

Message

From: Hilary Lamishaw [REDACTED]
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To: Comments [comments@fdic.gov]
Subject: [EXTERNAL MESSAGE] RIN 3064-AF81

August 5, 2022

The NeighborWorks Association of Pennsylvania, representing eight nonprofit community development organizations that are chartered members of NeighborWorks America, is pleased to offer comments in response to the FDIC's Notice of Proposed Rulemaking to reform the Community Reinvestment Act regulations.

Members of the NeighborWorks Association of Pennsylvania (Arbor Housing and Development, HACE, HDC MidAtlantic, Neighborhood Housing Services of the Greater Berks, NeighborWorks Northeastern Pennsylvania, NeighborWorks Western Pennsylvania, New Kensington Community Development Corporation, and PathStone Corporation) provide a range of services intended to increase access to quality affordable housing, help households achieve financial stability, and revitalize communities through the provision of homebuyer, homeownership and financial counseling & education; community-based lending; real estate development; neighborhood revitalization; small business assistance and other services that meet the housing, economic and community needs of low- and moderate income individuals and families throughout the Commonwealth. In addition to being chartered members of NeighborWorks America, members of the NeighborWorks Association of Pennsylvania have various other designations including Community Development Financial Institutions (CDFIs), HUD-Approved Housing Counseling Agencies, and HUD-designated Community Housing Development Organizations (CHDOs).

In Federal Fiscal Year 2021, these organizations counseled thousands of people to become successful homebuyers and homeowners, repaired thousands of homes, owned and/or managed hundreds of rental units, developed new housing, and leveraged each dollar of federally appropriated grant funds at a rate of 1541.

The Community Reinvestment Act has been critical to LMI communities since its inception, requiring that banks and other lenders leverage loans, investments and services into LMI areas. This continues to be just as important today given the growing wealth and homeownership disparities realized by BIPOC communities in particular.

The activities of NeighborWorks organizations, CHDOs, and HUD-approved Housing Counseling Agencies are important economic drivers in revitalizing communities and helping LMI households achieve housing stability. Therefore, we request that the regulations provide automatic eligibility to activities undertaken with these organizations as eligible for CRA credit, similar to the proposed rule that would allow for automatic enrollment of activities undertaken in conjunction with a CDFI.

We support the flexibility in the proposed rule that allows and incentivizes banks to invest in high-need areas outside of their assessment areas. Given the proliferation of remote online services and the retraction of retail banking locations, this will help support community reinvestment activities in far-flung, remote, needy communities.

The Low Income Housing Tax Credit is an important tool for the development of affordable housing options in communities and we suggest that LIHTC allocations be included when measuring community impact.

To overcome the historical lack of investment in communities based on racial or ethnic discrimination, we suggest that the rating of banks include data about such lending in specific areas experiencing racially-based lending disparities. This would expand upon the current proposal that HMDA racial data be included in exam tables by further requiring that it be part of banks' ratings.

Public input is key to ensuring that banks are accountable in meeting local needs (and that they remain informed of emerging and diverse community needs). Community engagement should continue to be a vital part of banks' ratings and efforts should be expanded to ensure that community-based organizations are informed and engaged about banks' CRA performances. One such mechanism for ensuring that broad and diverse communities are included in the CRA exam process may be a public registry where interested groups can sign up for notification when performance reviews are scheduled.

While we appreciate and support that the proposed rule improves the data collection requirements for certain activities, we urge that such collection be expanded to – and made public by – all big banks, not just those with assets in excess of \$10B in deposits and auto lending. Making data publicly and broadly available promotes accountability, especially among more marginalized, underserved communities.

Lastly, weighting the retail and community development tests as proposed may lead to the unintended consequence of potentially devaluing the community development test in order to receive an overall Outstanding rating. We believe this needs further discussion with a variety of partners and practitioners from the field and their representative associations. We urge the regulators to convene and engage in such discussions at their earliest opportunity.

Again, we appreciate the opportunity to comment on the proposed rulemaking to CRA regulations. We hope that the ultimate regulations lead to more equitable lending practices and activities in order to overcome the current wealth disparities and racial homeownership gaps being experienced by lower income and BIPOC communities.

Sincerely,

Hilary Lamishaw

On behalf of the NeighborWorks Association of Pennsylvania

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