CHDC
Community Housing Development Corporation

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OCC: https://www.regulations.gov/commenton/OCC-2022-0002-0001
FDIC Federal Deposit Insurance Corporation: comments@fdic.gov
Federal Reserve Board of Governors: regs.comments@federalreserve.gov

Re: CRA NPR Comments
OCC Docket ID OCC–2022–0002;
FDIC RIN 3064-AF81;
Federal Reserve Docket No. R-1769 and RIN 7100-AG29

To Whom It May Concern:

Community Housing Development Corporation of North Richmond, (CHDC) appreciates the agencies for soliciting comments on a unified proposed Community Reinvestment Act (CRA) rule that seeks to retain key components of the CRA, modernize aspects where industry practices have outpaced the rules, and strengthen the ability of the CRA to stabilize and revitalize communities. We hope that our comment will shed light on the significant financial inequalities that communities of color and rural communities continuously face regarding adverse action of banks.

The Community Reinvestment Act (CRA) was enacted in 1977 in an effort to address inequality in lending to urban Black communities, a practice that is commonly referred to as "redlining". The CRA has been hugely impactful in providing credit, investments and financial services to underserved communities in California. In fact, the California Reinvestment Coalition, its members, and allies have negotiated over $75 Billion in loans, investments, and financial services for communities of color[1] and low-income communities in California over the last two years as part of Community Benefits Agreements. Yet significant gaps remain in CRA rules and implementation, and the promise of CRA has not yet been realized. While the agencies make several positive suggestions in the proposed rule, we must oppose this proposal unless critical issues are addressed. While there have been some improvements with lending in communities of color, the racial wealth gap between Blacks and Whites have not improved despite regulatory focus on these issues. Considering the historical factors, the racial divide and generational wealth gap, it is discouraging that the current regulatory proposal does not address the issue with race. The CRA must meet the following to be fair and equitable:

- Take race into account and evaluate banks for service to borrowers and communities of color
- Downgrade banks for harm such as discrimination, displacement, and fee gouging
- Ensure affordable housing tax credits and lending are reviewed separately, and increased

- Require banks to serve all areas (not 60%) where they take deposits and lend, and refrain from raising current asset thresholds which will decrease rural reinvestment
- Prioritize the opening of branches and penalize the closing of branches in underserved areas
- Elevate broadband/digital equity, access for Native American communities and climate resiliency
- Scrutinize the qualitative impact of all lending tied to banks, and end Rent-A-Bank partnerships
- Enhance community participation so that CRA activity is tied to community needs, CRA ratings reflect community impact, and bank mergers are denied unless they provide a clear public benefit that regulators will enforce

CHDC is in favor of banks who make it a priority to intentionally provide credit products to communities of color that address their needs be recognized. Layering down-payment assistance funds has been instrumental in CHDC's mission of assisting low-moderate income families become owners and not renters, assisting some first-time homebuyers who would not qualify for a mortgage, achieve the dream of buying a home. The acceleration of down-payment assistance has helped in closing the gap that create generational wealth to favor some communities of color.

CHDC is deeply rooted in its community's priorities by creating safe, attractive, affordable housing for families, individuals, and seniors. The hallmark of our priorities lies with financial education, credit counseling and asset building programs for low-moderate income families and individuals; mainly communities of color who have been excluded from participating in building wealth. Our work targets residents deeply affected by the inequities and economic disparities by

- Increasing services across homeownership, financial education, lending, development, and general real estate
- Preserving existing and constructing new rental housing
- Enhancing property management and resident services
- Building community and taking a leadership role in collaborations and initiatives
- Widening asset-building services, including reaching a younger demographic to instill sound money management practices earlier on
- Easing transportation burdens in disadvantaged communities

CRA has been hugely impactful in providing credit, investments, and financial services to underserved communities in California and this must be maintained for equity to prevail however, strict oversight must be maintained.

Banks need to be held accountable to regulatory agencies, as well as the communities they serve. Including performance measures as well as nonperformance penalties should prevent and or promote banks when engaging in lending activities that would benefit or harm communities of color. CHDC supports equitable lending activities by holding more banks accountable through additional performance measures. Technological advancements in banking along with bank mergers, coupled with the emergence of online access to services have limited direct access to personal and commercial lending options for rural communities and some communities of color. It is our hope you will find these comments useful in your efforts to address not only new technological advancements in banking but also the inequities that have plagued communities of color since the enactment of the Community Reinvestment Act

CHDC appreciates the opportunity to comment on the proposed CRA rules. While there are positive aspects of the proposal, and the agencies are to be commended for working together, we cannot support this proposal in its current form. Significant changes must be made to the final rule to ensure that borrowers and communities of color are considered under the nation's anti-redlining law, that banks are penalized for harm caused to communities - such as through displacement, climate degradation, fee gouging, and discrimination - that community input is valued and elevated, and that complex formulaic evaluation methodologies do not result in banks failing to meet critical community needs relating to affordable housing, homeownership, small business development, broadband, and rural and Native American community access. Thank you for considering these comments.

[redacted]

Donald Gilmore
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