

From: Catherine Dorsey <cdorsey@rcehn.org>
Sent: Wednesday, April 08, 2020 9:37 PM
To: Comments
Cc: robyn@marylandconsumers.org
Subject: [EXTERNAL MESSAGE] RIN 3064-AF22

4/8/2020

To Whom It May Concern:

The Religious Coalition for Emergency Human needs is a non-profit organization located in Frederick, MD. Our mission is to prevent and alleviate the effects of poverty on the residents of Frederick County. This is accomplished by providing emergency financial assistance to low-income families and individuals facing homelessness to cover the cost of evictions, security deposits, utilities, prescription and dental assistance, as well as emergency shelter for individuals and families who are homeless. The individuals and families we serve typically are low-income residents residing 200% below the federal poverty level.

Therefore, we strongly oppose the Office of the Comptroller of the Currency's (OCC) and the Federal Deposit Insurance Corporation's (FDIC) Notice of Proposed Rulemaking (NPRM) regarding the Community Reinvestment Act (CRA). CRA requires that deposit-taking institutions meet the convenience and needs of the low- and moderate-income (LMI) communities in which they operate. Over the decades, CRA has leveraged significant amounts of loans and investments in LMI communities; since 1996, banks have issued almost \$2 trillion in small business loans and community development loans and investments in LMI communities.

Affordable Housing

The NPRM redefines affordable housing to include middle-income housing in high-cost areas. In addition, the NPRM would count rental housing as affordable housing if lower-income people could afford to pay the rent without verifying that lower-income people would be tenants.

The general rule of thumb is that families should spend about 30% of their income on rent. However, the families that we serve typically have more expenses than income and thus can end up spending more than 50% of their income on rent. Both our family shelter and our individual shelter see clients who are either working, but not making a living wage or, whom are receiving SSI or SSDI which is often not enough to be able to find affordable housing. Even when clients are able to find affordable housing, they often experience other barriers such as having evictions on their record or poor credit which can result in extremely high security deposits that our clients are not able to afford. This causes them to lose out on housing opportunities to other tenants who have higher income and are able to quickly secure a security deposit. This then leads to homelessness for the clients we serve.

As you can see, affordable housing for LMI people is a critical need in our community. The OCC and FDIC should not expand the definition of affordable housing to include middle-income housing, nor loosen the standard for verifying that housing is being used by LMI tenants.

One Ratio

The agencies propose a one ratio measure that consists of the dollar amount of CRA activities divided by deposits. This ratio measure would encourage banks to find the largest and easiest deals anywhere in the country as opposed to collaborating with communities and responding to local needs. The inclusion of public infrastructure financing as a qualifying CRA activity would further displace smaller dollar financing for small businesses or homeowners.

The proposal would also allow banks to fail the Retail Lending test and make no community development investment in one half of the areas on their exams and still pass their CRA exams. This would incentivize the export of capital from communities, as banks seek the most efficient and easiest way to fulfill their reinvestment obligations.

As a non-profit organization, CRA investments, grants, and sponsorships are crucial to our ability to continue to serve low-income families. If banks stopped investing in affordable housing or stopped providing funding to non-profits, our agency would see a spike in families at risk of homelessness as well as in the number who remain homeless as the inventory of affordable housing grew smaller. Additionally, as a result of the growing need for emergency shelter for homeless families in Frederick County, MD, many of whom are homeless because of the lack of affordable housing, we are embarking on a capital campaign to expand our emergency family shelter. Bank support is vital to our successful Capital Campaign. Banks reinvesting into their communities enhances our ability to meet our mission of alleviating the effects of poverty.

The proposed regulations would encourage the export of capital from communities, in direct contradiction of the statutory goal of the CRA. We urge the OCC and FDIC to discard the NPRM and instead work with the Federal Reserve Board and propose an interagency rule that will modernize CRA in a way that will increase reinvestment in LMI communities.

Sincerely,

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~PLEASE NOTE MY E-MAIL HAS CHANGED TO CDORSEY@RCEHN.ORG~

