January 28, 2020

RE: Comment regarding the Notice of Proposed Rulemaking regarding the Community Reinvestment Act

Casa is opposed to the proposed changes to CRA. The changes will undoubtedly weaken regulators' and communities' ability to ensure CRA-related investments are responsive to community needs. It will especially hit the rural areas hard where we provide much of our services.

Casa of Oregon is a statewide nonprofit that focuses many of its activities in rural Oregon. Our programming is directed to Low and Moderate Income (LMI) individuals, including farmworkers and communities of color. Our lines of business (LOB) include housing and community facilities development, conversion of mobile home parks to resident owned cooperatives, asset building through individual development accounts (IDA) and financial inclusion. All of our work is supported by our Casa Community Loan Fund which is a Community Development Financial Institution (CDFI).

As mentioned above, many of the LMI folks served by our programs are people of color. As it is, historic segregation and oppression have made it hard to serve this population. The proposed NPRM will only make it harder to serve the communities of color, part of the whole reason the CRA was passed in to law in the first place. This NPRM heads exactly in the opposite direction of what “modernizing CRA” should look like.

Our LOBs are dependent on bank participation. Banks are motivated to work with Casa to meet their CRA obligation. Without bank investments in our loan fund, loans to the cooperatives would cease. The housing we develop for farm workers would not happen, affecting rural communities and the agricultural sector. Banks are also a key ally in delivering IDAs to LMI individuals across the state. IDAs help LMI individuals to be good financial planners and to save money to become home owners, get an advanced degree or advance their educational goals or start or expand a business. Without bank participation, this program will cease to exist.

The NPRM does not ensure that LMI individuals will actually occupy housing that is presumably covered under the rule. There is only an assumption that housing will be affordable based on the premise that lower-income individuals can afford to pay the rent. This will cause LMI individuals to compete with higher earners for affordable housing, without regards to other factors working against LMI individuals seeking housing (previous evictions, bad credit, etc.). I am pretty sure we know who will end up occupying those units.

The NPRM will allow CRA credit for CRA activities outside a bank’s assessment area. This will encourage banks to gravitate to more lucrative deals than those found in small towns and cities where we work. The one ratio will also draw financing away from smaller communities in search of larger, more profitable transactions.

The NPRM eliminates the current large bank service test and examination of basic banking accounts for LMI customers. Our LMI customers need access to basic banking accounts without fees. The current CRA encourages banks to offer these accounts but the NPRM does not. Home mortgage lending in LMI communities is eliminated as an exam criterion under the NPRM, which will reduce access to mortgage lending to many LMI families.

We acknowledge that CRA reform is needed and we ask that the OCC and FDIC propose meaningful, fact-based improvements like those suggested by the Federal Reserve Bank. CRA investments and grants are vital to ensure nonprofits across the country are able to serve low-to-moderate income families.

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We urge you to work with national, state and local consumer and community advocates to enact the kinds of reforms needed to ensure more individuals, businesses and communities can access credit, capital and opportunity. Thank you for your consideration of my comments.

Kind regards,

[redacted]

Peter Hainley
Executive Director

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