abuse*, Los Angeles Daily Journal, Oct. 1, 2006, p.8, co-written with Sheila Neville
- *Contested Guardianship Cases*, Family Law News, Issue 1 2005, Vol. 27, No. 1, p. 13
- *Sneaking up on Immigration Swindlers*, Los Angeles Daily Journal, Dec. 18, 2003, p. 6, co-written with Julia Alanen.
- *Guardianship Slips*, Los Angeles Daily Journal, Oct. 1, 2002, p. 6, co-written with Jane S. Preece

LANGUAGES

- Spanish – speak fluently and read/write with proficiency

MEMBERSHIPS

- State Bar of California
- Los Angeles County Bar Association, Family Law Section and Animal Rights Section
- American Bar Association, Family Law Section
- Family Law Coalition, Chair
- Legal Aid Association of California/Administrative Office Of The Courts 2008 and 2009 Family Law Conference Planning Committee
- Los Angeles County Domestic Violence Council Systems Improvement Committee
- Los Angeles Superior Court Legal Referrals Committee
- Los Angeles Superior Court Committee on Minimum Standards for Self-Help Centers in Los Angeles County

Testimony by
Marva Smith Battle-Bey
President/CEO
Vermont Slauson Economic Development Corporation

March 28, 2009
10:00 am – 2:00 pm
Thomas Lakin Gymnasium
Southwest College
1600 West Imperial Highway
Los Angeles, CA

Testimony before the Financial Service Committee
Subcommittee on Housing
And
Community Opportunity

Congresswoman Maxine Waters, Chairwoman

My name is Marva Smith Battle Bey and I am the President and CEO of the Vermont Slauson Economic Development Corporation. It is an honor to offer my view point and I applaud you at the outset for conducting this hearing and for your leadership in the Capitol and in your District. There are a number of drivers here at home and in the region that are keeping us from the economic vitality and quality of life that all Americans should have the opportunity to attain. My focus today is housing but I continue to work to create businesses at my incubator, provide access to capital, and advocate for jobs that provide decent pay. If we succeed in stimulating reinvestment and create job development programs in selected growth industries that place people on career ladders and track their progress, one can impact the imbalance between the supply of affordable housing and the economic demand for that housing.

Beyond the immediate economic crisis, housing affordability and availability continue to be an issue for Southern California. For the past several decades, the growth of California's population has significantly outpaced the supply of housing. This lack of supply, in combination with the high costs of land and construction in California, has resulted in a particularly problematic shortage of affordable housing. The State of California's urgent need for more housing affordable to lower-income households is well documented. For example, the State's Department of Housing and Community Development ("HCD") recently reported that California's homeownership rate in 2007 was the second-lowest in the country. California renters face similar affordability challenges; 40% of renting households spend more than 30% of their income on housing, and 27% spend more than half their income. Overall, HCD has projected that, by 2020, 3.7 million California households will need some form of housing assistance.

The statistics are even starker in the City of Los Angeles. For example, the City of Los Angeles in its 2001 Housing Element

projected a need for an additional 28,406 units affordable to very-low and low-income households over the following five years. Not only were less than two-thirds of these units actually produced, but between 2001 and 2006, the City lost nearly 11,000 affordable housing units due to condominium conversions of rent-stabilized units and other reasons. As a result, the net gain of affordable housing units between 2001 and 2006 was less than 10% than required by the Housing Element. The Southern California Association of Governments has calculated that the housing need for the City of Los Angeles from January 1, 2006 to June 30, 2014 is an additional 113,698 units, including approximately 27,436 very-low income and another 17,620 low-income units. More affordable housing units must be constructed just to keep the present supply from dropping. The Los Angeles "Housing Wage" what you need to rent at market in the City of LA is $31/hour or $63,680/year In Los Angeles, with nearly 80% of workers unable to afford a two-bedroom apartment

As a result of the lack of affordable housing in California and Los Angeles, low-income and moderate-income households – that is, families making under $60,000 and $71,000 per year respectively – have severely limited choices about where to live. FMR rental costs have increased at <u>80 times</u> the rate of median wages in L.A. County

The large number of Californians and Angelinos who cannot find affordable housing close to their job location are forced to make long commutes, exacerbating traffic congestion, contributing to environmental problems, increasing employee turnover and generally resulting in a loss in worker productivity. Rents are out of reach for a great many workers:

Fast Food Cooks $18,045/year
Food Preparation Workers $20,586/year
Maid/Housekeepers $21,672/year
Child Care Workers $22,236/year

Janitors $24,152/year
Security Guards $25,177/year
Receptionists $26,608/year
Landscaping Workers $27,595/year
Secretaries $33,741/year
Pharmacy Technicians $34,938/year
Construction Laborers $36,920/year
Truck Drivers $39,971/year
Retail Managers $41,381/year
Chefs/Head Cooks $42,545/year
Social Workers $45,305/year
Vocational Nurses $47,746/year
Electricians $50,946/year
Nutritionists $52,791/year
Kindergarten Teachers $53,489/year
Graphic Designer $56,545/year
High School Teachers $62,021/year
Clergy $62,728/year

Switching from renters to home owners; as you know the City of Los Angeles has one of the lowest homeownership rates in the country, at 37.5% of all households. The median priced single family home in the City of Los Angeles has declined in price over the last calendar year, but home-ownership in Los Angeles is still largely unaffordable. The monthly mortgage payment (including taxes and insurance) needed to buy the median-priced Los Angeles home (assuming an interest rate of 5%, a 3% down payment, and a loan period of 30 Homeownership is out of reach for:

Urban Planners $67,702/year
Accountants $70,294/year
Building Inspectors $72,685/year
Fire Fighters $75,448/year
Physical Therapists $77,526/year
Registered Nurses $78,213/year

Architects $81,966/year
Dental Hygienist $83,535/year
Film Editors $84,191/year
Electrical Engineers $88,662/year

In L.A. in the number of households who have lost their homes due to foreclosures continues to climb. Some areas of L.A. County (including areas in Montebello, Long Beach and Glendale) experienced a 1,000 percent or more increase in foreclosures last year.

An organization which I chair, the California Community Economic Development Association has created a neighborhood stabilization fund and has begun to work with the National Community Stabilization Trust and private investors to capitalize a partnership that will leverage local funds and address the foreclosure issue head on in low wealth neighborhoods. Foreclosure affects lives, neighborhoods and the assets of those who live in our District.

We seek to provide access to affordable nutritious food in my two shopping centers but one has to have a job and money to get food in a retail center. High housing costs, lack of income, and increases in food prices are the top causes for hunger in the City of L.A. About 30% of the need for food assistance goes unmet in L.A. And by way of example the City of Santa Monica experienced a 21% increase in emergency food assistance requests over last year.

Times are difficult for all Americans This last year has seen the economy falter for many, especially those who are most susceptible to economic dislocations. Key events so far include the decline in the stock market, a rise in consumer prices (especially on essential items), a rise in unemployment, a rise in foreclosures due to the mortgage crisis, a decline in home values, and an increase in extreme poverty.

What needs to be done to get more affordable housing built?

The feds can

Protect and Preserve Our Homes and Neighborhoods

Transform the Foreclosure Crisis into Opportunity - facilitate the conversion of failed condo projects to affordable rental projects

Enhance Homebuyer programs to create and preserve affordability of homeownership

Allow for buy and hold strategies that will incent the private sector to come into the market. Stop looking to a quick turnaround at a price higher than was paid. That was yesterday's model

Reward Green Building Efforts within Affordable Housing Developments – Green Building is responsible and eco-friendly

Encourage Market Rate developers to partner with non-profit developers and provide social services on site, such as day care and senior centers.

Promote Public/Private Partnerships. Support local developers (both non-profit and for profit) that produce and preserve affordable housing.

Educate the Community – new affordable housing enhances neighborhoods.

Educate Landlords and Tenants – Both parties have rights and responsibilities to preserve and maintain affordable housing.

Build and Preserve Homes for Working Families - Emphasize Sustainable Transit Communities.

Shift Our Strategy from Managing Homelessness to Promoting Supportive Housing. Permanent Supportive Housing also protects families who were formerly homeless or at risk of homelessness

Locally we can

Leverage Public Resources - Implement and enforce a state-wide Inclusionary Zoning Ordinance – Affordable Units or In-Lieu Fees should be generated from EVERY market rate development

Streamline the Entitlement Process for Affordable Housing Developments, enhance Case Management, reduce Parking Requirements, Fast-Track Building Permits

Coordinate efforts with public agencies, include code and law enforcement, to insure safe, crime free housing

Congresswoman Waters and esteemed members of the Congress and the Subcommittee, It all begins with community economic development and jobs. Thanks for you tireless attention to housing and to your District

Testimony of Caryn Becker, Center for Responsible Lending
Before the U.S. House of Representatives Committee on Financial Services
Subcommittee on Housing and Community Opportunity

"The Housing Crisis in Los Angeles and Responses to Preventing Foreclosures and Foreclosure Rescue Fraud"

March 28, 2009

Good morning Chairwoman Waters, Ranking Member Capito, and members of the Subcommittee. Thank you for inviting me to testify about the housing crisis and foreclosure prevention efforts.

I serve as Policy Counsel at the Center for Responsible Lending (CRL), a nonprofit, non-partisan research and policy organization dedicated to protecting homeownership and family wealth by working to eliminate abusive financial practices. CRL is an affiliate of Self-Help, a nonprofit community development financial institution that consists of a credit union and a non-profit loan fund. For close to thirty years, Self-Help has focused on creating ownership opportunities for low-wealth families, primarily through financing home loans to low-income and minority families who otherwise might not have been able to get affordable home loans. Self-Help's lending record includes a secondary market program that encourages other lenders to make sustainable loans to borrowers with credit blemishes. In total, Self-Help has provided over $5.6 billion of financing to 62,000 low-wealth families, small businesses and nonprofit organizations in North Carolina and across America.

Over two years ago, CRL forecasted that 2.2 million families with subprime loans would lose their homes to foreclosure.[1] Since that time, industry's response has been consistently behind the curve.[2] We are approaching the second anniversary of the Homeownership Preservation Summit at which the nation's largest lenders and loan servicers got together "to ensure that all that can be done on behalf of borrowers facing foreclosure is being done."[3] However, only a small proportion of troubled homeowners have been offered any form of modification at all, and the number of modifications that have *reduced* the homeowner's monthly payment has been even smaller.

All the while, more and more families have fallen from the middle class into economic catastrophe. As we sit here today, every 13 seconds another home falls into foreclosure, to the tune of 6,600 new foreclosures every day, for a total of over 2 million new foreclosures this year alone, according to Credit Suisse projections.[4] It is now universally recognized that these foreclosures spread misery far beyond the people immediately affected – to neighbors, cities, and the economy as a whole –, and that unless a substantial proportion of these foreclosures are prevented, our economic crisis will deepen and spread.

I. The Fallout From The Foreclosure Crisis: Foreclosures and Families at Risk

CRL's most recent report on subprime mortgages shows that over 1.5 million homes have already been lost to foreclosure nationwide, and another two million families with subprime loans are currently delinquent and in danger of losing their homes in the near future.[5] Goldman

Sachs estimates that there will be 13 million defaults between 2008Q4 until 2014, across all segments of the market, from subprime to prime.[6]

The figures in California are particularly alarming. More than 235,000 California homes were lost to foreclosure in 2008, nearly tripling the previous annual record of 85,000 from a year earlier.[7] In Los Angeles County alone, more than 70,000 homeowners received Notices of Default (the first step in foreclosure), and more than 40,000 families lost their homes in 2008.[8]

CRL projects that, absent strong action, more than 460,000 Californians will lose their homes to foreclosure in 2009, and more than 1.5 million California families will lose their homes over the next four years. For the 35th Congressional District, CRL projects that one in five subprime loans – including 3,974 loans made in 2005 and 2006 alone – will end in foreclosure.

Right now, more than one in ten homeowners is facing mortgage trouble.[9] Nearly one in five mortgages nationwide is underwater.[10] California, having seen some of the most extreme housing appreciation during the boom, is now bearing the brunt of the bursting bubble. When mortgages have such high loan to value ratios and/or negative amortization features, it doesn't take a significant drop in the housing market to cause problems. Currently, there are an estimated 1.9 million borrowers in California who are under water on their mortgages, 300,000 of which are in the Los Angeles area,[11] and 723,000 California borrowers are facing "severe" negative equity (owing 125% or more of the home value), which accounts for nearly one-third of all "severe" negative equity borrowers nationwide.[12]

As if this were not enough, another large wave of foreclosures in the Alt-A market is on the horizon, and California will again be hit hard, given its large market share of these loans. There are more than 650,000 Alt-A loans in California, including nearly 200,000 Option ARMs.[13] Most of these loans will recast in 2009-2012, requiring large payment increases and potential defaults.[14] Option ARMs – of which California has 55-60% of the national total – permit negative amortization of the loan, a feature that causes loans to be even further under water than they otherwise would have been from the housing price decline.

The foreclosure crisis originated in home losses triggered by the unsustainability of the mortgages themselves, even without any changes in the families' situation. Unfortunately, the failure to protect borrowers from needlessly risky and unsustainable loans was followed by the failure to head off the crisis with decisive measures to avert preventable foreclosures. We missed the opportunity to mitigate the crisis before its spillover effects reached neighboring homes, communities, the housing and financial system itself, and the broader economy. As a consequence, a crisis that started in the subprime market has now spread to the "Alt A" and prime markets as well.

Because the decline in home prices and the economic recession brought on by the abusive and dangerous loans, typical foreclosures of years past – income interruptions caused by job loss, divorce, illness or death – have become more powerful than ever. As unemployment worsens, we will see more defaults, and then more foreclosures, as borrowers' options for keeping their homes – without steady income – fade away. California's unemployment rate is more than one-

third higher than the U.S. total – 10.9% statewide versus 8.1% nationally.[15] Los Angeles County is slightly higher even with 11% unemployment.[16]
The spillover costs of the foreclosure crisis are massive. Tens of millions of homes – households where the owners generally have paid their mortgages on time every month – are suffering a decrease in their property values that amounts to hundreds of billions of dollars in losses.[17] In the 35th Congressional District, CRL projects that foreclosures will have a spillover effect on more than 215,000 surrounding homes, for a decrease of $3.38 billion in home equity. These losses, in turn, cost states and localities enormous sums of money in lost tax revenue and increased costs for fire, police, and other services. As property values decline further, the cycle of reduced demand and reduced mortgage origination continues to spiral downward.

II. A Brief Explanation Of The Meltdown.

Buying or refinancing a home is the biggest investment that most families ever make. For the vast majority of Americans, this transaction is often decisive in determining a family's future financial security. For this reason alone, prospective homeowners cannot be treated with a hands-off, caveat-emptor approach. But recent events have shown us the macroeconomic importance of affordable mortgages for homeowners. Rules of the road for mortgage lending are not just for the benefit of individual families, but for the benefit of the entire housing market and national economy.

A. Dangerous Lending Greatly Inflated The Housing Bubble, And The Resulting Foreclosures Are Magnifying The Damage Of The Bubble's Collapse.

A misalignment of incentives lies at the heart of today's mortgage meltdown.[18] Back in the days when families went to their local savings and loan to get a mortgage and the thrift held that loan among its own investments, the interests of borrowers and lenders were perfectly aligned: if the borrower did not pay the mortgage, the lender did not make money. But the proliferation of independent brokers and the growth of the secondary market upset that core alignment of interests between lender and borrower by creating a system where each actor was compensated early in the loan transaction, often within the first month of the loan term, thereby reducing or even eliminating any interest in how the borrower would fare with that loan down the road.[19]

At the height of the housing bubble, independent mortgage brokers originated the vast majority of subprime loans, receiving their compensation from lenders immediately upon brokering the loan. Those lenders then sold the loan into the secondary market within weeks, where it was bundled together with other mortgages and sliced and diced into mortgage-backed securities (MBS) that received AAA ratings from the rating agencies. During the current decade, the volume of subprime and Alt-A lending expanded tremendously as Wall Street securitized these loans and made virtually unlimited capital available to subprime lenders, with the riskiest loans providing the greatest returns. The facilitators of this process – the investment bankers, lawyers, and ratings agencies involved – were all paid their fees regardless of the performance of the MBS. Those securities were then sold to investors. At the same time, even more derivative products were layered on top of them, with credit default swaps – what Warren Buffet identified

as early as six years ago as "financial weapons of mass destruction."[20] – at the top of the pyramid.

This reckless lending spurred historically high home price inflation. The housing bubble expanded dangerously high in states such as California, Nevada and Florida. The massive inflation in home prices temporarily masked the long-term unsustainability of these mortgages, as homeowners whose loans reset to much higher rates were able to refinance those loans by borrowing against the new "equity" in their home. When borrowers expressed concerns about future payment increases, lenders routinely told them not to worry about it, since they could always refinance. Indeed, the seemingly continuous appreciation spurred a constant market for aggressive mortgage refinancing, further swelling the bubble.

The rest of the story is well known. The bursting of a housing bubble is always a painful economic event, but the effects of today's falling prices are severely exacerbated by millions of needlessly dangerous mortgages that have failed or are poised to fail. When homeowners could no longer refinance, these unsustainable mortgages turned into the massive foreclosures we are continuing to see today.

B. This Lending Binge Was Abetted By Regulators Who Ignored The Risks.

The great experiment in subprime and Alt-A securitization took place largely unhindered by any meaningful rules. Imagine a scenario where the most dangerous intersections have no traffic signals. When the police are asked to intervene, they decline, saying they don't want to stop the free flow of traffic. Meanwhile, the collisions keep piling up until the wreckage is a problem for everyone.

When advocates or lawmakers suggested strengthening oversight on the sector providing the riskiest home loans, the inevitable response was, "We don't want to stop the free flow of credit." Unfortunately, the ideology that lending should not be restrained at any cost infected most agencies, particularly the Federal Reserve under Chairman Greenspan,[21] who had the power to issue rules outlawing unfair and deceptive mortgages across the country, and the Office of Thrift Supervision. Today it is abundantly clear that the *lack* of common-sense rules—which should have been applied by agencies with specific duties to ensure safety and soundness in the market and protect families—has impeded the flow of credit beyond anyone's wildest imagination.

III. Voluntary Modification Efforts To Date Have Failed To Stem The Tide Of Foreclosures Due To Structural And Legal Barriers And Distorted Incentives.

A. The Limits Of Voluntary Modification Efforts To Date.

Despite encouragement by HOPE NOW, the federal banking agencies, and state agencies, voluntary efforts undertaken thus far by lenders, servicers and investors have not yet been sufficient to stem the tide of foreclosures. All available data consistently indicate that continuing foreclosures far outpace total loss mitigation efforts and that only a small share of loss mitigation efforts result in true loan modifications that are likely to result in sustainable loans. Moreover, servicers still face significant obstacles in making modifications. As a result, seriously delinquent loans are at a record high for both subprime and prime loans.[22]

In October, Credit Suisse reported that only 3.5 percent of delinquent subprime loans received modifications in August 2008.[23] Similarly, the most recent report from the State Foreclosure Prevention Working Group of Attorneys General and Banking Commissioners, which covers 13 servicers, 57% of the subprime market, and 4.6 million subprime loans, confirmed that progress in stopping foreclosures has been "profoundly disappointing."[24] Their data indicate that nearly eight out of ten seriously delinquent homeowners are not on track for any loss mitigation outcome, up from seven out of ten from their last report.[25] Even the homeowners who receive some kind of loss mitigation are increasingly losing their house through a short sale or deed-in-lieu rather than keeping the home through a loan modification or workout.[26]

What's more, when modifications and other workouts are made, they are frequently temporary or unsustainable, leading to re-default and placing homeowners and financial institutions in an even worse economic position than when they started. According to an analysis by Valparaiso Professor of Law Alan White, a national expert on foreclosure policy, of more than 3.5 million subprime and Alt-A mortgages (all securitized), only 35% of modifications in the November 2008 report reduced monthly payments below the initial payment, while 20% left the payment the same and *45% increased the borrower's monthly payment.*[27] HOPE NOW data is equally telling – a full 65% of workouts through January 2009 were repayment plans, and while the percentage of modifications has been increasing, data from 4Q 2008 continues to demonstrate that the majority of the HOPE NOW efforts rely on repayment plans,[28] which typically increase monthly payments by requiring financially burdened households to add previously unpaid debt to their current mortgage payments. The same story plays out in California as well, with HOPE NOW data indicating that foreclosure starts and foreclosure sales dwarf the number of workout plans, and repayment plans exceed slightly the number of loan modifications in the 3Q of 2008.[29]

Studies that track the results obtained by different types of modifications show that certain types of modifications are much more successful than other types. According to a recent Lehman Brothers analysis, rate reduction modifications result in a more significant improvement in performance than principal and interest capitalizations that add past-due amounts onto the balance of the loan.[30] Credit Suisse reports that when interest rates or principal are reduced, the re-default rate is less than half of those for these other modifications.[31] In a January 13 paper, Goldman Sachs concluded, "Principal writedowns are always more effective in reducing default rates than note rate reductions."[32] Finally, a recent OCC report suggests that modifications of mortgages held by a lender, rather than ones pooled into a mortgage-backed security, have been defaulting at lower rates, which further supports the notion that sustainable modifications can be made if obstacles to doing so can be overcome.[33]

B. <u>Obstacles to Modifications.</u>

A recent Federal Reserve Staff Working Paper identifies a number of obstacles that limit the scale of modifications.[34] These obstacles help explain why voluntary loss mitigation has not kept up with demand.

- *Servicer Incentives:* The way servicers are compensated by lenders creates a market-distorting bias for moving forward with foreclosure rather than engaging in foreclosure prevention. Servicers are often not paid for modifications, but are reimbursed for

foreclosure costs.[35] The Federal Reserve concludes, "Loan loss mitigation is labor intensive and thus raises servicing costs, which in turn make it more likely that a servicer would forego loss mitigation and pursue foreclosure even if the investor would be better off if foreclosure were avoided."[36]

- *Limited Servicer Staff and Technology:* With few but welcome recent exceptions, servicers have continued to process loan modifications through a labor-intensive, case-by-case review. While they have added staff and enhanced systems, the lack of transparent, standardized formulas has limited the number of modifications that have been produced.[37] Even when a servicer has a uniform methodology, the lack of transparency in the inputs to its net present value analysis, such as its selection of an appropriate discount rate, prevents borrowers and the public from properly evaluating modification decisions.

- *Second Liens:* Additional liens on a property pose a structural obstacle that is often impossible for servicers of the first lien to overcome. Between one-third and one-half of the homes purchased in 2006 with subprime mortgages have second mortgages,[38] and many more homeowners have open home equity lines of credit secured by their home. The holder of the first mortgage will not generally want to provide modifications that would simply free up homeowner resources to make payments on a formerly worthless junior lien, nor to modify a loan where there is a second mortgage in default. But as Credit Suisse reports, "it is often difficult, if not impossible, to force a second-lien holder to take the pain prior to a first-lien holder when it comes to modifications," thereby dooming the effort.[39]

- *Investor and PSA Concerns:* Servicers may shy away from modifications for fear of investor lawsuits.[40] While some Pooling and Servicing Agreements (PSAs) provide adequate authority to modify loans, these modifications may cause disproportionate harm to certain tranches of securities over other classes. Other PSAs include serious impediments to modifying securitized loans. For example, some limit the number or percentage of loans in a pool that can be modified.[41] Some impose modification costs on the servicers.

C. The Making Home Affordable Program Is A Great Improvement Over Earlier Efforts To Encourage Loan Modifications And Addresses Many Of The Existing Obstacles

The Administration's Making Home Affordable Program represents a significant step forward, one that is essential and long overdue. It includes concrete and pragmatic measures to counter the perverse incentives that have disconnected the interests of servicers from those of the borrowers and investors, and have led servicers to pursue foreclosure even where the homeowner could afford a loan modification that would produce greater returns for investors as a whole. The program recognizes that, without government action, relying on servicers and investors to voluntarily modify troubled loans does not work.

In particular, Making Home Affordable does the following to overcome the obstacles that have hampered significant loan modification efforts to date:

- *Servicer & Investor Incentives.* The program sets a standard to establish the basic requirements of a sustainable loan modification for troubled mortgages. The program aims to modify mortages so that the homeowner's first mortgage debt-to-income ratio (DTI) is no higher than 31% based on the homeowner's documented income. This ratio goes a long way to making sure that the loan is affordable, threby protecting both the homeowner and the investor (and the taxpayer) by lowering the risk of redefault. It incents servicers and investors to meet this standard by sharing the cost with investors: once the servicer gets the borrower to a 38% DTI, the government will provide an additional subsidy to help get to the more affordable 31% ratio. Servicers get a $1,000 up-front payment for each qualifying loan modification. An additional "pay for success" fee rewards homeowners for five years that the loan remains current and servicers for three years that the loan avoids default. Investors also get payments to compensate them for property value declines. These incentives will both encourage sustainable loan modifications and compensate servicers for the costs entailed.

- *Pre-Default Modification Incentives.* The program encourages lenders and servicers to work with at risk borrowers *before* they default, by providing $500 to servicers and $1,500 to investors for qualifying modifications made while the homeowner is at risk of default, but has not yet defaulted.[42]

- *Addressing Risks of Investor Lawsuits.* The program calls on Congress to provide a "safe harbor" to shield servicers from liability for loan modifications for failing mortgages where the servicer reasonably believes that the principal recovery under the modification has a net present value that will exceed the principal to be recovered through foreclosure.[43] H.R. 1106, passed by the House of Representatives, includes this provision, although it has not yet been passed by the Senate. Additionally, by providing industry standards for loan modifications, including affordability and net present value calculations, the program reduces the type of uncertainty that can bring about litigation risk.

- *Second Liens.* The administration has indicated its intent to deal with second liens. This plan will be crucial. We look forward to the release of Treasury's schedule of the payments it will make to buy off second mortgages at a steep discount to their face value. While many of these mortgages are virtually worthless, it is necessary to offer second lien-holders some incentive to cooperate in the modification of the first mortgage.

- *Judicial Modifications As Stick to Encourage For Servicer & Investor Modifications And Last Resort for Borrower.* Finally, the program calls on Congress to permit bankruptcy courts to implement an economically rational loan modification where the servicer or lender cannot or will not do so. The Bankruptcy Code has long empowered courts to perform this function for almost every type of debt, including mortgages on commercial real estate, investor properties and vacation homes, but currently excludes the mortgage on the primary residence alone. This provision also has passed the House of

Representative in H.R.1106, but has not yet passed the Senate. This legislation is an important component of the program and is necessary to any effort to meaningfully arrest the flood of foreclosures that have so impaired the housing and financial markets and the real economy.

So far, servicers have expressed support for the program, and the Chairman of the Mortgage Bankers Association, whose members include the major servicers, has expressed the view that servicers will participate.[44]

IV. Suggested Steps To Maximize The Program's Effectiveness.

Although the Administration's foreclosure-prevention program provides great promise, there are various measures that should be taken and various laws that should be passed to maximize the program's effectiveness.

A. Transparency

Treasury should require participating lenders and servicers to provide loan-level detail on the terms of the modifications they offer, both within the program and modifications made by participating servicers outside the program. Participating servicers should be required to report on the outcomes for homeowners rejected for modification under the program. This data should enable Treasury to measure servicer participation, evaluate success of modifications, identify areas for improvement, account for government obligations, provide a basis for informing state and local policymakers of mortgage-related trends in their jurisdiction, and ensure compliance with fair lending and other consumer protection laws.

Moreover, with a public increasingly demanding transparency and openness, Treasury should publicly disclose participation, modification, and success rates by servicer and also should make loan-level data available to independent researchers under common-sense protocols.

B. Monitoring

The success of the program will turn on: (1) the extent of servicer and lender participation; (2) the speed with which they modify loans under the program; (3) compliance with consumer protection and fair lending standards – both by complying with limits expressly articulated in the program rules and by not gaming the system to unfair advantage, such as by billing excessively large amounts for those fees that have not been prohibited; and (4) the sustainability of modifications under the program.

Treasury will need to monitor the program with these four concerns in mind and be prepared to intervene early to correct any problems that appear or make adjustments to enhance effectiveness and fairness. Treasury and Congress should be prepared to act quickly to provide any additional mechanisms needed in the event that voluntary participation by servicers and lenders falls short of the substantial participation needed to stabilize the housing sector. If the existing modification tools prove insufficient to generate modifications that are sustainable, they should be prepared to go a step further by focusing on reductions of principal.

C. Tax Fix.

The House should exempt any borrowers' loan forgiveness from taxation. We must not allow arbitrary tax rules to undermine the success of loan modifications. Under existing law, when a lender forgives part of a mortgage debt, some homeowners are required to pay taxes on the forgiven amount, while others are exempt. Specifically, mortgage debt forgiven on loans used to refinance, for debt consolidation or for relatively minor home repairs do not qualify for the exemption from taxes. This restriction is ironic, given that so much of the current foreclosure crisis was driving by refinancing and push-marketing that urged homeowners to take out mortgages for credit consolidation or home repairs.

Loan modifications that come with a significant tax burden are likely to sabotage homeowners who are already struggling, and will result in a waste of the time and expense invested in modifying the loan. We therefore urge Congress to simplify the existing tax rules and to eliminate adverse tax consequence for all mortgage debt that is forgiven.

Because one in five homeowners with mortgages is underwater, it is clear that the tax consequences of forgiveness in the context of short sales and principal write-downs from modifications will become an increasingly significant problem.[45] Significantly, solving this tax problem has been flagged as a priority by the IRS's Office of the National Taxpayer Advocate.[46]

D. Public Loan-Level Reporting Will Be Important To Ensure Compliance And Provide Transparency And Accountability.

Treasury should require participating lenders and servicers to provide loan-level detail on the terms of the modifications they offer, both within the plan and outside it, as well as on outcomes for homeowners rejected for modification. This data should enable Treasury to measure servicer participation, evaluate success of modifications, identify areas for improvement, account for government obligations, provide a basis for informing state and local policymakers of mortgage-related trends in their jurisdiction, and ensure compliance with fair lending, fair housing, and other consumer protection laws. To build confidence in the program, Treasury should publicly disclose participation, modification, and success rates by servicer and also should make loan-level data available to independent researchers under common-sense protocols.

V. Judicial Modification Is An Essential Part Of The Administration's Foreclosures Prevention Plan.

Lifting the ban on judicial loan modifications for primary residences is an essential component of the Obama plan. Judicial modification of loans is available for owners of commercial real estate and yachts, as well as subprime lenders like New Century or investment banks like Lehman Bros., but is denied to families whose most important asset is the home they live in. In fact, current law makes a mortgage on a primary residence the only debt that bankruptcy courts are not permitted to modify in chapter 13 payment plans.

This provision will provide a new avenue for reducing hundreds of thousands of foreclosures *without requiring any tax dollars*. Equally important, it will provide stronger incentives for loan servicers to offer effective loan modifications outside of court. Giving homeowners access to the courts means that voluntary private efforts to prevent foreclosures will work better. Moreover, paired with the comprehensive and well-thought-out modification plan, many fewer families will need to resort to bankruptcy.

We commend the House for passing H.R. 1106, the Helping Families Save Their Homes Act of 2009, and hope the Senate will quickly follow suit. By providing an alternative to foreclosure for homeowners whose servicers or lenders will not or cannot agree to economically rational modifications, the court-supervised loan modification provision will both provide an important last resort for homeowners with no other option, and increase the incentives for timely participation by lenders, servicers and/or investors. The provision also would supplement the "servicer safe-harbor" provision of the bill by providing "cover" for servicers, as investors could not recover damages for a modification that recovers at least as much as a court would order in bankruptcy.

Conclusion

There is no single solution to the challenges facing us today, but the Making Home Affordable Program is a significant step forward that has the potential to meaningfully mitigate the foreclosure crisis. Careful monitoring will be necessary so that any needed changes to the program can be identified and implemented promptly so that the crisis does not deepen. We hope the Senate will quickly pass the Helping Families Save Their Homes Act of 2009 to amend the Bankruptcy Code to enable judges to accomplish economically rational and sustainable modifications as called for by the program, and implement a "safe harbor" for services. We also urge Treasury to require detailed reporting to provide needed transparency and accountability that has been lacking.

---

[1] Ellen Schloemer, Wei Li, Keith Ernst & Kathleen Keest, "Losing Ground: Foreclosures in the Subprime Market and their Cost to Homeowners," Center for Responsible Lending (Dec. 2006), available at http://www.responsiblelending.org/pdfs/foreclosure-paper-report-2-17.pdf.

[2] For example, as late as 2007, the Mortgage Bankers Association continued to assert that subprime foreclosures would not damage the broader economy. In May 2007, the Association's then-Chairman John Robbins asserted: "As we can clearly see, this is not a macro-economic event. No seismic financial occurrence is about to overwhelm the U.S. economy." (Statement of John M. Robbins, CMB, Chairman, Mortgage Bankers Association at the National Press Club's Newsmakers Lunch, Washington, DC (May 22, 2007)).

[3] John M. Robbins, Chairman, Mortgage Bankers Association, Homeownership Preservation Summit, *available at* http://dodd.senate.gov/index.php?q=node/3870.

[4] Credit Suisse Fixed Income Research, "Foreclosure Update: Over 8 million Foreclosures Expected" at 3 (Dec. 4, 2008), available at www.credit-suisse.com/researchanalytics.

[5] Center for Responsible Lending, "Continued Decay and Shaky Repairs: The State of Subprime Loans Today" at 2 (Jan. 8, 2009) [hereinafter "Continued Decay"], available at http://www.responsiblelending.org/issues/mortgage/research/continued-decay-and-shaky-repairs-the-state-of-subprime-loans-today.html.

[6] Goldman Sachs Global ECS Research, "Home Prices and Credit Losses: Projections and Policy Options" at 16 (Jan. 13, 2009); *see also* Credit Suisse Fixed Income Research, "Foreclosure Update: Over 8 Million Foreclosures Expected" at 1 (Dec. 4, 2008).

[7] The total number of recorded Trustee Deeds for 2007 in California was 84,375, and the total number for 2008 was 235,976, based on combining the quarterly reports. *See generally* www.dqnews.com.

[8] The total number of Notices of Default filed in Los Angeles County was 73,454, and the total number of recorded Trustee Deeds for 2008 in California 2Q – 4Q was 38,043; unfortunately the 1Q number was not available. *See generally* www.dqnews.com (based on combining the quarterly reports).

[9] Mortgage Bankers Association National Delinquency Study (Mar. 5, 2009).

[10] First American Core Logic (Mar. 4, 2009).

[11] E. Scott Reckard & Peter Hong, "Obama Plan To Prevent Foreclosures Won't Help Many California Homeowners," *Los Angeles Times* (Mar. 6, 2009) (citing First American Core Logic), available at http://articles.latimes.com/2009/mar/06/business/fi-housing6?s=g&n=n&m=Broad&rd=www.google.com&tnid=1&sessid=89cf52053ae4eac3a39ebf9eae5db9b1f52e52d1&uuid=89cf52053ae4eac3a39ebf9eae5db9b1f52e52d1&pg=0&pgtp=article&eagi=&cat=finance+%26+insurance&page_type=article&exci=2009_03_06_business_fi-housing6

[12] *Id.*

[13] California has about 55-60% of all Option ARMs nationwide. CRL calculations, based on First American Core Logic, LoanPerformance Data provided by NY Fed (June 2008), available at www.newyorkfed.org/mortgagemaps/.

[14] Vikas Bajaj, "Housing Lenders Fear Bigger Wave of Loan Defaults," *New York Times* (Aug. 4, 2008), available at http://www.nytimes.com/2008/08/04/business/04lend.html?_r=1&scp=3&sq=option%20arm&st=cse&oref=slogin; Prashant Gopal, "The Next Real Estate Crisis," *Business Week* (June 5, 2008), available at http://www.businessweek.com/lifestyle/content/jun2008/bw2008065_526168.htm; Fitch Ratings, "Option ARMs: It's Later Than It Seems" (Sept. 2, 2008). Some data indicates that only 17% of Option ARMs originated between 2004 and 2007 were fully documented.[14] Given the prevalence of these products in the extreme bubble regions (California, Florida, Nevada), the almost complete failure to verify ability to pay strongly suggests that the 2004-07 vintages were, at best, "asset-based underwriting" – assuming repayment capacity would come from appreciation – or, more likely, were simply originated to generate more originations while the euphoria lasted. "Option ARMs: It's Later Than It Seems" at 5.

[15] "Unemployment in California: The Decline and Fall of the California Job Market" (Interactive Map), *Sacramento Bee* (Mar. 19, 2009), available at http://www.sacbee.com/1232/rich_media/1698037.html; Bureau of Labor Statistics, "The Employment Situation: February 2009" (Mar. 6, 2009), available at http://www.bls.gov/news.release/empsit.nr0.htm.

[16] "Unemployment in California: The Decline and Fall of the California Job Market" (Interactive Map), *Sacramento Bee* (Mar. 19, 2009).

17 "Continued Decay" at 3.

[18] For a much longer discussion of the roots of today's crisis, see Testimony of Eric Stein, Center for Responsible Lending, before the Senate Committee on Banking (Oct. 16, 2008), *available at* http://www.responsiblelending.org/pdfs/senate-testimony-10-16-08-hearing-stein-final.pdf [hereinafter "Stein Testimony October 2008"].

[19] Chairman Bernanke makes this point in a recent presentation: "Housing, Housing Finance, and Monetary Policy" at 16 – 17, remarks by Ben Bernanke, Chairman, Board of Governors of the Federal Reserve System at the Federal Reserve Bank of Kansas City's Economic Symposium – Jackson, Hole, Wyoming (August 31, 2007),

[20] Berkshire Hathaway Annual Report (2002).

[21] Alan Greenspan recently admitted, in testimony before the House Committee on Oversight and Government Reform, that he was mistaken to have relied upon the free market to regulate itself: "Those of us who have looked to the self-interest of lending institutions to protect shareholders' equity, myself included, are in a state of shocked disbelief." Edmund L. Andrews, "Greenspan Admits Error on Regulation," *New York Times* (Oct. 23, 2008), available at http://www.nytimes.com/2008/10/24/business/economy/24panel.html.

[22] *See* HOPE NOW Data for all periods, *available at* http://www.hopenow.com/upload/data/files/July%202008%20Industry%20Extrapolations.pdf.

[23] Credit Suisse Fixed Income Research, "Subprime Loan Modifications Update" at 2 (Oct. 1, 2008), available at http://www.credit-suisse.com/researchandanalytics [hereinafter "Credit Suisse Update"].

[24] State Foreclosure Prevention Working Group, "Analysis of Subprime Servicing Performance" at 2 (Sept. 2008), available at http://www.mass.gov/Cago/docs/press/2008_09_29_foreclosure_report_attachment1.pdf.

[25] *Id.* at 6.

[26] *Id.* at 7-9.

[27] Alan White, "Deleveraging American Homeowners: December 18, 2008 Update to August 2008 Report" at 2 Valparaiso University School of Law (Dec. 2008).

[28] HOPE NOW Alliance, "HOPE NOW Loss Mitigation Data July 07 to January 09," available at http://www.hopenow.com/upload/data/files/HOPE%20NOW%20National%20Data%20July07%20to%20January09.pdf (showing that 52% of 4Q 2008 workouts were repayment plans).

[29] Hope Now Alliance Servicing Data, 3rd Quarter 2008.

[30] Lehman Bros. U.S. Securitized Products Fixed Income Research, "The Loan Modification Story So Far" at 2 (Sept. 11, 2008).

[31] "Credit Suisse Update" at 1.

[32] "Home Prices and Credit Losses" at 19.

[33] *See* OCC and OTS Mortgage Metrics Report at 5-6 (Third Quarter 2008), *available at* http://occ.gov/ftp/release/2008-150a.pdf [hereinafter "OCC Report"]. We hope that the OCC will release disaggregated data, which we anticipate would show that when modifications reduce monthly payments and are made in accordance with the homeowner's ability to pay, these modifications are much less likely to redefault than modifications that do not reduce or even raise monthly payments.

[34] Larry Cordell, Karen Dynan, Andreas Lehnert, Nellie Liang and Eileen Mauskopf, "The Incentives of Mortgage Servicers: Myths and Realities" (Federal Reserve Staff Working Paper, Finance and Economics Discussion Series, 2008-46) [hereinafter "Myths and Realities"].

[35] *See* "Stein Testimony October 2008" at n. 30.

[36] "Myths and Realities" at 15.

[37] *Id.* at 3, 9, 23.

[38] Credit Suisse, "Mortgage Liquidity du Jour: Underestimated No More" at 5 (Mar. 12, 2007).

[39] "Credit Suisse Update" at 8.

[40] *See* Bajaj, Vikas and Meier, Barry, "Some Hedge Funds Argue Against Proposals to Modify Mortgages," *New York Times* (Oct. 23, 2008).

[41] *See* Credit Suisse, "The Day After Tomorrow: Payment Shock and Loan Modifications" (Apr. 5, 2007) (noting specific examples of PSAs with various modification restrictions, including 5% by balance, 5% by loan count, limits on frequency, and limits on interest rate).

[42] The refinance portion of the program also reflects the Administration's recognition that it is important to help borrowers take advantage of historically low interest rates who would otherwise be shut out of the refinance market due to property price declines. Thus, the program's refinance provisions permit borrowers whose loans are held or guaranteed by Fannie Mae and Freddie Mac, who have current loan to values over 80% and less than 105%, to refinance. This will help qualifying borrowers to stabilize their finances, reduce the possibility that they will default in the future, and stimulate the economy b/c of hundreds of dollars of savings per year. We believe that the Administration should investigate the possibility of increasing the eligible loan to value to 125% to help borrowers more severely underwater, and therefore more at risk of default, although we recognize that there are issues related to securitization to be considered and worked out.

[43] Helping Families Save Their Homes Act of 2009, sec. 201.

[44] *See* statements of Mortgage Bankers Association President and CEO John Courson, NewsHour with Jim Lehrer, "Public, Bankers, Analysts Debate Merits of Obama's Foreclosure" (Feb. 19, 2009), *available at* http://www.pbs.org/newshour/bb/business/jan-june09/foreclosures_02-19.html

[45] *See* Zillow, http://zillow.mediaroom.com/index.php?s=159&item=103; see also First American Core Logic http://www.housingwire.com/2008/10/31/76-million-borrowers-underwater-on-mortgages-study/

[46] National Taxpayer Advocate, 2008 Annual Report to Congress at 341, 391-96.

Testimony of Jazmin Faccuseh (designated by Evangeline Ordaz)
of the East LA Community Corporation
at the Subcommittee on Housing and Community Opportunity Hearing on
"The Housing Crisis in Los Angeles and Responses to Preventing Foreclosures and Foreclosure Rescue Fraud"
on Saturday, March 28, 2009 at 10 a.m. Southwest College, Los Angeles, California

East LA Community Corporation (ELACC) is dedicated to creating social and economic justice in the low income neighborhoods in and around East Los Angeles through affordable housing development, community organizing and economic opportunities for low income families.

Since 2007 when ELACC launched its foreclosure prevention program we have opened foreclosure prevention loan modification cases for over 500 families and provided phone counseling to hundreds more. We continue to see clients through weekly clinics and one-on-one foreclosure counseling, resulting in the prevention of foreclosures in many of our cases. But our work is complicated by 1) the prevalence of fraudulent foreclosure assistance services, 2) the worsening economic circumstances of our clients, and 3) the limitations on the Federal programs designed to respond to the foreclosure crisis.

1) Fraudulent Foreclosure Assistance

Problem: Over 50% of the families who come to our organization seeking help to prevent a foreclosure have paid thousands of dollars to fraudulent foreclosure assistance services. These services charge money up front and then do nothing. When the family finally realizes that they have been scammed it is often too late for a housing counselor to help.

Solution: We need legislation that heavily regulates private foreclosure prevention services. It should be a crime to charge money up front for foreclosure prevention services. Federal programs should require lenders to be extra sympathetic to their borrowers who have fallen victim to a scam and make extra effort work with the homeowner.

2) Worsening Economic Circumstances of Foreclosure Prevention Clients.

Problem: When we began our Foreclosure Prevention work in 2007, the vast majority of our clients were having difficulty with mortgage payments that increased when their ARM loan adjusted up. Today, our client's payment hardship is more likely the result of unemployment or other loss of income caused by declines in many business sectors. Even the Making Home Affordable Plan will not help in this situation since banks will not modify a loan where there is little or no income.

Solution: We advocate that banks follow the example of Citibank and institute long term forbearances of up to 12 months for homeowners who have become unemployed or suffered a significant loss of income. Citibank has recently begun offering 3 month forbearances and should be congratulated and encouraged to extend this forbearance time. At the end of a forbearance period that has allowed a homeowner to find a new job or otherwise recover financially the lender would be able to offer a reasonable loan modification.

Problem: With the collapse of the housing market our clients are on average underwater by a loan to value ratio of 150 to 175%, or more. This means that a home purchased for $450,000 two to three years ago is now worth at or around $250,000. This loan to value ratio makes homeowners ineligible for the Federally guaranteed re-finance Programs that only allow for a loan to value ratio of 105%.

Solution: Mandate banks to write-down principal where the write-down would enable the homeowner to re-finance into an affordable loan. Principal write-downs are in effect a "short sale without the sale." It is generally agreed that a foreclosure costs the bank on average $60,000. The bank can take this cost and not only preserve homeownership but prevent blight by writing down a mortgage by this amount. If they are willing to allow short sales, a principal write-down is no different. And principal write-downs recoup the bank far more money than selling a toxic asset for 38 cents on the dollar. So long as the home owner is still in the home and willing to pay on the mortgage the asset still has value and is far less toxic than an asset that has been foreclosed upon.

3) While the Making Home Affordable Plan will be helpful to many homeowners there are still issues it does not address.

Problem: The majority of loans are held by loan servicers who say they cannot be bound by this program. Servicers are bound by contracts with investors that limit their ability to modify loans.

Solution: Federal Soft-Second Loan Subsidy

For those situations where the lender refuses to either write down principal or defer principal the Federal Government should provide a soft second loan directly to the homeowner. CDBG funds have long been used to fund soft seconds for low-income first time homebuyers enabling them to purchase homes. This soft second subsidy for those in danger of foreclosure could be structured like the financing of the purchase of toxic assets. In exchange for lending money, rather than paying interest the homeowner could agree to share any future equity in the home at the time of sale. This type of government investment is no different than the program recently proposed by the Treasury Department where the Government would finance the purchase of toxic assets with an eye toward recouping and profiting from this investment when the value of the asset rose. By providing a soft-second subsidy directly to the homeowner, the Federal Government is making an investment that will prevent the creation of a toxic asset and will allow tax payers to profit at the time the home is sold for a profit. This bottom-up solution is cheaper and will go a long way to stop the creation of future toxic assets.

Thank you, for your time.

Written Testimony of Ralph D. Fertig, JD, ACSW
U.S. Administrative Judge (Ret.)
Associate Professor
University of Southern California
Graduate School of Social Work

Before the U. S. House of Representatives
Subcommittee on Housing and Community Opportunity

March 28, 2009.

Nature and Scope of the Problem

The current economic recession has driven tens of thousands of families and children into homelessness. The National Center on Family Homelessness estimates that in the course of a year, at least 1.35 million children are homeless. Some 41% of those sleeping on the streets, under bridges, in hallways and dumpsters throughout Los Angeles County are families and youth and 42% of children living with homeless parents are under the age of six.

Parents who are without housing are forced to place their children in unsafe and hazardous environments because of the lack of adequate, affordable housing for them and their children. Analysis of the Fragile Families database, comprised of at-risk families whose mothers have recently given birth, shows that among those families living below 50% of the poverty line, homelessness is related to having no housing assistance. Yet while many Departments of Public Social Services subsidize rent for families "at risk", they do not consider homelessness to constitute risk for the release of funds to house them.

The US Department of Housing and Urban Development (HUD) has estimated that 30 percent of homeless persons in families are unsheltered, due to the lack of shelter capacity for families in communities across the country.

This mismatch between shelter capacity and family need jeopardizes the safety and well-being of homeless children and their parents. According to the National Center on Family Homelessness, homeless children, in comparison to those who live in homes with their parents, are:

Four times more likely to have developmental delays;
Twice as likely to have learning disabilities;
Twice as likely to repeat a grade, often due to frequent absences and moves (28% of homeless children go to three or more schools in a single year).
Get sick twice as often. They have:
- Six times as many speech problems
- Five times more stomach problems
- Four times as many asthma attacks

Twice as many hospitalizations
Twice as many ear infections
They go hungry twice as often as other children.
20% of homeless preschoolers have sever emotional problems requiring professional care.
47% of homeless school-age children have problems of anxiety, depression, or withdrawal.

Every day, homeless children are confronted with stressful, traumatic events.

Within a single year:
97% of homeless children move, many three times;
Many are separated from their families, put in foster care or to live with relatives;
25% have witnessed violence within their families.

In addition to the more than 1,350,00 children and youth who experience homelessness each year, hundreds of thousands more live in substandard and overcrowded conditions placing them at heightened risk of illness, serious injuries, hunger and educational delays.

As many as 1.5 million additional persons, many of them families and youth, may become homeless in 2009 and 2010 due to the current recession.

The Cost of the Problem

The Office of the Inspector General of the U.S. Department of Health and Human Services (DHS) concluded that preventing a family from becoming homeless costs one-sixth as much as intervening once the family has become homeless.(U.S. Dept of Health and Human Services Office of the Inspector General (1990). Homeless Prevention Programs. Washington, DC: Author.)

As reported by Culhane, Parker,., Gross, & Sykes in *Accountability, Cost Effectiveness, and Program Performance: Progress Since 1998*, the cost for long-stay families in shelters ranged from $27,000 to $55,000 per family.

But there are greater costs to the child, the community, and public resources. Bantchevak, Bartle-Hering, Dashora, Glebova, & Slesnick in "Problem Behaviors of Homeless Youth: A Social Capital Perspective, " *Journal of Human Eccology,*23, 285-293 (2008) document how homeless youth, one of the most vulnerable and marginalized groups in our society are, by their inexperience, more subject to accelerated psychosocial problems. They are 69% more likely to develop problems of substance abuse, their high risk sexual behavior and will make them 71% more likely to contract HIV than non-homeless peers. 29 to 83% of homeless youth met the criteria for clinical depression and 75% reported involvement in criminal activity.

Child Welfare Agencies Involvement: Foster Care

The lack of affordable, permanent housing is the primary cause of family homelessness, and an influential factor in child welfare involvement among homeless families.

The doctrine of *parens patriea* mandates the state to intervene to protect children from abuse and neglect, resulting in states using Child Protective Services to place children in foster care. While such placements may be essential where the family is abusive or negligent, but does it apply to all families who are rendered homeless?

Every day, homeless parents are forced to choose between keeping their children – often infants below the age of five – on the streets with them or surrendering them to foster care.

Removal from their parents' care is traumatic enough; most placements are subject to numerous disruptions as children are moved from one foster home to another. Many studies report that when an attachment with a primary caregiver is disrupted, infants experience serious effective, behavioral, and social difficulties.

Harman Childs, & Kelleher in 2000 found that children in foster care were 3 to 10 times more likely to receive a mental health diagnosis, had 6.5 times more mental health claims, and were 7.5 times more likely to be hospitalized for a mental health condition than children on AFDC. Over 80% of foster care youths had developmental, emotional, of behavioral problems.

Wolanin, in Opportunities for Foster Youth (2005), reported that 46% of foster youth do not complete high school, And after aging out of foster care, 60% were unemployed.

Research reported in the *Child Welfare*, Special Issue on Housing and Homelessness, found that the average annual cost of keeping the average child welfare size family (2.7 children) in foster care amounted to $47,608.

This is more than three times the average cost of providing permanent housing with support services for a year = $13,412.

Nationally, Housing with Supportive Services would cost $16, 923,478 for that Foster Care population with Services for which we now pay $53,286,333. We could house children now in foster care with their families at a savings of $36,362,854 each year!

Once youth are in the foster care system, Child Protective Services are unlikely to reunite them with their natural parents who are homeless.

46 percent of youth placed in foster care do not complete high school and as a whole experience greater economic, social and behavioral problems and similarly less than 10 percent of foster youth (compared to 60 percent of the general population) obtain a college degree and 60 percent remain unemployed after high school.

Extensive studies have documented irreparable psychological harm to children removed from their parents and, as is usual in foster care, transferred from one foster placement to another, resulting in higher rates of illness, mental illness, delinquency, and crime.

The foster care experience may exacerbate emotional and behavioral problems since multiple placements are legion and each stay is tenuous, of uncertain duration. Moreover, foster parents often have little or no emotional ties to children placed with them and may be less likely to advocate necessary services to address their needs. It is always easier to move them along to another placement.

However, 30 percent of all youth in foster care could be reunited with their biological families if safe affordable housing were available to them.

Reunification rates are 50 percent lower for families that experienced a homeless episode during the 12 months immediately prior to foster care placement than reunification rates for their poor, housed counterparts.(Courtney, M., McMurtry, S.L., & Zinn, A. (2004). Housing problems experienced by recipients of child welfare services. *Child Welfare, Special Issue: Housing and Homelessness*, 83(5), 393-422)

One study found that delayed reunification due to housing problems cost an estimated $2.9 million, based on a delay of six months on average per case.(Kellam, S. (2001). When foster care and homelessness intersect. *ABA Child Law Practice*, 20(4), 50-55, citing a study in Toronto, Canada)

These studies demonstrate a clear need to develop programs that place an emphasis on keeping families together and facilitating housing retention and/or rapid rehousing ("housing first") into permanent, affordable housing.

These studies also demonstrate the need to increase the capacity of child welfare agencies, individually or through partnerships, to address the housing problems of the children and families they serve.

The strongest predictor of exits out of homelessness for families is receipt of subsidized housing.

The *Family Unification Program* (FUP) not only produced documented savings (compared to the cost of foster placement) but also resulted in an 88 percent retention rate among homeless families who were provided a FUP voucher. All the recently homeless families who retained their housing over a 12 month period, 90 percent of the families at risk of having a child placed in an out-of-home placement remained intact and 94 percent of families with children in foster care were reunited.

The Need to re-Prioritize Services for Homeless Children and their Families

No program currently combines the social work tasks overseen by the Child Protective Services and the housing-based resources provided by HUD with adequate funding and organizational authority to act in the placement and servicing of homeless children with their families.

Congress has asserted a commitment to protecting children from neglect and abuse by authorizing and appropriating funds for the Child Abuse Prevention and Treatment Act (CAPTA) of 1974, the Adoption Assistance and Child Welfare Act, of 1980 and the Adoption and Safe Families Act of 1997.

Children are not only homeless within a family unit, but also as unaccompanied youth.

Many homeless unaccompanied youth have also experienced child abuse and/or neglect and exhibit high rates of substance abuse and mental health problems.

Many homeless youth avoid shelters and other services because they fear being taken into the foster care system.

Youth who turn 18 or 21 and consequently "age out" of foster care often lack the financial, social and personal resources to live independently.

The Right of Children to Housing

In 1944, President Franklin Roosevelt declared that the U.S. had adopted a "second Bill of Rights," including the right to a decent home.

The U.S. signed the Universal Declaration of Human Rights in 1948, recognizing housing as a human right.

Over 3/4 of Americans believe that adequate housing is a basic human right, and 2/3 believe that government programs may need to be expanded to ensure this right.

The U.S. has signed and ratified the International Covenant on Civil & Political Rights (ICCPR), which states, inter alia, "the family is the natural and fundamental group unit of society and is entitled to protection by society and the State.

The Human Rights Committee in its 2006 review of the U.S. under the ICCPR, expressed concern about the disparate racial impact of homelessness on minority homeless populations and recommended that the U.S. "should take measures, including adequate and adequately implemented policies, to ensure the cessation of this form of de facto and historically generated racial discrimination."

The U.S. signed the International Covenant on Economic Social and Cultural Rights in 1977 and the Convention on the Rights of the Child in 1995 and is therefore committed to uphold the object and purpose of these treaties, including the right of children to adequate housing.

The Istanbul Declaration on Human Settlements, signed by the U.S. in 1996, recognizes the right to adequate housing and the particular needs of children and youth for safe, healthy and secure living conditions.

Based on all these factors and reasons, we, students and faculty in the School of Social Work of the University of Southern California, for whom I have been invited to speak, call upon the House of Representatives to:

(1) affirm that protection of the family unit is a basic human right in line with our American values.

(2) recognize that all Americans, in particular children, have a basic human right to adequate housing.

(3) recognize the significant harms and costs that homelessness poses to American children and youth, family life and values, and to American society.

(4) recognize the unacceptably large number of children and youth in the United States who yearly experience homeless, often due simply to their families' inability to find affordable housing.

(5) recognize that foster care placement for homeless youth is an inadequate, possibly damaging and expensive substitute for assistance in retaining and/or obtaining affordable housing, for families whose separation, whether initial or ongoing, is primarily due to a lack of stable permanent housing.

(6) call upon HHS and other federal agencies serving foster children to prioritize providing homeless children with service infused permanent with their parent(s) over foster care placements when such placements would be made for economic reasons.

(7) support the expansion of rental housing assistance programs to serve families at risk of homelessness, and the adoption of policies to encourage state and local public housing authorities to create or expand set-aside voucher programs for homeless families and youth, including partnerships between homeless services system and mainstream systems such as child welfare and foster care.

(8) call upon HUD and the Interagency Council on Homelessness to create concrete goals and timelines that aim to specifically end child and youth homelessness in the United States of America.

(9) support the strengthening of educational access and stability for homeless children and youth through the reauthorization and the full funding of the education title of the McKinney-Vento Homeless Assistance Act.

(10) support removing regulatory restrictions to enable shelter funding, including hotel vouchers, to be used for alternative shelter models, particularly the masterleasing of apartments from private landlords, in order to reduce the unsheltered homeless family population.

(11) support the creation of projects that provide services to parents and other caretakers concerned about youth's behavior to prevent possible homelessness.

(12) support the inclusion and expansion of homelessness prevention funding in future federal economic stimulus packages.

(13) support requiring a portion of future Neighborhood Stabilization Program funds be used to convert foreclosed multi- and single-family properties to affordable rental housing and emergency shelter units.

(14) support the development and implementation of programs at federal, state, and local levels, that unite housing agencies with child protective services to provide service-infused congregate housing for unaccompanied older youth for whom reunification with their family would not be in the best interests of the child.

(15) reaffirm the commitment made by the U.S. in signing the Istanbul Declaration on Human Settlements "to the full and progressive realization of the right to adequate housing". and

(16) affirm that wherever it is in their best interests, children have a right to be housed with their families

---

RALPH DAVID FERTIG
927 Thayer Avenue
Los Angeles, CA 90024
(310) 474 3815 ; rfertig@usc.edu

FORMAL EDUCATION

The University of Chicago, **B. A.**

Columbia University, **M.A.** in Sociology; thesis on "A Survey of Relations Between Negroes and Jews." **Thesis advisor: C. Wright Mills.**

The University of Chicago, ABD for **Ph. D. in Sociology**
Research Assistant to Louis Wirth, Committee on Education, Training & Research in Race Relations; Received Grant from Institute for Juvenile Research for work on street gangs

University of Illinois, Jane Addams School of Social Service **studied social welfare**

American University: **studied part time for Ph.D. in Government and Public Administration,**

The School of Law of the University of California, Los Angeles, **J. D.**
President, Student Bar Association, Moot Court Honors Program; Director of the Law Revue, (student/faculty musical production)

UCLA School of Architecture and Urban Planning, ABD, **Candidate for Ph. D.**
Received Auerbach Fund Grant, wrote Coming of Age in the City

ACADEMIC EXPERIENCE

2004 - Associate Professor, USC Graduate School of Social Work: Chair Social Welfare Policy sequence; teach Social Welfare Organization, Industrial Social Work, Social Work & Law; and Social Welfare Policy.

2003 - 2004 Clinical Assistant Professor, USC School of Social Work: taught Social work History, Social work Policy, Industrial Social Work, Social Work & Law.

2002 - 2003 Adjunct Instructor, USC School of Social Work: taught Social Work History and Social Welfare Policy.

***1989 - 1997:* Taught at UCLA** Extension: Workers' Rights: Current Legal Perspectives

***1988 - 1998:* Taught at Peoples College of Law: Property, Human Rights, Law of Politics; Employment Law.**

November, 1986: Lectured at Beijing University: Sociology.
1978 -79: Taught part time, University of Southern California: Public Administration

1971-73: Taught part-time: Federal City College: Urban Planning

1966-68, Taught part-time: Georgetown University: Sociology;
Project Director, "Georgetown University New Careers Training Program"

1965-66: Coordinated training, University of Maryland: community development for the Peace Corps, and social services for Operation Headstart

1961-62: Executive Assistant, American Foundation on Continuing Education, Chicago: in charge of case studies and trade union education

1960-62: Taught part time: University of Indiana, Gary Center: Sociology

1960-63. Taught summer sessions: University of Illinois Institute of Labor and Industrial Relations, Urbana, Ill."Men & Labor"

OTHER WORK EXPERIENCE

1995-99: Federal Administrative Judge (Civil Rights).

1988-95: Supervising Trial Attorney ("Civil Rights") for the United States Equal Employment Opportunity Commission, Los Angeles District.

1980-88: Managed a private law practice.

1977-79: Chief Executive Officer, Nexus Action, Inc.

1976: Special Assistant to the Chair of the House Committee on Banking, Currency, and Housing, U..S. Congress

1973-76: Executive Director, Greater Los Angeles Community Action Agency: managed this joint powers agency of Los Angeles City and County, the nation's largest local anti-poverty program.

1968-73: Executive Director, Metropolitan Washington Planning and Housing Association; directed citizen advocacy organization for equal housing; *Washington Post* Editorial cited me as "the conscience of Washington."

1962-67: Executive Director, *The* Washington Welfare Association'; managed comprehensive social services agency for Southeast quadrant of Washington, DC. (cited by Sen. Robert Kennedy for outstanding social work in National Capital area)

Also, during this period, served as Consultant to federal agencies:

The Office of Economic Opportunity, to aid *Community Action Programs, Neighborhood Youth Corps, VISTA, Job Corps,* and *Headstart*

The Peace Corps, to initiate community development training programs for Central America; taught and wrote training manual.

Department of Health, Education, and Welfare, to establish systems to evaluate effectiveness of assorted programs, nationwide.

Department of Labor, to help develop the "Concentrated Employment Program" in target cities.

Department of Housing and Urban Development: developed model for re-structuring entry-level municipal jobs on career-ladder; also proposed revisions to "Model Cities" Programs.

1959 - 61: Community Unit Director, Programs Analyst, and Research Director, Chicago Commission on Youth Welfare.

1957-59: Program Director, Gads Hill Center, Chicago.

1955-57 Street club worker, Hyde Park Youth Project, Chicago

1955-56: President, Compass Tavern (co-founded Second City)

1952-55: Research Assistant, University of Chicago Sociology Department

SELECTED PUBLICATIONS

BOOKS

One Hundred Years of Social Work at USC: University of Southern California School of Social Work, 2007.

Love and Liberation: When the Jews Tore Down the Ghetto Walls: **An Historic novel; Writers Club Press; 2001. (a LOS ANGELES TIMES "best seller."**

Peace Corps' Community Development Handbook: **University of Maryland, 1967.**

Men and Work: **An anthology and commentary on the nature of work; published by the University of Illinois School of Labor and Industrial Relations, 1963.**

A Survey of Relations Between Christians and Jews in Chicago: **Master's Thesis, Columbia University Department of Sociology (C. Wright Mills, Advisor), 1952.**

Contributing Editor and Consultant to *Civil Rights Chronicle*, published in November, 2003.

CONTRIBUTION APPEARING IN AN ANTHOLOGY OR JOURNAL

Moderately Priced Housing Without Subsidy: The MPDU Proposal **(co-written with Robert Cassidy) in PLANNING, the Magazine of the American Society of Planning Officials, May, 1973**

Reaching Rejected Youths **in Haimowitz & Haimowitz, HUMAN DEVELOPMENT: SELECTED READINGS, Thomas Y. Crowell Co., 1960.**

Challenge to the U.S. Anti-Terrorist Act of 1996 **in KURDISTAN REPORT, No.27:September/November, 1998 Special Issue.**

Issuing a Decision Without a Hearing in Employment Discrimination Cases of Federal Employees **in FEDERAL EQUAL OPPORTUNITY REPORTER, Vol. 96, Issue 22, September 24, 1996.**

Ismail Besikci Lingers in Jail for Speaking out on the Rights of the Kurds **in KURDISTAN REPORT, No. 22: September/ October, 1995.**

The Current Conflict Between Turkish Armed Forces and the Kurds of Southeast Anatolia **in PROTOCOL, Vol. III, No. 4: December, 1991 (translated into 14 languages).**

Human Rights Abuses by the United States, **in PROTOCOL, Vol. II, No.3: Feb, 1990.**

Urban Aid Often Aids Abuses Instead **in LOS ANGELES TIMES, Op-Ed, Oct.4, 1978.**

The Environment, the Economy and the Excluded **in SIERRA CLUB BULLETIN, June/ July, 1977.**

PUBLISHED RESEARCH PAPERS

U.S. Arms Trade with Turkey Violates U.S. and International Law **for Lausanne Conference, Switzerland, July 24, 1998.**

Human Rights Law and the Rights of the Kurds**, for International Conference in Rome, Italy, July, 1997**

The Geneva Protocols and Liberation Struggles**, for International Conference on North West Kurdistan, Brussels, March 13, 1994**

Coming of Age in the City**: University of California, Los Angeles, School of Architecture and Urban Planning (Published as an Ernest Auerbach Systems Building & Housing Research Paper), 1978**

Reaching, Redirecting, and Research with Youth: **The Hyde Park Youth Project of the Welfare Council of Metropolitan Chicago, November 7, 1956**

AWARDS OF DISTINCTION

ELEANOR ROOSEVELT AWARD (AMERICANS FOR DEMOCRATIC ACTION) for lifetime of civil rights work, 2001.

JANE ADDAMS AWARD (USC SCHOOL OF SOCIAL WORK) for outstanding teacher of the year, 2003

GEORGE D. NICKEL AWARD (CALIFORNIA SOCIAL WELFARE ARCHIVES) for outstanding professional social service, 2004.

CLARENCE DARROW AWARD (PEOPLES COLLEGE OF LAW) for outstanding legal work advocating social justice, 2000.

CITED BY THE EDITORIAL BOARD OF THE WASHINGTON POST AS "THE CONSCIENCE OF WASHINGTON" EDITORIAL, JULY 24, 1973.

CURRENT COMMUNITY ACTIVITIES

President, Humanitarian Law Project/ International Educational Development (A non-governmental organization with consultative status to the United Nations Human Rights sub Commission).

Advisory Board, City of Los Angeles Human Relations Commission

Advisory Board, LAMP Community, Los Angeles

Advisory Board, Los Angeles Coalition to End Hunger & Homelessness

Vice President, Southern California Chapter of Americans for Democratic Action

Board member, Americans for Peace Now

* * *

Board President of Peoples College of Law, 1996-1998

Chapter President, National Association of Social Workers, Greater Washington Area, 1964-66

President, Americans for Democratic Action: Southern CA. Chapter (1976-1981); Greater Washington Chapter (1969-1972), National Executive Board Member (1962-2002).

Democratic Party: Represent 42nd Assembly District in the California State

Democratic Party; Delegate, 1968 & 1980 National Conventions.

History of civil rights activism in CORE, SNCC, NAACP, as Freedom Rider and organizer. Arrested in Selma, Ala. where, under Ku Klux Klan goading, white prisoners broke my ribs but not my spirit.

Served as member of Leadership Conference on Civil Rights, helped organize "March on Washington" and lobbied for civil rights legislation in Washington, DC.

Listed in *Who's Who in American Community Leaders; Who's Who in the West; Who's Who in California; Who's Who in Law; Who's Who in American Political Leaders*; and *Madison's Who's Who.*

The Honorable Maxine Waters
Chair, Congressional Housing Subcommittee & Congressional Financial Services Committee

United States House of Representatives
2344 Rayburn House Office Building
Washington, D.C. 20515-0535

10124 South Broadway, Suite 1
Los Angeles, CA 90003

March 25th, 2009

Dear Congresswoman Waters,

Please accept the following in support of the resolution you'll be proposing to establish children's right to housing, and to ensure the maximum effort in keeping those children housed with their families of origin:

As Foundation (first) Year Social Work students and MSW candidates, we are currently galvanizing our own efforts to document and inform others of the value and work of your current legislative contribution to beat back homelessness. We offer to you here, a brief summary of how we are putting forth that effort. Within our policy class, we are currently organized as a dual-function group of four organized as shown. It is our goal to tell the story and attest to the needs of individuals like those we've already encountered in initial filming, such as the post-adolescent survivor of brutal group home conditions, the single father and child, and the countless agencies working to provided safe coping and alternatives to myriad displaced youth, all of whom share at least one thing in common - the injustice of homelessness.

Strategy: The Advocacy and Communications Team will harness interpersonal (human) and multi-media (technological) enablers to generate wide-spread knowledge and empathy for the plight of the Los Angeles area homeless community. This effort will be oriented especially towards the impact of homelessness on children and families, focusing on how it has fragmented numerous family units from past to present.

Analysis: Whereas change efforts may be undermined and upset by lack of continuity and coordination - or outright conflict - between separate agencies, or even departments of the same agency, synchronization of plans and actions will increase the likelihood of receptiveness to 'Client' testimonials, student and lawmaker appeals, and finally, approved legislation. The directed joining of Advocacy and Communications Teams within each SOWK 535 class section, and the recently approved linking of these joined teams across 535 class sections, provides a crucial defense against such disconnects.

Advocacy team: The focal point of the Advocacy effort is in formal written appeals to regional NFP agencies and other human and social service proponents. This effort is

synchronized with Legislative Team letter writing, for consistency in message content and formatting. The long-term work of the Advocacy Team is in establishing contact with agencies based on identified/potential PIE Client Testimonies.

Communications team: The focal point of the Communications effort is in documentation of both testimonials of the displaced for presentation to regional NFP agencies, other human and social service proponents, legislators, and voters. This effort is synchronized with PIE and Legislative Teams (and informed by Resource Team) for consistency in message content and formatting, and enforcement of confidentiality. The long-term work of the Communications Team is in promoting the message and spirit of the proposed legislation with concerned/invested parties through portrayal of identified/potential PIE Client Testimonies.

Timeline: Our team will be conducting work across the following five phases: Preparation, Launch, Coverage, Summary, and Presentation.

Thank you for your consideration of our efforts, in support of yours. We wish you the best in this latest, shared endeavor.

Respectfully,

Advocacy & Communications Team
(Social Work 535, Section 60429)
USC School of Social Work

The Honorable Maxine Waters
Chair, Congressional Housing Subcommittee & Congressional Financial Services Committee

United States House of Representatives
2344 Rayburn House Office Building
Washington, D.C. 20515-0535

10124 South Broadway, Suite 1
Los Angeles, CA 90003

March 25th, 2009

Dear Congresswoman Waters,

Please accept the following in support of the resolution you'll be proposing to establish children's right to housing, and to ensure the maximum effort in keeping those children housed with their families of origin:

As Foundation (first) Year Social Work students and MSW candidates, we are currently galvanizing our own efforts to document and inform others of the value and work of your current legislative contribution to beat back homelessness. We offer to you here, a brief summary of how we are putting forth that effort. Within our policy class, we are currently organized as a dual-function group of four organized as shown. It is our goal to tell the story and attest to the needs of individuals like those we've already encountered in initial filming, such as the post-adolescent survivor of brutal group home conditions, the single father and child, and the countless agencies working to provided safe coping and alternatives to myriad displaced youth, all of whom share at least one thing in common - the injustice of homelessness.

Strategy: The Advocacy and Communications Team will harness interpersonal (human) and multi-media (technological) enablers to generate wide-spread knowledge and empathy for the plight of the Los Angeles area homeless community. This effort will be oriented especially towards the impact of homelessness on children and families, focusing on how it has fragmented numerous family units from past to present.

Analysis: Whereas change efforts may be undermined and upset by lack of continuity and coordination - or outright conflict - between separate agencies, or even departments of the same agency, synchronization of plans and actions will increase the likelihood of receptiveness to 'Client' testimonials, student and lawmaker appeals, and finally, approved legislation. The directed joining of Advocacy and Communications Teams within each SOWK 535 class section, and the recently approved linking of these joined teams across 535 class sections, provides a crucial defense against such disconnects.

Advocacy team: The focal point of the Advocacy effort is in formal written appeals to regional NFP agencies and other human and social service proponents. This effort is

synchronized with Legislative Team letter writing, for consistency in message content and formatting. The long-term work of the Advocacy Team is in establishing contact with agencies based on identified/potential PIE Client Testimonies.

Communications team: The focal point of the Communications effort is in documentation of both testimonials of the displaced for presentation to regional NFP agencies, other human and social service proponents, legislators, and voters. This effort is synchronized with PIE and Legislative Teams (and informed by Resource Team) for consistency in message content and formatting, and enforcement of confidentiality. The long-term work of the Communications Team is in promoting the message and spirit of the proposed legislation with concerned/invested parties through portrayal of identified/potential PIE Client Testimonies.

Timeline: Our team will be conducting work across the following five phases: Preparation, Launch, Coverage, Summary, and Presentation.

Thank you for your consideration of our efforts, in support of yours. We wish you the best in this latest, shared endeavor

Respectfully,

Advocacy & Communications Team
(Social Work 535, Section 60429)
USC School of Social Work

Written Testimony to the Congress of the United States House of Representatives Committee on: House Resolution that calls for the housing of homeless children with their families (whenever appropriate). Introduced and addressed by Congresswoman, Maxine Waters.

Submitting: An interview with a homeless single mother with children in the community

Submitted by: Monique Chubbs: MSW Students at USC, School of Social Work
Under the support and guidance of Ralph D. Fertig, JD, ACSW
U.S. Administrative Judge (Ret.)
Clinical Associate Professor
University of Southern California
School of Social Work

3/25/2009

An interview with a homeless single mother with children in the community

Transcribed Interview
Interview Date: Feb 24, 2009 (?)

Background Information
*32 years old
*African American
*single, never married
*2 daughters (5years, 19months)
*currently residing at the Weingart Center

Please note that this interview was not audio or video recorded. Interview is paraphrased

Do you consider yourself homeless? If so, why or if not, why not?

Yes, I do consider myself homeless because I have nothing permanent. Weingart is just transitional. I'm homeless because of the poor choices that I made. Using drugs and alcohol. I first drank alcohol when I was 16 years old and then everything just got worse. I smoked weed from time to time, but I didn't use cocaine until I was 27. But, I have been clean and sober since July 4, 2008. I have nothing to hide and I am keep it real.

How long have you been homeless?

Off and on for about five years. I've stayed in missions, shelters, slept on the street, and with my mom sometimes. I have slept in the midnight mission courtyard and now I am here at the Weingart. I am educated and sometimes people think how did I get here. I went to college and have my paralegal degree. But, I just gave up on myself and didn't care about myself anymore. But, now I'm back!

Where were you living before? How long did you live there? Why did you leave the last place you were living?

I was born and raised in Inglewood, Ca until the age of 8. Then my mother and I moved to Washington State. This is where I went to undergraduate. When we lived out there my mother and I were actually homeless because of financially situations. We lived in a shelter until we were able to move back down to Inglewood. We stayed with aunt and uncle when we came back and everything was good until I met another addict and started using again. We moved back about 3 years ago.

I actually started using with J's father (5 years old). He was dabbling with cocaine and he introduced me to it. It was really curiosity that made me use.

What would have been helpful to keep you housed?

If I didn't use drugs. My kids were staying with their grandmother. I didn't really care what people thought of me then.

Do you still have custody of your children?

My mother has legal guardianship of the kids right now. I voluntarily gave her custody. I am not giving them away. She was having too hard of a time taking the kids to the doctor and other appointments, and she couldn't do all these things without legal guardianship. The doctors would turn the kids away when she didn't have guardianship. I gave my mother custody about 2-3 years ago.

What does an average day look like for you?

I'm a early riser. I wake at 7am at the latest. Throughout the whole day I am attending appointments and meetings. I attend the Matrix Aftercare (substance abuse program), mental health appointments, housing appointments, job clubs, life skills, vocational rehab, CA and NA meetings.

For the kids?

The kids stay with my mother, but I know that for J (5 years) she gets up and goes to school until 1pm. My mother is on SSI so she actually stays at home with L (19 months). She also gets money from taking care of the kids.

Where do your children sleep?

My mother lives in a townhouse.

You?

At the Weingart Center.

If you use a shelter, which ones? Any preference?

Currently live at the Weingart, and really like it here, but I have no preference on other shelters.

Where do you access services (i.e. food, clothing, health care, job search, transitional housing, and mental health/substance abuse treatment?)

Weingart, this place is amazing. I also get a lot of my services from Downtown Mental Health, vocational rehab, Midnight Mission and Union Rescue Mission.

How do you get to those services?

I use public transportation and my fiancé takes me some places sometimes.

What would help you achieve the best/ most desired place for you to live?

My ultimate goal is to own a home with my kids and fiancé. It really is not about money for me, but family and love. I need to make sure God stays in our lives and I continue to do what I am doing by staying clean and sober. This is all for the betterment of my children.

What obstacles do you face in obtaining regular housing?

I have a misdemeanor on my record due to domestic violence. I was in violent relationships with both of my kids fathers. I would get in trouble because they would say that I started the fights, that I hit them, or even if I just fought back. Then both of us would get arrested. One time we got arrested and then we got kicked out of our place because of neighbor's complaining and management complaining. I was really hurt behind all of this. All of this made me a really angry, frustrated, bitter, and insecure person. But, God has a purpose for my life.

In a few words, how would you describe homelessness in Los Angeles?

It's sad! It's sad and disappointing that people don't want to reach out more to people on the streets. It's sad because people on the streets don't want to try harder. They don't realize that lying down out there on the streets is laying down on their lives.

In your opinion, what are the primary myths/stereotypes about homelessness?

That people want to be homeless and that people choose to be homeless. There are smart people on the street. They have just run into a hard time and had some traumatic experiences. I don't like when people just come down here and try to help to just be seen or get something written off their taxes. It is not a true act of sincerity. We can tell the difference when people really want to be down here and when its just for a show.

In your opinion, whose responsibility is it to meet the needs of homeless individuals/families?

Some of the responsibility belongs to the government and homeless people need to help themselves too. There are things that cause people to be homeless and these

needs need to be addressed by the government. So that people don't have to go through this. Everyone needs to be accountable!

In your opinion, what are the main causes and/ or conditions that lead to homelessness overall?

Loss of jobs, rape, drugs, traumatic experiences. But, when somebody comes down here and helps us it gives me faith in myself. We need somebody to support us because it makes it a little more easier.

Is there anything else you would like to say to me in relation to this project?

Just please help us more! We need help to become self suffienct people. Some people have fear or are embarrassed. So just reach out to them. We want to know that people care.

Service Name	Service Provider	Contact Info	Size	Bed Beds	Length of Stay	Selection Criteria	Restriction	Services Provided	Restrictions
Emergency Shelter & Transitional									
[illegible]	[illegible]	[illegible]	9	15	6-12	Must meet homeless conditions Referred from a treatment shelter Ad mental assessment	Cost dependent services	shelter, counseling, and referral services recovering from substance abuse	Must be a legal resident or at least 1 adult house one Children under the age of 17 allowed
[illegible] Health Center	[illegible]	[illegible]	2	Shelter: 3 beds Transitional: 3 beds	[illegible]	Drug - age 18-25 yrs Alcohol 18-25 yrs	Cost based transitional stays	Drop In Center - Intensive services, building facilities grooming, showers, telephone Transitional - Independent living skills	Homeless youth. The shelter can serve pregnant women with recent substance abusers in crisis
[illegible]	[illegible]	[illegible]	[illegible]	18-12		Participants are referred through assessment, must be through interview and application		Shelter, Transitional Stays - Case Management counseling, job and life skills education	Women between 18-21 years of age Children are allowed but limited of 2, they must be under 12 yrs of age Substance abuse free for a year of 21 employed, or receiving public assistance
Los Angeles Women Network		[illegible]	1	Shelter: 17 beds Full 18 year to beds Shelter and Home: 4 beds	90 days 90 days 1 year	Homeless between the age of 12-17yrs DV victim between the age of 18-19	No fees of 50 a month can be made	shelter, case management, independent living	
[illegible]	[illegible]	[illegible]	6	Shelter: 6 beds Transitional living depth: 20 beds	2 weeks 1 yr	Shelter must be within 12-17 yrs ILP: 17 months, 18-21 yrs males & females Transitional Must be referred by DYS or be Shelter For ILP must be in DCFS		Case management, life skills, counseling meals, shower facilities, free tokens, telephone services	No pregnant females
Center for the Family, Inc.		[illegible]	6	Unlimited	DV: Master 1 day Transitional	Emergency, Women & family in crisis For the transitional program must be referred by counselor or social service agency		Case management, counseling, resource advocacy TRO assistance, emergency and transitional shelter	shelter accepts male children under age of 17 women with substance abuse, mental illness, or physical or behavioral problems must be all sex with shower
[illegible]		[illegible]	4	27 beds	DV: Shelter 30 days	Battered women fleeing DV will DV victim agreement long waiting period			Must take a 90 day leave of absence from their jobs
[illegible]		[illegible]	6	48 beds	Venue 180 days	18 yrs old for shelter stayer 21 yrs TH required must be legal residents Must be homeless	Cost varies by the program	case management, counseling, DPSS and SSI advocacy	Women and families w/ children must be 18 yrs or older pregnant or had employment w/ in 90 days of stay
[illegible]	[illegible]	[illegible]	6	[illegible]	[illegible]	Homeless youth 18 to 24 yrs Homeless pregnant or teens with children & case management		shelter, counseling, advocacy, legal services medical care transitional shelter for	
[illegible]	[illegible]	[illegible]	Shelter: 6 to 22 Transitional: 6	Shelter: 6 beds Transitional: unknown	1 yr	Needs for assessment, ID mentioned Proof of income required	[illegible]	case management, support grps, public benefits advocacy counseling and job training	children due, have VA ins and vouchers, pets all sex residents must be employed or seeking employment
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]				Can accommodate families with children male & females
Transitional Shelter									
Shelter Name	Service Provider	Contact Info	Size	Bed Beds	Length of Stay	Selection Criteria	Restriction	Services Provided	Restrictions
[illegible]	[illegible]	[illegible]	[illegible]	1 - Medical Facilities	[illegible]	single male and children, boys to 18	Case management services		
[illegible]	Domestic Violence Transitional Shelter	[illegible]	5	Agency Needs	24 months	Women and children victims of domestic violence	Case management	Born under 18	DV - Referral must be from emergency housing. Must be over from purpose born 18-39 days
[illegible]	Domestic Violence Transitional Shelter	[illegible]	5	18	[illegible]	Men has Kids - Born under 18	counseling, case management	Case management	
[illegible]	Domestic Violence Transitional Shelter	[illegible]	5	15 beds	30-45 days	Women and children victims of domestic violence			Maximum age for boys 10 yrs, girls 17yrs
Youth Transitional Shelter									
Shelter Name	Service Provider	Contact Info	Size	Bed Beds	Length of Stay	Selection Criteria	Restriction	Services Provided	Restrictions
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	women and children		18 or women and children not together after primary [illegible]
[illegible]	[illegible]	[illegible]	[illegible]	15 beds	[illegible]	[illegible]	pregnant women and children pets		maximum children women w/ disabilities mentally ill
[illegible]	[illegible]	[illegible]	[illegible]	36	[illegible]	[illegible]	[illegible] women and children		no pets
[illegible]	[illegible]	[illegible]	[illegible]	30	[illegible]	Shelter	single men, women, women w/ children		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible] women		[illegible] age 11-17
[illegible]	[illegible]	[illegible]	[illegible]	30	[illegible]	[illegible]	[illegible] youth [illegible] women		[illegible] women women under 18 [illegible] [illegible] youth [illegible] through 9 years are accepted
Parkside Services Outreach	Parkside Services Outreach	[illegible]		30 days [illegible]					
[illegible]	[illegible]	[illegible]	[illegible]	25	[illegible]	Shelter	[illegible] and [illegible]		[illegible]

SOUTH LOS ANGELES AREA	Agency Provider	Contact Info	Cost	# of Beds	Length of Stay	Selection Criteria	Restrictions	Services Provided	Restrictions
Alabaster Home	209 W. 53rd St Los Angeles, CA 90037 323-234-3554		dependent varies with what our situation is the day we move	NA	and over 30 days	must be sober at intake		referrals, sober living home	sobriety and commitment with 90-9
American Philanthropic Association - Office Of The Valley Shelter	8311 S. Western Ave., Los Angeles, CA 90047 323-753-1900		20% of per diem $1	NA	flexible	homeless at risk		Bed, linens and 3 meals	Shelter for single women and men
Sunshine Mission also operates Casa de Rosas Hotel	2600 S. Hoover St Los Angeles, CA 90007 213-747-3210		no a flat fee up to $8	NA	any	poverty		Residential hotel, other transitional housing	Shelter only women no children, 18 yr olds and over
Lighthouse Christian Fellowship Church	1114 W. Vernon Ave., Los Angeles, CA 90037 323-295-0400		0	NA		any		Shoes food and other things	
Harbor Area	**Agency Provider**	**Contact Info**	**Cost**	**# of Beds**	**Length of Stay**	**Selection Criteria**	**Restrictions**	**Services Provided**	**Restrictions**
Long Beach Multi Service Center	Los Angeles Homeless Service Authority	455 S. Spring Street, 12th Floor Los Angeles, CA 90013 213-683-3177	No Fees	NO	N/A	Transitional on	single adults and families		Rehabilitation assessment
Harbor Interfaith		609 W. 9th St	30% of	NA	18 months	Housing/Referrals	families and		GED or Highschool
Services		San Pedro, CA 90731 310-831-0301 (Administrative) housing	income or 4	NA		Food/advocacy	children		must work
Rainbow Services	Rainbow Services Ltd	453 W. 7th St San Pedro, CA 90731	No Fees	10	9 to 12 months	Domestic Violence Shelter	Battered women and children		Police report within 3 weeks, take day off work
Gale and Bixee Town	Bixee Town	350 West Anaheim Rd Long Beach, CA 90806 866-448-5300	No Fees	18 male 14 female	30 days	shelter	runaway youth		ages 11-17 who have open case DCFS
1736 FCC	1736 Family Crisis Center	21303 Hawthorne Blvd., Ste. 300 Torrance, CA 90503 310-543-9000	No Fees	NO	month to 2 yrs	case mang., hr shelt, counseling, welfare to work	runaway youth battered women		battered women women under 18 emancipated runaway youth
Tuberman Senior more House	Tuberman Neighborhood CV	331 N. Grand Ave San Pedro, Ca 90731 310-832-1343	$35 Month	No	unknown	education, food, assistance, youth service	Families youth Substance abuse		counseling rehabilitation
	Joint Efforts, Inc.	505 S. Pacific Ave., Ste. 200 San Pedro, Ca 90731 310-831-2126	$5-$10 - 25 per week	No	30 weeks	drug counseling	Substance abuse		age 13 yr and older
WILSHIRE AREA	**Agency Provider**	**Contact Info**	**Cost**	**# of Beds**	**Length of Stay**	**Selection Criteria**	**Restrictions**	**Services Provided**	**Restrictions**
Gateway Place Shelter - Jewish Family Services	6505 Wilshire Blvd Suite 300 Los Angeles, CA 90048 323-761-8800	Debra	no cost	approx 30	29days	homeless/ at risk		Shelter, clothing, food, case management, long term and permanent housing placement, childcare referrals, counseling, educational groups entertainment, and recreation. Transitional Housing	Come one with external referral doesn't have info of shelter she informed me that they refer out
Alternative House	526 S. Alexandria Ave., Los Angeles, CA 90020 213-381-2649			approx 24	(two yr stay)	Interview before hand	Rarely have any openings	and support services, referrals, Only transitional housing	No boys over 13
Center for the Pacific Asian Family	323-653-4045	hotline	no cost	unknown need	unknown need	domestic violence	unknown	shelter They refer out otherwise Did not want to share info	not a restriction but it is natural to assist asian pacific islander clients but will assist women and families with a domestic violence volunteer
Alatoon Community Resource Center/ Refugee Safe House	3540 Wilshire Blv Suite 804 Los Angeles CA 90010 213-637-1450	hotline	5	5				walkin administrative, hotline Warrant, Gator management and advocacy, brokering with legal and ed	primarily served to assist refugees, its a shelter, will work to assist women with domestic violence situations

Written Testimony to the Congress of the United States House of Representatives Committee on: House Resolution that calls for the housing of homeless children with their families (whenever appropriate). Introduced and addressed by Congresswoman, Maxine Waters.

Submitting: A Summary of Student Interviews with homeless women with children and youth within the Community

Submitted by: Shelby Bollenbacher, Monique Chubbs, Evan Papadakis, Minerva Ruiz, Joy Sugimura, and Marc Vannguyen: MSW Students at USC, School of Social Work

Under the support and guidance of Ralph D. Fertig, JD, ACSW
U.S. Administrative Judge (Ret.)
Clinical Associate Professor
University of Southern California
School of Social Work

Summary of Student Interviews with homeless women with children and youth within the Community:

Person in Environment (PIE) Outreach Team Findings

Originally in our attempt to talk with homeless women and children about their experiences, we hit a few obstacles. In order to build trust and establish rapport with the individuals we spoke to, we thought it best to work through an agency. We found many agencies were reluctant to work with us. Some simply did not respond to our emails or phone calls and others just did not feel comfortable with supporting our efforts for different reasons. Eventually, we prevailed and found many great stories to present at the legislative hearing.

We came across many stories that illustrate the many flaws in the Foster system and in some cases completely failure of it. As well, these stories also show how the United States does not have enough resources or support for the homeless population. Some stories are more compelling than others, but all show the absolute need for more resources and prevention efforts for homeless or potentially homeless individuals and their families. It is very important for Social Workers to advocate and fight on behalf of this population to hopefully establish housing as a right. We, as a team, feel we have found some great individuals and stories to illustrate this at the legislative hearing.

At the top of the list is Grace. Grace was residing at Good Shepherd Center for Homeless Women and Children. Per the advice of her case manager she moved to Hollywood PATH. She has 2 weeks left at this shelter before her contract is timed out. Grace has applied for section 8 housing and will be moving in to a single bedroom hotel in downtown Los Angeles on 6th and

Spring Street in a few weeks. Grace and her children lived in Nevada before Grace lost her job. Her children were flown out to live in Los Angeles with family members until Grace was able to find employment. When that did not work out, her children were taken into the foster care system. Grace traveled to Los Angeles to be closer to her children though she remains homeless. Grace has a mental health issues that prevent her from working at this time. She explained that her physician signed documents that prevent her from receiving employment due to her mental health issues. Grace is unable to work and therefore unable to provide a home which makes her ineligible to receive custody of her children under the current parent/child custody legislation.

Another great story was found through the Weingart Center. We spoke with an African American woman living at the center. According to her testimony, she is homeless because of "bad choices"; however, if you look deeper into her life it is clear she has faced many obstacles that led to her homelessness outside of her control. She had experienced homelessness as a child herself because of financial difficulties and other struggles her single mom faced, domestic violence, and other unhealthy habits with her significant other. This woman became homeless after using cocaine with her most recent significant other. They were both kicked out of their apartment because of domestic violence and other disturbances. This woman's children did not live with her. However, she chose to leave her children with her mom, to ensure their safety and well-being. Recently, she gave up custody of them because they were staying with her mom to keep them safe and fed. Her mom was having difficulty working with doctors, the schools, and other entities because she did not have legal guardianship. This woman signed over legal rights in order to ensure her children were being taken care of with the utmost of thought and care.

This woman is willing to testify at the hearing and is very articulate and capable. However, we chose not to include her in person, but rather just submit documentation about her because she was involved with drugs (has been clean since July) and because she does have a misdemeanor on her record related to domestic abuse with her as the perpetrator (and victim). Her story in detail is very interesting and it shows how much her children mean to her and the sacrifices she is willing to make for them. Now that she is clean and sober she is very capable of taking care of her children, but is unable to do so because of her homelessness and lack of resources to change that.

Also through the Weingart Center, we may have an opportunity to videotape a woman's group. We are unsure what the exact stories will be as the meeting has not happened yet. Monique, the intern and PIE team member, is currently working on obtaining a release from the Weingart and then will obtain release forms from the women themselves. It is looking promising, but it cannot be confirmed just yet.

One the most exciting personal stories we found was through the Jeff Griffith Center. We were able to create a focus group of youth, many of which are LGBT, to discuss homelessness and the struggles they have faced. Each of these youth had personal experiences with things like abuse by their foster families, neglect and brutality by their own families, and the overall struggles in trying to survive. Many of the youth have experienced drug addictions, prostitution, and other demoralizing and devastating coping and survival things that they have needed to do. With the support of the Jeff Griffith Center, a bus will be transporting many of these youth to the congressional hearing so that the government can put a face to the cause and to speak up and advocate for themselves.

We feel, as a team, that we have found a very strong presentation of individuals and stories that show the devastation in the streets. The need for the government to care and the need for resources and change is eminent and can be seen in the faces of the homeless individuals that will be present at the hearing. More detail can be provided, upon request, about anything written in this paper. Let us hope and pray that this hearing is the start of some genuine change!

Written Testimony to the Congress of the United States House of Representatives Committee on: House Resolution that calls for the housing of homeless children with their families (whenever appropriate). Introduced and addressed by Congresswoman, Maxine Waters.

Title: Submitting A). Transcription of a Lesbian, Gay, Bisexual, and Transgender (LGBT) Youth Focus Group Testimonials

Submitted by Marc Vannguyen, BSW and Joy Sugimura: MSW Students at USC, School of Social Work

Under the support and Guidance of Ralph D. Fertig, JD, ACSW
U.S. Administrative Judge (Ret.)
Clinical Associate Professor
University of Southern California
School of Social Work

Transcription of a Lesbian, Gay, Bisexual, and Transgender (LGBT) Youth Focus Group Testimonials

Focus Group: Person in Environment (PIE) – Marc and Joy

Transcribed conversation focus group LGBT Youth Center 2/19/2009

Member: I have been homeless for a year and a half because my family … um… I was estranged from my mother at 20 years old so I never had a stable house. I was bouncing from my aunt's house, grandma's house, friend's houses… I came to Hollywood 8/20/2007 and I'm a drug addict and alcoholic and I'm in recovery and I'm recovering, and I have 93 days. My sole sickness was my biggest obstacle. I did a lot of demoralizing things. I prostituted for drugs, I sold drugs, and I stole drugs. I cheated everybody; I abused everybody, and basically became a monster. You know I was going from abandoned houses, sleeping in apartments, stair ways, breaking and entering to find a place to sleep at, sleeping cat piss abandoned houses, umm, even like in the brush or even just walking around all night.

*What would be the benefits of having places like the Jeff Griffith center?

Oh ok, when I came to the JG center, I had just prostituted, did a lot of drugs, and one of my peers told me about this place. I feel like Ever since I came here there's been a lot of supportive staff and helpful groups, and you know, eventually I did move into the transitional living program on Schrader and Hollywood. But I still had that soul sickness… but I picked that up.

Question: Did you get a chance to get into the foster care system? So, so far being here at a save haven would you say, or a place you're able to find resources and get yourself back together…?

Yeah, resources, support, emotional support, a lot of love.

*What did you do for food and clothing?

Um, well mostly from here, I got on welfare, and food stamps, whatever, I mean everyone does it.

*Marc encouraging group about welfare

People don't realize, you're getting on it to get better, they're saying

*Anyone have any experience in the foster care system? Did it help or not?

Member: THPP Transitional Housing Placement Program

*Discussion between two group members on how to get into THPP.

It fucks with your mind, physically, emotionally, because they take you from your mom and dad, and sooner or later they don't want you because you're fucked up anyway…I come from a family of 7 brothers and sisters and I've been homeless. They separated me from my brothers and sisters. I came from a cool calm kid, but when I got into the system, you know, I was an angry wild kid, throwing shit fighting all the time, then again, it does help you. Um, by that time I was 12, and 17 I was in THPP, They give you 600 a month, 100 for food, and separate it with utilities, they also put away money for you, so when you leave, you have something to support you. So when I left, I left with 800 dollars, but then that doesn't go too far. I can spend that in a day… which I did. Um... but…they did it the wrong way, I spend money like that and they know that. They don't teach you that stuff, you know, how to budget or use your money. THPP helps you do that. It depends on how you use it, it fucks you or it can help you. I'm not gonna lie, I feel very fortunate.

- Do you think a change in the foster care system where it relocates the funding towards keeping you with your family or the extended family, such made up families like the youth center, plus giving you skills, to prepare yourself, would that be something more realistic than continuing in the foster care system?

- Money going to foster care, or staying with families.

Well, it all depends on how it is, if like, the mom, or if they don't have that much money, then yea, but they should look into it before they take their kids, if they need help them help them. But if the parents are on drugs, check and see if they wanna go into rehab, take their kids for a certain amount of time, and then put them back when the parents are good. That's honestly why so many kids are on the streets and on foster care.

- What will help you overcome these barriers and challenges?

Member: (This person had trouble communicating, and I couldn't understand most of what he said but I got what I heard). The challenges of being in foster care is not quite simple but they don't tell you when you're a youth that you have a lot of open doors and a lot of opportunities, but when you find that out, and tell you, there's a lot of programs out there for you. But I found that out later, from my older brother. And from there, I tried to get into programs. My big brother is happy and blessed, and he's situated now. Right now I'm doing the same thing he's doing but before when I didn't know there was a lot of doors open for me, or anything I had to back track on my own and wait a little longer than what he's waiting for and do what he doe and doing what he's doing. It's a little harder when you're a certain age and the foster youth don't help you out. Instead of opening doors for you, open with your mouth. I don't know why or how it is, the world how to make the money. But when I came here to JG, there was more help here, this is a bigger leap. I'm thankful for this place and I'm blessed.

- well it sounds like, within the foster care system, correct me if I'm wrong but in the foster care system, that information wasn't presented to you in a way where "Oh okay, I see", like they're not giving you the facts, or just information you can use, like "if I'm this certain age, then I have to make sure I can take care of myself when I leave because I won't qualify.

Member: I used to be ...through out numerous group homes in Norcal, so its like when I was there, they really didn't let me know that there was aftercare programs that you can go to till you reach a certain age. Where they give you gift cards and helps you get into an apt. So it helps you, but then the fostercare is really brutal. When I was there, I had to worry about getting beat up by a 17 eyar old, or slapped by one of your foster parents. So before they put a kid into a home, they really need to pay attention to the parents, to their history. They say they do an extensive history, but you know, you really need to pay attention to the kid and the parents. It helped me but it really messed me up, with like, coping. They move you from place to place to place, so you don't really feel comfortable.

Member: I remember this girl I read about in Russia. She ended up being put into a foster home wehre the guy was known to have abused a child that she had.

- So it really sounds like some of these families haven't been fully screened and they'r trying to meet a quota, "lets get this kid into a home and move on to the next".

Member: because every foster care parent gets paid per kid they have right?.

Member: Native American kids get paid a lot more. Like, most people aren't clearly there for their kids, they're there to pay mortgages and stuff. The lady owned her own shop where I lived, and was a preacher's wife and all that kind of good stuff, but they at that time when I moved in, and it was just me and my foster brother and sister. The lady would go shopping at the mall to buy clothes for the kids, and oops, when it comes down to us, we going to a Thrift shop or a hand me down store. A 13 year old girl shouldn't be wearing a toddler sweater when it"s raining, but out of fear of being beat up, she wouldn't say anything to the parents.

Member: I would do things to get away from it. I stole a car when I was 16. I'm Native American, and they get a lot more for me, they lived in a 3 story house and they bought brand new cars. And basically I felt used, and all I really wanted was my family, and I was used and was trying to run away to my family.

When I was born, my dad didn't want me. When my mom had me, my family hated my mother, and my dad looked at me and said, "That's not my son". And they just put me up for foster care. I always felt like...I dono.. scared, all I wanted was my family, and when I finally reached my family, they didn't want me, because they didn't like my mother, and they didn't like me. So basically, I hated foster care, I don't like it, and I hated it.

- So an alternative program would be better, if they had this or extended family that treats you like a foster....

Member: They should tell you ahead of time too, before you turn 18 not when your'e 21 or 22, like when you're 15.

Member: I ran away from my group home, and went to my family. Then they made it seems like, "oh you can stay here, were going to be a family again." IT was only a Month or so, they said they'd help me. But it wasn't like that. I wish I would have stayed in the foster care instead of my auntie because they were clearly using me for my money because of the fact that how much I got her. When she would run out of money, she'd kick me out, so basically I was just that paycheck for her. So not all the time, its good for a kid to go to their family.

You need to pay attention to where you put the kid.

They get a 1000 something per month and it isn't that much money but for some people it is a lot of money. It made me mad to the point where I'd run away, and I'd be a teenager sleeping under an over pass and I'd go knock on the door and they wouldn't let me in because the pay check didn't come in yet. So, you know it really fucked me up in the head emotionally and all. So, you need to do a thorough check before putting a kid in there.

*How is being gay or bisexual affect being in the system as well?

Member: I had a kid who put my room on fire, and put piss on my bed when I'm asleep. When I'm sitting at the lunch tables, a kid would bump me with a tray in the head and I'd beat him up. It's drama. It's there; I've had issues in a group home, but never in a foster home.

Member: Well, they knew I was gay, so I didn't really have a problem.

Discussion of issues...

Summarizing: So far what everyone has presented is very powerful. I want us to bring it back to our current issue here.

My next exploration is what would you like to see happen? Short term and long term? What agencies?

Member: people show that they care about their job, because the place I'm at now, they don't give a rat's ass about who makes it out of there or not. My case manager, I told her I want to find a job, I'll move out of here. She tried to convince me, to stay here and find a ROP job, bc if I go by their account, they take money out of mine to benefit them, so when I told her that, she said, that's not true and NO! That's too much stuff up there and some staff tries to talk other staff out of caring about their kids.

- So we need compassion?

Member: mine is about foster care. When a kid gets to a certain age and they're still in foster care, and are old enough to think for themselves. The agency needs to send them to a IOP or transitional so that these kids are able to know what is out there and what they're eligible for, like aftercare and transitional housing. When I went there, I found a lot when I was in foster care because they didn't tell me. So they basically need to inform kids of what can help them. Like…How to do your bill, how to do your taxes. Etc. The IOP don't tell you how to do it hands on, they just show you and don't give you experience.

Member: They should show you how to manage your money at like 15 years old and start early.

* So mandatory skills training, aftercare, and shelter

Wrap up. Affirming and encouraging members of group and thanking them for their time. And requesting one or two members to testify with us, and informing about the hearing assembly in March.

Tomorrow is a New Day- the Journey of a Resilient Family

In the Venice community there is a family living in a RV. The family consists of a husband and wife in their 20s and their 2 year old son. The family's only shelter is their RV however, they were not allowed to spend the night, or stay for long periods of time parked on the street, and have expired registration tags on their RV. The inside of the RV was kept in good condition and was mostly clean. The family had a nice computer, 2 beds to sleep in, 1 for the parents and 1 for the child, clothes, and even a kitchen. The family is not originally from California. Their journey to California began with decision to move away from Texas. They resided there for several years, but were surrounded by family who were involved in drugs such as Meth. They wanted to provide a better life for their son, and live in a more positive environment so they decided to move to northern California. On their way, they got into a car accident in Los Angeles that totaled their car. The accident became very costly for the family and stalled their move further north. Their car was the only form of transportation the family had. They needed some sort of shelter and received help from the Los Angeles department of social services (DPSS), which provided the family with a hotel voucher. At the hotel, they met someone who then sold them his RV for a cheap price. The only downfall is that it has expired registration tags which costs money to renew. The family tried to stay at various locations with the RV, but most places charge a large amount of money to keep the RV in one place. Many of the RV parks are too expensive for this family and won't let them stay because they have expired registration. The family's goal is to start their own business. The father writes and sings (raps) music and has made a disc of his work. He is not been able to work because he has a record and spent one year in jail. The mother cannot find a job. She has

been able to find under the table office work on occasion, but it is inconsistent. They feel that staying in their RV is a safer environment then a shelter. In a shelter, there are people running in and out who are homeless, and are on drugs. The parents do not want to expose their son to this. Also, they are more comfortable staying close to one another and are happy living in their RV. They have a lawyer who they do not feel is very helpful, as well as a mentor. They have denti-cal and recently all went to the dentist. They just got approved for Medi-cal and plan on making visits to the doctor soon. Many people who meet this family and see that they are living in an RV feel the family is dirty, even though they are well groomed, and don't want to talk or associate with this family. This makes it hard for the mother and father to get a job as well, especially since they do not have a permanent address. The family gets food stamps, and needs a generator for electricity in the RV. Even though the area that they live in is small, their son has a small area in the RV for him to play, and watch movies. The parents take their son to the park every day, weather permitting. They have a fear that their child is going to get taken away by CPS, as well as the RV being taken away for no registration. In addition, they are worried that the RV will stop working, and they will not have enough money to fix it. The family's goal is to be able to live in their RV comfortably without fear that the police is going to tell them they have to leave.

Currently, the family is looking to get a bicycle or an electric scooter to travel around in. It is extremely difficult for them to drive their RV around because it is too large to fit in most parking structures. By driving the RV, the risk of getting stopped by a police officer for expired registration increases greatly. The family is well aware of what

needs to be done to have set goals for themselves to get out this unfortunate situation, but are having difficulty reaching those goals.

SOWK 535:

Testimony prepared by:

Timothy Fischer

Patricia Gutierrez

Hannah Kim

Michelle EunYoung Kum

Steven Segura

USC School of Social Work

March 10, 2009

Under the Guidance of Professor Ralph Fertig

The Resource team studied all the resources that serve homeless families and children in the Venice area of Los Angeles in the state of California. Venice, located in western Los Angeles, is well known for its canals, beaches, and boardwalk. Venice is also infamous for its homeless population. According to the Los Angeles Homeless Services Authority, there are 68,608 homeless people on any given evening with children under the age of 18 accounting for approximately 15%, 10,100, of this number (Los Angeles Homeless Services Authority, 2007). Service Planning Area 5, which includes Venice as part of West Los Angeles, accounts for 6,703 homeless individuals (Los Angeles Homeless Services Authority, 2007). Consequently, services provided for homeless individuals and especially for homeless families and children are vastly needed.

Service agencies in the West Los Angeles area that serve homeless individuals need to be researched in order to address the needs of the homeless. This paper aims to identify and provide a brief overview of the services provided by the agency's the Resource Team found.

Samoshel

Samoshel, a private and non-profit organization funded by Housing and Urban Development (HUD), Federal Emergency Management Agency, city, county, state, federal, and independent funding, located in Santa Monica provides various services including counseling, clothing, emergency food, and homeless support services without any fees. While some services are geographically restricted, Samoshel accepts walk-ins for most support services such as clothing and food, and referrals are not required for those support services. However, referrals are required for shelter in any of the 110 beds. The maximum length of stay for shelter is 6 months for homeless single men and women 18 years and older situated in Santa Monica. Homeless families and children are not eligible for shelter.

Westminster Transitional Living Center

The second agency, Westminster Transitional Living Center, is a private, non-profit organization providing 32 beds located in Venice and sponsored by Brentwood Presbyterian Church, HOPE Inc., HUD, and the Venice Community Shelter Foundation. It is additionally funded by fees and independent fund raising. The program charges 30% of the mother's monthly income with a required 10% saving of their income for future security deposit fees. The agency provides shelter for only case manager referred and identified homeless women and single mothers ages 18 and older with up to three children. Eligibility for services is highly restrictive, and age requirements for children include accepting only male children ages 10 and younger and female children ages 14 and younger. Non-citizens are eligible for acceptance; however, a green card or tax identification number must be obtained. Residents are expected to provide food and must participate in a minimum of 25 hours of job training, work, or education training per week. They meet weekly with the program coordinator to discuss employment and education referrals. They must also be involved in case management and attend monthly meetings to discuss living situations and living guidelines. Weekly chores including cleaning common areas and laundry are expected. Smoking, alcohol, and drugs are prohibited. The maximum length of stay is 2 years.

Upward Bound House

Upward Bound House, a non-profit organization located in Santa Monica and funded by HUD, state funding, county funding, various faith, business and civic group, and numerous individuals, is a community-based transitional housing service for families with minor children and very low-income seniors. The children housed with the families must be under legal custody of the adults. Family Place, the transitional housing facility for homeless families, has 21 units

of apartment housing for single mothers with two children, intact couples with children, and fathers with children. The families are accepted on a referral basis by a case manager only. Families struggling with addiction and mental health problems are encouraged to receive treatment for these issues before arriving at Upward Bound House. They are provided with daily hot meals along with the housing. Every family is required to generate or increase their income by attending job training or furthering education. Residents participate in life skill, health, and parenting classes. Additionally, families must save 75% of their monthly income. The average length of stay is 3 to 6 months.

Housing Authority of the City of Los Angeles (HACLA)

The Housing Authority of the City of Los Angeles (HACLA) has provided quality housing since 1983. It offers affordable housing and other services. It has an annual budget of $850 million (www.hacla.org). HACLA owns approximately 9,000 units and offers assistance for more than 100,000 families throughout Los Angeles. There are 44,612 units leased under contract reserved for the section 8 Housing Choice Voucher Program. The section 8 program is financed through the U.S. Department of Housing and Urban Development (HUD) to provide rental assistance to families with very low income (www.hacla.org). Assistance is distributed through vouchers that are used towards rent for a home. The home chosen by the section 8 applicant has to meet HUD's standards and the rent must be reasonable. The owner of the home must also be willing to follow HUD's regulations. Section 8 participants do not pay more than 30% of their family income towards rent. HUD determines the number of bedrooms on a voucher by the number of people in the family. Section 8 vouchers have standards that range from $612 to $3,086 for each location based on the number of bedrooms a unit may have (www.hacla.org). The rent for the unit can never be higher than the standards that section 8 has

set. Section 8 also offers accommodations and allowances. Some accommodations include home visits for disabled people and agencies that can help families find available homes (www.hacla.org).

Mar Vista Gardens

Mar Vista Gardens is a housing project near Venice operated by HACLA. It has 62 buildings and 601 apartments. Families apply for a unit and if no units are available, they are put on a waiting list. Once a unit becomes available, the families can live in them for as long as they need to. Section 8 requires all families to follow certain regulations. Families are to keep the units well kept and make up a portion of the rent. Mar Vista Gardens also has athletic fields, a gymnasium, and a community center (wikipedia.org).

Community Corporation of Santa Monica

Community Corporation of Santa Monica (CCSM) is a non-profit organization that commits itself to developing and managing affordable housing in Los Angeles. CCSM have residential structures that range in size from a fourplex to a 62-unit building and manage more than 1,100 affordable housing units in Santa Monica. CCSM accepts questionnaires from families interested in their housing. If a unit becomes available that meets the household size and income level of a family, CCSM will notify them and they then can apply for the unit. CCSM receive well over 3,000 households requesting housing each year and usually have about 100-150 vacancies (www.communitycorp.org).

Although housing is available for low-income families, there are not enough units for everyone. There are 17,276 families on the housing waiting list as of September 2007. There are 9,409 families waiting for a 1-bedroom unit, 3,354 families waiting for a 2-bedroom unit, 4,048 families waiting for a 3-bedroom unit, 457 families waiting for a 4-bedroom unit, and 8 families

waiting for a 5-bedroom unit. In Los Angeles, over 40% (515,000 households) of extremely low to low income household are in need of affordable housing, almost 15% (181,751 households) are working poor, and nearly 16% (211,801 households) are moderate-income families in need of affordable housing (www.hacla.org). The number of families needing affordable housing is increasing each year. There needs to be more funding for more housing. Too many families are finding themselves homeless and on the streets due to the lack of units.

The Bible Tabernacle

The Bible Tabernacle is a faith base organization that helps homeless men, women, and children transition out of poverty and homelessness. It is located at 1716 Washington Way, Venice, CA 90291. This is a Christian-oriented program that provides emergency food, holiday assistance, and shelter for people who are in Los Angeles County. They have a thrift store that is open to the public, and with additional services provided at three separate locations that have no geographic restrictions. The Bible Tabernacle can provide food, clothing, and shelter for women and women with children. They can house 80+ people. The Bible Tabernacle also has a facility in Canyon Country, 50 miles outside of Los Angeles, at an 11-acre ranch and is able to house 100+ men only. Women and Men are housed separately whether married or not. Male children age 12 years and younger stay with the family in the Venice facility. All single men 18 years and older are sent to the ranch in Canyon Country. Length of stay is based on an individual basis, but women and women and children are asked to commit to 30 days of religious-oriented structured services and men to 6 months. The shelters cannot accommodate people who use wheelchairs, have physical disabilities, currently use alcohol or drugs, have severe emotional problems or have a contagious disease. The Canyon Country facility has services to treat substance abuse. No fathers with children can be accommodated. People may receive services from the program more

than once, providing their behavior was acceptable during previous stay. Procedure for services is to call for phone screening and interview and applicants must have a form of ID. Sleeping arrangements are dormitory style and bed linens, toiletries, and three meals per day are provided. Pregnant women are eligible for assistance at any stage of their pregnancy and may stay after the birth of their child. Emergency food is also available to senior citizens 65 and older and single women with children. The bag or box of groceries offered may be enough for 4 to 6 days. Applicants along with staff make a plan to pursue self-sufficiency and must abide by program's rules and daily expectations. For more information, the contact phone number is (310) 821-6116 (healthycity.org, 2009, and thebibletabernacle.com, 2009).

St. Robert's Center

St. Robert's Center is a faith-based organization that provides supportive services and referrals, as well as temporary emergency motel vouchers for the homeless in the Venice and West Los Angeles area. Undocumented persons are also eligible for services. It is under the umbrella of Catholic Charities (a private non-profit corporation) and its center in Venice is located at 211 third Ave., Venice, CA, 90291. The agency is supported by donations, independent fund raising, government funding, private fees, and the United Way. Services are provided by professionals, paraprofessionals, and volunteers. The emergency food program services are provided to those enrolled in the program and they can receive canned goods and packaged groceries that may last from 4 to 6 days. The program also provides a weekend sack lunch program for homeless individuals. The program serves over 400 people every weekend. Motel vouchers are available for emergency shelter and the program cannot accommodate all requests. However, staff will attempt to link clients to another agency in the area that may provide assistance. Information and referrals are also made to other human service agencies in

the area. All programs require enrollment by making an appointment and no walk-ins are accepted. For more information, the contact phone number is (310) 392-8701 (healthycity.org, 2009).

St Joseph's Center

St. Josephs Center is an agency that provides a variety of emergency and ongoing programs and supportive services to assist low-income and homeless individuals and families in the West Los Angeles area. This is a private, non-profit agency supported by independent fund-raising and various sources of public funding. It is located at 204 Hampton Drive, Venice, CA 90291. The services provided include childcare, emergency food, homeless support services, mental health services, personal goods, services for older adults, services for veterans and a thrift store. The Center is staffed by professionals, paraprofessionals, and volunteers. The childcare program is staffed by a credentialed teacher, aides, volunteers, and social work support from the Thalians Mental Health Center at Cedars-Sinai Medical Center. The center is a partnership with Venice Community Housing Corporation and Venice Family clinic. The agency provides a homeless services center at 404 S. Lincoln Blvd. in Venice which provides case management, a homeless drop-in-center, information and referrals to community resources including shelter referrals, advocacy for public benefits, hot meals, showers, laundry facilities, clean clothes, toiletries, a mailing address, and a place to rest. There are no geographic restrictions. The agency also provides used clothing to low-income people through a referral from the Family Center, Senior Services or other programs. For more information, the contact phone number is (310) 399-6878 (www.healthycity.org, 2009, and www.stjosephctr.org, 2009).

Chrysalis

Chrysalis is a non-profit organization dedicated to helping economically disadvantaged and homeless individuals become self-sufficient through employment opportunities. Started in 1984, Chrysalis' three main service centers are located where homelessness and pockets of poverty are most pervasive: on Skid Row in downtown Los Angeles, Santa Monica on the west side, and in the Pacoima area of the San Fernando Valley. Chrysalis' Santa Monica office near Venice is located at 1853 Lincoln Blvd., Santa Monica, CA, 90404. Chrysalis gives clients access to a wide range of classes and services designed to improve job search skills, self-confidence, and employability. In addition, there is case management-based model that provides ongoing individual and group counseling. Clients also participate in workshops about work and personal development issues that may affect their ability to remain employed. Referral for housing, childcare, etc. are provided as needed. Chrysalis also facilitates women's group programs that provide life skills workshops, mentoring and other services to meet the unique needs of women as they transition from homelessness to self-sufficiency. For more information, the contact phone number is (310) 401-9400 in Santa Monica; (213) 806- 6300 downtown; and (818) 794-4200 in the San Fernando Valley (www.changelives.org, 2009).

Westwood Transitional Village

The Salvation Army Westwood Transitional Village provides residential housing and support services for homeless families in Los Angeles County. Located in Westwood since 1989, the Village began as a mobile home community for homeless families. In 1998, the federal government turned the site over to The Salvation Army for the purpose of serving homeless families. In 1998, the community was re-designed to reflect its current campus-like setting. It is located at 1401 S. Sepulveda Blvd., Los Angeles, CA 90025. The Village now has 40 fully

furnished apartments where homeless families can live for 2 years until they get back on their feet. When a family moves into the Village, they are immediately assigned a professional case manager to work on a plan that will provide tools to transition back into independent living. Services provided are comprehensive health and dental services extensive counseling, life skills guidance, pre-school education, and educational/ employment placement support throughout their stay. Men who have children and are on their own are also welcomed. Approximately 150 individuals live at the Village; two thirds are children age newborn to 18. Five apartments are reserved for emancipated teenage mothers from the Foster Care System who because of their infant, can no longer reside with their Foster families. The Village also has the Bessie Pregerson Child Development Center on the grounds. It provides care, emotional and educational support to approximately 65 to 70 children. Not only children at the village, but also low-income children from the community are welcome to enroll at the center. Families of military veterans make up 40 percent of the residents and are given priority when applying for housing. For more information, the contact phone number is (310) 477-9539 and Child Care phone number (310) 477-2772.

Thoughts on these resources

These resources are most adequate in providing supportive services such as food, clothing, childcare, counseling, and case management; however, these resources cannot meet the demand for shelter and affordable housing in the Venice area. The Bible Tabernacle can take a maximum of 80 women and children and 100 men with an emphasis on substance abuse service for the men. The Westwood Transitional Village can accommodate 150 persons in their 40-unit facility. Those that are turned away or shuffled to other agencies are more likely to be women and children. There are wait lists for even emergency shelter such as motel vouchers or

transitional housing. Certain restrictions make it difficult to keep families together and if children are at a certain age, they may be turned away or separated from their family.

Venice Community Housing Corporation

Venice Community Housing Corporation (VCHC), found in 1988, is a non-profit organization that dedicates to preserve, maintain, and expand affordable housing opportunities for low-income families in Venice and the surrounding neighborhoods. It is located at 720 Rose Ave, Venice CA 90291. The Transitional Living Center (TLC) provides homeless women and their children with housing and supportive services while they work towards economic stability and permanent housing. Transitional Housing offers 32 beds to serve eight families of homeless parents and children. Single women with maximum three children are eligible. Duration for stay is limited to two years. For children, boys have to be under age 10 and girls have to be under age 14 to get in. To prevent any possibility of sexual crime, it is necessary to have restriction to children's age. However, what happens to those children who turned out to just violate the age requirement? They have nowhere to go. Through Affordable Housing, 144 units are opened to any households who meet the low-income criteria. Families with income less than 50% of the median income by HUD standard are eligible to apply. Shelter Plus Care Program offers 31 units to homeless individuals with disabilities and provides permanent housing and supportive services. Besides housing program, there are various programs offered such as free after school programs, day care centers, secondary education, and job training programs, high school diploma program, home repair services in order to meet the needs of low-income families (vchcorp.org, 2009).

Venice Family Clinic

Founded in 1970, the Venice Family Clinic is the largest free clinic in the nation and serves medical health care to people in need. It is located at 604 Rose Ave., Venice, CA 90291. The clinic provides comprehensive primary health care, specialty care, dental care, mental health services, health education and child development services, as well as public insurance enrollment to more than 23,500 patients, including approximately 5,800 children, who make nearly 100,000 visits annually. Prescription medicines are provided at no charge. Patients, most of whom live and work in the Westside neighborhoods of Venice, Mar Vista, Santa Monica, Culver City, and Inglewood, are low-income and lack private health insurance. Sixteen percent of the Clinic's patients that are around 4,000 people are homeless. Venice Family Clinic serves medical health care to the homeless including clinic-based, shelter-based, and mobile services, as well as case management. Besides providing in-service, Venice Family Clinic reaches out to homeless who reside in shelters around the areas and hit the streets to outreach directly to individuals on a weekly-basis (venicefamilyclinic.org, 2009).

Ocean Park Community Center & the Sojourn Program

The Ocean Park Community Center (OPCC) located in the city of Santa Monica is a multiservice agency providing case management and referral services to indigent and homeless individuals and families. They have a tiered model for services whereby all clients can visit their Access Center at 503 Olympic Blvd, Santa Monica, CA, (310) 450-4050, to obtain services (OPCC, 2008). From here, many homeless clients are referred to the many agencies mentioned in the rest of this paper. The Sojourn program is among the few directly operated OPCC programs providing housing services for families. The Sojourn program has 10-15 emergency beds available to women who are victims of domestic violence and are coming directly from the

violent home. Women are allowed to bring their children so long as they are below the age of 18, though staff were quick to mention that staff have discretion as to how old or how many children can be housed depending on the number of beds available. The emergency beds are meant to provide shelter for 30-45 days, after which clients are reevaluated and case managers attempt to move the women and their families into transitional housing provided by other community agencies such as Westwood Transitional Village. The Sojourn program is the primary shelter for victims of domestic violence with children in the West Los Angeles region of California, and thus no other shelter's located beyond thirteen miles of Venice, CA were listed in this paper.

As seen throughout this paper, Venice does indeed have many agencies providing supportive services for homeless individuals. Yet, housing facilities and services for homeless families and children are still extremely limited within the specific region of Venice. The surrounding cities, such as Santa Monica and Westwood, provide some of the necessary housing facilities for homeless families and children. Yet, because of their distance, reliance on direct referrals, strict requirements, and long waiting lists, these housing resources do not adequately address the needs of homeless families and children in Venice. A total number of beds is 337, the total number of units is 1,762 and the total number of affordable housing units for low-income families is 175. More facilities providing homeless families with children housing are needed to address the many families who remain homeless. Until then, the lack of housing, and the requirements of current housing resources serve to separate children from their parents and give homeless families no other option but to continue to be homeless

References

Bible Tabernacle, The, 2009. Website for history, ministries, and services. Retrieved January 27, 2009, from http://www.thebibletabernacle.com.

Chrysalis, 2006. Chrysalis website including history and services. Retrieved January 31, 2009, from http://www.changelives.org.

Community Corporation of Santa Monica. 2009 Creating Housing and Strengthening Community. Retrieved February 20, 2009, from http://www.communitycorp.org/.

Healthy City, 2009. Query for Venice, California area basic needs services for family and children, and emergency shelter. Retrieved January 25, 2009 from http://www.healthycity.org/resource.

Los Angeles Homeless Services Authority (2007). *2007 greater los angeles homeless count*. Los Angeles: CA.

Ocean Park Community Center. (2008). How OPCC works. Retrieved March 8, 2009, from http://www.opcc.net/tabid/236/Default.aspx

St. Joseph's Center, 2009. Website for history and services. Retrieved January 30, 2009, from http://www.stjosephctr.org.

The Housing Authority of the city of Los Angeles. 2009. Retrieved February 22,2009, from http://www.hacla.org/

Venice Community Housing Corporation. (2009). Our services. Retrieved February 14, 2009, from http://www.vchcorp.org/services

Venice Family Clinic (2009). Clinic in brief. Retrieved February 14, 2009, from http://venicefamilyclinic.org/index.php?view=about&action=clinic_brief

Westwood Transitional Village, (2009). Purpose, programs, services, history, child care.

Retrieved February 15, 2009, from

http://www1.usa.salvationarmyorg.usw/www_usw_socal.

Wikipedia The Free Encyclopedia. 2009. Mar Vista, Los Angeles California. Retrieved February 20, 2009, from http://en.wikipedia.org/wiki/Mar_Vista,_Los_Angeles,_California

Table 1. Listing of Resources Available to Homeless Families.

Name	Location Information	Total Bed #	# Fam Beds	Ref.?	Length of Stay	Restrictions (specific targeted population)	Requirements for Stay
Chrysalis	Santa Monica, LA downtown, San Fernando Valley 310-401-9400 SM 213-806-6300 DT 818-794-4200 SFV	None (supp. serv.)				Clothing/ Employment Counseling/ Support Groups/ Case Management/ Women's Groups	appointment
Community Corporation of Santa Monica	1423 Second Street Santa Monica, 90401 310-394-8487	1,100+ housing units		No	Unlimited	Women, men and children	Maintain units clean and pay a certain % of rent
Mar Vista Gardens	11965 Allin St. LA, CA 310-398-5763	62 buildings 601 apartments		No	unlimited	Women, men and children	Keep units clean and pay a part of the rent
OPCC - Sojourn Facility (DV Safe House)	Undisclosed 310-264-6644	15 Beds	10 - 15 Beds	Yes	30-45 Days	Emergency housing directly from violent situation	??
Salvation Army Monica Shelter	505 Olympic Blvd., Santa Monica, 90401 310-581-9825 (Svcs Infor) 310-450-4050 (Shelter Referral)	110	0	Yes	6 mo	Single men and women over 18 only.	
St. Josephs Center	404 S. Lincoln Ave. Venice, 90291 310-399-6878	referral sect 8		Yes		Food/ clothing/ daycare/case management/money management	appointment

St. Roberts Center	211 Third Ave. Venice, CA 310-392-8701	motel vouchers		yes		Emergency housing/ food/ clothing/ referral	appointment
The Bible Tabernacle	1761 Washington Way Venice, 90291 310-823-8786 (Admin.) 310-821-6116 (Shelter Intake)	3 aprts 11 acre rnch	80 W/C 100 men	Yes	individual case	Emergency housing/transitional/ substance abuse recovery house	source of income, religious activites, clothing, food.
Upward Bound House (Family Place)	1104 Washington Ave. Santa Monica, 90403 310-458-7779	21 Units/Apt		Yes	6 mo (?)	Single mother/dads with 2 children or intact couples with children	Attend job training/educatio n and participate in life skill classes, health classes, parenting classes.
Venice Community Housing Corporation	310-399-4100	175 units (Affordabl e housing)			Unlimited	any household who meets the income restriction. Income less than 50% of the median income	
Venice Family Clinic	604 Rose Ave, Venice 90291 310-664-7920 mrichert@ mednet.ucla.edu	N/A	N/A	N/A	N/A	Provide medical care for homeless, street outreach, visit shelters	
Westminster Transitional Living Center	310-399-9380	32 beds (Transition al Housing)	32	Yes	2 years	Single women with up to three children only (boys under age 11, girls under age 15)	Mandated to participate particular meetings (case management, mother's meeting) but not mandatory to

							participate in every life skill classes. Charged 30% of income with required 10% saving for future security deposit fees. Paricipate in minimum of 25 hours of job trainig, work, or education training.
Westwood Transitional Village /S.A.	900 W. James M. Wood Blvd. LA, CA 90015 213-553-3268 Media Public Relations Fax 213-607-7268	40 units	families (40)		2 years	transitional housing/ child care/case management/ healthcare,dental/ couns. case mgmt, life skills Emp.	case management, opening, appointment

Written Testimony to the Congress of the United States House of Representatives Committee on: House Resolution that calls for the housing of homeless children with their families (whenever appropriate). Introduced and addressed by Congresswoman, Maxine Waters.

Submitting: A Testimonial Interview with Grace Corrales

Submitted by: Evan Papadakis and Minerva Ruiz, MSW Students at USC, School of Social Work
Under the support and guidance of Ralph D. Fertig, JD, ACSW
U.S. Administrative Judge (Ret.)
Clinical Associate Professor
University of Southern California
School of Social Work

Interview with Grace

I was fortunate to be able to meet with Grace Corrales through Judge Fertig. I had experienced difficulty in trying to contact and link up with different agencies around L.A. Individuals I would contact had relatively the same response to me. They wanted to know more about the hearing and about my relationship in the process. A few agencies said they would get back to me, others said it would not work out with their purpose. I was beginning to feel frustrated until I made contact with Grace and she agreed to meet with me.

I met Grace in Los Angeles at the People Assisting The Homeless Center (PATH), which is located at 340 N. Madison Ave. PATH is a service agency that provides individuals with case management, shelter/placement referrals, transportation assistance, substance abuse assessment and referrals, food and clothing referrals, and mail and phone services. Grace was at PATH in order to meet with her case manager about access to mental health services.

I was able call Grace on her cell phone and hook up with her in front of the building for our meeting. Her cell phone remains to be the only means of information for contact. We traveled to a local restaurant where she proceeded to tell me her story.

At the time of our meeting, Grace was residing at Good Shepherd Center for Homeless Women and Children. Good Shepherd has a 6 week limit of residency and Grace had 3 weeks left on her contract. Grace has 3 children that are currently in the foster care system. Grace and her children lived in Nevada before Grace lost her job. Her children were flown out to live in Los Angeles with family members until Grace was able to find employment. When that did not work out, her children were taken into the foster

system. Grace traveled out to Los Angeles to be closer to her children though she remains homeless.

Grace disclosed to me that she has mental health issues that prevent her from working at this time. She explained that her physician signed off on documents that prevent her from receiving employment at this time due to her mental health issues. Grace is unable to work and therefore unable to provide a home which makes her ineligible to receive custody of her children under the current parent/child custody legislation.

After disclosing this information to me, I was able to reflect back on what Grace had told me. I responded with empathy and compassion that I understood her frustrating situation. Upon hearing my response, Grace became emotional and broke into tears stating that I was the first person she had heard say those words since she has been in Los Angeles.

Grace has since been relocated to another shelter, Hollywood PATH, upon the advice of her caseworker. She has 2 weeks left at this shelter before her contract is timed out. Grace has stated to me over phone conversations that she was happier at Good Shepherd because it was an all women facility. She has stated that she feels like she must take the advice of her caseworker because she believes it is in her best interest.

Grace has applied for section 8 housing and will be moving in to a single bedroom hotel in downtown Los Angeles on 6th and Spring Street in a few weeks. I will remain in phone contact with her until our next scheduled meeting at which time we will begin testimonial preparation for the Congressional hearing on March 28, 2009.

system. Grace traveled out to Los Angeles to be closer to her children though she remains homeless.

Grace disclosed to me that she has mental health issues that prevent her from working at this time. She explained that her physician signed off on documents that prevent her from receiving employment at this time due to her mental health issues. Grace is unable to work and therefore unable to provide a home which makes her ineligible to receive custody of her children under the current parent/child custody legislation.

After disclosing this information to me, I was able to reflect back on what Grace had told me. I responded with empathy and compassion that I understood her frustrating situation. Upon hearing my response, Grace became emotional and broke into tears stating that I was the first person she had heard say those words since she has been in Los Angeles.

Grace has since been relocated to another shelter, Hollywood PATH, upon the advice of her caseworker. She has 2 weeks left at this shelter before her contract is timed out. Grace has stated to me over phone conversations that she was happier at Good Shepherd because it was an all women facility. She has stated that she feels like she must take the advice of her caseworker because she believes it is in her best interest.

Grace has applied for section 8 housing and will be moving in to a single bedroom hotel in downtown Los Angeles on 6th and Spring Street in a few weeks. I will remain in phone contact with her until our next scheduled meeting at which time we will begin testimonial preparation for the Congressional hearing on March 28, 2009.

Dear honorable Congresswoman Waters,

Please accept this paper and findings we compiled in support of the bill for housing children with their families. Thank you for your support and service to our community.

Sincerely,

Shawna Campbell shawnaca@usc.edu
Brittany Bovee bbovee@gmail.com
Lauren Tobia laurentobia@gmail.com
USC School of Social Work Master's Students

1.6 to 1.7 million ages 12 to 17 will experience homelessness during the course of a year. That translates from 300,000 to 400,000 young people who are without a home on a single day [1]"Among industrialized nations, the U.S. has the largest number of homeless women and children" [2], with as many as 40% of the homeless population being comprised of families.[3] It is likely that these statistics are undercounts.[2]
In 2006 in California alone, the state population was nearing 36.5 million, while children under the age of 18 comprised 9.7 million with 17% (or 1.6 million) of those ages 5 to 17 in poverty, and 19.2% of children under 5 in poverty. [4]

Hundreds of thousands more live in substandard and overcrowded conditions that place them at heightened risk of illness, serious injuries, hunger, and loss of educational benefits. Doubling up with other families is often a common occurrence.

More Than One Million Homeless Children[5]

- At least 1.35 million children are homeless during a year's time. [5]
- One any given day 800,000 people are homeless in the United States, including 200,000 children in homeless families. [5]
- Families with children are among the fastest growing segment of the homeless population. [5]
- Most children living with homeless parents are very young (42% are under the age of 6 years). [5]
- Family homelessness is increasing. Requests for emergency shelter by families have increased every year since 1985, with an average increase of 20% in 2002. [5]

(Burt, 2001; Burt, Aron, Douglas, et al., 1999; National Coalition for the Homeless, 2002; U.S. Conference of Mayors, 2002)

Families at-risk of homelessness face financial crises due to the lack of affordable housing, limited employment opportunities, insufficient wages, lack of medical

---

[1] Bernstein, N. & Foster, L.K. (2008). *Voices from the street: A survey of homeless youth by their peers.* Sacramento, CA: California Research Bureau.

The National Center on Family Homelessness. (2008). Homeless Families and Trauma. Retrieved from www.familyhomelessness.org

[3] Child Welfare League of America. Housing and homelessness: Publications and reports. Retrieved from http://www.cwla.org.

[4] Child Welfare League of America. (2008). California's Children 2008. Retrieved from http://www.cwla.org/advocacy/Statefactsheets/2008/california.htm

The National Center on Family Homelessness. Fact sheet on America's Homeless Children. Retrieved from www.familyhomelessness.org/pdf/fact_children.pdf

insurance, or inadequate welfare benefits. [6] There is no jurisdiction in the US where a minimum wage job provides enough income for a household to afford the Fair Market Rent for a 2 bedroom home.[7]

Analysis of the Fragile Families database, comprised of at-risk families whose mothers have recently given birth, shows that among those families living below 50% of the poverty line, homelessness is related to having no housing assistance or having lost that assistance or public housing [8]. The length of time families stay homeless is partly a function of shelter limits on stay, as well as the availability of affordable housing. [8] Long shelter stays have not been found to be associated with personal barriers of families, but with programs and policies such as shortages in affordable housing that promote those long stays [9]

While there is no reliable count of the precise number of children who are placed in foster care *because* they are homeless or due to the hazards of the physical living conditions of their families, every day a parent is confronted with the Hobson's choice of keeping her child on the street with her, or of giving her child up to foster care. Moreover, we know that some 30% of all children in foster care could be reunited with their biological families if safe, affordable housing were available to them [i]

Homeless families have higher rates of separation than other low-income families.

Research estimates that one-fifth of homeless children will be separated from their immediate family at some point. Among homeless women, 60% have children under the age of 18 but only 65% of them live with at least one of these children. The situation is similar among homeless men, where 41% have children under the age of 18, but only 7% live with at least one of their own children. [10]

While some separations are due to shelter rules such as those that do not allow adolescent males to stay with their mothers , other separations are due to the stress and trauma associated with the homeless experience, and many parents *choose* to send their children to stay with relatives to continue their schooling, to kept them away from shelters and off of the streets[11] . In a study by…, found that child welfare services were responsible for separating % of the time as opposed to (have article with stats)

As many as one third of the families served by the child welfare system have severe housing problems. [12]

---

[6] National Coalition for the Homeless. (2008). Homeless Youth: NCH Fact Sheet #13, retrieved from http://www.nationalhomeless.org/publications/facts/youth.html

[7] Ibid. 3

[8] Buckner, D.J. & Rob, J.C. (2007). Homeless families and children. In *Toward understanding homelessness: The 2007 national symposium of homelessness research.*

[9] Culhane, D., Parker, W., Poppe, B., Gross, K., & Sykes, E. (2007). Accountability, cost-effectiveness, and program performance: Progress since 1998. In *Toward understanding homelessness: The 2007 national symposium of homelessness research.*

[10] Ibid. 5

[11] Roman, P. & Wolfe, P. (1995). Web of failure: The relationship between foster care and homelessness. In *National Alliance to End Homelessness.*

[12] Ibid. 3

It is considered a form of neglect for parents not to provide adequate housing for children, which is where the doctrine of *parens patriea* influences family separations. [13] The doctrine of *parens patriea* mandates the state to intervene to protect children from abuse and neglect. But the principal solution provided by the state is channeled through Child Protective Services to place the child in foster care. Roman & Wolfe (1995) examined such cases and found that while homelessness was a primary reason for foster care placement in 1 of 5 cases and a contributing factor in 2 of 5 cases only 6% were offered housing assistance before children were removed and placed into foster care. [14] For some, homelessness and housing policies act as a barrier to reunifcation. At least 30% of children in foster care could return home if their parents had access to housing. [15] For example, many parents are unable to receive Section 8 to find appropriate housing but cannot get their children back from out-of-home placement until they obtain suitable housing. [16]

Many cite the high numbers of parental substance abuse, mental illness and domestic violence among homeless families as the primary reason behind child welfare involvement, however research indicates that family homelessness is the most important predictor of parent-child separations above all other factors. [17] This highlights the concern that child welfare intervention may be more influenced by family homelessness, rather than actual parenting concerns. The "fishbowl hypothesis" purports to explain how children in shelters are at risk for child welfare involvement. [18] Homeless parents and those of lower SES are under increased scrutiny due to their living circumstances, with their behaviors rated more abusive when compared to parents of middle class families. [19]

Children placed in foster care are more likely to experience economic, social, behavioral and school problems.

On average, children in foster care move through three different foster care placements, frequently with little or no warning. These children who have been removed from their families into unstable foster care placements have no experience of developing and maintaining support systems or learning necessary living skills to sustain a stable residence.[20]

Fewer than 10% of foster youth (compared to 60% of the general population) get college degrees. After they leave high school, 60% of foster youth are unemployed. Other studies document the heightened prevalence of mental and physical illness, delinquency and

---

[13] Ibid. 11

[14] Cowal, K., Shinn, M., Weitzman, B. C., Stojanovic, D., & Labay, L. (2002). Mother-child separations among homeless and housed families receiving public assistance in New York City. American Journal of Community Psychology, 30, 711–730.

[15] Ibid. 5

[16] Ibid. 11

[17] Ibid. 14

[18] Park, J. M., Metraux, S., Brodbar, G., & Culhane, D. P. (2004). Child welfare involvement among children in homeless families. Child Welfare, 83, 423–436.

[19] Ibid. 14

[20] Zlotnick, C., Robertson, M. J., & Wright, M. A. (1999). The impact of childhood foster care and other out-of-home placement on homeless women and their children. *Child Abuse & Neglect, 23,* 1057–1999.

criminal arrests for children who are in foster care or homeless. [21]

Homeless Children Struggle in School

- Approximately 87% of school-age homeless children and youth are enrolled in school, although only about 77% attend school regularly. Some schools don't allow homeless children to register without school and medical records. Others will not enroll children without a home address and there is often no transportation available to get children from shelters to school. The vast majority of homeless children and youth live in shelters, doubled up with friends or relatives, or in situations such as motels and campgrounds. [5]
- Homeless children who are able to attend school have more problems learning in school.

  Compared with other children, homeless children are:

  - Four times as likely to have developmental delays.
  - Twice as likely to have learning disabilities.
  - Twice as likely to repeat a grade, most often due to frequent absences and moves to new schools (28% of homeless children go to three or more schools in a single year). [22]

(U.S. Department of Education, 2000; National Center on Family Homelessness, 1999)

More than 80% of children in foster care have developmental, emotional, or behavioral problems. Foster care has also been linked to conduct disorder and juvenile delinquency. One study found that 44% of young adults who had been in foster care reported being involved in delinquent activities that led to court charges.[23] Youth placed in foster care or those who have child welfare case histories are increasingly placed into the juvenile justice system, even though redirecting them to receive mental health services is indicated.[24]

Foster children occupy 40% of the child mental health inpatient beds on any given day.[25] Research indicates that children who are separated from their parents at an early age are at greater risk for developing Posttraumatic Stress Disorder. [26]
Foster care has been described as a "trajectory into homelessness".[27] According to the County of Los Angeles Department of Children and Family Services, of the 1,000 youth emancipated from the foster care system in Los Angeles
County each year, 45% either go directly on to the streets or into unstable situations that are likely to turn them homeless within six weeks of emancipation. [28] It is estimated that

[21] Ibid. 11
[22] Ibid. 5
[23] Children's Law Center of Los Angeles. Foster Youth and Mental Health Fact Sheet. Retrieved from, http://www.clcla.org/facts_mental.htm
[24] Annie E. Casey Foundation. (2008). Kids Count Data Book.
[25] Ibid. 23
[26] Stewart, A.J., Steiman, M., Cauce, A.M., Cochran, B.N., Whitbeck, L.B., & Hoyt, D.R. (2004). Victimization and posttraumatic stress disorder among homeless adolescents. *Journal of the American Academy of Child and Adolescent Psychiatry, 43,* 325-331.
[27] Ibid. 1
[28] Ibid.

around 40% of emancipated foster youth will end up on public assistance. [29]Impacting this bleak situation further, it has been found that one third of youth who age out of the foster care system evidence mental health problems, the most prevalent diagnoses being Post Traumatic Stress Disorder, alcohol or substance abuse, and major depression, and about one fourth of foster youth will be incarcerated within the first two years after they leave the system. [30]

Health and Mental health problems in foster care

In 2000, Harman, Childs, & Kelleher found that "children in foster care are significantly more likely to suffer from mental health conditions and use more mental health and general health services than AFDC children. Children in foster care were 3 to 10 times more likely to receive a mental health diagnosis, had 6.5 times more mental health claims, and were 7.5 times more likely to be hospitalized for a mental health condition. Overall, utilization rates, expenditures, and prevalence of psychiatric conditions for children in foster care were comparable with those of children with disabilities." [31]"Over 80% of children had developmental, emotional, or behavioral problems. Emotional, relational, and behavioral problems were more common in children first placed after 2 years of age and in those with a greater number of placements (chi 2 = 12.6, P < .05)." [32]

Halfon, Mendonca and Berkowitz (1995) found alarming prevalence of health problems in foster children in one study. "Over 20% of children had growth abnormalities, 30% had neurologic abnormalities, and 16% had asthma. Fewer than 20% of children had no medical conditions, while 28.8% had three or more conditions." [33]

Mental health and health problems associated with homelessness

- Homelessness Makes Children Sick
- Homeless children get sick twice as often as other children. They have:
  - Twice as many ear infections.
  - Four times as many asthma attacks.
  - Five times more stomach problems.
  - Six times as many speech problems.
  - Twice as many hospitalizations.
- Homeless children go hungry twice as often as other children and 25% of homeless children report eating less after becoming homeless. [34]

---

[29] Krinsky, M.A. &McDonald, J. Bend Foster Care Rules So Families Don't Break. *Los Angeles Times,* March 25, 2004.

[30] Courtney et al. (2005). Midwest Evaluation of the Adult Functioning of Former Foster Youth: Outcomes at Age 19, Chapin Hall.

[31] Harman, J. S., Childs, G. E., & Kelleher, K. J. (2000). Mental Health Care utilization and expenditures by children in foster care [Electronic Version]. *Archives of Pediatric Adolescent Medicine, 154 (11).* Retrieved from http://archpedi.ama-assn.org.libproxy.usc.edu/cgi/content/abstract/154/11/1114

[32] N. Halfon, A. Mendonca, & G. Berkowitz (1995). Health status of children in foster care. The experience of the Center for the Vulnerable Child. *Archives of Pediatric Adolescent Medicine, 149 (4).* Retrieved from http://archpedi.ama-assn.org.libproxy.usc.edu/cgi/content/abstract/149/4/386

[33] Ibid

[34] Ibid. 1

(National Center on Family Homelessness, 1999; Sandel, Sharfstein, and Shaw, 1999; Institute for Children and Poverty, 1999)

- Every day, homeless children are confronted with stressful, traumatic events. Within a single year:
  - 97% of homeless children move, many up to three times.
  - 22% are separated from their families to be put in foster care or to live with relatives.
  - 25% have witnessed acts of violence within their family.
- Homeless children have many more mental health problems than other children.
  - More than 20% of homeless preschoolers have emotional problems serious enough to require professional care.
  - 47% of homeless school age children have problems such as anxiety, depression, or withdrawal, compared to 18% of other children.[35]

(National Center on Family Homelessness, 1999; Institute for Children and Poverty, 1999)

There is a relationship between severe child hunger and adverse physical health and mental health outcomes among low-income children. Severe hunger in children is associated with homelessness. "Compared with those with no hunger, school-aged children with severe hunger were more likely to be homeless (56% vs 29%). School-aged children with severe hunger scores had parent-reported anxiety scores that were more than double the scores for children with no hunger and significantly higher chronic illness counts (3.4 vs 1.8) and internalizing behavior problems when compared with children with no hunger. For preschoolers, compared with children with no hunger, severe hunger was associated with homelessness (75% vs 48%), and higher levels of chronic illness and internalizing behavior problems. For school-aged children, severe hunger was a significant predictor of chronic illness after controlling for housing status, mother's distress, low birth weight, and child live events. For preschoolers, moderate hunger was a significant predictor of health conditions while controlling for potential explanatory factors. For both preschoolers and school-aged children, severe child hunger was associated with higher levels of internalizing behavior problems. After controlling for housing status, mother's distress, and stressful life events, severe child hunger was also associated with higher reported anxiety/depression among school-aged children."[36]

"Homeless and housed poor children experienced high rates of illness symptoms, disability, and bed days. Homeless and housed poor children were frequently rated by their parents to be in fair or poor health (17% vs 13%, $P = .14$). Homeless children, however, were reported to have more behavior problems and school failure [30% vs 18%, $P = .06$] than housed poor children. Homeless children also had high rates of other health problems such as developmental delay (9%) and overweight (13%). The diets of homeless children were frequently imbalanced, dependent on food from "fast-food" restaurants, and characterized by repeated periods of deprivation. It is concluded that homeless children have significant child behavior and developmental problems and

[35] Ibid.

[36] Weinreb, L., Wehler, C., Perloff, J., Scott, R., Hosmer, D., Sagor, L., & Gundersen, C. (2002). Hunger: Its impact on children's health and mental health [Electronic Version]. Pediatrics, 110 (4), 41. Retrieved from http://pediatrics.aappublications.org.libproxy.usc.edu/cgi/content/abstract/110/4/e41

disorders of nutrition and growth, which are associated with multiple risk factors in their environment."[37]

Lack of access to resources

- Despite their multiple and complex needs, homeless children are not receiving the services they need. For example:
  - Nearly 20% of homeless children lack a regular source of medical care and 15% rely solely on hospital emergency rooms.
  - Less than 1/3 of homeless children who need help for their emotional problems are receiving it.
  - Only 50-60% of homeless families are enrolled in Medicaid, although most are eligible.
  - Only 71% of homeless families receive Food Stamps or WIC, although most are eligible.
  - Only 37% of homeless children receive services that help them with enrollment, attendance, and success in school.
  - Only 15% of homeless children are in preschool programs, less than half the rate of all children nationally.[38]

(National Center on Family Homelessness, 1999; Institute for Children and Poverty, 1999; Burt, Aron, Douglas, et al., 1999; National Coalition for the Homeless, 1999; U.S. Department of Education, 1999)

Attachment theory as applied to homeless children

Attachment is understood as a strong emotional bond that develops between parent (or primary caregiver) and child.[1] Attachment theory was developed by John Bowlby (1969) to illustrate the importance of the early relationship of children with their parents. Bowlby likened the absence of attachment in early childhood as severe as a serious developmental problem.[2] The qualities of attachment are determined by four main factors: significant amount of time spent together, a caregiver's alert responses to the child's needs, the caregiver's emotional responses, and the caregiver's ability to be available in the child's life over a long period of time.[1] Clearly, these four factors are challenged when a family is facing homelessness. Studies show that a threat to attachment will arouse anxiety and anger, but actual loss of the attachment may arouse despondency and anger.[1] These feelings of loss are exacerbated when a family is forced to separate in the emotionally charged circumstance of facing homelessness. At first, detachment may be used as a coping mechanism, but over time, when overused, feelings of despair are repressed and the result is pathological.[2] The result of an anxious or insecure attachment over time can lead to emotional instability, poor health, lowered self-esteem and overall functioning, and delinquency. Bowlby suggests that attachment behavior does not disappear with childhood, but persists throughout the lifetime.[2]

(Zastrow, C., Kirst-Ashman, K.K. (2007). Understanding human behavior and the social environment (7th Ed.) Belmont, CA: Thompson)
(Robbins, S.P, Chatterjee, P., Canda, E.R. (2006). Contemporary human behavior theory:

---

37 Wood, D. L., Burciaga Valdez, R., Hayashi, T., & Shen., A. (1990). Health of homeless children and housed, poor Children [Electronic Version]. Pediatrics, 86 (6), 858-866. Retrieved from http://pediatrics.aappublications.org.libproxy.usc.edu/cgi/content/abstract/86/6/858
38 Ibid. 1

A critical perspective for social work (2nd Ed.). Boston, MA: Pearson.)

Youth Homelessness

- Children experience high rates of chronic and acute health problems while homeless with profound effects on their subsequent development and ability to learn
- By age 12, 83% of homeless youth have been exposed to at least one serious violent event. Children who witness violence are more likely than those who have not to exhibit frequent aggressive and antisocial behavior, increased fearfulness, higher levels of depression and anxiety, and have greater acceptance of violence as means of resolving conflict
- Homeless children have poorer physical health. Compared to non-homeless youth, they are sick four times more often, have gastrointestinal problems 5 times more often, are 4 times more likely to have asthma, two times as likely to go hungry. They have high rates of obesity as well.
- Homeless children are three times more likely to have emotional and behavioral problems. 16% of homeless preschoolers have severe aggression and/or hostility, while 47% of homeless school age children have anxiety, depression, and withdrawal as opposed to 18% of non-homeless children. Furthermore, 36% of homeless children show delinquent or aggressive behavior with 17% of non-homeless youth exhibiting this behavior.
- Homeless youth are four times more likely to show delayed development due to educational disruption, where 36% will need to repeat a grade.
- There is also a strong link between foster care placement and homelessness.12% of homeless children are placed in foster care, whereas only1% of non-homeless children are placed.[39]

Furthermore, homeless children are 50% more likely to die before their first birthday. [40] There exists a high prevalence of developmental delays in intellectual, social, emotional functioning, in addition to multiple health problems, hunger and poor nutrition, high incidences of poor psychological health.[41]

National Coalition for the Homeless
Homeless Youth
NCH Fact Sheet #13, June 2008

Difficulties attending school due to legal guardianship, residency requirements, improper

[39] The National Center on Family Homelessness (April 2008).The Characteristics and Needs of Families Experiencing Homelessness.
[40] Kidd & Scrimenti. (2004). Evaluating child and youth homelessness. *Evaluation Review, 28*(4), 325-341.
[41] Ibid.

records, transportation, difficult to support themselves emotionally and financially

Individual costs of foster care
According to statistics from he Child Welfare Department, the most recent numbers available (2005) indicate that in the state of California, the monthly allotment for each foster child ranges from $425 for an infant to $725 for a 16-year old child. These numbers are subject to adjustment in terms of individual need and take into consideration matters of clothing, and housing. Maintenance of these allowances is revisited on an annual basis and are difficult to regulate. Often times these funds allocated for the care of the child are misappropriated and used for other purposes, such as rent and other household expenses.

Mental health cost of foster care
"Mental health expenditures that were 11.5 times greater ($2082 vs $181) than children in the Aid to Families With Dependent Children (AFDC) program. Overall, utilization rates, expenditures, and prevalence of psychiatric conditions for children in foster care were comparable with those of children with disabilities."[4]

"Accountability, Cost Effectiveness, and Program Performance: Progress Since 1998", Culhane, Parker, Poppe, Gross, Sykes
Cost for long-stay families in shelters ranged from $27,000 to $55,000 per family. The equivalent of 4 or more years of a permanent housing subsidy, or this amount could provide four or more families with a rental subsidy for a year
- also costly for child welfare
- stable housing costs nearly a tenth of institutional placement (from Leeuwan, 2004). - juvenile detention and residential treatment

"Ending family homelessness conference: Roxana Torrico, from Child Welfare League of America; Oakland Ca, Feb. 8, 2007
According to research in the *Child Welfare*, Special Issue on Housing and Homelessness: The average annual cost of keeping an average child welfare size (2.7 children) family in foster care =$47,608**
The average cost of providing permanent housing with support services for 1 year = $13,412.
Nationally, Housing with supportive services=$16,923,478; Foster Care with Services=$53,286,333
SAVINGS could be: $36,362,854 annually!!

Information on homeless youth
Likely to be victims of physical assault and sexual exploitation (Victimization and PTSD no.2, in research articles).

Youth Homelessness, Kidd and Davidson, 2006
High rates of victimization, problems finding shelter, food/nutrition.
Drug use and dependence common, sex trade, criminality, serious mental illness, poor physical health, risk for suicide, high mortality rates

The National Center on Family Homelessness, April 2008
The Characteristics and Needs of Families Experiencing Homelessness
Children experience high rates of chronic/acute health problems while homeless, effects on development and ability to learn.
Violence: by age 12, 83% exposed to at least one serious violent event, almost 25% have witnessed acts of violence within their families, children who witness violence are more likely than those who have not to exhibit frequent aggressive and antisocial behavior, increased fearfulness, higher levels of depression and anxiety, and have greater acceptance of violence as means of resolving conflict.
Physical heath: sick 4x more often, 4x resp. infections, 2x ear infections, 5x more gastro problems 4x asthma, go hungry at 2x the rate of other children, high rates of obesity/overweight.
Mental health: 3x rate of emotional and behavioral problems compared to non homeless children, 1 out of 5 (between 3 and 6yrs) require professional care, 16% of homeless preschoolers have severe aggression/hostility, school age homeless- 47% have anxiety, depression, withdrawal vs. 18%, 36% delinquent or aggressive behavior vs. 17%
Dev. Milestones and Academic Performance: 4x to show delayed dev., educational disruption, 36% repeat a grade.
Strong link between foster care placement and homelessness
12% of homeless children placed in foster care, vs. 1% of other children

Evaluating child and youth homelessness, new haven, Kidd and Scrimenti, 2004
170 families, 323 children
Homeless children are 50% more likely to die before their first birthday (lack of adequate prenatal care), high prevalence of dev. delays in intellectual, social, emotional functioning, multiple health problems, hunger and poor nutrition, high incidences of poor psychological health, at risk for severe stressful life events- further trauma: family instability, domestic violence, substance abuse, parental mental illness, social isolation.
Homeless youth vs. homeless children/families.

Homeless Transitional Youth

Recommendations from the

Communications Team:

Cole Williams

Rachel Gipson

USC School of Social Work

Professor Jolene Swain

Homeless transitional youth are an underserved population with special needs. Caught between the dependence of children and the independence of adults, they are almost invisible to service providers. Abuse, trauma, and issues of psychosocial development fuel noncompliance and complicate outreach efforts. The public is distracted into believing this is not a population who "deserves" help. In fact, homeless transient youth are at high risk for problems involving health, mortality, victimization, and exploitation. Without successful intervention, they are the sex workers, the substance abusers, the HIV infected, the criminals, and the homeless of tomorrow's world.

After multifaceted research and careful deliberation, the class Social Welfare Policy with Professor Jolene Swain at the University of Southern California proposes the following five interventions designed to positively impact the homeless transitional youth population:

(1) **Extend foster care to age 21.** Transition-aged youth are not adequately prepared for the transition from foster care to independent living. An extension of support, within a structure that bridges the gap between dependence and independence, is key. While life skills education has not proven consistently effective, research has concluded that adult mentoring empowers youths and predicts better outcomes.

(2) **Bring visibility to this population.** Homeless transitional youth suffer from negative media portrayal and consequently lack of public interest and support. Advocacy campaigns designed to increase awareness of homeless youth can create positive momentum in regards to initiatives by public and private sectors.

(3) **Revitalize outreach efforts.** Outreach conducted by trained professionals has a significant impact on homeless transitional youth, including healing insecure attachment disorders and antisocial disorders, bridging systemic distrust, providing education in regard to public health (particularly sex and substance abuse), and providing access to resources. Additionally, there are opportunities for mentoring, as mentoring has been proven an effective empowerment strategy.

(4) **Specialized training for service providers.** Providers without specific knowledge of evidence based and strength based engagement and intervention practices are less likely to conduct successful interventions, and more likely to further alienate homeless transitional youth from seeking institutional solutions to their multitudinous problems.

(5) **Invest in prevention.** Prevention is consistently proven to be a less expensive alternative to intervention, both in money and human cost. Teen homelessness is a cyclical, generational phenomenon, but interventions can be made when risk factors are identified early. Preventative measures established in hospitals when women give birth that involve evaluation of risk factors and corresponding support in those areas would be an effective way to interrupt the cycle.

Over the course of study our class has become genuinely concerned for homeless transitional youth. We believe solutions are available, positive outcomes are realistic, and changes both in policy and implementation are the most effective way to enact change for this important and often-overlooked population.

Running head: SOWK 535- Spring 2009

SOWK 535- Spring 2009

Midterm

Alma Martinez, Luisa Rodriguez, Eric Saprid, Edgar Viveros

03/12/09

Ralph D. Fertig

The areas that we, as a team, researched were Hollywood, East Los Angeles, Wilshire, Downtown Skid Row, South Los Angeles, and Harbor areas. To gather and find available resources in the following areas, we utilized healthycity.org as a vantage point to gather information on what resources were available in a particular area. However, if the information presented through the website showed limited data, we resorted to contact the various agencies via phone calls and emails. In a comprehensive approach to garner data about agency contacts throughout Los Angeles County, the team organized and categorized the data on an Excel Spreadsheet that included the service name, agency provider, contact info, cost, bed numbers, length of stay, services provided, selection criteria, recidivism, and restrictions. After gathering the necessary data about the different agencies through Los Angeles County, we were able to supplement the rich data with our own experiences. The team concluded that the past research conducted over homeless families and children are accurate. Consequently, homelessness for children are severe, since they are exposed to horrid living conditions, their education and development are put in jeopardy, at risk of becoming dependent of the court, and prone to inevitably enter the foster care system. The Resource Team looked in to the listing of resources from selective areas in Los Angeles County that serve the homeless families and children, discovered what each resource provided for them, and discussed whether they were able to accommodate them for a significant amount of time.

In response to the plight of homelessness, Los Angeles County has several short term housing options to alleviate the homeless problem. A problematic finding we discovered was that most of the agencies have a long waiting list. For example, Casa Libre Residential Program, which accepts hard to place families who have several children, have waiting list of four to six

months. According to Arlene Vasquez, Program Director from Casa Libre Residential Program, reported that most of their programs have long waiting lists and mentions homelessness continues to be a big problem in society (personal communications, 2009). Due to the lack of beds and space, families and children are potentially faced with the hurdle of being turned away as a result of unavailable openings in shelters. From our data collection, we found that there were limited spaces in domestic violence shelters and family shelters. The Rainbow Services only has 10 beds and the Manning Center can only accommodate 4 families. As group members contacted various agencies in an effort to appraise the available resources in various areas of Los Angeles, the lack of resources was evident. Especially, the Wilshire area was challenging due to the lack of resources that were generated through healthycity.org, and the general internet as a whole. Utilizing cooperative contacts with staff members from both Alexandria House and Gramercy Place Shelter, they made it clear that there are insufficient beds available for families.

The team also discovered that the entry requirements for short term housing were strict and contribute to the separation of families. Research by Shelter Partnership (2005) concluded that two parent families were restricted in 41.7% of programs, children of any gender over a specified age were restricted in 35.4% of programs and boys over a specific age were ineligible in 37.5% of the Los Angeles County programs. Through our data collection, we found similar results with those of Shelter Partnership. Some shelters restricted men from staying with their families, and the majority of the shelters made it clear that they accepted no children or more specifically, male children over the age of 12. An obvious gender bias takes place as girls were given much more preference over boys in the shelters, since they were eligible to stay with the mother until the age of 18 years old. In the East Los Angeles and Hollywood areas Bright

Futures and Hope Again were two agencies that had these strict and unfair requirements. Hope Again, accepted boys under the age of 10 but there was no age limit for girls. In Bright Future, boys under the age of 12 were allowed while with girls there was no age limit. We also realized that most shelters have a limit on the number of children allowed to stay with the mother. Bright Future for example only accepts two children per family and the mother must either be employed or receiving public services. The obvious problem with these requirements is that they split the family unit. The father must either enter an adult male shelter or live in the streets. If a family has teenage boys, the boys must stay with relatives, enter an adult male shelter or youth program or live on the streets. Alexandria House, a non-profit transitional residence and domestic violence shelter, prohibits boys over thirteen to reside in the shelter. This means that mothers seeking help must choose if they are willing to leave their domestic violence situation and or enter a domestic violence shelter where their child might not be welcome. We felt that mothers are put at a disadvantage either way, since there is chance where their child, depending on a boy or girl may be unable to stay with them in the shelter. Obviously, this poses as a problem, since these shelter requirements and rules appear to deliberately split the family unit.

The dilemma with the available housing in Los Angeles County is that it can only accommodate people for such a short time. The length of stay can vary from 30 days to 2 years pending staff approval, but the average stay according to our data appears to be 6 months. This appears to coincide with the results from Shelter Partnership (2005), which states that 44.4% of programs in Los Angeles County allowed families to stay for over five month. The length of time varies depending on the type of shelter services. Specifically, domestic violence shelters which are a place to house the women who are in an abusive relationship restrict families to stay

for only 30 days. Some shelters that can only accommodate families for only 30 days include Free Spirit Shelter, Angel's Flight, and Jenesse Center. Finally, some family shelters, who house women and children, require people to submit a portion of their income to the shelter will also find it difficult to save their earned income and find stability. Some examples include Hope Again which requires people to submit $400-500 per month and Bright Future expects people to contribute 10% of monthly gross.

A persistent issue the team came across was that most shelters focus their services on a particular population, thus making it difficult for families to access shelter services if they fail to fall within a group. Specifically, the sober living homes allow only people who are experiencing drug and/or alcohol problems. These sober living homes could charge you a fee to attend the home, as indicative with Toberman Settlement House and Joint Efforts, Inc. In the same way, domestic violence shelters exhibited the same rigidity in particular populations, by only allowing battered women to qualify and gain entrance for services. The following shelters only allowed battered women and children: Rainbow Services Ltd., 1736 Family Crisis Center, His Sheltering Arms, Inc., and Flower House. A common obstacle we encountered while inquiring about the services provided by the domestic violence shelters were the refusal of some shelters to disclose the number of beds available. Case in point, Center for the Pacific Asian Family, Inc. refused to disclose the number of beds they provided for battered women, due to the fear of breaking confidentiality. Also, Youth Runaway Shelters present a number of obstacles, because they lack stability and longevity of stay, they require the boy or girl to have an open DCFS case, exclusivity in genders, and must be between the ages of 11 and 17.

Unfortunately, it appears as though shelters have settled to a system of "referring out," meaning when they have to turn away families, there are other efforts in place to try to connect them with agencies that might meet their needs. This system of referring out requires staff to be aware of the forms required and a familiarity with the agencies to which they are referring them. When speaking to Jewish Family Services staff member, Debra, she was ready with information of other resources in the Los Angeles area that have led to successful assistance for clients. Rather than provide the client with information about Jewish Family Services, Debra and many others simply refer them with others who could be of more assistance.

Interestingly, some agencies that we contacted gave us a difficult time, because they were resistant to providing information regarding the services that they provide. As a whole, we found that the substance and quality of information gathered depended on policies aimed to protect the confidentiality of clients, and depended heavily on the staff's knowledge or willingness to assist in this process. From this bureaucratic process, we encountered responses from various staff members who were empathetic, well-knowledgeable, and less-knowledgeable that either deferred our phone calls to others or never returned phone call messages.

Downtown Los Angeles is a place renowned as "skid row," in which it is recognized for the high population of homeless people. In terms of prevalence, Downtown Los Angeles has one of the highest concentrations of shelter services (LAHSA. 2007). Despite Downtown Los Angeles having many shelters, the majority of these shelters cater to only homeless adult men and women according to Asian Pacific Women Center personnel. In the process of contacting locating agencies in Downtown, he found limited programs that offered services for families and children. Furthermore, in the entire downtown region of Los Angeles, approximately only 65

beds are available for homeless families with children. Of those beds, 94% of beds available were in domestic violence programs for women and children, placing restrictions on boys over 12 years old.

Unfortunately, approximately 10 beds in all of downtown Los Angeles could be utilized by all families seeking emergency shelter. When he asked many agency representatives about what homeless families or single male households do to gain access to an emergency shelter, they stated that these families are forced to sleep in cars, attempted to relocate outside of downtown, or lied about having children in order to access services. Single Room Occupancy (SRO) programs have rules against having children on the premises, but are incapable of enforcing this rule with greater consistency due to the high occupancy. In spite of these rigid rules, many families identify SROs as one of very few options for shelter, and therefore, they will often attempt to sneak in their children in the rooms. However, also due to the high population of these facilities, many potential risk factors for children such as unsanitary facilities, propensity for violence, and inappropriate adult behavior. Given that there are limited resources for many families in downtown, this is the only option for shelter they can rely on.

From the current media, we found information that related to possible vouchers for families and children. It is encouraging to have politicians who advocate for the well-being of families. Congress woman Maxine Waters sponsored a bill in which there were several changes suggested, including increasing the number of vouchers by 20, 000 over a span of five years, for a total of 100,000 new vouchers in the H.R. 1851 bill, the Section 8 Voucher Reform Act of 2007 (Press Releases, 2009). The housing vouchers provide much needed assistance to needy families in terms of improving current income. Housing vouchers are based on eligibility,

including annual gross income, if the applicant is disabled, elderly, or applying as a family, and it is also based on citizenship or eligible immigration status (Homes and Communities, U.S. Department of Housing and Urban Development Site, 2009). As a result of using the voucher system, families may pay 30 percent of the monthly adjusted income.

Homelessness is a persistent social problem that affects many men, women, children, and most of all, families. The Resource Team found significant statistics about the problem of homelessness in Los Angeles. In the course of a year, a total of 600,000 families and 1.35 million children are homeless nationwide (Shelter Partnership, 2005). Additionally, according to the Los Angeles Homeless Service Authority (2007), the leading agency in charge of the homeless count, found that on any given day, there are an estimated 68,608 homeless people throughout the Los Angeles County and approximately 10,100 are children under the age of 18. The particular legislation being proposed to Congress is to address the need to provide adequate housing to families and children. As indicative in the Los Angeles Homeless Count in 2007, 24% of the homeless populations counted were living with families and 82% of the homeless family members were unsheltered (Los Angeles Homeless Service Authority, 2007). However, the demand for housing is higher than the supply. According to Shelter Partnership (2005), which studied family shelters in Los Angeles, they found that short-term programs serving families in Los Angeles County can only accommodate approximately 1, 986 families out of 8,238 families needing shelter with 5,959 beds on any given night. Therefore, these agencies can only accommodate 24.1% of the nightly homeless families (Shelter Partnership, 2005). In fact, their study reported that 85% of the programs had to turn away families due to lack of beds and on average, agencies turned away 23 families per month (Shelter Partnership, 2005). With the

current economic crisis, program cutbacks, and decrease in services it can be assumed that homelessness will increase dramatically in the years to come.

References

(A Vasquez, personal communication, February 25, 2009).

Healthy City Project. Community Services [Data File]. Retrieved from http://healthycity.org/c/resource#/mode/cat_drill/geo/county/zt//cat/1|67|||/yk/071.

Homes and Communities, U.S. Department of Housing and Urban Development Site (2009). Equal Housing Opportunity. from http://hud.com/.

Los Angeles Homeless Service Authority. (2007). 2007 Greater Los Angeles Homeless Count. Los Angeles, CA: Los Angeles Homeless Service Authority.

Los Angeles Homeless Service Authority. (2007). 2007 Greater Los Angeles Homeless Count Executive Summary. Los Angeles, CA: Los Angeles Homeless Service Authority.

Shelter Partnership, Inc. (2006). Operating at Capacity: Family Shelters in Los Angeles County. Los Angeles, CA: Shelter Partnership, Inc.

U.S. Representative Maxine Waters. (2007). House Overwhelmingly Passes Section 8 Voucher Reform Act of 2007. from http://www.house.gov/apps/list/press/ca35_waters/PR070713_section8.html.

Los Angeles County District Attorney's Office
Responses to Preventing Foreclosures and Foreclosure Rescue Fraud

1. Types of Foreclosure Rescue Fraud Cases Being Investigated

- **Home Equity Sales Contract Fraud**: Suspects convince homeowners to grant title of the property to them and pay them rent. Suspects usually promise to return property back to the victims in a year or two when their credit is improved. Suspects either take out loans against the property or sell the property and pocket the equity.

- **Mortgage Foreclosure Consultant Fraud**: Suspect contacts homeowner whose home is in foreclosure and claims to be able to assist in delaying or preventing foreclosure by obtaining new financing. Suspect instructs homeowner to transfer title of property to an individual (suspect or suspect's accomplice) who can qualify for new financing. Suspect obtains new loan including all equity. Usually within months, the homeowner receives a notice of default in the mail and the suspect has already absconded with sales proceeds.

- **Bankruptcy Fraud**: Suspects file fraudulent bankruptcy cases using a fictitious business and/or trust using fractionalized deeds. Homeowners pay a monthly fee to the suspects while foreclosure is being delayed because of the bankruptcy proceedings. When a fraudulent bankruptcy case is dismissed, suspects file another fraudulent bankruptcy case.

- **Loan Modification Fraud**: Suspects charge an upfront fee and/or monthly fees to negotiate with lenders on the behalf of the homeowners. Typically, they provide no service or minimal service and just take the money.

- **Forged Reconveyance Fraud**: Suspects file a forged reconveyance on a property, making it appear that the property is owned free and clear. Suspects encumber the property with a new loan and run off with the new loan proceeds.

- **Rent Skimming**: Trespassing on vacant property and renting to unsuspecting tenants.

2. How Are We Addressing the Crisis

- Cases are investigated where there are a significant number of victims and losses. Consideration to investigate a case is also based on the facts of a complaint submitted to our office for review.

- The Los Angeles County Real Estate Fraud Task Force meets monthly and shares information on current trends and cases being investigated. The task force has been in existence for approximately ten years. The task force is comprised of the following agencies: Department of Real Estate, County Department of Consumer Affairs, County Registrar Recorder, Los Angeles Police Department, Los Angeles County Sheriff's Department and County Assessor. Other law enforcement/county agencies also attend the task force meetings.

- We coordinate with outside agencies to investigate cases that have multiple victims in various jurisdictions.

3. Type of Scams

- Phony counseling: Scam artists convince homeowners that they can negotiate a deal with lenders. Once they collect the fee, they take off.

- Rent-To-Buy Scam/Rent Skimming: Suspects convince homeowners to grant title of the property to them and pay them rent. Suspects usually promise to return the property back to the victims in a year or two when their credit is improved. Suspects either take out loans against the property or sell the property and pocket the equity. Suspects benefit from rent money and the equity they stole.

- Bankruptcy Foreclosure: Suspects file fraudulent bankruptcy cases using a fictitious business and/or trust using fractionalized deeds. Sometimes scam artists file bankruptcy in homeowners' names – sometimes without their knowledge. Often attorneys are involved in this scam.

4. Challenges

- Thousands of complaints are received throughout the county annually and due to limited personnel (e.g. detectives, prosecutors, etc.) many cases are often not investigated.

- Cases investigated are often complex and labor intensive.

- Many of the companies have gone out of business that have the records to prove the crime (e.g. Title Company, Escrow Company, financial institution, etc.).

5. Tools or Resources Needed

- Additional investigators and prosecutors.
- Continue Community Outreach Programs to educate the public on what government programs are available to assist them.
- Enhance current statutes with greater punishment (longer prison sentences) and reconvey clear title through the criminal process thus returning the property to the original owner.
- Greater regulatory oversight and accountability over all of the players involved in all real estate transactions (e.g. Appraisers, loan brokers, title companies, etc.) .
- Improve the manner/verification in which records for recordation are accepted.
- Restrict access to real estate records by the general public (Need-to-Know/ Right-to-Know).

The Truth About Foreclosures: Solutions to End the Suffering in Los Angeles County

Testimony by Lori R. Gay
President & CEO
Los Angeles Neighborhood Housing Services
Congressional Subcommittee on Housing and Economic Opportunity
March 28, 2009
Los Angeles, California

Los Angeles Neighborhood Housing Services (LA NHS) serves as a catalyst for local residents, business and government representatives to work together to build stronger neighborhoods, improve the quality of life for families of modest means and to revitalize communities into neighborhoods of choice. LA NHS strengthens communities through the development and maintenance of quality affordable housing, creation and preservation of affordable homeownership opportunities, support of local leaders, providing financial education and increasing the financial independence of families and people in need.

Over the last 25 years, LA NHS has developed and rehabilitated more than 11,000 housing and commercial units, educated and counseled over 90,000 homebuyers, created 175 block clubs, employed 200 neighborhood youth, and invested more than $2 billion back into some of Los Angeles' toughest neighborhoods. As a lender to many underserved communities, LA NHS has maintained a loan portfolio with

a 3% or less delinquency rate and *no foreclosures*. LA NHS is a member of the national NeighborWorks® network. Established by Congress in 1978, NeighborWorks® America is the original community, public and private partnership model, with locally-driven, efficient community development, and leverage of the public investment as its hallmarks.

Recognizing the threat that foreclosure rates pose to the neighborhoods we serve, LA NHS began an aggressive focus on homeownership preservation in 2003. LANHS felt compelled to establish an immediate and sustainable solution to apply appropriate strategies for dealing with foreclosure and homeownership preservation. ***Los Angeles County NeighborWorks® Center for Foreclosure Solutions*** (CFS) was established in the spring of 2007. The CFS provides a unique opportunity for nonprofits, consumers, investors, financial and business sector participants to become partners in providing a sustainable solution to the foreclosure crises. Since inception, the Center has hosted over 55 large scale multi-lingual foreclosure prevention events, ongoing meetings with stakeholders, and has taken the lead throughout the County in serving families facing foreclosure. Some of the services provided include foreclosure counseling, loss mitigation and support services,

affordable refinancing, real estate and relocation assistance or intervention.

Alvin and Karen attended the CFS Foreclosure Prevention Fair held in La Puente in April 2008. The parents of three children, they were having problems paying their mortgage and were about to become delinquent on their payments. Since Alvin was in the military, the couple received an interest rate reduction and stabilization through the Soldiers and Sailors Civil Relief Act (SSCRA). However, this was not enough so when they came to our fair, their monthly payments were $2199 at a six percent interest rate. They needed a sustainable loan modification in order to remain in the home. We assisted them in working with their loan servicer, IndyMac. The result was an interest only loan for the next three years, after which, it would return to the original terms of the six percent adjustable rate mortgage. Their monthly payment was reduced to $1407.

While much of the work was initially focused on pre-foreclosure efforts (i.e. outreach to borrowers, delinquency and foreclosure counseling, loan modification and loss mitigation), the coalition is now focused on finding and implementing solutions that will address the post foreclosure impact in a hot market like Los Angeles…where supply and demand issues are in constant conflict; we don't have adequate,

affordable supply, but the demand for housing remains high, along with population growth, regional in-migration and overall low housing vacancies.

LA NHS has launched the Neighborhood Preservation Program. Managed through our mission-driven brokerage, NHS Neighborhood Redevelopment Corporation, the program focus is to purchase foreclosed properties in the areas most impacted by the crisis. NHS acquires foreclosed properties from banks, loan servicers and local residents. Purchase and rehab of these properties is a key strategy to lessen the impact of the foreclosure crisis. Our goal is to assist 20 to 30 families per month to purchase the newly rehabbed homes, while providing listing services for local servicers to assist other new buyers. We expect that through the CFS, we will further assist 2,500 families each year. This effort not only creates homeownership opportunities for families, but it also stabilizes neighborhoods in danger of blight and increased crime. LA NHS also has partnerships with local lenders to list their REOs. These partnerships help LA NHS target neighborhoods throughout Los Angeles County that have been most impacted by foreclosure. We urge our financial partners to provide discounted pricing

to help us attract new homeowners. NHS handles all aspects of the listing process to ensure an expedited sale of the targeted properties.

Although LA NHS works hard to help clients prevent foreclosure, there are times when a short sale is the best solution. Our team works with clients to expedite their short sale. This helps the client make a smoother transition out of the property and prevents further damage to their credit rating and the neigh-borhood.

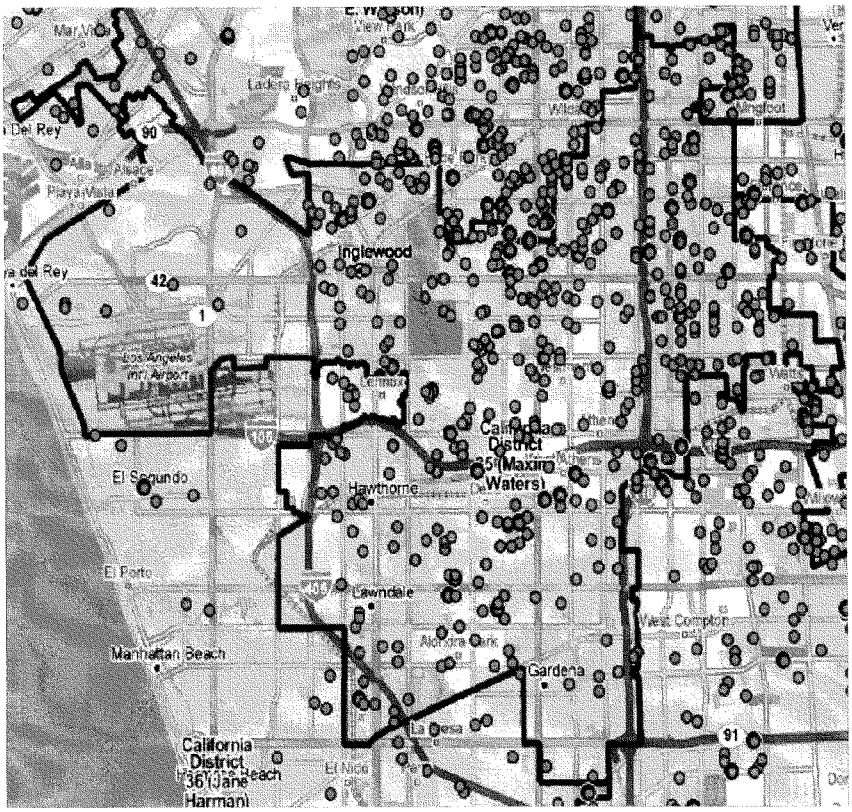
In our experience, five out of ten of the families that are in mortgage distress will lose their home. Families that experience foreclosure often have no place to go. Our goal is to provide families with assistance in finding an apartment as quickly as possible. Through the CFS, we have a partnership with the Los Angeles County Minority Property Owners Association to assist displaced families with impaired credit ratings to access new rental units quickly. This pipeline saves distressed families time and money, and helps landlords rent vacant units. As LA NHS and partners 'triage' families into the relocation process, the property owners are assured that they are initiating a partnership with a stronger tenant who has a solid understanding of financial management matters, coupled with a keen interest in maintaining both the apartment unit and the landlord/tenant relationship.

Some of the critical elements that are needed for the Center for Foreclosure Solutions partners to continue to have success in the future include:

- Continued advocacy regarding improved enforcement around loan scams, fraud victims and decreasing the volume of multilingual predatory activities;
- Increased financial support for pre-and post foreclosure counseling;
- Expedited, consistent and affordable loan modifications and an improved technology platform that is accessible to local nonprofit housing counseling agencies;
- Expedited implementation of the Making Home Affordable plan in order to preserve homeownership for a high volume of eligible families;
- First right of refusal to targeted REO properties in low to moderate income neighborhoods and other high impact foreclosure areas;
- Affordable 'patient capital' for rescue funds and acquisition/rehab of foreclosed properties for resale to first-time homebuyers;

- Relationships with key leaders in the Department of Energy and other stakeholders that will assist with home weatherization, neighborhood stabilization and community planning to help ensure consistency and cohesiveness during the neighborhood recovery and stabilization process.

We have attached a map of the 35th Congressional District that reflects the high volume of foreclosure counseling and related services provided through the CFS during the past year. The map reflects more than 500 counseling sessions to families of modest means who make up every economic and cultural background. If we are to remain effective and efficient in our service delivery to families in the future, we will need to join hands with new and capable partners at every opportunity…teamwork makes the dream work; together we can more viable and lasting success for our families and neighborhoods.


Ladera Heights
Playa Vista
Inglewood
Los Angeles Int'l Airport
El Segundo
Hawthorne
El Porto
Lawndale
Manhattan Beach
Gardena
La Mesa
California District 36 (Jane Harman)
California District 35 (Maxine Waters)
West Compton
90
42
1
105
405
91

LORI R. GAY
President and CEO

Lori R. Gay is the President and Chief Executive Officer of Los Angeles Neighborhood Housing Services (LA NHS), a non-profit lender, developer, and neighborhood revitalization corporation. She has worked in the community development field for over 20 years, and has focused her efforts on rebuilding impoverished communities and creating mechanisms for community empowerment and ownership.

LANHS is a non-profit committed to creating lifelong homeowners and stable communities for families of modest means throughout Los Angeles County. Over the last 25 years, LA NHS has developed and rehabilitated more than 11,000 housing and commercial units, educated and counseled over 1.9 million families, created 175 block clubs, employed 200 neighborhood youth, and invested more than $2.0 billion back into some of Los Angeles' toughest neighborhoods. As a lender to these underserved communities, LA NHS has maintained a loan portfolio with a 3% or less delinquency ratio and *no foreclosures*.

Ms. Gay has served on numerous boards and community coalitions which further social policy agendas and implementation of community development initiatives. She is a member of the boards of the California Housing Finance Agency (CalHFA), National NeighborWorks® Association, and a member of the FDIC's Alliance for Economic Inclusion Steering Committee, and the Neighborhood Housing Services of America-Just Price Solutions Oversight Committee. Some of her activities have included serving as Chair of the California Organized Investment Network (COIN), and as a former Board Member of the Federal Reserve Bank of San Francisco Los Angeles Branch, and the Washington Mutual Advisory Council.

Ms. Gay has worked for LA NHS since 1990, holds an M.B.A. degree from Pepperdine University and a B.S. degree in Development, Resource and Consumer Economics from the University of California at Davis. She is a licensed minister, is married to Bob Gay, and has five children.

Testimony of
Larry Gross
Executive Director
Coalition for Economic Survival (CES)
Los Angeles, California

Presented Before
Committee on Financial Services
Subcommittee on Housing and Community Opportunity
United States House of Representatives

Held in Los Angeles, California
March 28, 2009

**"Housing Crisis in Los Angeles
and the Critical Federal Response Needed for Renters as well as Homeowners"**

**Testimony of Larry Gross, Executive Director
Coalition for Economic Survival, Los Angeles, California**

Chairwoman Waters, Ranking Member Capito and other distinguished members of the Subcommittee on Housing and Community Opportunity, thank you for the opportunity to offer testimony on the housing crisis facing Los Angeles.

I am Larry Gross, Executive Director of the Coalition for Economic Survival (CES). CES is a 36-year-old grass-roots, multi-racial, multi-cultural tenants' rights organization dedicated to assisting renters living in private and project-based Section 8, Housing Choice Voucher and other HUD-assisted housing throughout the Southern California area.

CES is a member of the National Alliance of HUD Tenants, an alliance of tenant organizations in privately-owned, multifamily HUD-assisted housing, representing thousands of tenants in every region of the country.

For an approximately twelve-year period from the mid-1990s to 2007, CES also had been overseeing a HUD Outreach and Training Grant to provide assistance to tenants living in at-risk affordable housing due to expiring project-based Section 8 contracts, HUD mortgage prepayments and buildings subject to HUD's Mark-to-Market program. Currently, we have a contract with the Los Angeles Housing Department (LAHD) to provide similar outreach and education services to tenants.

I want to take the opportunity to thank you, Congresswoman Waters for holding this hearing on these crucial issues.

THE GENERAL HOUSING CRISIS FACING THE CITY OF LOS ANGELES

Los Angeles faces a tremendous housing crisis. This is a city of renters with 61% of its residents being tenants. Yet as wages continually fail to keep pace with rents, more and more of these tenants are being forced to pay a greater percentage of their incomes as rent.

Families are forced to double up and triple up in order to cover these escalating rents, creating overcrowded conditions that rank among the worst in the nation. One third of our housing stock is substandard and poses dangerous health risks to tenants, especially small children. Tenants who are forced to move, perhaps due to these substandard conditions, cannot find comparable affordable housing in their community.

On the subsidized-housing front, L.A. currently has 63,562 affordable, rent-restricted apartments located throughout the City, in 1,826 developments serving low-income households. Most were financed with a combination of private and public funds. In the last ten years, 4,181 apartments in 284 properties have lost affordability restrictions. In the next five years, 14,594 affordable

apartments are at risk, and 6,400 more from 2013 to 2018, for a total potential loss of 21,000 rent-restricted apartments, or one third of the City's affordable rental stock in the next ten years.

Currently, about 1,000 new City-financed affordable apartments complete construction each year, few of which are affordable to the poorest Angelenos, including minimum-wage earners.

In addition, much privately-owned rental housing is potentially at risk, particularly the 600,000 plus apartments built before 1978 that are subject to the City's Rent Stabilization Ordinance.

In the past two years, 3,839 rent-stabilized apartments have been demolished to make way for new luxury rental or for-sale homes. Furthermore, from January 2001 to mid-2006, 3,374 apartments were converted to for-sale condominiums, particularly in the City's more affluent neighborhoods.

The Current Foreclosure Crisis

Making matters worse is the current economic climate in which, similar to what is happening throughout the country, the Los Angeles area has been hit with an avalanche of foreclosures.

While there has been a lot of attention, rightfully so, on the plight of the nation's homeowners facing the loss of their homes due to foreclosure, there is, in many cases, a forgotten and overlooked victim in this overall travesty confronting our country. I am referring to the nation's renters.

LAHD states that of the approximately 13,000 recent foreclosures in Los Angeles, over 3,000 units are in multifamily buildings. Since most of these units are in South Los Angeles, it is a fair assumption that the overwhelming majority of these are rent-controlled units.

The biggest issue here, in stark contrast to foreclosed single-family dwellings that are vacant, is that for the most part these rental units are occupied with tenants. These are good tenants, who have paid their rent on time, but now find themselves victims without having caused the circumstances that will likely dictate their future.

However, despite this reality, banks unfairly are evicting them solely by virtue of their misfortune of living in a foreclosed upon rental property. Banks do not want to be landlords or collect rent. They just want the tenants out.

Yet these same banks had no problem begging Congress for hundreds of billions of dollars in bailout funds—a bailout paid for by these tenants and other taxpayers.

In return for this public money, banks should be prohibited from unfairly evicting the people who are paying their corporate welfare.

The City of Los Angeles has been attempting to confront this crisis. Tenants in buildings covered by the City's rent control law enjoy certain protections from eviction by the banks.

Last December, the City extended its rent control eviction protections to all non-rent controlled rentals, including single-family dwelling rentals that have been foreclosed.

While these local measures are a step in the right direction, the housing crisis facing Los Angeles still leaves thousands upon thousands of renters throughout the area without adequate assurances that they will continue to have a decent and affordable place to call home in the near future.

THE CRITICAL FEDERAL RESPONSE NEEDED FOR RENTERS

For all of these reasons, it is imperative that the federal government take swift and bold action to support the tenants of Los Angeles and those in similar cities across the country. There are a number of important proposals that Congress can and must embrace in order to provide the much-needed relief. The remainder of my testimony is dedicated to highlighting the most critical of these proposals.

Support an Omnibus Federal Preservation Bill

The federally-assisted rental housing stock is an especially important resource because it provides homes affordable to those with worst case housing needs at a time when housing affordability challenges are growing more severe. The largest of these programs, the project-based Section 8 rental assistance program, provides affordable apartments to more than 1.3 million extremely low-income households.

The need for this housing cannot be overstated. Our nation's most vulnerable families and seniors depend on this affordable rental housing. According to HUD, between 2003 and 2005 the number of very low-income renter households with worst case housing needs increased by more than 15 percent. There are now nearly 6 million such households, the highest number reported since HUD began collecting data in 1990. According to a 2000 HUD survey, nearly 50% of federally-subsidized housing is occupied by elderly or disabled persons. More than 77,000 veterans also depend on project-based affordable housing, according to a December 2007 GAO report.

The National Housing Trust estimates that 350,000 units of subsidized housing have been lost over the past decade through conversion to market-rate housing or physical deterioration—that since Congress ended the Title VI Preservation Program in 1996. Over the next five years, contracts on more than 900,000 Section 8 units will expire. When a Section 8 contract expires, the owner can opt out of the program, ending the obligation to maintain the housing as affordable.

In addition, nearly 200,000 affordable homes in properties with HUD-subsidized mortgages are at risk of conversion to non-affordable uses when the mortgages mature over the next 10 years.

There is thus a tremendous need for a comprehensive national preservation bill to be passed by Congress. There are a number of proposals I would suggest be included in such a bill. Most of these proposals are included in material you have already received from the National Housing Trust, the National Preservation Working Group and the National Alliance of HUD Tenants.

However, below I would like to highlight a few of the most important of them:

Provide a Federal Preservation First Right of Purchase

Congress should require owners proposing to end participation in federal affordable housing programs to offer the properties for sale at fair market value to preservation purchasers, at least during the requisite notice period. Requiring a Preservation First Right of Purchase will save money in the long run by removing subsidized housing from the speculative spiral, reducing owner windfalls and guaranteeing appropriate public benefits result from the investment of federal funds.

A national Preservation First Right of Purchase would give local governments, tenant organizations and nonprofits working with the tenants the right to purchase at-risk buildings from current owners if they can assemble the requisite funds to buy them at market value. Such entities would also be able to ensure the completion of much needed rehabilitation, perhaps by refinancing through the use of affordable housing subsidies, such as HUD's Mark-Up-to-Market Program for expiring Section 8 contracts.

Empower Tenants as Partners with HUD

Tenants should be empowered as partners with HUD. In order to achieve this goal, tenants must be given access to information, including owner and management information, annual project operating budgets, HUD subsidy contracts with owners, HUD management reviews and management contracts. I also strongly support requiring the posting of such documents as Section 8 Opt Out or Renewal Notices on the internet.

We support legislation that would allow tenants to withhold their portion of Section 8 rent into an escrow fund, to be matched by HUD withholding its portion of the rent, when HUD has found an owner to be in violation of Housing Quality Standards or HUD program requirements, including tenants' Right to Organize. The legislation would also enable city governments or 10% of the residents to trigger a HUD inspection.

Furthermore, legislation should be enacted that makes tenants and their organizations "third party beneficiaries" of Section 8 and HUD mortgage contracts, with the power to bring a lawsuit in order to enforce them.

Provide Funding for Outreach and Technical Assistance Support to HUD Tenants

In 2007, the House Financial Services Committee voted unanimously to report out H.R. 3965, the Mark to Market Reform Act, with the "Green Amendment" language to require HUD to distribute the $10 million annually currently authorized by Congress in Section 514 of the Multifamily Assisted Housing Reform and Affordability Act (MAHRA) for tenant outreach and training assistance. The Green Amendment would require HUD to award these outreach and training funds to assist in organizing the unorganized HUD tenants. This funding is crucial to ensuring the empowerment of HUD tenants and to enable them to participate in efforts to protect their rights and preserve their affordable housing.

Preserve Properties with Maturing Mortgages and Protect Tenants

There is a great need to preserve properties with maturing HUD-subsidized mortgages in order to protect the tenants from displacement. When mortgages and affordability restrictions expire, under current law neither the housing nor the tenants have access to preservation resources or protections. About 200,000 units in properties with HUD-subsidized mortgages and rent restrictions are scheduled to expire by 2013.

In 2004, Committee Chairman Frank introduced H.R. 4679 into the 108th Congress, the Displacement Prevention Act, in order to address this problem. The bill authorized assistance to owners and purchasers, for rehabilitation, acquisition or rent subsidies, in exchange for extending the term of the affordability restrictions. The bill also authorized enhanced voucher protections for tenants where the housing is not preserved. Although hearings were held, the bill was never acted upon, nor revised to reflect the suggestions made at the hearing. We need to resurrect the bill to address this potential disaster looming on the horizon.

Other Necessary Federal Responses

In addition to supporting an omnibus federal preservation bill, Congress should also support the following much-needed measures:

Increase Neighborhood Stabilization Program (NSP) Funds

Los Angeles has been fortunate to receive critical federal Neighborhood Stabilization Program (NSP) funds. The City intends to use a percentage of these funds to acquire multifamily rental buildings and transfer them to entities that commit to preserving these buildings as long-term affordable housing.

These actions by our City should be applauded. However, the NSP funding it receives falls well short of the actual need and more funding is needed.

Support Section 8 Tenant Protections upon Foreclosure

Congresswoman Waters, you deserve much credit for cosponsoring H.R. 1247, the Protecting Tenants at Foreclosure Act of 2009. Among the protections in this bill that are critical to tenants in Los Angeles are provisions that allow a Section 8 assisted tenant to remain in place for the term of the lease, and require the initial purchaser at foreclosure to assume the Section 8 housing assistance payment contract. Where the subsequent owner cannot be identified or receive payments, the law would allow public housing agencies to use Section 8 funds to pay for utility expenses for which the owner is responsible, as well as reasonable moving costs. While the bill has already been introduced in the House, it is imperative that it continues to receive active support to ensure that it is enacted into law

Maintain Existing Funding and Provide Incremental Section 8 Housing Choice Vouchers

As a result of the deepening recession, homelessness is on the rise, according to reports from around the country. Even before the current recession, the number of low-income American families paying more than half their income for housing had been growing rapidly—from 6.2 million in 2000 to 8.1 million in 2007, an increase of 32 percent. Yet only an estimated 1 in 4 eligible families–and only 1 in 5 eligible families in the state of California—receive federal rental assistance. Congress last funded a substantial increase in rental assistance in 2001.

It is therefore critical for Congress to provide adequate renewal funding for the Section 8 programs and to fund additional vouchers to help meet the growing needs for assistance.

The Section 8 voucher program provides rental assistance to 2 million low-income families, including 289,000 families in California. To ensure that the program will serve at least as many families in 2010 as in 2009, $16.25 billion will be needed to renew vouchers, a significant increase above the 2009 funding level. The increase in funding is due primarily to a combination of technical budget factors and increased costs in the private housing and utility markets.

In addition, Congress should heed the calls of many advocates across the country and fund 200,000 incremental housing choice vouchers. The cost of this proposal, estimated to be approximately $1.65 billion, would be well worth it in terms of preventing a large number of Americans from becoming homeless. The California Housing Partnership estimates that nearly 5,000 of these vouchers would be allocated to Los Angeles City, with an additional roughly 2,300 vouchers going to Los Angeles County.

Fully Fund the Renewal of All Existing Section 8 Project-Based Rental Assistance Contracts

This critical program, as explained above, provides affordable rental housing to 1.27 million low-income households, including 104,000 households in California. In 2009, Congress took the commendable action of restoring the funding for this program to stable footing and providing for full one-year renewals of all contracts. It is vital that such support continue into the future—for 2010, an estimated $7.8 billion will be needed to fully fund the renewal of all project-based Section 8 contracts.

Clarify Protections of Section 8 Voucher Tenants from Unlawful Evictions

Approximately 25,000 families receiving Section 8 voucher assistance live in units subject to the Los Angeles Rent Stabilization Ordinance (LARSO), which both limits rent increases to existing tenants and requires landlords to possess specified "good cause" grounds to evict a tenant. As mentioned above, in response to the foreclosure crisis the City Council recently extended LARSO's good cause tenancy termination requirements to any tenant, including any of the some 15,000 Section 8 families who live in non-LARSO buildings, in the event that a lender forecloses and then seeks to evict the existing tenants.

Over the last several years, hundreds of assisted families in Los Angeles have received notices purporting to terminate their Section 8 tenancies on grounds not recognized by LARSO. Landlords incorrectly contend that such notices are valid because HUD regulations do not prohibit the termination of Section 8 tenancies on various grounds prohibited by LARSO,

including the landlords' desire to raise the rent or sell the building, and therefore that LARSO's more restrictive eviction controls are preempted. As a result of these notices, many Section 8 families who were unable or unwilling to fight the landlords in court already have lost their long-time homes.

Congress should remedy this problem by clarifying the Section 8 statute to explicitly state that the termination of voucher tenancies must be in compliance with State and local law. The failure to do so would leave tens of thousands of Section 8 families in Los Angeles, San Francisco, Oakland, New York, New Jersey and Washington D.C. (among other jurisdictions) subject to eviction by landlords seeking to circumvent local rent and eviction controls, including protections put in place to deal with the current foreclosure crisis.

In addition, Congress should also clarify the rights of tenants who have received "enhanced vouchers" due to the withdrawal of their building from various project-based federal assistance programs. Despite the fact that Congress has already explicitly provided that such tenants have a statutory "right to remain" in their current apartments, owners have nonetheless argued that such tenancies may be terminated due to a desire to withdraw from the federal program or to raise rents in circumvention of LARSO—the latter rationale being offered despite the fact that enhanced vouchers are designed to pay the owner the same level of rent that could be obtained from an unassisted tenant. Congress must make clear that tenants with enhanced vouchers indeed have a right to remain in their apartment and may only be evicted upon a violation of the terms of their lease.

Address the Lack of Investor Equity in LIHTCs

Another challenge that we face here in Los Angeles is the lack of investor equity for low-income housing tax credits ("LIHTCs"). According to a recent article published by the California Housing Partnership, the price of LIHTCs has dropped 20-25% from upwards of $1.00 per dollar of credit to 75-80 cents cents and lower. In Los Angeles, this drying up of investor equity has hamstrung a program that for decades has enabled the new construction and preservation of affordable housing throughout the City. While the recent stimulus bill took some positive steps toward restoring the efficacy of the LIHTC program, much more needs to be done. Key among the legislative steps that should be taken is the fixing of a 4 percent floor for the so-called "4 percent credits" analogous to the 9 percent floor that has been set for 9 percent credits. A second step is temporarily allowing the exchange of unusable 4% tax credits as Congress authorized for the 9% credit program.

CONCLUSION

The members of this Committee and the rest of Congress are facing a huge burden and possess great responsibility. The nation is looking to you for leadership and action to address our escalating national housing crisis. I hope you will consider and incorporate our recommendations. Thank you.

514 Shatto Place, Suite 270 ★ Los Angeles ★ California ★ 90020
Telephone: (213) 252-4411 ★ Fax: (213) 252-4422
Email: contactces@earthlink.net ★ Website: www.CESinAction.org

Larry Gross
Executive Director

Larry Gross is the Executive Director of the Coalition for Economic Survival (CES). He has been with CES for 36 years, since its inception in 1973. CES is a grassroots, multi-racial, multi-ethnic tenants' rights organization serving low and moderate income renters throughout the greater Los Angeles area. CES is committed to organizing tenants to fight to ensure tenants' rights and preserve affordable housing.

CES has an impressive track record of empowering tenants, securing concrete victories and achieving institutional change. Some examples are:

CES has led campaigns to win rent control in the cities of Los Angeles and West Hollywood. CES led efforts to incorporate the City of West Hollywood and elected CES tenant leaders to the City Council.

CES was instrumental in enactment of the City of L.A.'s Rent Escrow Account Program (REAP), Systematic Code Enforcement Program (SCEP) and Primary Renovation Ordinance, which address slum housing conditions and housing code violations. Currently, CES is one of five L.A. City contracted Rent Escrow Account Program (REAP) tenant outreach organizations, and one of six L.A. City contracted Lead Paint Poison Prevent Program tenant outreach organizations.

Through its efforts to preserve HUD subsidized housing, CES assisted four tenant associations in purchasing their complexes which they now operate and control as permanent affordable housing.

Larry was a member of the L.A. City Housing Crisis Task Force and served as the chair of its State of Existing Affordable Housing Sub-committee.

Larry was appointed by the Mayor and Chairperson of the L.A. City Council Housing and Community Development Committee to serve on the Advisory Committee for the Study of the Economic Impact of Major Rehabilitation Evictions.

Larry was a member of L.A. City Council President Eric Garcetti's Slum Housing Task Force.

Larry is currently an appointee to the City Rent Stabilization Ordinance Study Oversight Committee by the L.A. City Council.

Testimony of

Pastor Herrera, Jr., Director

Los Angeles County
Department of Consumer Affairs

Before the

Subcommittee on Housing and Community Opportunity
Committee on Financial Services
U.S. House of Representatives

"The Housing Crisis in Los Angeles and Responses to Preventing Foreclosures and Foreclosure Rescue Fraud"

Saturday, March 28, 2009

Introduction:

Good Morning, my name is Pastor Herrera, Jr., Director of the County of Los Angeles Department of Consumer Affairs. We appreciate the opportunity to share the Department's experiences in the subject area of today's hearing.

Since April, 1976, the County of Los Angeles Dept of Consumer Affairs (DCA) has provided consumer protection, counseling, complaint investigation and mediation services to consumers and businesses in Los Angeles County through advocacy, empowerment and education. The department conducts special investigations that are presented to prosecuting agencies for civil and criminal prosecution. The Department also operates other programs, such as a Small Claims Court Advisor, Mediation, Elder Fraud Investigation and Prevention, Identity Theft, a Volunteer and College Internship Program and a Public Outreach section that educates consumers and businesses through print publications, Internet resources, and community events.

DCA serves as the central reporting agency for real estate fraud and works closely with private industry groups, government agencies, and law enforcement agencies to detect and investigate real estate fraud. The Department counsels consumers in areas, such as: foreclosure prevention, recorded documents, buying a home, reviewing loan documents, and assistance for first-time homebuyers through the Los Angeles County Community Development Commission. DCA also accepts complaints and conducts investigations in the areas of foreclosure consultants, predatory lending, fraudulent recorded documents, and refinance transactions.

The current staffing of our Real Estate Fraud Prevention unit includes 1 Supervising Investigator and 4 investigators. In the past twelve months, the unit provided counseling to more than 37,000 homeowners. The unit also opened 1, 384 individual cases for investigation. Of these, 187 (14%) involved foreclosure consultants.

I. Foreclosure Rescue Scams that DCA is working on

The most common scams involve foreclosure consultants. Foreclosure consultants obtain lists of homes that a Notice of Default has been recorded against. They then contact the homeowners in person, by telephone or mail. They promise the homeowners that they can save their home and collect a fee from the homeowner of from $2,000 to $15,000. Desperate to save their homes, homeowners pay the fee. Typically, the homeowner receives services of little value, or no service at all and the home is lost to foreclosure.

A disturbing trend is that more and more attorneys are engaged in foreclosure consulting. California law regulates foreclosure consultants, but attorneys are exempt. Many of the complaints we receive against attorneys engaged in foreclosure consulting involve the same complaints we see against non-attorneys: the homeowner pays in advance, receives services of little or no value, and their home is lost to foreclosure.

Another common foreclosure rescue fraud involves loan modifications. In this scam, the foreclosure consultant promises to obtain a low interest fixed-rate loan for the homeowner. The homeowner pays the consultant a fee of $1,500 or more, but the consultant never delivers the promised loan. In a variation of this scam, the consultant instructs the homeowner to send their mortgage payments to the consultant while the new loan is being processed. The results are the same: no new loan is obtained and the homeowner loses their home to foreclosure.

II. How our Agency Addresses these Scams. Other Agencies and Organizations we Work With

Our staff investigates foreclosure consultant scams and works with the Los Angeles County District Attorney, Los Angeles City Attorney and the California State Attorney General's office to prosecute these scams. We also participate in monthly meetings of the Los Angeles County District Attorney's Real Estate Fraud Taskforce.

Our department provides extensive information to the public on our website concerning foreclosure fraud and the housing crisis, and we publish numerous brochures.

III. How Homeowners Can Avoid These Scams

Our message to homeowners is: Help with foreclosure is available free of charge. Do not pay for help.

Homeowners facing foreclosure can obtain free assistance from numerous agencies including their department of consumer affairs, numerous HUD-approved counseling agencies and from their lender. Paying for foreclosure help does not guarantee results. In most cases, it only guarantees that the homeowner will lose their home and the money they pay to save it.

IV. Outreach and Collaboration with other Groups to Homeowners at Risk

DCA believes that the most effective outreach provides notification to homeowners at the time of need. Since 1997, Los Angeles County has operated a Homeowner Notification Program. The program is conducted by the Registrar-Recorder\County Clerk (RR|CC) and the Department of Consumer Affairs (DCA). The program provides notification to homeowners whenever a deed, quitclaim deed, or deed of trust is recorded against their home. The notification includes a copy of the recorded document, information about real estate fraud and DCA's real estate hotline number for homeowners to call for counseling or to file a fraud complaint.

DCA participates in numerous community housing events, many sponsored by Los Angeles Neighborhood Housing Services, specifically targeted for homeowners in or facing foreclosure. These events allow homeowners to meet with lenders and

HUD-approved counseling agencies. Victims of fraud can file a complaint with our DCA staff.

Our department also publishes brochures and our website dca.lacounty.gov contains extensive information to assistance homeowners facing foreclosure. On our telephone system, homeowners can speak with a counselor during normal business hours by calling 800-973-3370, or by visiting our offices. Recorded information is available to callers 24 hours a day.

V. Tools and Resources Needed to Further Assist Homeowners.

Foreclosure consultant scams are the aftermath of predatory lending practices that placed consumers into homes they could not afford. We believe that the laws governing home lending need to be strengthened to crack down on predatory loans.

Additionally, laws governing foreclosure consultants need to be strengthened and should not exempt attorneys or real estate professionals from their provisions.

In Los Angeles County, the Chief Executive Office in a report to the Board of Supervisors has recommended that the Los Angeles County Homeowner Notification Program be expanded to include notification to homeowners when a Notice of Default is recorded. The report was the result of a motion by Supervisor Mark Ridley-Thomas to deal with predatory lending and the foreclosure crisis in Los Angeles County. DCA believes that the most effective outreach provides notification to homeowners at the time of need. Currently, homeowners in default and renters in those homes receive no contact from the government to offer counseling and assistance. Instead, homeowners and those who rent a home in foreclosure are inundated with letters, calls and home visits from foreclosure consultants and foreclosure rescue services who promise to save their home for a fee. The vast majority of consultants operate in a fraudulent manner, taking money from homeowners but providing no service of any value. Most homeowners simply lose their home.

Additionally, more resources are needed to provide counseling, outreach and assistance to homeowners.

Minelle Johnson – Testimony

"The Housing Crisis in Los Angeles and Responses to Preventing Foreclosures and Foreclosure Rescue Fraud"

March 28, 2009

My name is Minelle Johnson, and I live in Los Angeles. I'm 24-years-old and I have a two-year-old daughter. Her name is Essence.

I had a very rough childhood. There were five of us, three girls and two boys, and my mother was a drug addict. Four of us were from my dad who didn't live with us. Then, my mother had the baby with her boyfriend. I am the oldest and by the time I was 9 years old, I was taking care of all of the kids by myself. My mother left us for weeks at a time, with no gas, no lights, no water, no food, nothing. I stayed home from school to take care of the baby and to make sure that the other kids went off to school each day. I would get them up and out.

Finally, when I was 10, I called my Grandma up to please come and get us. She took the four older ones and the baby stayed with his father, who was stable. We stayed with my Grandma for awhile, and she adopted two of us. But my sister and I ended up going into foster care when she was 15 and I was almost 16. We moved from foster home to foster home and things were often really bad, but eventually I graduated from high school and was emancipated at age 18.

I came back to L.A. to live with a cousin, but then I got pregnant with my baby. I had no job and no further education, and I had no one to turn to. After the baby was born, my cousin kicked us out and for two months we started going to different places to stay, at different relatives and friends, for a night or a few days at a time.

I couldn't just think about me, I had to think first about my baby. It's really hard, not knowing where you are going to lay your head at night, and always running out of diapers. You don't know if you're going to pay for a hotel or for your child to have food to eat. Eventually I was sleeping on the floor with my baby at my boyfriend's mother's house....and I thought, this is no way for my baby to live.

After I stayed at a mission and then in a hotel, I was sent to Beyond Shelter. I met my case worker who said right away that she would help me get a Section 8 and help me to find an apartment. Beyond Shelter moved me to a really nice hotel in a better area, and they helped me apply for a Section 8 voucher. I had never had an apartment of my own, but I always wanted to be independent. I just didn't know where to start and what steps I should take. After I worked with Beyond Shelter for two months, I received a Section 8 certificate.

My Case Manager and a housing specialist helped me find my apartment, which I can afford with the Section 8. I moved in on February 7, 2008, over a year ago. It's a beautiful two–bedroom apartment, upstairs in a four-plex. I have a living room and

dining room area, with a laundry room as well. I live in a really quiet neighborhood and safe environment for me and my daughter.

My life has changed. Now that I have my own apartment, I don't have to sit up at night and worry about where I'm going to sleep, what I can give my baby to eat, does she have enough diapers to last for the night, and who can I depend on.

I have more self-confidence in myself and more motivation now. I have a roof over our heads, clothes on our backs and food on the table. I've been able to work at different jobs over the past year, especially at See's Candy store at holiday times. Because I have an apartment of my own that I can afford with Section 8, I can make my dreams and goals a reality.

In the future, my dreams and goals are to go to college and major in Interior Design and one day to have my own business. I want to send my daughter off to college as well, to pursue her dreams and goals.

I am not the only parent in this situation. There are over twenty five thousand families on the waiting list for Section 8 in Los Angeles now. I learned that right now, there are more than ten thousand families here who are homeless like we were. The lowest-priced one and two-bedroom apartments are $875 to $1,000 a month. A lot of homeless families have incomes of $350 to $500 a month or less. Without the help of a Section 8 voucher, I don't think that a homeless family can get out of a shelter or off the streets. It's important for us to have a place we can call home. I want to work hard, increase my income and fulfill my dreams -- and I will. But it's hard for me, and anybody else, to look for a job or get more education when you don't know where you will sleep that night, or what your baby will have to eat.

TESTIMONY OF
RUDOLF C. MONTIEL P.E.
PRESIDENT AND CEO
HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

BEFORE THE
U.S. HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY
OF THE COMMITTEE ON FINANCIAL SERVICES

March 28, 2009

"The Housing Crisis in Los Angeles and Responses to Preventing Foreclosures and Foreclosure Rescue Fraud"

Los Angeles Southwest College, March 28, 2009

Rudolf C. Montiel
President and CEO, HACLA

Madam Chair, thank you for the invitation to speak at today's hearing.

My remarks will begin by briefly addressing the larger affordable housing picture in Los Angeles. I shall then move on to discuss the broad strategic thrust of the Housing Authority's efforts and follow up with a closer look at what we're doing to take on the affordable housing crisis in Los Angeles.

It's my intention this morning to focus more on what we are doing to take on the larger crisis over the short and long term and less on the specifics of foreclosures in Los Angeles. Although we are working on ways to contribute help in this area however we can.

Let me start with some general comments on the affordable housing crisis in Los Angeles. The Housing Authority currently supplies slightly more than 75,000 or 73% of LA's affordable housing units. There are just over 103,000 affordable housing units in our city, (excluding rent controlled units.) We estimate this number satisfies less than 20% of the city's affordable housing needs.

This represents a rather large gap between what we need and what we have. It illustrates the scope of the problem and the work we must do.

We do not have the resources to attack this problem as quickly as we would like. The Housing Authority, for example, receives 81 cents on the subsidy dollar from HUD for operations, our Section 8 costs increase as incomes decline and we are grossly under-funded for a city of our size and population.

But we refuse to use inadequate funding as a reason for inaction. In fact, we have chosen to take the opposite approach by developing a comprehensive strategic vision putting us at the forefront of a citywide effort, including the Mayor's Office, CRA, LAHSA, City Planning and LAHD, focusing on acquisition, redevelopment and preservation. Our partners are as determined as we are to bridge the gap between supply and need.

I now turn to our specific efforts to address the city's affordable housing shortfall. We do not have as big a toolbox as we would like to tackle the slew of housing problems generated by the foreclosure crisis. But we continue to seek ways we can use the flood of foreclosures as an opportunity to increase the affordable housing supply. Because the current economic difficulties are so unusually broad and deep, we must think creatively to find solutions.

In keeping with this, we are exploring partnerships with private equity firms to set up a fund where we can leverage new market tax credits. The idea behind this is to seek out foreclosures in bulk and create new affordable housing units. Housing Authorities are ideal vehicles for seizing this opportunity to increase supply and, crucially, maintain long-run rental housing affordability.

Plus if we can win a good portion of the $2 billion Neighborhood Stabilization Program (NSP) competitive NOFA, to be published in May 2009 as part of the ARRA stimulus legislation, we can use these funds to buy foreclosed properties and convert them to public housing, rent them to Section 8 voucher holders or offer lease-to-own home ownership for qualified buyers.

The homeownership option, in particular, dovetails nicely with our redevelopment plans at Jordan Downs, allowing us to buy foreclosed properties in the immediate vicinity and house displaced residents, perhaps even within walking distance of their old units. It is also an excellent opportunity to apply triple bottom line thinking in practice.

I mention Jordan Downs and the triple bottom line in the same breath because our ambitious and exciting large-scale redevelopment there is guided by urbanist Patrick Geddes' concept of "folk, work and place." At Jordan, we intend to create a sustainable, vibrant urban village fully integrated with the regional economy, where all stakeholders have interdependent interests. We believe this community redevelopment will serve as the catalyst for the economic revitalization of Watts.

Before turning directly to our Section 8 Homeless Program, let me say a few words about what we've achieved with the overall Section 8 program within the space of four years. In 2004, the Housing Authority's Section 8 program, the second largest in the nation and the biggest west of the Mississippi, was on the brink of HUD receivership. In 2009, Section 8 is now officially a HUD "High Performer". It is also fully leased. This is an astonishing turnaround and a great tribute to the leadership of our Board of Commissioners and excellent staff, especially Ms. Lourdes Castro-Ramirez, our departing Section 8 director.

Now back to our Section 8 Homeless Program. This partnership with non-profit community-based organizations (CBOs) provides permanent affordable housing for homeless individuals and families. It does so while also ensuring they get access to supportive services designed to help them maintain independent living.

The Homeless Program targets homeless individuals and families living in transitional housing, emergency shelters, and the streets. We have 4,011 housing choice vouchers set aside for the Homeless Program from the large Housing Choice Voucher program allocation. And we now dedicate over 9,000 housing units to homeless individuals up from 4,422 in 2004.

Everyone at HACLA is proud of our work in this area. Not only because of the significant increase in the population served but because the results are extremely encouraging. Compared to the Section 8 Housing Choice Voucher Program (HCVP), the Homeless Program has more positive results. Approximately 49% of the families on the HCVP waitlist eventually secure housing, whereas, the success rate for the Homeless Program is 87%. This strongly suggests the supportive services provided by the CBOs increase the likelihood a client will locate suitable housing.

Before leaving the Section 8 program, I should note there are worrying signs for us as we look forward. I mentioned earlier that we are fully leased. We like this because it means we're helping more families find housing and successfully pursuing our mission. The problem is if our Section 8 funding is reduced we are forced to serve fewer families. This is something we desperately want to avoid. Our goal is to serve more families not less. And so, while we give great thanks for your support of full funding for public housing, we really need the same for Section 8.

In closing, I would like to thank you for your continuing efforts in the area of affordable housing and urban revitalization. We are proud to join you as part of the team working for the renaissance of urban Los Angeles in this difficult economic time.

Rudolf Montiel, PE
Curriculum Vitae

Mr. Rudolf Montiel is President and CEO of the Housing Authority of the City of Los Angeles (HACLA). Appointed to the position in November 2004, his leadership has been instrumental in the financial and programmatic turnaround the agency has experienced over the past four years. Moreover, his transformative leadership has taken the agency from being on the brink of federal receivership to a HUD-rated high performing agency.

In partnership with the City of Los Angeles and through Mr. Montiel's visionary leadership, HACLA has put in motion a *billion* dollar, one hundred acre redevelopment effort at the Jordan Downs public housing site in Watts. Over the next five years a blighted development will be transformed into a vibrant urban village; 700 public housing units will be replaced with 2,100 mixed income units, serving market, workforce and public housing households; strong retail and green manufacturing floor space components will be integrated; and, Jordan High School, one of the lowest performing high schools in the LAUSD system, will be redeveloped.

A highly effective public sector CEO with strong private sector experience, Mr. Montiel and the HACLA management team he has assembled, lead a cadre of more than 1,000 dedicated employees, administering one of the largest housing authorities in the nation. HACLA operates on a yearly budget in excess of $850 million, owns and manages 9,000 units and administers Housing Choice Voucher (Section 8) subsidy programs for another 51,000 households in the city of Los Angeles and 42,000 (PBCA) vouchers in ten Southern California counties. The turnaround at HACLA has led to significant innovations in serving the homeless population in Los Angeles. During his tenure, HACLA has partnered with City family agencies to form the Permanent Supportive Housing Program, creating more supportive housing in three years than in the preceding decade.

Before joining HACLA, Mr. Montiel successfully led the Housing Authority of the City of El Paso (HACEP) for three years, enabling HACEP to achieve the highest scores in the nation for Public Housing and Section 8 management. During his tenure in El Paso, HACEP "made money" every year, increased reserves by 21% and added nearly 1,000 units to the portfolio. Mr. Montiel implemented numerous employee and client programs such as incentive pay for all employees at HACEP.

Mr. Montiel's strong private sector experience includes engagements with such Fortune 500 companies as General Motors, Delphi, and the I.T. Group/Shaw Companies. While at General Motors, he was involved in the development, construction and start up of over 30 manufacturing, R&D, and office/distribution facilities in the U.S., Mexico, Argentina and Brazil. Mr. Montiel also has broad international experience and is not just bilingual but also bicultural.

The Hispanic Engineers National Awards Corporation named Mr. Montiel the Most Promising Engineer for 1994. He holds Bachelors and Masters degrees in Civil Engineering from the University of Texas at El Paso and is a licensed professional engineer.

Active in the community and professional organizations, Mr. Montiel currently holds positions on the Board of Directors of the Council of Large Housing Authorities, Housing Authority Insurance Group Inc. (Finance and Audit Committees), Public Housing Authority Directors Association, Los Angeles Economic Development Council, and the Hispanic Engineers National Achievement Awards Corporation (Chair - Audit Committee).

Mr. Montiel and his wife Sandra have two boys.

Testimony of

HEATHER PETERS
Deputy Secretary for Business Regulation and Housing at
California's Business, Transportation and Housing Agency, and
Chair of Governor Schwarzenegger's
Interdepartmental Task Force on Non-Traditional Mortgages

Field hearing entitled
"THE HOUSING CRISIS IN LOS ANGELES AND RESPONSES TO PREVENTING FORECLOSURES AND FORECLOSURE RESCUE FRAUD"

Before the
SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY

March 28, 2009

Testimony of Heather Peters
March 28, 2009

Good morning Chairwoman Waters and members of the Subcommittee, my name is Heather Peters and I am the Deputy Secretary for Business Regulation and Housing at California's Business, Transportation and Housing Agency. I am also the Chair of Governor Schwarzenegger's Interdepartmental Task Force on Non-Traditional Mortgages. On behalf of Governor Schwarzenegger and Secretary Bonner I thank you for the opportunity to testify here today about the foreclosure crisis, foreclosure prevention and foreclosure rescue fraud. We appreciate the committee's interest in these important subjects.

UPDATE ON FORECLOSURE CRISIS IN CALIFORNIA

Since I last testified before this Subcommittee at the end of 2007 the foreclosure crisis has continued to disproportionately affect Californians. According to DataQuick, notices of default (the first step in California's foreclosure process) consistently hovered around 35,000 per month from January through August of 2008 and notices of trustee sales (the last step in the foreclosure process) rose from approximately 15,000 to a high of over 28,000 per month in that same timeframe.

In September of 2008, both notices of default and notices of trustee sales dropped dramatically in California by 63% and 39% respectively. This was attributed in large part to lenders and servicers adjusting their practices to comply with SB 1137, a new California law effective in September of 2008 requiring diligent attempts to contact borrowers to explore loan restructuring options 30 days before initiating the foreclosure process. The law mandates notice to the borrower that he or she has the right to request a meeting with the lender or servicer within 14 days to discuss options to foreclosure and that free help was available from HUD-certified counselors through a toll-free number.

Notices of default remained below 20,000 per month statewide from September through November of 2008, but then began to climb again to a new high of 44,104 in February 2009. Notices of trustee sales have remained lower since September of 2008, and are currently are at approximately 40% of their high mark, but these notices normally follow notices of default by at least 90 days, so it would not be surprising if they also spike again in the near future.

Los Angeles County has followed a similar pattern, with notices of default hovering between 6,000 and 7,000 per month for most of 2008, then dipping dramatically after the passage of SB 1137 only to climb to new heights of 9,157 in February of 2009. Notices of sale in the county are currently at approximately 64% of their high mark.

These numbers are more than just statistics, they represent the deterioration of our neighborhoods. With the passage of HR 3221, the American Housing Rescue and Foreclosure Prevention Act of 2008 provided $3.9 billion nationwide for the Neighborhood Stabilization Program (NSP) for state and local governments to purchase abandoned and foreclosed homes and residential property. We thank the Chairwoman for her leadership in establishing this program which has the potential to revitalize some of California's neighborhoods most hard hit by the foreclosure crisis and begin the recovery process.

Under HR 3221, HUD was to address the number and percentages of foreclosures, subprime mortgages and notices of default in States and localities as they developed their funding formula. Unfortunately, HUD added additional criteria to the formula resulting in less funds being allocated to California in the initial round. At the time, California had 27% of the foreclosures and 26.6% of the Notices of Default, yet the State received only 14% of the funds from the first round of NSP awards. We were surprised and disappointed by this initial allocation and hope to receive a greater share of the next round of NSP funding to help California neighborhoods recover and eventually thrive.

UPDATE ON FORECLOSURE PREVENTION EFFORTS

California has been on the forefront of foreclosure prevention efforts since early 2007 when Governor Schwarzenegger first formed his Task Force on Non-Traditional Mortgages. In November of 2007 Governor Schwarzenegger announced the first voluntary agreement in the nation with major loan servicers to fix teaser interest rates on subprime loans where borrowers could afford their initial payments, but not the resets. Since then the Department of Corporations has tracked detailed monthly statistics on various types of loan workouts.

In his state of the state address in 2008 the Governor set a goal of helping 100,000 borrowers avoid foreclosure and, by the end of last year, 136,785 loan modifications were completed for California families just by the ten parties to the Governor's agreement and others who have been voluntarily reporting their statistics. Not only are the raw numbers of loan workouts we track steadily increasing, but the reports show that the types of workouts achieved have shifted to include more than 50% loan modifications, the type of workout most beneficial to consumers, and fewer of the less sustainable workouts such as repayment plans and temporary forbearance.

In addition to these voluntary agreements and reporting, last month our legislature answered Governor Schwarzenegger's call to pass a new law (SBX2 7) that further encourages foreclosure prevention by precluding the initiation of a foreclosure sale for up to 90 days on loans made from January 1, 2003 through January 1, 2008, ***unless*** the loan servicer has implemented a comprehensive loan modification program that has been approved by the Commissioner of the Department of Corporations, Department of Real Estate or Department of Financial Institutions. Emergency regulations are currently being drafted regarding the procedures for obtaining approval and the provisions of the new law are expected to be effective in the first week in June.

It is hoped that most servicers will opt to choose to implement comprehensive loan modification programs to avoid the delay. It is expected that a servicer with a comprehensive loan modification program such as that implemented by the FDIC at IndyMac or the Homeowner Stability Initiative recently announced by President Obama's administration will receive expedited approval by the Commissioners and that countless California families will benefit from wider availability of formalized streamlined loan modification programs.

Additionally, the California Housing Finance Agency and its partner Rural Community Assistance Corporation are working diligently to help California families avoid foreclosure by administering grants funded by the Federal Government under the National Foreclosure Mitigation Counseling Program. To date our subgrantees have provided over 14,200 units of free counseling to assist California families in distress.

Unfortunately, despite our best efforts to facilitate foreclosure prevention for free, a cottage industry of foreclosure rescue scams had emerged where unlicensed and unscrupulous individuals prey on distraught homeowners facing foreclosure.

ACTION THE STATE HAS TAKEN TO PREVENT FORECLOSURE RESCUE SCAMS

These scams take many different forms, but most often they involve former lending industry employees promising distressed borrowers loan modifications in exchange for substantial up front fees often exceeding several thousand dollars. Unless you fall within some very narrow legal exemptions, California law requires that you have a real estate broker license or be a California licensed lawyer performing services in the course of your legal practice, in order to perform loan modification services. If you are a real estate broker you can only collect an up front fee if you have a written fee agreement that has been reviewed by the Department of Real Estate. Even then, you can only collect an upfront fee from a borrower before a notice of default has been filed.

In an attempt to deter real estate licensees from going astray, the California Department of Real Estate (DRE) has issued bulletins to its licensees reminding them of the legal limits on for-profit loan modification services. However, many of the for-profit loan modification providers are still operating without licensees or in violation of other California laws and they are being aggressively pursued by the DRE in cooperation with other state regulators, the California State Bar, the Attorney General and local prosecutors.

On the state level, the DRE is on several task forces headed by local district attorney offices, and include investigators from a number of law enforcement organizations. In Southern California, DRE regularly attends the Los Angeles County Real Estate Fraud Task Force, which includes law enforcement agencies from Los Angeles, San Bernardino and Riverside Counties. This group is occasionally joined by representatives of the FBI, IRS, and HUD. The DRE attends meetings with the Ventura County Real Estate Fraud Advisory Team, which is comprised of both public and private sector organizations organized to address fraud in that county. The DRE is also currently working with Orange County assisting them in establishing a real estate fraud task force.

In addition, the DRE recently participated in a press conference with Mayor Villaraigosa on loan modification scams. In Northern California, DRE participates in the Northern California Real Estate Fraud Task Force, which is attended by local district attorney offices, as well as state and local law enforcement organizations.

The DRE also works closely with its federal counterparts including participation as a member in the Eastern District Fraud Task Force, lead by the United States Attorneys Office. In addition, the DRE participates in regular meetings with the Southern California Foreclosure Fraud Task Force, as well as the Northern California Foreclosure Fraud Task Force, and the Federal-State Reverse Mortgage Law Enforcement Working Group, all of which are headed by the Federal Trade commission (FTC).

As a result, the DRE currently has over 500 pending enforcement cases involving for-profit loan modification operations and the DRE posts its enforcement actions on its website so consumers can easily identify scammers. Persons violating California's laws in connection with various foreclosure rescue scams are being prosecuted in various ways.

- A foreclosure consultant who violates the Mortgage Foreclosure Consultants' Act is guilty of a misdemeanor, and can be imprisoned in county jail or state prison for up to one year, and fined up to $10,000. See section 2945.7 of the Civil Code. See also section 2945.4 (d) of the Civil Code, which provides additional criminal penalties. The Attorney General has recently charged a violation of the Consultants' Act as a felony.

- Under the Real Estate Law (section 19139 of the B&P Code), any person who operates as a real estate licensee without a license can be imprisoned in a county jail for up to six months, and is subject to a fine of up to $20,000 if an individual (and up to $60,000 if a corporation).

- Under section 487 (a) of the Penal Code, taking money (in excess of $400) for a fictitious loan modification program is guilty of grand theft, is a felony. In a recent criminal complaint filed by the Attorney General, there was a special allegation of "excessive taking" under Penal Code section 12022.6 (a)(1). The assertion is that in committing the felonies of grand theft and doing prohibited acts under the Foreclosure Consultant's Act, the value taken was excessive.

- In addition to criminal penalties, the District Attorney in Ventura is civilly prosecuting a loan modification company under section 17200 of the Business and Professions Code. That provides significant financial awards against those who are engaged in unlawful, unfair or fraudulent business acts or practices, and it can be a powerful tool.

These enforcement cases have resulted from traditional regulatory investigations, as well as a number of creative efforts designed to actively ferret out scam artists. Each prosecution starts with a tip. The DRE takes traditional consumer complaints directly from victims, but the DRE has also taken many proactive steps to generate leads from non-traditional sources. The DRE has trained non-profit housing counselors, the State Bar and local law enforcement on how to spot and report scams. This training is being incorporated into a kit that will be distributed to local law enforcement in cities where homeownership preservation events are scheduled. The kit will effectively be a force multiplier necessary to rise to the challenge of addressing such widespread scams in a state as large as California.

Some of the more creative investigations have involved the DRE partnering with local law enforcement to attend foreclosure prevention fairs where they immediately cite violators that they find working the crowd to identify new victims. Recently, in Stockton, the DRE joined with the San Joaquin District Attorneys Office in issuing misdemeanor citations to unlicensed loan modification solicitors who appeared at a "Project Homeowner" event. The following

week, the DRE and the San Joaquin District Attorneys Office attended a seminar sponsored by an unlicensed loan modification company attempting to solicit individuals to act as their agents as a way of earning income. The seminar was immediately disbanded. The sponsor was served with a Desist and Refrain Order issued by the DRE for its unlicensed loan modification activities, and the individuals in attendance were informed that the company was operating in violation of the law. The DRE has also instituted a "secret shopper" program where investigators respond to suspicious advertisements posing as distressed homeowners.

Just this week Desist and Refrain Orders were issued by both the DRE and the Department of Corporations in a joint investigation of 2nd Chance Negotiations Inc. and its principals who had illegally charged homeowners millions of dollars in fees in just a few short months.

No matter how many scam artists are caught and prosecuted it is always preferable to stop a crime before it happens, so in addition to its enforcement actions, the DRE is very active in raising public awareness of the scams and of the availability of free help. DRE has produced public service announcements and Op-Eds in both English and Spanish to let consumers know they can get help for free from HUD-approved counselors and that they should be extremely cautious before paying anyone a fee for a loan modification.

The Real Estate Commissioner and his staff also routinely do both television and radio interviews to raise awareness of scams and have participated in several "telethons" in both English and Spanish where borrowers can call in to speak live with HUD-certified housing counselors. To date, over 50 news stories have resulted from DRE's efforts to prevent foreclosure rescue scams. Additional consumer information on all aspects of mortgages can be found at www.yourhome.ca.gov or www.sucasa.ca.gov.

I hope this discussion of our efforts and accomplishments has emphasized California's commitment to aggressively address the foreclosure crisis. In so doing, Governor Schwarzenegger encourages others to do the same as only multifaceted solutions reaching across Local, State and Federal jurisdictions, and across public and private partnerships, can begin to address this multifaceted problem. The Administration remains firmly committed to collaborating with all stakeholders and to find innovative ways to lead us out of this crisis and restore the American dream in California and across the nation.

This concludes my statement. I thank the Subcommittee for the opportunity to meet with you today to discuss these important issues.

**LOS ANGELES COALITION TO
END HUNGER AND HOMELESSNESS**

Testimony of
Susie Shannon, Housing and Homeless Advocate
Los Angeles Coalition to End Hunger and Homelessness

Before the Subcommittee on Housing and Community Opportunities
House Committee on Financial Services

March 24, 2009

Chair woman Maxine Waters and members of the committee, thank you for holding this hearing today and for the opportunity to address you on the affordable housing crisis in Los Angeles, My name is Susie Shannon and I am with the Los Angeles Coalition to End Hunger and Homelessness, an organization which advocates on behalf of the homeless and those in danger of becoming homeless. We also work directly with clients to help them find housing and other needed services.

Rising Homelessness

Our nation is facing a housing crisis with increasing housing instability due to the foreclosure crisis and economic recession. The city and county of Los Angeles was in a housing crisis before the foreclosure and economic recession came along. In the county of Los Angeles, an estimated 73,702 people are homeless on any given night, according LAHSA's 2007 homeless count. Approximately 40,000 of those homeless live in the City of Los Angeles. Los Angeles County reports a 12 percent increase between September 2007 and September 2008 in the number of families receiving welfare assistance who are known to be homeless. (Data CalWorks Program Division, Los Angeles County)

Currently, local government cannot meet the basic needs of our homeless population, has provided an inadequate response to preventing homelessness and is not prepared to provide services for the 21,000 estimated new homeless in Los Angeles county due to rising unemployment. Unemployment in Los Angeles County has reached 10.5%. Our entire delivery system of services for the homeless, from shelters to private affordable housing is insufficient and will be unable to accommodate new homeless individuals and families.

Shelter Crisis

It is astounding and troubling how difficult it is for the homeless population to access services in Los Angeles. Our first step in keeping an individual or family in crisis off the street is to access emergency shelters. Most of the emergency shelters in Los Angeles are to capacity on any given night and some keep waiting lists. For instance, the West Los Angeles PATH shelter currently has a waiting list of one month.

Transitional shelters can be even more difficult to access for homeless individuals and families. Alexandria House, a transitional shelter for women and children, currently will not be able to accommodate new clients for 9 months or longer. House of Ruth, a shelter in Los Angeles for battered women, is to capacity and not taking any new clients. In addition, some transitional shelters are closing, reducing the number of shelter beds available.

Individuals and families not able to stay at emergency or transitional shelters are forced to sleep in cars, on the street or in motels (an expensive alternative for those who have funds unless they have access to vouchers) until shelter space becomes available. On several occasions we have been unable to find shelter space for our clients.

In many cases, access to a shelter is a critical component in connecting the homeless population to permanent housing (including the Los Angeles City homeless set aside program for section 8 vouchers) and other crucial services.

Given the increasing need to access emergency shelter and the length of time it takes to build new shelters in Los Angeles, we must explore every avenue for alternatives means of emergency shelter in Los Angeles.

Section 8 Voucher Crisis
The Housing Authority for the City of Los Angeles (HACLA) has 45,000 vouchers in circulation. The waiting list has been closed since 2004 and HACLA is now servicing constituents who applied in 2002-2003. HACLA plans to open up the application process at some point in 2009 and expects 250,000 – 300,000 applicants to apply.

HACLA has set aside 4,011 section 8 vouchers for the homeless program, In order for the homeless population to access these vouchers, they must receive a referral from one of the 15 non-profit agencies contracted with HACLA to provide social services and section 8 referrals. Each agency is alloted a limited number of referrals for homeless vouchers. The program was frozen in February 2009 and will open again in May 2009 when the new contracts with non-profit agencies (increased to 20 non-profits in May) will begin. Based on phone calls to on a random sample of currently contracted agencies, each agency contacted had exhausted, or in many cases exceeded, its allotment of homeless section 8 referrals prior to the February 2009 freeze. HACLA reports that they currently have more applications than available vouchers for the homeless. HACLA stated they may rely on turnover (current recipients dropping out of the program or becoming ineligible) in order to service future clients.

Federal funding is critical at this time to increase Section 8 vouchers nationwide and, subsequently, in Los Angeles. There is a national movement to increase tenant based vouchers by an additional 200,000 in fiscal year 2010. If this increase is passed by Congress, the City of Los Angeles would receive approximately 2,000 vouchers, if it receives an allotment based on the current percentage of approximately 2% of the national vouchers available. This additional allocation would still be insufficient to service the current homeless population as well as the estimated new people added to the homeless population..

In addition, the section 8 voucher program provides no guarantee of housing for homeless individuals and families as they must rely on a viable housing market and the willingness of landlords to enter into, or remain, in the program and to rent to particular individuals and families experiencing homelessness.

Purging of section 8 lists at both the City and County level in Los Angeles remains a huge obstacle for the homeless population. Extremely low income families in danger of becoming homeless as well as those who are homeless often do not maintain a consistent address during the lengthy time it takes between applying for section 8 and being contacted for an interview. As a result, many people are purged from the waiting list without their knowledge. We received a call recently from a woman who applied for section 8 17 years ago. She asked us why it was taking so long for an interview as she needed housing for herself and her disabled son. In another case, a homeless man living in his car with multiple medical issues including having to utilize a colostomy bag called us regarding his need for housing or emergency shelter. Upon investigation, we found that he had been purged from both the public housing and section 8 waiting lists for lack of a physical address.

In addition, HUD should fully fund the section 8 tenant based voucher program, and apply the greater of inflationary figures at 6.2% (as opposed to a 5.7% increase) when calculating its funding for the City and County of Los Angeles.

Public Housing Crisis
The waiting list for Public housing can be years long, depending on whether it is an individual or large family trying to access housing.

It is imperative that we not only preserve the public housing stock we currently have, but that we expand units available to extremely low income tenants.

As part of the preservation effort, we must Implement an immediate moratorium on the demolition/disposition of public housing nationwide. Of immediate concern are the tenants residing at the Jordan Downs Housing Community. It is still unclear whether all of the current tenants will be allowed to move into the replacement housing without having to reapply for public housing and endure background and other eligibility checks. We support a presumption of eligibility for the current tenants to ensure that all of the individuals and families will be allowed to move into the new development. That families at the Pico Aliso development were not allowed to move into the new structures created after as part of the HOPE VI demolition remains a cautionary tale for any subsequent public housing demolition projects in Los Angeles.

Nationally, in the past eight years, over 63,000 units of public housing have been demolished . Rebuilding efforts have routinely excluded the right to return for former residents. In fact, studies suggest that less than 12% of those displaced from demolished units eventually move into the replacement housing. Therefore, we request an immediate moratorium on the demolition, disposition, and conversion of public housing units until a comprehensive plan is enacted that ensures (i)one for one replacement; (ii) residents' right to return; (iii) the presumption of eligibility for those tenants asked to move into replacement housing whereby they are not asked to re-apply for public housing (iv) the right of tenants to organize, and (v) residents' right to due process. Additionally, we request a national civil Gideon law to protect tenants from harassment and unfair eviction legal proceedings. We also seek reversal of all punitive policies that affect HUD tenants such as One Strike eviction policies, mandatory community service requirements, and permanent bans on living in subsidized housing if convicted of a felony.

HUD Subsidized Housing
More than 360,000 affordable apartments have been lost since Congress dismantled the Title VI Preservation Program in 1996. Congress must enact a national right of first purchase in the preservation bill to address this problem. A national "Right to Purchase" would give local governments, tenant organizations and nonprofits working with HUD tenants the right to purchase at-risk buildings from current owners, if they can assemble funds to buy them at market value and refinance with affordable housing subsidies, such as HUD's Mark Up to Market Program for expiring Section 8 contracts.

Locally, the owner of Holiday Venice (otherwise known as Breezes Del Mar) has made attempts to pre-pay his contact with HUD and turn the affordable housing into market rate housing units. The passage of legislation guaranteeing a national right of first purchase would help to retain these, and other, affordable housing units in Los Angeles

Rental Foreclosures
82,417 renters have been evicted nationwide because of landlord foreclosures in the past year.

An ordinance passed in December 2008 by the Los Angeles City Council makes it illegal to evict tenants due to foreclosure. However, we have helped three families connect to legal counsel in the past two months after they received unlawful detainers from Bank of New York for what the bank argued was non-compliance of inspections. In addition, we have received complaints regarding tenants not receiving their deposits from banks (who ask tenants to recover those funds from former landlords).

25% of the foreclosures in California are on rental properties. We support passage of the Protecting Tenants at foreclosure Act (HR1247) introduced by Representaive Keith Ellison to address this issue in California and nationwide.

It is difficult to track how many victims of foreclosure are becoming homeless in the City of Los Angeles. Union Rescue Mission, one of the few shelters which tracks causes of homelessness as part of their intake process, reports that approximetly 5% of the homeless coming to their shelter are victims of foreclosure.

HUD APPROPRIATIONS
In 1976 HUD's budget was just over $86 billion. In the past three decades, however, this figure fell to approximately $34 billion. In the last eight years, specifically between 1999 and 2006, annual funding for public housing declined by 25%. Given the current economic crisis, Congress and the Obama Administration must consider restoring HUD funding to 1976 levels.

Equity Principles that Accompany Public Goods:
As a public good, federal housing policy must allocate and spend financing for national housing programs in an equitable way. In 2006, however, funding for affordable housing and community development programs was $3.3 billion. Yet, the four largest housing-related tax breaks for homeowners was $157 billion in 2006, dwarfing the amount spend on affordable housing programs. Mortgage Interest Income Tax Deduction (MIITD) is one of these programs. MIITD is the nation's largest housing tax subsidy and arguably its most significant tax benefit. Since lenders typically loan money for mortgages based on a borrower's ability to pay and the value of the property mortgaged, the wealthier an individual is the more likely he will be afforded the opportunity to take advantage of this benefit. As a result, 62% of households with incomes above $200,000 receive a mortgage interest tax break, averaging $7,219. In contrast, only 3.5% of households with incomes between $10,000 and $20,000 receive any subsidy, averaging $317.

The lopsided way in which government resources are allocated for public housing and Section 8 in contrast to housing-related tax breaks, such as MIITD, directly contradicts equity principles. As a public good, the benefits and burdens of federal housing policy should be shared equitably. Yet the over-funding of housing-related tax breaks to the benefit of wealthier communities while poorer communities face demolition and limited housing options is not only unfair but violates the spirit of the 1937 Housing Act and our nation's housing goals.

At the very least, we need a commission or task force to address what our housing policy looks like when we see it as a social good, and not as a commodity.

SUSIE SHANNON
311 S. Cloverdale Ave.
Los Angeles, CA 90036
(323) 939-5475

Work Experience

Los Angeles Coalition to End Hunger and Homelessness
Policy Advocate for homeless and housing issues on federal, state and local levels of government. Connect homeless individuals to housing and homeless services. Connect tenants in danger of becoming homeless to public assistance and legal representation.

Poverty Matters
Founder and Director
Work with volunteers, schools and youth organizations to provide direct relief to the homeless in Los Angeles. Produced 2005 Citizens Budget Hearing connecting low income families/individuals, students, community advocates and religious leaders with statewide elected officials Work with coalition partners on housing, budget issues and health care. Lecture on homelessness and poverty issues.

Back from Iraq: The U.S. Soldier Speaks
Co-Producer and Co-Director
March 2005 – November 2005
Co-produced and co-directed documentary detailing the experiences of U.S. Soldiers who served in Iraq. Coordinated press interviews, grassroots outreach and speaking engagements.

Alliance for a Better California / Giarrizzo Consulting
Consultant
August 2005 – November 2005
Developed and implemented statewide campaign for religious outreach to defeat 2005 general election propositions. Planned coalition meeting with over 100 labor, religious and community organizations in attendance. Placed ads in religious journals with sign off from prominent religious leaders. Coordinated two press conferences in Los Angeles and Sacramento.

Americans for Democratic Action
Executive Director
Sept. 2001 – Oct. 2003
Developed grassroots mobilization campaigns in conjunction with coalition partners on social justice issues including health care, sweatshops, anti-war, death penalty, poverty, patriot act and others. Lobbied local legislators, testified at hearings, produced conferences and other educational events. Helped with passage of the City of Los Angeles anti-sweatshop legislation as well as several resolutions on various other progressive issues.

Education

California State University, Northridge 1991- 1992 B.A. Political Science
University of California Davis, 1986 – 1989, Biological Sciences

Hearing of the Housing and Community Opportunity Subcommittee of the House Financial Services Committee:

The Housing Crisis in Los Angeles and Responses to Preventing Foreclosures and Foreclosure Rescue Fraud

March 28, 2009

Testimony of Ruth Teague
Director, Los Angeles Office
Corporation for Supportive Housing

Madam Chair Waters, Ranking Member Capito, members of the Subcommittee, good morning.

My name is Ruth Teague, and I am the Director of the Corporation for Supportive Housing's Los Angeles office. I appreciate the opportunity to testify. CSH is a national non-profit organization and Community Development Financial Institution. While we do not provide services or develop housing ourselves, we work with communities to help build permanent housing, coupled with supportive services, to end homelessness. Our Los Angeles office was established in 2003. Since then, we have provided over $22 million in loans and grants to other non-profits resulting in the development of over 2,000 units of housing for homeless individuals, families, and young adults under 25 years old.

I will focus my comments on our experience in reducing homelessness, address the challenges we face, and give perspective on how the dual crises of foreclosure and economic downturn have affected our work.

We do not yet know the full impact on homelessness of the foreclosure crisis and the economic climate this crisis created. Yet, several indicators reflect significant growth in homelessness in Los Angeles County from 2007 to 2008. The number of homeless families almost doubled to 620 that were served through the Los Angeles County's Winter Shelter Family Voucher Program, which provides motel vouchers to homeless families. 211 call service requests increased 19% for Emergency shelter, 71% for Housing Payment Assistance, 37% for Landlord/Tenant services, 60 % for subsidized housing, 32% for utility assistance, and 26% for legal assistance.

In Los Angeles County from June to August, 2008, the number of homeless families to whom DPSS provided welfare benefits increased 20% to almost 7,100. Similarly, the number of indigent adults receiving GR subsidies rose from about 61,500 at the beginning of 2008 to just over 70,000 in August, 2008. In February 2009, 674 two-parent families applied for and received CalWORKS benefits, 37% more than the same month last year.

Though figures from recent homeless counts for most cities in the County have not yet been released, Pasadena's Continuum of Care has recently released their data and key findings of that census may give some clues into the trends in Greater Los Angeles.

- The City of Pasadena witnessed a 16 percent *increase* in homelessness from 2008 to 2009 versus a 20 percent decrease from 2005 to 2008;
- Two-parent households comprised nearly half (48.3%) of homeless families in 2009 versus just over a quarter (26.9%) in 2005.

CSH shares the concern of many of our partners that families are falling into homelessness when the unit they are renting is in a house or building that was foreclosed upon. In the City of Los Angeles, the Rent Stabilization Ordinance protects tenants in foreclosed rental housing and we appreciate the efforts of the Subcommittee to address this problem in federal laws. However, tenants are often unaware of their rights, and often do not receive advanced notice of the foreclosure and therefore have little time to plan or save for a move. Foreclosing bank representatives often mislead tenants into believing that they must vacate or bully tenants into doing so by lock-outs, utility shut-offs, and unreturned security deposits. In the other cities and unincorporated areas of L.A. County, tenants have even fewer rights. Tenants forced to leave foreclosed properties have difficulties finding housing affordable to them, often ending up homeless.

While the current dual crises of economic downturn and foreclosure are exacerbating the difficulty working class families have finding affordable housing, the fact remains that long before the current economic crisis Los Angeles was struggling to meet the housing needs of vulnerable people. CSH has focused its work on helping homeless people overcome multiple barriers to housing stability in Los Angeles. According to the 2007 homeless count on a typical night in Los Angeles, there were 22,376 chronically homeless individuals, and 16,643 homeless people in families with children. Most of these households require deep affordability and specialized supportive services to help them access and retain housing.

The greatest challenges to addressing homelessness among these vulnerable individuals and families struggling with multiple psychosocial barriers to housing stability, as well as the individuals and families new to homelessness, are inadequate financial resources and insufficient alignment of housing finance systems and services funding systems in Los Angeles.

Despite many good efforts on the part of the City and County of Los Angeles, financial resources are inadequate to meet the need. In recent years, both the City and the County have made great strides toward reducing homelessness among the most vulnerable in our communities. The Mayor of Los Angeles has committed $50 million annually toward a new Permanent Supportive Housing Program. The program will finance the creation of over 400 units of supportive housing each year for homeless individuals, families, and transition-age youth in the City. The City has invested in almost 800 of these units since the program's inception; however some of these projects are currently stalled due to the State of California's inability to sell bonds issued under Proposition 1C to finance the state's multifamily housing program. This is driving up development costs as holding periods are extended and interest payments continue to accrue. Compounding the problems at the state level, equity investors in LIHTC projects have sharply reduced their investments in supportive housing projects that are designed to serve homeless people. Investor behavior could be analyzed by the federal government for the potential impact of 'redlining' projects that serve the most vulnerable populations in greatest need of housing.

Other cities throughout the County have made varying degrees of progress toward ending or reducing homelessness in their jurisdictions. However, based on our financial modeling, the other 87 cities and unincorporated areas of the County will only be able to produce approximately 200 more units per year collectively, due to limitations in the amount of capital subsidies available at the state, federal, and local levels. At these rates of production, Los Angeles County will not be able to significantly reduce homelessness for decades.

Services funding systems are not well aligned and coordinated with housing finance systems in Los Angeles. For individuals, families, and transition age youth who are homeless and struggling with multiple barriers to housing stability, the creation of this combination of deep affordability and individualized, voluntary, supportive services, known as permanent supportive housing, requires three types of funding: capital subsidies to construct the housing, rental or operating subsidies to keep the housing affordable to formerly homeless people with little or no monthly income, and funding to cover the costs of integrated support services. Because service funding systems are not well coordinated with housing finance systems, service delivery primarily occurs outside of a permanent housing setting and service providers in Los Angeles

struggle with the task of connecting their clients with permanent housing upon successful completion of their programs.

The federal government could play a role in encouraging collaboration between city and county government by developing policies for mainstream health and human services programs that will target resources to housing-based services for the most vulnerable families, youth, and homeless people with disabilities. For example, the County of Los Angeles spends roughly half a billion dollars each year in case management services for indigent and homeless clients. Stronger incentives should be created to link some subset of those services to housing for homeless people so that people receive the support they need to achieve stability AFTER they are placed in affordable and supportive housing. Not only would this strategy help our community in its efforts to end homelessness, but also programs like TANF (or Cal-WORKS) and Alcohol and Drug programs would have better outcomes, and savings would be achieved through reduced emergency room visits, hospitalizations, and incarcerations.

Los Angeles City and County can also do more locally to align service dollars with housing dollars to stimulate supportive housing production. For example, the Neighborhood Stabilization Program requires that 25% of all units financed through that program must serve households at or below 50% of Area Median Income. By aligning that program with Section 8 or Shelter+Care rental subsidies or operating subsidies available through the Department of Mental Health's MHSA Housing Program, small scale foreclosed properties could be made affordable to homeless individuals and families with mental health disabilities. This could serve the dual benefit of freeing up short-term and emergency housing facilities for those that have become homeless for the first time due to the economic crisis and can more easily stabilize their lives and exit homelessness with short term supports such as those being made available through the American Recovery and Reinvestment Act.

Moreover, while the influx of $42 million to Los Angeles in Homeless Prevention and Rapid Re-housing funds from the Stimulus Package will help prevent homelessness for thousands affected by this crisis, we believe the following are essential to our work in reducing homelessness in Los Angeles and nationwide:

- **Reauthorize the McKinney-Vento Homeless Assistance Program in 2009**: We are deeply grateful for Chairwoman Waters' leadership in passing H.R. 7221, the HEARTH Act in 110th Congress, and urge the Subcommittee to work as expeditiously as possible with your colleagues in the Senate to enact a bill this year. We believe H.R. 7221 achieved an excellent balance of competing priorities when it passed last year. In particular, we are grateful this bill maintains the 30% set-aside for permanent housing, makes a modest and thoughtful expansion of the definition of homelessness, and creates a program that would prevent homelessness for thousands of Angelinos.

- **Services funding:** One of the most persistent funding gaps supportive housing providers experience, particularly here in Los Angeles, is for long-term funding for integrated supportive services delivered to tenants residing in permanent supportive housing. We have turned to SAMHSA in recent years to increase its grant funding for services for homeless individuals and families in permanent housing, and we hope to have the Committee's support in establishing better partnerships within HHS and HUD to fund the supportive services that help homeless people get and keep their housing.

- **Capitalize the National Housing Trust Fund**: CSH was a founding member of the National Housing Trust Fund Campaign and appreciates the Committee's work to enact the fund last year. It is crucial we capitalize the fund, beginning with President Obama's budget request of $1 billion. The Committee must start now to seek new, consistent sources of funding to ensure the Fund is on solid footing. Along with more funding for existing programs that provide long-term rental subsidies, like Section 8, we look forward to putting the Fund to good use for building affordable housing in Los Angeles.

- **Serving hard-to-house families and individuals:** Whenever the Subcommittee considers modifications to existing federal affordable housing programs, CSH urges you to consider ways to induce the construction of permanent supportive housing for hard-to-house families and individuals, including ex-offenders, people with serious mental and physical disabilities, the elderly and youth aging out of foster care.

- **Protecting renters in foreclosed properties:** CSH notes that the Committee attempted, but was ultimately unsuccessful, in including language in the Stimulus bill to provide additional tenant protections to renters in foreclosed properties being purchased with NSP funds. We would urge the Committee to continue its efforts to provide these protections, such as 90 days notice of eviction and continuation of Section 8 subsidies, through free-standing legislation.

Again, I deeply appreciate the opportunity to testify today and welcome the Subcommittee's questions.

Beyond Shelter

Testimony of

Tanya Tull, President/CEO

Before the Subcommittee on Housing and Community Opportunities
House Committee on Financial Services

March 28, 2009

Beyond Shelter
1200 Wilshire Blvd., Suite 600
Los Angeles, California 90017
213. 252. 0772
ttull@beyondshelter.org
www.beyondshelter.org

Increasing Family Homelessness and the Affordable Housing Crisis in Los Angeles

Testimony of Tanya Tull, President/CEO, Beyond Shelter

Good morning. My name is Tanya Tull and I am the President and CEO of Beyond Shelter, a nonprofit agency founded in 1988 in response to increasing numbers of homeless families in Los Angeles and the need for a more responsive approach to addressing the problem. Today, the mission of Beyond Shelter is to develop systemic approaches to combat poverty and homelessness for families with children, and to enhance family economic security and well-being. I have been working in the field of homelessness in America for more than twenty-five years and helped to develop the first family shelters in Los Angeles, one in 1986 and the other in 1988. Today, we are facing a crisis of family homelessness of unprecedented proportions. In addition to tens of thousands of homeless families in Southern California, thousands more newly-homeless families or those greatly at-risk are joining their ranks.

How did we get to this point and what did we do wrong?

During the first decade of homelessness, the 1980's, we thought that we were dealing with a "temporary problem" and that providing emergency shelter would solve it. However, we soon learned that we were wrong. By the 1990's, emergency shelters and transitional housing had become part of an accepted *continuum of care* that supposedly would lead to permanent housing at the end – with the desired outcome being, of course, an end to homelessness. And yet, as the years went by, no matter how hard we tried, nor how much we cared, the crisis continued to grow.

In Los Angeles, we began to see families cycle in and out of shelters and transitional housing for months and sometimes years at a time. In 1988, I founded Beyond Shelter and introduced an innovation in the field: *Housing First*. The Housing First approach to ending family homelessness has since helped to impact both public policy and practice on a national scale. The basic methodology helps homeless families and individuals relocate to rental housing *as quickly as possible*, with the services traditionally provided in transitional housing provided instead *after the move into permanent housing*. Today, more than 75 agencies refer homeless families to Beyond Shelter, with over 4,000 families successfully stabilizing in permanent, rental housing throughout L.A. County. The Housing First approach for families, which today is also known as "rapid rehousing," is being adapted in localities throughout the nation.

In 1996, Beyond Shelter's Housing First Program in Los Angeles was chosen as one of "25 U.S. Best Practices" to represent the United States at the UN Conference, Habitat II, held in Istanbul, Turkey. There, it was chosen as one of "100 International Best Practices" for dissemination worldwide. The premise is simple: access to affordable housing ends homelessness for the vast majority of homeless families. Do they then benefit from services? Of course they do, but those services are best provided *after* a

family is back in permanent housing. Furthermore, the services that homeless families most benefit from are those same services that benefit all low-income families.

The increase in family homelessness

Over the past few years, as in the early days of homelessness in America, Los Angeles County has experienced an increase in family homelessness – and the numbers continue to grow. Yet a recent study by the Shelter Partnership of family shelters in Los Angeles County determined that shelter system capacity for families is wholly inadequate.[i] The capacity of family shelters in Los Angeles County is 3155 beds for 1033 families on any given night. Of available beds within the Continuum of Care, 64% are provided through transitional housing programs and 36% through emergency shelters.

According to the 2005 Count of homeless individuals and families in L.A. County conducted by the Los Angeles Homeless Services Authority (LAHSA) for the U.S. Department of Housing and Urban Development, approximately 87% of family members (17,202 individuals) were unsheltered, while over 13% (2680 family members) were in emergency shelters or transitional housing. In the 2005 LAHSA Count, family members made up only 19% of emergency shelter residents and only 35% of transitional housing program residents in the entire Continuum of Care. The 2007 LAHSA Count, however, reported approximately 82% (13,618) of family members as unsheltered, while over 18% (3,025) were living in emergency shelters, transitional housing, or staying at a hotel or motel using vouchers.[ii] And 85% of emergency shelter and transitional housing programs participating in a recent survey reported having to regularly turn away families due to the lack of available beds.[iii]

We all know that in Los Angeles County today literally thousands of children have no permanent, stable, safe or secure place to live. Unfortunately, we are also beginning to see the second generation of homeless families in this city, families in which the parents experienced homelessness as children or teenagers, and now, as young parents, are homeless again themselves. The recent economic crisis resulting in job losses and foreclosure is further aggravating the problem, as new homeless families join the ranks of currently homeless families.

On January 8, 2009, The Center on Budget and Policy Priorities released its report, "Number of Homeless Families Climbing Due to Recession." The key findings are that in the next few years, the nation is likely to experience the sharpest increases in severe poverty in over 30 years. The study projects that about 1 million more families with children will fall into deep poverty (below half the poverty line) and thus be at risk of housing instability and homelessness. New data suggest that hardship and homelessness are already growing. New York City, Massachusetts, Connecticut, Hennepin County (Minneapolis), and Los Angeles County each identify recent spikes in the number of newly-homeless families.

What is the human face of the newly-homeless families? As reported in the *Los Angeles Times* on Thursday, March 26, 2009, a single mother laid off her $55,000 a year

executive assistant job found that her unemployment benefits of $1,943 barely covered her rent and utility bills. At an average rent of $1,200 for a two-bedroom apartment in moderately-priced Los Angeles neighborhoods, anyone can see how this mother would struggle. After a wait of several hours at the Chatsworth Department of Public Social Services office, the mother applied for Food Stamps to feed her two sons. After a week, she was notified that her unemployment benefits were $36 over the limit for her to receive this aid.

"What happens to us middle-class families who were making good money and then boom, something like this happens?" she said. Countywide overall, denials of application for Food Stamps increased 16% this February in comparison to February, 2008. Caseworkers are seeing applications from many more couples with children, employees of real estate brokerages, and the recently unemployed trying to avoid foreclosures on their homes.[iv]

Beyond Shelter has also noted a significant increase in the number of requests for emergency assistance to prevent eviction over the past three months. The agency is currently receiving an average of 50 calls a day requesting eviction prevention funds. In tracking the causes for requesting assistance, the agency noted that 47% are due to job losses, 19% are due to foreclosure of rental property and 33% are due to other reasons such as domestic violence, victim of a crime, exhausted benefits and/or savings, family and friends could no longer help, problems with landlord, and unaffordable housing.[v]

Two recent national surveys support these data. In a fall 2008 survey by the U.S. Conference of Mayors, 16 of the 22 cities that provided data on the number of homeless families with children reported an increase in 2008, some of them substantial. The housing market crisis adds to the risk of increased homelessness. Foreclosures have pushed many families into the rental market, driving up rents in many areas and making housing less affordable. National data indicate that at least 20 percent of foreclosed properties are not owner-occupied, and in many parts of the country, half or more of households living in foreclosed buildings are renters.

Even with rental subsidies, however, homeless families are at a grave disadvantage in the housing market. In addition to competing with the working poor for affordable units, they face major systemic and personal barriers to moving into permanent housing, including eviction histories and credit problems. At the same time, they sometimes move into permanent housing at rents they cannot afford and without access to services and resources that would help them to stabilize and prevent a recurrence of homelessness.

The continued lack of affordable housing

While millions are affected by homelessness, even more are at risk because of the lack of affordable housing. There are 4.7 times more poor households in need of rental housing than there are available affordable units. Some 14.3 million households, representing almost one in seven households in the United States, are severely burdened by the cost of

housing, meaning that housing payments account for more than 50% of their income. Of these, some 12.5 million are at grave risk of becoming homeless, because wage levels, particularly for those working at minimum wage, are woefully insufficient to meet the rising costs of housing. According to a federal government survey, 44% of homeless people report that they work full- or part-time and yet are still unable to afford housing.[vi] Full time minimum wage workers cannot afford basic one bedroom apartment at the fair market rate and 38% of elderly renters are severely cost burdened.[vii]

While federal law supports a goal of adequate housing for all Americans, and federal housing programs offer assistance to low-income people, they are not adequately funded. For instance, only 34% of the United States' 9.9 million households which are all eligible for housing assistance actually receive it. Indeed, many cities have stopped accepting applications for housing assistance programs because waiting lists have become so long.

And so we are faced with a problem: Emergency shelter versus permanent housing

While families who become homeless primarily need immediate and coordinated assistance in getting back into permanent housing, including access to rental subsidies and move-in funds, they may also realistically need temporary housing during an interim period of time. While prevention strategies may divert some families from the shelter system, such measures do not prevent many families from becoming homeless. Similarly, while Housing First may more rapidly open the back door of the shelter system, the approach does not necessarily close the front door. The need for emergency shelter remains great in spite of recent innovations in the field. The question for policy makers and practitioners alike then is how to meet the existing demand for "temporary housing" for families who lose their housing while efforts are made to help them relocate to housing that they can afford.

In response to the need for increased shelter capacity, many communities are forced to utilize motels as emergency housing. As with traditional shelter beds, this strategy has proven to be not only very costly, but also often detrimental to the health and well-being of families in crisis. The typical hotel/motel used for vouchering homeless families in the City of Los Angeles is neither a safe nor adequate environment for parents with young children. Many such hotel/motels are havens for drug activity and prostitution. Sometimes voucher options are so limited that families are sent to motels 10, 20, or 30 miles away from their communities of origin. This practice is completely counter-productive for families who need to maintain previously established ties to services, employment, schools, and child care.

Master-Leased Apartments: An innovative approach to emergency shelter

Over the past few years, Beyond Shelter has successfully utilized the "master-leasing" of apartments in the community at-large for use as "emergency shelter." This new model is not only more cost-effective than nightly rates in substandard hotel/motel rooms, but it also enables families who become homeless to maintain ties to their home community by remaining in that community, close to social support systems, schools, and family or

friends. In many cases, the family may "transition-in-place," by taking on the lease of the apartment used as shelter, and often within a short period of time. It is Beyond Shelter's firm belief that the use of apartments master-leased as temporary housing or "interim shelter" can be an effective new strategy to address increasing numbers of homeless families in Los Angeles while efforts are made to help them access the services and resources necessary to move back into permanent housing – or securing that same rental unit as permanent housing.

I believe very strongly that until we concentrate existing homeless funding and our own energies and programs on helping homeless families and individuals get back into housing, and prevent others who are at risk from losing their housing, only then, no matter how hard we try and no matter how much we care, will we solve this major social problem in America today.

Program and Policy Recommendations

- Increase access to emergency rental and mortgage assistance programs and aggressively outreach to vulnerable populations.
- Integrate a "housing first" or "rapid rehousing" approach into all local and federal funding streams addressing the problem of individual and family homelessness.
- Develop and expand the provision of short-term, shallow rent subsidies for homeless families and families at imminent risk of homelessness.
- Increase emergency shelter capacity in Los Angeles through the use of foreclosed rental properties and scattered-site, master leased apartments as emergency shelter.
- Authorize the use of emergency hotel voucher program funding for the master-leasing of apartments to be used as emergency shelter.
- Aggressively expand Section 8 set-aside programs specifically for individuals and families experiencing homelessness.
- Aggressively promote the development of new, permanent and affordable housing through the Housing Trust Funds and other new sources of funding.

---

[i] Shelter Partnership, Inc. Operating at Capacity: Family Shelters in Los Angeles County, 2006. Los Angeles: Shelter Partnership, Inc.
[ii] Los Angeles Homeless Services Authority. 2005 and 2007 Greater Los Angeles Homeless Counts. Los Angeles, Los Angeles Homeless Services Authority.
[iii] Shelter Partnership, Inc. Operating at Capacity: Family Shelters in Los Angeles County, 2006. Los Angeles: Shelter Partnership, Inc.
[iv] Molly Hennesey-Fiske, "Middle Class Jobless Run Into Welfare Wall," Los Angeles Times, March 26, 2009, A1;A12
[v] Beyond Shelter, Report if Rental Assistance, March 2009.
[vi] Testimony of the National Law Center on Homelessness and Poverty to the Inter-American Commission on Human Rights (March 2005).
[vii] Testimony of the National Law Center on Homelessness and Poverty to the Inter-American Commission on Human Rights (March 2005).

Tanya Tull
President/CEO, Beyond Shelter

For 25 years, Tanya Tull has played a significant role in the development of innovative solutions to increasing poverty and homelessness among families with children, both in Los Angeles and nationwide. Tanya began working in the nonprofit sector in 1980, when she founded **Para Los Ninos** *(For the Children)* in L.A.'s Skid Row. She served as the agency's Executive Director through 1985 and then President through 1996. Today Para Los Ninos operates childcare, youth and family programs for a primarily immigrant population. In 1983, she co-founded **L.A. Family Housing Corporation** – a nonprofit agency that develops and operates emergency shelters, transitional and permanent housing.

Since 1988, Tanya's work has focused on the development of new methodologies to promote systemic change. That year, she founded two nonprofit agencies as an evolution of her earlier work in the field: **A Community of Friends** and **Beyond Shelter.** A Community of Friends develops supportive, permanent housing throughout Los Angeles County for the chronically mentally ill and other special needs populations and has been operated by others since 1990. This has enabled her to focus her efforts on Beyond Shelter and family homelessness.

Through her work with Beyond Shelter, Ms. Tull is credited with developing and promoting the "housing first" (or *rapid rehousing*) approach to ending family homelessness, which is currently transforming both public policy and practice on a national scale. Beyond Shelter's "Housing First" Program has received both national and international recognition, including representing the United States as one of "25 U.S. Best Practices," for the UN Conference, Habitat II, held in Istanbul, Turkey in 1996, and one of "100 International Best Practices" for the United Nations Center on Human Settlements that same year. With its affiliate, Beyond Shelter Housing Development Corporation, Beyond Shelter also develops service-enriched, affordable housing in inner-city neighborhoods and, for the last decade, has been implementing a multi-site Neighborhood Revitalization Project in South Los Angels comprised of both affordable housing development and neighborhood resource centers.

Tanya is a member of the Board of Trustees of the National Housing Conference and serves on special advisory committees of the National Alliance to End Homelessness and the National Low Income Housing Coalition, both based in Washington, D.C. She also works closely with the National Law Center on Homelessness and Poverty and is a founding member of the Housing Caucus of the U.S. Human Rights Network. She chairs both the Los Angeles Coalition on the Human Right to Housing and the Los Angeles City/County Coordinating Council on Homeless Families. Tanya received her B.A. from Scripps College, Claremont, teaching credential from UCLA, and an Honorary Doctorate in Social Science from Whittier College. She was a Senior Fellow at the UCLA School of Public Affairs (2005-06) and continues to serve as a Senior Fellow mentor to students each year.

Beyond Shelter

Federal Grants Received for Housing and Eviction Prevention 2005-Present

HUD – Supportive Housing Program – Transitional Housing

2005	Courtyard Apartments	$147,775
2006	Courtyard Apartments	$147,775
2007	Courtyard Apartments	$147,775
2008	Courtyard Apartments	$147,775

HUD – Supportive Housing Program – Supportive Services Only

2005	South Central Family Transition Program	$141,911
2006	South Central Family Transition Program	$141,911
2007	South Central Family Transition Program	$141,911
2008	South Central Family Transition Program	$141,911
2005	South Central Collaborative	$262,429
2006	South Central Collaborative	$262,429
2007	South Central Collaborative	$262,429
2008	South Central Collaborative	$262,429
2005	Pacoima Family Transition Program	$154,997
2006	Pacoima Family Transition Program	$154,997
2007	Pacoima Family Transition Program	$154,997
2008	Pacoima Family Transition Program	$154,997
2005	Family Transition Program	$331,546
2006	Family Transition Program	$331,546
2007	Family Transition Program	$331,546
2008	Family Transition Program	$331,546
2005	Long Beach Housing First I	$132,884
2006	Long Beach Housing First I	$132,884
2007	Long Beach Housing First I	$132,884
2008	Long Beach Housing First I	$132,884
2005	Long Beach Housing First II	$ 50,017
2006	Long Beach Housing First II	$ 50,017
2007	Long Beach Housing First II	$ 50,017
2008	Long Beach Housing First II	$ 50,017

HUD – Community Development Block Grant Program

2005	Rent to Prevent Eviction	$150,000
2006	Rent to Prevent Eviction	$150,000
2007	Rent to Prevent Eviction	$150,000
2008	Rent to Prevent Eviction	$150,000
2005	Housing Assistance Pilot Program	$150,000
2006	Housing Assistance Pilot Program	$150,000
2007	Housing Assistance Pilot Program	$150,000
2008	Housing Assistance Pilot Program	$150,000
2005	Pacoima "Housing First"	$ 40,000
2006	Pacoima "Housing First"	$ 40,000
2007	Pacoima "Housing First"	$ 40,000
2008	Pacoima "Housing First"	$ 40,000
2005	Broadway Village "Housing First"	$ 40,000
2006	Broadway Village "Housing First"	$ 40,000
2007	Broadway Village "Housing First"	$ 40,000
2008	Broadway Village "Housing First"	$ 40,000

FEMA - Emergency Food And Shelter Program (EFSP)

2005	$ 244,553
2006	$ 233,011
2007	$ 221,110
2008	$ 217,672