

CRA AT FORTY

Introduction

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During the 1950s, the term *inner city* became synonymous with poverty in America – a convenient euphemism for the run-down, older neighborhoods being left behind in the race toward suburban glory. By the early 1960s, it was clear that much more had been left behind than physical places. Entire communities of urban residents had become systematically cut off from goods and services, government support, adequate education, jobs and even homeownership. Crime soared; greater social ills, including riots, came to characterize these neighborhoods. As middle- and working-class families fled en masse over the following decades, the poor and elderly were left to inherit the inner city slums.

With myriad social and economic factors at play, large-scale discrimination was a key contributor to the undoing of American inner cities. Discriminatory lending practices by many banks essentially barred lower-income individuals, the majority African American, from purchasing a home. Public policies that shifted government investment from urban development into suburban development and U.S. Interstate construction demolished low-income neighborhoods and isolated displaced residents.

But not all was lost. The poor, inadequate conditions of one inner city school on the West Side of Chicago eventually spurred Gale Cincotta, a concerned mother, to take action and ignite a movement that would be the beginning of the end of these discriminatory practices and policies.

In the early 1960s, Gale joined the PTA at her sons' school and began pushing for improved conditions not only there, but also in schools throughout the city. By the mid-1960s, she had expanded her activism to push for fairer financial practices among landlords. Armed with a brazen style and deep passion for her community, Cincotta's efforts sparked a string of events that would become one of the greatest grassroots movements in modern American history, culminating in the passage of the Home Mortgage Disclosure Act (HMDA) in 1975 and the Community Reinvestment Act (CRA) in 1977.¹ For banks, the combined impact of these two federal laws meant that they now

¹ Michael Westgate and Ann Vick-Westgate, Gale Force—Gale Cincotta: The Battles for Disclosure and Community Reinvestment, March 2011, available at <https://www.amazon.com/Gale-Force-Gale-Cincotta-Disclosure-Reinvestment/dp/0615449018>

had to meet the credit needs of individuals throughout their entire market areas and could no longer target only the wealthier neighborhoods.

Today, the CRA continues to be an important tool for combatting the poverty and other social ills that emerged in the 50s and 60s. With several amendments over the years and the rise of an entire *community development* industry, the story of CRA and its impact on America's inner cities is still unfolding. Banks are now obligated to not only offer loans, but also investments and services within low-income communities in their markets. A vast array of different types of nonprofit organizations also play a crucial role in helping to meet community needs, from job training and financial literacy to affordable housing financing and homeless shelters.

As the “Mother of CRA,” Gale Cincotta would be proud of the progress we’ve made. A recent study revealed that over a 15 year period, lenders committed almost \$4.5 trillion in CRA loans², and the annual dollar amount of community development loans is rising. Between 1996 and 2014, total community development loans from banks more than quadrupled, from \$17.7 billion to \$74.6 billion, respectively.³ Some of America’s bleakest, most forsaken communities have been transformed and revitalized. Yet the underlying forces of poverty remain intact. While many of the historical problems that the CRA sought to remedy, such as discriminatory lending (or “redlining”) and government divestment in urban areas, have been and continue to be addressed, many of the core social issues at the root of the problems, including institutionalized discrimination, continue to evolve and threaten our most vulnerable populations and places.

If 40 years of CRA has taught us one thing, it’s that community development work is never finished. To be sure, poverty and inequality are some of humanity’s oldest, most complex problems. Each new generation brings a new set of trends and issues that not only change *what* poverty and inequality look like, but also *how* they happen. Naturally, these new patterns challenge us to re-affirm our beliefs on what is right and wrong and re-think how we go about doing what is right. As we forge ever-further into an era of rapid change, it’s time to address this challenge head-on, to create a brighter future for all of America’s communities.

Our ability to shape this future rests on two things: understanding where we are, and communicating the vision for where we want to be. We need to start by going beyond the current headlines, policies and data, and get to the heart and soul of the work. This book tells the stories of community development, from the perspective of those working in our communities, who, like Gale Cincotta, bring their knowledge and passion to bear every day in confronting the most critical problems facing communities in need. While many of the other works on this subject focus on policy and academic research, this is a book about real-world experiences told in plain language, by those who live them. As we pause to reflect on the 40th anniversary of CRA’s enactment, their stories and insights provide a lens for us to see CRA at work, ideas for its future and most importantly, what it means in people’s lives.

This book is divided into two sections: “Where We Are” and “Where We’re Going.” Each section features essays from a wide range of professionals, including bankers, consultants, developers, entrepreneurs, nonprofit professionals and policymakers. Their essays incorporate personal stories, observations, facts, statistics, insights and

2 National Community Reinvestment Coalition, “CRA Commitments,” September 2007, available at <https://docs.google.com/viewerng/viewer?url=http://community-wealth.org/sites/clone.community-wealth.org/files/downloads/report-silver-brown.pdf>

3 National Community Reinvestment Coalition, “The Community Reinvestment Act: Vital for Neighborhoods, the Country, and the Economy,” June 2016, available at http://www.ncrc.org/images/ncrc_cra_affirmation_final.pdf

opinions. Individually, each essay provides a snapshot of a particular issue or strategy; collectively, they tell the story of where CRA is today and where it's going into the future.

The first section dives into the current landscape of community development, highlighting the core issues that CRA seeks to address and the impact and challenges of today's most common strategies and practices. From stories of a child's first encounter with poverty to critical assessments of our current practices and regulations, these essays offer an honest, unflinching assessment of where CRA work stands, and what it will need in order to move into the future. The second half of the book includes essays which look toward that future and put the spotlight on emerging social issues as well as ideas to modernize aspects of the CRA itself and meet community needs through innovative solutions. Collectively, the essays in this section – on topics ranging from the future of affordable housing to flexible credit practices to new, technology-driven modes of giving – make the case for broadening the reach of CRA activities, in terms of what qualifies, who must comply and how much support is provided. They also make the case for a more progressive approach to community development – one that incorporates manufactured housing, overall community health, technology and improved collaboration among all community stakeholders.

Over the past 40 years, the number of Americans living in poverty has increased by nearly 18 million people.⁴ Poverty is very much a moving target, and it may seem that even with our best efforts, addressing community needs can be difficult. By reflecting on the stories in this collection, we can shift our focus to the problems and solutions that matter. Doing so not only empowers us to envision the future we want to create, but also share it with those who can make it happen.

This book is dedicated to all those who are affected by poverty and the community development professionals working to meet their needs. I'd like to thank them for having the courage and perseverance to make America a better place to live and work. I want to especially thank all the contributors to this collection, whose stories create an invaluable resource for understanding where CRA stands today and how we can use it to create a better future.

ABOUT THE AUTHOR

BEN LOEHLE is the Chief Executive Officer and Co-Founder of findCRA, where he leads the direction and execution of findCRA's vision, primarily through product design and development, as well as strategic partnerships and investments. He also works alongside the findCRA leadership team in managing daily operations and ensuring that users and clients receive the tools and support they need to meet their community development goals. Drawing on a diverse background in banking compliance, legal research and customer development, as well as a passion for innovation, Ben is instrumental in finding new ways to support the efforts of banks and nonprofits as they partner together to improve communities. Ben holds a Bachelor's of Science degree in Economics from the University of Kentucky, as well as a background in law through his studies at Nova Southeastern University's Shepard Broad Law School.

⁴ Bernadette D. Proctor, Jessica L. Semega and Melissa A. Kollar, "Income and Poverty in the United States: 2015," United States Census Bureau, U.S. Department of Commerce Economics and Statistics Administration, September 2016, available at <https://www.census.gov/content/dam/Census/library/publications/2016/demo/p60-256.pdf>

ABOUT THE BOOK

This article first appeared in **CRA at 40: Views on the Present and Future of Community Reinvestment**, published by findCRA in November 2017. The book was created in celebration of the 40th anniversary of the Community Reinvestment Act. It tells the stories of community development, from the perspective of those working in our communities who bring their knowledge and passion to bear every day in confronting the most critical problems facing communities in need. The book is about real-world experiences told in plain language by those who live them to provide a lens for readers to see CRA at work, ideas for its future and most importantly, what it means in people's lives. To access the full text or order copies of the book, please visit www.findCRA.com/CRAat40.