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Contact: Jill Esterbrooks (619) 517-1113

COUNCIL PRESIDENT ANNOUNCES RESPONSIBLE BANKING ORDINANCE

Council Committee considers legislation to encourage banks to reinvest in local communities

SAN DIEGO, Calif. -- San Diego City Council President Tony Young today introduced legislation that encourages banks that do business with the city to increase their lending and other services to local residents and businesses, particularly those in under-served communities.

“The city’s more than \$1 billion in annual public tax-dollar deposits should be put into financial institutions that will help keep struggling families in their homes, doors open at fledgling small businesses and investments flowing to rebuild our hardest hit neighborhoods,” said Council President Young, chair of the Rules Committee that is considering the item.

At Council President Young’s recommendation, the Rules Committee voted unanimously to direct the City Attorney to draft a responsible banking ordinance that requires the city’s financial staff to contract with banks that are responsive to the community’s needs and do not engage in predatory lending.

The ordinance would call for banks with depository contracts with the city to have a proven track record of “putting our dollars back into our neighborhoods” by requiring disclosure of data on local branches, jobs and lending practices as well as a city-approved two-year Community Reinvestment Plan (CPR).

A Community Reinvestment Review Committee comprised of council members, city financial staff and representatives of community-based business groups

would be formed to review CPRs that include residential and small business lending information, community development loans and corporate giving.

San Diego is joining cities across the country that have passed or are considering similar responsible banking laws, including Boston, Los Angeles, New York, Philadelphia, Pittsburgh and Cleveland among others.

According to Council President Young, San Diego is a step ahead of many local governments because “we already have strong relationships with local and regional banks who’ve been responsible stewards of city dollars and good corporate citizens.”

As a member of the San Diego City-County Reinvestment Task Force, Council President Young has long been a champion for responsible lending and bank accountability, as well as a strong advocate for community education programs ranging from topics of small business loans and first-time home buyer assistance to foreclosure prevention and financial aid for college.

In recent months, he has been meeting with representatives from lending institutions, community housing and economic development groups to explore reasonable requirements for depository institutions and craft an ordinance that rewards banks with neighborhood reinvestment programs.

“The collaborative process that this important ordinance is going through is a great example of what is possible when grass-roots organizations, the banking and business communities and elected officials sit down to discuss common goals and strategies for positive change in our city,” noted Council President Young.

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