WOODSTOCK INSTITUTE

WOODSTOCK INSTITUTE ANNUAL REPORT

RESULTS FY 2023

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

TIMELINE 1973-2023

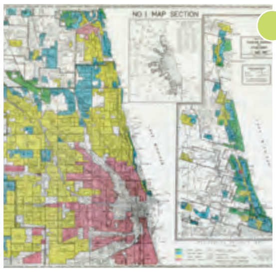
50 YEARS

1973

WOODSTOCK INSTITUTE FOUNDED
Sylvia and Aaron Scheinfeld created the Woodstock Center with the mission to "explore and pursue the most effective strategies for dealing with discriminatory housing and investment policies in the Chicago metropolitan area."

1977

COMMUNITY REINVESTMENT ACT ENACTED
Thanks to the advocacy of National People's Action, Woodstock Institute, and other allies, the Community Reinvestment Act (CRA) was enacted. The CRA requires financial institutions to "help meet the needs of borrowers in all segments of their communities, including low- and moderate-income neighborhoods."



1982

INSURANCE COMPANIES SIGN ANTI-REDLINING PLEDGE | After National People's Action, Woodstock, and partners raised the issue of redlining and its effects, major insurance companies signed anti-redlining pledges and agreed to invest hundreds of thousands of dollars "to help revitalize Chicago's beat-up neighborhoods."

1983

WOODSTOCK NEGOTIATES FIRST ACRA AGREEMENT | Woodstock Institute and partners negotiated the first major reinvestment agreement with the First National Bank of Chicago, worth $200 million in loans for lower-income people and communities of color.

1986

FIRST COMMUNITY LENDING FACT BOOK RELEASED | Woodstock released the first of its fact books for the Chicago area, based on 1984 data from the Home Mortgage Disclosure Act. The fact book is now accessible via the data portal on our website.

1994

WOODSTOCK TOUTS CDFIS, CLINTON ENACTS CDFI FUND | Woodstock released publications on Community Development Financial Institutions (CDFIs), a term Woodstock coined. President Clinton would later sign a bill establishing a federal CDFI fund, which has since allocated more than $5.1 billion to CDFIs operating in underserved communities.

2005

"THERE GOES THE NEIGHBORHOOD" FORECLOSURE REPORT | Anticipating the collapse of the 2000s housing bubble, this widely-cited report connected the dots between subprime lending, foreclosures, and their effects on neighborhood property values. Woodstock's research on foreclosures, including our post-2008 quarterly reports on foreclosure filings in Chicago, would be valuable resources in the wake of the 2008 housing crisis.

2015

ILLINOIS SECURE CHOICE SAVINGS PROGRAM | Woodstock's research shed light on the 2.5 million-plus Illinois workers without access to retirement savings accounts, helping pave the way for the Illinois Secure Choice Savings law, giving millions access to employment-based retirement plans.

2016

WOODSTOCK HELPS NEGOTIATE BILLIONS IN COMMUNITY BENEFITS AGREEMENTS
The CBAs with CIBC, Fifth Third, and Huntington National Bank amount to $49 billion in investments for low- and moderate-income communities.

2021

ILLINOIS COMMUNITY REINVESTMENT ACT AND PREDATORY LOAN PREVENTION ACT PASSED
Both part of the Illinois Legislative Black Caucus's Economic Equity Pillar, these laws have created a critical opportunity for addressing long-persisting racial inequities.

FY 2023

LETTER FROM THE PRESIDENT | Horacio Méndez

"Everything – even lunacy – is mass produced here. But everything goes out of fashion very quickly" – Albert Einstein

I would add to Einstein's statement above that there are waves of productive lunacy and there are waves of harmful lunacy. The year 2023 found Woodstock Institute attempting to prolong its ride on the waves of productive lunacy, while trying not to drown in the growing waves of harmful lunacy.

The wave of productive "lunacy" allowed us to openly challenge the way our economic system works.

We rode the wave of disgust that lenders had originated more mortgages in a single White neighborhood of Chicago than all Black neighborhoods combined... and produced the **IL-Community Reinvestment Act** and the **Chicago Lending Equity Ordinance**. We rode the wave of shock when our research showed Black and Brown Illinoisans being robbed of over a half billion dollars a year in excess interest and fees due to predatory lenders... and produced the **Predatory Loan Prevention Act**. We pushed our luck in trying to close the loophole that allows pawn shops to lend at 243% APR, but by then, we started to feel the wave receding.

As we celebrated **Woodstock's 50th anniversary**, it wasn't difficult to draw parallels between this recent resurgence of activism and the wave of civil rights movements that helped spur the founding of Woodstock. That wave led to its own landmark legislation, the **1975 Home Mortgage Disclosure Act** and the **1977 Community Reinvestment Act**. While these laws were and continue to be critical tools for combating economic injustice, our capricious politics have ensured the promise they represent remains unfulfilled.

From the vantage point a half century of advocacy provides, the pendulum swing between mobilization and reaction seems inevitable. But through it all, Woodstock has stood out as a consistent bulwark of resistance against the complacency, frustration, and despair that can often result when facing down the vortex that is our financial system.

We are proud to have you stand with us.

Woodstock President & CEO Horacio Méndez speaks at launch of “First Steps” college savings program

Woodstock SVP of Policy & Advocacy Brent Adams with leaders from Community Organizing and Family Issues (COFI)

Director of Research Amber S. Hendley at “Seeking Equity in Property Assessment, Appraisal & Valuation” panel

Illinois State Treasurer Michael Frerichs speaks at Illinois Senate breakfast briefing

POLICY + ADVOCACY

On the legislative front, Woodstock Institute had our work cut out for us in 2023. We found ourselves playing defense on multiple issues: income share agreements, high-dollar consumer legal funding, and pawn loans. In partnership with a broad coalition representing hundreds of thousands of consumers, we successfully prevented anti-consumer bills related to these issues from passing in 2023.

PAWN LOANS

Ever since the pawnbroker industry secured an exemption from the **Predatory Loan Prevention Act’s** 36% rate cap on consumer loans, Woodstock has been organizing to close this “pawnbroker loophole.” Throughout 2023, we conducted research with Illinois residents culminating in the January 2024 release of “*The Predatory Loan Prevention Act is Working*,” a report highlighting the PLPA’s positive impact, including saving Illinois consumers over $600 million in interest and fees.

As the year progressed, the pawn industry – both well connected and well financed – became increasingly formidable. In the last days of the 2023 Veto Session, Woodstock decided to “go neutral” on a bill (HB 779) that we consider to be a mixed bag. The bill allows annual percentage rates (APRs) as high as 243.3% but lowered the rate cap on loans over $500. While Woodstock delivered a letter to Governor Pritzker identifying specific ways the bill could be improved in response to the bill’s passage, the Governor chose to sign the bill as is.

In the wake of this battle, Woodstock will continue to educate consumers about the dangers of pawn loans through our financial education arm: WeProsperIL.org. At the same time, we will work vigorously to oppose any additional exemptions from the state’s 36% APR cap.

INCOME SHARE AGREEMENTS

Advocates led by Woodstock Institute mobilized to successfully stop HB 1519, a bill written and backed by the Income Share Agreement (ISA) industry that would have codified its most exploitative practices.

ISAs are a type of student loan where the student agrees to pay the lender a percentage of their future income. They are especially prominent among for-profit schools and known for targeting communities of color. HB 1519 would have allowed interest rates on ISAs well above those typical of both public and private student loans, and mandated repayment at an income threshold below living wage.

ADVOCACY EVENTS

To build momentum around our efforts to protect consumers and small businesses from abusive financial practices, Woodstock Institute organized multiple events with community members, lawmakers, and government officials in 2023.

- We convened consumer advocates, government officials, and lawmakers from the Illinois Senate, House, and House Republican Caucus for policy briefings in anticipation of the 2024 legislative session. Advocates had the opportunity to inform lawmakers of their legislative priorities, answer their questions, and lay the groundwork for advancing consumer protections.
- Alongside Illinois House Representative Hoan Huynh, we organized a Small Business Town Hall meeting in Chicago to build support and garner community input for our campaign to enshrine critical protections for small businesses borrowing money. This campaign has continued well into 2024 through our efforts to get SB 2234, the Small Business Financing Transparency Act, passed in the Illinois General Assembly.

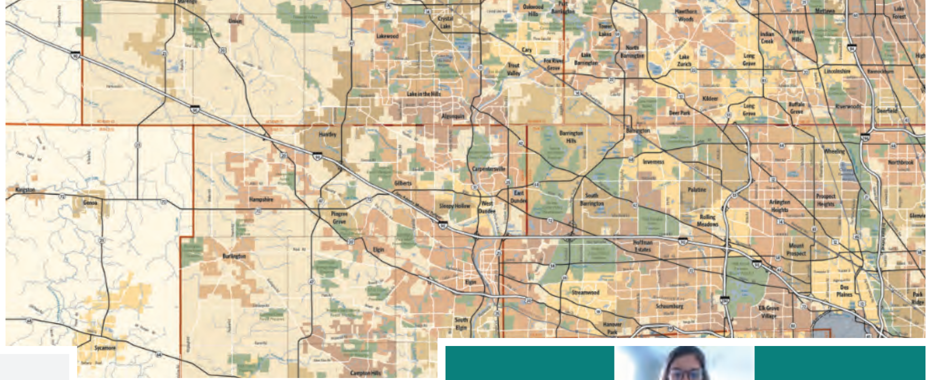
CONSUMER SPOTLIGHT:

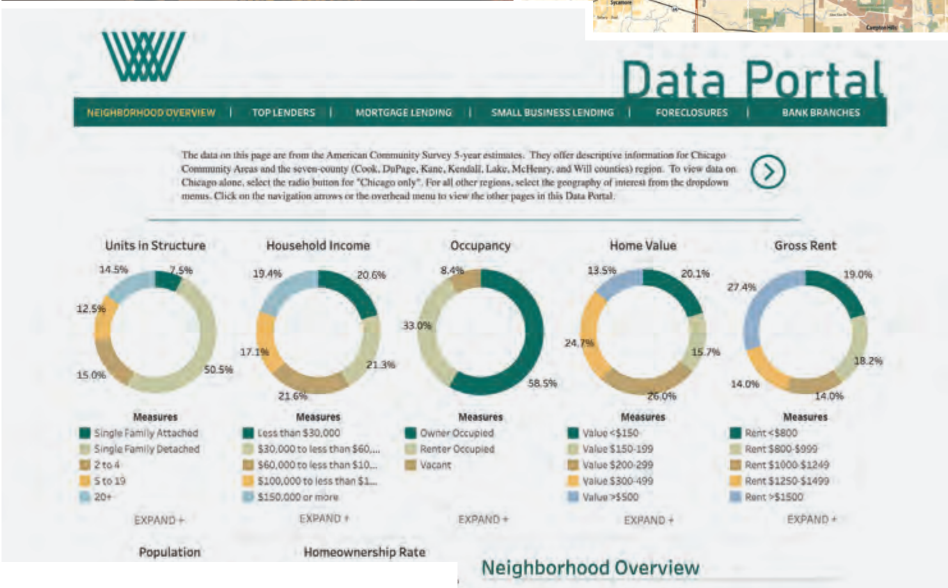
DEVINE SIMS

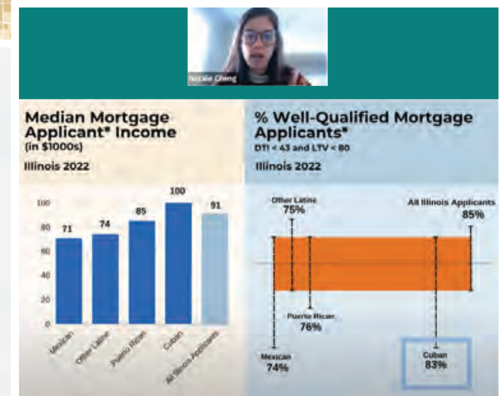
Devine Sims entered into an Income Share Agreement (ISA) to pursue her goal of becoming a web developer. While the price of her program was advertised as $15,000, she expects to end up paying as much as $30,000 due to the structure of her ISA agreement with Entity Academy, a for-profit school. At no point did her lender disclose an interest rate to her, and the word “loan” is nowhere to be found in her ISA agreement.

“I wouldn’t wish my experience on anyone, and I hope sharing my story educates lawmakers and the public about how ISAs do more harm than good to consumers by creating financial struggles for young adults right out of school,” Devine Sims said.

Presentation of new small business lending data







Research Associate Natalie Cheng presents 2022 lending data at Fact Book webinar

COMMUNITY LENDING DATA

In 2023, Woodstock Institute released two new **Community Lending Fact Books** providing in-depth data and analysis on mortgage lending trends throughout the Chicago region. We presented our findings at multiple Fact Book webinars, providing critical information on racial and economic lending disparities to community leaders, government officials, and representatives of financial institutions.

While the 2022 Fact Book was the final physical and PDF version of our Community Lending Fact Books, this data (and much more) will continue to be available online at our Community Lending Data Portal. This tool provides stakeholders much greater flexibility in tailoring data to their specific needs, and we spent 2023 developing new features that are launching in 2024, including the ability to view data across multiple years.

Woodstock Institute is also partnering with other states and localities to create similar lending analyses for areas around the country. One example is our work with Partnership for Financial Equity to release "Mortgage Lending Matters," a comprehensive look at mortgage lending in Massachusetts to low- and moderate-income households and borrowers of color.

SCAN TO VISIT THE DATA PORTAL!


Mortgage Access Initiative Phase 1 release event


Mortgage Access Initiative Phase 1 release event

HOUSING + THE RACIAL WEALTH GAP

MORTGAGE ACCESS INITIATIVE

In 2020, WBEZ and City Bureau's "Where Banks Don't Lend" showed that lenders had originated more mortgages in a single White neighborhood of Chicago than all Black neighborhoods combined. This revelation spurred Woodstock Institute and Neighborhood Housing Services of Chicago (NHS) to bring together representatives of various types of mortgage lenders for honest conversations about the systemic barriers to homeownership for people of color and how we can address them.

In August, we presented the Phase 1 report of the **Mortgage Access Initiative (MAI)**, including policy recommendations for:

- Creating an equitable mortgage product, with innovative underwriting terms that address identified barriers while minimizing additional risk.
- Making homeownership more affordable for people of color by ensuring Federal Housing Administration (FHA) loans only go to borrowers ineligible for conventional loan products.
- Incentivizing lending to people of color by addressing loan officer compensation structure and optimizing relationships with housing counselors.

Woodstock and NHS will use these recommendations to guide our advocacy efforts as we engage with other actors in the mortgage process, including appraisers, real estate professionals, and government-sponsored enterprises.

REFRAMING THE RACIAL WEALTH GAP

Launched in March 2023, this solutions-focused initiative reframes and counters the well-intentioned narrative that homeownership is *the* answer to closing the Black-White wealth gap. Our hope is to use this framework to both transform the homeownership system into one that builds wealth equitably and to encourage investment in many other wealth-building assets and investments.

In "Homeownership Alone Will Not Close the Racial Wealth Gap: On Income Inequality and Systemic Differences," we unpack the role of income in driving the racial wealth gap while also showing how homeownership fails to provide the same wealth-building opportunities for Black households as it does for equally well-off White households.

In a follow-up entitled "In Lieu of a Truly Competitive Market," our Director of Research Amber S. Hendley drew on her own family's history to demonstrate how systemic factors precluded their ability to use homeownership as a wealth-building tool. This piece was published in *Crain's Chicago Business*.

SCAN TO READ THE MAI REPORT!

CELEBRATING 50 YEARS OF ADVANCING EQUITY

Woodstock Institute's 50th Anniversary Celebration was a success! On June 6 at the University Club of Chicago, as we marked half a century of advancing economic justice and racial equity.

We welcomed five former presidents and several founders of the Institute to the event, as well as activists, elected officials, bank executives, researchers, lobbyists, lenders, non-profits, foundations, chambers of commerce, and representatives from local, state, and federal agencies.

Michael Hsu, Acting Comptroller of the Currency and one of the country's top financial regulators, attended as our keynote speaker.

Other speakers included Nikki Holsopple, Managing Director of CRA at JPMorgan Chase, Event Co-Chairs Audra Wilson (President & CEO of the Shriver Center on Poverty Law) and Hon. Jacqueline Collins (Illinois Human Rights Commissioner and former Illinois State Senator), and Woodstock President & CEO Horacio Méndez.

Illinois State Representative and Chair of the Illinois Legislative House Black Caucus (ILBC) Lakesia Collins, now a State Senator, accepted our 2023 Economic Justice Award on behalf of the ILBC for the Caucus's work in developing and passing the Predatory Loan Prevention Act and the Illinois Community Reinvestment Act.

We extend our gratitude to everyone involved in making this such a memorable evening, including our presenters, partners, attendees, the University Club of Chicago, and our dedicated board and staff! We are especially grateful to our Presenting Sponsor, JPMorgan Chase, as well as sponsors Huntington Bank, CIBC, BMO, Wintrust, US Bank, Old National Bank, Midland States Bank, Mastercard, Fifth Third Bank, EarnIn, Marquette Bank, Providence Bank & Trust, Old Second National Bank, Northern Trust, Lending Club, Associated Bank, Byline Bank, Aspen Institute, and the Chicago Community Loan Fund.

SCAN TO WATCH THE HIGHLIGHT VIDEO!

RIGHT COLUMN, TOP TO BOTTOM:

(L to R) Lisbeth Leanos, Former State Senator Jacqui Collins, Brent Adams, State Senator Adriane Johnson | President & CEO of the Shriver Center on Poverty Law Audra Wilson addresses 50th anniversary event attendees | Keynote Speaker Michael J. Hsu, Acting Comptroller of the Currency | Woodstock Institute Presidents past and present (L to R) Dennis Marino, Jean Pogge, Larry Rosser, Elspeth Revere, Horacio Méndez, Malcolm Bush

LEFT COLUMN, TOP TO BOTTOM:

Woodstock Institute Board of Directors | June 2023 board meeting | Woodstock President & CEO Horacio Méndez addresses 50th Anniversary event attendees | Woodstock Institute Staff

FY 2023

FINANCE REPORT:
JANUARY 1 –
DECEMBER 31, 2023

STATEMENT OF FINANCIAL POSITION	12/31/23	12/31/22
ASSETS		
Total Current Assets	663,570	719,035
Net Property and Equipment	3,206	5,135
Other Assets	499,377	621,204
TOTAL ASSETS, YEAR-END	**$1,166,153**	**$1,345,374**
LIABILITIES & NET ASSETS		
Total Liabilities	580,134	701,024
Unrestricted Net Assets	169,397	292,650
Temporarily Restricted Net Assets	416,622	351,700
TOTAL LIABILITIES AND NET ASSETS	**$1,166,153**	**$1,345,374**
REVENUE AND EXPENSE		
REVENUE		
Contributions, Grants, Events	1,373,240	1,507,990
Program Service Fees	153,000	675
Other Income	11,704	4,841
TOTAL REVENUE	**$1,537,944**	**$1,513,506**
EXPENSES		
Program Services	1,059,144	890,006
Management & General	292,299	332,051
Fundraising	244,832	216,186
TOTAL EXPENSES	**$1,596,275**	**$1,438,243**
CHANGE IN NET ASSETS	**($58,331)**	**$75,263**
NET ASSETS YEAR-END	**$586,019**	**$644,349**

THANK YOU TO OUR SUPPORTERS:
ORGANIZATIONAL AND INDIVIDUAL DONORS, JANUARY 1 – DECEMBER 31, 2023

ORGANIZATIONS

Americans for Financial Reform Education Fund
Aspen Institute Latinos & Society Program
Associated Bank
Big Cat Foundation
BMO
Byline Bank
Capital One
Chicago Area Fair Housing Alliance
Chicago Bungalow Association
Chicago Community Loan Fund
Chicago Community Trust
CIBC
Citi
Community Reinvestment Fund, USA
EarnIn
Evergreen Bank Group
Fair Housing Center of Central Indiana
Fifth Third Bank
First Mid Bank & Trust
Grand Victoria Foundation
Hoyne Savings Bank
Huntington Bank
JPMorgan Chase
Lending Club
MacArthur Foundation
Marquette Bank
Mastercard
New America Chicago
Northern Trust
Old National Bank
Old Second National Bank
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Ravi Aurora
Emily Bloom-Carlin
Gideon Blustein
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Robert Villareal
Senior Advisor to President & CEO,
Momentus Capital

Organizations listed for identification purposes only.

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WOODSTOCK INSTITUTE

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