



August 5, 2022

Acting Chairman Martin J. Gruenberg  
Federal Deposit Insurance Corporation  
550 17th Street NW  
Washington DC, 20429

Chairman Jerome Powell  
Federal Reserve Board of Governors  
20th Street & Constitution Avenue NW  
Washington DC, 20551

Acting Comptroller Michael J. Hsu  
Office of the Comptroller of the Currency  
400 7th Street SW, Suite 3E-218  
Washington, DC, 20219

RE: Federal Deposit Insurance Corporation – 12 CFR Part 345, RIN 3064-AF81  
Federal Reserve System – Docket No. R-1769, RIN 7100-AG29  
Office of the Comptroller of the Currency – Docket ID OCC-2022-0002, RIN  
1557-AF15

Dear Acting Chairman Gruenberg, Chairman Powell, and Acting Comptroller Hsu:

The Hilltop Alliance appreciates the opportunity to comment on the Federal Reserve Board, Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency's joint Notice of Proposed Rulemaking ("NPR") regarding proposed updates to the Community Reinvestment Act ("CRA"). This NPR represents the most significant changes to the CRA regulation and exams in 27 years.

The Hilltop Alliance is a nonprofit collaborative community development organization comprised of community-based organizations from eleven south Pittsburgh neighborhoods whose mission is to preserve and create community assets across Pittsburgh's Hilltop. Hilltop Alliance's efforts to fulfill this mission include home repair programs for LMI homeowners, affordable housing development, vacant property recycling, business district redevelopment, and small business support. A substantial portion of this work is accomplished through the financial support of Pennsylvania's corporate tax credit programs for community development, the Neighborhood Assistance Program. Many of our corporate bank partners work with us on these endeavors in part because they involve CRA-eligible activities. Therefore, the joint NPR to update the CRA is of great importance and interest to our work. In addition to the below comments, Hilltop Alliance is a member of the Pittsburgh Community Reinvestment Group ("PCRG") – whose comments to the joint CRA NPR we have reviewed and support.

Much like the City of Pittsburgh, these Hilltop neighborhoods are a microcosm of the Rust Belt and other portions of America with declining populations. Between 2010 and 2020, our service area's population declined by 996 people (2.83%). The remaining population is aging, lives in old housing stock, and is low-to-moderate income. Overall, 75% of the housing units in our census tracts were built before 1950, with the highest census tract containing 89.12% of its homes older than 1950 and the lowest 64.10%. In a December 2021 Market Value Analysis, the Reinvestment Group found that housing values in these neighborhoods were generally below value with most of them ranging from below value to the lowest value in comparison to the average property values in Allegheny County and the City of Pittsburgh. Across our service area, the owner-occupied unit rate is 44.59%. Twelve (12) of the fifteen (15) census

tracts in which we operate have an average estimated median family income of \$49,359.42, with the lowest \$38,926 and highest \$63,057. When viewed in relation to the Pittsburgh MSA's median family income of \$84,200, the average median family income ("AMI") in these census tracts is 58.26% AMI, with the lowest 46.23% AMI and highest 74.89% AMI. Only one census tract in these neighborhoods exceeds 100% AMI at 109.29% AMI. Lastly, given the original intent of the CRA to address historical deficiencies in lending to minority communities, The Hilltop Alliance service area is approximately 35% minority, with four (4) census tracts having minority populations between 49% and 74%.

The CRA helps residents in our service area to access lending and other banking services in neighborhoods that otherwise might be overlooked because of their demographics. It is vital that banks not only remain, but are further incentivized to provide services to the residents we work with daily. Therefore, to the extent the NPR accomplishes this through the expansion of the community development activities, we welcome the proposed changes as they broaden the residents' access to capital directly and indirectly through programs funded by entities seeking CRA credits. **Hilltop Alliance is particularly supportive of the addition of identified qualifying activities that (1) support affordable homeownership for low- or moderate- income individuals such as the home repair programs we operate to bring homes into building code compliance and provide sorely needed updates that low- to moderate- income people/families cannot otherwise afford; and (2) include credit products and programs that will meet the credit needs of small businesses in business districts we help develop.**

As a collaborative organization comprised of neighborhood groups, Hilltop Alliance has a strict geographical focus on those urban neighborhoods, but understands rural and smaller metropolitan communities face similar challenges and warrant equal opportunity for the CRA to benefit them. **While the NPR would allow for continual investments in these neighborhoods and Hilltop Alliance's programs, its provisions regarding assessment areas likely would affect our residents and the relationships we have with current and future funders negatively.** The NPR currently proposes that in order for banks serving ten (10) or more assessment areas to pass their CRA exam overall they must receive at least a Low Satisfactory rating in 60% of the assessment areas in order to pass overall. Depending on the bank's service area a bank could still achieve this 60% requirement by focusing on a particular type of assessment area (large metropolitan, small metropolitan, or rural) to the disadvantage of other areas. This issue is augmented when considering the agencies' commendable proposal to create retail assessment areas where large banks do not have physical branches, but issue 100 home loans or 250 small business loans. It is the belief of the agencies that the retail assessment proposal will result in online and nontraditional banks, as well as traditional banks with outside online presence, being held more accountable for serving LMI communities because it would allow the great majority of total lending to be incorporated on CRA exams. However, **with the combination of new retail assessment areas and a low assessment area standard for CRA exam passage, banks could be disincentivized from urban CRA activities, to our residents' and our detriment.** Therefore, Hilltop Alliances requests that the agencies identify a better way to equally weigh performance across assessment areas that will provide the CRA's intended effects to all communities.

We believe that the NPR's effect on the neighborhoods we serve could be positive as many of the proposed changes can assist us to continue and enhance our current programming and expand into new avenues of residential and economic community development. However, **we are concerned that some aspects of the assessment area proposals could combine to result in lost CRA funding opportunities**

**for our south Pittsburgh neighborhoods who experienced only disinvestment from 1970-2010, with reinvestment beginning only in the past decade.** We invite the agencies to contemplate this possibility as they undertake this generational opportunity to remake the CRA regulations and provide the best outcomes for low- to moderate- income communities here on Pittsburgh's Hilltop and throughout the country.

Sincerely,



Aaron Sukenik  
Executive Director