WOODSTOCK INSTITUTE

WOODSTOCK INSTITUTE ANNUAL REPORT

RESULTS FY 2022

Advancing economic justice and racial equity within financial systems through research and advocacy at the local, state, and national levels.

WOODSTOCK INSTITUTE

OUR VISION:

A SOCIETY WHERE ALL PEOPLE EXPERIENCE ECONOMIC SECURITY AND PROSPERITY.

JULY 2023
Report prepared by: Rob Mayo, Woodstock Institute
Cover Photo: Adam Jones, Ph.D. | Other Photos: Fig Media, Wikimedia Commons
Graphic Design: Michael Garzel

FY 2022

Throughout 2022, Woodstock Institute worked to advance economic justice and racial equity. We advocated for stronger consumer protections, produced research that sheds light on financial disparities, and brought together stakeholders to collaborate on addressing financial sector discrimination.

Woodstock Institute celebrated two major legislative wins in 2021 with the passing of the **Predatory Loan Prevention Act (PLPA)** and the **Illinois Community Reinvestment Act (IL-CRA)**. As the result of decades of advocacy, research, and coalition-building, these laws have the potential to help undo a legacy of financial discrimination in Illinois by facilitating wealth-building in low- and moderate-income communities.

The extent to which these communities will receive the full intended benefits of these reforms depends on advocates' ability to maintain pressure against moneyed interests throughout their implementation and enforcement processes. We've already witnessed various attempts at undermining these laws, ranging from weak enforcement standards at best and blatant sabotage at worst.

As a result, in 2022 we advocated for and defended these policies by demonstrating their potential to make a real difference in people's lives and help communities of color build and maintain wealth.

The **PLPA** and its 36% APR cap on consumer loans have been enormously successful in saving low-income people hundreds of millions of dollars in interest and fees, and we are now in a battle to prevent entrenched financial predators from undermining the law in their quest to extract wealth from communities of color. Specifically, the pawnbroker industry secured a temporary injunction exempting them from the PLPA, allowing them to continue their predatory lending practices.

Likewise, although the newly-enacted **IL-CRA** has the potential to channel investments back into historically underserved communities, this positive result will depend on advocates like Woodstock Institute working with state and federal regulators to hold financial institutions accountable to their obligations to address underinvestment in communities of color.

On top of these efforts, we continue to maintain, update, and train users on our **Community Lending Data Portal**. Over four decades of analyzing data on lending in Chicago demonstrates how little has changed despite extensive efforts to address racial disparities in finance. With this data, we aim to ensure community members have easy access to the knowledge needed to decipher the lending disparities created by our financial system.

Finally, we want to express gratitude for the continued support of our allied community organizations and grassroots leaders, our donors, and our staff and board, without whom none of our efforts would be possible.

POLICY + ADVOCACY

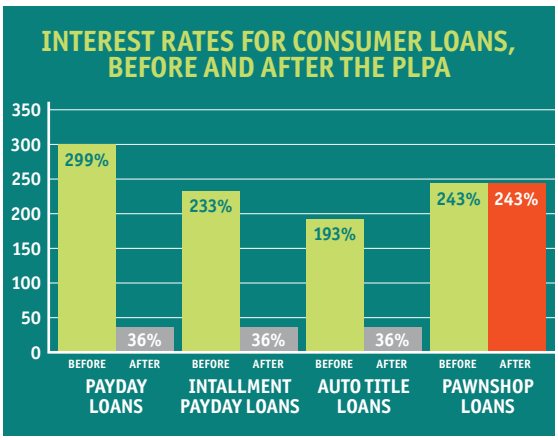
DEFENDING THE PREDATORY LOAN PREVENTION ACT

The 2021 passage of the **Predatory Loan Prevention Act (PLPA)** marked an historic win for racial justice efforts and was the culmination of more than 20 years of research, advocacy, and coalition-building from Woodstock and our partners.

Reforms introduced by the PLPA have been an unequivocal success. Thanks to the 36% rate cap, predominantly Black and Brown low-income borrowers are no longer caught in an endless cycle of unaffordable debt. Millions of dollars that would have gone to predatory lenders in the form of interest and fees have remained in Illinois communities.

To learn more, Woodstock commissioned a poll that found that cash-strapped consumers were using safe and affordable methods to cover shortages, many of which did not require taking on debt. Of those who did choose to borrow, over two-thirds were able to access most or all of what they needed under the rate cap.

Thanks to the PLPA, **consumers saved $607 million in fees** and interest on high-interest loans in 2022, an **almost 100% decline** from 2019.



Unfortunately, passing the law was only part of the battle. The pawnbroker industry successfully persuaded a Sangamon County Court judge to carve them out of the PLPA, which allows the industry to continue charging 243% on their loans. We've been working ever since on defending the PLPA by:

- Producing research demonstrating how predatory lenders, and pawnbrokers specifically, exacerbate the racial wealth gap by extracting money from disproportionately low-income Black and Brown borrowers in Illinois.
- Shedding light on how the pawnbroker industry violates federal law in its lending practices. Our investigation found pawnbrokers were illegally charging interest rates up to 243% to active-duty service members in violation of the Military Lending Act. These findings highlight the need to ensure that the pawnbroker industry is covered by the PLPA.
- Highlighting the broad public support for this law. In a poll commissioned by Woodstock, we found a whopping 86% of Illinois residents are in favor of the 36% rate cap. Support was overwhelmingly strong among Democrats, Republicans, and Independents alike.

Despite advocacy from Woodstock Institute and a broad coalition of advocates, pawnbrokers and their lobbyists managed to kill legislation that would have compelled the industry to follow the PLPA—but the fight isn't over. We will continue fighting to ensure that all consumer lenders comply with the State's 36% rate cap.

ALTERNATIVES TO PREDATORY LOANS

Now that the Predatory Loan Prevention Act (PLPA) has successfully curtailed high-cost predatory lending, Woodstock has increased our efforts to connect impacted communities with access to safe and affordable sources of cash.

- Woodstock Institute and our partners created WeProsperIL.org as a hub for consumer financial education to help consumers lower bills, find additional income sources, and access affordable financial products.
- In 2022, we launched a marketing campaign to spread the word about this resource, strategically using radio, social media, billboards, transit shelters, and community outreach to reach impacted communities.
- Alongside the Consumer Federation of America, Woodstock put together an in-depth report outlining safe options for accessing cash without going into high-cost debt.

To better inform these efforts, we will continue working to understand how impacted consumers access cash in a post-PLPA world and catering our efforts to these findings.

ECONOMIC JUSTICE + RACIAL EQUITY

ENFORCING THE COMMUNITY REINVESTMENT ACT

Woodstock Institute plays an active role in shaping reform efforts for the federal **Community Reinvestment Act (CRA)** and implementation of the recently-enacted **Illinois CRA**.

Ever since Woodstock was a leader in the passage of the Community Reinvestment Act in 1977, we've been on the frontlines making sure regulators hold financial institutions accountable to promote racial equity under the law. Unfortunately, a recent report by Woodstock's Senior Research Fellow Calvin Bradford entitled *Violating Your Way to an Outstanding CRA Rating* found financial regulators have overwhelmingly failed to identify cases of redlining and racial discrimination over the past 30 years.

In light of these regulatory failures, we hold that bank mergers deserve more scrutiny from regulators, not less. Throughout 2022, Woodstock advocated for robust enforcement of both the federal and the Illinois CRA by:

- Speaking out against multiple bank mergers due to these institutions' lackluster history of engaging in equitable lending practices. By doing so, we hope to provide a crucial voice for communities left behind in the wake of decades of financial industry consolidation.
- Releasing an in-depth 43-page comment letter outlining what is needed for a robust Community Reinvestment Act enforcement framework in response to current efforts to update the CRA. Above all, we were disappointed to find regulators are disregarding opportunities to address systemic racism through stronger regulation in the lending sector.
- Following and contributing to Illinois regulators' efforts to promulgate rules for enforcing the IL-CRA. As with the federal CRA, we advocate that any enforcement of the law must include the impact of racial disparities on consumers to fulfill the intent of these laws as tools for eliminating redlining.

MORTGAGE ACCESS INITIATIVE

Mortgage lenders continue to overwhelmingly favor White neighborhoods over Black neighborhoods, perpetuating cycles of underinvestment and racial inequity. The **Mortgage Access Initiative** is an effort to tackle this issue head-on.

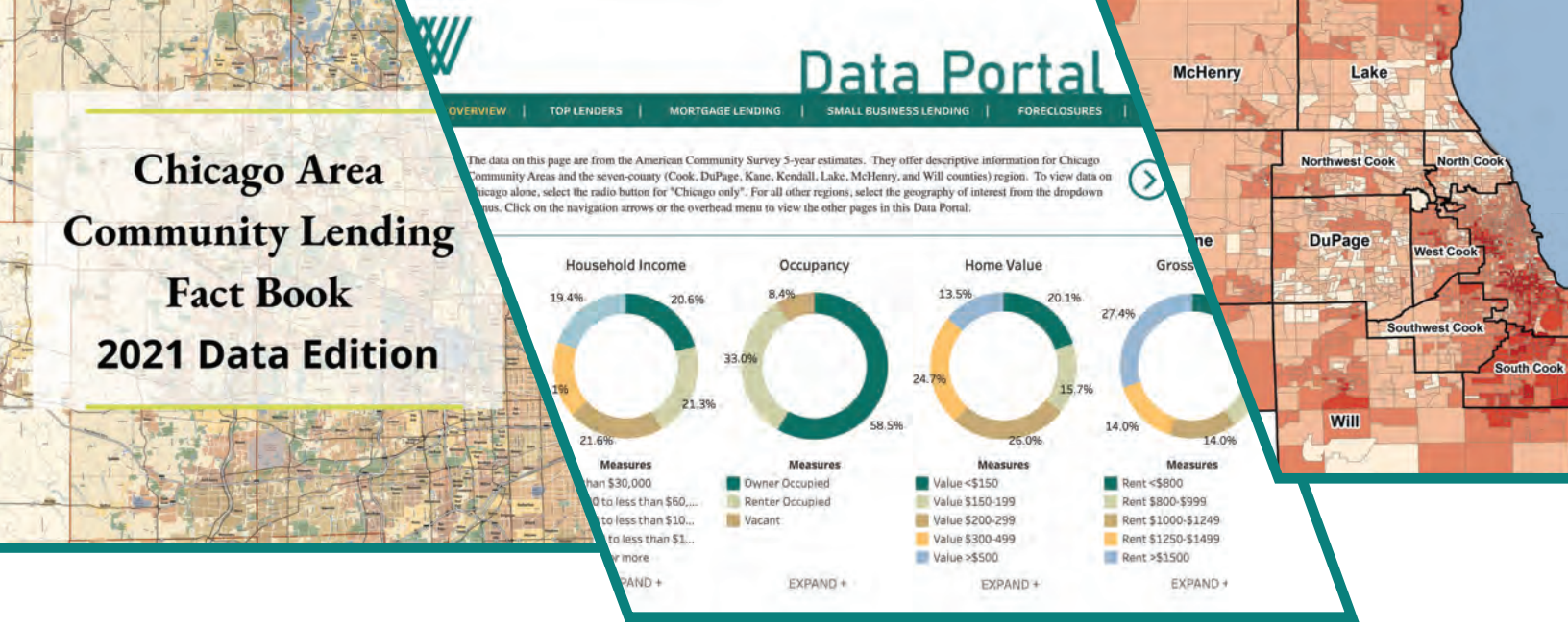
As our Community Lending Data Portal demonstrates, homeownership (and the wealth-building opportunity it entails) remains inordinately out of reach for people of color. In this context, Woodstock Institute and Neighborhood Housing Services of Chicago (NHS) have brought together representatives of various types of mortgage lenders—credit unions, banks, and mortgage companies—for honest conversations about the systemic barriers to homeownership for people of color and how we can address them.

The Mortgage Access Initiative aims to break down each step of the mortgage lending process and use stakeholders' expertise to identify the specific gaps and roadblocks that prevent mortgage credit from flowing towards underserved communities of color.

After 18 months of meetings, participants arrived at the following policy recommendations:

- Develop parameters for creating an equitable mortgage product;
- Make homeownership more affordable for people of color by ensuring Federal Housing Administration (FHA) loans only go to borrowers ineligible for conforming loan products;
- Incentivize lending to people of color by addressing loan officer compensation structure and optimizing relationships with housing counselors.

These recommendations will help guide our advocacy efforts as we engage other actors in the mortgage lending process. We plan to continue this project by bringing in different stakeholders such as appraisers, real estate professionals, and representatives of government sponsored enterprises like Fannie Mae and Freddie Mac.



RESEARCH

COMMUNITY LENDING FACT BOOK FINDINGS

Woodstock Institute's Community Lending Data Portal is an important tool for understanding racial and economic disparities in our financial system. In 2022, we continued to update and analyze this data to reach new insights.

Since 1986, Woodstock has compiled data on access to loans and financial opportunity in the Chicago area into our Community Lending Fact Book. This comprehensive resource helps guide the decisions of policymakers, financial institutions, regulators, and community-based organizations.

In 2022, we built on our goal to democratize data by spreading the word about the capabilities of our new Community Lending Data Portal. This powerful tool allows stakeholders and community organizations to easily splice and compare data in new ways, facilitating deeper and more precise analysis on lending activity in Chicago. We hosted multiple virtual events to share these capabilities with the hope that greater access to this data will help provide the knowledge needed to spur systemic change.

We also added new community lending data to the portal, including gross rent, property values and changes over time in the number of bank branches by geographic area. Highlights on mortgage purchase loans, refinances, average loan amounts, average borrower income and average property values are also new.

Our own analysis of the 2020 data found that:

- Lending disparities continued and even grew along geographic and racial lines in the Chicago region during this time. Residents of Chicago's North Side, which is generally higher-income and more White, received both larger loans and a greater share of loan dollars overall compared to their share of the total population.
- In 2020, the North Side made up only half the city's population but received over two-thirds of the total loan amount made in the city. The average loan amount on the North Side was also over 3 times larger than the average loan amount on the South Side.

This resource is available for free download and access at woodstockinst.org/data-portal.

THANK YOU TO OUR SUPPORTERS:
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Associated Bank
Big Cat Foundation
BMO Harris Bank
Capital One Financial
Chicago Area Fair Housing Alliance
Chicago Community Foundation
Chicago Community Trust
CIBC
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Driehaus Foundation
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ECONOMIC JUSTICE AWARDS

On June 7th, 2022, Woodstock Institute hosted our Economic Justice Awards. Our first in-person event since COVID-19, we were excited to welcome folks and honor Advocate of the Year Awardee Sarah Brune, Policy Director at Neighborhood Housing Services of Chicago as well as Illinois House Speaker Emanuel "Chris" Welch.

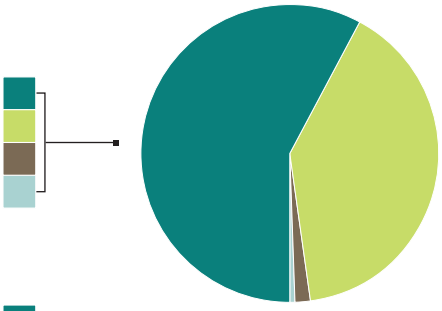
Thank you to the many institutions who sponsored the event and those who gave generous contributions to fund Woodstock Institute's mission of promoting economic justice and racial equity.

FY 2022 FINANCE REPORT: JANUARY 1 – DECEMBER 31, 2022

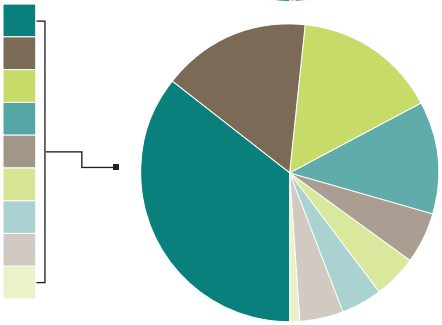
STATEMENT OF FINANCIAL POSITION	12/31/22	12/31/21
ASSETS		
Current Assets	719,035	619,240
Net Property and Equipment	5,135	5,063
Other Assets	621,204 *	16,701
TOTAL NET ASSETS, YEAR-END	**$1,345,374 ***	**$641,004**
LIABILITIES		
Total Current Liabilities	701,025 *	71,918
Unrestricted Net Assets	292,650	438,526
Temporarily Restricted Net Assets	351,700	130,560
TOTAL LIABILITIES AND NET ASSETS	**$1,345,374 ***	**$641,004**

REVENUE AND EXPENSE

REVENUE	
Corporate Gifts, Grants & Sponsorships	876,850
Foundation Grants	606,860
Individual Donations	25,792
Interest, Investment & Other	4,004
TOTAL INCOME	**$1,513,506**



EXPENSES BY CATEGORY	
Predatory Lending Prevention	514,970
Administrative/General Operating	231,221
Development/Fundraising	220,699
Community Lending Data Portal/Fact Book/TA	176,821
Professional Development/Capacity Building	82,196
Community Reinvestment Act	66,100
Wealth Creation	65,900
Fair Lending/Mortgage	64,241
Other	16,095
TOTAL EXPENSES	**$1,438,243**



CHANGE IN NET ASSETS	**$75,263**	**($131,238)**

* Due to new lease reporting requirements, total liabilities and assets for 2022 include our operating lease right-of-use asset ($610,036) and lease liability ($637,245) amounts.

OUR TEAM

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