



Good Neighbors

San Diego
Housing Commission

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REPORT

DATE ISSUED: November 10, 2004

ITEM 105

REPORT NO.: HCR04-96
For the Agenda of November 19, 2004

SUBJECT: Reinvestment Task Force Annual Lender Progress Report-
Calendar Year 2003

SUMMARY

Issue: Should the Housing Commission accept the Annual Lender Progress Report from the Reinvestment Task Force and forward to the City Council.

Recommendation: That the Housing Commission review the Annual Lender Progress Report and forward to the San Diego City Council for final acceptance.

Fiscal Impact: None

Previous Related Action: The Housing Commission has received and forwarded an annual summary of bank lending activity under the Community Reinvestment Act for the past ten years.

BACKGROUND

The City/County Reinvestment Task (RTF) was formed by joint resolution of the San Diego City Council and the San Diego County Board in 1977 to “monitor lending practices and develop strategies for reinvestment in the region.” Its formation is intended to implement the federal Community Reinvestment Act (CRA) that directs federally regulated banks to lend to all communities without bias.

City policy 900-09 and *County policy A123* directs the RTF to provide comment and research findings to regulators as to local CRA performance. It also directs the RTF to solicit from lenders specific San Diego reinvestment plans. A key element of the local plans is an annual dialogue with individual lenders regarding lending data and emerging issues or community concerns regarding access to credit. The attached data is a summary of the information received in a series of meetings between the RTF, the lenders, and community organizations.



DISCUSSION

The RTF annually requests data from lenders who have developed San Diego specific plans regarding their level of activity under the specified categories. Over a two-month period, the lenders meet with sub-committee members of the RTF and review progress under their plans and hold general discussions regarding possible new initiatives. The data is collected in the following categories: (1) Home mortgages in low and moderate-income communities; (2) Affordable housing development; (3) Small business lending in low-income communities (in amounts lower than \$1,000,000 and to businesses with annual revenues below \$1,000,000); (4) Community development lending; (5) Consumer loan products to low income borrowers; (6) Corporate giving for affordable housing and economic development, and (7) Investments. These categories of measurement coincide with those used by federal regulatory agencies during Community Reinvestment Act (CRA) audits.

Bank review meetings involved numerous bank staff as well as local non-profit organizations including the City of San Diego BID Council, Coalition for Fair Banking, Housing Federation, East County Community Development Corporation, The Connector, Bayview Community Development Corporation, City of San Diego Economic Development, Affordable Housing Coalition, and the Caring Council, as well as current members of the RTF Board.

Highlights include:

- Total CRA related lending in low and moderate-income census tracts for reporting year 2003 was \$2.68 billion dollars or a 44% increase over 2002.
- For the ten years in which data has been provided, the total CRA lending was \$12 billion.
- In 2003 over \$198 million was loaned for affordable housing for a ten-year total of \$902 million.
- All lenders increased their total lending for CRA in 2003 with the largest increase in total dollars by Washington Mutual and the largest percent increase coming from Citibank.
- Three banks decreased their CRA lending as a percent of deposits (Bank of America, Union Bank and San Diego National Bank).
- Two banks of nine experienced market share increases (Union Bank, California Bank and Trust) with seven losing market share including Citibank and Comerica.

- All categories of CRA lending increased except home mortgage lending in low and moderate-income census tracts which decreased by 3%.
- Corporate giving for non-profit organizations doing housing and economic development activities increased 63% for a total of \$4.5 million.
- Washington Mutual Bank provided a direct equity loan for affordable housing land acquisition to a non-profit.
- Nearly all banks agreed to continue discussions with advocates for lower cost direct deposit savings accounts for the very low income.
- Bank of America instituted a new grant program providing multi year grant (\$100,000) funding to two non-profits as well as administrative technical assistance.
- Five of the major banks are involved in Individual Development Accounts that allow low-income customers, in conjunction with a local non-profit, to have savings matched by the bank (FNMA) toward home purchase or other asset building efforts.
- New Markets Tax Credits have recently appeared as preferred investments for lenders under the investments category. However, many of those are regional in scope and difficult to identify on a local level.
- The high cost of housing in San Diego and limitations on earning capacity have been a major hindrance to increased home mortgage lending in LMI communities and may account for the overall decrease in home loans.
- Borrowers in the lower income levels continue to experience the highest rejection rate for home loans. African American borrowers continue to experience rejection rates at higher levels than other ethnic groups, followed closely by Hispanic borrowers.

Respectfully submitted,

Approved by,

Jim Bliesner
Reinvestment Task Force Director

Elizabeth C. Morris
President & Chief Executive Officer

**Signature on File
With Original Document**

2002 Reinvestment Volume in San Diego County: A Summary

San Diego City-County Reinvestment Task Force

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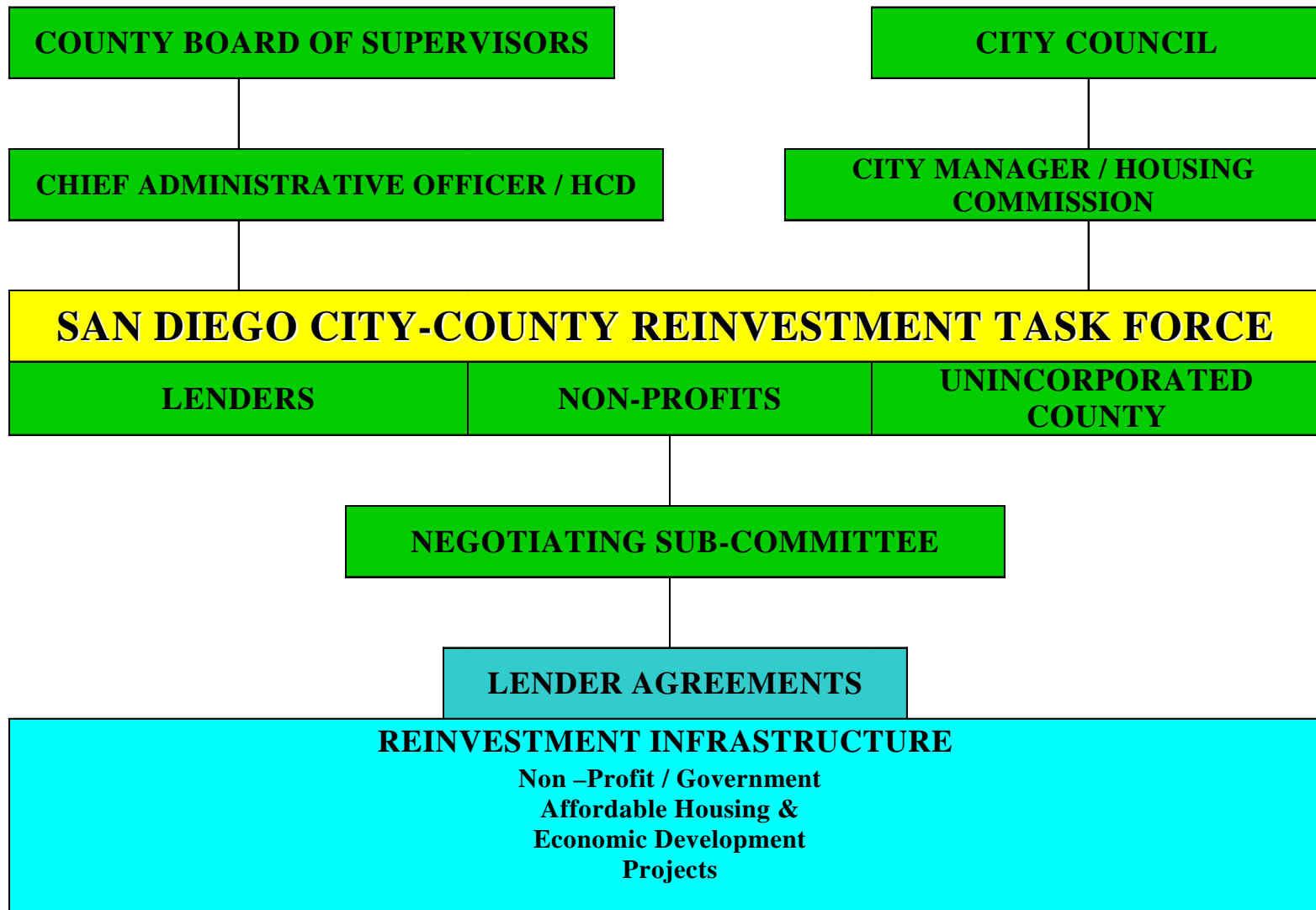
www.sdcounty.ca.gov/rtf

Background on the Reinvestment Task Force

- San Diego City-County Reinvestment Task Force (RTF) was established in 1977 as a joint City and County quasi-public entity
- Monitor banking practices in the region
- Develop strategies for reinvestment in partnership with public, community and private lending institutions
- Add community development equity investment
- Broaden investor base beyond banks

RTF Organization Chart

2003 Reinvestment Volume in San Diego County: A Summary



Monitor Lending Practices

Develop specific agreements with major lenders in the County of San Diego

- Home mortgages in low-mod census tracts
- Affordable housing development
- Small business lending
- Community development lending
- Consumer loans for low-income borrowers
- Corporate giving for housing and economic development
- Investments

Agreements With Banks

As of 2003 specific agreements with 10 institutions:

- Bank of America
- Washington Mutual
- Wells Fargo
- Union Bank
- CA Bank & Trust
- US Bank
- San Diego National
- Citibank
- Comerica
- Borrego Springs

Note: Borrego Springs' data is not included due to small size relative to the other 9 banks.

Market Share of Agreement Banks: 2003

Lending Institution	Market Share	Deposits (in millions)
Bank of America	17.99%	\$6,818
Washington Mutual	17.51%	\$6,637
Wells Fargo	14.46%	\$5,482
Union Bank	11.55%	\$4,379
CA Bank & Trust	5.68%	\$2,152
San Diego National	4.43%	\$1,678
US Bank	3.79%	\$1,435
Citibank	2.17%	\$823
Comerica	1.52%	\$577
TOTAL	79.10%	\$29,981

source: FDIC Market Share Report for San Diego County: June 30, 2003

Market Share Difference: 2002-2003

Lending Institution	% Difference 2002-2003	\$ (millions) Difference 2002-2003
Bank of America	-0.14%	\$719
Washington Mutual	-0.06%	\$726
Wells Fargo	-0.15%	\$565
Union Bank	0.27%	\$584
CA Bank & Trust	0.01%	\$246
San Diego National	-0.04%	\$173
US Bank	-0.06%	\$140
Citibank	-0.45%	-\$58
Comerica	-0.23%	-\$13
TOTAL	-0.85%	\$3,083

CRA Activity Data Categories

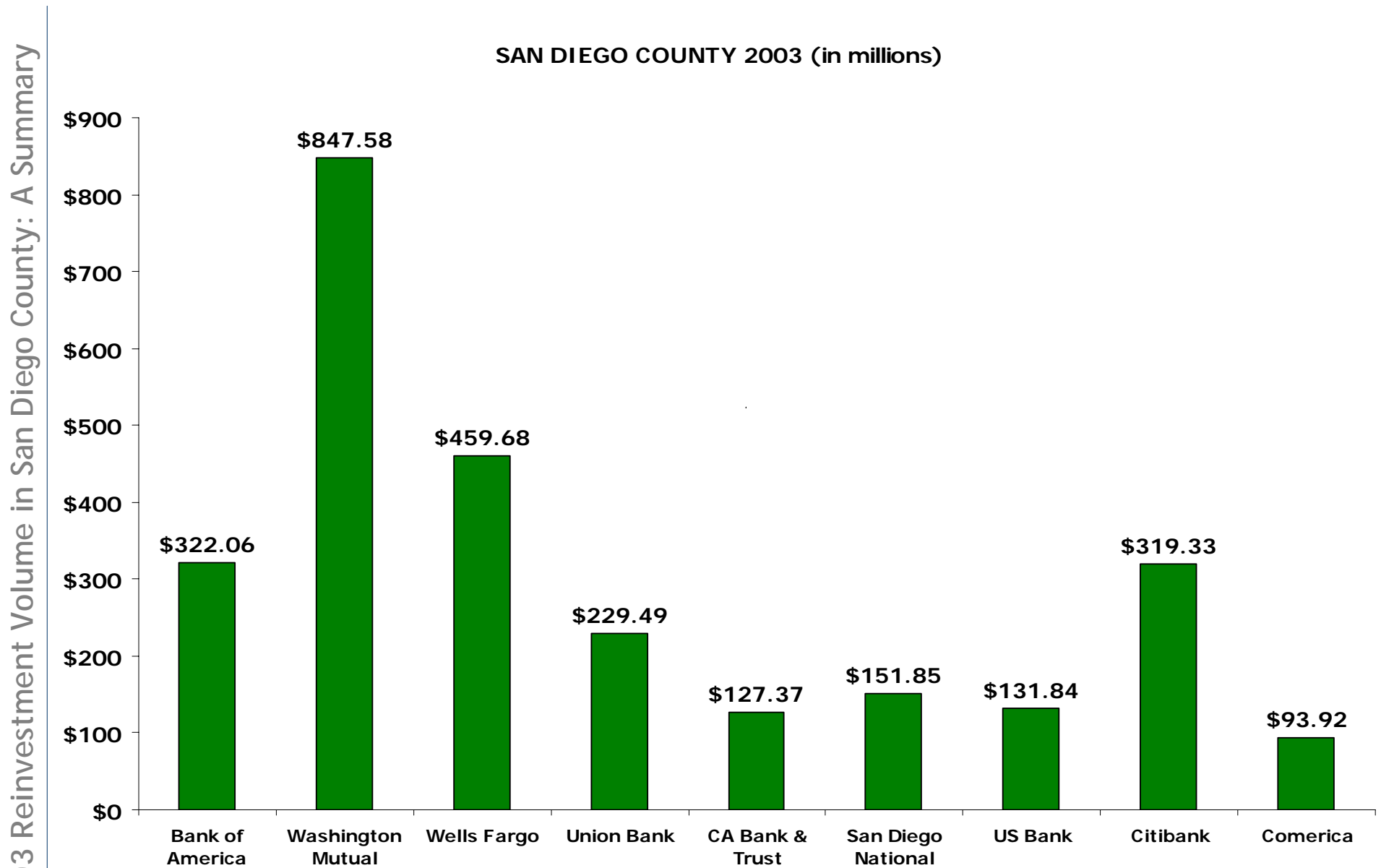
- Home Purchase Loans in Low and Moderate-Income Census Tracts (new home purchase loans)
- Affordable Housing Development
- Small Business Loans (businesses with annual revenue of \$1 million or less.)
 - ❑ Government Guaranteed
 - ❑ Conventional
- Development Loans (if not reported in another category)
- Community Consumer Loans (specialized low-income programs)
- Corporate Giving (for housing and community development)
- Investments

2003 CRA Activity in San Diego

Lending Institution	CRA Amount (\$ Millions)	% of Deposits
Bank of America	\$322.06	5%
Washington Mutual	\$847.58	13%
Wells Fargo	\$459.68	8%
Union Bank	\$229.49	5%
CA Bank & Trust	\$127.37	6%
San Diego National	\$151.85	9%
US Bank	\$131.84	9%
Citibank	\$319.33	39%
Comerica	\$93.92	16%
Total/Average	\$2,683.12	9%

- The CRA Amount increased by \$815 million (44%) over 2002
- The % of Deposit increased 2% over 2002.

2003 CRA Volume By Individual Banks



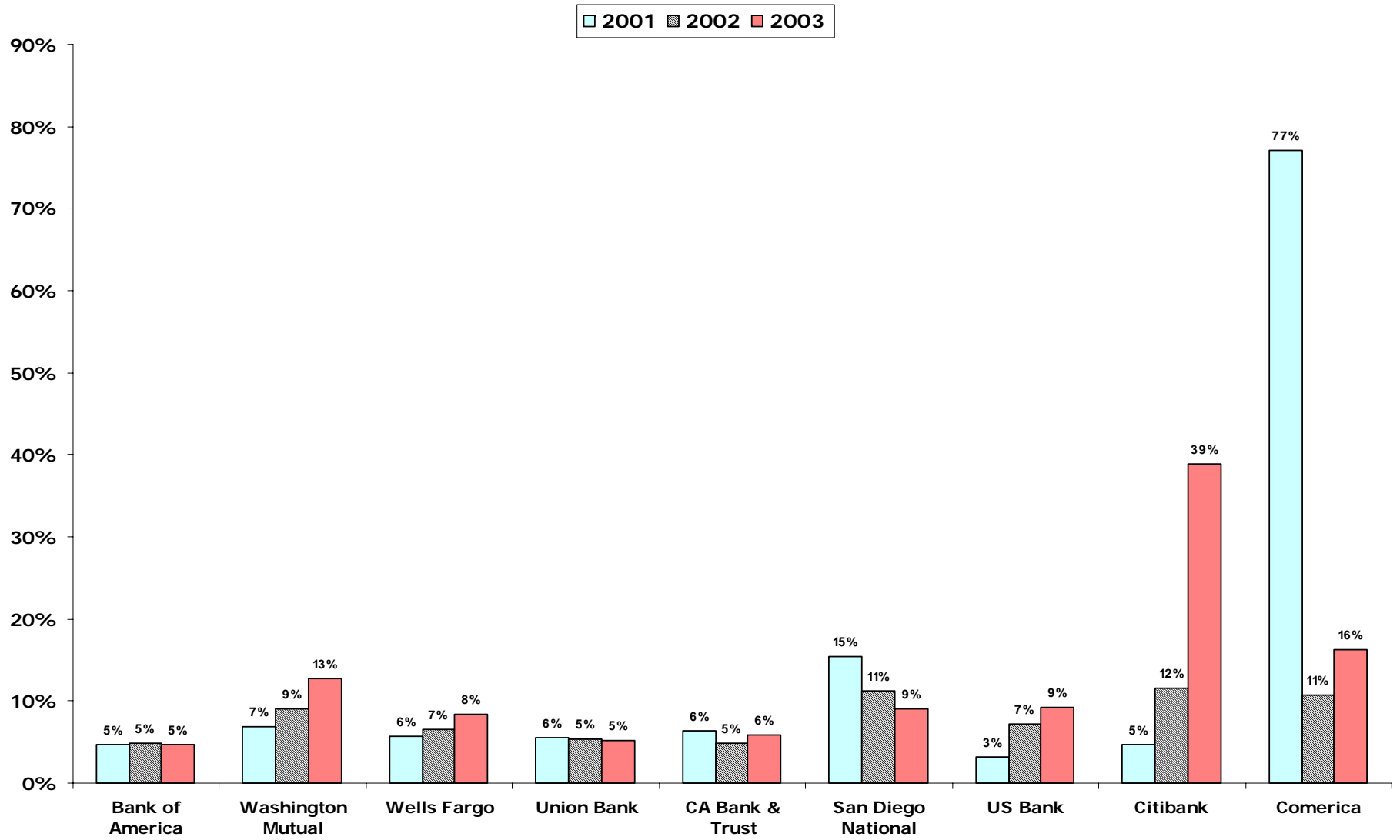
Difference in CRA Volume and % of Deposit: 2002- 2003

2003 Reinvestment Volume in San Diego County: A Summary

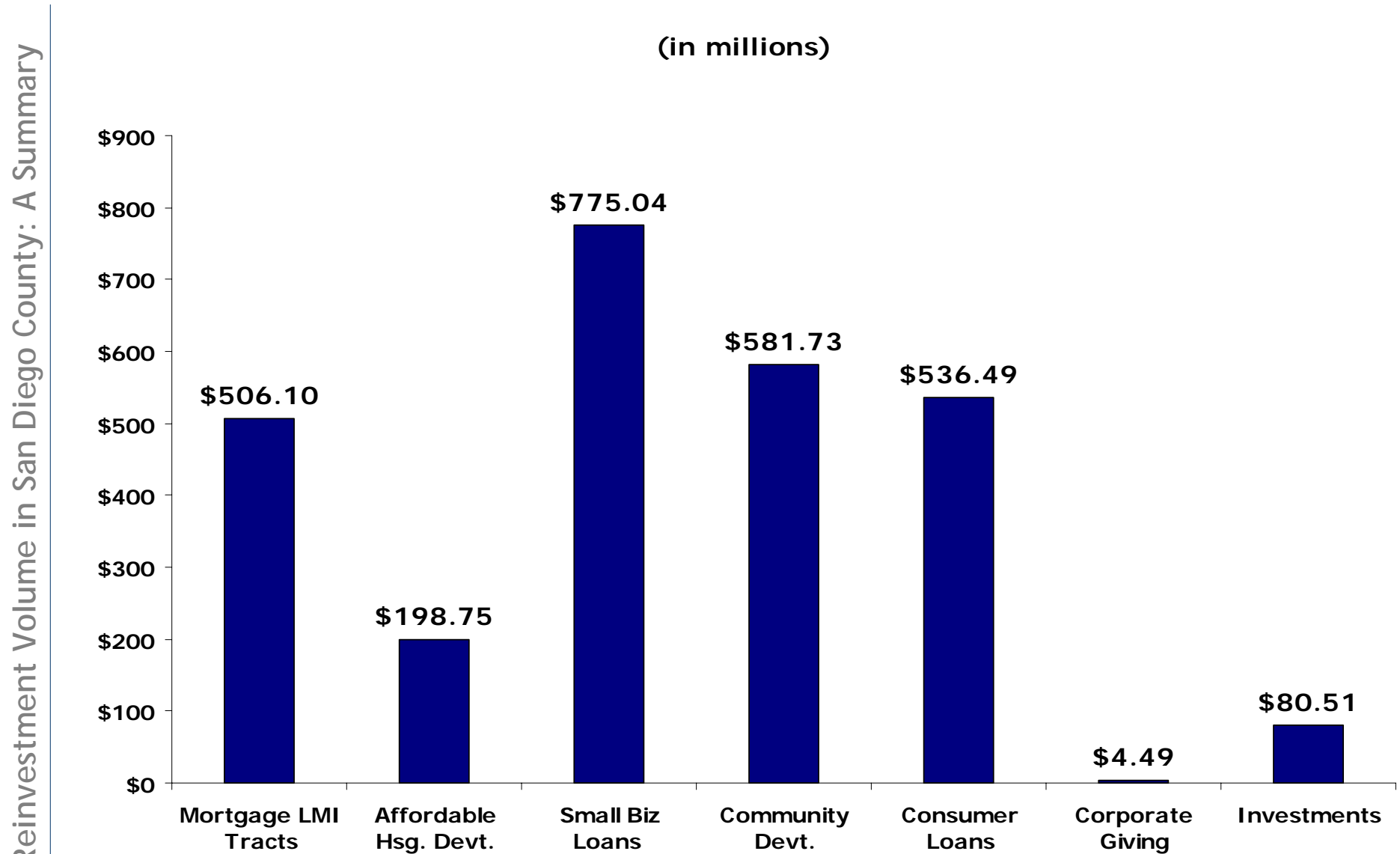
Lending Institution	\$ CRA Volume Difference (millions) 2002-2003	% of CRA Volume Difference 2002-2003	% of Deposits Difference: 2002 - 2003
Bank of America	\$21.77	7%	-0.20%
Washington Mutual	\$314.99	59%	3.76%
Wells Fargo	\$137.61	43%	1.83%
Union Bank	\$26.63	13%	-0.10%
CA Bank & Trust	\$35.82	39%	1.12%
San Diego National	\$6.41	4%	-2.19%
US Bank	\$24.09	22%	2.03%
Citibank	\$217.10	212%	27.19%
Comerica	\$30.40	48%	5.50%

Agreement Banks' CRA Volume in San Diego as % of Deposit (2001-2003)

2003 Reinvestment Volume in San Diego County: A Summary



Reinvestment By Category: 2003



2003 Reinvestment Volume in San Diego County: A Summary

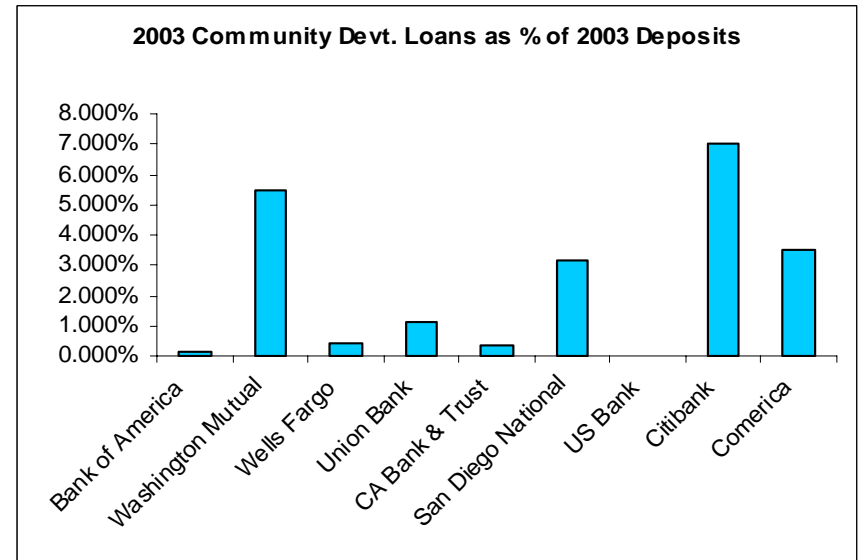
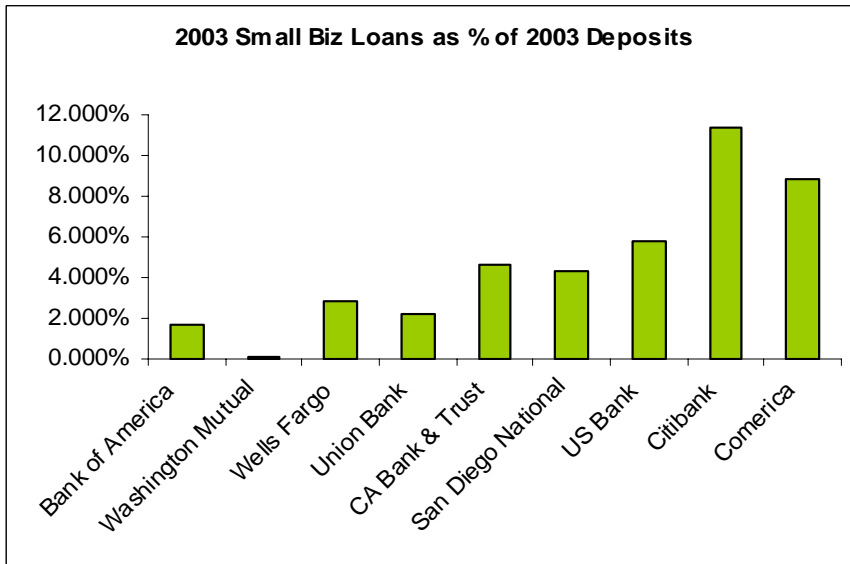
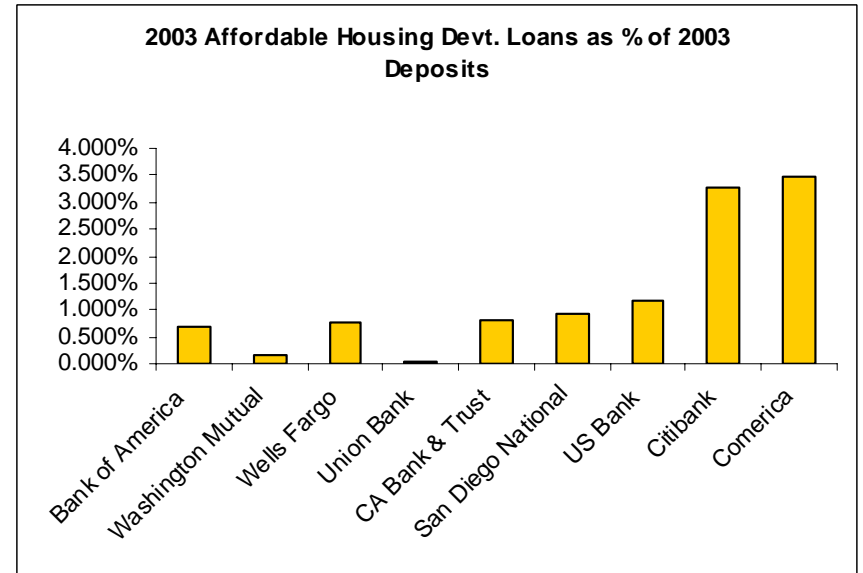
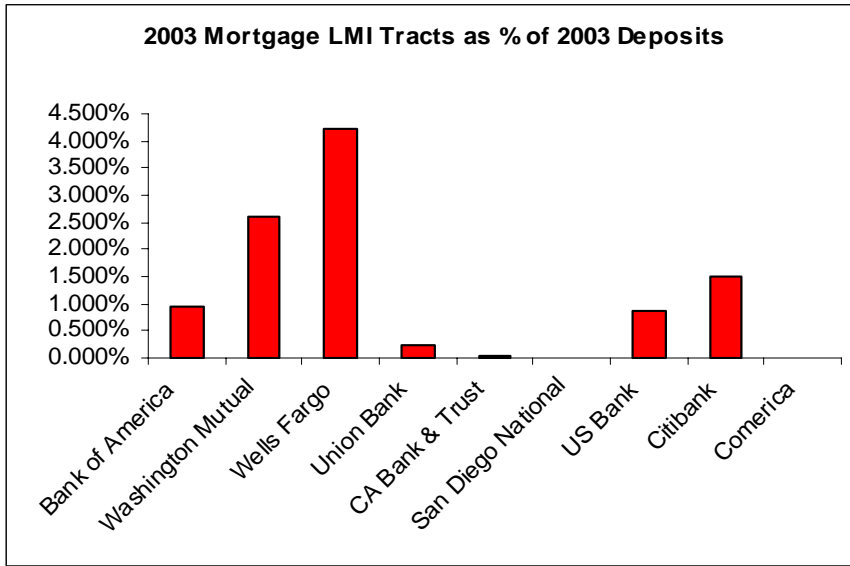
Reinvestment Difference by Category: 2002-2003

2003 Reinvestment Volume in San Diego County: A Summary

Category	\$ Difference (millions) 2002-2003	% Difference 2002-2003
Mortgage LMI Tracts	-\$17.88	-3%
Affordable Hsg. Devt.	\$83.75	73%
Small Biz Loans	\$205.27	36%
Community Devt.	\$205.04	54%
Consumer Loans	\$305.89	133%
Corporate Giving	\$1.74	63%
Investments	\$30.87	62%

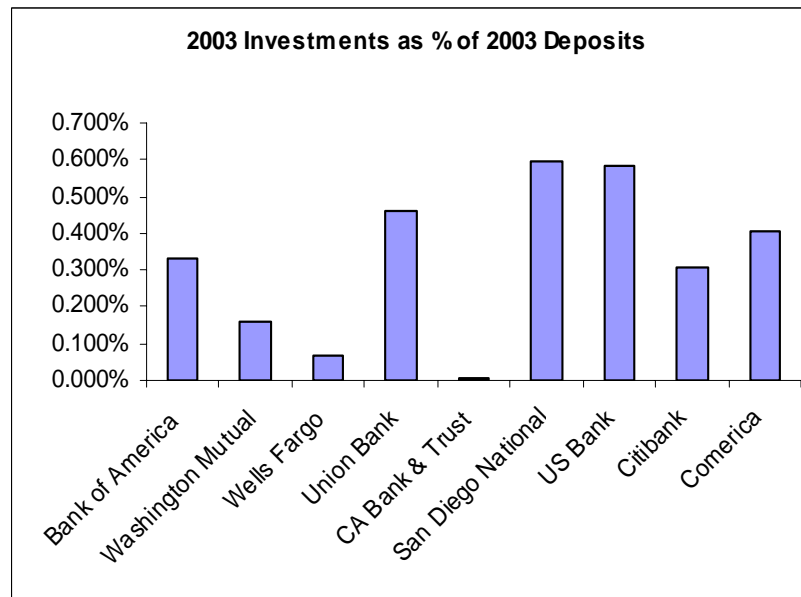
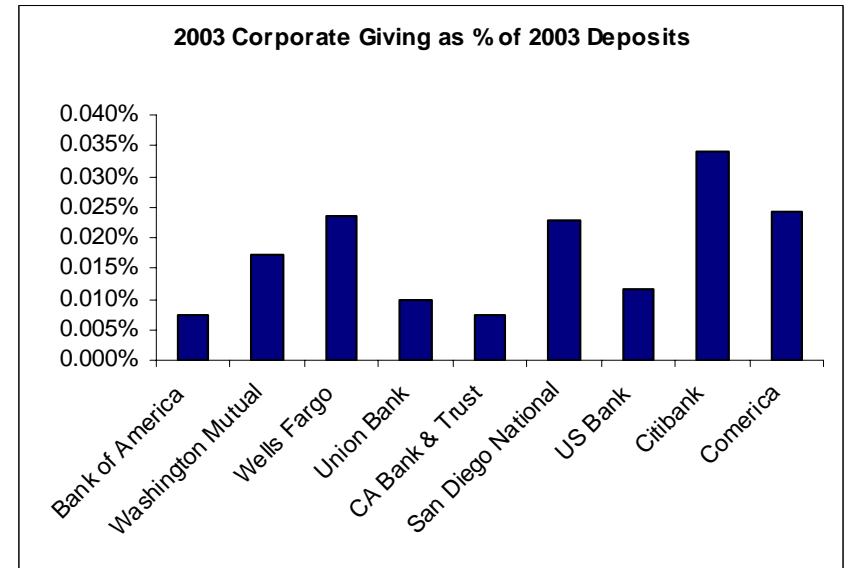
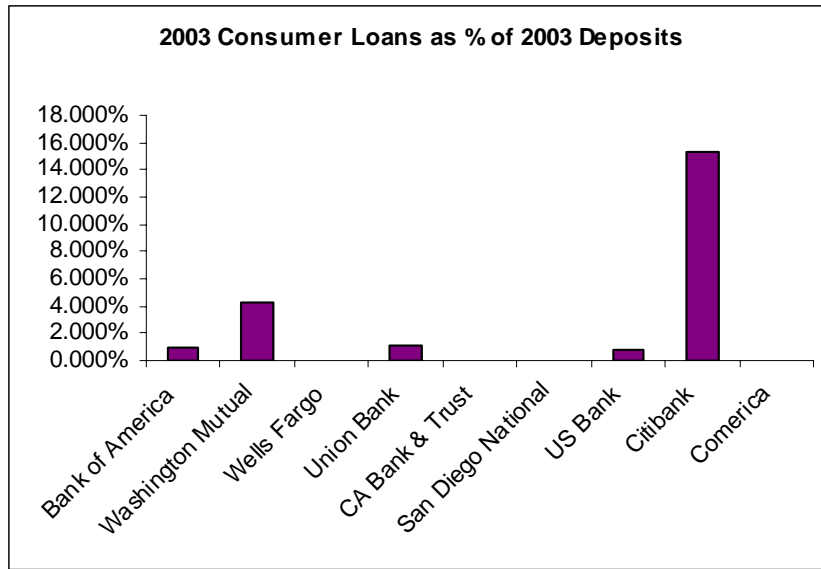
Agreement Banks' relative performance 2003

2003 Reinvestment Volume in San Diego County: A Summary



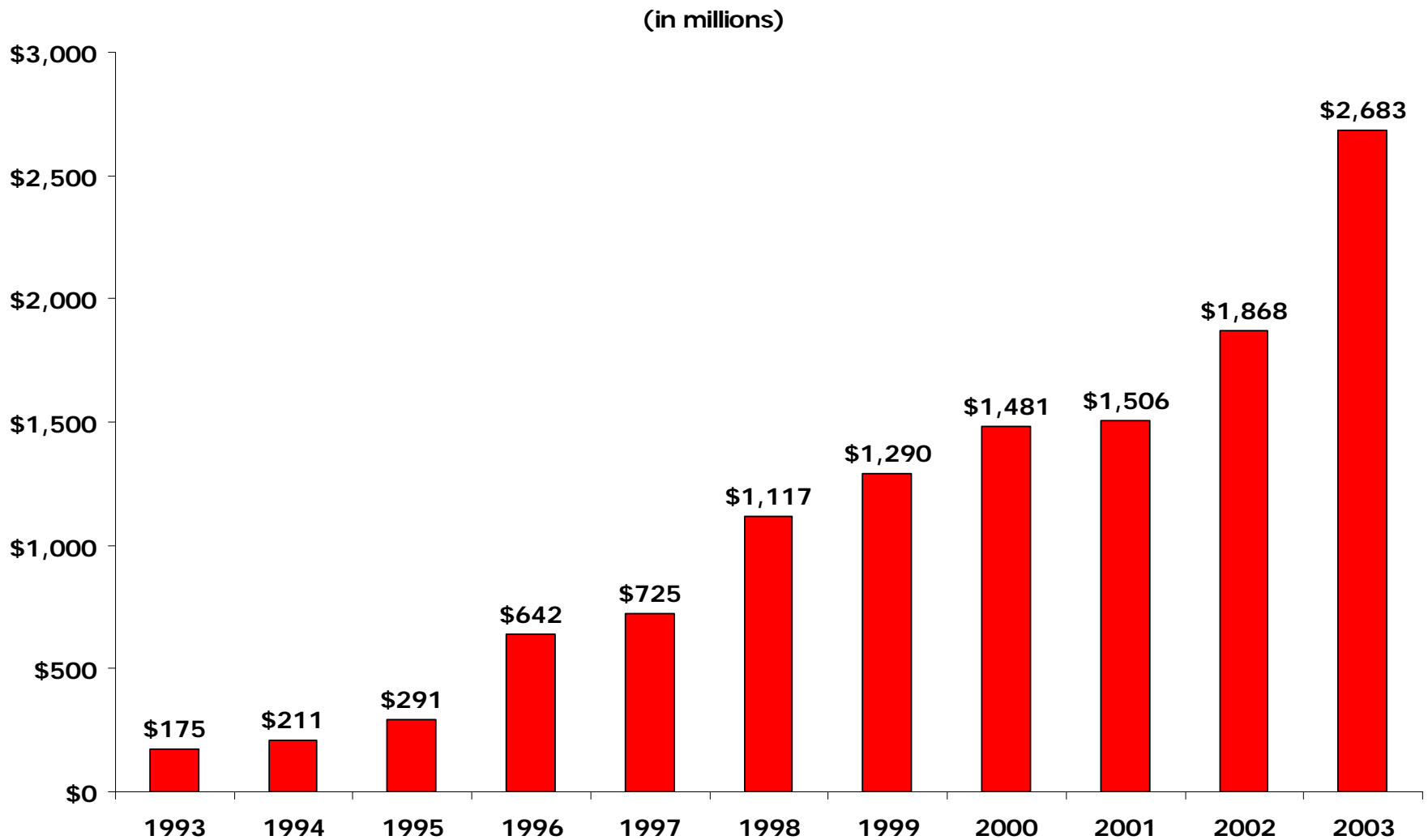
Agreement Banks' relative performance 2003 contd..

2003 Reinvestment Volume in San Diego County: A Summary



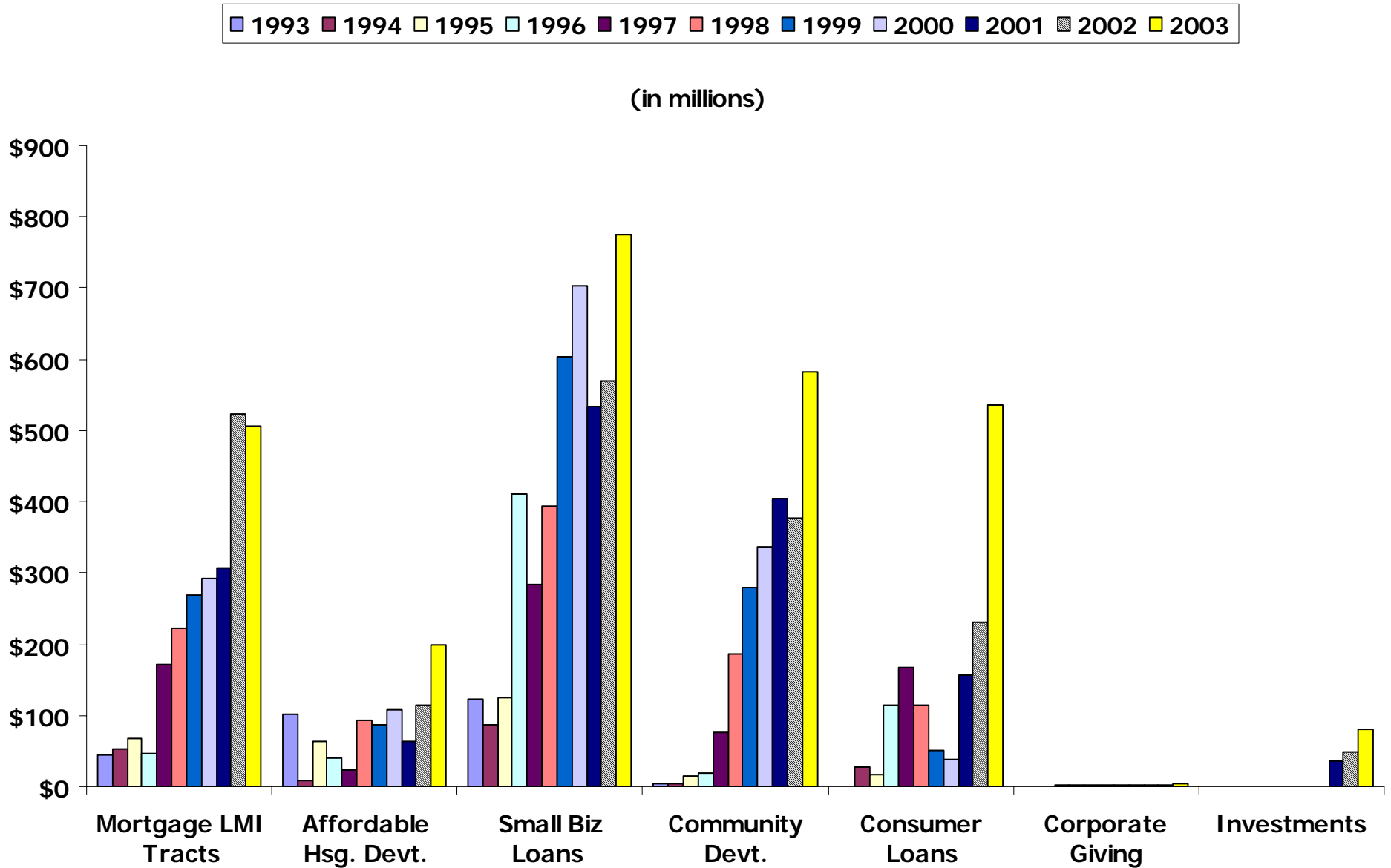
Total Reinvestment Volume 1993-2003

2003 Reinvestment Volume in San Diego County: A Summary



Reinvestment History By Category 1993-2003

2003 Reinvestment Volume in San Diego County: A Summary



1993 - 2003 Category Totals

Category	1993 - 2003 (in millions)
Mortgage LMI Tracts	\$2,508.13
Affordable Hsg. Devt.	\$902.17
Small Biz Loans	\$4,608.20
Community Devt.	\$2,282.46
Consumer Loans	\$1,456.07
Corporate Giving	\$23.93
Investments (since 2001)	\$165.96
Total	\$11,988.91

➤!1993 to 2003 about \$12 billion has been reinvested back into San Diego