

City of Richmond



LEVAR M. STONEY
MAYOR

December 11, 2023

Mr. Jerome H. Powell
Chair
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Mr. Martin J. Gruenberg
Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

RE: “Federal Register - Regulatory Capital Rule: Large Banking Organizations with Significant Trading Activity” – Letter of Concern from Mayor Levar M. Stoney of the City of Richmond, Virginia.

To Whom It May Concern:

As Mayor of the City of Richmond, Virginia, I am writing to share my concerns with the proposed regulation put forth by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation, concerning regulatory capital rule.

The City of Richmond is full of exciting economic opportunities for communities of color. Our City is a national leader in Black business ownership, an accolade we are extremely proud to hold. Combine that with a three percent unemployment rate, we have created a positive economic environment for communities of color. However, despite our intentional efforts, we could see it quickly dwindle due to federal regulations that seek to change regulations regarding how businesses access capital.

Under this proposed regulation, banks would be mandated to hold more capital in reserve in the event of a major economic decline. Borrowing from these institutions would become more expensive and there would be reduced access to credit. If this rule was put into effect, it would have a major impact on Black businesses in the region, many of which look to banks for quick

City of Richmond



financing to pay for key expenses that keep their doors open. Losing this access to credit would hamper their ability to grow and expand, as loans would become more expensive and scarce to obtain -- leaving many businesses wondering how to move forward without access to financial services.

At the same time, the economic consequences of these regulations would extend to families looking to obtain the keys to their first home. Nationally, we are experiencing a housing crisis and Richmond is not immune to that. Raising capital requirements creates another layer of red tape during a time when families are struggling to keep a roof over their heads and food on the table. Banks would make it more expensive to obtain a mortgage, while also limiting how many borrowers they approve. That would only add to the list of obstacles that marginalized communities face in purchasing a home, which includes historical struggles over saving enough money for a down payment. All in all, with Richmond seeing the country's third largest increase in average listing price just a few months prior, this paints a bleak picture for how communities of color will be able to afford a home.

There is no doubt that the Biden-Harris Administration prioritizes providing unencumbered pathways for disenfranchised groups, as seen through their efforts to promote Black entrepreneurship and root out discriminatory housing practices. I worry that this headway may be for naught if we finalize the bank capital requirements rule as currently proposed.

For all this and more, I urge you to disapprove of any attempts to move forward with this regulation.

Sincerely,

[REDACTED]
Levar M. Stoney
Mayor