BLDG MEMPHIS
BUILD. LIVE. DEVELOP. GROW.

April 2, 2020

Joseph M. Otting,
Comptroller of the Currency

Robert E. Feldman, Executive Secretary,
Federal Deposit Insurance Corporation

Re: OCC Proposed CRA Rulemaking Docket ID OCC-2018-0008
FDIC RIN 3064-AF22

Building (BLDG) Memphis opposes the proposed rule changes to the Community Reinvestment Act, which 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 make banks far less accountable to the communities they are responsible to serve.

BLDG Memphis is a coalition of organizations and individuals who support the equitable redevelopment of healthy, vibrant, attractive, and economically sustainable neighborhoods throughout Memphis. We are a membership organization specifically designed to support community development corporations (CDCs) as they invest in and drive further investment into disinvested neighborhoods. Our members conduct a number of community development activities, including: developing affordable housing, counseling future homeowners, providing access to home ownership and improvement financing, improving public spaces and corridors, and improving access to healthy food. We work with CDCs and other members, including individuals, neighborhood associations, public agencies, financial institutions, and nonprofits, to stand as one to create and advocate for community development policies and investments that are rooted in racial, economic, and social equity.

BLDG Memphis and our members have three primary concerns about the proposed CRA rules:

1. The proposal dramatically and irresponsibly expands what activities would be eligible for CRA credit. CRA serves my 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, removes my community’s voice to determine our own needs.

2. 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, that has served my neighborhood for years, and whose experience and expertise is seriously considered as part of the current CRA examination process, will be 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.

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The single ratio is a deeply flawed concept. As I understand, that was made clear during previous public comment periods. Yet it remains part of this proposed rule. Please listen to us during this period. The single ratio must be discarded.

3. The rule proposes that a bank must meet investment benchmarks in only a “significant portion” of its assessment areas in order to receive a satisfactory or outstanding rating. The rule suggests that a “significant portion” be defined as something more than 50 percent.

   That approach would legalize and encourage redlining! I am afraid communities like those our members serve will be in the areas that are left behind. Permitting such behavior would bring us back to an era where financial institutions had the option to draw red lines around—and deny financial services to—poor neighborhoods and all neighborhoods of color. Except this time, it is worse because we understand, yet choose to ignore, history.

The OCC and FDIC acting without the participation of the Federal Reserve risks producing three separate sets of CRA regulations BLDG Memphis would have to learn in order to leverage resources to the communities our members serve. That makes everyone’s job more complicated, less transparent, and results in confusion. In the end, my community loses.

The problems of the single ratio, the overly broad definitions of CRA-eligible investments, the gutting of communities’ voices, the speedy 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, AT LEAST make sure we are preserving the original intent. Unfortunately, this proposal prioritizes policy compliance over impact and outcomes, putting numerators and denominators ahead of families and communities. Because 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 people and places BLDG Memphis and our members serve, I ask that you please discard this proposal and start again.

Respectfully,

[redacted]

John Paul Shaffer, AICP
Executive Director, BLDG Memphis

cc: National Alliance of Community Economic Development Associations (NACEDA)
National Community Reinvestment Coalition (NCRC)
The Honorable Steve Cohen, U.S. House of Representatives
The Honorable Lamar Alexander, U.S. Senate
The Honorable Marsha Blackburn, U.S. Senate