



April 7, 2020

Comptroller Joseph M. Otting  
Comptroller of the Currency  
Comp 400 7<sup>th</sup> Street, SW  
Washington, D.C. 20219

Chair Jelena McWilliams  
Federal Deposit Insurance Corporation  
550 17th Street, NW  
Washington, DC 20429

Docket No. OCC-2018-0008

Dear Comptroller Otting & Chair McWilliams:

The League of Women Voters of Illinois (LWVIL) submits these comments in response to the OCC/FDIC's Notice of Proposed Rulemaking (the "Proposal") regarding the Community Reinvestment Act (CRA). LWVUS opposes the Proposal's drastic shift from qualitative to quantitative evaluation measures. Dollar amounts matter, but not to the exclusion of a qualitative assessment of banks' activities in *meeting local community needs*. The net impact of the Proposal would be to reduce bank investments and services in low- and moderate-income (LMI) communities. This runs counter to the spirit of the law itself.

LWVIL is one of 50 states (and the District of Columbia) that constitute the League of Women Voters of the United States (LWVUS). With more than 700 local chapters, LWVUS has engaged in advocacy on federal housing reforms since the 1960s. The League supported the Housing and Community Development Act (1974) and fought against congressional action to weaken the Community Development Block Grant program through drastic cuts in the full range of authorized low and moderate income subsidies for both rehabilitation and new housing. As a member of the National Low-Income Housing Coalition, the League urged passage of 1987 legislation authorizing HUD's low-income housing and community development programs, participation in the 1989 Housing Now march on Washington, and in 2002 advocated for establishment of the National Housing Trust Fund.

Housing availability and affordability has become a high priority issue in state and local chapters across the country. From 2015-2017 LWVIL worked with the National Low Income Housing Coalition, Housing Action Illinois and the Illinois Housing Development Authority on a variety of affordable and fair housing issues. Currently, half of the 42 local Leagues in Illinois--in cities, suburban and rural areas--have identified housing as their top priority for State and local action. Leagues have worked to increase the supply of low and moderate-income housing through efforts to change zoning laws and set up shared housing services. But so much more could be done within the current CRA program to make low & moderate income housing a reality.

A pass-fail test for evaluating banks' retail lending distribution would prompt many banks to do *just enough* to pass. Converting the CRA activities test into a dollar-based metric would encourage banks to cut down on many small, impactful loans and projects – which together may

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have higher transaction costs – and instead focus on fewer, high-dollar-value projects. Why, for example, would a bank expend resources for urgently needed supportive housing, or creating affordable housing in opportunity areas like affluent suburbs, when it could spend millions improving an athletic stadium in an LMI Opportunity Zone?

The CRA is the most significant tool we have to ensure that banks meet the needs of low- and moderate-income (LMI) families and communities. Modernization must preserve what works under the CRA. As Federal Reserve Gov. Brainard recently observed, one of the “core strengths” of the CRA is creating an ecosystem that “encourages banks to engage on the priorities identified by local leaders.” The Proposal would strip away this core strength in the name of supposed objectivity. To protect the CRA ecosystem, we urge you to suspend the rulemaking process, invite the Federal Reserve back to the table, and release a proposal only when all three regulators are on the same page. This approach is in the best interests of the LMI communities, non-profits, banks and the regulators.

Sincerely,



Allyson Haut, President  
League of Women Voters of Illinois



Audra Wilson, Executive Director  
League of Women Voters of Illinois