



August 5th, 2022

Dear FDIC Reviewers for the Notice of Proposed Rulemaking (NPR) on the Community Reinvestment Act, RE: RIN 3064-AF81

Hello, I am writing in regards to the Notice of Proposed Rulemaking (ANPR) on the Community Reinvestment Act (CRA), Docket ID OCC-2022-0002. Community Frameworks is a nonprofit organization based in Washington State, whose mission is to create affordable housing as a catalyst to help communities thrive. The CRA has been invaluable in supporting communities nationwide, as well as in the communities we serve in the Pacific Northwest. For example, in FY21 Community Frameworks provided counseling and education services to 344 homebuyers (132 of whom became homeowners); developed 51 rental homes with 177 more in the works; catalyzed over \$46.6MM in community investment; and helped create 67 jobs.

We know housing stability is one of the best ways to achieve better health and education outcomes, and in turn create more resilient neighborhoods. CRA is a key tool in achieving housing stability for the most vulnerable, and as we navigate through these challenging times, it is vital to strengthen CRA. While the NPR has several strong provisions, we also propose the following:

The current proposed rule offers an automatic enrollment of activities undertaken with CDFIs as eligible for CRA credit. CDFIs play a key role in community revitalization as an effective driver of capital and are therefore presumed to qualify for CRA credit. We propose that the following types of organizations should also be considered automatically eligible for the same reasons: HUD-designated Community Housing Development Organizations (CHDOs), HUD-approved Housing Counseling Organizations, HUD-approved Nonprofit Organizations, and NeighborWorks Organizations.

As a developer of affordable housing, we also believe the Low Income Housing Tax Credit should be included as an impact factor. Allocations of this housing credit prioritize areas within a state or local jurisdiction that can benefit most from expanding affordable housing options and addressing community needs, thus considering LIHTC when measuring impact will help strengthen CRA.

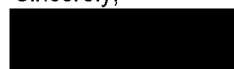
Thirdly, due to the presence of racial disparities in lending, we are also proposing the CRA final rule allow lending examinations by race and ethnicity in geographical areas experiencing racial discrimination in lending activities to be incorporated into CRA exams. The purpose of the CRA was to catalyze capital investment in communities often excluded from banking investment initially caused by discriminatory housing and planning practices, and therefore a more robust use of data surrounding impacts regarding race will be a crucial indicator of the effectiveness of this rulemaking and equitable lending.

We would also like to recommend strengthening the way the two tests – Retail & Community Development – are weighted and scored, as the way it is currently written places Community Development activities at a low tier (allowing for “Need Improvements” under Community Development to still create a passing score). This risks banks deprioritizing community development as a key factor to receiving the credit – running counter to the intent of the original legislation.

Lastly, in the spirit of accountability, we propose the creation of a public registry for organizations to sign up for should they wish to be contacted regarding a bank’s CRA performance in meeting community needs. We also propose the expansion of data collection to include all large banks, as opposed to the current proposal which only applies to banks with assets of more than \$10 billion, and to make more of the data publically available.

Once again, we appreciate this NPR and hope you will consider further strengthening it to mitigate the impact of the COVID-19 Pandemic and Inflation on the hardest hit communities.

Sincerely,



Deborah Elzinga
President & CEO, Community Frameworks