

**New York City Council Committee on Finance
Testimony by Jaime Weisberg of The Association for Neighborhood and Housing Development (ANHD)
April 28, 2021**

I am writing on behalf of the Association for Neighborhood and Housing Development (ANHD) in support of Introductions 2099, 2100, and 2164, and Resolution 1600. These proposals promote important public transparency about the City's finances and financial relationships and lay critical groundwork for creation of a municipal public bank. ANHD is a nonprofit coalition comprised of over 80 neighborhood-based affordable housing and equitable economic development organizations and CDCs with over 40 years of experience in policy and organizing work related to bank reinvestment, affordable housing, and equitable economic development on behalf of New York City's low- and moderate-income (LMI), immigrant, and Black, Indigenous, and People of Color (BIPOC) communities.

A core piece of ANHD's work is to hold banks accountable for their responsibilities under the Community Reinvestment Act (CRA). The CRA is one of the major civil rights laws that were passed in response to discriminatory policies and practices that locked people of color and entire neighborhoods out of banking, credit, housing, employment, and education. It is one of the most important laws we have that holds banks accountable to local communities, requiring them to lend and provide services equitably, and to support community development in the areas where they do business. The CRA has leveraged two trillion dollars nationwide since 1996¹, and, in the past five years alone, ANHD has documented near or over \$10 billion each year reinvested in New York City². Thanks in part to the CRA, over 330,000 units of affordable housing have been built in the past 40 years, and a third of that by nonprofit developers.

However, even with the CRA and the other hard-earned civil rights era banking laws – the Fair Housing Act, Home Mortgage Disclosure Act, Equal Credit Opportunity Act – discrimination, redlining, and harmful practices persist. Over 95% of banks pass their CRA exams despite these disparities.

- Banks continue to close bank branches in LMI and BIPOC communities, do not open in underbanked communities, and collectively take in billions annually in overdraft, ATM, and maintenance fees.
- 22% of NYC is Black and 29% Latinx, yet just 9% of all home purchase loans in 2019 went to non-Hispanic Black borrowers and 9% to Hispanic borrowers of any race.
- LMI and BIPOC communities persistently receive fewer home and small business loans than wealthier and whiter communities; the distribution of COVID-relief PPP loans demonstrated similar patterns such that COVID-impacted communities did not have equitable access to these forgivable loans³.
- Banks continue to provide financing to bad-acting landlords who harass and displace tenants. Such activities are harmful at any time, and even more so during a global health pandemic⁴.

¹ <https://ncrc.org/what-the-community-reinvestment-act-means-to-lending-in-philadelphia/>

² <https://anhd.org/project/state-bank-reinvestment-nyc-annual-report>

³ <https://anhd.org/blog/new-yorks-small-businesses-left-out-paycheck-protection-program>

⁴ <https://anhd.org/project/multi-family-lending>

Tens of billions of dollars of New York City's money flows into and through commercial banks each year, regardless of how well these banks support New York City communities through their CRA activities. Only a failing rating would remove a bank from consideration, and that rarely happens. The City of New York should have a higher standard for the banks with which they do business; and do business with banks whose CRA records – and overall business models – demonstrate the strongest commitment to our city's LMI and BIPOC communities. ANHD has fought for years to have the city do business with banks that invest and reinvest responsibly in New York City's LMI and BIPOC communities, with significant pushback from the banking industry. A public bank would be designed with this framework from the start and this effort complements the work ANHD does to enforce and strengthen the CRA for the banks that operate in New York City.

ANHD believes that public dollars should go towards the public good to benefit New York City's BIPOC, LMI, and immigrant communities. A public bank is designed to ensure that our public deposits are reinvested into the community, either by lending directly or lending through mission-driven entities like CDFIs and community development credit unions. A public bank would be chartered to use our public deposits and dollars to support the kinds of banking and reinvestment activities ANHD urges banks to do through their CRA work: branches and affordable, accessible products in unbanked communities and for underbanked New Yorkers; deep and permanent affordable housing, quality jobs, and support for BIPOC homeowners and small business owners, especially those who have suffered the most through this pandemic and need more resources for an equitable recovery. However, unlike CRA-regulated banks, this would be the core mission of the public bank, rather than something done alongside other businesses that, at best, are less beneficial to these populations, and at worst are harmful. In addition to calling for the CRA to include an affirmative obligation to serve BIPOC communities, ANHD has long called for banks to be downgraded on CRA exams for harm or displacement⁵, as happens, for example, when banks finance bad-acting landlords who harass and displace tenants; charge low-income consumers predatory overdraft fees; or offer high-cost loans to BIPOC small business owners. A public bank would not be allowed to support such activities.

Further, we believe that a public bank can raise the bar for all banks. First, the public bank will invest in mission-driven entities like CDFIs and credit unions, thus strengthening these institutions' ability to bank and lend to communities that lack equitable access. The bank will also foster investments in mission-driven developers that build and preserve permanent affordable housing for the lowest-income New Yorkers. These will offer models for banks to adopt and opportunities to provide other forms of CRA investments to support the projects and others like them.

As a first step towards creating a public bank, Introductions 2099 and 2100 seek to shine a light on NYC's financial relationships with commercial banks. These two important bills would require NYC to provide the public with a quarterly summary of its accounts at "designated banks" other financial entities, including balances and fees charged. In the past, ANHD has tried to understand this system over the years through FOIA requests to the Department of Finance, and by analyzing contracts posted to Checkbook 2.0⁶. Through this, we saw which banks held major contracts, such as payroll, lock boxes, central treasury, and some credit card accounts, as well as banks that provided investment and advisory services related to the city's pension funds. But the process is complicated, time intensive, incomplete, particularly related to the full set of accounts and deposits flowing in and out of them, as well as related

⁵ <https://anhd.org/project/community-reinvestment-act-advocacy>

⁶ "State of Bank Reinvestment in NYC: 2014, Major Finding #3 Where the city does business with banks and Financial Institutions (pages 32-37) <https://anhd.org/report/state-bank-reinvestment-new-york-city-2014>

fees and interest payments. Additionally, Introduction 2164 would require the NYC Banking Commission to provide meaningful notice of its public meetings and report to the City Council on its determinations of which financial institutions are eligible to hold the city's deposits.

As New York City takes key steps to establish the nation's first municipal public bank, Albany can help. The "New York Public Banking Act" (S1762-A (Sanders) / A5782 (Pichardo)) would create a sound, statewide regulatory framework for local public banking—making it easier for cities, counties and regions throughout New York State to establish local public banks. We urge the Council to pass Resolution 1600, which urges the Governor and NYS Legislature to enact the New York Public Banking Act.

ANHD strongly urges the New York City Council to pass Introductions 2099, 2100 and 2164, and Resolution 1600, and to continue working with our organization and others to establish a municipal public bank, as a matter of racial, economic, and environmental justice. Thank you again for the opportunity to testify today. Please do not hesitate to contact me with any questions.

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