

Attorney General Raoul Supports Federal Effort To Strengthen Access To Banking Services For Underserved Communities

August 8 2022 8:57 AM



CHICAGO - Attorney General Kwame Raoul, as part of a coalition of 19 attorneys general, today announced his support of a joint effort by the Federal Reserve Board of Governors, Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency to revise and strengthen regulations under the Community Reinvestment Act (CRA).

The CRA is a critical civil rights law enacted by Congress to prevent racially-discriminatory redlining in housing, and encourage banks to help meet the credit needs of their entire communities, including low- and moderate-income neighborhoods and individuals. [In a comment letter](#), Raoul and the coalition express support for the federal agencies' proposed rule, and urge them to go even further in implementing reforms to help tackle persistent racial and economic disparities exacerbated by COVID-19.

"Everyone deserves access to housing. As people continue to feel the financial impact of the pandemic, it is more important than ever to enact policies that level the playing field by addressing racial and economic disparities the pandemic exacerbated," Raoul said. "The current reforms proposed to the Community Reinvestment Act are a step in the right direction, but we must go further by requiring financial institutions to meet the needs of our most vulnerable communities."

Since the CRA was passed by Congress in 1977, it has helped direct trillions of dollars in investments back to low- and moderate-income communities, increasing access to financial services and loans that incentivize the availability of affordable housing and support small businesses.

In the comment letter, Raoul and the coalition express support for many aspects of the proposed rule. However, the attorneys general recommend additional measures to help ensure that regulators have the tools needed to carry out CRA's imperative: that financial institutions be required to address the needs of the most vulnerable communities. Raoul and the attorneys general argue that doing so has never been more important.

In prior comment letters, the states expressed concern that the widening racial wealth gap stemming from historic redlining would be exacerbated by an uneven pandemic recovery. Now, two-and-a-half years into the COVID-19 crisis, the states face an affordable housing crisis, increased homelessness and housing insecurity, and historic levels of inflation that disproportionately threaten low-income communities and communities of color. Regulatory reform under the CRA can play a key role in responding to these challenges.

Accordingly, in the comment letter, Raoul and the states encourage the agencies to focus on:

- Ensuring that the rulemaking vindicates the CRA's core purpose of addressing racial inequities.
- Raising the regulatory bar to ensure that banks are taking meaningful action to meet the needs of low- and moderate-income communities.
- Leveraging incentives to encourage affordable housing development in low- and moderate-income communities without displacement.

Joining Raoul in filing the comment letter are the attorneys general of California, Delaware, the District of Columbia, Hawaii, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, and Washington.