



April 7, 2020

The Honorable Joseph Otting
Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, DC 20219

The Honorable Jelena McWilliams
Chair, Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429-0002

RE: Docket ID OCC-2018-0008; RIN 1557-AE-34, 3064-AF22; - Reform of the Community Reinvestment Act

Dear Comptroller Otting and Chair Jelena McWilliams:

I am writing on behalf of the Neighborhood Housing Services of Los Angeles County (NHS), a 501©3 corporation and CDFI, based in Los Angeles, CA. Thank you for the opportunity to comment on the Office of the Comptroller of the Currency's (OCC) Advance Notice of Proposed Rulemaking (ANPR) regarding the Community Reinvestment Act (CRA). CRA has leveraged a significant amount of loans and investments for low-and moderate income (LMI) communities since its adoption in 1977. It has helped meet the credit needs of many borrowers in various communities, including LMI neighborhoods. An updated framework will help regulated financial institutions of all sizes more effectively serve the convenience and needs of their communities (physical locations and online) including LMI populations.

NHS has served LMI families and neighborhoods throughout Los Angeles County for more than 35 years. The mission of NHS is to serve as a catalyst for local residents, business, and government representatives to work together to build stronger neighborhoods, improve the quality of life for low-to-moderate income families and to revitalize communities into neighborhoods of choice. Commonly known as the region's largest affordable homeownership provider, NHS has reinvested more than \$7.06 billion back into some of L.A. County's most underserved communities, redeveloping more than 25,000 housing and commercial units, and placing 4.6 million families on the road to homeownership.

We acknowledge the need and importance of updating the Community Reinvestment Act to adapt to the changes in the banking industry. Because of our deep commitment to the communities we serve, we oppose several of the proposed changes to the Community Reinvestment Act (CRA). With the proposed changes, we are concerned the OCC and FDIC would:

- Allow for redlining to take place
- Lessen the public accountability of banks to their communities
- Allow banks to avoid investing in LMI and minority neighborhoods
- Proposal significantly devalues bank branches in LMI areas

Some of our specific concerns include, but are not limited to the:

- Combining of the dollar volume of lending and community development in order to reach a rating largely based on dividing CRA activity by deposits will encourage banks to seek out the largest deals and discourage smaller dollar loans and investments;
- Letting banks pass their CRA exams while failing in half of their assessment areas, also letting banks get credit for activities done anywhere, could lead banks to dramatically cut back CRA activity in many of their assessment areas;
- Changing definitions of CRA activity to include things like stadiums in LMI communities

- Multiplier of community development unintentionally letting banks cut community development in half
- Lack of transparency created by the idea to base assessment areas on the physical address of depositors, basing on lending would be better.
- Bank investment has been a critical driver of CDFI success. To expand economic opportunity in persistent poverty areas, CRA incentives should be created to make equity and debt available for CDFIs located in and with long track records of serving persistent poverty regions and urban areas. Such incentives could take the form of favorable treatment of such investments by banks when undergoing the CRA examination by the bank regulator
- Allows banks to support national level intermediaries that can put together the largest deals instead of working with locally-based CDFIs and other nonprofits on smaller deals that are more directly responsive to the needs in their localities.

It has been projected that these changes could result in more than \$105 billion being lost in LMI communities over the next five years. Don't let this happen! Low-income, communities of color need CRA to continue to address race-based discrimination and to acknowledge Community Benefits Agreements. These are the policies that protect and serve our communities. We appreciate your consideration and look forward to our mutual efforts to preserve the health and welfare of all of our communities on an equitable bases, as we continue our work to strengthen families throughout the country.

Sincerely yours,

Lori R. Gay
President & CEO
NHS of Los Angeles County