From: Ted Wysocki <twysocki@ica-usa.org>
Sent: Monday, March 09, 2020 4:40 PM
To: Comments
Subject: [EXTERNAL MESSAGE] Comment regarding "Community Reinvestment Act Regulations" RIN 3064-AF22

Importance: High

Comment regarding "Community Reinvestment Act Regulations" / ***RIN 3064-AF22***

I offer these comments in opposition to the FDIC's proposed Community Reinvestment Act (CRA) Regulations. Essential to equitable community development is establishing partnerships with financial institutions to deploy CRA lending, investments and services. CRA has leveraged significant amounts of loans and investments for low- and moderate-income communities. Since 1996, banks have issued almost $2 trillion in small business loans and community development loans and investments in low- and moderate-income communities.

CRA should be modernized and its effectiveness enhanced by reforms necessary to take into account changes in banking and technology. But the FDIC's proposed regulations will make banks less accountable and responsive to community needs. If the FDIC diminishes the importance of assessment areas on CRA exams, the progress in increasing lending to low- and moderate-income neighborhoods will be suppressed.

CRA's impressive record will be threatened if CRA is turned into a math formula, which would make CRA exams considerably less effective in evaluating how banks are responding to local needs in metropolitan and rural counties. One ratio cannot tell an examiner, a bank, a mayor, or a member of the public how responsive a bank is to its various local service areas.

If CRA exams award points for financing or activities that do not address lack of access to banking or community development needs in areas with lower income populations, then CRA will be less effective in channeling resources to the very individuals that were the rationale for its passage. Coupled with an expansion of the kinds of activities that could count as "community lending," the FDIC's proposed new regs could allow banks to make fewer loans in poorer urban, suburban and rural communities.

Ignoring the lens of "equitable development," it could accentuate CRA credit for loans to luxury and market-rate housing in economically and racially diverse communities that will only further real estate speculation, displacement and lack of affordable housing for those Americans who should benefit from CRA lending.

This is particularly challenging in Chicago where our US headquarters are located at 4750 N. Sheridan Road in Uptown, Chicago's most racially and economically diverse community. Landmarked by the Chicago Landmarks Commission in 2013, it is the largest nonprofit social service center in the Midwest and provides affordable space for 20+ social service agencies which serve over 1,000 low income and homeless persons per week. Our current Restoration Project is seeking CRA-eligible capital for the cutting edge of what is technically and financially attainable in historic renovation of vintage buildings.

CRA exams must explicitly evaluate bank lending and service to people and communities of color. Since racial disparities in lending remain persistent, improving CRA must include lending, investing, and service to people and communities of color in its evaluations.

Modernizing CRA should not relax it with easier exams for any category of banks that excuse them from current requirements for community development financing. I urge the FDIC to reconsider its proposed regulations and work with the Federal Reserve Board to create an interagency rule that will augment the progress achieved under CRA instead of reversing it. The test of your regulatory impact should be whether or not you assure reinvesting in communities to make America's economy work for all.

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