

RACE • WEALTH • COMMUNITY

ADVANCING INCLUSIVE ECONOMIC EMPOWERMENT



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Letter from NCRC's Chief of Race, Wealth and Community

In this time of COVID-19, police brutality protests, economic insecurity and national conversations on racial justice, NCRC's Race, Wealth and Community team continues its focused work on entrepreneurship, housing and lending. Recently, we participated in a powerful all-staff two-hour discussion on police brutality and its impact on our staff. We hired Kathryn Orr, our new Director of Entrepreneurship, to help us move forward during this ongoing crisis for micro-entrepreneurs. The last few months have been more trying than usual, but all of it reinforces the need to strengthen our work and efforts in addressing the advancement of wealth, community and racial healing in today's society.

Sincerely,



Dedrick Asante-Muhammad, *Chief of Race, Wealth and Community*



LGBTQ+ Life After COVID-19?: Assessing Risk, Response and Recovery

On June 18, 2020, Jake Lilien and Karen Kali conducted a webinar entitled, "LGBTQ+ Life After COVID-19: Assessing Risk, Response and Recovery." This session covered a broad range of subjects related to the LGBTQ+ community, and what measures can be taken to help the community recover from the COVID-19 pandemic. What protections are needed to help LGBTQ+ people find safe housing in the age of social distancing? What does economic recovery mean for the queer community, and what steps should be taken to promote inclusivity? What roles can government agencies, nonprofit organizations, lenders and other community stakeholders take on to help at-risk populations? There are multiple ways in which the LGBTQ+ community has been hard-hit by the COVID-19 pandemic. LGBTQ+ people are disproportionately likely to have weakened immune systems due to HIV/AIDS, and to use tobacco. There are also large LGBTQ+ populations in many of the metropolitan areas that have been most affected by COVID-19. Older adults who are LGBTQ+ are especially at risk. The COVID-19 pandemic has already led to discrimination against people who are perceived as being carriers of it. And many states have yet to outlaw housing and lending discrimination based on sexual orientation and gender identity. These forms of discrimination will likely intersect in multiple ways as the pandemic continues.

About Race, Wealth and Community

Using innovative asset-building strategies and advocacy, Race, Wealth and Community seeks to grow and transform wealth building opportunities particularly as it relates to housing and business in an effort to end historical economic inequality. Through counseling, education, training, legal and community advocacy, specialized programs and direct services, the division develops creative solutions and platforms to promote economic security and a more holistic understanding of wealth creation focused on the public good. We're aiming for a society where wealth and its growth advance the nation as a whole including historically disenfranchised racial and ethnic groups.

HIGHLIGHTS

Fair Housing

Recently, the Fair Housing team filed a complaint with HUD against a Virginia-based real estate sales company on the basis of illegal race discrimination.

HUD is actively investigating the Chemical Spill Case in Eight Mile in Mobile, Alabama, recognizing that people of color were being treated differently in a poor, Black community than the same company treated wealthy White communities in California.

The Fair Housing team conducted lending investigations related to testing in DC, San Antonio and LA. The DC training was conducted virtually in April. As the crisis hopefully starts to peak, people will be looking to pull money out of their homes at which point we will switch to refinance testing. The idea with refinancing testing is that as people are trying to recover, there will likely not be enough money for the average person and they will likely want to pull money out of their homes. Will banks be willing to work with people of color to refinance their homes? Will banks work equitably? We want our partners in the banking industry to understand that people should have the opportunity to refinance equitably.

Fair Lending

On the first day of the second round of the Payment Protection Program (PPP) funding, we started conducting small business matched-pair fair lending tests of financial institutions. This testing is a continuation of the work that we have been performing for the past three years.

The testing revealed that 8 out of 17 tested financial institutions informed at least one of our testers that they were only focused on PPP lending, and that they were not providing any other sources of capital during this time. Nor were the testers told when these other lending products would become available

again. One bank told the testers that they were not accepting new applications for PPP loans as they were still trying to process applicants from the first round of funding, this was 5 days after the second round had started.

PPP lending is not a replacement for traditional capital. These loans do not provide a vehicle by which a small business can expand. Instead this product is a life preserver to help keep businesses alive until either people return to the establishment or the business can transition to be viable in this new COVID-19 world.

This past month, there was an increase in interest in the results of the small business testing program led by the Fair Lending team. The team continues to conduct testing and analysis in the small business bridge loan space.

Small Business and Entrepreneurship

The Coronavirus Aid, Relief and Economic Security Act (CARES Act) designated \$48 million to Women's Business Centers (WBCs) throughout the country. The Small Business Administration is planning to divide the \$48 million amongst WBCs across the nation, providing an opportunity for each Women's Business Center to receive an additional \$400,000 dedicated to supporting small businesses in the COVID-19 crisis response. The DC WBC submitted its proposal for the full amount of funding and was awarded the total amount on April 22, 2020.

The DC Women's Business Center continues to update its resource guide in light of the COVID-19 pandemic and the specific rise in challenges that small businesses are facing. The resources can be found on both the DC WBC website and NCRC's COVID-19 resource page. The DC WBC continues to counsel small business clients amidst the pandemic.

NCRC added its first Director of Entrepreneurship in May 2020. Kathryn Orr will



Kathryn Orr

integrate NCRC's Race, Wealth and Community team's research and advocacy with real-time application directly with small businesses. She will also spearhead the relaunch of the DC Women's Business Center, which is funded in part by a cooperative agreement between NCRC and the Small Business Administration. Orr, based in Washington, D.C., will make her first priority to address the technical assistance needs of COVID-19-affected small businesses through tailored education, training and advisory services in the D.C. Metropolitan area.

In addition, Sade McKoy recently joined the DC Women's Business Center in a full time capacity as Communications Specialist. Sade will spearhead the relaunch of the DC WBC website and set forth the team's digital marketing strategy.



Sade McKoy

THE PANDEMIC IS ACCELERATING THE RACIAL WEALTH DIVIDE. HERE'S HOW WE TURN IT AROUND.

By Dedrick Asante-Muhammad and Chuck Collins

Behind the anger in the streets at police abuse is the awareness that Black, brown, and Native people are disproportionately disenfranchised, suffering, and dying.

It's not just police brutality or the inequality of the COVID-19 pandemic, deadly as those are.

It's also the ongoing crisis of socio-economic marginalization faced by people of color in this country, most dramatically illustrated by our racial wealth divide. Median white families own literally dozens of times more wealth than Black and Latino families, who have far fewer resources to endure disasters like the pandemic and recession.

While we are several years away from understanding the pandemic's impact on racial asset holdings, the most recent pre-pandemic data is alarming.

Between 1983 and 2016, the median Black family saw their wealth drop by more than half after adjusting for inflation, down to a minuscule 2% of white wealth. Latinos saw only a marginal increase, to just 4% of median white wealth. White households, by contrast, increased their wealth by a third.

The Great Recession — and the inadequate response to it — made all this much worse. Back then, the government bailed out corporations but ignored distressed homeowners and low-wage workers who were disproportionately Black and Latino. It would be a crime not to learn from these mistakes.

Eight solutions

In a new report, we identify eight solutions to recover from the pandemic while reducing the racial asset divide.

In the short term, millions of families desperately need cash. Stimulus aid has been a critical, but insufficient, support during this time. With much of it set to expire soon, we'll need immediate, emergency income support that could gradually evolve into a universally guaranteed income or federal jobs guarantee, like the Depression-era Works Progress Administration.

We could also expand the mandate of the U.S. Postal Service to include basic financial services, which would help the “unbanked” in rural and inner-city communities get access to basic financial services — and avoid predatory lenders. According to the FDIC, Black households are five times more likely, and Latino households are four times more likely, than white households to be unbanked or underbanked. In a crisis, that makes them prime targets for exploitation.

As we emerge from the crisis, other universal social programs could have a profound impact on closing the racial wealth gap.



Photo by Étienne Godiard on Upsplash

For instance, we could delink health insurance from employment and guarantee universal health coverage through a program like Medicare for All. With Black and Latino workers losing their jobs at higher rates than white workers in the current crisis — and with Black Americans dying from COVID-19 at more than double the rate of other groups — this pandemic shows how inequities in health care and the broader economy are closely linked.

Baby bonds

Another idea? Baby bonds. That is, Congress could seed savings and investment accounts for every child born in this country, which they'd get access to as adults to get an education, start a business, or otherwise fund their next steps. This step alone, researchers suggest, could reduce the racial wealth gap tenfold.

Finally, paying for these programs with a more progressive tax structure — including more progressive wealth, income, and estate taxes — would also narrow the racial wealth divide, as the sharply declining tax burden of America's wealthiest 0.1% over the last few decades has enriched an economic elite that is almost entirely white.

These ideas, along with programs to expand homeownership and other wealth-building opportunities, would lift up millions of households of all races that have been left behind in this unequal economy, but they would especially lift up Black and brown people who are poorly served by the current health and financial systems.

While these programs would be universal, some initiatives should be targeted to those historically excluded, due to racially based practices, from past wealth-building programs. For example, we advocate for a rigorous “racial wealth audit” for each new federal policy to ensure programs reduce racial wealth divisions, not worsen them.

Americans of all colors are hurting right now. But because white supremacy is the pre-existing condition — and in the face of a massive uprising for racial justice — our path out of this crisis must have a strong racial equity lens. The health of our country, and countless lives, demand it.

Media & Press:

- On July 1, 2020, Dedrick Asante-Muhammad was highlighted in: [“Black Americans underserved by banking system.”](#)
- On June 25, 2020, Dedrick Asante-Muhammad co-authored: [“The pandemic is accelerating the racial wealth divide. Here’s how we turn it around.”](#)
- On June 22, 2020, Kathryn Orr was highlighted in: [“Black-Owned Gourmet Vegan Cookie Company Sees 10,000% Spike in Growth.”](#)
- On June 22, 2020, Dedrick Asante-Muhammad was highlighted in: [“COVID-19 widens racial wealth gap, hitting Black businesses especially hard.”](#)
- On June 20, 2020, the Fair Lending team’s small business testing results were highlighted in: [“Black-owned businesses face a system set up against them. COVID-19 makes it worse.”](#)
- On June 19, 2020, Kathryn Orr and Dedrick Asante-Muhammad were highlighted in: [“Black-owned businesses see outpouring of support amid George Floyd protests.”](#)
- On June 19, 2020, Kathryn Orr was highlighted in: [“5 ways to support Black-owned businesses: ‘It’s not rocket science — people just choose not to do it’”](#)
- On June 18, 2020, Jake Lilien published: [“Has COVID-19 Resulted In Less Racism In Housing Sales?”](#)
- On June 8, 2020, Dedrick Asante-Muhammad co-authored the report: [“White Supremacy is the Pre-existing Condition.”](#)
- On May 28, 2020, Sara Oros published: [“Healthy Mobility: An Urgent, New Public Transportation Puzzle.”](#)
- On May 21, 2020, Ali Lederer and Jason Richardson published: [“The Tightening of the Credit Market and the Perpetuation of the Recession.”](#)
- On May 19, 2020, Dedrick Asante-Muhammad and Sally Sim published: [“The Economic Reality of Asian Americans, Including Intragroup Differences.”](#)
- On May 14, 2020, Dedrick Asante-Muhammad and Sally Sim published: [“Racial Wealth Snapshot: Asian Americans And The Racial Wealth Divide.”](#)
- On May 11, 2020, Dedrick Asante-Muhammad and Sally Sim published: [“Racial Health and Economic Disparities are Two Sides of the Same Coin.”](#)
- On April 23, 2020, Jake Lilien published: [“When Americans Need Safe Shelter The Most, Some Will Be Turned Away Because Of Their Gender Identity.”](#)
- On April 17, 2020, Tracy McCracken published: [“Removal Of The Affirmatively Furthering Fair Housing Rule, COVID-19 And The Dangers To The Lives Of African Americans.”](#)
- On April 15, 2020, Ali Lederer published: [“Homeowners Rights And Resources During The COVID Crisis.”](#)
- On April 12, 2020, NBC News published an article entitled: [“Coronavirus could ‘decimate’ Latino wealth, which was hammered by the Great Recession”](#) in which [a research piece by Dedrick Asante-Muhammad and former RWC team member, Diego Hernandez, was highlighted.](#)
- On April 10, 2020, the Fair Lending team’s mystery shopping work through the Kellogg grant was highlighted in a New York Times article entitled: [“Black-Owned Businesses Could Face Hurdles in Federal Aid Program.”](#)
- On April 10, 2020, Monica Grover published: [“My Parents Have Always Been Essential Workers.”](#)
- On April 7, 2020, Dedrick Asante-Muhammad and Ali Lederer published: [“It Was Never a Strong Economy For the Working Poor. Now’s the Time to Change That.”](#)



Interviews and Podcast

- On June 12, 2020, Dedrick Asante-Muhammad participated in the recording of [“Preach to the Choir”](#) podcast with Pamela Capalad and Dyalekt of Brunch and Budget on Instagram Live.
- On May 26, 2020, Dedrick Asante-Muhammad participated in a [“Community Conversation: The Racial Wealth Divide and How COVID 19 Has Magnified It”](#) with Councilwoman Tameika Isaac Devine.
- On May 5, 2020, Dedrick Asante-Muhammad released his [interview with Lillian Singh, Vice President of Racial Wealth Equity at Prosperity Now, on the Race and Wealth Spotlight Podcast.](#)

Presentations & Training Events:

- On June 18, 2020, Dedrick Asante-Muhammad moderated the Association for Enterprise Opportunity’s panel, [“Black Business: Restart and Recovery.”](#)
- On June 18, 2020, Jake Lilien and Karen Kali conducted a webinar entitled [“LGBTQ+ Life After COVID-19: Assessing Risk, Response and Recovery.”](#)
- On June 11, 2020, Ali Lederer and Karen Kali co-hosted the [“NCRC Brown-Bag: How Does a Just Economy Uplift Women and Members of the LGBTQ+ Community?”](#)
- On May 13, 2020, Rose Ramirez organized: [“Brown Bag: Working While Black: Barriers, Obstacles, and providing support for Black Women Professionals.”](#)