

*Bay Area Peoples Land and Housing  
Convening*

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California Reinvestment Coalition

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FIRST REPUBLIC BANK



# CRC Strategic Plan, Report – Displacement



will not create wealth in communities that have long suffered from disinvestment and displacement. Investment informed by knowledge of the social and economic realities, needs, and desires of communities of color, low-income communities, and marginalized communities offers the promise of authentic, long-term solutions to poverty through creation of wealth.

CRC is focusing on creating economic opportunities for marginalized communities by promoting economic and community development that will build and preserve affordable housing, create good jobs with living wage opportunities, and expand entrepreneurial opportunities for the most historically marginalized people in our communities, including very low-income and extremely low-income people, people who have been incarcerated, and immigrants.

**Strategic Goal 1:** Create new affordable housing and preserve existing affordable housing in California by increasing public and private sources of funding and by ensuring that practices by financial institutions and other corporations do not contribute to the displacement of low-income people.

**Strategic Goal 2:** Create access to good jobs for low-income people, support



# CRC/AEMP Oakland Anti-Displacement Project

“The landlord’s business model is based on displacing long term Oakland residents and replacing them with young newcomers to the area. He is explicit, intentional, and unapologetic and it is his modus operandi.”

–East Bay Community Law Center

# Displacement Financing

An example of how Displacement Financing works:



**Speculator:** Someone who speculates on the future worth of a building, often after the property is vacated of its current residents. Speculators see housing as a financial asset to be purchased for maximum profit, not as a person's home.

1.

Banks lend money to a speculator.



2.

The speculator buys a multi-unit building.

**The speculator then raises the rent**, often beyond what the current tenants can pay.

The bank may have underwritten the loan based on these higher rents.

3.

When current tenants—who are often low and moderate income people of color—can't afford the new rate, **the speculator moves to evict them.**

5.

Finally, the speculator leverages the existing property to take out another loan from the bank, then buys a new property and starts the process again. This becomes the speculator's business model, **the bank turns a profit by financing a serial evictor**, and long-term community members are displaced.

4.

Then, **the speculator rents to new tenants** at a price that only the wealthy can afford.

## More about Displacement Financing:

### Illegal evictions:



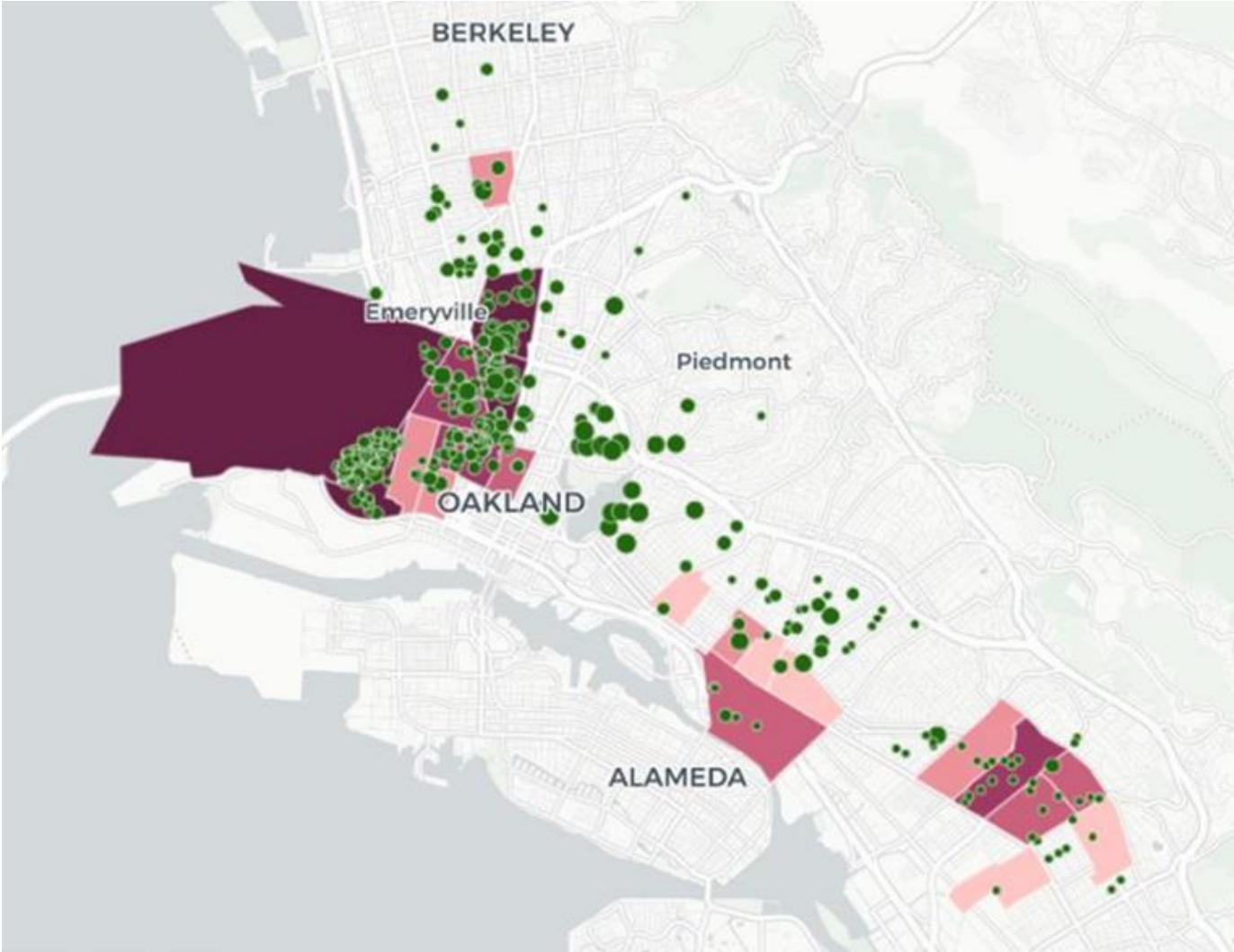
In some cases, the speculator may try to evict the tenants using loopholes, harassment or other illegal means, especially in cities where there are rent control and just cause eviction protections. Speculators may also try to take the units out from under rent control.

### Single family homes:



Displacement financing also occurs when banks lend to speculators and serial evictors purchasing foreclosed (REO) single family homes. Big Banks and Wall Street also fuel large-scale displacement by pooling and securitizing bundles of loans on single and multifamily properties.

# FRB loans in Oakland Opportunity Zone LMI Tracts: Hundreds of loans to LLs who tried to evict hundreds



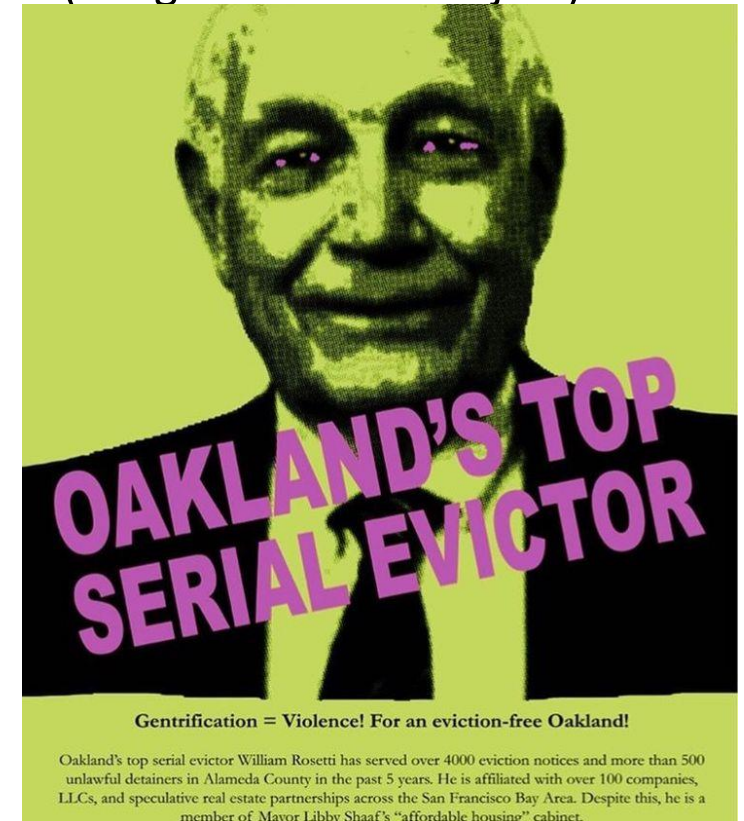
# LL “The Bank is making me raise the rent”: Oakland, SF, Peninsula groups protest FRB



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

- Finance Stable Tenancies not displacement from multifamily bldgs.
  - Know your borrower-do not finance serial evictors
  - Ensure borrowers know state and local T protections
  - Underwrite to current rents
  - Meet with tenants about conditions, harassment, etc.
  - Enforce loan terms
- Invest in Affordable Rental Housing Preservation, CLTs
- Promote Homeownership
  - Do not invest in investor purchases, REO to Rental
  - Offer flexible home ownership products
- Help Small Businesses buy buildings, sign leases
- Engage in anti-displacement philanthropy
- Sign Code of Conduct!!!
- **SVCF/CBB/CRC partnership – a model?**
- **New York DFS issues guidance**

(Image from AEMProject)





# Opportunity Zone: Opportunity for Whom?

- Favorable tax treatment for investments in LMI tracts
- Billions of dollars could be invested
- **No protections against displacement!**
- Governor designated OZ tracts in
  - Oakland (30 tracts)
  - East Palo Alto, Daly City, North Fair Oaks (2), Stockton (30)
- Opportunities to advocate – Code of Conduct?

From the Bank Team That Brought You 9  
Foreclosures for Every 1 Mortgage in  
Neighborhoods of Color – CRA Under Attack!!!  
CLTs stand to lose



# What can we do?

- Gather endorsements for Code of Conduct
- Protect CRA!
- Develop guardrails for Opportunity Zones
- Urge DBO anti-displacement guidelines

For more information, contact

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