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RE: Docket ID OCC-2018-0008

To Whom It May Concern:

Since 1977, the Community Reinvestment Act (CRA) has encouraged banks to invest in affordable housing and community development. I am writing today to express my concern that the Notice of Proposed Rulemaking (NPRM) released by the OCC and FDIC on December 12, 2019 would fundamentally undermine and weaken the CRA, leaving the very communities it is supposed to protect open to divestment and de facto redlining.

With a mission of promoting sustainable homeownership, NeighborWorks Western Pennsylvania (NWWPA) has been serving low- and moderate-income (LMI) residents and communities since 1968. As a HUD-certified Housing Counseling Agency, we provide education and one-on-one counseling to consumers across the homeownership spectrum, from those purchasing their first home to those in danger of foreclosure. We are a chartered member of NeighborWorks Network of more than 240 independent community development and housing organizations serving all 50 states, Washington DC, and Puerto Rico.

The CRA encourages banks to create and promote mortgage products and down payment assistance programs that meet the needs of LMI homebuyers. Because of these programs, thousands of NWWPA customers have been able to purchase homes and build equity. Without CRA, homeownership would not be possible for many of the first-time buyers we serve. Further, CRA-motivated grants help fund many of NWWPA's programs and services, including homebuyer education and counseling, credit education, and money management. In just the last three years (2017-2019), with the assistance of CRA-motivated grants, NWWPA has helped 1,236 individuals set financial goals through individual counseling; 1,034 families prepare to purchase their first home; 373 first-time buyers to realize the American dream of homeownership; and 694 residents to better manage their money through financial wellness workshops.

Technology has revolutionized how and where banking is done, and it is true that aspects of CRA could be modernized, but in the rush to reform, the original intent of CRA should not be watered down or forgotten. Federal bank agencies must continue to focus CRA on meeting the needs of LMI families and communities. If CRA exams are made easier to pass and the importance of

assessment areas are diminished, the National Community Reinvestment Coalition estimates that LMI neighborhoods could lose up to \$105 billion in home and small business lending nationally over a five-year time period. In Pennsylvania, the loss would be between \$1.3 billion and \$2.6 billion and in Pennsylvania's 18th Congressional district, which includes Pittsburgh and most of Allegheny County, the loss would **be between \$91.3 million and \$182.6 million.**

One of our biggest concerns with the NPR's content is the "one ratio" measure that consists of the dollar amount of CRA activities divided by deposits. Changing CRA exams from the three test model to one ratio will drain the nuance and complexity from the bank's performance and allow them to focus on low-hanging fruit while ignoring the harder to achieve aspects of CRA exam credit.

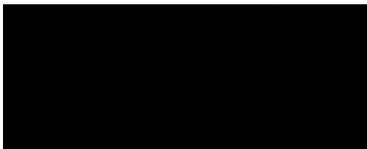
The NPRM significantly dilutes the focus on LMI people and communities by expanding the range of CRA eligible activities to include investments in large-scale infrastructure and economic development projects, including professional sports stadiums. The ratio-focused analysis is likely to decrease small dollar lending for small businesses and homeowners and to also decrease bank responsiveness to local credit and capital needs. Allegheny County alone has 63 LMI census tracts, with dozens more in the surrounding counties. Some are very low-income, while others, especially outside the city limits, are nearly middle-income. If adopted, the one-ratio analysis will completely collapse the meaningful differences between lending within LMI census tracts and among urban, suburban, and rural areas of Southwestern Pennsylvania.

We are also very concerned that the NPRM would significantly devalue the importance of bank branches in LMI communities. Research has shown that LMI people rely on branches for access to loans and banking services. If CRA exams dropped branches from consideration, the amount of lending and bank services in LMI neighborhoods would decrease significantly. Many of the LMI homebuyers served by NWWPA over the years have relied on branch locations for banking services, including checking and savings accounts, and for mortgage loans.

The NPRM, as written, allows for comments on local needs, but does not specifically mention public comments on the performance of banks. Local performance, enhanced by the comments from the community, is key to making the CRA work for LMI residents and communities. The one ratio test will undermine the crucial importance of community input to the exam process and make us unable to tell how responsive a bank is to its service areas.

Based on these concerns, NeighborWorks Western Pennsylvania requests that the OCC and FDIC withdraw the NPRM and instead work with the Federal Reserve Board to propose an interagency rule that will continue to encourage banks to invest in the housing, credit, and capital needs of LMI communities.

Respectfully,

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Colin Kelley

Chief Executive Officer