



# ***FedFin Daily Briefing***

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Thursday, June 17, 2021

## **Treasury Heightens Focus on Affordable Housing, Supply Shortages**

Emphasizing the importance of housing policy to Treasury and thus by inference also to FSOC, Deputy Treasury Secretary Adeyemo [today posted](#) an article advancing housing provisions in the American Jobs Plan. He focused in particular on the affordable housing shortage, highlighting inadequate housing supply even though this has long been a GOP priority while Democrats focused on public housing. These shortages, Mr. Adeyemo noted, have hit low- and moderate-income households and households of color particularly hard, creating another barrier to homeownership and driving increased wealth inequality. Mr. Adeyemo also outlined the Biden Administration's approach to housing, citing affordability, stability, safety, equity, resilience, and accessibility as foundational principles. He noted existing proposals to expand tax credits to incentivize the construction and rehabilitation of affordable housing, investments in affordable rental housing, funding to revitalize public housing, and incentives to remove exclusionary zoning policies.

## **Fair Lending Bill Fails Under Suspension**

Rep. Torres' (D-NY) bill to expand ECOA to cover LGBTQ-owned businesses ([H.R.1443](#)) failed 248-177 to pass the House under suspension last night although it was reported by HFSC on a [voice vote](#). Although Ranking Member McHenry (R-NC) voted for the bill, House Speaker Pelosi (D-CA) criticized Republicans for opposing this "uncontroversial" measure to help small businesses during the pandemic while Chairwoman Waters (D-CA) slammed Republicans for voting against the bill during Pride Month. Rep. Torres described this as "a slap in the face" to the LGBTQ community. Chairwoman Waters committed to bringing the bill back under regular order, when it will likely pass but face uncertain odds in the Senate.

## **Banking GOP Renew Attack on Fed "Mission Creep"**

Senate Banking Republicans today released a [statement](#) highlighting a [letter](#) published by forty-two economists emphasizing Ranking Member Toomey's (R-PA) [concerns](#) that the Fed is straying outside its mandate by engaging in environmental and social policy. The letter also worries that an emerging "politicized Fed" will weaken both the Fed's credibility and independence. What the letter calls the Fed's direct credit allocation and increasing interventions in non-economic policy are the domain of Congress. Although neither the GOP posting nor the missive itself will directly influence Fed policy on any of these fronts, these communiques are taken very seriously due to their clear indication of rising political risk for the U.S. central bank.

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### **Recent Files Available for Downloading**

The following reports and analyses have been sent to retainer clients recently. Copies are also available to retainer clients on the Archives section of Federal Financial Analytics' website: [www.fedfin.com](http://www.fedfin.com) or clients may obtain the reports/analyses by e-mailing [info@fedfin.com](mailto:info@fedfin.com) giving the requested item name, firm, and e-mail address. To learn more about *GSE Activity Reports*, click [here](#).

- **GSE-061721:** We have reviewed FHFA's massive [report to Congress](#) on its 2020 activities, finding only lots of handy facts and no significant policy insights.
  - **GSE-061621:** As [detailed in our new in-depth report](#), the Basel Committee is proposing a new regulatory framework for bank exposures to cryptoassets that will influence not only what banks do in this critical arena, but also what the GSEs can do and thus what happens to the [digital mortgage](#).
  - **CRYPTO19:** Advancing some of the most controversial ideas in a 2019 discussion paper, the Basel Committee has now formally proposed capital, liquidity, risk-management, and supervisory standards it believes nations should apply to bank cryptoasset exposures.
  - **CBDC5:** Kicking off Congressional action on CBDC, the hearing today in Senate Banking's Economic Policy Subcommittee made it clear that, as we forecast, progressive Democrats such as Chairwoman Warren (D-MA) are strong supporters of a U.S. CBDC that not only facilitates payments, but also supplants retail banks and other private-sector consumer-finance entities.
  - **GSE-060821:** This Friday, FSOC will meet in closed session to craft its agenda for 2021 and beyond. Housing and the GSEs will figure prominently in this work plan, but not as you might think.
  - **PAYMENT23:** Continuing work on a priority set by the Group of Twenty heads of state, the FSB in consultation with other global bodies is seeking views on how best to measure progress towards the G20's goal of a faster, safer, cheaper, transparent, and inclusive cross-border payment system.
- CBDC4:** Members of Congress have launched an initiative to secure continued dominance of the dollar as the globe's reserve currency, focusing on the extent to which China could over time threaten this via its own CBDC along with strategic financial activities such as its Belt and Roads initiative.
- **GSIB19:** Although the GSIB CEOs got another earful at HFSC's marathon hearing yesterday, it – like the Senate Banking session that preceded it (see Client Report GSIB18) – generated more anger than clear action plans.
  - **CRYPTO18:** Following an array of actions by the OCC, the FDIC has begun its consideration of the rules governing insured depository institutions (IDIs) engaged in digital-asset activities.
  - **GSIB18:** As anticipated, Senate Banking progressives today excoriated big-bank CEOs for what Chairman Brown (D-OH) describes as their preference for profit over public welfare.
  - **ACCESS:** The Federal Reserve's latest wellbeing survey provides important, new insights into how Americans view their financial-services firms at a time of heightened focus on access and equity.
  - **REFORM206:** In the one-two punch [we anticipated](#), Senate Banking Chairman Brown (D-OH) convened today's hearing with FRB Vice Chairman Quarles not only to lambast supervision and regulation under Mr. Quarles' watch, but also to reiterate the malign role [he believes](#) big banks play in the U.S. economy ahead of tomorrow's hearing with GSIB CEOs.
  - **GSE-052521:** President Biden has issued an executive order (EO) setting in motion a series of administrative actions designed to reduce both climate risk in the financial sector and in any way financial companies make it worse.
  - **GREEN8:** President Biden has issued an executive order (EO) setting in motion a series of administrative actions designed to reduce both climate risk in the financial sector and in any way financial companies make it worse.