Reinvesting in Communities by Increasing Bank Investment

Catherine Crosby
Executive Director/NCRC Board Member

Ohio Land Bank Conference
September 12, 2017
HRC Mission and Vision

Mission
The Human Relations Council works to influence and ensure a culture of fair treatment, inclusion and equal access to opportunities for all who live, work, play, and gather in the City of Dayton

Vision
Many People. Many Voices. One City.
Human Relations Council

Civil Rights Enforcement

  Investigation
  Dayton Community Reinvestment Coalition

Business and Technical Assistance

  ▪ Contract Compliance
  ▪ Minority Business Assistance Center
  ▪ Affirmative Action

Community Relations

  ▪ Welcome Dayton
  ▪ Community Police Council
  ▪ Community Initiative to Reduce Gun Violence
What is a Community Benefit Agreement?

- Agreement between the financial institutions and their markets
- Identifies broad categories of investment based on CRA
- Includes accountability measures to ensure institutions fulfill the agreed upon activities
Motivation for the Agreement

1. Merger
2. Acquisition
3. CRA Exam
4. Branch closure
5. Negative press
Coalition Building

NCRC

- Identifies members and other organizations serving LMI communities that may be impacted by actions of financial institutions
- Organizes a meeting with organizations and bank leadership
- Summarizes concerns from all markets into one document
- Negotiates with the banks until an agreement is reached
Coalition Building

Local

- Identifies organizations on the local level that might be impacted by bank actions
- Engage community to identify challenges/priorities
- Determine what is needed to address challenges (investments, loans, philanthropic support)
- Identify organizations with capacity to address the issues
- Review HMDA, small business lending and other data to understand bank investment/role in addressing challenges
Dayton Community Reinvestment Coalition (DCRC)

• Develop shared community benefit plan that addresses all components of neighborhood transformation in Dayton region
• Build upon recent investments to reposition neighborhoods for positive redevelopment
• Leverage existing partnerships
• Priority Areas:
  ✓ Affordable Housing
  ✓ Supportive Services
  ✓ Small Business Development
  ✓ Workforce Development
Understanding the Data
## Total Deposits Share of Market for Montgomery County in 2016

<table>
<thead>
<tr>
<th>Rank</th>
<th>Institution</th>
<th>Deposits in Thousands of Dollars</th>
<th>Percent of Montgomery County</th>
<th>Aggregate Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fifth Third Bank</td>
<td>$ 2,152,106</td>
<td>27.98%</td>
<td>27.98%</td>
</tr>
<tr>
<td>2</td>
<td>JPMorgan Chase Bank, N.A.</td>
<td>$ 1,550,000</td>
<td>20.15%</td>
<td>48.13%</td>
</tr>
<tr>
<td>3</td>
<td>PNC Bank, N.A.</td>
<td>$ 1,266,263</td>
<td>16.46%</td>
<td>64.59%</td>
</tr>
<tr>
<td>4</td>
<td>KeyBank N.A.</td>
<td>$ 776,507</td>
<td>10.09%</td>
<td>74.68%</td>
</tr>
<tr>
<td>5</td>
<td>The Huntington National Bank</td>
<td>$ 406,753</td>
<td>5.29%</td>
<td>79.97%</td>
</tr>
<tr>
<td>6</td>
<td>U.S. Bank N.A.</td>
<td>$ 377,534</td>
<td>4.91%</td>
<td>84.88%</td>
</tr>
<tr>
<td>7</td>
<td>Union Savings Bank</td>
<td>$ 332,894</td>
<td>4.33%</td>
<td>89.21%</td>
</tr>
<tr>
<td>8</td>
<td>First Financial Bank, N.A.</td>
<td>$ 328,863</td>
<td>4.28%</td>
<td>93.48%</td>
</tr>
<tr>
<td>9</td>
<td>LCNB National Bank</td>
<td>$ 134,361</td>
<td>1.75%</td>
<td>95.23%</td>
</tr>
<tr>
<td>10</td>
<td>Farmers &amp; Merchants Bank</td>
<td>$ 111,185</td>
<td>1.45%</td>
<td>96.67%</td>
</tr>
</tbody>
</table>
Montgomery County Branch Locations by Tract Income and Minority Status

74.5% of bank branch locations are in neither LMI or Minority neighborhoods

LMI = Low-to-moderate income, MIN = majority minority, T = Tract
DCRC Target Area Poverty Rates

• Dayton
• Harrison Township
• Trotwood

<table>
<thead>
<tr>
<th>Community</th>
<th>Population for Poverty Rate</th>
<th>Overall</th>
<th>&lt;18</th>
<th>&gt;65</th>
<th>White</th>
<th>African American</th>
<th>Hispanic/Latino</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montgomery Co</td>
<td>515,734</td>
<td>16%</td>
<td>23.3%</td>
<td>8.4%</td>
<td>11.5%</td>
<td>30.9%</td>
<td>27.5%</td>
</tr>
<tr>
<td>Dayton</td>
<td>128,979</td>
<td>32.5%</td>
<td>48.1%</td>
<td>15.6%</td>
<td>24.5%</td>
<td>41.2%</td>
<td>49.5%</td>
</tr>
<tr>
<td>Harrison Twp.</td>
<td>22,175</td>
<td>21%</td>
<td>32.3%</td>
<td>8.7%</td>
<td>17.1%</td>
<td>23.7%</td>
<td>46.5%</td>
</tr>
<tr>
<td>Trotwood</td>
<td>24,003</td>
<td>17.9%</td>
<td>22%</td>
<td>13.1%</td>
<td>15.6%</td>
<td>18.1%</td>
<td>0%</td>
</tr>
</tbody>
</table>
DCRC Target Area Demographics

**Harrison Township**
- African American: 43.5%
- White: 53.1%
- Two or more races: Hispanic: 3.4%
- Homeownership Rate: 53.6%
- Vacancy Rate: 16%
- Families Below Poverty: 25.5%
- Median Income: $31,667
- Unemployed (2015): 9%

**Trotwood**
- African American: 68%
- White: 27.6%
- Two or more races: 2.3%
- Hispanic: 1.8%
- Homeownership Rate: 55%
- Vacancy Rate: 16%
- Families Below Poverty: 24%
- Median Income: $35,697
- Unemployed: 13.9%
  - Black: 13.7%
  - White: 11.3%
DCRC Target Area Demographics

Montgomery County
- African American: 22.4%
- White: 76.1%
- Two or more races: 2.6%
- Hispanic: 2.4%
- Homeownership Rate: 63%
- Vacancy Rate: 12.1%
- Families Below Poverty: 18.6%
- Median Income: $43,829
- Unemployed (2015): 9.4%
  - Black: 16.4%
  - White: 7.5%

Dayton
- African American: 42.9%
- White: 51.7%
- Two or more races: 2.9%
- Hispanic: 3%
- Homeownership Rate: 50%
- Vacancy Rate: 21%
- Families Below Poverty: 35.3%
- Median Income: $28,174
- Unemployed (2015): 14.7%
  - Black: 20.4%
  - White: 11.2%
# Home Purchase Lending

## Summary of All Home Purchase Loans

All Lenders in HMDA: Home Purchase Loans for Owner Occupants on Single Family and Manufactured Homes with a First Lien

<table>
<thead>
<tr>
<th>Specific Characteristics of Borrower or Tract</th>
<th>Dayton City 2015</th>
<th>Dayton MSA 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Demographics</td>
<td>Home Purchase Loans</td>
</tr>
<tr>
<td></td>
<td>Population</td>
<td>Count</td>
</tr>
<tr>
<td>Black or African-American Families/Borrowers</td>
<td>40.50%</td>
<td>172</td>
</tr>
<tr>
<td>Asian Families/Borrowers</td>
<td>0.80%</td>
<td>23</td>
</tr>
<tr>
<td>White Families/Borrowers</td>
<td>52.80%</td>
<td>1188</td>
</tr>
<tr>
<td>Hispanic Families/Borrowers</td>
<td>2.90%</td>
<td>32</td>
</tr>
<tr>
<td>LMI Families/Borrowers</td>
<td>63.00%</td>
<td>723</td>
</tr>
<tr>
<td>Minority Families/Borrowers</td>
<td>47.20%</td>
<td>243</td>
</tr>
</tbody>
</table>
Distribution of Home Purchase Loans in Montgomery County
Population and HMDA reported lending for Montgomery County in 2015

<table>
<thead>
<tr>
<th>Applications</th>
<th>Lenders</th>
<th>Origination Rate</th>
<th>Applications</th>
<th>Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>LMIT</td>
<td>LMIB</td>
</tr>
<tr>
<td>2208</td>
<td>UNION SAVINGS BANK</td>
<td>77.2%</td>
<td>8.7%</td>
<td>17.0%</td>
</tr>
<tr>
<td>1043</td>
<td>WRIGHT-PATT CREDIT UNION</td>
<td>83.4%</td>
<td>18.0%</td>
<td>21.2%</td>
</tr>
<tr>
<td>776</td>
<td>US BANK, N.A.</td>
<td>32.9%</td>
<td>24.6%</td>
<td>98.3%</td>
</tr>
<tr>
<td>758</td>
<td>PRIMELENDING</td>
<td>81.4%</td>
<td>12.7%</td>
<td>19.9%</td>
</tr>
<tr>
<td>691</td>
<td>FIFTH THIRD MORTGAGE COMPANY</td>
<td>65.0%</td>
<td>19.4%</td>
<td>39.9%</td>
</tr>
<tr>
<td>654</td>
<td>PNC BANK N.A.</td>
<td>57.3%</td>
<td>28.1%</td>
<td>49.4%</td>
</tr>
<tr>
<td>561</td>
<td>QUICKEN LOANS</td>
<td>63.5%</td>
<td>19.3%</td>
<td>34.1%</td>
</tr>
<tr>
<td>419</td>
<td>THE HUNTINGTON NATIONAL BANK</td>
<td>61.1%</td>
<td>14.1%</td>
<td>36.6%</td>
</tr>
<tr>
<td>343</td>
<td>FIFTH THIRD BANK</td>
<td>39.4%</td>
<td>23.6%</td>
<td>87.8%</td>
</tr>
<tr>
<td>329</td>
<td>WELLS FARGO BANK, NA</td>
<td>58.4%</td>
<td>14.0%</td>
<td>45.3%</td>
</tr>
</tbody>
</table>

LMI = Low-to-moderate income, MIN= majority minority, T = Tract, B= Borrower
Understanding Market Conditions
Dayton Market Conditions

AFFORDABLE HOUSING

Lending and Financial Issues:
- Lack of access to credit and equity
- Few loan products for middle income borrowers
- Loans for $50K or less (average Dayton home price is $49K)
- Underbanked residents
- Financial illiteracy
- Payday lending

Community and Neighborhood Issues:
- Devaluation of housing market
- Need for demolition of vacant, functionally obsolescent retail space along major corridors
- Lack of retail amenities
- Vacant single family homes
- Lack of infrastructure improvement
Dayton Needs AFFORDABLE HOUSING

Mortgage Lending
- Strategic purchase rehab
- Purchase Rehab Lending to address aging population and housing stock
- Financial tools to encourage purchases (loan guarantee pool, loan pool, DPA)
- Small dollar loan programs with installments below 5% gross income
- Housing finance assistance for 80-120% AMI

Community Lending and Investments
- Gap financing for community development housing projects
  (affordable, transitional and other)
- Patient capital construction products

Other
- Dedicated, salaried loan officers

Philanthropy
- Emergency repair and access improvement funding
- Leveraged community development projects in qualifying neighborhoods
Partnership Opportunities

AFFORDABLE HOUSING

Mortgage Lending:
– CountyCorp
– CityWide Development (CDFI)

Community Lending and Investments:
Access to Foreclosed and Abandoned Properties
– County Corp
– City of Dayton
– Trotwood Community Improvement Corporation
– Montgomery County Land Reutilization Corporation

Affordable Housing Development
– County Corp
– YouthBuild Dayton
– East End Community Services
– Habitat for Humanity
– St. Mary’s Development
– Great Dayton Premier Management

Philanthropy:

Housing, Budgeting, Financial and Foreclosure Counseling
– Homeownership Center of Greater Dayton
– County Corp
– Community Action Partnership
– Greater Dayton Premier Management

Emergency and Access Repair
– County Corp
– Rebuilding Together Dayton

Other:
– Advocates for Basic Legal Equality/Legal Aid of Western Ohio
CBA Accomplishments

• Increased communication with DCRC partners
• Branch opening in Harrison Township
• Dayton CRA Officer
• Rehab loan product ($5 - $20k; 640 credit score, no collateral)
• Encouraged DCRC to use Carol Peterson resulting in 11 projects funded for emergency repair
• Dayton CRA Officer
• Small Business Community Lender
• Sponsored DCRC member to attend a Rental Housing Development Financing Training
• Working to identify community development projects
Lessons Learned

1. Become a member of NCRC
2. Be proactive and form a local coalition
3. Establish a regular meeting schedule
4. Take the time to build trust and mutual understanding and goals
5. Educate coalition members on AFFH, CRA, and HMDA
6. Engage local elected officials and government planning/community development administrators when possible
7. Have potential community development projects available for investment opportunities
8. Coalition members participate in public comment opportunities
9. Work with NCRC to help you understand local banks HMDA, market share and deposit share data
10. Take the time to build trusting relationships with local CRA Officers and meet regularly
11. Engage regulators (Federal Reserve, FDIC, OCC)
12. CBAs should be living documents
13. Manage expectations
14. Template for tracking progress
15. It is a MARATHON NOT A SPRINT
DCRC Contact

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