

From: Sunshine Mathon <smathon@piedmonthousing.org>
Sent: Tuesday, August 02, 2022 1:47 PM
To: Comments
Subject: [EXTERNAL MESSAGE] RIN 3064-AF81

August 2, 2022

Re: Community Reinvestment Act - Notice of Rulemaking (NPR)

To Whom It May Concern,

Our Organization Background

Piedmont Housing Alliance is a regional nonprofit housing organization serving Charlottesville, VA and the five largely rural surrounding counties (Albemarle, Fluvanna, Greene, Louisa, and Nelson). Piedmont Housing has been offering pathways for struggling renters and aspiring homebuyers through housing development, lending, and education since 1983.

Piedmont Housing has been a certified Community Housing Development Organization (CHDO) since 1997, a HUD-Certified Housing Counseling Agency for over a decade, a certified Community Development Financial Institution (CDFI) since 1999, and a NeighborWorks Organization since 2021.

Prioritize Access to Capital for Small City and Rural Areas – Community Development Assessment Areas

Our location (a small City surrounded by largely rural counties) routinely gets overlooked by large financial institutions. As a CDFI, we generally are unable to attract CRA-incentivized lending capital from large financial institutions.

The proposed rule supports consideration of activities outside of bank's assessment areas. This improved flexibility is enormously important for regions like ours.

Please retain this flexibility – and, if anything, strengthen it.

Re-Prioritize the Community Development Test

The weighting of the Community Development test must be prioritized – we critically need increased community development investment. The current proposal prioritizes Retail tests through the fact that only two combinations of test conclusions result in a possible Outstanding rating overall – both of which require an Outstanding conclusion on the Retail test.

Given that no bank would currently make an Outstanding rating on the Retail test, this structure will inadvertently de-prioritize Community Development test conclusions. If banks default to a Satisfactory overall conclusion, which is likely to be the case, they only need to achieve Needs to Improve on the Community Development test – thereby de-incentivizing it.

Please change the test structure to re-prioritize Community Development investments.

Include Low Income Housing Tax Credit (LIHTC) as Impact Factor

LIHTC is one of the most powerful community investments financial institutions can make. With rising construction and acquisition costs, we need every “penny” LIHTC investors can bring to the table to close the gaps. Including LIHTC as an impact factor for CRA will increase demand/competition for investors – which will increase equity yield for projects.

Please include LIHTC as an impact factor for CRA.

Include Automatic Eligibility for Other Certified Entities as Eligible for CRA Credit

The current proposal offers automatic eligibility for CDFI activities as CRA eligible because CDFIs “would be presumed to qualify for CRA credit given these organizations would need to meet specific criteria to prove that they have a mission of promoting community development and provide financial products and services to low- or moderate-income individuals and communities.” This logic is sound, and we support this idea.

However, the same logic can be applied to a few other key organization types that go through similar rigorous certification processes that ensure the same criteria above. Specifically, NeighborWorks Organizations (NWOs), HUD-designated Community Housing Development Organizations (CHDOs), HUD-approved Housing Counseling Organizations, and HUD-approved Nonprofit Organizations.

Please expand automatic eligigiliyt to NWOs, CHDOs and other HUD-approved organizations.

Include Race and Ethnicity Data in CRA Exams

The original purpose of the CRA was to strengthen capital investment in communities often excluded from banking investment caused by race-based housing and planning practices. This revision offers an incredibly important opportunity to align purpose with practice.

CRA exams *must* include lending examinations by race and ethnicity in geographical areas experiencing racial disparities in lending activities.

Please incorporate race and ethnicity data in CRA exams.

Increase Public Input Methodologies for CRA Exams

The raw data that financial institutions collect is an important aspect of determining CRA-related success. However, deeper accountability at the local level is critical in developing a complete picture. Robust engagement with community-based organizations during the evaluation process would ensure this accountability.

Please develop a public registry for community organizations to be contacted during a bank’s performance review.

Ensure Data is Publicly Available

The current proposal greatly improves on data collection requirements. However, this data must be made publicly available to ensure accountability. We realize data collection can be burdensome, but in this day and age of data-dominance, all large banks (not just those at the \$10+ billion threshold) should be required to collect such data. Frankly, they would probably do it anyway for their own business purposes.

Please expand data collection requirements to all large banks, and improve the availability of the data to the public.

Sincerely,

Sunshine Mathon

Executive Director