

RISE

RESIST. REINVEST. REBUILD.

AB 801 (Bonta) CA Community

Reinvestment Act

SD Reinvestment Task Force Presentation
Doni Tadesse



Agenda



Welcome



How Money Flows in Our Local Economies



Reinvestment Impact Examples from Communities

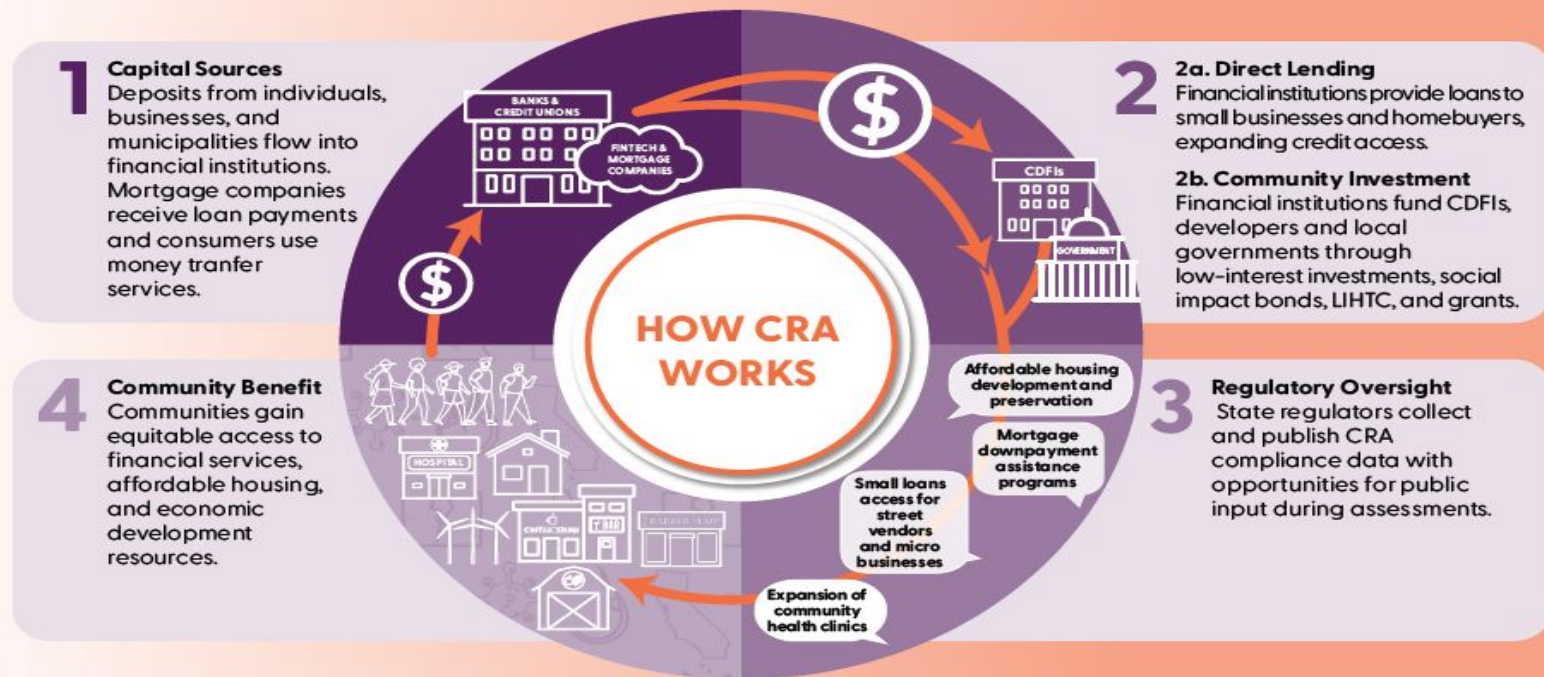


CA CRA– why now?



More on AB 801 (Bonta)

COMMUNITY REINVESTMENT ACT (CRA)



Reinvestment in Action

Burbank Housing– Caritas Homes

340 7th St, Santa Rosa, CA 95401



64 UNITS– Affordable housing development providing permanently supportive housing for the chronically homeless with wrap-around services.

This region was devastated by the Tubbs Wildfire in 2017. The development of Caritas homes was fueled by the need to rebuild and address a housing crisis in this region that has been further exacerbated by 2017 Tubbs Wildfire.

First Citizens Bank (formerly Silicon Valley Bank) purchased \$22.3 million in Low Income Housing Tax Credits as well as provided a \$18.7 million construction loan. The construction started in December of 2021 and wrapped up in July of 2023. Both the LIHTC and development loan was part of the the bank's CRA activity.

Little Tokyo Service Center First Street North Project, Los Angeles

248 UNITS: including 80 supportive housing units and 63 for homeless veterans

Commercial space for legacy businesses and honoring Japanese American WWII veterans

U.S. Bancorp partnered with the affordable housing developer to invest over \$83 million in debt and over \$85 million in equity financing through the four different transactions. The bank's historic acquisition of Union Bank led them to make significant commitments under their CRA, this project was a timely beneficiary. The 100% affordable housing project will open in summer 2026.



Elubia's Kitchen, Santa Barbara

Family owned, small business that grew from a local food truck to a brick and mortar restaurant

Women Economic Ventures (WEV), a community development financial institution (CDFI) that provides lending and coaching/technical assistance to small businesses that face barriers to accessing traditional bank financing.

WEV helped finance their food truck, provided technical assistance as their business grew, and later consolidated their existing loans, freeing up \$1200/month in loan repayments which allowed them to hire additional staff and take on the lease for their brick and mortar. WEV was able to meet these financing needs because of a \$500k

The EQ2 investment WEV received from Wells Fargo (2% interest rate) to be able to do this work, is the banks CRA activity.



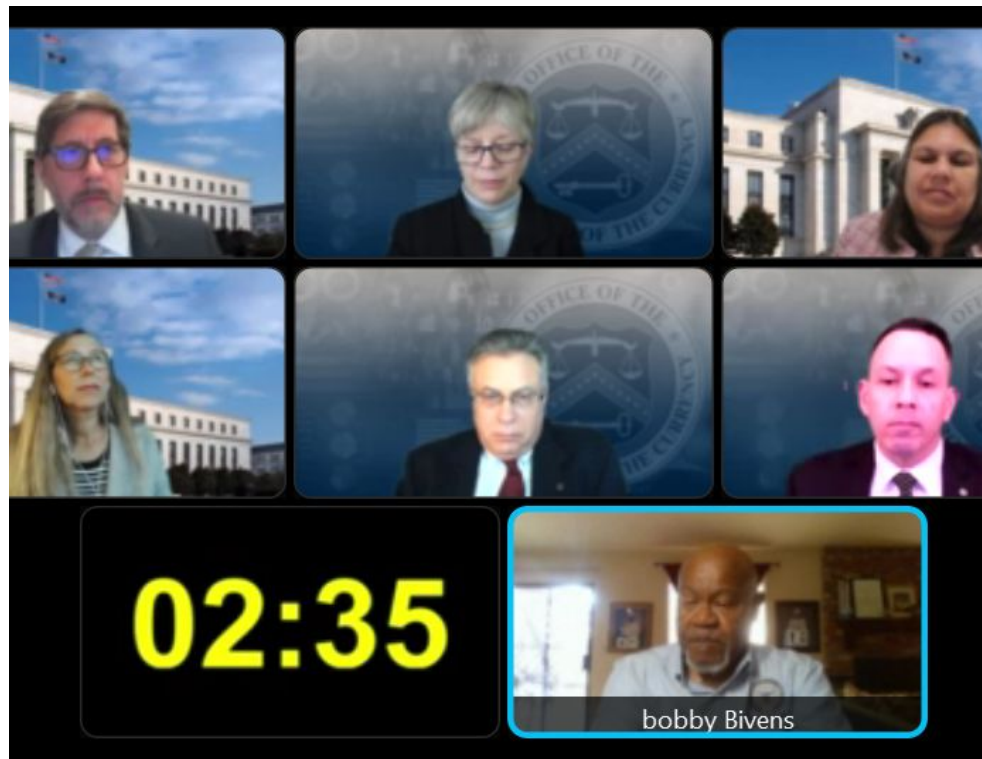
Federal CRA

Good:

- Nation's anti-redlining law
- LMI community needs
- Billions reinvested in CA (\$112.7 billion since 2017 in our CBAs)

Not good:

- Limited coverage – just banks
- Federal “oversight”; grade inflation (96% pass)
- Not race, only income
- No downgrades, no enforcement



CA State CRA

We envision the covered institutions (independent mortgage companies, state chartered banks/credit unions, fintech companies) to have an affirmative obligation to meet the financial service needs of LMI communities and communities of color where there are branches or substantial business is done.

How would they be evaluated?

- Downgrades for harm
- Highlight investments for Affordable Housing, CDFIs, broadband, CLTs, climate, etc
- Race conscious!
- 5 Ratings (not 4)
- Consequences for poor performance/enforcement

**State
CRA–**

**Its
working!**

Other jurisdictions with state CRA

- NY - 1979
- MA - 1982
- WV - 1982
- WA - 1985
- CT - 1989
- RI - 1995
- DC - 2001
- IL - 2021

CFPB report:

https://files.consumerfinance.gov/f/documents/cfpb_state_community_reinvestment_acts_2023-11.pdf

Why now?

- Unprecedented community needs
- Government funds alone can not meet the need:
 - Federal funding drying up
 - California Budget is limited at this time
- Corporate dollars are unlocked by the CRA– Bank regulators and agencies are retreating, being gutted
- New players in the financial sector

AB 801 (Bonta)

- Covers - banks, credit unions, IMCs, fintech
- Encourages - Loans, investments, services
- Consequences for harm, poor performance
- Considers whether financial institutions meet community needs:
 - rural communities
 - tribal communities
 - LMI communities
 - communities of color

Support and Opposition

Thank you for your interest!

For more information:

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