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March 18, 2020

Comptroller Joseph M. Otting	Chair Jelena McWilliams
Comptroller of the Currency	Federal Deposit Insurance Corporation
Comp 400 7 th Street, SW	550 17 th Street, NW
Washington, DC 20219	Washington, DC 2042

Docket No. OCC-2018-0008

Dear Comptroller Otting and Chair McWilliams

I am writing to express my thoughts regarding the proposed revision to the Community Reinvestment Act. I represent a community development corporation, Homes on the Hill, CDC located in Columbus Ohio. We provide housing development services to the City of Columbus and the southwest quadrant of Franklin County Ohio. We also provide housing counseling services to a multi county area including and contiguous to Franklin County. We have provided these services for over 25 years. Our service area is primarily low and moderate income which benefit from the various CRA activities. I have just completed a ten years as President of the Ohio CDC Association , an opportunity that gave me exposure to other organizations throughout the State of Ohio and to see the impact of CRA provided programs to their areas.

First the current CRA has provided us with opportunities to partner which various lending institutions to support both our housing development and counseling activities. We often provide additional community engagement activities in which also banks participate. They have become a vital part of our support and program provisions. I think therefore that the current objectives of the CRA as structured have been of great benefit to us. Housing counseling support, home lending to borrowers, financing to support our development, small business

Strengthening neighborhoods by providing quality affordable housing, advocacy, education, and supportive services to individuals and families of primarily low/ moderate incomes.

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loans, and similar investments are critical to our economic viability as a community. We have also appreciated the commitment from the various lending institutions to our community.

This institutional and financial commitment has most recently been increased through our work with the National Community Reinvestment Coalition (NCRC) and their creation of community benefit agreements with various lenders serving our community. My direct experience through working on these agreements and subsequent involvement with Key Bank, Huntington National Bank, Fifth Third, and First Financial has deepened the relationships and commitment of these banks in serving our community. This is critical to meeting the challenges we face every day in serving the low and moderate income residents who live and work here.

CRA examiners should start to recognize community benefits agreements (CBAs), and start to assess bank progress in implementing CBAs. The CBAs that we have been a part of with NCRC come out of a collaborative process where nonprofit and bank leaders get together to discuss community needs and opportunities for leadership. CBAs commit banks to increasing CRA activity, and directing it to where it's needed most, both of which are the stated goals of the FDIC and OCC in this CRA reform process. One would be hard pressed to think of a more ideal model of CRA implementation. Yet, the regulators do not have a process for recognizing these commitments and bank progress towards completing them.

Recognition of CBAs has gained momentum lately. CBAs have been mentioned in four recent merger approvals as evidence of how banks are meeting the convenience and needs of community members, including in the FDIC's approval of BB&T and SunTrust.¹ The Treasury Department recognized CBAs as an "effective tool" to "demonstrate how [merger] application[s] would benefit the communities served."² The regulators should work with community groups on the development of a process for recognizing CBAs, and for their implementation to become a factor on performance evaluations.

In reading through the proposed changes in the revised CRA I have identified areas of concern upon which I want to comment. While I recognize that some of the current act may need refinement based on changing banking dynamics such as the impact of electronic banking, the core of what has been provided and targeted directly to low and moderate income communities has not changed. The need to be held accountable for investing in these communities has not changed. Those areas of the proposed new regulations which allow for

¹ FDIC Approval of BB&T- SunTrust Merger, Pages 9-10, 15. Federal Reserve Approval of KeyBank-First Niagara Merger, Pages 17-18, 27. Federal Reserve Approval of Huntington-FirstMerit Merger, Page 31. Federal Reserve Approval of Fifth Third-MB Financial Merger, Pages 14 and 20.

² Treasury memo, p. 22. Available online at <https://home.treasury.gov/sites/default/files/2018-04/4-3-18%20CRA%20memo.pdf>

partial reporting of service areas, such as allowing banks to fail in one half of their assessment areas and still pass their exams, and the change in what counts as quantifiable investment is of concern.

The definition of affordable housing would be relaxed to include middle-income housing in high-cost areas. In addition, the proposal would count rental housing as affordable housing if lower-income people could afford to pay the rent without verifying that lower-income people would be tenants. Under the proposal, financing large infrastructure such as bridges would be a CRA eligible activity, which would divert banks' attention from community development projects in LMI communities. I am also very concerned with how the proposal would apply a multiplier to many of the ways that banks currently pursue community development, including loans to develop affordable housing. We are very concerned that many banks will simply reduce their current levels of support for affordable housing since \$1 dollar lent will now count as \$2 on their CRA exams, a scenario that the proposal acknowledges. I oppose the use of multipliers for these reasons, but in the event that multipliers are used, the regulators should make it so banks would be ineligible for a multiplier if their actual level of community development decreased since their last CRA evaluation period.

Moving to such an emphasis on dollar volume make you wonder how would one insure that a comprehensive service is being provided to assist underserved communities? Is there a real benefit in expanding what counts as investments? Some of the proposed types of investment whether stadiums or similar ventures would not necessarily result in assisting low moderate income communities. In many cases I would guess just the opposite would occur.

The CRA act as currently structured emphasizes the importance of lending to these communities and in particular to the individuals who live there. This current emphasis is a result of the historic practice of redlining which has impacted these communities to this day. It's no coincidence that the communities in which this originally occurred still have significant impact from the practice. It is certainly true of our area of west and southwest Columbus and Franklin County. Columbus is a growing and successful city but the level of poverty and disparity in incomes between the upper and lower tiers is one of the most significant in the county. We have an above average poverty rate of around 20% and the accompanying affordable housing crisis is not improving. The proposed changes are likely to divert attention from areas served by branches since the agencies propose to make it easier for banks to engage in CRA-qualified activities outside of areas with branches. Currently, banks can engage in community development activities beyond areas with branches only after satisfactorily serving them. Under this proposal, there would be no such restriction, allowing banks to find the easier places anywhere in the county to engage in community development without first responding to needs in the communities with branches. It is hard to see how the proposed changes and

flexibility in reporting and what counts as allowable CRA investment will benefit and help to improve these conditions.

Very truly yours,

Stephen V. Torsell



Executive Director

Home on the Hill, Community Development Corporation