

Los Angeles' Low Homeownership Rate

A. The “American Dream” of homeownership is difficult to attain in Los Angeles, which has the second lowest percentage in the nation (New York City has the lowest rate). The 1990 Census showed that only 39% of households living in the City of Los Angeles were homeowners; preliminary Census 2000 data shows no change. The after effects of predatory lending can result in even lower home ownership rates and damage the neighborhood stability that homeownership can bring to a community. (H&CD Hearing 2/21/02, p.6, lines 13-15.)

B. A map of 1990 Census data produced by LAHD shows that over 60% of Los Angeles households are tenants. (H&CD Hearing, 2/21/02, p. 6, lines 15-19.)

C. Robert Cox, from the East Los Angeles Community Corporation (ELACC), testified to the effects of predatory lending and the resulting vacant houses on the whole community. Loans on houses end up being twice the actual value of the house. The bank then won't sell the house because they would lose money on the sale. So the house stays vacant, essentially destroying the community. (H&CD Hearing, 4/17/02, p. 24, lines 24-25, and p. 25, lines 1-6.)

D. From 1980 to 1990 [Census figures] there was a dramatic decrease in owner occupancy in South Los Angeles. There are many reasons for that, but predatory lending may have had something to do with that [decrease]. (Testimony of Sally Richman, H&CD Hearing, 2/21/02, p. 7, lines 3-7.)

E. In Los Angeles, predatory lenders market their loans in the poorest sections of town with the lowest incidence of homeownership. (H&CD Hearing, 2/21/02, p.9-10, lines 25-26.)