



Asian Community
Development Corporation
亞美社區發展協會

BUILDING HOMES. EMPOWERING FAMILIES. STRENGTHENING COMMUNITIES.
同心建設實惠住房。賦權家庭自主。強壯社區。

February 6, 2020

To Whom It May Concern:

My organization, the Asian Community Development Corporation (“ACDC”), strongly opposes the proposed changes to the Community Reinvestment Act (“CRA”) because they would result in significantly fewer loans, investments and services to low- and moderate-communities. This proposal would make redlining legal again, permitting banks to avoid investment in low-income and minority neighborhoods. It would also make banks far less accountable to the communities they are supposed to serve.

ACDC is a 33-year-old nonprofit that creates affordable housing and provides housing and financial counseling in Greater Boston. We provide homes for 1,200 residents, and we have assisted over 2,000 households through first-time homebuyer education and financial literacy, many of whom are first-generation immigrants and have limited English proficiency. Our first-time homebuyer education and housing counseling programs have in particular been supported by banks motivated by CRA, and we are the only HUD-certified housing counseling agency in Massachusetts that provides these services in Chinese languages. Without our programs, most of our constituents and clients would not be able to access housing and financial products due to unfamiliarity with the U.S. financial systems and language barriers.

The proposal dramatically and irresponsibly expands the definition of activities that would qualify for CRA credit. CRA serves our community by driving resources we otherwise could not access, providing for the financial and community development needs our community identifies and prioritizes. Switching to a “non-exhaustive list” of eligible activities developed in Washington, DC, to include infrastructure, transportation and even sports stadiums, would remove our voices to determine our own needs.

Also, the proposed rule institutes a single ratio to assess how banks serve communities. This single-ratio approach completely disregards whether the community development and financial needs of the community are being served by the bank or its investments. As a result, my organization and our community would be excluded from the CRA examination process and rendered voiceless. We would no longer be able to identify and prioritize our needs. Nor would we be taken as seriously by examiners when bank actors behave inappropriately in our community.

The single ratio is a deeply flawed concept. Further, the rule proposes that a bank must meet investment benchmarks in only a “significant portion” (defined as more than 50%) of its assessment areas in order to receive a satisfactory or outstanding rating. This approach is backwards and would undo the years of progress banks and communities have made under the current CRA regulations

The OCC and FDIC acting without the participation of the Federal Reserve risks producing three separate sets of CRA regulations that would confuse banks and community groups like mine. The problems of the single ratio, the overly broad definitions of CRA-eligible investments, the gutting of communities' voices, the hasty rule-making process, the credibility gap created by the Federal Reserve's absence, and the lack of good faith and outreach from the OCC that drove this reckless proposal make it beyond repair.

CRA was originally enacted to end redlining. The first goal of CRA modernization should have been to prioritize the problem CRA was intended to fix. No matter what CRA modernization looks like, we need to preserve the original intent. Unfortunately, this proposal prioritizes policy compliance over impact and outcomes, putting numerators and denominators ahead of families and communities. As a result of the OCC and FDIC's narrow-minded search to ease compliance for financial institutions, you have proposed bringing redlining back.

On behalf of the low and moderate-income families my organization serves, I ask that you reject this proposal and start again.

Angie Liou
Executive Director

cc: National Alliance of Community Economic Development Associations (NACEDA)