



**Office of the Mayor
City of Los Angeles**

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MAYOR VILLARAIGOSA ANNOUNCES MAJOR VICTORY IN EFFORT TO REFORM LOS ANGELES HOUSING AUTHORITY

*With end of federal oversight for Section 8 voucher program,
City passes a major milestone in Housing Authority's road to reform*

LOS ANGELES – During a visit by US Secretary for Housing and Urban Development (HUD) Alphonso Jackson, Mayor Antonio Villaraigosa today announced that Los Angeles' Housing Authority (HACLA) has successfully met federally mandated reforms covering the City's Section 8 voucher program, putting the department back in good-standing and ending federal oversight of the program.

"The Housing Authority plays a critical role in our efforts to address the affordable housing crisis in Los Angeles, and now we can declare that this critical agency has reached an important milestone in its efforts to reform," said Mayor Villaraigosa.

"This good news from HUD is a clear sign that reform efforts at HACLA have been a major success. For the first time in years, this agency is solvent, functional and in a strong position to deliver much-needed help to low-income families in LA."

As of February 2008, the Memorandum of Understanding between HUD and the Housing Authority of the City of Los Angeles that in 2004 mandated reforms in the Section 8 Choice Voucher Program has been terminated.

Under the terms of the MOU, HACLA hired a new Chief Financial Officer and Director of Housing to administer the voucher program, while honoring its

agreements with other housing authorities. The department also has awarded a contract to perform a “rent reasonableness” survey in Los Angeles.

As a result, HACLA will now be classified as a “standard performer” and no longer subject to strict terms of the MOU, which was instituted in 2004.

“This is a very proud time for HACLA,” said HACLA Executive Director Rudy Montiel. “We appreciate HUD recognizing our improvements of the Housing Choice Voucher Program and officially closing the MOU. We have a very important responsibility to provide housing for the poorest families in Los Angeles, so it was critical for HACLA to improve the Section 8 Department.”

Mayor Villaraigosa announced this major milestone for HACLA during a visit by HUD Secretary Jackson to discuss how the national foreclosure crisis has impacted Angelenos.

During a roundtable discussion at Operation HOPE – an LA-based nonprofit focused on increasing financial literacy and working directly with community members to help renters make the transition to buying a home – the Mayor, Secretary and community leaders discussed the five-fold increase in foreclosure rates in the City of Los Angeles that has disproportionately affected African-American and Latino families.

The City represented 5,235 of a total 12,330 foreclosures in LA County in 2007 (42 percent), with the rate of foreclosures spiking from 115 in the first quarter of 2006 to 559 the same period of 2007 in the City.

While the vast majority of foreclosures have come from subprime loans – 45 percent of which went to African Americans in Los Angeles and 42 percent to Latinos – economists have indicated that prime borrowers are increasingly facing financial distress from falling home prices and a credit crunch making it difficult to refinance.

A 4.5 percent rise in the cost of renting (from fourth quarter 2006 to fourth quarter 2007) has compounded the issue, by forcing foreclosed families into increasingly more expensive rental situations.

“Financial literacy has never been as important to the American people as it is today. What we have to understand is that this is not just an issue for the poor or low-income; it affects everyone, including the middle class right here in Southern California,” said Secretary Jackson.

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