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April 8, 2020

Chief Counsel's Office
Attention: Comment Processing
Office of the Comptroller of the Currency
400 7th Street, SW., Suite 3E-218,
Washington, DC 20219

E. Feldman, Executive Secretary
Attention: Comments RIN 3064-AF22
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

OCC Docket ID OCC-2018-0008

FDIC Docket ID RIN 3064-AF22

To Whom It May Concern:

Community Investment Corporation (CIC) appreciates the opportunity to submit comments on the proposed measures to modernize the Community Reinvestment Act (CRA) regulation.

CIC is a Community Development Financial Institution (CDFI) that provides financing to create and preserve affordable rental housing in the Chicago region. Since 1984, CIC has provided over $1.5 billion to acquire, rehab, and preserve 62,000 rental units for more than 155,000 metro Chicago residents. In large part, this has been accomplished through CRA-motivated bank investments.

Overall, we appreciate the intention of the OCC and FDIC to modernize the regulatory framework for CRA in order to clarify, streamline, and simplify CRA implementation and the examination process. However, we wish to underscore the importance of strengthening, and not weakening, the CRA through its modernization.

We are concerned with the proposed wholesale overhaul from qualitative to quantitative evaluation measures. Dollar amounts matter, but not to the exclusion of a qualitative assessment of banks' activities in meeting specific and local community needs.

CIC Community Investment Corporation

To illustrate, CIC is a consortium lender, capitalized by 41 CRA-regulated financial institutions that together have pledged $330 million to invest in our region's affordable rental stock. Without the support of these local, regional, and national banks, the flow of credit to Chicago's neighborhoods would be greatly diminished. Five-year investments from our partner banks range in size from $1 million to $40 million. Converting the CRA activities test into a dollar-based metric could potentially encourage banks to cut down on many small, impactful loans and projects – such as the rehab and preservation of existing affordable rental housing – and instead focus on fewer, high-dollar-value projects. Why, for example, would a bank expend resources to rehab a 20-unit affordable rental property when it could spend millions improving an athletic stadium in an LMI Opportunity Zone?

Despite these significant concerns on the overall proposed framework, we do appreciate the proposed inclusion of ventures undertaken by a bank in conjunction with a CDFI to meet the credit needs of the bank's local communities. CDFIs play the role of the financial first-responders in low- and moderate-income communities, and we appreciate the unambiguous inclusion of such an investment as a qualified activity. We also support the inclusion of unsubsidized, privately-owned rental housing – or naturally occurring affordable housing – as a qualified activity. Such housing comprises 75% of the available affordable housing across the U.S. In Chicago, unassisted affordable rental buildings and their owners are the backbone of our affordable rental stock.

For over 40 years, CRA has been the most important tool to ensure that all communities have access to necessary credit and investments. Great care must be exercised to ensure that its values are not diminished in efforts to make it more streamlined and predictable. Thank you for considering our comments.

Sincerely,

[redacted]

Jack Markowski
President