News

Biden Administration Takes Step to Curb Credit Card Fees, Bridge Racial Disparities

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In a move to confront racial disparities in credit terms, the Biden administration has unveiled a proposal to cap credit card late fees at $8, challenging the longstanding issue of “junk fees” that disproportionately affect people of color and minorities. The ambitious plan, announced on Tuesday, March 5, aims not only to alleviate immediate financial burdens for consumers but also addresses the systemic inequities faced by those residing in predominantly Black or African American and Hispanic or Latino communities.

Recent studies have shed light on the stark differences in credit terms, revealing that cardholders in these minority-majority neighborhoods face lower credit limits and higher interest rates than their counterparts in predominantly white areas, even considering factors like credit scores and income. One analysis of a diverse sample of cardholders uncovered troubling trends, including credit limits for those in majority Black and Hispanic zip codes, which were, on average, $3,412 and $4,285 lower, respectively. Also, interest rates for individuals in these zip codes were, on average, approximately 1.3 and 1.4 percentage points higher, respectively.

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Beyond the immediate financial relief for consumers, the White House said the proposed regulation aligns with the broader mission of the Biden administration to dismantle systemic economic disparities. By reducing excessive fees, particularly those impacting people of color, the administration aims to create a more level playing field and alleviate the financial burdens marginalized communities face.

The disparities in credit terms impact the upfront costs of credit and have broader implications. Individuals in the majority Black and Hispanic zip codes often carry their credit card balances for extended periods, leading to higher overall costs. Lower credit limits can also result in elevated credit utilization rates, potentially contributing to lower credit scores.

As part of a comprehensive strategy, Biden announced that his administration is forming a new “strike force” to combat illegal and unfair pricing across various sectors, including groceries, prescription drugs, health care, housing, and financial services. Officials said the multifaceted approach underscores the administration’s commitment to dismantling systemic barriers and promoting financial inclusivity.

While the proposal is expected to save Americans up to $10 billion annually, the White House said its potential impact on racial and economic disparities signifies a critical step towards building a more just and equitable financial system.

“Credit card companies collect billions of dollars in excessive late fees at the expense of economically vulnerable families every year,” Chuck Bell, advocacy program director at Consumer Reports, said in a statement. “It’s simply unfair to impose a steep late fee penalty that far exceeds the credit card company’s costs, especially when someone is just a few hours or a couple of days late making their payment.”

PHOTO BY SUSAN FRIED

Reign of Style - Dune

Hundreds of people attended the 10th Annual Reign of Style Hair Show and Competition, March 3 in Seattle Center's Exhibition Hall. The event gives stylists and barbers from around the northwest an opportunity to showcase their talent, creativity and style. This year's event included food and multiple vendors, including Queencare, Nikky's Niche, Mommy's Melanated Minis, BECU and many more. In addition to competitions in braiding, loc design, and make-up, there were competitions for best student barber, best fade and a barber design battle. The event also featured a Mane event with multiple models showing off innovative hair styles based on a theme. This year's winner's theme was based on the film and book "Dune". Northwest Tap Connection also performed in between the announcements of the winners and the Mane stage fashion show.

Bills cont'd from pg 1

duction office to facilitate these changes, and to make sure developments are in compliance with land use codes.

The bill also earmarks $75 million for the Housing Project Revolving Loan Fund, which will provide local governments interest-free loans to develop affordable housing.

“I want to praise the legislature for doing the housing needs analysis work last year with HB 2001,” Kotek said. “Our communities said, ‘We need help. We need those model codes that the housing office can provide...we need technical assistance. We need infrastructure.’”

One of the more controversial aspects of the bill will let cities opt in to a one-time exception to urban growth boundaries, allowing cities with 25,000 residents or more to expand by up to 100 residential acres. Cities below that population have the option to expand by up to 50 residential acres. Projects developed within such boundaries will be required to offer 30% of residential units under affordability restrictions for at least 60 years.

The Sierra Club Oregon Chapter objected to the bill on these grounds.

“If allowed to continue, sprawling new subdivisions on the outskirts of metro areas threaten to use up the precious infrastructure dollars needed to complete neighborhoods that are inside of existing urban growth boundaries,” chapter director Damon Motz-Storey testified on behalf of the organization. “Building at the very outer edge of metro areas means putting people in areas that are more likely to burn in a wildfire, areas where people are forced to drive long distances by car.”

Many groups that advocate for BIPOC Oregonians support the bill.

The Community Alliance of Tenants called the bill “a transformative proposal to tackle Oregon’s acute housing supply and affordable crisis.”

“The provisions outlined in SB 1530 demonstrate a comprehensive and multi-faceted approach that addresses the complex challenges faced by African American

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communities,” David Greenidge, a member of the Coalition of African American Pastors, said. “From promoting inclusive zoning practices to expanding housing assistance programs, this bill shows a genuine commitment to eradicating housing inequities.”

Senate Bill 1530 earmarks $25 million for the Albina Vision Trust’s (https://www.theskanner.com/news/northwest/35103-albina-vision-trust-breaks-ground-and-sets-up-permanent-headquarters) purchase and redevelopment of the former Portland Public Schools headquarters into affordable housing units.

Additionally, the bill also allocates the following from the state’s general fund:

- $65 million to operate emergency shelters and to support Project Turnkey, a program that purchases and renovates motels into long-term residential units and provides support to tenants;
- $34 million for homelessness prevention services like Oregon Eviction Diversion and Prevention and other, culturally responsive, eviction prevention rapid response organizations;
- $7 million to fund the Urban League of Portland’s homelessness prevention services;
- $5 million in matching funds for individual development accounts;
- $1 million for Seeding Justice, which provides tenant education and support for those whose publicly supported housing is at risk of being reclassified, and for those who live in mobile home communities that have been sold or are closing;
- $1 million to the Community Warehouse, which provides reused household furnishings to low-income households;
- $1.25 million to the Center for African Immigrants and Refugees Organization’s purchase and redevelopment of property into affordable housing;
- $3 million to the Center for Intercultural Organizing’s purchase and development of property on East Burnside Street into affordable housing.

Katrina Holland, strategic engagement officer and interim director of housing programs for the Urban League of Portland, emphasized the importance of helping Black Oregonians – among the hardest hit during the pandemic – to recover economically.

She noted that funds allotted for eviction prevention and rapid response would support initiatives like Urban League’s Empowerment program, which Holland said served more than 1,200 Black Oregonians and others across 13 cities last year.

Holland said the program’s accomplishments included “gaining and maintaining stable housing, increasing income with more lucrative employment opportunities, achieving long-term employment, getting access to banking solutions and higher credit scores, preparing for home ownership and purchasing much-needed transportation and increasing mobility – in addition to the rent assistance that was provided.”

Holland added, “We cannot afford to ignore the disproportionate impact of this pandemic on our community in the face of Covid-19 stabilization programs ending.”