REVIEW OF THE BOOK:

Ending Redlining Through a Community-Centered Reform of the Community Reinvestment Act

By Josh Silver

Reviewed by Edward J. Dodson, M.L.A. / January 2026

Josh Silver has pulled together a comprehensive history and analysis of the decades-long effort by community organizers, elected officials and regulators to create a level playing field governing access to credit. As he documents, when this access is denied, entire communities suffer disinvestment, and disinvestment results in widespread, generational unemployment, poverty and all of the social ills associated with these conditions.

This book would serve well as the textbook for a course on the economics of credit access taught to those who are new to positions in banking, government or community organizations with responsibilities and commitments to fair lending and the economic revitalization of communities. The author documents what amounts to either a *two step forward, one step backward* or a *one step forward, two step backward* implementation of provisions of the Community Reinvestment Act.

The social and economic conditions existing in many parts of the United States continue to suggest the need for fundamental systemic reforms. This, the Community Reinvestment Act is not. Such legislation is, at best, mitigation of underlying forces that create a society of haves and have nots. Josh Silver's final assessment is revealing:

> "The genius of CRA is that on the surface its requirement is simple: banks must serve all communities, including and especially the redlined ones. Yet behind the surface simplicity is a profound quest for repair, transparency, and empowerment of disenfranchised communities. For our restorative quest to succeed, communities must be invited to participate in reinvestment initiatives and engaged with respect and humility."

There can be no question that racism and ethnic prejudice have characterized life in the United States from its very origins as a colonial outpost of the European nations that competed for the continent's land and natural resources, driving away and decimating the tribal nations they encountered. The Community Reinvestment Act is merely one of the more recent measures acknowledging the extent to which the laws of the land have been crafted to secure and defend privilege for some at the expense of many others. The challenge for those who have fought and continue to fight for just law, justly enforced, is coming to a full understanding of the forms privilege takes and how it can be eliminated.

As Josh Silver reminds us, many communities were “redlined” as high risk because property values and property conditions were declining. Most properties in affected communities were already quite old and in need of costly rehabilitation, systems replacement, or demolition followed by new construction. Given the falling property values in these communities, traditional underwriting standards for the approval of loans for property rehabilitation ran into the problem that this spending would not result in a dollar-for-dollar increase in the potential sales value of the property. This meant that stabilizing the physical character of these neighborhoods would, at least for some period of time, require subsidies of one sort or another.

The irony is that the success of even modest public investment in these communities attracted *urban pioneers* and eventually higher income households, particularly if the existing housing stock had once been occupied by higher income households of a prior generation and had subsequently been acquired by absentee owners, broken up into small rental units and milked for cash flow and depreciation. When gentrification finally arrived its first victims were lower-income renters.

What the Community Reinvestment Act needs to be effective, in my view, are changes in other laws and public policies that would provide financial incentives to owners of property in every community to bring whatever property they own – particularly vacant land -- to its highest, best use or sell to someone who will. There is one policy proven to generate this outcome when adopted. This is the shifting of property taxation off of buildings and onto the value of locations. Briefly, here is the economics behind this insight.

Every parcel or land, every location, has some potential annual rental value. This value is determined by the level of demand, and the level of demand is determined by the quality of public goods and services brought to the location. Thus, whatever is a location’s rental value, that value is publicly-created and should be publicly collected as a charge for benefits received. Obviously, in a neighborhood where public goods and services are not particularly good, location values will be low. However, as community residents organize to pressure public officials to improve services, land values will begin to increase. Absent regular reassessment of the value of land to reflect these increases, accompanied by an increase in the rate of taxation applied to the current land values, the community becomes an attractive target for speculators. Speculators are those who have no intention of undertaking development. They acquire locations and wait, wait for land values to climb even higher and cash out, often with payment coming from public sector grants and low-interest loans to community development organizations.

Economics explains that something quite unique occurs as the dollar amount of taxation charged to owners of land increases. The potential selling price of land will begin to fall. This will occur because the difference between the tax payment and the potential annual rental value of locations (i.e., the net imputed economic rent) becomes less and less. The potential selling price of a location is essentially a capitalization of the net imputed economic rent. When the full potential economic rent is publicly captured, there is nothing left to be capitalized.

I anticipate that Josh Silver might ask how such a tax shift would affect those households living on a low, fixed income. Initially, as the taxation of buildings is lowered, the tax shift would result in a reduction of total tax payment. However, as vacant and underutilized land is developed, as population increases, and as new businesses are established, the value of land will increase. To prevent the wholesale displacement of lower income homeowners, the fairest solution is to allow owners to apply to have their annual property tax payment capped based on an affordability calculation, the unpaid but owed balance accruing as a lien on the property to be paid to the community at time of sale or transfer of ownership via inheritance.

What I offered here is something of an addendum to Josh Silver's analysis. What I have proposed is a specific change in taxation that will draw market forces away from speculation in favor of development. Bank compliance with the objectives of the Community Reinvestment Act will be stimulated by dramatically increased opportunities for profitable and socially-responsible investments.

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