

MSLCRA Small Dollar Mortgage Committee Progress Report

After our committee meeting on March 6, we worked on a draft model that mirrors the Detroit model and brainstormed on possible partners for each aspect. We also each had some contacts to reach out to regarding the idea and what type of interest was out there (and possible collaborations). I wanted to reach out to Glenn Burleigh at EHOC because of his vast knowledge of the City and the various tax programs and trust funds that might be useful for this work. His response to my email has now led us into a slightly new direction.

<<<Glenn's email response: Well, I actually just left a meeting with some of the mayor's staff about this exact topic. Not joking. SLEHCRA has been promoting an idea modeled off of the Detroit program that we refer to as the "Gateway Greenlining Fund" and it is going to be included in the upcoming For The Sake Of All housing report. We've been planning to use the EHOC conference (where that report will be released) as the beginning of a more public-facing campaign to establish a loan pool similar to what is happening with the Detroit model. As part of that, I've been giving advanced presentations of the powerpoint, etc to city officials and some other folks. We've been working on this in the background since they came and did the presentation at Beyond Housing for that small dollar lending event the FDIC put on.

Basically, I've been going to folks and saying "you're gonna be hearing a lot about this idea, let's sit down and talk about it, before people start asking questions." I'd really like to know what you've learned from looking at other cities, too. We've already had some discussion with Justine PETERSEN about fulfilling the role that CRF does in the Detroit model. They know the staffers at CRF that work on this and say they can ask them for advice and lessons learned, too. This project will likely be SLEHCRA's biggest focus for the next year. We've always been all about getting credit access to north city and we know that the "appraisal gap" is just this huge roadblock. These high LTV programs are one of the few "work arounds" that seem to actually get loans issued.

Me and Elisabeth were just talking about when we thought we could potentially set something up with MSLCRA, too, so you're basically psychic. If you've got time to chat on Friday, I could do that. If not, we can figure out a time next week. I'd also like to come to the next MSLCRA meeting with the powerpoint and give folks the presentation, too, if that is something folks would be interested in seeing. It'll be one of the workshops at the conference, so anybody that wants could see the presentation there, but if y'all have a meeting in the mean time, I'd love to come and talk, as long as I don't already have something on my schedule.>>>

With that info, we decided as a group to meet with Glenn and our committee to see if we can work together. One of the big concerns of our MSLCRA committee prior to learning this information was that we as banks can only take the planning so far. Although Yvonne at the Fed encouraged us to take the lead, it really isn't realistic for us to develop the program. Knowing what work Glenn has been doing, it makes more sense for us to be at the table to guide the banking side of the discussion and make sure the model is put together in an effective way. Although there are concerns about this, I feel this might be the best solution to a very complicated project.

On April 3rd we met with Glenn and Elisabeth and we learned they are leaning toward Justine Petersen to serve the CDFI role, although no agreements are finalized. We also learned that EHOC/SLEHCRA's approach to this is weighted very heavily behind the idea that this is an appraisal problem, not a bank problem. I think we all walked away from that meeting feeling like there is strong momentum on the bank, public and non-profit/community group sides to move this in the right direction.

The next steps are to develop a draft of what the bank piece will look like (loan parameters, underwriting criteria, loan fund, etc.) and then regroup with Glenn's group to see what the next steps for the larger project need to be.