



CALIFORNIA REINVESTMENT COALITION

April 9, 2020

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Executive Director

Dear Governor Newsom:

On behalf of our 300 community based member organizations, we at the California Reinvestment Coalition (CRC) write to urge you to consider the following to protect the state's most vulnerable, immigrants and communities of color from economic ruin brought on by the necessary lockdown in response to the spread of novel coronavirus, COVID-19. In a state that has experienced sudden devastation due to natural disasters such as fires and earthquakes, we recommend the following as both immediate stop gap measures to assist the hardest hit low wage workers and their families in this public health crisis, and as a way to ensure that working families are prepared to withstand economic impacts of any future climate and natural disasters.

We commend your leadership thus far in taking necessary swift action in California that has initiated a plan to care for our communities medically and economically; there is more to be done to mitigate the new redlining type exclusions in the CARES Act.

Small Business:

1. California should provide \$100 million to nonprofit entities that can provide emergency recoverable grants to California small businesses and entrepreneurs, including ITIN filer owned small businesses. The funds can be provided through the Treasurer's Office or Franchise Tax Board in order to allow for the widest reach into low income communities and communities of color. Entities that will be allowed to provide these recoverable grants should be expanded beyond Community Development Financial Institutions to include Community Development Corporations, and Community Action Agencies that operate in and serve low-income communities and communities of color. Grants of up to \$10,000 and would be repaid if the grantee receives an SBA, or state guaranteed disaster loan.

Criteria for qualifications for loans include:

1. Show a revenue loss of 25% or more between March 1-July 31, 2020
2. Have less than \$1 million in annual gross receipts
3. Have between 1-25 employees (including sole proprietors)

Or have a revenue loss of 25% and operate in a low income census tract and is a MBE or immigrant owned small business.

Recoverable grant: small businesses who receive an EIDL, PPP loan, or other government disaster loan will pay back the grant.

2. Issue guidelines similar to what banks follow with the Community Reinvestment Act, for technology companies such as Amazon who are benefitting from the lockdown so that they reinvest their profits into small business development and philanthropy, fund emergency family small dollar grants.



CALIFORNIA REINVESTMENT COALITION

3. Establish rent control for commercial properties statewide such that when the economy is ready to rebound, small and family owned businesses are protected from real estate speculation and gouging.

Homeowner and Tenant Protections:

1. Ensure that meaningful relief for tenants is required as part of any forbearance to the landlords by requiring them to notify tenants that the property has obtained CARES Act and is obligated to meet requests for rent reduction or forgiveness as requested.
2. Protect first time home buyers, access to home ownership and familial wealth generation so that families can recover more robustly and be more resilient in the face of an economic recession by
 - a. End predatory displacement mortgages by requiring state chartered banks and state licensed lenders to develop anti-displacement financing policies (similar to CRC's Anti-Displacement Code of Conduct);
 - b. Increase transparency by requiring such institutions to report on displacement that results from their loans for a period of 5 years after origination, and report on the identity of the true (beneficial) owners of properties owned in the name of Limited Liability Companies and Limited Partnerships;
 - c. Ensure the state of California does not finance or fuel displacement by tying state deposits (The Pooled Money Investment Account program invests \$100B of public funds) and state contracts to financial institutions that comply with these anti-displacement financing provisions.

Supporting Immigrant Workers:

1. Remove the exclusion of immigrant filers in the CalEITC. Doing so such that immigrants filing taxes now for 2019 can access this critical resource will mean money in the hands of 600,000 immigrant workers and 200,000 children. The CalEITC has proven to be an effective measure in addressing California's poverty crisis. But in today's COVID-19 impacted economy this will immediately prevent homelessness for many impacted families. New analysis finds the tax system inequitable.
2. Immigrant workers who work and file taxes with their ITIN are exempt from unemployment benefits and all associated relief via the CARES Act-- create a state sponsored fund to support these families. Counties with the highest number of ITIN filers like Los Angeles and San Francisco are working towards creating access to relief for its workers with private funds, yet State leadership is necessary to support the most vulnerable in rural areas and neighborhoods where recovery after COVID-19 lockdown will be slow.

Financial Vulnerability:

1. Issue comprehensive guidance to keep payday lenders and Merchant Cash Advance shops from increasing interest rates with a clear implementation plan that includes loss of license to lend for outfits that are caught in violation of the guidance. (WI guidance example)
 - a. Six-month small dollar loan interest rate cap on all online and storefront lending.



CALIFORNIA REINVESTMENT COALITION

- b. Automatic six-month deferral of all loan payments to small businesses and consumers made by state chartered, state licensed, and merchant cash advance providers. No interest and fees to be accrued during this time. Repayment will not result in balloon payments at the end of the six-month period.
2. Increasing the oversight capacity of the Department of Business Oversight (DBO) such that any support from the CARES Act and the like is not subject to collection and all harassment from collections is meaningfully reigned in. In this stressful time, low wage workers and families living in poverty need financial relief and increased access to the social safety net without worry of previously held debt getting in the way.
3. Expand the CA lifeline program to include free broadband. And create a free basic utility and gas program that guarantees a monthly allowance of at least 800kw a month in California to permanently protect low income families from fear of losing basic provision in times of crisis such as COVID-19 related economic recession.
4. Issue guidelines to all banks operating in California to immediately stop levying and collecting any fees associated with bank account maintenance. With loss of jobs many account holders will (a) no longer be able to meet minimum dollar requirements for a free bank account (b) Lose the direct deposit income which may have previously allowed them to qualify for a free bank account. However, now is not the time for banks to profit from the low wage workers who have lost their livelihoods. The moratorium on fees will keep families from falling into debt and experiencing the stress that inevitably follows.

As the need emerges and potentially intensifies, CRC members urge the Governor and state leadership to continue to think deeply about the protections that can be instated now to protect hard working Californians from additional stress and suffering. Please find more in our [Bail Out the People Plan](#). For more information and continuing dialogue on these proposals please contact me directly via email pgonzalez@calreinvest.org or contact our Campaigns Director, Jyotswaroop Bawa via email at jbawa@calreinvest.org.

Sincerely,

Paulina Gonzalez-Brito
Executive Director

CC: Speaker of the Assembly, Anthony Rendon
President pro Tempore of the Senate, Toni Atkins
Assembly Chair of the Banking and Finance Committee, Monique Limón
Senate Chair of the Banking and Finance Committee, Steven Bradford

Organizational Supporters as of 4/22 include (collection is ongoing):

5000 Pies, Inc.



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Alain McLaughlin Photography Inc.
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Asian Pacific Islander Council
ASIAN, Inc.
CAARMA (Consumer Advocates Against Reverse Mortgage Abuse)
Cabrillo Economic Development Corporation
California Asset Building Coalition
California Community Economic Development Association (CCEDA)
California Immigrant Policy Center (CIPC)
California Partnership
CDC Small Business Finance
Chinatown Community Development Center
Chrysalis Consulting Group
Coachella Valley Immigrant Dignity Coalition
Community Vision California
Consumers for Auto Reliability and Safety
East Bay Housing Organizations (EBHO)
East Bay Spanish Speaking Citizens' Foundation
East LA Community Corporation
Esperanza Community Housing Corporation
Fair Housing Council of the San Fernando Valley
Fresno MBDA Business Center
Haven Neighborhood Services
Home Preservation and Prevention Inc.
Housing Equality and Advocacy Resource Team
Inclusive Action for the City
Inland Coalition for Immigrant Justice
Inland Empire Immigrant Youth Collective
Inner City Advisors
Jakara Movement
Koreatown Youth and Community Center
LA Forward
Long Beach Immigrant Rights Coalition
Mandela Partners
Main Street Alliance
Mission Economic Development Agency (MEDA)
National Coalition for Asian Pacific American Community Development (National CAPACD)
National Association of Social Workers (NASW) California Chapter
New Economics for Women
Opportunity Fund
Public Law Center
Reigniting Empowered Expressiveness and Motivation
San Francisco African American Chamber of Commerce (SFAACC)
The Unity Council
TODEC Legal Center
Urban Possibilities



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Ventura County Community Development Corporation
Women's Economic Ventures
Working Solutions, CDFI