CRA Advocacy in Rural California

San Joaquin Valley CRA Campaign
The California Coalition for Rural Housing (CCRH) is a statewide nonprofit organization that works to ensure affordable housing opportunities for low income households in California. Formed in 1976 following a farmworker housing conference, CCRH is one of the oldest state low-income housing coalitions in the country. Through advocacy, community organizing, technical assistance, research and education, our goal is to make the case for rural housing improvement and strengthen the capacity of the nonprofit and public sectors to provide affordable housing and related facilities.
Rural California

- Rural California looks different
  - More than Metropolitan vs. Nonmetropolitan Counties
  - 3 Primary Assessment Areas – Bay Area, Los Angeles, San Diego
  - General lack of local banks, those that exist are not full service, don’t have the lending tests

- Lack of Access
  - Live over an hour away from branches
  - Banked by pay-day lenders
  - $40,000 cash in a coffee can
  - Documentation to open accounts
  - Online banking, FinTech, Digital Divide

- California’s Housing Crisis
  - Role of CRA and tax credit investment
  - Capital poor area CRA is critical

- Twice as many offers, Better pricing, Better equity rates in other
California’s San Joaquin Valley

BY THE NUMBERS

- **4 MILLION** current population
- **9.5 MILLION** expected population by 2050
- **2.03%** annual growth rate
- **25 BILLION** in ag production
- **250** unique agricultural crops
- **27,000** total square miles
- **65** incorporated cities
- **8** counties

Demographics:
- White, 38%
- Latino, 50%
- Asian, 7%
- Black, 5%
Limited vs Full Scope

Full scope assessment areas are markets where a bank’s lending, investments and branch network has the greatest impact on their CRA exams.

Limited scope assessment areas have far less impact on a bank’s CRA rating.

Areas in the San Joaquin Valley are examined as limited scope for most of the large banks.

Banks pay less attention to these areas because regulators pay less attention to them.

For example, banks that have Fresno as a full scope assessment area lend dramatically more in Fresno.

<table>
<thead>
<tr>
<th>Bank</th>
<th>Deposit Market Share</th>
<th>Deposit Rank</th>
<th>Full Scope</th>
<th>Annualized Total Lending</th>
<th>Evaluation Period</th>
<th>Regulator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wells Fargo</td>
<td>24.41%</td>
<td>1st</td>
<td>Yes</td>
<td>$1,021,446,250</td>
<td>10.1.2004 - 9.30.2008</td>
<td>OCC</td>
</tr>
<tr>
<td>MUFG Union Bank</td>
<td>7.57%</td>
<td>4th</td>
<td>Yes</td>
<td>$3,000,699,000</td>
<td>1.1.2009 - 12.31.2011</td>
<td>OCC</td>
</tr>
<tr>
<td>Bank of the West</td>
<td>9.46%</td>
<td>3rd</td>
<td>No</td>
<td>$34,672,500</td>
<td>1.1.2012 - 12.31.2013</td>
<td>FDIC</td>
</tr>
<tr>
<td>Citibank</td>
<td>5.25%</td>
<td>6th</td>
<td>No</td>
<td>$284,650,500</td>
<td>1.1.2006 - 3.31.2010</td>
<td>OCC</td>
</tr>
</tbody>
</table>
Unbanked and Underbanked

- CRC found that in the San Joaquin Valley there are 277% more check cashers and payday lenders per household than bank branches.
- Residents of San Joaquin Valley are also more likely to be unbanked and underbanked than other regions in California.
- Discussion of services to undocumented folks and folks living in the cash economy.

<table>
<thead>
<tr>
<th></th>
<th>Residents with No Bank Account</th>
<th>Residents with Inadequate Banking Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Joaquin Valley</td>
<td>10.7%</td>
<td>19.7%</td>
</tr>
<tr>
<td>California</td>
<td>7.7%</td>
<td>15.2%</td>
</tr>
<tr>
<td>Los Angeles County</td>
<td>10.4%</td>
<td>18.3%</td>
</tr>
<tr>
<td>Bay Area</td>
<td>4.4%</td>
<td>12.8%</td>
</tr>
</tbody>
</table>
Branch Closure

- California has lost 5% of its branches since 2008
- California’s Central Valley has been particularly hard hit, losing 11% of branch locations
- The San Joaquin Valley lost 12% of branches and Fresno County has lost 15% of its branches
Home Lending

- In the San Joaquin Valley, only 2 of the top 10 home lenders are depository institutions.
- In the State of California, 4 of the top 10 lenders are depository institutions

<table>
<thead>
<tr>
<th>Bank</th>
<th>Type of Institution</th>
<th># of Home Loans</th>
<th>Home Loan Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wells Fargo</td>
<td>Bank</td>
<td>6353</td>
<td>8.4%</td>
</tr>
<tr>
<td>Quicken Loans</td>
<td>Non-Bank</td>
<td>4453</td>
<td>5.9%</td>
</tr>
<tr>
<td>Loandepot.com</td>
<td>Non-Bank</td>
<td>3839</td>
<td>5.1%</td>
</tr>
<tr>
<td>Stearns Lending</td>
<td>Non-Bank</td>
<td>2822</td>
<td>3.7%</td>
</tr>
<tr>
<td>Bank of America</td>
<td>Bank</td>
<td>2374</td>
<td>3.1%</td>
</tr>
<tr>
<td>American Pacific Mortgage Corp.</td>
<td>Non-Bank</td>
<td>2161</td>
<td>2.9%</td>
</tr>
<tr>
<td>Freedom Mortgage Corp.</td>
<td>Non-Bank</td>
<td>2140</td>
<td>2.8%</td>
</tr>
<tr>
<td>Academy Mortgage Corp.</td>
<td>Non-Bank</td>
<td>1762</td>
<td>2.3%</td>
</tr>
<tr>
<td>Sierra Pacific Mortgage</td>
<td>Non-Bank</td>
<td>1514</td>
<td>2.0%</td>
</tr>
<tr>
<td>Country Club Mortgage, Inc.</td>
<td>Non-Bank</td>
<td>1510</td>
<td>2.0%</td>
</tr>
</tbody>
</table>
Home Lending
By Race/Ethnicity

Population vs. Home Purchase Loans in the San Joaquin Valley

- White
- Black
- Hispanic/Latino
- Asian

Comparison of population and all lenders by race/ethnicity.
San Joaquin Valley CRA Campaign

➢ Mission
   ➢ Hold financial institutions active in the San Joaquin Valley accountable to meeting the needs of the community, especially low-income individuals and people of color.

➢ Goals
   ➢ 1. Create a coalition of organizations and community leaders across sectors to increase investments and services from financial institutions into the San Joaquin Valley
   ➢ 2. Advocate for a comprehensive CRA plan/community benefits plan that meets the needs of San Joaquin Valley low-income communities and communities of color
   ➢ 3. Negotiate community benefits agreements/CRA commitments with the largest banks that are active in the region

➢ Collaborative
   ➢ 20 organizations, San Joaquin Valley based and serving, have signed onto our campaign to bring investments to the Valley to address the issues described here
CRA Plan

Collectively we have created a comprehensive list of commitments we would like to see from financial institutions to the San Joaquin Valley, including commitments around:

- Community outreach
- Branches and Services
- Home, Small Business, and Community Development Lending and Investing
- Supplier Diversity
- Workforce Diversity
CRA Plan
Community Outreach

- Work with community groups to create community commitments and goals and meet regularly to track progress
- Hire at least one CRA staff member to be based in and dedicated to the San Joaquin Valley market, if there isn’t one already
- Work with community groups and regulators to create additional full scope assessment areas in the San Joaquin Valley
- Increase marketing and outreach in communities of color by advertising in ethnic media outlets
Next Steps
Branches

- Provide community groups and local officials with “warning signs” about any branch closure in an LMI or minority-majority census tract
  - If a closure is inevitable, the bank should work with community groups and officials to mitigate impacts. For example, a bank could
- Maintain an ATM
- Transfer real estate to a nonprofit or another financial institution
- Provide transportation vouchers to get to the closest branch
- Donate computers and offer digital and financial education classes
  - Invest in digital education and broadband projects that will increase access to online banking for LMI and POC
Next Steps
Services

- Allow ITIN as identification for all banking services including all loan applications
- Offer consumer products and services that meet the needs of low- and moderate-income individuals and people of color in the Valley
- Partner with local community organizations to create and provide culturally relevant financial wellbeing courses to unbanked and underbanked populations
Next Steps

➢ Increase home, small business, and community development lending
➢ Increase community development investments and philanthropy
➢ Create a supplier diversity plan and track data
➢ Commit to diversifying workforce at every level
Coalition-Building

- Broader the base, the better
- To narrow the focus or not
- Can we do this without one-another
Thank You!

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Rural Community Assistance Corporation
Alicia Sebastian
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