

Community Reinvestment Act Joint Public Hearing, August 12, 2010
Individual Presentation: Rob Breymaier

[Applause]

Rob Breymaier:

Thank you. My name is Rob Breymaier; I'm the Executive Director of the Oak Park Regional Housing Center and the President of the Chicago Area Fair Housing Alliance. I want to focus today in my oral statement on one very necessary and urgent issue to improve the CRA Act and that is to make race explicit in the CRA Act, to use racial analysis in the CRA Act.

The omission of an explicit racial assessment in CRA has resulted in regulation that has allowed financial institutions to ignore the racial impact of their products and services, except in cases where fair credit or an equal credit violation may occur; and what has resulted is a dual credit market and financial services market that's been very difficult, expensive and only has reactionary tools to hold large corporations accountable for their actions and communities of color. Predictably, this has meant that minorities have had fewer banking options and higher barriers to credit; and is especially true for African-Americans and Latinos who suffer in the second class status exacerbated by patterns of segregation.

Many studies have shown that regardless of income and wealth which the CRA Act does explicitly look in to, African-Americans and Latinos are often offered less advantageous products and services. Frequently studies show that even low income whites are receiving better products and services and have more access to those services than upper income minorities. In particular, a study by the Woodstock Institute and many other organizations found that prime lending to white communities during the period of 2006 and 2008 showed that minority lending was decreasing at more than twice the rate it was decreasing in white communities for prime lending, and refinancing, it was decreasing almost five times the rate of white communities and minority communities, and that alarmingly this trend was much, much worse in the nation's four largest banks where actually lending was increasing for white communities and decreasing for African-American and Latino communities.

This failure in the market is a failure that actually is established earlier by the Homeowner's Loan Corporation and the Federal Housing Administration, which were federal programs; and therefore we believe the federal government and its regulators have a duty to insure that race is included in CRA evaluation.

Furthermore, it would be of even greater value if the CRA explicitly promoted opportunity-based activities that affirmatively furthered fair housing and promoted regional equity and access to opportunity. This should include incentivizing grants and investments that would promote affirmatively marketed low income housing for predominantly white and middle class communities, small business investments in communities of color and support of financial services that reduce the income and wealth gaps between white communities and communities of color. This would insure that regulators are complying with the Fair Housing Act by affirming fair housing rather than investing in projects that may perpetuate segregation and concentrations of poverty in low income neighborhoods.

Thus, CAFHA urges both legislative and regulatory action to the extent possible to secure the inclusion of race in the modernization of the Community Reinvestment Act.