



NEWS FROM

CITY CONTROLLER LAURA N. CHICK

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CHICK FINDS PROBLEMS IN OVERSIGHT OF HOUSING DEPARTMENT LOANS

Controller's Audit Makes 20 Recommendations For Improvement

Los Angeles –City Controller Laura Chick has cited the City's Housing Department on its management of its \$735 million loan portfolio.

“My audit has found that the Housing Department needs to significantly improve how it manages its loan portfolio. These very important public dollars are needed to provide safe and livable neighborhoods through the development and preservation of decent and affordable housing. It is essential that we ensure the public that these monies are meeting their intended targets,” said Chick.

Among the audit's findings:

- Housing Department awarded new loans to borrowers who were already in default on their other loan agreements with the City. This is not in accordance with a policy adopted by the City Council 2003.
- Housing Department does not adequately pursue collection from delinquent borrowers.

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- Housing Department has a backlog of financial statements which could be costing the City millions in income.
- Housing Department's current loan portfolio has a high concentration of risk associated with a relatively few borrowers.

"What is most troubling is that three years ago I found many of the same problems in audits of the Community Redevelopment Agency (CRA). It is a waste of precious resources to repeat an audit when the lessons learned in the CRA reports are easily transferred to the Housing Department," said Chick.

Chick also released two other Housing Department reports. A follow-up audit of the Systematic Code Enforcement Program found the Department had made significant progress since the original report was issued in 2001. A report on the Homeownership Loan Program identified several areas for improvement, which the Department has already begun to implement.

The Controller's Housing reports, as well as all of her over 100 audits, is available at her website at www.lacity.org/ctr.

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