

April 18, 2020

Comments regarding “Reforming the Community Reinvestment Act Regulatory Framework”

RE: RIN 1557-AE34, Federal Register Number 3064-AF22, Docket ID OCC-2018-0008

To Whom It May Concern,

I am writing regarding the OCC and FDIC’s Notice of Proposed Rulemaking (NPR) seeking input on proposed changes to the Community Reinvestment Act (CRA). My name is Carolina Perez and I am a representative and member of UNHP, a local community organization in the Bronx and a student at Manhattan College.

I strongly oppose much of the ideas presented in the NPR that would significantly weaken the CRA, leading to less investment, fewer loans and bank branches, and less meaningful investments that would benefit the very people the law was designed to help: low-income people, people of color and communities of color. Having lived in the Bronx for a few years now, I feel as though my experiences have allowed me to be able to make this claim. People of color are more likely to be disproportionately affected by unfair legislation and rules set in place that either purposefully or by accident set unfair barriers to the full and complete enjoyment of their lives.

The CRA is one of the major civil rights laws that were passed in response to discriminatory policies and practices that locked people of color out of banking, credit, housing, employment, and education. It is one of the most important laws we have that holds banks accountable to local communities. It has led to trillions of dollars reinvested nationwide, and billions each year here in New York City for affordable housing, small business supports, daycares, schools, and local businesses. The CRA has also fostered affordable mortgages, small business loans and supports, bank branches, and commitments to responsible multifamily lending.

But, for all its benefits, inequities persist. Too many low-income people, immigrants, and people of color in New York City still lack sufficient access to loans to purchase homes, improve their homes, and start and maintain businesses. Smaller nonprofits struggle to access grants and loans to build and preserve much-needed deep and permanent affordable housing and to support community development. 15% of Black households and 18% of Hispanic households in the NY region are completely unbanked, which is over 5 times the rate of white households. Meanwhile, many low-income tenants and tenants of color are being harassed and displaced when banks lend to unscrupulous landlords.

All of this underscores the need to preserve and strengthen the CRA, making sure that the right priorities are reflected. In that context, we have deep concerns about much of the proposal:

- This proposal embodies a one-size fits all mentality which is inherently flawed in today's world. It values dollars over impact and does not care about the moral price at which that is attained.
- There is NO MENTION of race! Understanding that the CRA is a color-blind law, the regulators should be doing everything possible to increase access to banks and banking for people of color through affirmative obligations and strengthening the fair lending component of the exam. But the proposal does none of that, and some of the proposed changes that value dollars over quality could inadvertently lead to fewer branches, fewer services, less housing, and less lending and banking to people of color.
- The proposal expands what counts for CRA credit with activities that benefit larger businesses and higher-income families, as well as activities that barely benefit lower-income people or communities and others that could displace these communities. Worldwide lower income communities are constantly targeted and left at a disadvantage simply because of situations they cannot control. New Yorkers already suffer from not being able to find quality affordable housing and this proposal means less affordable housing for very low-income New Yorkers who already lack sufficient housing; fewer loans to small businesses that already struggle to access financing; fewer home loans to low- and moderate-income borrowers.

This proposal simply takes the wrong approach.

The opinions and thoughts of the communities which this proposal is aimed at serving MUST be taken into consideration. You simply cannot enact policies which drastically affect people's lives without getting their direct input. The CRA must maintain the current place-based commitment banks have to local communities. Banks should have additional assessment areas where they do considerable business (make loans / take deposits) outside of their branch network. These types of reforms must maintain or increase quality reinvestment where it is needed, including high need "CRA hot spots" such as New York City, while also directing capital to under-banked regions. Branches still matter in brown and black neighborhoods, especially in communities like the Bronx, where Alternative Financial Services (AFS) outnumber bank branches.

Meaningful CRA reform could boost lending and access to banking for underserved communities by incentivizing high quality, high impact activities based on local needs, while discouraging and downgrading for displacement and activities that cause harm. Transparent and consistent exams would support these goals.

Transparency is key for proposals such as this one and **The proposal does the opposite of what it claims to do for banks or the community. It is more complicated, and will ultimately lead to less investment and less meaningful investment.**

The OCC and FDIC should at least reconsider restructuring this proposal or abandon it all together. The OCC and FDIC should go back to the table with the Federal Reserve to come up with a plan that preserves the core of the CRA, truly addresses its shortcomings, and modernizes it to incorporate today's banking world.

Especially in light of recent events relating to the COVID-19 outbreak worldwide, organizations should take into account the situation of everyday citizens and look out for what is in the people's best interest.

Thank you for your attention to our comments.

Sincerely,
Carolina Perez