



60-20 WOODSIDE AVE, LOWER LEVEL, WOODSIDE, NY, 11377

April 3, 2020

Re: Proposed Rulemaking on the Community Reinvestment Act

To Whom It May Concern:

On behalf of the Neighborhood Housing Services of Queens CDC, Inc. (NHSQ) staff, Board of Directors, and clients, we strongly oppose the proposed changes to the Community Reinvestment Act (CRA) regulations. Without a doubt, it will only result in a drastic decrease in loans, investment, and services to low-and-moderate-income (LMI) communities.

As a member of the Association for Neighborhood & Housing Development (ANHD) and an affiliate of UnidosUS, NHS of Queens has helped thousands of our LMI neighbors to continue to live in Queens, which they have come to call their home, by sustainably achieving homeownership, preserve their homes, and attain access to affordable rental housing for over 25 years. Additionally, NHS of Queens is a HUD-certified housing counseling organization that provides financial and homeownership education, foreclosure prevention, home maintenance education, mortgage facilitation, affordable lending and counseling, and coaching.

Instead of propelling us into the future, the proposal by the OCC and FDIC will take us back to the antiquated redlining era, and making it legal for banking institutions to avoid making any investment in LMI and minority communities. Even with the set regulations in place today, the communities that we serve, and many throughout New York City, continuously face a modern version of redlining. According to the ANHD, Black and Latinx mortgage borrowers continue to be locked out of homeownership opportunities in New York City. Racial disparities in lending continue and are getting worse, with less than 7.9% of home loans going to Hispanic borrowers, a lower rate than in the prior four years.

Meanwhile, banks are retreating from lending in these communities as we have seen an exuberant increase of branch closings in these communities. Thus, further exacerbating the expansion of "banking deserts" in areas like Jamaica, Queens, that already lack access, and it has also begun to spread east towards neighborhoods like Elmhurst and Jackson Heights in Queens. Latinx and African-American communities are at a higher risk of paying more for their loans and are more vulnerable to predatory lending because non-bank lenders are increasing their presence in New York City, overall, and particularly in neighborhoods of color.

Loan denial rates for Black and Hispanic borrowers continue to be higher than the rates for White and Asian borrowers. In contrast, origination rates (the percentage of applications that resulted in a loan being made) are consistently lower. In 2017, 72% of loans to White and Asian borrowers were originated, while only 61% of loans to Black borrowers and 65% of loans to Hispanic borrowers. Similarly, just 10% of loans to White borrowers and 12% to Asians were denied, while 17% of loans to Black borrowers and 14% to Hispanics. These all changed very little from 2017.

However, there are some aspects of the Community Reinvestment Act that are positively contributing to our underserved communities. Over the years, NHS of Queens has cultivated valuable partnerships with banking institutions, like Sterling National Bank, who operate and cater to our service area. In 2019, we were able to reach 7,000 households through outreach, advertising, and community-focused programs. As a result, we

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have not only seen the positive impact in our target areas, but it has spilled over and extended beyond as it has contributed to millions in community reinvestment and has had a residual economic effect. Here are some of our 2019 accomplishments thanks to the CRA:

- Provided homeownership education and counseling to over 832 low to moderate-income residents on topics including purchase, budgeting, credit repair, foreclosure prevention, home rehabilitation, and rental assistance; and reached almost 1,300 residents on workforce development topics. Separately, we executed or co-facilitated 111 workshops and events, providing over 360 hours of information and education to 1,515 residents.
- Over 400 residents with interest in buying a home attended our home buyer expo; about 200 attended our subsequent home buyer seminars. We counseled 125 prospective homebuyers and 61 first time homebuyers who graduated from our homebuyer education classes; an additional 67 individuals completed the online homebuyer class. Our efforts enabled 25 families to achieve the American Dream of homeownership by securing \$6.5 million in affordable mortgage financing from a growing network of bank partners.
- Provided 77 distressed homeowners with individual foreclosure prevention counseling and helped save 24 families from foreclosure. Through Project HELP IV, 12 home units were awarded forgivable loans for home repairs up to \$20,000, enabling our low to moderate-income homeowners to live in and maintain safe and secure homes.
- We participated in 94 workforce development outreach events, including various job fairs, reaching 1,282 residents of Queens Community Boards 1-4, and assisted in the job placements of 200 community residents with jobs at La Guardia Airport.

None of this, and more, can continue to be made possible if the CRA is weakened. By weakening the CRA, it would only create a long-lasting negative impact in our communities, which consists of people of color and hard-working individuals earning a modest income to barely meet the high costs of living in New York City. Especially now, more than ever, with the aftermath of the COVID-19 pandemic, we need to ensure that we strengthen the CRA in providing banking access and other financial opportunities to these historically underserved communities.


The CRA does not need to be weakened, but instead, the OCC, FDIC and the Federal Reserve need to enact reforms that strengthen the CRA so it can expand its levels of lending within our most marginalized communities. A modernized CRA would include at least the following:

- More transparency to curbe out large-scale illegal and harmful activities from banking institutions should they fail their CRA exams.
- More accountability from all lenders – mortgage comoanues, credit unions, fintechs, and other "non-bank" lenders. The CRA should apply to every form of lender.
- Stricter rating criteria that are clearly outlined and that it emphasizes lending, operating branches, and responsible financial products for working families.
- Prioritizing investment strategies over a one-ratio evaluation. By incentivizing the quantity, quality, and economic impact of lending, it more adequately responds to the identified needs of these underserved communities.

- Allowing the input from community-based organizations, particularly weighting in how examiners evaluate a lenders CRA performance. Additionally, any changes that are made to the CRA, it must maintain the commitment that lenders must have to their local communities.

We thank you in advance for the opportunity to submit and take into consideration or input in hopes that the OCC, FDIC, and the Federal Reserve rework on a more reliable Community Reinvestment Act for LMI communities.

Sincerely,



Yoselin Genao Estrella  
Executive Director