

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

Description:

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From: S J Adams Consulting, Stella J. Adams

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Subject: R-1723 Community Reinvestment Act

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Comments:

NONCONFIDENTIAL // EXTERNAL

To Whom it May Concern:

My name is Stella J. Adams, Owner and CEO of S J Adams Consulting, a Black Woman-Owned Business Enterprise surviving since 2007.

I strongly encourage The Federal Reserve Board (Fed) to strengthen CRA exams in order to promote recovery from the disparate effects of the COVID-19 pandemic on BIPOC (Black, Indigenous and People of Color) communities. The Fed has described approaches in its Advance Notice of Proposed Rulemaking (ANPR) on CRA that will make CRA exams more objective but I caution the Fed not to mistake objectivity with color blindness. Given our country's long history of social and economic inequities experienced by BIPOC communities it is critically important for the Fed to take this opportunity to affirmatively take steps to dismantle structural racism by explicitly including race in its examination of CRA performance. Atlanta Fed president Raphael Bostic has pointed out that evidence exists that policies designed with race explicitly in mind can make a significant impact.

NCRC recently released a report finding a strong relationship between redlining and susceptibility to COVID. Redlined neighborhoods have the highest levels of health conditions such as asthma, diabetes and kidney disease, which make residents more susceptible to COVID-19. Life expectancy is almost four years lower in the redlined communities.

Since the start of the pandemic, about 41% of African American businesses have been closed compared to just 17% of White-owned small businesses. Discrimination in lending contributes to these differences in survival rates. A NCRC investigation found that African Americans applying for Paycheck Protection Program (PPP) loans for their small businesses during the pandemic were likely to receive less information than Whites.

CRA must be strengthened in order to combat discrimination. The Fed must improve its use of data, to identify, assess and encourage financial institutions address racial inequities. The Fed must make available to the public enhanced disaggregated data to help BIPOC and LMI communities to help identify community access to lending, services and investments that help address community needs. The Fed asks whether underserved areas should be designated based on high levels of poverty or low levels of retail lending. NCRC advocated an approach based on low levels of lending which would effectively target redlined neighborhoods and communities of color.

S J Adams Consulting believes that the CRA statute allows for the explicit inclusion of race since the law emphasizes banks meeting credit needs in all communities. CRA exams must include performance measures assessing lending, investing, branching and services to people of color and communities of color. The Fed must also provide CRA consideration for lending and investing in majority minority census tracts outside of assessment areas just as the Fed is considering for Indian reservations and other underserved areas.

In the interest of reaching underserved areas, we strongly support the Fed's proposals to improve data collection including community development financing data, which would better enable stakeholders to determine communities most in need.

S J Adams Consulting supports the Fed's proposals to expand assessment areas, which are geographical areas on CRA exams. In addition to areas around branches, assessment areas must also include areas outside of branches with significant amounts of bank lending or deposit taking.

Finally, S J Adams Consulting applauds the Fed proposal to eliminate distinctions in the rigor of examination among assessment areas that have resulted in banks neglecting smaller cities, rural counties and Native American reservations.

Thank you for your consideration of these comments