

Community Reinvestment Act Joint Public Hearing, August 12, 2010
Individual Presentations: Gail Schechter

[Applause]

Gail Schechter:

Hi. My name is Gail Schechter. I'm the Executive Director of the Interfaith Housing Center of the Northern Suburbs which is based in Winnetka, Illinois. We were founded in 1972 with roots dating back to the Civil Rights Movement, and we're the Chicago areas only grassroots and faith based fair in affordable housing advocacy organization. We're a qualified fair housing enforcement agency and we're also a HUD certified housing counseling agency.

Regulators are correct to review and update current regulations, which are based on a two-primed problem that gave birth to the CRA. The lack of access to capital in low income areas which is, you know, the answer to redlining. And then the second is addressing fair lending. But the answer to today's neighborhoods have boarded up abandoned homes is not identical to the answer following the devastation of neighborhoods often the same ones following the race riots in the late '60s. Although an obvious response is financial investment, a Marshall Plan of sorts to rebuild neighborhood economies and family wealth, in 2010 this is overlaid by a more sobering reality, an extreme divide between the rich and the poor on the part with the 1920s. A recent Brandeis University study finds that between 1984 and 2007 the racial wealth gap between whites and African Americans quadrupled to over \$75,000 and note that 2007 is before the current recession.

In short, public policies that address poverty and race today where they are place-based such as the CRA must not only "do no harm" in terms of not exacerbating blight and disinvestment but must act in sync with other policy priorities designed to whittle away at the income gap both by neighborhood and by racial group. Otherwise turning around these neighborhoods to programs like HUD's Neighborhood Stabilization Program can have the unintended consequence of further entrenching racial segregation. Predatory lending thrived on the guys of fair lending and community reinvestment, although largely unregulated to maintain the look of that easy target neighborhood, a recipe that involves making the de facto low income homes de jure affordable could result in a ghetto.

So Interfaith argues that the CRA coupled with strong enforcement of affirmatively further in fair housing laws should require quid pro quo. If you're gonna do development or invest in development in low income neighborhoods maybe you do not a hundred homes all segregated in the low income neighborhoods. Maybe you do 75 homes, do 60 in the low income neighborhoods and another 15 in the higher income white areas so that you further would fair housing goals. So the extent to which community development loans to these neighborhoods are directly matching some formula to affordable housing stable neighborhoods and must be considered.

In short, the CRA today has to be about interconnection and mutuality not about a surgical approach to community development. Thank you.