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February 13, 2020

Martin J. Gruenberg
Federal Deposit Insurance Corporation
550 17th St, NW
Washington, DC 20219

RE: Docket ID OCC-2018-0008

On behalf of the Housing Development Consortium of Seattle-King County (HDC), a nonprofit membership association consisting of 180 nonprofit developers, private businesses and public partners who are working to produce or preserve affordable housing in King County, Washington; thank you for this opportunity to comment on the joint Notice of Proposed Rule change (NPR) to the CRA presented by the OCC and FDIC.

Our members are dedicated to the vision that all people should live with dignity in a safe, healthy and affordable home within communities of opportunity. The CRA has been a program of value to our members in achieving this vision.

We write to express our deep concern that the proposed changes would result in significantly fewer loans, investments and services to low- and moderate-income communities. It would permit banks to avoid investment in low-income and minority neighborhoods, essentially relegalizing the practice of redlining, undermining the original intent of the CRA.

We call on the OCC to withdraw the NPR and to engage collaboratively with stakeholders to develop a process that will amplify the impact of CRA for those it was intended to benefit, rather than lowering the bar for banks in meeting their statutory obligation.

Metrics-Based Assessments – We believe that the proposed single ratio test could have significant implications on the amount and type of investment in affordable housing and community development programs. We are concerned that if banks are provided with an exact threshold, they may be less likely to engage in innovative activities or go beyond what is necessary to meet their CRA requirements. We urge you to discard the single ratio as it is a flawed concept that, if enacted, will disregard whether the needs of the community are being served by the bank or its investments.

**Housing Development Consortium
of Seattle-King County**

1326 5th Avenue, Suite 230, Seattle, WA 98101
206.682.954 | www.housingconsortium.org



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Qualified CRA Activities – The NPR’s dramatic expansion of activities that would be eligible for CRA credit is troubling. CRA serves the King County community by driving resources which would otherwise be inaccessible and providing for the financial and community development needs our community identifies and prioritizes. Switching to a “non-exhaustive list” of eligible activities developed in Washington, DC, to include infrastructure, transportation and even sports stadiums, removes my community’s voice to determine our own needs.

We would support efforts to provide greater clarity on CRA eligible activities by publishing a best practice guide that is informed by community and consumer serving organizations and obtaining public input on past CRA activities that have received credit and resulted in significant impact for low- and moderate-income people and communities. The guide must include specific standards, such as a better definition of “community and economic development,” and specific standards for determining which activities qualify.

Assessment Area Benchmarks – HDC strongly opposes the investment benchmarks included in this proposed rule indicate a financial institution would need only satisfy investments in a “significant portion” of its assessment areas in order to receive a satisfactory or outstanding rating. The rule suggests that a “significant portion” be defined as something more than 50 percent.

This approach will re-legalize and encourage the practice of redlining. Permitting such behavior would bring us back to an era where financial institutions had the option to draw red lines around—and deny financial services to—poor neighborhoods and all neighborhoods of color. Except this time, it’s worse because we understand, yet choose to ignore, history.

A strong CRA works to ensure that our economy is healthy, inclusive and equitable. Revisions to CRA regulations must put the credit needs of low- and moderate-income people and communities first. This NPR lacks a greater focus on the people that CRA is intended to benefit therefore we call on the OCC to withdraw the NPR and engage in a credible and collaborative process to truly strengthen and modernize the CRA in a way that continues to prioritize and address the credit needs of low- and moderate-income people.

Best Regards,

Marty Kooistra



Executive Director

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