

Legislation Text

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Authorizing the Committee on Commerce and Economic Development to hold hearings to examine small business lending in low-and-moderate income and minority neighborhoods within the City of Philadelphia, and to take testimony on new initiatives including a loan guarantee fund and alternative loan programs.

WHEREAS, In the fall of 2002, based on Resolution 020522, introduced by Councilman W. Wilson Goode, Jr., the Council of the City of Philadelphia held hearings on the issue of community reinvestment within the City of Philadelphia, spurring the creation of the Small Business Lending Task Force; and

WHEREAS, Studies of Community Reinvestment Act disclosure data have shown that such areas do not receive the number and dollar volume of loans from traditional financial institutions that are proportionate to the percentage of small businesses located in those areas; and

WHEREAS, A number of factors contribute to this disparity, including the lack of bank branches in those areas, lack of advertising by banks, a lack of aggressive outreach for business development in those areas, and lending standards that effectively screen-out borrowers; and

WHEREAS, Traditional lenders contend that those areas contain a disproportionate percentage of small businesses with poor credit histories and lack of equity/collateral, thus marking them as high risk markets; now therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That the Committee on Commerce and Economic Development is hereby authorized to hold hearings to examine small business lending in low-and-moderate income and minority areas within the City of Philadelphia, and to take testimony on new initiatives including a loan guarantee fund and alternative loan programs.