



December 19, 2016

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SENT VIA EMAIL

**Re: Federal Housing Financial Agency Proposed Minority and Women Inclusion Amendments**

**RIN: 2590-AA78**

The Greenlining Institute (Greenlining) thanks the Federal Housing Finance Agency (FHFA, or the Agency) for the opportunity to comment on issues that directly impact communities of color, who are underrepresented in the financial sector, disparately impacted by the 2007 financial crisis, and still today disproportionately lag in the economy recovery. We offer our perspective on the FHFA's efforts to clarify and increase the effectiveness of diversity and inclusion efforts of its regulated entities.

**Who We Are**

Greenlining works to bring the American Dream within reach of all, regardless of one's race or zip code. The Greenlining coalition is comprised of over 40 organizations, including more than a dozen community-based organizations, ethnic chambers of commerce and consumer advocates. We pursue a multi-issue platform of racial and economic justice to promote America's future prosperity.

Today, the majority of children born in the United States are non-white and the nation is poised to become "majority-minority" by 2043. It is therefore essential that our financial system reflects this diverse consumer base and is adequately prepared to serve their unique needs. At Greenlining, we understand that America will prosper only if communities of color prosper.

Greenlining supports the critical role of the Offices of Minority and Women Inclusion, and has followed their progress closely. Since 2011 we have published regular research on diversity within their respective agencies, including the FHFA. Agencies have generally struggled to "move the needle" in both workforce and supplier diversity in the past 5 years. Without rules to encourage transparency and proactive investment in addressing these disparities, we anticipate that people of color will continue to be poorly represented in this sector.





## **Recommendations for Enhancing the FHFA's Proposed Amendments**

Greenlining applauds the FHFA for proposing amendments to ensure diversity and inclusion are more effectively incorporated into the Agency's business practices and market transactions. We also uplift the Director's broad enforcement authorities and encourage the adoption and use of these properties in the final issuance.

The following are Greenlining's recommendations to enhance the Agency's proposal to support and strengthen the amendments:

### **I. Enforce Uniform Reporting Templates**

Many of the proposed amendments seek to clarify and expand the scope of regulated entities' diversity and inclusion efforts. Greenlining strongly supports these efforts; requiring this information will better capture each entity's diversity efforts than the systems currently in place.

We strongly urge the FHFA to standardize reporting metrics for its regulated entities. Our [previous analyses of diversity within the financial agencies](#) show a great variance in metrics and reporting formats among 8 Offices of Minority and Women Inclusion, despite their shared policy. Uniform reporting templates will provide clear and consistent year over year reporting, improve evaluation capacity, and increase the overall effectiveness of the Agency's efforts under the amendments.

### **II. Make OMWI Reports Publicly Available**

The FHFA's internal Office of Minority and Women Inclusion (OMWI) has set the bar high and positioned itself as a model for other agencies. Overall, we have been impressed by the progress and intentionality of its oversight of regulated entities. However, the FHFA must begin making annual reports from entities available to the public. Until then, investment and confidence in these entities' progress will be limited, because its work takes place in a black box.

Currently, regulated entities submit annual reports to internal FHFA staff, but no substantive information is reported out to the public. This is already a standard practice for all 20 OMWIs created at agencies through Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd Frank). For the last five years, the agencies (in addition to the FHFA OMWI) that exercise this practice include: NCUA, FDIC, SEC, OCC, Treasury, CFPB, Federal Reserve Board of Governors, and the 12 Federal Reserve Regional Banks. Clearly, if large quasi-government agencies are reporting such information, the regulated entities should as well.





Greenlining appreciates the FHFA OMWI’s continued positive direction towards strengthening diversity and inclusion efforts and outcomes at its agency and regulated entities. While we support the Agency’s stated mission to clarify and expand the scope of diversity efforts among its regulated entities, these efforts cannot be successful without uniform reporting metrics and publicly available data.

We appreciate the opportunity to voice our recommendations, and look forward to working with Director Watt, the FHFA OMWI, and its regulated entities to ensure its next steps are measurable and meaningful to maximum impact.

