

# Anti-Displacement Code of Conduct: How Banks, Private Equity and Wall Street Can Stop Contributing to Displacement



## Preamble

**The Problem of Displacement.** Large parts of California have faced intense gentrification pressures over the last few years, leading to untold evictions of tenants and small businesses, and foreclosures on long-term homeowners and seniors. This has destabilized families, disrupted local institutions, weakened the fabric of neighborhoods, contributed to homelessness, and re-segregated communities.

**The Role of Financing in the Displacement Crisis.** The displacement crisis has been primarily fueled by speculator greed and displacement financing by banks, private equity, and Wall Street firms. Policy makers struggle to stem displacement, increase the stock of affordable housing, and hold bad actors accountable. Banks and other capital providers can act as co-conspirators with speculators and serial evictor landlords who purchase properties with the goal of evicting tenants, homeowners, and small businesses. Tax incentives for investing in low-income neighborhoods (like the federal "Opportunity Zones" program) also result in displacement. The mass-produced homelessness that results from such financing imposes huge costs on families, communities, and municipalities.

**Anti-Displacement Best Practices.** This Anti-Displacement Code of Conduct provides a roadmap for the responsible infusion of capital into low-income neighborhoods and creates an expectation and commitments for financing actors to mitigate the impact of displacement occurring in communities. It also outlines policies and practices to be avoided. Loans and investments in low-income neighborhoods have the potential to fund stable tenancies, create paths to homeownership, ensure secure employment opportunities, and enable small businesses to grow. All of this contributes to communities where individuals and families can build wealth and thrive.

## Best Practices

**Finance stable tenancies and communities, not displacement from multifamily buildings.** Banks and private capital should not finance displacement mortgages to building owners whose business model and financing are reliant on eviction of existing residents and businesses.

- *Know Your Borrower.* Do not finance serial evictors.
- *Require Borrower Compliance with Tenant Protections.* Ensure landlord borrowers commit to complying with state and local tenant protections.

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- *Assume Existing Rents.* Underwrite to current rents and local rent control laws.
- *Withhold Consent for Unreasonable Termination of Tenancies.* Require assignment of rents and lender consent before the landlord borrower can impair rents by taking rentals off the market.
- *Check in With Tenants.* Seek input from tenants and advocacy groups regarding harassment, illegal evictions, unreasonable rent increases, and habitability concerns on the property.
- *Enforce Borrower Obligations.* Take strong and swift action against serial evictors and other displacing entities to correct issues when landlord borrowers displace residents and businesses in violation of loan documents and this Anti-Displacement Code of Conduct.
- *No CRA for Displacement.* Refrain from seeking Community Reinvestment Act credit for loans and investments that lead to displacement.

**Create Good Jobs.** Financing and investments of economic development initiatives must incorporate job training and local workforce development components that create living wage jobs and career pathways that benefit low- and moderate-income people, people of color, and their neighborhoods.

**Reinvest to develop healthy communities, not gentrify them.** Banks and private capital should reinvest in gentrifying neighborhoods only through an anti-displacement lens, targeting loans and investments to local residents and businesses so they can remain in their communities, build wealth, and thrive.

- *Promote Homeownership.* Lend and invest in local homeowners who can build wealth and remain a part of the community.
  - Banks and private capital should not finance investor purchases of single-family homes which crowd out first-time homebuyers or result in displacement of existing tenants.
  - Offer flexible mortgage loan products for first-time homebuyers, borrowers of color, and low- and moderate-income residents to purchase and maintain their homes.
  - Support education, credit repair, and down payment assistance programs.
- *Invest in Affordable Rental Housing.* Preserve and create affordable rental housing that keeps families housed.
  - Develop low-rate loan products to help nonprofit developers, community land trusts and other organizations to purchase mobile home parks and multi-family buildings at risk of flipping or with expiring affordability contracts, single family REOs, and other housing units that can provide affordable housing options.
  - Make significant investments so affordable housing groups can acquire, develop and rehabilitate properties, including through non-traditional models, such as cooperatives.
  - Donate or offer Bank Real Estate Owned properties at a discount to nonprofits or local governments so that units can be maintained as affordable housing.

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- Develop and offer low-rate loan products that will enable small, private, local multi-family landlords and/or landlords accepting Section 8 vouchers to fix and maintain their properties, where they have committed not to displace tenants or to raise rents.
- *Finance Small Businesses.* Help small businesses remain in the community to serve their customers and neighborhoods.
  - Offer micro enterprise loans and loan products under \$100,000 for small businesses, and offer financing to help them purchase property so they can remain in the community and build assets.
  - Provide philanthropic support so small businesses can negotiate leases to avoid eviction.
  - Provide financing for non-traditional business models, such as worker cooperatives.
  - Provide funding for technical assistance, case management, and other support to businesses at risk of displacement.
- *Engage in Anti-Displacement Philanthropy.* Support an anti-displacement infrastructure to provide assistance to community residents, business, and institutions.
  - Provide philanthropic support for groups fighting displacement, such as legal services, tenant advocates, affordable and fair housing initiatives, and policy organizations.
- *Support Local Government Efforts.* Finance local government efforts to fight displacement, create affordable housing, support local small businesses, and respond to homelessness.
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**Sign on to Anti-Displacement Code of Conduct.** A central component of our efforts has been to change bank lending and investment practices. To that end, a number of CRC members and allies worked to develop this Anti Displacement Code of Conduct, which lays out our view as to what banks and other lenders should do to stop financing displacement, and how they should focus reinvestment activity thru an anti-displacement lens. To date, over 85 groups have signed on.

If your organization wishes to endorse these anti-displacement principles, just click here:

<https://goo.gl/forms/3S5EorlYzoWWbtzg1>

For more information, please contact:

Kevin Stein  
 California Reinvestment Coalition  
 (415) 864-3980  
 kstein@calreinvest.org

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## **Endorsements**

(re)solution lab  
A-1 Community Housing Services  
Access Plus Capital  
Anti-Eviction Mapping Project  
Asian Pacific Islander Small Business Program  
Bend the Arc Jewish Action  
CAARMA  
California Capital FDC  
California Coalition for Rural Housing  
California Housing Partnership  
California Reinvestment Coalition  
California Resources and Training  
California Rural Legal Assistance, Inc.  
CAMEO  
Capital Impact Partners  
Central Valley Realist Board  
Centro Legal de la Raza  
CHOC  
Chrysalis Consulting Group  
CJJC  
Community Bank of the Bay  
Community Legal Services in East Palo Alto  
Consumer Action  
Consumers for Auto Reliability and Safety  
Courage Campaign  
East Bay Community Law Center  
East Bay Housing Organizations  
Fair Housing Advocates of Northern California  
Fair Housing Council of Riverside County, Inc.  
Fair Housing Council of the San Fernando Valley  
Faith In Action Bay Area  
Figure 8 Investment Strategies  
Financial Justice Coalition  
First 5 Alameda County  
Greenlining Institute  
Haven Services, Inc.  
Housing and Economic Rights Advocates  
Housing for All Burlingame  
Inland Fair Housing and Mediation Board  
Insight Center for Community Economic Development  
Law Foundation of Silicon Valley  
Lawyers' Committee for Civil Rights of the San Francisco Bay  
Leadership for Urban Renewal Network (LURN)  
Leeds University Business School  
Legal Aid Foundation of Los Angeles  
Legal Services of Northern California  
Little Tokyo Service Center  
Main Street Alliance  
Main Street Launch  
Michigan Community Reinvestment Coalition  
Mission Economic Development Agency (MEDA)  
Mission Neighborhood Centers, Inc.  
Mountain View Tenants Coalition  
Multicultural Real Estate Alliance  
NeighborWorks Sacramento Region  
NHSIE  
Nor-Cal FDC  
Northern California Community Loan Fund  
NPHS  
Oakland Community Land Trust  
Oakland Warehouse Coalition  
Operation HOPE  
Opportunity Fund  
PolicyLink  
Public Advocates  
Public Counsel  
Public Interest Law Project  
Public Law Center  
Renaissance Entrepreneurship Center  
RNHS  
Rural Community Assistance Corporation  
San Francisco Berniecrats  
San Francisco Community Land Trust  
San Francisco Tenants Union  
SF Public Bank Coalition  
Silicon Valley Community Foundation  
St Columba Church  
Strategic Actions for a Just Economy (SAJE)  
Tenants Together  
Tenderloin Housing Clinic, Inc.  
Thai Community Development Center  
The Fair Housing Council of San Diego  
The National Housing Law Project  
The New Oakland Inc.  
The Unity Council  
Ventura County Community Development Corporation  
Western Center on Law & Poverty  
Youth Finance Institute of America

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