

Community Reinvestment Act Joint Public Hearing in Los Angeles on August 17, 2010 Docket OCC-2010-0011

One of the goals in these low-moderate income areas should be recognition of the program's existence for lending.

Small business in Los Angeles means really "small" with family member inclusion. Access to lending information is closely held by the City of Los Angeles and especially by Mayor Antonio Villaraigosa as any economic development activity is housed in his office.

Non-profit corporations by virtue of this law have more rights than the individual, and here, that means we have lost our voice even with our vote. There is no political opportunity to vote a Non-Profit Corporation as a representative.

Networking is a key factor to small business success and the banking involvement is offered through non-profit corporations by contract with the City or with the Community Redevelopment Agency CRA.

As we stated in the California State Little Hoover Commission sub-committee meeting in Los Angeles on Economic Development, the Chambers of Commerce no longer suffice, and there is literally no where for the small business person to go.

Because of our levels of immigration, it is those immigrant groups who use their own angel network that have the capability of accessing the system for institutional lending. Opportunity is equivalent to political savvy.

Reporting is in your jurisdiction and has not been presented as a factor locally. We, at the local level, concentrate on projects in land use which is under the local City jurisdictions and has become almost impossible to stop a project.

The power is in the financing not in our citizen's rights and quality of life issues. We cannot even stop alcohol beverage dispensation and gaming next to Schools and Churches if the project is tied to the Community Reinvestment Act in any way.

The continuing fight has led to the discovery of federal and local money set aside for these projects. Department of Housing and Urban Development HUD Consolidated Plan grants unlocked the world into the institutional financing.

Either through Section 108 loans presented to the Citizens Unit for Participation CUP or through HOME Investment Partnership Program grants up for environmental review did we even see a financial institution's name. In Los Angeles, that financial institution name appears because of an application to the Affordable Housing Trust Fund, a City of Los Angeles General Fund and CRA 5% Tax Increment match, placed in the environmental file. The documents cannot be copied.

The Mayor stopped any Request for Proposals several years ago with HUD Consolidated Plan grant opportunities. He only opens grants to City Agencies and favored non-profit corporations without Requests for Proposal. He limited the Public Outreach meetings for the Consolidated Plan.

Last month, the federally required Citizens Unit for Participation, a 50-member group representing housing and council districts that never

topped more than 8 appointees at any given time, was replaced by Mayoral appointed 12-member Commission for Community and Family Services. The Service category, as you may know, is capped at 15% in the Community Development Block Grants.

So, we have found that, in the City of Los Angeles, the Mayor determines the financial opportunity for housing development and economic development based on the control of information on federal opportunities in relationship to the Community Reinvestment Act.

With the inclusion of the Higher Education Opportunity Act, children have been turned into valuable economic commodities as the race for control of Public Schools is masked under Charter School Development and Public School Choice giveaways in a race for College enrollment. The term in Los Angeles Unified School District is “College-Ready.”

As you may know, we have a problem here with reading and math-the basics. Community College may be the students’ only opportunity and the Mayor has foreseen that with alliances with the Los Angeles Community College District and with the research universities.

The student and their family are forced to adapt to the Higher Education system with Student Loan potential or the student is forced to drop out.

Education in California is a State Public School System, not a municipal system.

We, in Los Angeles, elect representatives to the Board of Education of the Los Angeles School District LAUSD. LAUSD covers multi-city jurisdictions and unincorporated areas.

Charter Schools, which are Public Schools and Local Education Agencies LEA designated to receive State taxpayer funds, are mistakenly in play with housing development. Charter Schools are non-profit corporations (in the majority) and are governed by a Board of Directors, but under the jurisdiction of a School Board of Education, County Board of Education or State Board of Education.

In Los Angeles, LAUSD entered into a Memorandum of Understanding with the Community Redevelopment Agency in 2003, clouding the issue of education with affordable housing development and joint use. The Board of the Community Redevelopment Agency is appointed by the Mayor.

LAUSD has entered into Joint Use Agreements with the City of Los Angeles creating a hybrid form of government.

LAUSD has also entered into several Partnerships, allowing non-Local Education Agencies LEA to control Public Schools or allowing Charter Schools (who do not follow the State Charter School Law process for approval) to control LAUSD schools.

Mayor Villaraigosa entered in a Memorandum of Understanding with his non-profit corporation Partnership for LA Schools and the LAUSD. They have created their own rules after the defeat in Superior Court (and Appellate Court reaffirmation) of State legislation for Mayoral Control of schools. The Public School system is a State system.

Charter Schools should not be considered as Community Development in spite of all the publicity. They are intended for a small group of students not bound by census tract restrictions. A student from a high income area can attend a Charter School in a low income area.

Because Charter Schools can be titled in their name or because the Charter School can rent from a property owner with exemptions from the strict California School Architect requirements, entitlements to property are usually sought under many names:

- Limited Liability Corporation
- Development Corporation,
- Corporation for Profit
- Non-Profit Corporation
- Charter School Non-Profit Corporation

The financing is sought under names applicable to the benefit IE tax credits, HOME grants, and Community Reinvestment Act qualified loans.

Housing and Charter Schools are appearing in Mixed-Use Developments. The community is not improved in the long-term because the School property is subject to a future sale. The end result is more taxes for School rents and more of a burden to the taxpayer, not an improvement.

The Community Reinvestment Act needs to benefit individuals in the process. The neighborhoods have changed as gentrification issues have never been addressed in this law.

Financial acumen has been the leading factor in low-moderate income neighborhoods as we watch continuing housing development without State-required General Plan and its Elements (infrastructure etc) and without Plans circulated, in due process, to the Public at large.

As we heard in an Urban Growth lecture at USC from a developer, the rich will own and the rest will rent. Considering that the real estate boom brought in real estate brokers from other counties and buyers from outside the low-moderate communities that seem to be the plan. It was only the geography that counted.

This is not real Community Reinvestment or Community Development. Standards of living have not been raised and no opportunity was available for those defined as low-moderate income.

Why participate and why even vote when your voice is silenced? Where is the visible beneficial effect of this Act?

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