

Presentation to the Community Reinvestment Conference
Hollywood, California
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Good morning. I'm Bob Parry, President and Chief Executive Officer of the Federal Reserve Bank of San Francisco. I'm very pleased to have you join us today in the heart of Hollywood to open the 2004 Community Reinvestment Conference. While that movie's a hard act for anyone to follow, I'll do my best.

Seriously, I hope you all enjoyed it. I think it was not only a great way to start the morning, but more importantly, it provided the context for why we chose to hold the conference in Hollywood. We've heard that some of you faced difficulties getting approval to come here because this is considered a so-called "resort location." I trust that the revitalization story and the challenges that you just saw will dispel that notion. So, on behalf of our Bank and our generous cosponsors, welcome to the conference. And thank you all for being here.

I'd like to touch on three areas. First, I want to discuss why community development is a priority for the Federal Reserve System. Second, I'd like to discuss what the Federal Reserve tries to achieve in the area of community development. And finally I'd like to share some personal, parting thoughts as I approach my retirement from the San Francisco Fed.

First—why is community development a priority for the Fed? We believe communities are better off when low- and moderate-income people have access to affordable housing, employment opportunities, and financial services. To encourage this access, we've committed resources to building partnerships between financial institutions and community organizations. And we've performed research that helps to uncover emerging community development issues. And of course, the starting point for our efforts is enforcement and promotion of the Community Reinvestment Act as well as the related fair lending laws.

But, as you all well know, community development is about much more than the CRA. And this brings me to my second point: What are we trying to achieve in the area of community development? The Federal Reserve works across the country to bring together the key participants in community development—not only banks, but also government and non-profit community development organizations--in order to build the relationships and partnerships necessary for this work. In fact, conferences such as this are critical to the formation and nurturing of such partnerships.

The Federal Reserve also fosters research and analysis of community development issues including the effectiveness of specific community development programs. For example, many of you are familiar with the System Community Affairs' biennial academic research conference. We also provide information and technical assistance through a variety of publications and training to the vast array of people involved in economic and community development. We identify opportunities to increase the flow of capital to our

low- and moderate-income communities and facilitate their development. And we bring together key stakeholders on specific development issues and work toward tangible solutions. We firmly believe these efforts have played an important role in the development and growth of the community development industry.

Let me conclude with a few words looking back over my eighteen years with the Federal Reserve Bank of San Francisco. I've worked on a wide range of issues during that time, but I have to say that my involvement in the community development field is truly one of the highlights of my career. I've been privileged to witness firsthand the tremendous efforts of our own Community Affairs team to "make reinvestment happen" in our District. That's actually their mission.

For example, the San Francisco Fed has been actively involved in important community development initiatives such as assisting in the formation of multi-bank affordable housing consortia in various states in our District. We've also made an impact through our extensive work in Indian Country to bring credit and financial services to our District's many Native American reservations. And I've been proud to see our work evolve in new directions, such as last year's launch of the "Center for Community Development Investments." The Investment Center is an exciting new effort aimed at providing information and resources to a wide audience on the array of investment vehicles in this field which are designed to encourage involvement and investment beyond the traditional banking community.

I'm very pleased that the Federal Reserve has made this work a priority and that our Bank has an outstanding track record of community development service. I'm confident that—given such a strong foundation—this important work will continue at the same high levels long after I leave the Bank.

I also realize that this work isn't easy. The community development industry is facing serious challenges today. There are diminishing sources of funding, and numerous non-profits are competing for those funds. And this work unfolds within an ever-changing financial landscape, with bank consolidation and new players in financial services forcing you to confront entirely new ways of doing business. This conference was specifically designed to discuss and debate these issues openly, and to provide you with the tools you'll need to continue your important work. I wish you a productive meeting over the next few days, and the best of luck in your respective careers in the community development industry. Thank you.