



April 8, 2020

Comptroller Joseph M. Otting  
Comptroller of the Currency  
Comp 400 7<sup>th</sup> Street, SW  
Washington, D.C. 20219

Chair Jelena McWilliams  
Federal Deposit Insurance Corporation  
550 17th Street, NW  
Washington, DC 20429

Docket No. OCC-2018-0008

Dear Comptroller Otting & Chair McWilliams:

The Chicago Area Fair Housing Alliance (CAFHA) submits these comments in response to the OCC/FDIC's Notice of Proposed Rulemaking (the "Proposal") regarding the Community Reinvestment Act (CRA). CAFHA opposes the Proposal's drastic shift from qualitative to quantitative evaluation measures. Dollar amounts matter, but not to the exclusion of a qualitative assessment of banks' activities in *meeting local community needs*. The net impact of the Proposal would be to reduce bank investments and services in low- and moderate-income (LMI) communities. This runs counter to the spirit of the law itself.

The Chicago Area Fair Housing Alliance (CAFHA) is a 501 (c) (3) non-profit consortium of fair housing and advocacy organizations, social service providers, government agencies, and municipalities working to combat housing discrimination and promote equitable place-based opportunity through education, advocacy, and collaborative action. At the core of this mission is remedying the harmful impacts and collateral consequences of residential segregation. Historically, a key driver of this segregation was redlining. The Community Reinvestment Act of 1977 was meant to address the devastating impacts of redlining. For this reason, CAFHA is heavily invested in ensuring that the CRA upholds the spirit of its intent and continues to pave the way for equitable financial resources across communities and households.

The CRA outlines the responsibility of financial institutions to intentionally invest in low- and moderate- income areas, providing home mortgages, loans to small businesses, and grants to local nonprofit organizations. It has become our best tool to ensure that banks are adequately serving all people, and because in the Chicago region poverty and race are inextricably linked, it is also our best tool to ensure racial equity in lending patterns. Changes to the CRA would hit the Chicago region particularly hard and create severe and lasting consequences. For example, according to the Chicago Tribune, "the disproportionate denials and limited anti-discrimination enforcement help explain why the homeownership gap between whites and African Americans is now wider than it was during the Jim Crow Era...the latest figures from the U.S. Census Bureau show the median net

worth for an African American family is now \$9,000, compared with \$132,000 for a white family” (2018).

If the proposed rules to the CRA are adopted, gaps in homeownership and community investment will only widen; banks will have less incentive to invest in the communities that need it most, favoring big-dollar projects over those that may take longer, but bring desperately needed, and lasting change to the City of Chicago and to the lives of our community members. To address the continued devastation caused by redlining, we must protect every lever at our disposal to promote racially equitable community investment and the CRA is critical to this effort.

Modernization must preserve what works under the CRA. As Federal Reserve Gov. Brainard recently observed, one of the “core strengths” of the CRA is creating an ecosystem that “encourages banks to engage on the priorities identified by local leaders.” The Proposal would strip away this core strength in the name of supposed objectivity. To protect the CRA ecosystem, we urge you to suspend the rulemaking process, invite the Federal Reserve back to the table, and release a proposal only when all three regulators are on the same page. This approach is in the best interests of the LMI communities, non-profits, banks and the regulators.

Sincerely,

A solid black rectangular redaction box covering the signature of Patricia Fron.

Patricia Fron  
Co-Executive Director  
Chicago Area Fair Housing Alliance