St. Francis
community services

8 April 2020

RE: Notice of Proposed Rulemaking, Community Reinvestment Act Regulations

To Whom It May Concern:

I am Juan Narváez, the Immigrant Housing Project Coordinator at St. Francis Community Services, a Catholic Charities of St. Louis federated organization. This letter is to express our severe concern on the proposed changes to the Community Reinvestment Act (CRA) as announced by the OCC and FDIC [redacted]clarations from the agencies that the proposed changes would enhance CRA [redacted]A exam standards and performance measurements, we firmly believe these [redacted]ease the ability to publicly hold banks accountable and ensure they are meeting the credit needs of low- and moderate income (LMI) communities. The guiding intent of CRA law is to expand access to and the availability of mainstream banking services and products in LMI communities, a lack of which has systematically plagued communities across the country, including St. Louis. The consequences of these changes would undermine both the letter and spirit of the CRA and would mean substantial decreases in financial services to LMI communities that have historically been excluded from these financial resources and institutions.

At St. Francis Community Services, our mission is to practice the teaching, compassion, and love of Jesus Christ by walking with our vulnerable neighbors and communities through the most precariousness of challenges in order to create opportunities, to build resiliency and to advocate for justice. The St. Louis region is often front and center in the conversation of racial and social justice, from the events of Ferguson, Missouri in 2014 and to now during this life upending event we all find ourselves in due to the global COVID-19 pandemic. This is why St. Francis offers a holistic range of services based out of three agency sites. North St. Louis city is one of the most highly disinvested and segregated areas in the United States, ranked 6th in minority residential segregation out of the 50 largest metropolitan areas in the U.S. (2018); our site Pathways to Progress offers intensive case management in the form of legal aid, housing services, employment and financial education. The Catholic Legal Assistance Ministry (CLAM), located in downtown St. Louis, offers low-cost, sliding scale or pro bono work in order to provide legal services for those that otherwise would not have access, we specialize in housing, family law and immigration law. At our Southside Center, we focus primarily on the St. Louis immigrant community and provide bilingual mental health therapy, case management, youth program for children of immigrants, and operate a Vietnamese health clinic for the elderly.

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St. Francis Community Services as a whole endeavors to advocate on behalf of the communities that may be delegated to one side or feel unheard. Part of this includes a collaborative initiative that goes by the name of the Immigrant Housing Project, which includes eight local organizations, each with their own unique frame of reference and ability to provide perspective on what is happening in the St. Louis immigrant community. To that end, we work with our local area banks to encourage and advocate to provide easily accessible, culturally competent and language capable services for our immigrant communities. The Immigrant Housing Project does this by publishing an ITIN Mortgage Consumer Guide to inform those that want to buy a home of the options that are available to them; this was accomplished through collaborative and community minded partnerships with banks that were open and willing to see the community benefits of engaging in such business. The Immigrant Housing Project has also created an ITIN Credit Resource Guide to assist the [redacted]ir credit needs. We have built trusted community relationships with our [redacted]ncial institutions. In order to execute these functions, we rely on banks to be transparent and honest about their work and their intentions when servicing the community, especially immigrant consumers that may not have the same protections or knowledge of rights as others that receive conventional loans or other type of financial services. The NPRM would hinder our ability to receive accurate information.

In addition to the above, St. Francis Community Services is also member to the St. Louis Equal Housing and Community Reinvestment Alliance (SLEHCRA), which is a coalition of organizations that work to increase investment in LMI communities, regardless of race, and in communities of color, regardless of income, by ensuring banks are meeting their CRA and fair lending obligations. Since SLEHCRA's first community impact report in 2012, banks have committed over $3 billion in community development lending or investments. Sixteen new bank branches have opened in LMI communities or communities of color, including some in areas that have never had a bank branch. We have worked with six banks in the region to develop voluntary Community Benefits Agreements that includes commitments for serving low- and moderate-income communities and communities of color. We see how these commitments and activities are effectively serving the needs of LMI communities and communities of color throughout the St. Louis region. The proposed changes from the OCC and FDIC would reduce the ability for community coalitions, including SLEHCRA, to utilize the CRA in their mission to ensure banks are responsive to community needs.

One-Ratio

One of the proposed changes that leaves our organization immensely concerned is the single metric assessment approach, referred to as the "one ratio", which would strictly look at CRA dollars spent as the method of assessing banks' CRA performances. This metric would encourage banks to take the largest and easiest deals in order to meet the ratio, at the risk of neglecting smaller and more complex deals that address specific local needs. Banks may neglect partnerships between nonprofit and public sector entities since they

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may feel that they can more easily meet CRA obligations with a few large deals in each Assessment Area.

For example, in the past our organization has leveraged small gift funds from small- and medium-sized in order to support the functions of the Immigrant Housing Project. These funds results in effective community efforts that properly informs the availability of programs and services that increases the financial fitness and mainstream integration of our communities, an often overlooked process of the immigrant experience that can be bypassed. We are concerned that the single metric approach disincentives banks from engaging with community partners like ours to address real community needs through innovative and responsive work. This clearly does not align with Congress' intentions, when they passed the CRA. As it currently stands, 98% of banks already pass CRA exams. Implementing this one ratio approach, while also expanding CRA eligible [redacted]crease the probability and ease with which banks can meet these standards, [redacted]cal community needs.

Expansion of CRA Eligible Activities
The NPRM broadens what bank activities are CRA eligible in such a way that is counter to the spirit and intent of the CRA, meeting the credit needs of low- and moderate-income individuals and communities. For instance, under these proposed rules, banks could receive CRA credit for financing athletic stadiums in Opportunity Zones or providing financial education for any income level, which includes middle- and upper-income levels. This would mean that activities and services not specifically targeted to meeting the needs of LMI communities, which is the true purpose of CRA law, would qualify as CRA activities. Broadening the eligibility of CRA activities would not increase actual community reinvestment to LMI communities, but would instead dilute the focus of CRA and shift away from responding to local community needs. We have serious concerns that aforementioned will weaken the CRA against its intended purposes. The NPRM component on financial education and literacy is one aspect that would not benefit LMI community in the least as it is a vital resource especially for disaffected population groups that already have a distrust of large institutions and rely on informal financial networks and services. Additionally, the language of the CRA eligible activities are far too broad and must be given solid foundation and guidance for which financial institutions must adhere to for the benefit of all LMI communities.

In St. Louis alone, it is predicted that these changes would result in St. Louis City and suburban St. Louis County losing as much as $382 million in annual lending activity. LMI and communities of color within St. Louis have historically suffered from discriminatory lending practices and inability to access assets and credit building products. Potential homebuyers and small business owners already face a myriad of hurdles to access capital for investments in the region's majority-minority neighborhoods. Losing access to this lending could have a devastating impact on neighborhoods and both increase disinvestment that the CRA was enacted to counter. Additionally, while also encouraging investments in areas that don't face the credit

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market limitations that the CRA was enacted to counteract.

In conclusion, we believe that this misconceived and flawed proposal would result in undercutting the efforts made since the 1977 passage of the Community Reinvestment Act to increase lending, community development, and investment in LMI communities and communities of color. The FDIC and OCC are obligated under the CRA to ensure that banks are held accountable and equitably serving community needs. After careful review of the proposal, we can only conclude that implementing the NPRM would go against the obligations of these agencies under the CRA.

Sincerely,

[redacted]

Juan Narváez
Immigrant Housing Project Coordinator
St. Francis Community Services