April 8, 2020

To Whom It May Concern:

Victory Housing does not agree with the proposed changes to the Community Reinvestment Act (CRA) and strongly urges that they not be adopted. The Office of the Comptroller of the Currency's (OCC) and Federal Deposit Insurance Corporation's (FDIC) Notice of Proposed Rulemaking (NPRM) would result in significantly fewer loans and investments in truly affordable housing and in a big decrease in services to low- and moderate-income communities and communities of color, effectively re-legalizing redlining. Further, it would make banks far less accountable to the communities they serve.

Since its start in 1979, Victory Housing has developed and served affordable housing and assisted living communities in Washington DC and Maryland, with over 2280 units currently. CRA has been a strong influencer in the banking relationships that have been critical to helping Victory have a positive impact on the communities it serves. For example, over the decades, CRA has catalyzed investments in low-income housing tax credits (LIHTC), which, between 1987 and 2017, produced 3.13 million units of the affordable rental housing for households with incomes under 60% of area median income. Victory Housing's 25 affordable housing communities, several of which are LIHTC properties, would not have been possible without CRA.

We are especially concerned about how the NPRM redefines affordable housing. It expands affordable housing to include middle-income housing in high-cost areas; additionally, the NPRM would count rental housing as affordable if low-income households could afford the rent levels, without verifying that low-income households would be the actual occupants. This could allow banks to get credit for developments that house all high-income households paying low rent. Low-income tenants often have credit issues and evictions on their records, and this would impose yet another barrier for them to overcome, competing with high-income tenants for low-cost units.

Additionally, the NPRM dramatically expands which activities would be eligible for CRA credit. The strength of CRA is in the feedback loop it creates between communities, banks, and regulators. The credit needs of communities are distinct

and diverse, and current regulations emphasize the need for banks to collaborate with community organizations to develop innovative products, services, loans and investments that meet each community's credit needs. Switching to a "non-exhaustive list" of eligible activities developed in Washington, DC, and which includes infrastructure, transportation and even sports stadiums, dilutes the significant positive impact on affordable housing and would endanger the ability of organizations to find debt and equity to meet that need for development and preservation, and eliminates a community's voice in determining its needs. Instead, we recommend that the OCC and FDIC develop a list of principles, which defines CRA-qualified activities along with an illustrative, but not definitive, list of activities.

The NPRM also institutes a single ratio to assess how banks serve communities and includes public infrastructure financing. The inclusion of public infrastructure financing as a qualifying CRA activity would further displace smaller dollar financing for affordable housing, small businesses or homeowners.

Further, the NPRM 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. Defining "significant portion" as only something more than 50 percent would legalize and encourage redlining, returning the U.S. to an era of systematic denial of financial services to low-income neighborhoods and neighborhoods of color. Additionally, the proposed rule would significantly reduce the importance of bank branches in CRA performance evaluations, likely leading to closures of branches in low- and moderate-income communities, without making provisions to ensure continued CRA investments in those areas.

CRA was enacted to end redlining, and drive investment in lower-income neighborhoods and communities of color. We have seen the impact of CRA in positive outcomes in the communities we serve and we see it every day in the low and moderate income residents we are able to continue to serve in our communities. CRA modernization must continue to prioritize the problem CRA was intended to fix. Instead, the proposed regulations would encourage the export of capital from communities, in direct contradiction to the statutory goal of CRA. The NPRM prioritizes policy compliance over impact and outcomes, putting numerators and denominators ahead of families and communities. We urge the OCC and FDIC not to pursue the NPRM and to work instead to preserve CRA in a way that increases the positive impact of its legacy and the continued reinvestment in low- and moderate-income communities.

Sincerely,

Leila A. Finucane
President & CEO
Victory Housing, Inc.