

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:Regulation BB: Community Reinvestment Act [R-1723]

Regarding "underserved" populations & cities:

Given the Federal Reserve's community development function is to promote the economic resilience and mobility of low- to moderate-income (LMI) AND underserved individuals and communities, I assert that CRA should incentivize financial institutions to address non-LMI, underserved homebuyers, who are struggling to obtain mortgage loans in devalued neighborhoods suffering from appraisal challenges. While many devalued neighborhoods may include a significant number of low-income households, many of the same neighborhoods include households with ample income, steady employment and favorable credit scores. The adversity faced by middle-class households who invest in marginalized neighborhoods, by choice, could be mitigated when mortgage lenders receive CRA credit for originating favorable loans that stimulate both income and occupational diversity for greater quality of place.

Tracking Bank Deserts with data & metrics:

Marginalized and underserved neighborhoods also confront a lack of retail amenities and basic services. Much like areas without full-service grocery stores may be considered "food deserts", areas with limited bank branches, ATM's or ITM's can be considered "bank deserts." While credit unions often fill a significant void for banking services, credit unions are not subject to CRA requirements. To better understand opportunities for equitable retail banking service provision I propose tracking the ratio of "banks", credit unions and "check cashing" or "pay-day lending" establishments relative to both population and geographic areas such as Zip Code or Census Tract/Block.