

Proposal: 1813 (AG64) Reg H, Q, LL & YY-Regulatory Capital Rule: Amendments to LBOs and Banking Organizations

Description:

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From: S J Adams Consulting, Stella J. Adams

Proposal: 1813 (AG64) Reg H, Q, LL & YY-Regulatory Capital Rule: Amendments to LBOs and Banking Organizations

Subject: R-1813 Regulatory Capital Rule: Amendments Applicable to Large Banking Organizations and to Banking

Comments:

As a longtime housing rights advocate, I am very concerned about the unintended consequences that increased bank capital requirements could have on our communities here in the Tar Heel State. As the Housing Chair of the Durham Committee on the Affairs of Black People, I can attest that this policy does not align with our goals to increase access to low-income and affordable housing, combat housing discrimination and eliminate restrictive housing practices and lending practices. Moving forward with this unnecessary regulation could make it harder for families to buy a home when housing affordability is already at its lowest level since 1984.

Homeownership has been the hallmark of the American dream for decades. However, by mandating higher capital requirements from our nation's regulated lending institutions, we could be cutting millions of first-time homebuyers from the ability to purchase their dream homes. These rules could make banks more selective in who they provide loans to. This could directly harm homebuyers who aren't able to put 20% down, and who are unfairly viewed as risky borrowers in the eyes of the bank. As a result, such regulation could reduce credit availability for first-time, low-income mortgage borrowers and lock them out of the housing market for years.

The impact of these increased capital requirements could especially impact communities of color, who have already struggled to own their first home due to historical and ongoing discriminatory housing policies. A study conducted by the Center for Responsible Lending has already found that it would take Black renter households 14 years to acquire enough funds to afford a 5% down payment for the average home, 5 years longer than their White counterparts. With housing prices recently skyrocketing in just a short period of time, these years can be the difference between building generational wealth and remaining a renter.

I appreciate the work that the Biden-Harris administration has done to promote equitable housing policies. Even so, I fear that moving forward with increased capital requirements for banks would undermine the good work our government's leaders have done up to this point. We must re-assess these onerous regulations and ensure we all work together to help all American families, including low-wealth and minority families, achieve homeownership.

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