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To: regs.comments@federalreserve.gov
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To Whom it May Concern:

I am writing on behalf of the Metropolitan Milwaukee Fair Housing Council (MMFHC) to comment on the Federal Reserve Board's (Fed's) Advance Notice of Proposed Rulemaking (ANPR) regarding the Community Reinvestment Act (CRA). The purpose of MMFHC, a private, nonprofit organization organized in 1977, is to promote fair housing throughout the State of Wisconsin by combating illegal housing discrimination and by creating and maintaining racially and economically integrated housing patterns.

Our programs and services include complaint intake and counseling, investigative services, attorney referrals, outreach and education, professional support to government agencies, and programs to promote fair lending and inclusive communities.

Our Fair Lending Program strives to ensure that all credit-worthy borrowers have equal access to fairly-priced credit. We work with nonprofit community partners, housing counselors, lenders, developers, philanthropic organizations, Realtors and Realtists, financial regulators, and policy-makers to help lenders better-serve people of color, low- and moderate- income (LMI) people and neighborhoods, and other under-served populations.

MMFHC's Fair Lending Program staff coordinates the Milwaukee area CRA Coalition and helps lead Milwaukee's homeownership consortium called Take Root Milwaukee. We also participate in a variety of other coalitions and organizations to gain a better understanding of the financial services needs in the LMI communities we serve, as well as the perspectives of government agencies and financial institutions. It is with the knowledge gained from these broad-based discussions and regular contacts with organizations and individuals that we offer our perspectives on the Fed's current ANPR regarding CRA.

As you are aware, CRA was born out of the intolerable, yet prevalent practice of bank redlining. Since CRA was enacted, over the last 40+ years, much progress has been made by banks and other lenders. But there is still much more to be done.

CRA must be substantially strengthened, and race must be explicitly addressed, to achieve racial equity in home and small business lending. For example, in 2019 in the City of Milwaukee where we have a majority minority population, of the 11,821 home loans that were made, white borrowers received the majority of home loans (for purchase, home improvement or refinance). Here is the racial and ethnic breakdown of those City of

Milwaukee home loan originations, as reported in 2019 Home Mortgage Disclosure Act (HMDA) data:

White	6,848	57.93%
Black	1,519	12.85%
Hispanic (all)	1,370	11.59%
Asian (all)	515	4.36%
Native American	18	0.15%
Hawaiian (all)	8	0.07%
MultiRace	111	0.94%
Unknown	848	7.17%
NA	584	4.94%
Total	**11,821**	**100.00%**

While we obviously have some work to do to ensure that all credit-worthy borrowers have equal access to fairly-priced loans, in our work, we have seen progress in CRA-aided transformation. As banks begin to understand the benefits of addressing the lending and other financial services needs of the entire population within their service areas, their eyes are opened to the ways that increased wealth is good for their institution and the entire community. When they eliminate dismissive, discriminatory cultures of ignoring or minimizing the needs of minority populations, the pie is expanded. With a bigger pie, serving more people does not mean that there is less for white people, it means that there is more pie!

If it explicitly focuses on racial equity, rewarding fair lending and penalizing discrimination, a strengthened CRA can be an important tool to eliminate redlining and segregation, lift up underserved populations, build wealth, and achieve healthy communities.

MMFHC is a long-time member of the National Community Reinvestment Coalition (NCRC), and is in support of NCRC's comprehensive comment letter, addressing additional aspects of the Federal Reserve Board's proposal, as articulated in the ANPR. Instead of reiterating those positions, we'd like to highlight just a few additional issues.

CRA, as it is currently implemented, suffers from uneven and incomplete performance evaluations, often without meaningful input from the communities that are supposedly being served. Those uneven and incomplete evaluations often appear to translate to inflated CRA ratings.

To be most effective in serving the needs of the community, and to be fair to the banks, those who regulate CRA must focus on training staff who do the performance evaluations to ensure that CRA activities are evaluated in the same manner within and across the three regulatory agencies. Definitions and standards must be communicated and clearly understood in the same way by everyone.

In our experience, it is only in recent years, that (some) regulators have asked those of us who live and work in LMI communities and communities of color for our perspectives on the performance context, and our opinions on how that context fits with individual banks' CRA performance. We have on-the-ground perspectives and knowledge of bank programs and practices, and can combine that with data on the banks' home lending records to show a more complete picture. That information should always be incorporated into the performance evaluation.

Using the community input, and applying clear definitions and standards, the results should be communicated with a CRA rating that is meaningful in determining whether the bank is indeed meeting the needs of the community. As it stands, while we know that many banks still fail to serve LMI people and communities of color, they receive satisfactory or even outstanding CRA ratings. And some banks that have been fairly accused of redlining have still managed to pass their CRA exams. The Fed's proposal to reduce the number of ratings will not reveal the necessary distinctions in banks' performance. The ratings should be meaningful, not just a pat on the head.

In addition, banks that go well above and beyond the basic standards should be the only ones who receive outstanding ratings. An example might be banks that negotiate strong Community Benefits Agreements (CBA) with nonprofit organizations within their assessment areas, commit to aggressive increases in certain performance categories, and meet or exceed those goals. Banks that create products or practices to address a specific widely-felt, unmet need within a community should get additional credit. Innovative, out-of-the-box solutions to address specific needs of immigrants and people with disabilities should also be recognized and rewarded.

MMFHC agrees with NCRC's position that assessment areas must support and reflect a commitment to local lending, investments and services, and that banks should expand assessment areas to include geographies where high numbers of retail loans or deposits are located.

And finally, we need to point out that now is the time to take strong action to ensure that the goals of CRA are achieved. The ongoing shameful disparities shown by HMDA data, and the additional attention brought to them by COVID-19 and the protests against discrimination this past summer create opportunity and urgency. We must use this urgency to take strong strides to change history and achieve racial and economic justice.

We are grateful for the Fed's leadership in undertaking a deliberative, collaborative, evidence-based process for modernizing the Community Reinvestment Act. We look forward to working with you to refine your proposal so that is more likely to achieve the benefits that we all desire, for all people.

Sincerely,

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