

Insights on Community Reinvestment Act Reform

Panel Sponsored by FHLB Atlanta (Silver Sponsor)



June 2019

Insights on Community Reinvestment Act Reform

Laurie Goodman
Co-Director
Housing Finance Policy Center
Urban Institute

2019 CDBA Peer Review Forum
Washington DC
June 4, 2019

CRA Lending by Banks; Components and Order of Magnitude

Lending Type	Total Number of loans	\$ Value of Loans (in billions)	Share that counts towards CRA (# of Loans)	Amount that counts toward CRA (# of loans)	Share that counts toward CRA (\$ volume)	Amount that Counts toward CRA (\$ volume in billions)	Avg. Loan Size
Single-Family	3,490,000	\$914	20.7%	723,822	11.9%	\$108	\$261,891
Multi-Family	34,656	\$114	37.4%	12,971	29.3%	\$33	\$3,289,474
Small Business	7,476,495	\$256	37.0%	2,762,600	67.1%	\$172	\$34,303
Small Farm	177,949	\$13	60.8%	108,255	77.7%	\$10	\$75,375
Community Development	26,397	\$96	Close to 100%	26,397	Close to 100%	\$96	\$3,649,258

Source: Urban Institute calculations from 2016 HMDA and 2016 Federal Financial Institutions Examination Council Community Reinvestment Act disclosure reports.

Top 10 Lending Banks for Small Business Lending

Bank	Loans	\$ Value of Loans (in billions)	LMI share (# of loans)	LMI share (\$ volume)	Share in AA (# of loans)	Share in AA (\$ volume)	Average loan size
Wells Fargo	437,000	\$21.17	20.7%	22.7%	93.8%	93.0%	\$48,407
Citi	1.54 million	\$19.84	15.6%	12.6%	40.5%	41.2%	\$12,878
American Express	1.39 million	\$17.14	19.8%	20.8%	0.6%	0.7%	\$12,310
JPMorgan Chase	654,000	\$14.03	18.9%	22.7%	5.8%	48.4%	\$21,447
Bank of America	490,000	\$12.71	23.8%	24.6%	90.9%	93.3%	\$25,920
PNC	127,000	\$8.46	24.4%	23.8%	97.3%	96.7%	\$66,592
U.S. Bank	360,000	\$7.23	21.4%	23.6%	64.6%	79.8%	\$20,040
BB&T	96,000	\$6.12	21.7%	23.3%	79.6%	93.9%	\$63,677
Capital One	500,000	\$5.36	23.1%	21.2%	2.6%	24.3%	\$10,709
Lake Forest Bank and Trust	201,000	\$3.99	28.1%	27.9%	0.5%	1.7%	\$19,820
Top 10 total	5.80 million	\$116.06	-	-	-	-	\$20,007
Top 10 percent of national	77.6%	45.3%	-	-	-	-	-
National total	7.48 million	\$256.47	20.8%	23.5%	37.0%	67.1%	\$34,303

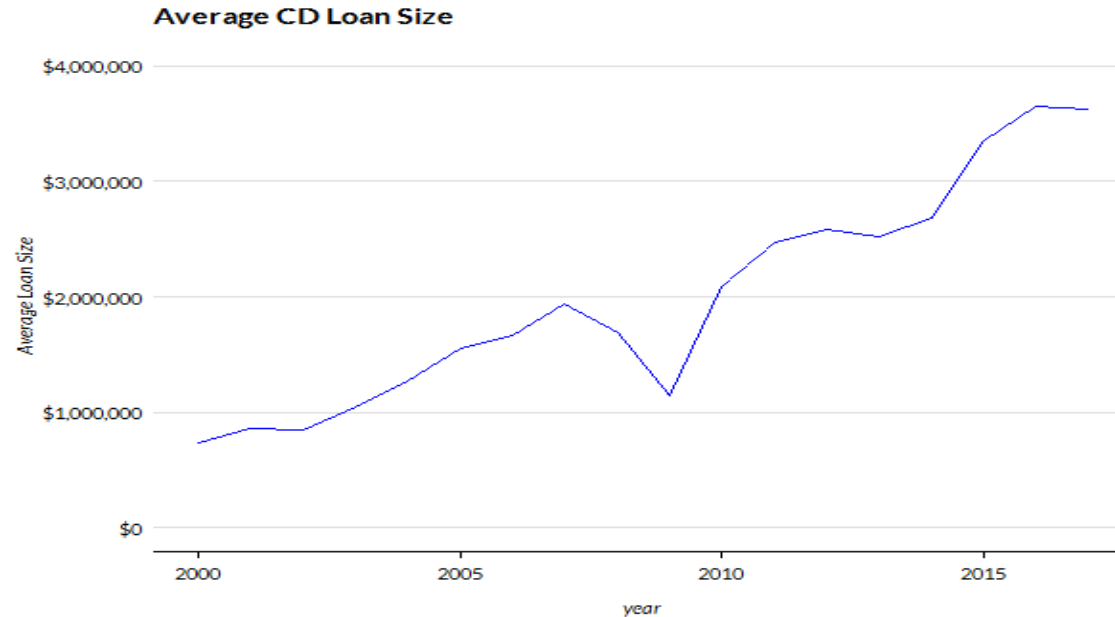
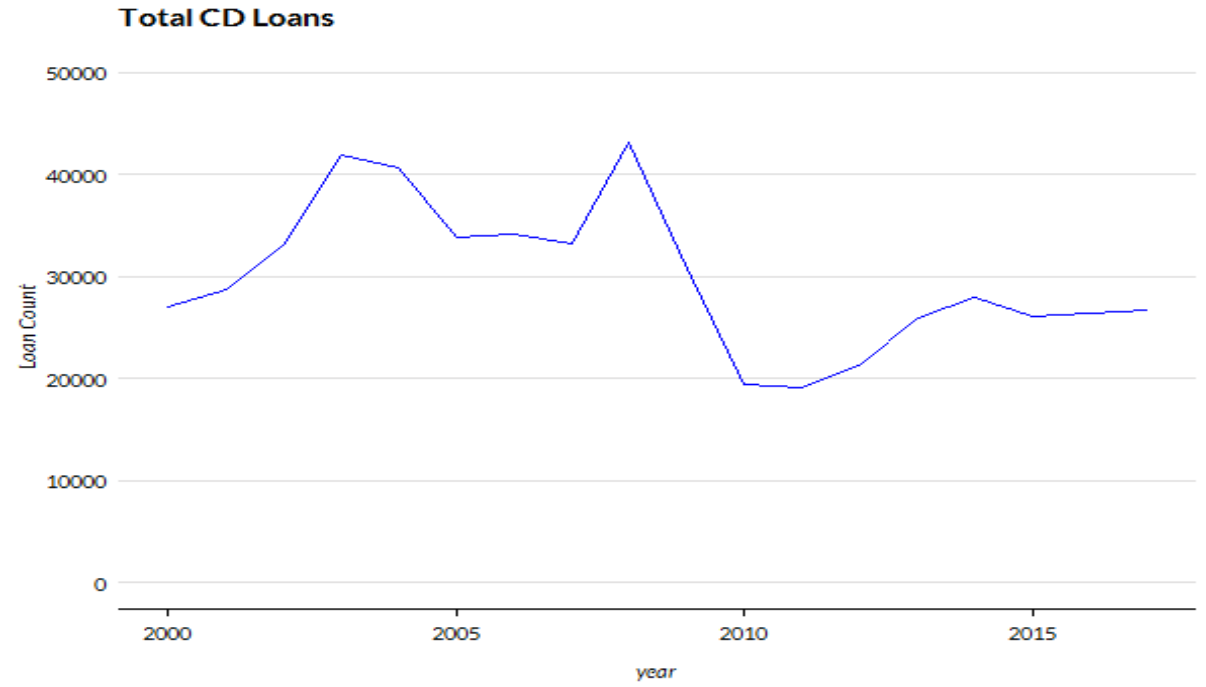
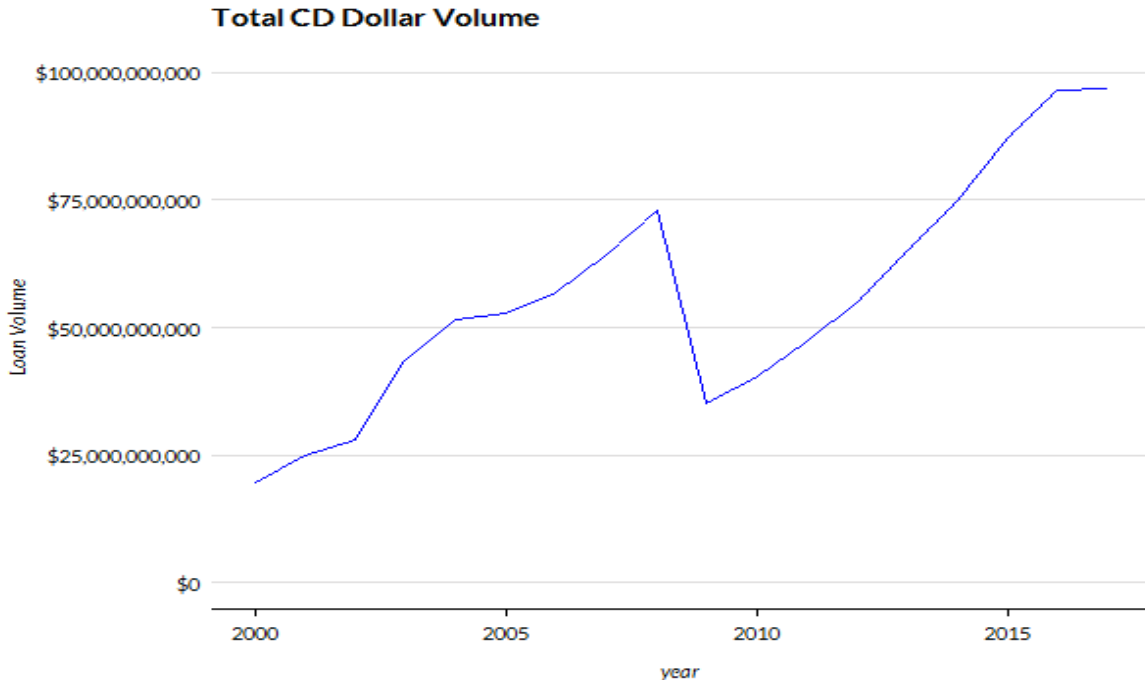
Source: Urban Institute calculations from 2016 Federal Financial Institutions Examination Council Community Reinvestment Act disclosure reports.

Top 10 Lending Banks for Community Development Loans

Bank	Loans	\$ Value of Loans (in billions)	Average loan size (in millions)
Capital One	613	\$7.18	\$11.72
Citi	405	\$5.99	\$14.79
Wells Fargo	957	\$5.42	\$5.67
JPMorgan Chase	1,416	\$5.29	\$3.74
Bank of America	317	\$2.91	\$9.19
New York Community Bank	333	\$2.40	\$7.22
Fifth Third Bank	424	\$2.37	\$5.59
SunTrust Banks	247	\$2.36	\$9.57
BB&T	496	\$2.00	\$4.04
Signature Bank	381	\$1.84	\$4.83
Top 10 total	5,589	\$37.78	\$6.76
Top 10 percent of national	21.2%	39.2%	-
National total	26,397	\$96.33	\$3.65

Source: Urban Institute calculations from 2016 Federal Financial Institutions Examination Council Community Reinvestment Act disclosure reports.

Community Development Lending (2000-2017)



Source: Urban Institute calculations from 2016 Federal Financial Institutions Examination Council Community Reinvestment Act disclosure reports.

LMI Lending for Banks vs. Non-Banks

	Single Family (1-4) Lending			Multifamily Lending		
Overall Lending	National	Bank	Non-Bank	National	Bank	Non-Bank
# of loans	8.34 million	3.49 million	4.85 million	40,106	34,656	5,450
\$ of lending (in billions)	\$2,024	\$ 914	\$1,110	\$157	\$114	\$42
Lending share (by loan count, bank vs non-bank)	-	41.9%	58.1%	-	86.4%	13.6%
Lending share (by \$ volume, bank vs non-bank)	-	45.2%	54.8%	-	72.9%	27.1%
LMI Lending						
LMI lending (by loan count)	2.50 million	984,668	1.51 million	18,306	16,207	2,099
LMI lending (by dollar volume in billions)	\$396	\$145	\$250	\$56.3	\$44.0	\$12.4
LMI share of total lending (by loan count)	30.0%	28.2%	31.2%	45.6%	46.8%	38.5%
LMI share of total lending (by \$ volume)	19.6%	15.9%	22.6%	35.9%	38.4%	29.1%
Lending share (by loan count, bank versus non-bank)	-	39.4%	60.6%	-	88.5%	11.5%
Lending share (by \$ volume, bank versus non-bank)	-	36.7%	63.3%	-	78.1%	21.9%
Loan Size Comparison						
Average loan size	\$243,000	\$262,000	\$229,000	\$3.92 million	\$3.31 million	\$7.80 million
Average LMI loan size	\$159,000	\$148,000	\$166,000	\$3.08 million	\$2.72 million	\$5.89 million

Source: Urban Institute calculations from 2016 Home Mortgage Disclosure Act data.

LMI Single-Family Mortgage Lending, Bank versus Nonbank, by Channel

	National	Bank	Nonbank
Overall lending			
Loans	8.34 million	3.49 million	4.85 million
Lending share (by loan count)	-	41.9%	58.1%
Average loan size	\$243,000	\$262,000	\$229,000
Average LMI loan size	\$159,000	\$148,000	\$166,000
FHA lending			
Lending share	15.9%	7.2%	22.1%
LMI share (by loan count)	42.7%	46.2%	41.8%
LMI share (by dollar volume)	34.8%	37.9%	34.1%
Average loan size	\$196,000	\$180,000	\$200,000
Average LMI loan size	\$160,000	\$163,000	\$148,000
VA lending			
Lending share	9.7%	6.2%	12.2%
LMI share (by loan count)	22.8%	23.4%	21.1%
LMI share (by dollar volume)	17.4%	15.8%	18.0%
Average loan size	\$256,000	\$257,000	\$256,000
Average LMI loan size	\$195,000	\$197,000	\$191,000
Conventional lending			
Lending share	73.1%	85.4%	64.2%
LMI share (by loan count)	27.7%	26.8%	28.5%
LMI share (by dollar volume)	17.0%	14.5%	19.8%
Average loan size	\$253,000	\$271,000	\$236,000
Average LMI loan size	\$156,000	\$164,000	\$146,000

Single-Family & Multi-family Lending: Inside and Outside Assessment Areas

	Single family, all banks	Multifamily, all banks
Total lending		
Loan count	1.91 million	20,290
\$ of lending	\$570 billion	\$81.9 billion
CRA share (by loan count)	19.5%	38.1%
CRA share (by dollar volume)	10.4%	29.0%
LMI share (by loan count)	26.5%	47.6%
LMI share (by dollar volume)	13.9%	38.2%
Average loan size	\$298,000	\$4.04 million
Average LMI loan size	\$157,000	\$3.24 million
Average CRA loan size	\$160,000	\$3.07 million
Inside assessment areas		
Loan count	1.38 million	15,833
\$ of lending	\$429 billion	\$59.3 billion
CRA share (by loan count)	27.0%	48.8%
CRA share (by dollar volume)	13.9%	40.1%
Average loan size	\$311,000	\$3.74 million
Share inside assessment areas (\$ value, LMI loans)	74.70%	75.80%
Share inside assessment areas (loan count, LMI loans)	73.50%	80.00%
Average CRA loan size	\$160,000	\$3.07 million
Outside assessment areas		
Loan count	532,000	4,457
\$ of lending	\$141 billion	\$22.7 billion
LMI share (by loan count)	25.15%	43.4%
LMI share (by dollar volume)	14.2%	33.4%
Average loan size	\$265,000	\$5.08 million
Average LMI loan size	\$150,000	\$3.91 million

Single Family and Multifamily Lending inside and outside Assessment Areas, by Bank Size

Single Family	Large banks	Medium-large banks	Medium-small banks	Small banks
Inside assessment areas				
CRA share (by loan count)	25.8%	29.5%	29.6%	31.7%
CRA share (by dollar volume)	12.7%	15.5%	19.4%	19.5%
Share inside assessment areas	83.3%	52.8%	54.7	62.1%
Average loan size	\$339,000	\$287,000	\$224,000	\$205,000
Average CRA loan size	\$167,000	\$151,000	\$150,000	\$126,000
Outside assessment areas				
LMI share (by loan count)	26.8%	20.0%	27.9%	28.3%
LMI share (by dollar volume)	13.8%	11.6%	18.0%	17.8%
Average loan size	\$253,000	\$316,000	\$232,000	\$234,000
Average LMI loan size	\$130,000	\$183,000	\$150,000	\$147,000
Multi Family				
Inside assessment areas				
CRA share (by loan count)	48.2%	50.9%	51.8%	45.9%
CRA share (by dollar volume)	39.0%	42.1%	47.6%	35.2%
Share inside assessment areas	92.1%	72.9%	54.8%	58.9%
Average loan size (millions)	\$4.23	\$3.88	\$2.62	\$1.89
Average CRA loan size (millions)	\$3.43	\$3.20	\$2.41	\$1.45
Outside assessment areas				
LMI share (by loan count)	42.1%	41.4%	50.0%	36.5%
LMI share (by dollar volume)	32.6%	30.0%	40.2%	34.0%
Average loan size (millions)	\$10.67	\$7.78	\$2.63	\$2.22
Average LMI loan size (millions)	\$8.26	\$5.65	\$2.12	\$2.07

Singe-Family Lender Concentration at the MSA Level (Loan Count), Top 20 MSAs by Population

MSA	Lender (*lender subject to CRA)	Mkt. Shr	LMI Mkt. Shr	Shr. T5	LMI Shr. T5	Shr. T10	LMI Shr. T10
Atlanta	Quicken Loans	6.9%	7.8%	22.2%	22.3%	33.0%	32.8%
Baltimore	Wells Fargo*	6.3%	5.2%	20.2%	19.7%	30.2%	29.4%
Boston	loanDepot.com	4.7%	4.0%	20.1%	18.4%	31.8%	30.7%
Chicago	Guaranteed Rate	8.0%	6.1%	25.5%	20.5%	36.4%	30.0%
Dallas	Wells Fargo*	5.0%	4.8%	18.9%	18.9%	28.7%	27.9%
Denver	Wells Fargo*	4.8%	4.1%	18.3%	19.7%	30.7%	31.8%
Detroit	Quicken Loans	14.6%	15.2%	29.0%	28.7%	40.0%	38.5%
Houston	Quicken Loans	6.0%	6.4%	20.6%	19.7%	30.7%	29.5%
Los Angeles	Wells Fargo*	7.0%	5.4%	24.7%	20.3%	38.0%	34.5%
Miami	Quicken Loans	6.7%	6.5%	24.5%	25.6%	37.0%	37.7%
Minneapolis	Wells Fargo*	10.6%	9.1%	30.6%	29.7%	40.6%	39.4%
New York	Wells Fargo*	9.5%	7.1%	28.2%	22.8%	37.7%	32.2%
Philadelphia	Wells Fargo*	7.5%	6.2%	21.5%	18.8%	30.6%	28.2%
Phoenix	Quicken Loans	5.3%	5.7%	20.9%	21.3%	33.7%	36.3%
Riverside	Wells Fargo*	5.0%	5.6%	19.4%	18.5%	32.0%	31.0%
San Diego	Wells Fargo*	6.1%	4.8%	20.9%	19.1%	34.1%	31.8%
San Francisco	Wells Fargo*	10.4%	8.0%	30.7%	26.0%	41.7%	36.6%
Seattle	Wells Fargo*	7.1%	5.7%	26.2%	27.9%	41.2%	43.0%
Tampa	Quicken Loans	6.4%	7.2%	22.0%	23.1%	32.4%	34.1%
Washington, DC	Wells Fargo*	5.7%	4.7%	21.5%	20.2%	31.3%	29.9%

Source: Urban Institute calculations from 2016 Home Mortgage Disclosure Act data.

Multifamily Lender Concentration at the MSA Level (Loan Count), Top 20 MSAs by Population

MSA	Lender	Mkt. Shr	LMI Mkt. Shr	Shr. T5	LMI Shr. T5	Shr. T10	LMI Shr. T10
Atlanta	Walker and Dunlop	11.7%	7.3%	38.8%	35.8%	56.7%	54.3%
Baltimore	Capital One*	13.4%	23.6%	36.6%	36.1%	53.7%	52.8%
Boston	JPMorgan Chase*	6.6%	4.0%	25.9%	25.1%	38.7%	38.5%
Chicago	JPMorgan Chase*	22.0%	15.8%	36.4%	32.3%	44.8%	41.1%
Dallas	Wells Fargo*	8.2%	9.4%	31.1%	27.3%	46.7%	45.0%
Denver	JPMorgan Chase*	25.7%	20.7%	49.5%	45.3%	61.9%	59.0%
Detroit	Talmer Bank and Trust*	15.3%	19.7%	36.7%	47.9%	52.5%	60.6%
Houston	Berkeley Point Capital	8.9%	8.5%	26.0%	26.9%	40.4%	39.2%
Los Angeles	JPMorgan Chase*	57.9%	54.1%	70.8%	68.4%	78.5%	76.8%
Miami	Banco Popular*	13.6%	15.3%	35.6%	31.6%	47.1%	44.6%
Minneapolis	JPMorgan Chase*	31.5%	32.9%	49.9%	55.8%	61.1%	64.7%
New York	JPMorgan Chase*	21.7%	22.6%	40.5%	38.2%	53.0%	51.0%
Philadelphia	NY Community Bank*	12.3%	5.4%	28.7%	18.2%	42.0%	35.5%
Phoenix	Opus Bank*	11.4%	13.4%	41.9%	40.8%	61.9%	64.7%
Riverside	JPMorgan Chase*	21.0%	18.5%	46.1%	47.3%	61.1%	63.9%
San Diego	JPMorgan Chase*	48.8%	47.6%	69.0%	68.6%	80.7%	79.6%
San Francisco	JPMorgan Chase*	40.8%	37.9%	67.7%	63.4%	78.0%	74.3%
Seattle	JPMorgan Chase*	24.7%	21.7%	50.7%	46.8%	65.8%	62.4%
Tampa	BB&T*	13.7%	4.1%	41.4%	33.8%	56.4%	51.4%
Washington, DC	JPMorgan Chase*	16.6%	17.6%	44.8%	44.7%	61.7%	57.3%

Source: Urban Institute calculations from 2016 Home Mortgage Disclosure Act data.

Stay connected to the Housing Finance Policy Center

- Subscribe to our bi-monthly Newsletter or email blast: Email spardo@urban.org or go to our web page, scroll down and sign-up.
- Download our monthly Housing Finance at-a-glance Chartbooks
- Follow the work of our team on Twitter:
 - @MortgageLaurie: Co-VP Laurie Goodman
 - @MyHomeMatters: Co-VP Alanna McCargo

Check the Housing Finance Policy Center [website](http://www.urban.org/center/hfpc) regularly:
www.urban.org/center/hfpc

The screenshot displays the Housing Finance Policy Center website. At the top right, there is a blue button that says "SUPPORT URBAN INSTITUTE". Below the header is a navigation menu with links for "About", "Staff", "Publications", "Projects", "Events", "Urban Wire Posts", "In the News", and "More".

The main content area features a large line chart titled "Housing Finance at a Glance: March". The chart shows two data series, one in blue and one in yellow, plotted over time. To the right of the chart, the text reads: "Housing Finance at a Glance: March. The most recent edition of At A Glance, the Housing Finance Policy Center's reference guide for mortgage and housing market data." Below the chart are navigation arrows: "< • • >".

Below the chart is a section titled "LATEST WORK" which contains three items:

- WORKING PAPER :: HOUSING AND HOUSING FINANCE**: "What Fueled the Financial Crisis?" by Laurie Goodman, Jun Zhu, dated April 4, 2018. The image shows a suburban residential street.
- URBAN WIRE POST :: HOUSING AND HOUSING FINANCE**: "Where can renters afford to buy homes?" by Laurie Goodman, Jun Zhu, dated March 20, 2018. The image shows a person walking through a doorway.
- RESEARCH REPORT :: HOUSING AND HOUSING FINANCE**: "Housing Affordability: Local and National Perspectives" by Laurie Goodman, Wei Li, Jun Zhu, dated March 20, 2018. The image shows a modern house with a lawn.

NHC CRA Update

David M. Dworkin
President and CEO





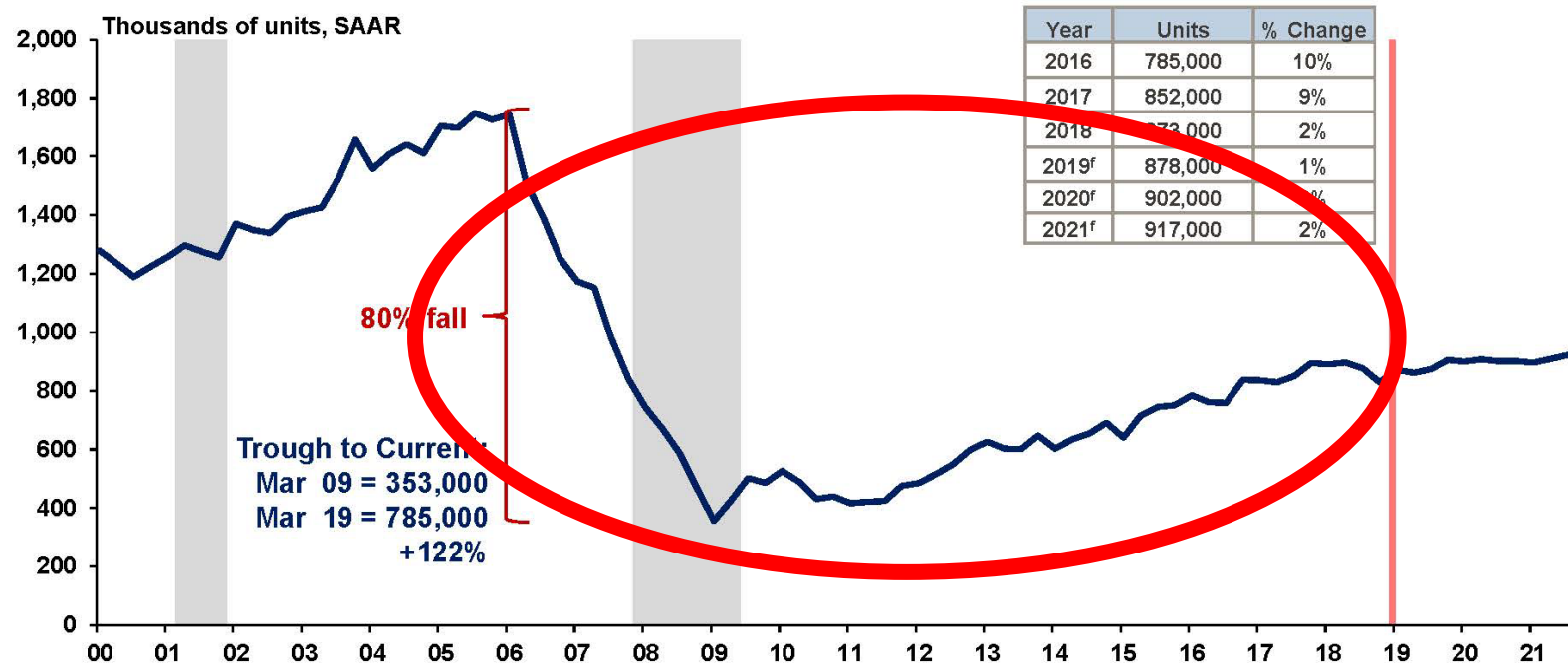
NATIONAL HOUSING CONFERENCE

- NHC has been defending the American Home since 1931
- We are the oldest and broadest housing coalition in the U.S.
- We have advocated for every major housing act since the inclusion of low-income housing in the National Industrial Recovery Act of 1933 – the first infrastructure bill.
- We believe *everyone* in America should have equal opportunity to live in a quality, affordable home in a thriving community. This is not the case today.



Housing Affordability

- This is most significantly, a supply driven crisis.
- We have never fully recovered our home building capacity.



Source: U.S. Census Bureau (BOC) and NAHB forecast

Housing Affordability



- We are falling short by over 300,000 units a year.
- The only way to address this shortfall is to build more affordable homes or the crisis will continue to grow. It's simple math.

Housing Supply and Demand for 2018

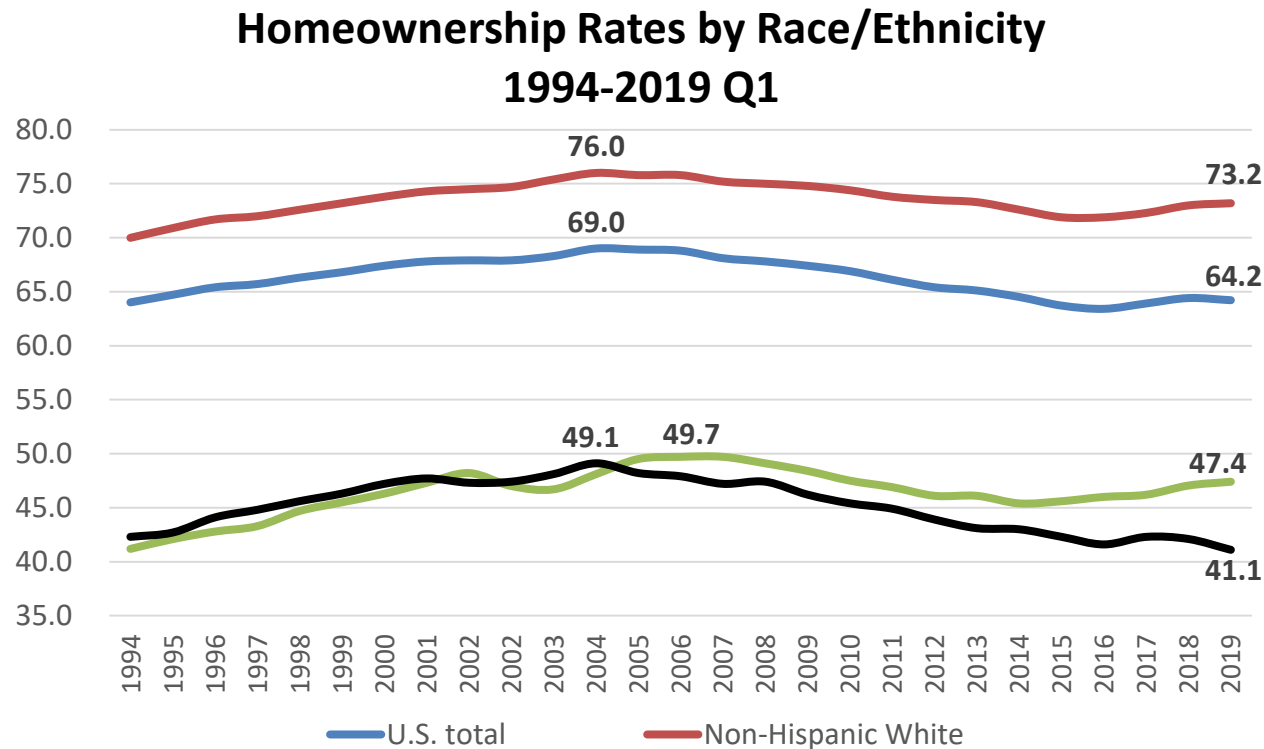
Private SF Completions	843,000
Private MF Completions	339,000
<u>Manufactured Housing</u>	<u>99,000</u>
Gross New Supply	1,281,000
Obsolescence Rate	-426,000
<u>Net New Supply</u>	<u>855,000</u>
<u>Household Formation</u>	<u>1,192,000</u>
Total Annual Shortage	-337,000

Sources: US Census Bureau and Urban Institute estimates

Homeownership



- Homeownership rates fell to record lows for all groups but most have begun to recover.

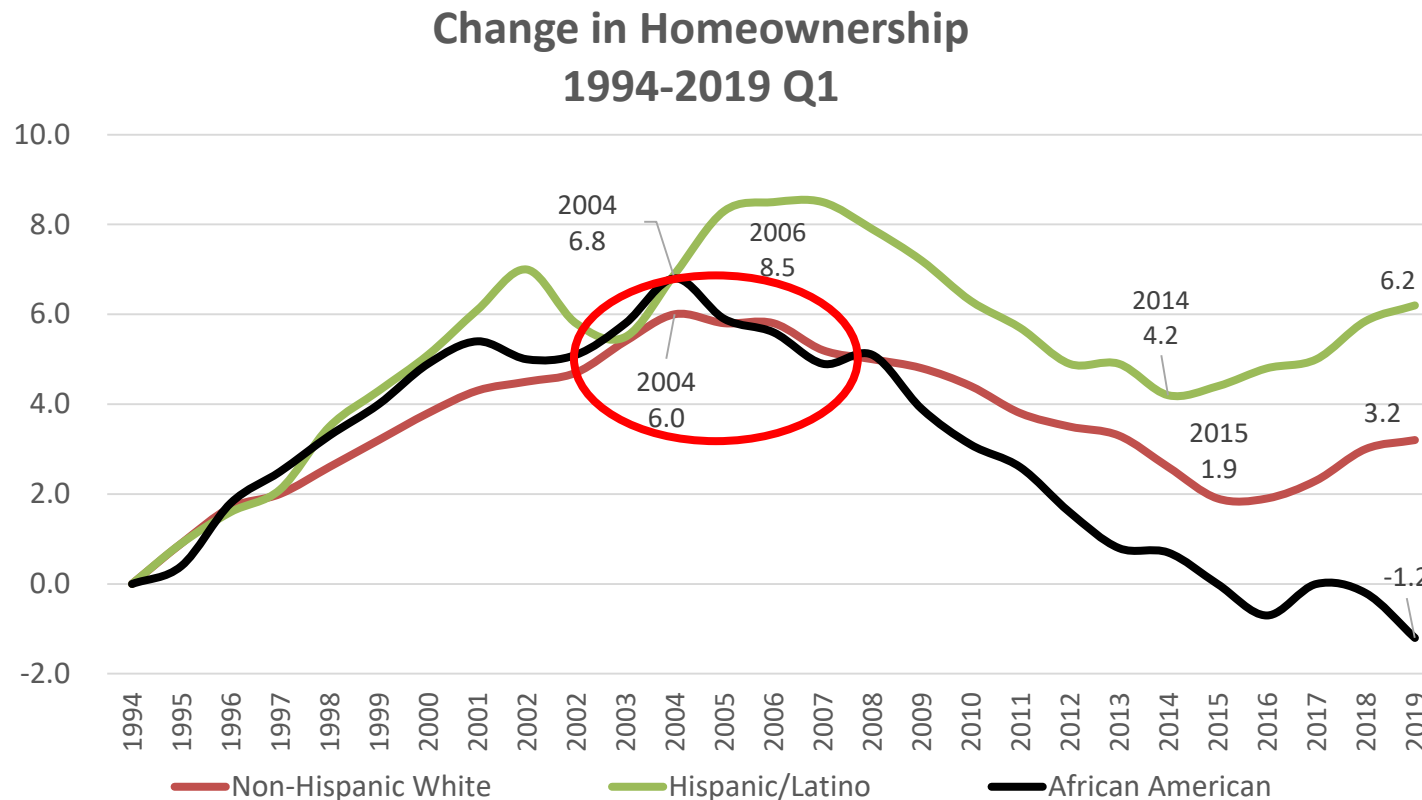


US Census, National Housing Conference

Black Homeownership



- Homeownership rates for Black Americans fell more, recovered less and have continued to decline to levels when segregation was legal.



US Census, National Housing Conference

CRA Modernization



- **Tailor Assessment Areas to align with business models**
“flexible enough to evaluate banks of widely different sizes and business strategies.”
- **Rationalize treatment of CD loans and CD investments**
“separate, comprehensive community development test to evaluate community development loans and qualified investments through a similar lens, possibly along with community development services”
- **Improve Consistency and Predictability**
“One set of rules, consistent interpretive guidance, and regular examiner training to ensure that the CRA is implemented as consistently as possible both within and across the agencies.”
- **Utilize Metrics**
“Improve performance test structure, using improved metrics based on better data.”
- **Community Engagement**
“More effectively incorporate community engagement into the process—for example, by having the banking agencies develop a joint community contacts database to facilitate access to information from local community stakeholders.”



Gov. Brainerd's Term Sheet

CRA Modernization



- We believe significant modernization of the Community Reinvestment Act is needed and achievable with broad bipartisan support, AND
- Any new CRA regulatory regimen must:
 1. Increase investment in communities that are currently underserved;
 2. Benefit more low- and moderate-income (LMI) people, particularly people of color, who live in those communities;
 3. Ensure that CRA lending and investment does not lead to displacement of the very people it is meant to help; and
 4. Make both bank performance and government enforcement more transparent and predictable.



The National Housing Conference

1900 M Street, NW, Suite 550

Washington, DC 20036

www.nhc.org

David Dworkin, President and CEO

davidmdworkin@nhc.org

202-466-2121, ext. 234

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Panel Sponsored by FHLB Atlanta (Silver Sponsor)

