

Proposal: 1723 (AF94) Reg BB - Community Reinvestment Act

Description:

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From: Catalyst Miami, Camilo Mejia

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Subject: R-1723 Community Reinvestment Act

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Comments:

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Your comment:To Whom it May Concern:

In these times of hardship, when historic and systemic inequities are being exacerbated by the impact of the COVID-19 pandemic, the Federal Reserve Board (Fed) should strengthen CRA exams to promote recovery and provide economic growth and opportunity among the most vulnerable members of our communities. The Fed should make banks engage in genuine conversation with members of the communities they serve and give serious consideration to their advice on the best ways to promote recovery and provide everyone with a fair chance, not merely to get by, but to thrive.

At Catalyst Miami, we offer services and programs to low-wealth, minority community members not only to help them meet their basic needs. We work with them to help them build generational wealth and obtain the skills necessary to be active players in the socio-economic and political life of their communities. We always aim to have a long-lasting effect in the lives of our community members. For instance, we help parents increase the value of their savings when they invest in the future education of their children; we help community members launch worker-owned businesses so they can go from being employees to being owners; we help immigrant community members become US citizens and become politically involved; we also help other community non-profits understand policy and advocacy and teach them to build coalitions so they can increase the impact of their efforts.

Our work is effective because we are in constant communication with our partners and our community base and because we work collaboratively with them. We know that by working with community members to identify the issues that negatively impact them we can find the best ways to address those issues and find real solutions. When we work with our partners in a coalition, we identify our shared values, build a common agenda upon those values, and combine our strengths to pursue our shared goals.

The very diverse population of Miami-Dade County is intertwined with our rich cultural and economic history. It was African-descent people, mostly from the Bahamas, who first made their way to Miami in the late 1900s to work in construction. They were instrumental in building the railroad lines that would connect South Florida to the rest of the country, in turn propelling our agricultural economy, which is of most importance to us even today. People working in the agricultural and service sectors are by and large from Latin America. They started to arrive in large numbers following the Cuban revolution in 1959; since then, many more have left their countries in search of political and economic freedom and have made South Florida their home.

We are very proud to say that those are precisely the community members with whom we work today. Low-wealth African Americans, as well as Latin and Haitian immigrants are a great deal responsible for the social and economic wellbeing of our community, as they grow our food, take care of our children and elderly, build our schools and hospitals, and work at restaurants and hotels. They also bring the richness and diversity of their native languages, their foods, their music, religions and customs. They make Miami and South Florida safe, prosperous and beautiful.

Unfortunately, the very community members who make up the heart and soul of our cities and county, are and have historically been disenfranchised and denied a fair chance to thrive. A recent NCRC report found that they are more susceptible to COVID when compared to their White counterparts. Residents of redlined neighborhoods have the highest levels of health conditions such as asthma, diabetes and kidney disease, and have a life expectancy four years below the average. An estimated 41% of African American businesses have been closed as a result of the economic downturn brought about by the pandemic, and due to a combination of predatory practices and lack of access to resources and information.

The CRA must address the above-mentioned issues by holding banks accountable to ensuring lending is done equitably and provide equal opportunity to low-wealth, minority community members. Moreover, the Fed should retain the five ratings on a state level and on subtests and do everything in its power to encourage banks to be responsive to COVID-19 recovery needs.

We advocate an approach where underserved areas are designated based on low levels of lending that target redlined neighborhoods and communities of color, and ask for the inclusion of performance measures assessing lending, investing, branching and services in those communities. We also ask the Fed to consider explicitly including race on CRA exams.

We appreciate the direction the Fed has embarked upon and would like to encourage more consultation with community members and organizations, so that we may collaborate on new ratings and measures that will help our community members get through the COVID-19 pandemic and come out of it stronger.

Thank you!