



SAN DIEGO CITY-COUNTY REINVESTMENT TASK FORCE



**Minutes of the Regular Meeting
Thursday, April 19, 2018, 12:00 PM
County Administration Center
7th Floor Meeting Room
1600 Pacific Highway, Downtown San Diego**

For information, contact Daisy Crompton, RTF Manager
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ATTENDANCE

Present:	Antonio Barbosa	Laura Nunn	Andrea Sorce	Ricardo Flores
	Cher Stingo	Elizabeth Schott	Adolfo Ventura	
Absent:	Ron Roberts	Rockette Ewell	Kyra Greene	Chi Elder
	Barbara Bry	Rossina Gallegos	Krista Torquato	

ITEM 1 CALL TO ORDER

Acting Chair Andrea Sorce called the meeting to order at 12:11 p.m.

ITEM 2 PUBLIC COMMENT

There was no public comment.

ITEM 3 TASK FORCE MEMBER COMMENTS

- This is **Andrea Sorce's** last RTF meeting, as she's leaving IRC to move to the Bay Area.
- **Accion's** Chief Credit Officer has gone to one of Accion's partners, so Accion is hiring for that position.

ITEM 4 STAFF REPORT

- The RTF welcomes Laura Nunn as the **Housing Federation's** permanent representative, replacing Executive Director Stephen Russell, whose schedule conflicts with RTF meetings.
- Nominations are open for the Kaiser-Permanente-sponsored **Inner City Capital Connections** program, a "mini-MBA" for diverse or minority owned businesses with revenues of \$500,000 or more. KP's Tana Lorah was present to answer questions about the class, which starts in mid-June.
- The **Promise Zone** Affordable Housing workgroup's May 10 meeting will focus on refining a list of first-year and first-up implementation projects.

ITEM 5 APPROVAL OF THE MINUTES

The minutes of the March 15, 2018 Regular Meeting were approved on a motion by Adolfo Ventura, seconded by Ricardo Flores, and passed by a vote of 7-0.

ITEM 6 Action Item: Update to RTF Bylaws

The RTF did not have a supermajority present, and will reschedule the vote for a future date.

ITEM 7 Information Item: The Rise of Online Small Business Lenders

ACCION San Diego's CEO, Elizabeth Schott, and Chief Strategy Officer, Valery Beloso, presented RTF members with an overview of trends and challenges in the rapidly-growing world of online small business lending. Online lenders are attractive to borrowers because they offer quick approval and disbursement, and exercise nontraditional underwriting, for example examining credit card swipes instead of tax returns. They are unregulated, however, leading to a rise in predatory behavior. They offer alternate payment structures such as daily or weekly debits or a percentage of sales. Some are more like an advance than a loan, lending against pending receipts, regardless of liabilities and cash flow needs.

The products frequently lack transparency in terms, fees and interest rates, catching business owners by surprise, especially if they want to get out of the loan. Terms related to pre-payment penalties or balloon payments are not disclosed or are hard to find. It can be hard to determine the true costs, which often are high: A California consumer group that looked at the contracts of existing borrowers found an average APR of 94%. Similar to payday loans, borrowers fall into a debt trap, taking out new loans just to pay off the old ones that come due – and stacking multiple loans, resulting in debt loads too high to refinance.

In response, the national ACCION network developed a Borrower Bill of Rights, and ACCION San Diego developed a competing product, the Rapid Loan, which can be approved in 1-3 days for amounts up to \$8,000. ACCION has also identified pre-emptive educational resources that the community can share with small businesses, including questions borrowers should ask before getting into these products.

RTF discussion touched on regulation and lack thereof, competing against the new lenders through online advertising with Google search ads and, relatedly, building nonprofit lender capacity by investing in online presence and Search Engine Optimization (SEO) performance.

ITEM 8 Information Item: Update on Impact Investing in San Diego County

Lauren Grattan and David Lynn of Mission Driven Finance provided an update on their organization and on the affinity/trade group, San Diego Impact Investors (SDii). SDii, now 4-5 years old, is a collaborative housed at San Diego Grantmakers. Its membership has expanded from philanthropy to include small businesses and wealth managers, and it's in the process of hiring its first executive director.

Mission Driven Finance, a two-year-old impact investing intermediary, announced its first \$1 million in loans in January. The borrowers included a local food kitchen and healthy meal delivery company, a fair trade home goods wholesaler, and a charter school that needed working capital. Mission Driven Finance is also providing a military spouse-owned business with technical assistance to stabilize her business so she can qualify for an SBA loan or loan from CDC Small Business Finance.

Mission Driven Finance is focused on businesses that create economic opportunity and outcomes around quality jobs, especially for tougher-to-place populations, including military, refugees, and those seeking to increase their skills. It offers custom loans that are too big for ACCION but too small for banks, aiming to meet an unmet need in that middle space while providing a new investment option for socially-motivated investors. RTF discussion about impact investing touched on gentrification and inclusive development (incorporating resident voice and input), and potential applications to affordable housing.

ADJOURNMENT

Acting Chair Andrea Sorce adjourned the meeting at 1:45 p.m.

Respectfully submitted,
Daisy Crompton – Reinvestment Task Force Manager
San Diego Housing Commission