

October 30, 2024

Acting Comptroller Michael J. Hsu
Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, DC 20219

Chair Martin J. Gruenberg
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Chair Jerome H. Powell
Board of Governors of the
Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Regulatory Publication and Review Under the Economic Growth and Regulatory
Paperwork Reduction Act of 1996

Dear Acting Comptroller Hsu, Chair Gruenberg, and Chair Powell:

The National Fair Housing Alliance® (NFHA™)¹ and the National Consumer Law Center² appreciate the opportunity to comment on the fair housing regulations that are required to be reviewed every 10 years pursuant to the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (12 U.S.C. § 3331).³ The purpose of this review is to consider how to reduce regulatory burden on insured depository institutions, while at the same time ensuring the safety and soundness of the institutions and the financial system. We appreciate the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), and the Board of Governors of the Federal Reserve (the Federal Reserve) (collectively, the Agencies)

¹ The National Fair Housing Alliance® (NFHA™) leads the fair housing movement. NFHA works to eliminate housing discrimination and ensure equitable housing opportunities for all people and communities through its education and outreach, member services, public policy, advocacy, housing and community development, tech equity, enforcement, and consulting and compliance programs.

² The National Consumer Law Center (www.nclc.org) is a nonprofit organization specializing in consumer issues affecting low-income and elderly people. NCLC publishes twenty practice treatises, most of which are updated annually and which describe the law currently applicable to all types of consumer transactions including credit discrimination and fair lending. These comments are filed on behalf of our low-income clients.

³ OCC, FDIC, and the Federal Reserve, *Regulatory Publication and Review Under the Economic Growth and Regulatory Paperwork Reduction Act of 1996*, 89 Fed. Reg. 62679 (Aug. 1, 2024), <https://www.occ.gov/news-issuances/federal-register/2024/89fr62679.pdf>. See also, Federal Financial Institutions Examination Council (FFIEC), *The Economic Growth and Regulatory Paperwork Reduction Act*, <https://egrpra.ffiec.gov/index.html>.

seeking input on these regulations and we hope that our comments below will help inform the Agencies' views.

The Agencies Should Support the Fair Housing Regulations

The Agencies should continue to support the fair housing regulations under their jurisdiction as they implement important areas of fair housing and fair lending law. The Agencies' fair housing regulations concern reporting under the Home Mortgage Disclosure Act (HMDA) for national banks (OCC, [12 CFR Part 27](#)), federal savings associations (OCC, [12 CFR Part 128](#)), state savings associations (FDIC, [12 CFR Part 338](#)), and state non-member banks (FDIC, [12 CFR Part 338-B](#)), and the display of the fair housing poster and logo for state non-member banks and state savings associations. (FDIC, [12 CFR Part 338-A](#)). HMDA reporting rules as well as fair housing poster and logo rules continue to be necessary components of a sound fair housing framework.

The OCC should review whether certain regulations are still needed. The OCC has regulations concerning non-discrimination requirements for federal savings associations (OCC, [12 CFR Part 128](#)). However, these OCC regulations may be redundant as the substantive non-discrimination regulations are also implemented under the Fair Housing Act regulations promulgated by the Department of Housing and Urban Development (HUD) and under the Equal Credit Opportunity Act regulations promulgated by the Consumer Financial Protection Bureau (CFPB).

The Agencies' Are Obligated to Address the Nation's Fair and Affordable Housing Crisis

We would also like to take this opportunity to remind the Agencies that an equitable housing framework is critical to fulfilling the Agencies' fair housing obligations and safety and soundness obligations, as well as critical to addressing the nation's fair and affordable housing crisis.

First, the Agencies must comply with their **legal obligations and the obligations of their supervised institutions under the nation's fair housing and lending laws**, which include the Fair Housing Act⁴ and the Equal Credit Opportunity Act.⁵ Also, under the Fair Housing Act's Affirmatively Furthering Fair Housing provision, the Agencies have an affirmative obligation to further fair housing and to create and maintain more equitable and affordable housing opportunities.⁶

In addition, to maintain a **safe, sound, and thriving national housing finance system**, the Agencies should ensure borrowers of color have access to fair and affordable mortgages as the

⁴ 42 U.S.C. § 3601 *et seq.*

⁵ 15 U.S.C. § 1691 *et seq.*

⁶ 42 U.S.C. § 3608(d).

vast majority of all projected future homebuyers will be borrowers of color.⁷ One study estimated that improving access to housing credit would have resulted in an additional 770,000 Black homeowners and \$218 billion in sales and expenditures.⁸ Another study estimated that addressing racial disparities in homeownership could create nearly 800,000 jobs and generate \$400 billion in tax revenue.⁹ This analysis found that by not addressing housing inequality, nearly five million people have been denied homeownership opportunities. Moreover, eliminating racial inequities in the United States could add \$5 trillion of growth to our GDP over the next five years.¹⁰ The inequities in our markets and systems also stifle innovation, productivity, profitability, and economic progress.

Finally, we urge the Agencies to leverage their authorities to address the **nation's fair and affordable housing crisis**. Under almost every metric, consumers are facing increasing headwinds to stable housing, and these hurdles are particularly acute for consumers and communities of color. Below is a brief overview of the current landscape, which highlights the dire need for proactive initiatives by the Agencies.

- Unaffordable rent. A record-high 22.4 million renter households are “cost-burdened,” meaning they spent more than 30% of their income on rent and utilities.¹¹ Black and Latino renters are more likely than White renters to be cost-burdened. More than half of Black renters (57%) and Latino renters (54%) are cost-burdened, while about 45% of White renters are cost-burdened. These disparities make it more difficult for Black and Latino renters to save for down payments for homeownership and its wealth-building opportunities.
- Housing availability. Research has estimated a housing shortage of up to 5.5 and 7.2 million units, which creates further obstacles to homeownership.¹²

⁷ See Laurie Goodman, Jun Zhu, *The Future of Headship and Homeownership*, Urban Institute (Jan. 22, 2021),

https://www.urban.org/sites/default/files/publication/103501/the-future-of-headship-and-homeownershi_p_0.pdf.

⁸ See Citigroup, *In Pursuit of Equity: Why America's Future Depends on Closing the Racial Wealth Gap* (2021), <https://www.nytimes.com/paidpost/citi/in-pursuit-of-equity.html>.

⁹ See Jeff Cox, *Morgan Stanley says Housing Discrimination Has Taken a Huge Toll on the Economy*, CNBC (Nov. 13, 2020),

<https://www.cnbc.com/2020/11/13/morgan-stanley-sayshousing-discrimination-has-taken-a-huge-toll-on-theeconomy.html#:~:text=Morgan%20Stanley%20says%20racial%20inequality,five%20million%20from%20owning%20homes>.

¹⁰ See Dana Peterson and Catherine Mann, *Closing the Racial Inequality Gaps: The Economic Cost of Black Inequality in the U.S.*, Citi Global Perspectives and Solutions 3 (Sept. 1, 2020), <https://www.citivelocity.com/citigps/closing-the-racial-inequality-gaps/>.

¹¹ Joint Center for Housing Studies of Harvard University, *America's Rental Housing 2024* (Jan. 2024), https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Americas_Rental_Housing_2024.pdf.

¹² Daniel McCue, Sophie Huang, *Estimating the National Housing Shortfall*, Joint Center for Housing Studies of Harvard University (Jan. 29, 2024),

<https://www.jchs.harvard.edu/blog/estimating-national-housing-shortfall>; Hannah Jones, *US Housing*

- Housing discrimination. Organizations reported the highest number of fair housing complaints since NFHA began producing its Trends Report in the 1990s.¹³ As in previous years, most complaints relate to housing discrimination on the basis of disability. In addition, complaints of harassment (including racial harassment) increased 66% and were the highest since recording that data.
- Discriminatory appraisals. Homes in White neighborhoods are appraised at values nearly 250% higher than similar homes in Black neighborhoods and at values nearly 278% higher than similar homes in Latino neighborhoods within the same metropolitan areas, depriving households of color of opportunities to build wealth.¹⁴
- Racial wealth gap. Since the Great Recession, the typical Black and Latino household has had between about \$10 to \$15 of wealth for every \$100 held by the typical White household.¹⁵ The median wealth is \$285,000 for White households, \$61,600 for Latino households (20% of the typical White household), and \$44,900 for Black households (15% of the typical White household). Between 2019-2022, overall median wealth increased and the racial wealth gap actually grew totaling a difference of \$240,000 between median white households and median Black households.¹⁶ The lack of funds for a down payment and closing costs is one of the greatest barriers to homeownership, especially for families without inherited wealth.¹⁷
- Racial homeownership gap. In 1960, when housing discrimination was legal, there was a 27-percentage point gap between Black homeownership (38%) and White homeownership (65%).¹⁸ The racial homeownership gap is even wider now at 29 percentage points, representing another barrier to wealth-building for households of

Supply Gap Grows in 2023; Growth Outpaces Permits in Fast-Growing Sunbelt Metros, Realtor.com (Feb. 2024), <https://www.realtor.com/research/us-housing-supply-gap-feb-2024>.

¹³ NFHA, 2024 Fair Housing Trends Report (2024), <https://nationalfairhousing.org/resource/2024-fair-housing-trends-report>.

¹⁴ Junia Howell and Elizabeth Korver-Glenn, *Appraised: The Persistent Evaluation of White Neighborhood as More Valuable Than Communities of Color*, Eruka (2022), https://static1.squarespace.com/static/62e84d924d2d8e5dff96ae2f/t/6364707034ee737d19dc76da/1667526772835/Howell+and+Korver-Glenn+Appraised_11_03_22.pdf.

¹⁵ Aditya Aladangady, Andrew C. Chang, Jacob Krimmel, *Greater Wealth, Greater Uncertainty: Changes in Racial Inequality in the Survey of Consumer Finances*, Federal Reserve Board FEDS Notes (2023), <https://www.federalreserve.gov/econres/notes/feds-notes/greater-wealth-greater-uncertainty-changes-in-racial-inequality-in-the-survey-of-consumer-finances-20231018.html>.

¹⁶ Andre M. Perry, Hannah Stephens, and Manann Donoghoe, *Black Wealth Is Increasing, but So Is the Racial Wealth Gap*, Brookings Institute (Jan. 9, 2024), <https://www.brookings.edu/articles/black-wealth-is-increasing-but-so-is-the-racial-wealth-gap/>.

¹⁷ Daryl Fairweather, *Nepo-Homebuyers: 40% Of Under 30s Received Family Money For Down Payment*, Forbes (Aug. 21, 2023), <https://www.forbes.com/sites/darylfairweather/2023/08/21/nepo-homebuyers-40-of-under-30s-received-family-money-for-down-payment/>.

¹⁸ National Association of REALTORS® Research Group, *2023 Snapshot of Race and Homebuying in America* (2023), <https://www.nar.realtor/sites/default/files/documents/2023-snapshot-of-race-and-home-buying-in-the-us-03-02-2023.pdf>; Urban Institute, *Reducing the Racial Homeownership Gap*, <https://www.urban.org/policy-centers/housing-finance-policy-center/projects/reducing-racial-homeownership-gap>.

color. The homeownership rate is 73% for White households, 63% for Asian households (as low as 44% for Native Hawaiian and Pacific Islander households), 51% for Latino and Native American households, and 44% for Black households.

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Promoting an equitable national housing finance market is urgently needed to address the nation's fair and affordable housing crisis and is good for overall economic growth. In addition to supporting the fair housing regulations listed under the EGRPRA review, we urge the Agencies to ensure that the housing market is thriving and beneficial for all consumers and communities.

Thank you for considering our views.

Sincerely,

National Fair Housing Alliance
National Consumer Law Center (on behalf of its low-income clients)