Community reinvestment conference advocates for equitable and local solutions

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More than 550 activists, fair housing professionals, community practitioners and policymakers from across the country met in Washington, DC from April 18th to April 21st to participate in the National Community Reinvestment Coalition's 22nd annual Conference. Titled "Not *Just* an Economy, A Just Economy," the conference focused on two primary goals: 1) working to develop and highlight local solutions to economic concerns faced by homeowners in low- and moderate-income communities and 2) building a stronger advocacy network to accomplish these objectives.

Richard Cordray, who earlier this year was named by President Obama in a recess appointment to head the newly created Consumer Financial Protection Bureau (CFPB), kicked off the conference at the welcome luncheon on Thursday afternoon. Addressing a supportive crowd, Cordray could not think of a better way to celebrate April, which is fair housing and lending month, then to be speaking at this conference. "The income inequality gap only grows wider…some say [the Community Reinvestment Act (CRA)] is responsible for this…we disagree…and we know you do too!"

Although only have serving as head of the newly created agency for a few months, Cordray highlighted the numerous efforts already underway at the CFPB, including announcing that the agency would be issuing a compliance bulletin that day, reaffirming the Bureau's commitment to the disparate impact doctrine. The doctrine holds that certain business practices can be found discriminatory and illegal if they are found to have an "adverse impact" on a minority group. "We are giving fair notice on fair lending," he exclaimed, while also noting that non-bank entities would *not* be exempt from this standard.

Later in the afternoon, a panel of five CFPB Division heads discussed their individual department initiatives and addressed questions regarding the Bureau's priorities. Hubert (Skip) Humphrey, who heads the Office for Older Americans, explained how his office has planned a multi-pronged approach to ensuring seniors are not subjected to "unfair and abusive practices." He noted that "seniors have $13 trillion in assets," and, sadly, financial mistreatment by family members is the most common form of mistreatment.

Zixta Martinez, Assistant Director for Community Affairs, explained how the mission of her office is to ensure that the CFPB incorporates a wide range of diverse perspectives from across the non-profit sector. Everything they do, she explained to the crowd, should have the "the benefit of your expertise" and that this perspective "touches the entire geography of the U.S." with a special effort to reach out to underserved communities.

Also on the panel, Peggy Twohig, Assistant Director for Nonbank Supervision*,* stated that it is necessary through ongoing oversight to ensure that there is compliance “before the fire is raging.” The focus has to be more than just “going back in” to get as much “money back for the victims” as possible.

Completing the panel was Patrice Ficklin, Assistant Director for Fair Lending, who explained that the announcement Cordray had made earlier regarding the disparate impact doctrine was not exactly new news but a reaffirmation of the CFPB’s commitment to “fair, equitable, non-discriminatory access to credit…We take that definition as the mission for our office.”

Another theme at this year’s conference was how activists and policy makers could ensure that local communities benefited from certain “business as usual” bank activities that often have negative impacts or that have not been seen as opportunities previously, such as mergers and acquisitions and acting as a depository for city money. In a Thursday afternoon workshop, moderator Mitria Wilson, Director of Legislative & Policy Advocacy for NCRC, and panelist Matthew Lee, Executive Director of Inner City Press, discussed NCRC’s recent campaign to halt the acquisition of ING Direct Bank by Capital One and how this process can be used to compel banks to increase their commitment to community lending and investments.

Although ultimately unsuccessful in preventing this acquisition, the campaign did compel Capital One to agree to significant “public benefit” requirements. As Wilson explained, historically, the only item a bank had to offer to demonstrate that they were fulfilling the “public benefit” component of the Sherman Anti-Trust law, which prohibits mergers that reduce anti-competitiveness in the market, was to suggest they would be increasing ATMs in the community. Instead, as a result of this very public campaign, Capital One has made a $180 billion commitment toward community lending and investments over a ten-year period. What should be the take away of this, explains Lee, is that advocacy groups should “fight every merger,” and that for all intents and purposes, “Look at the [Federal Reserve Board] as the Supreme Court of the CRA.”

Following this workshop, another Thursday panel discussed a growing trend toward using local banking ordinances as one more way to increase community lending and investment. Moderator Alan Fisher, Executive Director of the California Reinvestment Coalition, notes, that it “makes sense for a city to decide about its money based on what benefits its community.”

Also on the panel, speaker Rose Zitello, Manager of Bank Relations at the City of Cleveland Department of Community Development, noted that Cleveland, Ohio’s ordinance was adopted in 1991 and that “last year when banks were closing more branches than in 15 years, we were happy to find out that the number of branches among our depository banks has remained stable. In addition, six branches were open in underserved communities.” Cleveland was one of the first cities to pass such a measure. Today, Zitello remarked, local bank ordinances are “getting to be a popular issue.”

In fact, Bethany Davidson, Deputy Director of Pittsburgh Community Reinvestment Group, spoke about her organization's two-year effort to get a local ordinance passed in Pittsburgh, Pennsylvania. Just a day before the conference began, the city council unanimously voted in favor of such an ordinance. David Hanzel, Deputy Director of the Association for Neighborhood and Housing Development, also explained his organization's work on this issue in New York City and how they are cautiously optimistic about a vote scheduled for the end of this month. He argued that this bill is necessary as "eleven of the city's 25 largest banks were acquired and merged with other banks," resulting in a $38 billion increase in deposits into those banks but a $4.4 billion decrease in investment in local communities.

Philadelphia Councilman W. Wilson Goode, Jr. also spoke about his city's successful effort to pass such an ordinance. He recalled how during the process, Wachovia essentially told them," [you] don't want to mess with the biggest bank in town because they had the largest aggregate [community] lending even though [they didn't have it] percentage-wise. And we said we do."

Friday morning opened with U.S. Department of Housing and Urban Development (HUD) Secretary Shaun Donovan's keynote speech. Donovan remarked, "I really want to begin my saying thank you to every one of you. The real reason I believe is because I know you all can make change…We can all agree that [the housing] crisis is not behind us. But we have to step back and realize the progress we have made."

He also called on the audience to help ensure that the settlement with the five largest banks actually reaches those who need and deserve it. Already, $2.6 billion has been distributed to state attorney generals. Donovan noted, "That money has been cut. It's already there… But we have some attorney generals, some governors saying we have to fill budget holes." Continuing, he urged, "This is money that is restitution for a grave harm done for families…we need all of you to make that case on the ground" to make sure that the money is used as effectively as possible.

During Friday's lunch plenary, John Taylor, President & CEO of NCRC, moderated a panel of six that discussed prospects for strengthening the housing market. Although, as panelist Mark Calabria from the Cato Institute noted, that between the panelists there is "significant disagreement over the diagnosis of the housing crisis," all of them agreed that homeownership should be a central policy goal. Franklin Raines, former CEO of Fannie Mae, explains historically there was "never a debate about homeownership in this country" until recently. Homeownership is still "the central source of wealth for the average American." Marc Morial, President & CEO of the National Urban League, continued, "It strikes me absolutely wrong that homeownership is not essential to the future of the American dream."

For more information on the National Community Reinvestment Coalition, see: www.ncrc.org