April 8, 2020

Dear OCC and FDIC:

Greater Ohio Policy Center is gravely concerned with the proposed changes, as submitted, concerning the Community Reinvestment Act (CRA). Specifically, we are concerned about the following:

The rules, as have been proposed, would institute an overly simplified scoring system. The new rating system would disregard whether the lending needs of the local community are being served by the banks.

The new rating system would allow banks to disregard up-to 50% of their assessment areas and still receive an overall passing grade. This is an invitation to a modern-day form of redlining where one can envision banks investments deployed in gentrifying neighborhoods while disinvesting in historically disenfranchised neighborhoods.

The rules, as have been proposed, would incentivize large deals over access to loans for consumers. The definition of community development under the rules is relaxed in such a way as to permit the funding of luxury condominiums instead of affordable housing, and would permit funding for athletic stadiums finances in LMI tracts to count towards CRA.

We are extremely troubled that the Federal Reserve is absent from the rule-making discussions; we would much rather prefer one set of rules that incorporates the Fed's perspectives. It is concerning that the OCC and FDIC have moved forward with these proposed rules without bringing along the Fed.

As the champions of Ohio's economically fragile, "legacy" cities, we are extremely worried that residents in places like Springfield, Ohio; Zanesville, Ohio; Lima, Ohio; and dozens of other communities will have reduced access to capital and lending as a result of these rule changes.

Over a third of Ohio's population lives in a small legacy city or its surrounding metro. That is over 3 million Ohioans who may potentially lose the benefits and protections of CRA.

The OCC's proposed changes run counter to the purpose for which the CRA was created; to overcome the market failures caused by discrimination. By requiring banks to seek out business in LMI communities, CRA sought to break down barriers to information that contributed to a scarcity of lending. Instead of building on the progress that has been made, the proposed rules will reverse if not completely put an end to this progress by permitting banks to turn attention away from LMI communities.

While the CRA rules are long overdue for an update, these changes are a step too far and will have a negative effect on a program that has represented meaningful progress for historically vulnerable and marginalized communities, particularly in micropolitan and small metropolitan areas.

Regards,

[redacted]

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Executive Director
Greater Ohio Policy Center

cc: National Alliance of Community Economic Development Associations (NACEDA)