



CITY-COUNTY REINVESTMENT TASK FORCE



San Diego Reinvestment Task Force
Thursday, April 15, 2010, 12:00 PM
202 C Street,
Twelfth Floor Hearing Room
San Diego

MINUTES

Item 1: Introductions

Members:

Tony Young	Councilmember District 4
Angela Lucero	Bank of America
Kathy Patoff	Union Bank
Peter Villegas	JP Morgan/Chase
Vino Pajanor	Housing Opportunities Collaborative
Wendell French	Wells Fargo
Jim Schmidt	Public Member
Lynn Hastings	Public Member
Mirta Schloss	RTF Director

Co-Chairs' Staff:

Tom Ledford	County Supervisor Robert's Office
Venus Molina	Councilmember Young's Office
Maggie Ruiz	RTF Program Analyst

Members Excused:

Ron Roberts	County Supervisor, District 4
Bob Adelizzi	Public Member
Joe Horiye	LISC

Members Absent:

Gordon Boerner	San Diego National Bank
Murtaza Baxamusa	CPI

Participants:

Maria Montano	ACCION San Diego
Chi Tran	Citibank
Henry Miles	San Diego Urban League
Janet Heming	San Diego Urban League
Jackie Harris	SDHC
Oscar Laffaye	SDHC
Lorene Kellogg	County of San Diego
Myrna Pascual	HUD

Item 2: Public Comments: No public comments

Item 3: Minutes: Motion by Kathy Patoff to approve minutes of the February 18, 2010 meeting.
 Seconded by Wendell French.
 All in favor.

Call to Order: Councilmember Young introduced the new appointed RTF Board members; Vino Pajanor, from Housing Opportunity Collaborative (HOC) and Mitch Thompson, Interim Council member for Councilmember McCann (not present). The following highlights were presented of the new board members:

Vino Pajanor:

- Occupation: President & Executive Director of the Housing Opportunities Collaborative (HOC)
- Co-founder of HOC, which is a coalition of over 55 nonprofits in San Diego with affiliates chapters in Orange County and Inland Empire
- Outstanding Volunteer of the Year Award from St. Vincent De Paul
- Community Leadership Award from South Asian Bar Association
- Distinguished Service Award from University of San Diego School of Law
- Chair, Ethnic Relations & Diversity Committee, San Diego County Bar Association
- Attorney licensed to practice in India
- Graduate of University of San Diego School of Law and Madras Law College
- Actively assisting San Diegans through HOME Clinics and Workshops to create viable and sustainable homeownership and housing.

Mitch Thompson:

- Interim Council member for Councilmember McCann while he's on active military duty.
- Occupation: Public Finance Professional
- Chair, Chula Vista General Plan Update Committee
- Former Sr. VP, Bank of America
- HUD National Recognition Award
- SD Housing Federation Lender of the Year
- Graduated Magna Cum Laude, UCSD
- Active3 Civic Volunteer & 20-Year South Bay Resident

Item 4: Presentation by Steve Bouton, PhD (Bouton & Associates) on Home Mortgage Disclosure Act (HMDA) and the latest trends.

Mr. Bouton presented a PowerPoint presentation on “2008 Community Reinvestment Act (CRA) analysis for San Diego County.” The following points were addressed:

1. **CRA Background:** The background and history of CRA and emphasizes on how the CRA directs agencies to encourage insured depository institutions to help meet the credit needs of the communities in which they are chartered. Stated, were the importance to review the CRA lending patterns in the County to better understand community lending patterns and the importance to promote strategies for developing sustainable investment in our communities.

2. **Tract Income Level:** A thorough analysis, of the classification of census tracts as Low, Moderate, Middle and Upper income. These classifications correspond to tract classifications as defined by the HMDA and CRA regulations.
 - a. If the Median Family Income is less than 50% then the Income Level is Low.
 - b. If the Median Family Income is greater than or equal to 50% and < 80% then the Income Level is Moderate.
 - c. If the Median Family Income is greater than or equal to 80% and < 120% then the Income Level is Middle.
 - d. If the Median Family Income is greater than or equal to 120% then the Income Level is Upper.
 - e. If the Median Family Income is 0% then the Income Level is Not Known.

The Census Tract income data information was obtained by downloading from the FFIEC census data website.

3. **Findings:** CRA Small Business Lending has declined nationally and within San Diego County. Attributed to the pressures of:
 - a. Recession
 - b. Bank loan losses
 - c. Bank mergers and failures
 - d. Capital requirements
4. **CRA Loans in San Diego:**
 - a. In 2008, 3.49% of all CRA loans were originated in Low-Income defined tracts. This compared to 44.17% of the CRA loans originated in Upper-Income tracts
 - b. Low/Moderate income tracts originated 20% of all CRA loans while Middle/Upper tracts were approximately 80% of all CRA loans.
5. **Branch Locations and CRA Loan Originations:** Using data downloaded from the FDIC website, the location coordinates of each branch is identified based on the street addresses and zip codes. With the geographic coordinates (Latitude and Longitude), one is able to map in the branches in the GIS software and analyze these locations to other data used in the study.
 - Low- and moderate- income tracts contain approximately 29% of the total branches in San Diego County while low- and moderate- income tract originated approximately 20% of the CRA reportable loans.

One of the recommendations made from Mr. Bouton in regards to small business micro-loan programs is the lack of credit union task force involvement. Mr. Bouton will conclude his presentation at the June RTF meeting.

Ms. Kathy Patoff stated that there is a need to look at CDFIs and credit union's ability to lend. She further stated a need to find out how many businesses use homes as collateral. She said that in 2010 collateral was going to be very difficult if small business owners were using their homes as collateral.

Mr. Vino Pajanor stated that what was being observed at the home clinics was that in 2009 homeowners were using credit lines to access capital for their small business, but they are no longer able to do that because banks have cut their credit lines. He further commented that it would be interesting to analyze notice of defaults (NODs) to see how many of those NOD homeowners' borrowed against their credit lines to support their businesses. He raised the question, of what banks are truly doing to assist with microenterprise.

Mr. Peter Villegas responded that Chase is one of the top lenders to provide small business loans. He further stated, that the report mentions legitimate reasons for the decrease in capital to small business due to recessions, credit extension, and reduction of lines of credits. Mr. Villegas also discussed the "Bank-on California" initiative to focus financial literacy efforts on the unbanked. Ms. Angie Lucero further explained that this initiative is an initiative that has to be lead by the Mayor of San Diego and that Councilmember Young would have to initiate a recommendation proposal.

Item 5: Report from Councilmember Young's Washington D.C. Conference:

Councilmember Young reported on the National Community Reinvestment Conference held in Washington D. C. regarding regulatory reforms. He mentioned that the keynote speakers at the Conference were community leaders, advocates, regulators, educators and top individuals from President Obama's office. Councilmember Young excused himself early to attend an event; first lady, Michelle Obama was visiting his community. Mr. Wendell French chaired the remainder of the meeting.

Item 6: Report from Staff: – Ms. Mirta Schloss discussed the following:

- a. Announcement of the "Smart Money – Smart Credit" event to take place on Saturday, April 24 at the Elementary Institute of Science (EIS) to honor the month of April as the "Financial Literacy" month. Event focus will be "How to Recover from a Financial Set-back." Presented by Springboard.
- b. RTF staff, Maggie Ruiz, attended the "2010 National Interagency Community Reinvestment Conference (NCRC)." Focus was on the CRA exam and highlights of the latest nationwide best practices and innovative programs related to Community Reinvestment initiatives.
- c. Introduced the spring edition of the "CRA Matters"- RTF newsletter.

Item 7: Adjournment