



Trump moves to gut Obama housing discrimination rules



President Donald Trump and HUD secretary Ben Carson.

By **KATY O'DONNELL** and **VICTORIA GUIDA**
01/24/2020 06:54 PM EST



WASHINGTON — The Trump administration is working to roll back former President Barack Obama’s efforts to combat racial segregation — potentially making it easier for banks to deny loans to black and Hispanic people or for cities to confine poor families to minority neighborhoods.

One Trump Cabinet member, Housing secretary Ben Carson, is moving to scrap an Obama policy withholding federal funds from cities if they don’t address segregation. The Consumer Financial Protection Bureau has proposed cutting back on collecting data that helps track discrimination in the mortgage market. And activists warn that a Trump financial regulator could encourage

banks to invest in inner-city projects benefiting outsiders instead of local residents.

AD

AD

Trump officials say they're trying to cut red tape. But all these actions across the government could collectively reverse hard-won progress in curbing discrimination, civil rights advocates and Democrats say. They're pushing back on the proposed changes with a flood of public comments, litigation and hearings — including one scheduled for Wednesday where House Financial Services Chairwoman Maxine Waters (D-Calif.) plans to grill the financial regulator.

“They’re trying to eliminate the ability to enforce fair housing,” said Lisa Rice, president and CEO of the National Fair Housing Alliance. “They do not want to promote fair housing. They do not want to eliminate the vestiges of discrimination.”

One of President Donald Trump’s targets is the same law — the Fair Housing Act — that his family real estate company was accused of violating in the 1970s for trying to keep black people from renting Trump apartments. The Trump Organization settled the case, brought by former President Richard Nixon’s Justice Department, and Trump himself has always denied the charges of racial bias.

Carson says he’s trying to improve the fair housing system, not undermine it.

“To insinuate that Secretary Carson is trying to roll back or weaken the Fair Housing Act is misleading at best,” HUD spokesperson Brad Bishop said, adding that HUD has brought in nearly \$28 million for discrimination victims under Carson.

Obama tried to add teeth to the fair housing law, which passed in 1968 within a week of the murder of Martin Luther King Jr. as deadly riots swept through largely black neighborhoods in cities across the country.

The act outlawed discrimination in housing. It also required communities to work to end segregation, but a government audit in 2010 found that HUD's enforcement of the law was largely ineffective. Obama addressed that in 2015 by requiring local governments to track patterns of poverty and segregation with a checklist of 92 questions to gain access to federal housing funds.

AD


AD

Carson called Obama's system too burdensome and said last year that it was "actually suffocating investment in some of our most distressed neighborhoods." This month, he moved toward scrapping the tracking system with a proposal that doesn't include the term segregation.

Separately, Carson's also finalizing a policy rolling back the Obama administration's efforts to combat discrimination even when it isn't intentional — such as when mortgage lenders use computer algorithms to determine creditworthiness that disproportionately reject minority applicants.

HUD says its proposal brings the policy in line with a 2015 Supreme Court decision that said liability for unintentional discrimination "must be limited" to ensure employers can make "practical business choices."

But housing activists see the shift away from proactive racial integration as an abdication of the agency's responsibility under the Fair Housing Act, even as black homeownership hovers near its lowest rate since segregation was legal. The white rate is about 73 percent, compared with a little under 43 percent among black people.

 Want more POLITICO? Download our mobile app to save stories, get notifications and more. In iOS or Android.

"This idea that pretending that housing discrimination based on race and other protected characteristics doesn't exist is very dangerous," said Nikitra Bailey,

executive vice president of the Center for Responsible Lending.

“One of the things that I want to be careful with is pretending this is yesterday; we know this is ongoing,” Bailey said.

Every Senate Democrat signed onto a [letter Senate Banking Committee](#) ranking member Sherrod Brown (D-Ohio) wrote to Carson in November saying they were “deeply troubled by the direction this administration is heading in relation to fair lending and fair housing protections.”

The administration’s attempts to rewrite the enforcement of laws on housing discrimination and segregation aren’t limited to HUD. Joseph Otting, the Trump appointee who heads the Office of the Comptroller of the Currency, wants to change the rules governing the Community Reinvestment Act, a 1977 law designed to reverse decades of discriminatory government policy discouraging lending and investment in poor neighborhoods.

To counteract that discriminatory policy, known as redlining, banks are now required to lend and invest in lower-income communities. But to the dismay of Waters and housing advocates, Otting wants to evaluate banks’ compliance based on the amount of money spent within lower-income neighborhoods, a method that they say could ignore residents’ input.

AD

AD

Otting says he’s trying to give banks more certainty about how the law will be enforced, to ensure more money flows to lower-income and minority borrowers.

But community groups and Democrats say his proposed overhaul might allow banks to meet their obligations under the CRA by funding construction projects, such as hospitals or sports stadiums, that aren’t explicitly designed to serve local residents.

Waters has called Otting to the Hill this week to testify before her committee at a hearing she titled, “The Community Reinvestment Act: Is the OCC undermining the law’s purpose and intent?”

Housing advocates say they’re also worried about a dropoff in fair lending enforcement. Housing discrimination complaints rose 8 percent in 2018, according to the National Fair Housing Alliance, to the highest level since the group started tracking the data in 1995.

The Consumer Bureau has filed only one fair lending enforcement case in the two years since Trump appointees took over the agency, down from 14 over the five-year tenure of former director Richard Cordray. That record, coupled with a reorganization downgrading the agency’s Office of Fair Lending, spurred Brown and Sen. Elizabeth Warren (D-Mass.) last month to request a Government Accountability Office investigation.

Consumer Bureau Director Kathy Kraninger has also proposed taking aim at a regulation that tracks discriminatory lending, calling for public comment on the “costs and benefits” of collecting additional data as a 2015 agency rule requires.

A Consumer Bureau spokesperson said a proposed change to the rule would give regulatory “relief to smaller community banks and credit unions” without altering the broader underlying law. Activists are raising alarms that that proposal could exempt up to 85 percent of lenders from reporting any lending data at all.

“I think there’s an effort by this administration to narrow the scope and the sort of meaning of civil rights protections so there’s just a hollowed-out husk of what’s actually protected,” said Thomas Silverstein of the Lawyers’ Committee for Civil Rights Under Law.

MOST READ



1 IMMIGRATION

Guess how much border crossing numbers plummeted after Biden put in a new policy



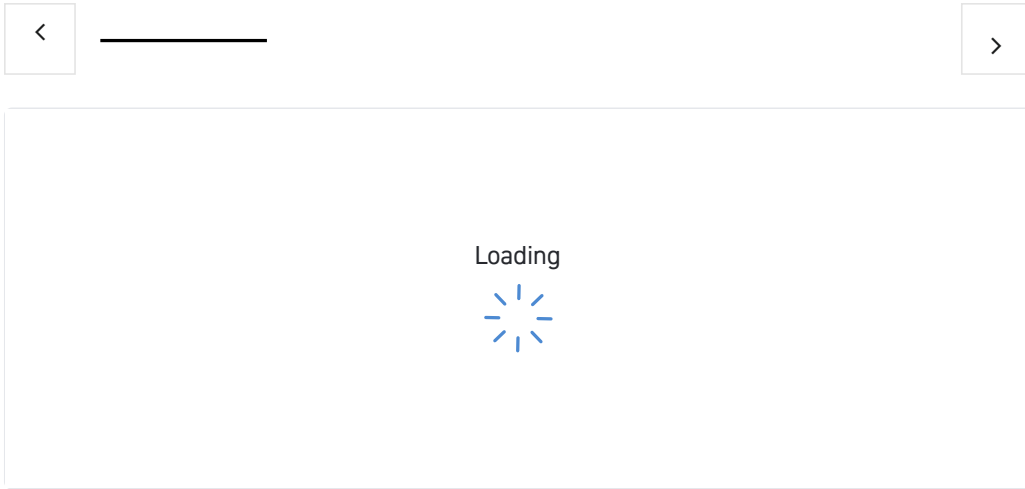
2 2024 ELECTIONS

‘It may be one of the more consequential in American history’: Why tonight’s debate could upend the 2024 campaign.



3 LEGAL

Get ready for the Supreme Court to drop some bombshell decisions



AD

2024 ELECTIONS



RFK Jr. wages war on CNN over being jilted by the debate



Judge rejects Trump's claims that FBI misled court in Mar-a-Lago search warrant



Here's what could actually move the 2024 needle during tonight's debate



Scott says he's a better surrogate for Trump than candidate

[About Us](#)

[Advertising](#)

[Breaking News Alerts](#)

[Careers](#)

[Credit Card Payments](#)

[Digital Edition](#)

[FAQ](#)

[Feedback](#)

[Headlines](#)

[Photos](#)

[Press](#)

[Print Subscriptions](#)

[Request A Correction](#)

[Write For Us](#)

[RSS](#)

[Site Map](#)

[Terms of Service](#)

[Privacy Policy](#)

© 2024 POLITICO LLC