



Session 3B:

APIC Framework: Where Are We Going?

Moderator: Ben Mangan, Executive Director, EARN

Panelists:

- Alison Towle, United Way of LA
- Lori Gay, LA Neighborhood Housing Services
- Alan Fisher, Community Reinvestment Coalition
- Jennifer Vanica, Jacobs Family Foundation

UWLA: <http://www.unitedwayla.org/>

Asset Building as a response to gap in LA county – rich vs. poor
IDA as a model – collaborative, 20 partners, 700 accounts
Design mode – three yrs. now

LA Neighborhood Housing Services: <http://www.lanhs.org/>

Frames as getting people into homeownership and keeping them there

CA Reinvestment Coalition: www.calreinvest.org

Couple hundred nonprofits
Push banks to be more open/inclusive
Past 5 yrs. sub-prime lending
Products the work for people and undercut that

Jacobs Family Foundation: <http://www.jacobscenter.org/>

'92 – LA burning
Pull philanthropy in, focus on own backyard – set neighborhoods for level
Throw away and start over

Ben: APIC puzzle

Four pieces – how do you get people to move along in a sustainable way?
Asset creation, accumulation, leveraging, preservation

Video re: SE San Diego

Market Creek Plaza

Set up a corp.

1/3 ind.

1/3 comm.

1/3 reinvestment/overall sustainability

purchase and share in community

Jacobs Center for Neighborhood Inn.

Each part of continuum

On ground level – how state policy can impact

2000 residents taking part in Mkt creek

Residents don't want to be living in areas of blight; reclaimed site

Blight represented great opportunity for asset building

Phase I – grocery & retail



Local ownership, anchor tenants pay debt service
Arts & culture
23 ½ million dollars
will go public
theory of thirds – balance
125 residents served on ownership structure team
represented gaining control
\$10 unit, buy 20 – monthly payment plan
Campaign documents
Self interest is a bad thing – balance for social benefit
Social purpose investors – four foundations
20% ownerships
10 yr. Refi – they'll be full owners
Value will get recycled – partners will cash out at same amount they put in
That's asset creation – making something out of nothing

Lori: This is everywhere else a planned community
Back to the language
Policy – state piece, look at housing trust, savings plans, policy timing
Ways to incentivize people to participate in process – phases of things that happen
Every thing is a tool to encourage families to participate in process
Literacy/planning for homeownership
Need to be smart re: \$ - manage the pieces you've got, incrementally add
25K families a yr. they educate; no lack of demand/interest
Many Languages requested
Leverage: typical financial assistance
Assist people, layer financing in ways that work for them
Employer approached – HR benefit, \$5000 toward home payment, ind. \$2000, 0% loan @\$10K
State funding, city of la
Pulling from peter and paul –give to joe, complicated
Can't keep packaging people this way – look at homeowners preserve their homes – how to leverage that asset
Think differently how they plan their lives around their home
Use what you own – leverage
People have no clue they have an asset they can leverage
Foreclosure prevention, predatory lending, etc.
Overlapping circles – APIC model
We all need each other to continue

Alison: Accumulation –
Assets for Ind. Act- fed funds and generating own \$
IDAs – state funded program – get one, remove barriers
Be creative
AB 692 01-02 session
Similar to fed guidelines
Vehicle, education, etc. – was this a welfare type program?
Good bipartisan interest
Place to go back to – how can state support this kind of tool better?

Alan: Economic Apartheid Slide: tier 1 & 2
Predatory lenders slide



Payday vs. credit card loans

Tax refund loan

La mortgage lending

1920 LA county – registered to do payday lending

60% chains of 3+

40% of those outlets get bank funding

Citibank is the only one not in it

Solutions? Account for low income people, there's a mkt.

ATM, POS, \$ order – three ways to take \$ out

No way to have insufficient funds

Checksystems – stuck in system where you can't get an account

Oakland, national city – opposite of redevelopment, no more of these can come into area:

ordinance

Can't keep rolling it over – loans

Predatory mortgage lending – big biz

Most of these state issues are regulated nationally

Go after wall street – if they screened the loans the way they should be it wouldn't happen

These are mortgage bank loans

Reconvene the panel

Foreclosure data 4th worst in country

86 hotspots

Metro LA, Harbor, Pacoima

7.2 times more than other census tracts w/in county

first 24 months they lose it

subprime over ¼ of all lending

Was it analyzed by gender? Hasn't been run yet?

US Bank – post purchase education programs

Home maintenance training centers

Signs to look for on part of bankers

San Francisco – training for banks, signs of family/friend trying to get someone to refinance

IDA accounts – wanting to open a check casher as his business

Cesar: Get checking program – traffic school of being on check systems

Some banks will recognize the certificate, establish relationship

Started by E-funds – parent company of check systems

So successful – financial planner

Challenging process to open an account with that history – yes, they can change it

Ben: WF predatory lending

This is risk adjusted lending, appropriately priced product

How do you argue against?

Alan: Industry says 40-50% of those with subprime could get prime

Issues with credit scoring, race and income variables

Lots of people being taken advantage of

Get at root causes and what they mean for public policy

Lori: People take out what's available



Pick on banks all day – insurance industry, underwriting doesn't always price appropriately either
Work w/ consumer to help them understand
Plethora products, consumer overload
Banks – no Korean loan reps, no products
They had their own economic industry underground
Lack of trust, availability
Impact we can make: financial planning

Oakland's ordinance got rejected – these are systems that make tons of money

Ben: Cross cutting, financial planning

Jennifer: High risk, high rates
Can't afford infrastructure costs
Scope of people organizing themselves, better than a grant – get recycling back into neighborhood
6 banks interested in the project – on deal day they disappeared, strung along sitting on a portfolio of 20 million – if we couldn't get a loan, who could?

Jennifer: New investment managers – not loans
Then they lined up
Compensating balances – scratch my back, I'll scratch yours
Bank branch in neighborhood
Got a relationship manager with a big bank – can you also do a branch?
They don't want long contracts
Change lease terms

Structural issues
Are you fairly measuring risk – credit scoring? Might not reflect borrower's ability to pay
Not pricing it right
Wells Fargo – all separate institutions

Alan: Trouble getting insurance
Due to too many low income people

Mack Macgee: One of 125 people on ownership team
Day to day over 3 yr period to produce IPO
Not allowed to discuss it in the neighborhood – insiders/confidentiality agreements

