



Suggestions for increasing loans to people of color and borrowers in low and moderate income neighborhoods. In the Milwaukee area these ideas and issues are interconnected with home loans, loans to small businesses, community development investments, and banking services. Banks and other home lenders can play a significant role in narrowing the racial homeownership gap by doing the following:

Establish relationships, work in partnerships

- Partner with and support the work of **local nonprofit housing counseling organizations** that help borrowers understand the homebuyer process, guide them into a sustainable homeownership position, and counsel them when they run into obstacles that threaten their continued homeownership.
- Participate in and support **Take Root Milwaukee**, the homeownership alliance that works across sectors to collectively support sustainable homeownership in Milwaukee. Groups like this can help design and pilot new products and services to meet these needs.
- Support the work of the **Metropolitan Milwaukee Fair Housing Council**, which works to eliminate discrimination and segregation and to ensure that all credit-worthy borrowers have equal access to fairly-priced home loans.
- Support the work of the **Milwaukee Community Land Trust (MCLT), other local CLTs, housing co-ops and organizations** providing alternative mechanisms to achieve affordable, sustainable homeownership.
- Support the work of **financial navigators, financial education and credit counseling agencies** who can identify potential customers for loan pipelines.
- Support Milwaukee **Community Development Corporations (CDCs) and Housing Development Corporations (HDCs)** whose staff and boards are connected with the LMI communities they serve.
- Connect with neighborhood-based and faith-based organizations, introduce loan officers and other staff to these **grassroots organizations and churches** whose members and their families may be able to help identify potential homebuyers.
- Establish an **advisory group** that includes housing counselors, agencies assisting small businesses, and CDFIs within the region.
- Participate in the **Milwaukee Alliance for Economic Inclusion** and **Bank On Greater Milwaukee**.

Physical Presence, Loan Officers

- **Employ community-savvy loan officers** (bi-lingual and culturally competent) who reflect the diversity of the community around their branches, and who will work with borrowers to achieve the best fit for each one's specific needs.
- Establish branches and loan production **offices in majority minority census tracts**. Offer meeting space in the branches for local nonprofits' occasional use.

Home loan products, Community Development loans and investments

- Create loan products to **finance small dollar home purchase and home rehab loans**.
- Establish and/or connect with a home loan **product to include purchase and rehab**, with a Loan-To-Value ratio of at least 125%.
- Offer flexible **ITIN loan** products with low down payment requirements, and refinance options for ITIN loans.
- **Use alternative credit scoring models** that use criteria that allow more people to be scored and therefore evaluated as a potential borrower. *Vantage Score* is an example.
- Provide financing for the homes on **Community Land Trusts'** properties.
- Offer **green mortgages** for purchase or refinance and support **green building development and energy retrofits**.
- Partner with the **City of Milwaukee, Milwaukee's Community Development Alliance, MKE United, the Wisconsin Housing and Economic Development Authority (WHEDA), and the Federal Home Loan Bank** to match, or otherwise leverage investments, including loan pools, financing housing and community development.
- Leverage taxpayer dollars funding Neighborhood Improvement Districts (NIDs) by **contributing additional funds to the NIDs**, to support home rehabilitation grants to extremely low-income homeowners.
- Support **home repair programs** that keep elderly and people with disabilities in their homes.
- Adopt the banking services **criteria endorsed by Bank On – Greater Milwaukee**.
- Create a **credit-building product** for individuals and for small businesses.
- Lead with innovative **mechanisms to address loan-to-value issues** on modestly priced homes and commercial properties that need repairs to bring them up to code.
- Invest in **commercial development** in LMI neighborhoods.
- Support **programs that help LMI people access car loans**.
- **Invest in CDFIs** that can lend to populations you do not currently serve.
- Connect with **workforce development and employment agencies**.
- Connect with **Business Improvement Districts (BIDs)**, whose members are often small business owners who need loans to grow or maintain their business.

Policies

- **Adopt an anti-displacement code of conduct**, insuring that bank investments are made in developments that do not displace current community residents and stakeholders, and that investments are helpful and wanted by the nearby residents.
- Implement an investment policy **prohibiting investments in, loans to, or other financial support for, predatory payday lending**. Instead, offer fairly priced, low-cost **consumer loans**.
- **Enact a policy ensuring automatic "second look" senior management credit review**, a review that is triggered by a small business loan denial.

Establish Goals

Set goals to significantly narrow the gap between the percentage of loans issued to non-white and LMI borrowers, **and the percentage of these populations in the community**, so they more closely match the demographics of each MSA, county, or city the lender serves.

Small Business Lending: Establish an annual goal for the number of loans to businesses with annual revenue of less than \$1 million, and the number of small business loans in amounts less than \$100,000. **Increase the share** of the lender's small business lending to businesses in LMI census tracts, so that it at least equals their market share to Middle and Upper Income tracts. Increase the share of small business loans to African-American and Hispanic/Latino borrowers so that it is equal to the share made to white borrowers; and increase the share of small business loans to females to the point where it is equal to the share of loans to men.

Affordable Rental Housing: Set a goal for the amount of loans to nonprofit housing developers for rental housing affordable to tenants below 60 percent of area median income, and a goal for housing affordable to tenants at or below 35 percent of area median income.

Dedicate a percent of the bank's deposits to community development investments in Wisconsin's nonprofit community development financial institutions (CDFIs) and community development corporation loan pools annually. These community development investments could include Low Income Housing Tax Credits and other investments in affordable housing development, small business equity equivalents, and New Market Tax Credits.

Philanthropic grants: Grants should be directed towards housing, financial education, and economic development activities primarily serving LMI, and minority populations. Specific support should be provided to nonprofits providing homebuyer education and counseling, not only for pre-purchase, but for post-purchase and default counseling.

Diverse Vendors: A commitment should be made to ensure that a significant percentage of vendor purchases are made from minority, women and disabled-owned businesses.

Diverse Governance and Management: The bank's board of directors and higher-level management should reflect the communities served by the bank, including minorities, women and people with disabilities.

Branch locations should match the demographics of assessment areas, establishing at least one new branch within a primarily African American or Hispanic/Latino census tract for every new branch in a primarily White tract.