NATIONAL LOW INCOME HOUSING COALITION

April 8, 2020

Submitted via *www.regulations.gov*

Chief Counsel's Office
Attention: Comment Processing
Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, DC 20219

RE: Community Reinvestment Act Regulations
RIN 3064-AF22: Notice of Proposed Rulemaking,
Docket ID OCC-2018-0008

The following comments are submitted on behalf of the National Low Income Housing Coalition (NLIHC) in response to the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation's (FDIC) Notice of Proposed Rulemaking (NPRM) to express our opposition to the proposed changes to the Community Reinvestment Act (CRA).

NLIHC is dedicated solely to achieving socially just public policy that ensures people with the lowest incomes in the United States have affordable and decent homes. Our members include state and local housing coalitions, residents of public and assisted housing, nonprofit housing providers, homeless service providers, fair housing organizations, researchers, public housing agencies, private developers and property owners, local and state government agencies, faith-based organizations, and concerned citizens. While our members include the spectrum of housing interests, we do not represent any segment of the housing industry. Rather, we focus on policy and funding improvements for extremely low-income people who receive and those who need federal housing assistance.

The proposed changes are of great concern to NLIHC and our members working at the state and local level. The proposed rule would result in significantly fewer loans, investments, and services to low- and moderate-income communities and would permit banks to avoid investments in these neighborhoods, which would disproportionately, negatively impact people of color. Although the CRA was enacted to end redlining, this proposal undermines the original intent by prioritizing policy compliance over the actual impact on families and outcomes for communities of color. In fact, the proposed rule could once again lead to

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modern-day redlining. As dissenting FDIC Board member Martin Gruenberg noted, the proposed rule "is a deeply misconceived proposal that would fundamentally undermine and weaken the Community Reinvestment Act."

CRA benefits communities across the country by helping to attract critical resources for affordable housing and community development. However, the proposal would reward making investments that only "partially" benefit low- to moderate-income people and dramatically expand eligible activities to include infrastructure, transportation, sports stadiums, and luxury housing in Opportunity Zones. These changes make investments in affordable housing for low-income people much less attractive, despite the great need. In fact, the proposal expands the definition of affordable housing to include middle-income housing in high-cost areas. According to NLIHC's report *The Gap*, 72% of all severely cost-burdened renters in the U.S. (defined as those paying more than 50% of their monthly income on housing costs) are extremely low-income (incomes at or below the poverty guideline or 30% of Area Median Income, whichever is higher). Because the greatest shortage of affordable and available homes is for the lowest-income renters, we urge the OCC and FDIC to keep the focus of affordable housing on the these households.

The NPRM would also lessen the public accountability of banks to their communities by enacting unclear performance measures on CRA exams that would not accurately measure a bank's responsiveness to local needs. The proposed evaluation system would further inflate CRA ratings to the extent that they would become virtually meaningless. Currently, 98% of banks pass CRA exams, and this proposal would push that even higher. Although many organizations noted the flaws of the single ratio concept during previous public comment periods, the proposed rule also institutes a single ratio to assess how banks serve communities. This single-ratio approach disregards if a bank or its investments are actually meeting the community's development and financial needs. The proposed evaluation system would ignore the expertise and experience of many of NLIHC's members serving their communities and make it harder for the public more generally to comment on a bank's performance. Overall, the proposed rule minimizes the ability of impacted communities to determine what activities best suit their needs.

The approaches outlined in this NPRM would leave behind the low-income communities that NLIHC and our members serve. The proposal would allow financial institutions to deny financial services to neighborhoods of color, weaken the definition of affordable housing, undermine the evaluation system, and ignore communities' voices. We strongly urge the OCC and FDIC to withdraw this proposal and maintain the benefits of the current CRA regulations.

Thank you for the opportunity to submit comments on the proposed rulemaking. Please do not hesitate to contact Sonya Acosta, NLIHC policy analyst, at sacosta@nlihc.org to provide further information.

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