



CITY-COUNTY REINVESTMENT TASK FORCE



San Diego Reinvestment Task Force
Thursday, March 15, 2012 at 12:00 PM
202 C Street,
Twelfth Floor Hearing Room
San Diego

MINUTES

Item 1: Call to Order: Meeting called to order at 12:06 p.m. by Bob Adelizzi, presiding.
 A quorum was not present.

Item 2: Introductions:

Members Present:

Bob Adelizzi	Public Member
Kristy Gregg	US Bank
Maggie Ruiz	RTF

Co-Chairs' Staff:

Roosevelt Williams III	Council President Young's Office
Portland Bates	Council Spvr. Chair Robert's Office

Members Excused:

Council President Young	City Council District 4
Manny Aguilar	Money Management International
Murtaza Baxamusa	Family Housing Corporation, San Diego Business Trades
Wendell French	Wells Fargo
Joe Horiye	LISC
Angela Lucero	Bank of America
Vino Pajanor	Housing Opportunities Collaborative
Kathy Patoff	Union Bank
Ron Roberts	County Supervisor, District 4
Mirta Schloss	RTF Director
Mitch Thompson	City of Chula Vista
Peter Villegas	JP Morgan Chase

Participants:

Cord Bailey	San Diego Regional Enterprise Zone
Patrick Edwards	Business Improvement District Council/North Park Main Street
Angela Landsberg	North Park Main Street
Lydia Moreno	San Diego Regional Enterprise Zone
Sean Wherley	San Diego Housing Federation

Item 3: Public Comments:

Patrick Edwards, Business Improvement District Council Representative and North Park Main Street Board Member:

Mr. Edwards commented that as a representative of the business district, they were interested in getting banks more involved with the community and working with RTF regarding the Business Improvement District. Ms. Gregg offered to speak with Mr. Edwards at a later date to discuss the business district's concerns.

Sean Wherley, San Diego Housing Federation:

Mr. Wherley's comment regarded the Enterprise Zone presentation by Mr. Bailey. Therefore, Mr. Wherley requested that his comment be heard after the presentation.

Item 4: RTF Committee Member Comments:

Item 5: Minutes: Minutes of February 16, 2012 trailed to the next meeting.

Item 6: Advocacy Subcommittee Introductions:

Ms. Angela Landsberg, Executive Director of North Park Main Street, spoke about her agency. They are funded through business assessments throughout the business owners' assessment district. Some of their goals are business recruitment, business retention, and promoting North Park for new businesses. Ms. Landsberg echoed Mr. Edwards's concern on efforts in trying to get banks to support the community.

Item 7: Presentation from Cord Bailey, Enterprise Zone Manager, Mayor's Office of the City of San Diego Regional Enterprise Zone:

Handout material that included Mr. Bailey's presentation and contact information were distributed. Mr. Bailey discussed how the Enterprise Zone (EZ) program, including job growth, aligned with the RTF's mission and purpose. Mr. Bailey gave an overview of the San Diego Regional Enterprise Zone (SDREZ).

The EZ's were created in California to stimulate business investment and job growth. An EZ is a designated geographical area in which businesses can claim certain state income tax savings and other advantages. EZ areas include San Diego along with portions of Chula Vista, Lemon Grove, National City, Otay Mesa, and San Ysidro.

Mr. Bailey then listed a few of the program's advantages in the form of tax incentives, which included a Hiring Credit, Sales or Use Tax Credit, a Business Expense Deduction, Net Interest Deductions for Lenders, and Preference Points on State Contracts. Mr. Bailey went on to describe each type of tax incentive along with defining Qualified Property.

- Hiring Credit was allowed for qualified employers who hire qualified employees and pay qualified wages.

- Sales or Use Tax Credit allowed businesses to reduce taxes by the amount of sales or use tax paid or incurred on certain property purchased for exclusive use in an EZ. Qualified taxpayers can claim a credit equal to the sales and use tax paid or incurred in connection with the purchase of qualified property.
- Qualified Property is machinery, machinery parts, data processing and communication equipment, and motion picture equipment used exclusively in the EZ area.
- Business Expense Deduction was tangible personal property used for business purposes and used exclusively in the EZ area.
- Net Interest Deduction for Lenders where a deduction from income was allowed on the amount of “net interest” earned on loans made to a trade or business located in an EZ area.
- State Preference Points targeted the EZ for service-related activities, or provided needed services to the residents of the EZ community. Non-profits were also eligible for this certification.

Next Mr. Bailey stated that the shared goals of RTF and SDREZ were to encourage small business and economic development, promote consumer financial education, and work collaboratively with existing and emerging community organizations.

Ms. Lydia Moreno of the SDREZ joined Mr. Bailey and discussed incentives that would entice lenders to assist businesses. Ms. Moreno gave a brief history of the organization. The program began in 1986 and received its’ second designation in 1992 that expired in 2006. In 2006 the SDREZ was awarded a re-designation for fifteen years, expiring in 2021, which also expanded their geographical area.

The EZ does not directly enforce a workforce program, but provided technical assistance and training. The EZ partners with other workforce programs such as the San Diego Workforce Partnership and Second Chance. The program offers lenders yield enhancement by giving lenders credit for making loans within the EZ area.

To evaluate the outcome and success of the program Ms. Moreno referenced the Impact Statement that was included with the handout materials. Ms. Moreno stated that it was difficult to obtain local information from local lenders who are not required to report such information to the EZ. The information was recorded with the State Franchise Tax Board on an annual basis, but it may take two to three years to see the result for the City of San Diego regarding a particular incentive. However, lenders have called to ask if a business was in the EZ area, showing the program has made an impact since loan criteria is based on the borrower. Ms. Moreno stated that \$422,000 had been waived from the \$155 million which was invested in the community including 880 jobs since 2007. The return on this program was \$480 for every dollar waived.

A public comment by Mr. Sean Wherley of the San Diego Housing Federation supported the incentives to cultivate jobs. Mr. Wherley was concerned that any businesses located in the EZ area were exempt from the fee for the City’s Affordable Housing Trust. This could potentially have a negative impact on community members needing affordable housing support. Mr. Wherley suggested that the exemption be removed or altered.

Ms. Gregg inquired on how often the program was re-evaluated. Ms. Moreno indicated that originally the program had a blanket exemption, but was re-evaluated last year limiting the blanket exemption to heavy industrial uses, distribution centers, research and development, and medical facilities. Ms. Moreno assumed that as the Housing Impact Ordinance was evaluated, the EZ would also be evaluated. Ms. Gregg stressed the importance of self-evaluation and encouraged ongoing self-evaluation of the program.


Item 8: Report from Staff:

Ms. Maggie Ruiz reported in Ms. Schloss' absence. Ms. Ruiz requested input from attendees regarding valuable programs that should be included in the Smart Money Summit. Some of the community needs being considered were foreclosures, credit rebuilding, the National Mortgage Settlement, and working with financial institutions regarding homeowners that qualify for loan modifications. The Summit ought to be proactive in getting affected families the needed tools to recover. Financial education at the Summit would also service the small business community. Ms. Ruiz asked for feedback to ensure the program was well developed and covered relevant topics. Ms. Ruiz proposed to design a program that would make an impact in the community that we serve.

Ms. Ruiz indicated that the Smart Money Summit target date was May 19, 2012 and noted that another idea would be to combine the Smart Money Summit with the Financial Planning Day that is planned along with the Mayor's office, with a target date of October 2012. This could be a collaborative effort to celebrate the Financial Planning Day national awareness initiative. Ms. Ruiz considered if combining these two conferences would be beneficial.

Item 9: Adjournment: Meeting was adjourned at 12:47 p.m.

Respectfully submitted,


Mirta Schloss, RTF Director