COUNCIL OF THE CITY OF PHILADELPHIA

COMMITTEE ON COMMERCE AND

ECONOMIC DEVELOPMENT

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Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, November 16, 2005
9:40 a.m.

- - -

PRESENT:
COUNCILMAN W. WILSON GOODE, JR., CHAIRMAN
COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN DARRELL L. CLARKE
COUNCILMAN FRANK DiCICCO
COUNCILWOMAN DONNA REED MILLER
COUNCILMAN JUAN RAMOS
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN FRANK RIZZO
COUNCILWOMAN MARIAN B. TASCO

BILL 050202 - An ordinance amending Section 17-109 of The Philadelphia Code, entitled "Local Bidding Preferences," by amending the terms and conditions under which a Business Entity may be certified...

RESOLUTION 040145 - Resolution authorizing the Committee on Commerce and Economic Development to hold hearings examining small business lending in low and moderate income and minority areas within the City...

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COUNCILMAN GOODE: Good morning. This hearing is called to order. This is a public hearing of the Commerce and Economic Development Committee on Resolution No. 040145 and Bill No. 050202.

My name is W. Wilson Goode, Jr., Chair of this Committee. I note that a quorum is present. To my left is Councilman Frank Rizzo, Councilwoman Blondell Reynolds Brown. To my right is Councilman Michael Nutter and Councilman Frank DiCicco.

The title of Resolution No. 040145, a resolution authorizing the Committee on Commerce and Economic Development to hold hearings examining small business lending in low- and moderate-income and minority areas within the City of Philadelphia, and calling on the Small Business Lending Task Force of the Community and Economic Development Committee to present testimony on several potential solutions to lending disparity, including a loan guarantee fund, alternative loan programs, and an information and referral system for small businesses.

The title of Bill No. 050202, an ordinance amending Section 17-109 of The Philadelphia Code, entitled "Local Bidding Preferences," by amending the terms and conditions under which a Business Entity may be certified or continue to be certified as a Local Business Entity entitled to a bidding preference on City contracts.

We will first consider Bill No. 050202, and I'll ask the Commissioner to come forward at this time.

COMMISSIONER GAMBLE: Good morning.

COUNCILMAN GOODE: Good morning, Commissioner. Please state your name for the record and proceed with your testimony.

COMMISSIONER GAMBLE: Thank you.

Good morning, Chairman Goode and members of the Committee on Law and Government. I am William Gamble, Commissioner of the Procurement Department. I am providing testimony today on Bill No. 050202, local bidding preference.

On December 1, 2003, the Philadelphia Home Rule Charter permitting local bidding preferences was amended. The purpose of the amendment was to allow local businesses that seek to enter into contracts with the City, labor under a competitive disadvantage with businesses from other areas because of higher administrative costs of doing business in the City, such as higher taxes, higher rent, higher wages and benefits for labor, higher insurance rates, et cetera.

It was felt that public interest would be served by encouraging businesses to locate and remain in Philadelphia through the provisions of a preference to local businesses in the award of City contracts. The bid preference will serve the public interest because the growth and development of local businesses will have a significant positive impact on the economic health of the City by, among other things, the creation of local jobs and in creating tax revenue.

The bid preference will serve the goal of rewarding those businesses which contribute to the local economy, in affording local businesses a competitive advantage when bidding on City contracts and does not exclude any potential contractor.

On December 13, 2004, the Procurement Commissioner received a letter from the apparent low bidder protesting the award to the second low bidder. The protestor questioned the company certification as a Local Business Entity under the local bidding preference for procurement contracts. He alleged that the company has a main office in

Warminster, Pennsylvania.

It was discovered that the company does maintain an office in Warminster, but he also maintained an office in Philadelphia for the preceding 12 months. He filed a business privilege tax return with the City of Philadelphia and has a valid business privilege license during the preceding six months.

The company indicated that he had continuously occupied an office within the City, where business is conducted, and more than half of the business entity's full-time employees worked in the City at least 60 percent of the time. More than half of the business entity's officers worked in the City at least 60 percent of the time.

The company owner leased space from himself. He leased an apartment, and his company leased space from him. He has office space at this location which was determined to be a home office.

The company met the letter of

the law but not the spirit. In requiring that a business entity's principal place of business not located in the City be required to provide employment and other data necessary to establish that the business entity has met the requirements for certification will close the loop.

I'd like to recommend an amendment to change Bill No. 050202 in that I would propose that the amendment as follows be changed: "Has continuously maintained a valid business privilege and all other licenses and permits necessary to conduct business with the City."

Also, I would like to amend, "in the absence of the documentation demonstrating the existence of an office within the City of Philadelphia, that the Procurement Commissioner, at his or her discretion, conduct a site inspection of the business entity's offices within the City."

Mr. Chairman, this concludes my testimony. I would be glad to answer any questions you or other members of the Committee have regarding my testimony.

COUNCILMAN GOODE: Thank you, Mr. Commissioner.

Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Mr. Chairman.

Commissioner, first, thank you very much for your testimony, and let me also commend you and Ms. Flowers and other members of your staff for your cooperation and working with us to put in some needed changes.

Commissioner, do you have the proposed amendment?

COMMISSIONER GAMBLE: Yes, I do.

COUNCILMAN NUTTER: Do you have some copies?

COMMISSIONER GAMBLE: Yes, I do. I have three copies.

COUNCILMAN NUTTER: The amendment you propose, as I best understand it, seems to read that if you have no evidence of an office by that particular business here in Philadelphia, you would do a field inspection, but --

COMMISSIONER GAMBLE: We would do a field inspection, Councilman, if we don't have all of the documentation or things that would allow us to make a determination that the office is a legitimate business.

COUNCILMAN NUTTER: What do we got, two pages?

COMMISSIONER GAMBLE: There should be three copies. One is stapled and two are not stapled.

COUNCILMAN NUTTER: I'm sorry. I think I tore it apart. Sorry about that.

So you have one amendment you're proposing on Page 2, which is to add the words "with the City."

COMMISSIONER GAMBLE: "With the City," that's correct, sir.

COUNCILMAN NUTTER: So the business has to have all other licenses and permits necessary to conduct business with the City.

COMMISSIONER GAMBLE: That's correct.

COUNCILMAN NUTTER: That's a standard --

COMMISSIONER GAMBLE: Yes.

COUNCILMAN NUTTER: -- that they have to meet.

COMMISSIONER GAMBLE: Right.

COUNCILMAN NUTTER: And then you're saying in the absence of documentation demonstrating the existence of an office within the City of Philadelphia, conduct a site inspection of the business entity's offices within the City.

So let me make sure I'm understanding. If you have evidence of the existence of an office within the City, you will not conduct an inspection.

COMMISSIONER GAMBLE: Right.

COUNCILMAN NUTTER: If you have no evidence that they have an office within the City, you will conduct an inspection.

COMMISSIONER GAMBLE: Yes.

COUNCILMAN NUTTER: And I just want to make sure that we're clear from our conversation, that will be an affirmative decision one way or the other. If you decide not to do an inspection, will there be a note to the file or a signed document that indicates that you decided based on this information we are not conducting a site inspection?

COMMISSIONER GAMBLE: Yes. We would include in our documentation of certifying the vendor one way or the other that we decided not to based on this criterion that we had enough documentation to render a decision.

COUNCILMAN NUTTER: Okay. And you're fine with the rest of the bill --

COMMISSIONER GAMBLE: Yes, as it is.

COUNCILMAN NUTTER: -- with

these proposed amendments?

COMMISSIONER GAMBLE: Yes.

COUNCILMAN NUTTER: Thank you, Mr. Chairman.

COUNCILMAN GOODE: Thank you, Councilman.

Are there any questions from other members of the Committee?

(No response.)

COUNCILMAN GOODE: Is there anyone else to testify on this bill?

(No response.)

COUNCILMAN GOODE: Seeing none, we will move from our public hearing into a public meeting to consider Bill No. 050202. We are waiting copies of the amendment. At that point, I will recognize Councilman Nutter for a motion on the bill.

(Pause.)

At this time, the Chair recognizes Councilman Nutter for a motion on the amendment to Bill No. 050202.

COUNCILMAN NUTTER: Thank you,

Mr. Chairman. Mr. Chairman, I move that the amendments proposed to Bill 050202 be adopted.

(Duly seconded.)

COUNCILMAN GOODE: All those in favor?

(Aye.)

COUNCILMAN GOODE: Those opposed?

(No response.)

COUNCILMAN GOODE: The ayes have it.

The Chair recognizes Councilman Nutter for a motion on Bill No. 050202 as amended.

COUNCILMAN NUTTER: Thank you, Mr. Chairman. I move that Bill 050202 as amended be reported out of this Committee with a favorable recommendation, a further recommendation that the rules of Council be suspended so as to permit first reading at our next session.

(Duly seconded.)

COUNCILMAN GOODE: All those in

favor?

(Aye.)

COUNCILMAN GOODE: Those opposed?

(No response.)

COUNCILMAN GOODE: Bill No. 050202 as amended is reported out of the Committee with a favorable recommendation, a further recommendation that the rules of Council be suspended so as to permit first reading at our next Council session.

This concludes our public meeting. We will now move back into our public hearing to consider Resolution No. 040145.

At this time, I will ask the Small Business Lending Task Force, GPUAC, to approach the witness table.

Good morning.

MS. MATLOCK-TURNER: Good morning.

COUNCILMAN GOODE: Please state your name for the record and proceed with your testimony.

MS. MATLOCK-TURNER: Thank you. Sharmain Matlock-Turner, President, Greater Philadelphia Urban Affairs Coalition.

MS. BENOLIEL: Leslie Benoliel, Chair of the Small Business Lending Task Force of the Committee on Community and Economic Development of Greater Philadelphia Urban Affairs Coalition.

MS. MATLOCK-TURNER: Good morning. I'm going to start with the testimony and then Leslie is going to conclude the testimony this morning as Chair of the Small Business Task Force.

Thank you very much for the opportunity to testify this morning. Thank you, Councilman Goode and the other members of the Committee on Community and Economic Development. It's a pleasure to be back here in front of City Council to talk about the work of the Greater Philadelphia Urban Affairs Coalition and to specifically talk about the Small

Business Task Force, which is a subcommittee of the GPUAC Committee on Community and Economic Development.

We would like to share with you a summary analysis of small business lending patterns over the past years through 2004. The data points to some very positive and encouraging trends, with the number and volume of loans going to small businesses in low- and moderate-income communities having increased substantially by 82 percent and 125 percent respectively over the last five-year period. We believe that the combined efforts of Councilman Goode and the members of the Small Business Lending Task Force, particularly the member banks, have played an important role in contributing to this progress.

The Small Business Task Force, which is chaired by Leslie Benoleil, who is sitting to my right, was established in January 2003 by the Community and Economic Development Committee of the

GPUAC in response to lending disparities documented in a study commissioned by City Council and prepared by the National Community Reinvestment Coalition presented in November of '02.

Let me talk a little bit about the role of our Task Force. As we stated in previous testimony, the Task Force was put in place to analyze why disparities exist in the distribution of bank loans to small businesses in low- and moderate-income and minority areas of the City of Philadelphia; to make policy and program recommendations to the City, banks and small business support organizations to address those lending disparities; and to organize partnerships to implement recommendations.

Although our main purpose is to increase capital for small businesses in low- and moderate-income and minority areas in Philadelphia, our ultimate goal is to build strong and sustainable businesses in our neighborhoods.

Currently, there are 33 members participating on the Task Force, staffed by Don Kelly, who would normally be here this morning but he is on vacation and is somewhere lost in the Grand Canyon. Among those participating on the Task Force are representatives of banks, including several City depositories, community development corporations, credit counseling agencies, small business development support organizations, community loan funds and government agencies.

The Task Force issued a report in March 2004 which summarized its findings about the disparities in small business lending patterns and offered a series of recommendations designed to increase the flow of capital to small businesses in low and moderate and minority communities to mitigate against these disparities.

These recommendations represent multi-faceted, short- and long-term approaches to reduce the gap and fall into three categories: One, to improve the business owner's readiness to apply for loans and to manage capital; two, to increase the lenders' willingness to make loans; and, three, to improve the information and communications system within the sector.

Since releasing the report, the Task Force has been focused on implementing its recommendations and conducting further research. Representatives and staff have shared the Task Force's findings with City officials and made specific recommendations at City Council hearings in the spring of '04 for 47 million in City funding for this initiative. This funding would, in turn, leverage new private sector support and significantly increase the number and volume of loans directed to small businesses over three years. These recommendations included establishing a loan guarantee fund, funding for community development financial institutions known as CDFIs, funding to build the capacity of small business technical assistance and credit counseling providers, and support for a coordinated information and referral system.

These recommendations were unanimously approved by you in April of 2004 and were submitted to the City of Philadelphia's Economic Development Summit in September of '04.

Since then, Task Force representatives have met twice with City officials. Thus far, the City has not made any funding commitments to implement the Task Force's recommendations. However, discussions with the City Department of Commerce are continuing.

During the past year and a half, the Task Force has continued to meet and has been primarily focused on implementing those recommendations that require little or no City support. These include expanding financial education, credit counseling and technical assistance training for small businesses so that they are better able and prepared to apply for loans, and working with banks to have them modify their policies to promote more lending to small businesses and explore new loan products.

Efforts are also underway to encourage more and regular information sharing about the resources available for small businesses.

Let me just highlight a few of the activities that have taken place over the last 18 months. The Task Force spawned a new credit management workshop specifically for small business owners, developed by the Consumer Credit Counseling Service of Delaware Valley, one of the partners and member of the Task Force. This workshop was introduced in early '05 and has been held several times, receiving very favorable feedback from the small businesses who have attended to improve their credit and their credit scores.

The Task Force participated with the Federal Reserve Bank of Philadelphia and the Bryn Mawr Trust to host a seminar in June of '04 to introduce small suburban banks to small business lending intermediaries that serve the City.

This past summer, the Task Force conducted a survey of 48 small business owners and facilitated a focus group of community development organizations and small business service providers who are involved in conducting the survey to better understand the financing needs of small businesses in minority and low-income communities. The results of the findings are summarized in a report that has been circulated among Task Force members and are helping to guide the development of new financing products.

Several of the Task Force

member banks have reviewed their small business underwriting and marketing policies and made significant changes, such as lowering minimum loan size and establishing more aggressive origination goals, both identified in our original report.

The ten Task Force banks formed a subcommittee in January of '05 to identify best practices among their peers in terms of underwriting loans to small businesses. They are also working on the development of lending initiatives that better meet the needs of small business owners and enable the banks to stretch further into the credit market.

The banks are working on a multi-tiered approach which would require the involvement and support of not just the banks but also credit counseling agencies, business support organizations and City agencies.

And I'm going to let Leslie Benoleil, who chairs the Committee, to carry on the testimony at this point.

MS. BENOLIEL: Thank you, Sharmain, and thank you, members of the Committee on Community and Economic Development of City Council.

In my testimony, I will expound a little bit on these lending initiatives that Sharmain just mentioned that are under development, and also I'll summarize our key findings of recently released data on lending patterns in 2004.

The lending initiatives under consideration are identified as Tier One, Tier Two and Tier Three. The banks are focusing most of their efforts right now on the Tier One and Tier Two initiatives, as the Tier Three requires a dedicated source of separate funding for a guarantee or a reserve fund.

For the Tier One initiatives, banks are comparing their small business lending policies to that of the most generous policies and programs of their peers as it relates to underwriting. We're calling this best practices. And these involve, for example, comparing FICO scores, minimum loan size, collateral required and length of time in business in order to qualify for loans. Under Tier One, each bank is individually considering the changes in its policies and practices to approximate these best practices.

Tier Two represents a group initiative in which member banks will agree upon certain key underwriting guidelines that are more generous than are currently available in the market, and this would be similar to the approach that was taken with the Delaware Valley Mortgage Plan. As a necessary prerequisite of more liberal underwriting, the banks would require all applicants under the program to successfully complete pre-application credit counseling and small business technical assistance from the partnering agencies, many of whom serve on the Task Force Committee.

Lastly, Tier Three is the most aggressive of the three initiatives. This would involve the banks agreeing to even more flexible underwriting in conjunction with a credit enhancement feature, such as a loan guarantee, that would mitigate the additional risk that they would be taking. Similar to Tier Two, all the applicants would have to successfully complete pre-application credit counseling and small business technical assistance from the partnering agencies.

Initial discussions have taken place with City officials about the nature and possible sources of funding for a loan guarantee fund.

Tier Two and Tier Three initiatives are being designed with the goal of providing banks with an additional means to reach further into the markets where lending disparities exist; namely, low- and moderate-income and minority areas.

Now, I would like to note that all three lending initiatives are in the development stage at this time. However, while no specifics have been agreed upon yet or commitments made, Task Force members are working diligently to bring them to fruition.

Now I'd like to turn your attention to data that was recently released by the Federal Financial Institutions Examination Council regarding small business lending patterns in 2004. This latest data reveal a number of positive trends and show that we're on the right course.

The Task Force analyzed the CRA disclosure data of the Federal Financial Institutions Examination Council for both 2003 and 2004, as well as reviewed the compilation of some of that very same data by the City Controller for the 2000 to 2004 period.

Now, please note in the analysis of the data, the Task Force has focused on the following: First, we're looking at loans to small businesses as opposed to small business loans. The distinction is that loans to businesses -- small business loans represent loans to businesses -- I'm sorry; loans that are less than 1 million but to any business of any size, whereas loans to small businesses are loans of any size to businesses with under $1 million in revenue. And we believe this category is the most relevant to the work that we're doing.

Second, loans in low- and moderate-income census tracts rather than predominately minority census tracts. The reason for this is that low- and moderate-income geographies are the priority of the bank regulators under the CRA, Community Reinvestment Act.

And, lastly, we're focused on the performance of the ten banks that are actively involved in the Task Force and in the lending initiatives that we're considering, rather than all the banks or a smaller number of banks that are the depositors of City funds. And while there's considerable overlap between the ten member banks and depositories, the groups are not identical.

Our findings reveal a consistent and upward trend in both the number and volume of loans to small businesses throughout the City. Even more encouraging, substantial increases in the loans to small businesses in the low- and moderate-income census tracts.

Now, within our written testimony, which you'll all get copies of, we have 20 separate statistics that we cite. Rather than going through each of these 20, I'm going to highlight a few of the key findings, especially those that are related to lending patterns in low- and moderate-income census tracts.

The number of loans made by all

lenders to small businesses in low- and moderate-income census tracts increased by 82 percent, from 2,200 in 2000 to 4,000 in 2004. And if you look at the increase from the 2003 to 2004 period, there was an increase of 8 percent, from 3,700 to 4,000.

The total dollars loaned by all lenders to small businesses in these census tracts more than doubled between the years 2000 and 2004, from $80 million to $180 million. This is an increase of $100 million over five years and represents a 125 percent jump, which is more than double. And we think that's very encouraging.

From the year 2003 to 2004, the increase was $42 million, from 138 million to 180 million. That's an increase of almost a third.

If you look at the percentage distribution of the number of loans made to small businesses in the entire City that went to low- and moderate-income census tracts, that increased from a 42 percent proportionate share to 54 percent, from below half to more than half. Again, we think that's a very encouraging statistic. And when you look at that same percentage distribution in terms of dollar amounts, that went from 39 percent in 2000 to 53 percent in 2004.

Now, of particular interest to the Task Force is the performance of the ten banks that are actively involved in the development of these new lending initiatives, and this group includes, and I cite them in alphabetical order, BankCorp Bank, Bank of America, Beneficial Savings Bank, Citizens Bank, Commerce Bank, M&T Bank, National Penn Bank, Sovereign Bank, PNC Bank and Wachovia.

The following statistics that I'm going to cite track the aggregate performance of these ten banks as a group during the 2003-2004 time frame. Of particular note is the number and volume of loans made to small businesses has increased, and equally significant is that the proportion of small business loans made by these ten banks as it relates to all the lenders has also increased.

Again, I'm just going to focus on the highlights as it relates to the low- and moderate-income areas as opposed to the entire City. The other statistics are here in the written testimony.

In 2003, the Task Force Ten made 1,163 loans to small businesses in low- and moderate-income census tracts in the City of Philadelphia. This represents a 31 percent market share of the 3,700 loans that were made by all lenders in these census tracts.

In 2004, the Task Force Ten made 1,472 loans to the small businesses, and this represents a 37 percent market share. So the market share has increased over this one-year period.

Now, if you look at this in

dollar terms, in 2003, the Task Force Ten loaned 72 million to small businesses in these areas, and this represents 53 percent of the 138 million loaned by all lenders.

In 2004, the Task Force Ten loaned a total of $100 million in loans to small businesses in low- and moderate-income census tracks, and the proportionate share has increased now to 56 percent of the 180 million loaned by all lenders in the areas. So not only is the number and volume increasing, but I think equally significant is the proportionate market share of these banks that are involved in the Task Force is also increasing.

Now, while the Task Force recognizes that lending disparities still exist and that much more needs to be done, we are heartened by the progress we've made and which is corroborated by the recent data. We believe Councilman Goode, the ten Task Force banks and the other members of the Small Business Lending Task Force have all played an important role in contributing to this progress.

In closing, more needs to be done to increase the flow of capital to small businesses in Philadelphia. Our members are deeply committed to developing and implementing effective and impactful strategies to promote business growth in our low and moderate and minority neighborhoods. We will continue to push for solutions and are committed to stay the course. As we continue this work, we look forward to partnering with the City in order to maximize our joint resources for success.

On behalf of the Greater Philadelphia Urban Affairs Small Lending Task Force, we thank Committee Chair Wilson Goode and City Council members for providing us with this opportunity to share this information with you and for your continued support of our work.

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COUNCILMAN GOODE: Thank you. Thank you both for your testimony. Thank you for all the work that you've done over the years. I remember meeting with Ms. Matlock-Turner within weeks of taking office, told her this is an issue I wanted to take on. She pledged her support, and I think she has been true to that.

I do have one bone of contention that both of you are familiar with, but with neither of you. Could you explain for the record what role Ray Desidario plays within your organization?

MS. MATLOCK-TURNER: Ray Desidario of PNC Bank is Co-Chair of the GPUAC Board and also co-chairs the Committee on Community and Economic Development.

COUNCILMAN GOODE: Both of you were present at a hearing more than three years ago, actually on November 12th, 2002. I'd like to read from the transcript of that hearing.

"COUNCILMAN GOODE: Mr. Desidario, at your invitation, I spoke to a meeting of GPUAC's Committee on Community and Economic Development in September 2000 on the issue of small business capital access discussing the findings of the Greater Philadelphia Capital Access Report. That Committee not only did not dispute those findings of September 2000, but the Committee also said they embraced the recommendations of that report.

"We agreed upon a solution in terms of trying to address that disparity. The solution was that the banking members of the GPUAC Committee were going to put together a small business loan pool for low- and moderate-income neighborhoods. That was going to be an effort that was going to be led by you.

"MR. DESIDARIO: That's correct.

"COUNCILMAN GOODE: Are you

prepared to do that today?

"MR. DESIDARIO: I am absolutely prepared to do that today."

That was over three years ago. Is that your recollection of the hearing?

MS. MATLOCK-TURNER: You're reading from it. I'm sure that that is correct.

COUNCILMAN GOODE: For the record, I'd just like to say that Mr. Desidario, who is a leader of your organization, not just of the organization in general but the Committee on Community and Economic Development, made a commitment five years ago in September 2000, made a commitment three years ago in November of 2002.

My only question is, at what point will an actual program be rolled out?

MS. MATLOCK-TURNER: Well, as it relates to the loan pool, I don't have an answer as it relates to that. The idea of creating the loan pool was to create a loan loss reserve, and we're still working on that in trying to figure out a way to create that reserve. However, we believe that the vehicle may not be the vehicle that you discussed in that particular testimony, but that we have continued to make progress through the efforts of the Small Business Lending Task Force to ultimately get the outcomes that we think we all want as it relates to small business lending.

COUNCILMAN GOODE: The commitment that was made in September of 2000 and November of 2002 did not include a loan loss reserve. I am supportive of a loan loss reserve fund, but there were commitments made by Mr. Desidario both in September of 2000 and November of 2002.

MS. MATLOCK-TURNER: We're currently continuing to work on trying to get the outcomes that we think we all want as it relates to making sure that there's more lending going on in minority and low-income census tracts, and we're continuing to do that.

COUNCILMAN GOODE: Thank you.

MS. MATLOCK-TURNER: You're welcome.

COUNCILMAN GOODE: Any questions from members of the Committee?

Councilwoman Tasco.

COUNCILWOMAN TASCO: Good morning.

MS. MATLOCK-TURNER: Good morning.

COUNCILWOMAN TASCO: I know the goal here is to also reach minority-owned businesses, and while your definition is to deal with small business lending in low- and moderate-income and minority areas in the City, I'd like to know, have you done any research to identify how many of your small business loans have gone to firms owned by minorities?

MS. BENOLIEL: The data that we analyzed did not distinguish the ownership. That data is not available.

COUNCILWOMAN TASCO: Because a

number of the neighborhoods in the City census tract could be identified as low income and moderate income and have small businesses, not necessarily minority businesses, and in some instances, we have Keystone Opportunity areas and we have other designated areas where money is flowing to businesses that may be identified as small business, which is fine with me, I think we should support small business --

COUNCILMAN GOODE: Councilwoman, let me just correct the record very quickly. Small business lending data is not available by race of applicant. It is available by neighborhood race, and we will be discussing data with regard to minority census tracts at the next hearing. So I just want to clear the record that small business lending data is available by neighborhood race.

COUNCILWOMAN TASCO: It is?

COUNCILMAN GOODE: It is.

COUNCILWOMAN TASCO: Because that's important to us in terms of how much of that money stays in the community. I have a lot of small businesses in my district, but the dollars don't necessarily flow to the community. The businesses, the dollars are spent by the neighbors in the community, but not really reinvested in the community, which should be a goal of small business, to reinvest in the community where they are operating.

So some of those issues are issues that I'm concerned about also.

MS. MATLOCK-TURNER: And I'm sure that the Small Business Lending Task Force shares your concern as it relates to making sure that we're also looking at minority businesses. I think one of the ways that we were getting at that issue was looking at the size of the business when we looked at businesses that were a million dollars or less.

But we look forward to the

information that Councilman Goode is going to have that he's been able to garner around minority disparities. If they exist, which I'm sure they do, we will certainly take a look at that information and see what else we can do to continue to increase lending in our communities.

COUNCILWOMAN TASCO: Thank you very much, and I hope that your Task Force will take whatever information the Councilman has and look at that as the focus, because that's what we really are concerned about, because small businesses do have access. If there's small businesses from the majority community, they don't have difficulty getting dollars from banks. It's the minority businesses that we have a concern about not having access to capital.

MS. MATLOCK-TURNER: Well, absolutely. And we believe that there are other businesses as well in low-income communities that, again, maybe because of where they're actually located might have problems accessing capital as well.

So whether we're looking at low-income census tracts and looking at minority businesses, we think that they are both critical to the ongoing growth and development of Philadelphia being a vibrant place for small business growth and development. That's really where jobs are being developed in our City and it's an area that we have to continue to pay attention to, and I want to commend City Council for doing that.

COUNCILMAN GOODE: Thank you, Councilwoman.

Are there questions from other members of the Committee?

(No response.)

COUNCILMAN GOODE: Seeing none, thank you again for your testimony. Thank you for your work.

This hearing is recessed to the call of the Chair.

The Finance Committee hearing will start momentarily. We are waiting a quorum on that hearing as well.

Thank you.

(Committee on Commerce and Economic Development adjourned at 10:20 a.m.)

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CERTIFICATE

I HEREBY CERTIFY that the proceedings, evidence and objections are contained fully and accurately in the stenographic notes taken by me upon the foregoing matter on November 16, 2005, and that this is a true and correct transcript of same.

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MICHELE L. MURPHY

RPR-Notary Public

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