

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

Description:

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Subject: R-1723 Community Reinvestment Act

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Comments:

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Your comment:We appreciate the opportunity to comment on the Federal Reserve's Advance Notice of Proposed Rulemaking (ANPR), which includes a number of positive reforms. We support the Opportunity Finance Network's belief, however, that additional changes must be made to further strengthen the ability of the CRA to address long-term systemic challenges, specifically in the areas of a joint regulatory framework and more explicit focus on lending within communities of color.

First, we strongly advocate for one joint regulatory framework for CRA enforcement. If there are multiple regulatory frameworks available for banks, this can be confusing and may encourage banks to adhere to the regulations that benefit them the most. This may also limit the impact of the Federal Reserve's efforts to drive greater investment into marginalized communities.

Second, we believe it is crucial that these reforms must include explicit references to driving investment, lending, and services to communities of color in addition to a focus on LMI communities.

These are not interchangeable goals; communities of color of all income levels, including middle and upper class communities, continue to experience disparities in access to lending, investment, and other types of capital necessary for community growth.

In our work as both a CDFI (through our subsidiary, Dayton Region New Market Fund) and community and economic development institution in Dayton, OH, we see firsthand the ongoing impacts of discriminatory lending in Black communities, including in middle-income neighborhoods. A recent study from the Center for Investigative Reporting demonstrated that Black residents in the Dayton area were twice as likely to get turned down for a mortgage loan than white residents, even when controlling for factors such as education, age, and income. The lack of access to credit in Black neighborhoods makes it challenging to keep up homes, maintain high levels of homeownership, and build generational wealth. It is crucial that CRA reforms include mechanisms to drive investment into communities of color and begin to address the impacts decades of discriminatory lending and redlining practices.

We believe this ANPR is a good step in the direction of equitable and useful CRA policy reform, but urge the Federal Reserve to take additional steps to strengthen these reforms even more.