



February 14, 2020

Joseph M. Otting
Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, DC 20219
Docket ID OCC-2018-0008
RIN 1557-AE34
Via portal: <https://www.regulations.gov/comment?D=OCC-2018-0008-1515>

Jelena McWilliams, Chair
Board of Governors
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429
RIN 2064-AF22
Via email: Comments@fdic.gov

RE: Notice of Proposed Rulemaking, Community Reinvestment Act Regulations

Dear Comptroller Otting and Chair McWilliams:

The shortage of quality affordable housing is a crisis in Houston and in many other cities and towns throughout the country. Since 1977, the Community Reinvestment Act (CRA) has encouraged banks to invest in affordable housing and community development. The Notice of Proposed Rulemaking (NPR) released by the OCC and the FDIC on December 12th would fundamentally undermine and weaken the CRA, resulting in significantly fewer loans and investments in low-moderate income (LMI) communities, which is why I am writing to let you know that **Avenue opposes the changes proposed in the NPR.**

Avenue is a non-profit organization dedicated to building affordable homes and strengthening communities in Houston, Texas. Avenue has helped thousands of low-income families become homeowners through our HUD-certified Housing Counseling program, and more than 700 households benefit from our affordable rental apartments and resident services each year.



Avenue clients are able to purchase or rent quality affordable homes and improve their lives in large part due to CRA-motivated grants, loans, and investments.

- The CRA encourages banks to create and promote mortgage products and down-payment assistance programs that meet the needs of low- and moderate-income homebuyers. Because of these programs, thousands of Avenue clients have been able to purchase homes and begin to accumulate home equity. This home equity can help finance a college education or future retirement. Homeownership is the number one source of savings for most American families; homeownership is the single best tool to build generational wealth.
- The CRA also encourages banks to invest in affordable rental housing through loans and equity investments. This financing has been instrumental in enabling Avenue to develop more than 700 affordable apartments serving low- and moderate-income households.
- Finally, CRA-motivated grants help to fund Avenue programs, including our Homebuyer Counseling program and our development of affordable homes and apartments.

The proposed NPR would weaken the CRA and result in significantly fewer loans and investments in affordable housing and community development programs, which would hurt the LMI communities and individuals served by Avenue and similar organizations.

The CRA was a landmark response to redlining, a persistent pattern of discrimination in bank lending that particularly harmed communities of color. Unfortunately, these practices continue today. In an economy that is characterized by enormous disparities in wealth that correlate strongly to race, ethnicity and geography, the CRA should be modernized in ways that places greater focus on the needs and opportunities of LMI people, and communities that face persistent poverty. The approach detailed in the NPR will do the opposite by lowering the bar for banks to meet their community reinvestment requirements. This NPR is fatally flawed because the content, if implemented in a final rule, will undermine the original intent of CRA.

The following are some of our biggest concerns with the NPR's content:

- The agencies propose a one ratio measure that consists of the dollar amount of CRA activities divided by deposits. This ratio measure would likely encourage banks to find the largest and easiest projects anywhere in the country as opposed to focusing on local needs, which are often best addressed with smaller dollar financing for small businesses or homeowners. Since banks could fail in one half of the areas on their exams and still pass under the proposal, the likelihood of banks seeking large and easy projects anywhere increases.

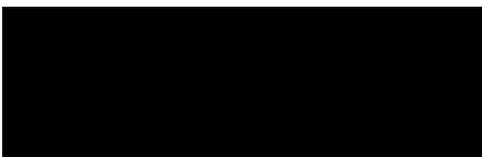
- The NPR dramatically expands the range of what activities are eligible for CRA credit, including investments that do not serve LMI people, including renovations to certain professional football stadiums. The result will be to reduce the focus on investments that serve LMI populations and neighborhoods.
- The NPR proposes to give “double credit” to banks to incentive certain kinds of investments over others. This will allow banks to significantly reduce the real dollar amounts actually invested in LMI communities while receiving the same amount of credit for the purposes of their exam.
- We are also concerned that the NPR limits the extent to which public comments will contribute to CRA rating process.

I also want to raise our concerns about the process of creating the NPR:

- The OCC did not adequately address public comments received in response to the Advance Notice of Proposed Rule Making (ANPR) that was released in the fall of 2018. An overwhelming majority of respondents to the ANPR, including many from the banking industry, expressed two key concerns: first, that CRA modernization should focus on the credit needs of LMI communities; and second, that creating a “one ratio” approach to ratings was flawed. The NPR recently published by the OCC reduces focus on LMI people and communities and relies heavily on a “one ratio” approach.
- It is concerning that the OCC and FDIC issued a NPR without the concurrence of the Federal Reserve. If the NPR becomes a final rule, creating two different CRA rating systems, it will result in confusion and inconsistency between banks overseen by the Federal Reserve versus the OCC – ultimately undermining the CRA.

Based on all of these concerns, Avenue requests that the FDIC and OCC withdraw the NPR and instead work with the Federal Reserve Board to propose an interagency rule that will continue to encourage banks to invest in affordable housing and other needs in LMI communities

Respectfully submitted,



Mary Lawler
Executive Director