**From:** Susan Albrecht
**To:** Comments
**Subject:** [EXTERNAL MESSAGE] RIN 3064-AF22
**Date:** Wednesday, April 08, 2020 12:11:59 PM
**Attachments:** image001.png
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Re: Comments regarding "Reforming the Community Reinvestment Act Regulatory Framework"
RIN 1557-AE34, Federal Register Number 2019-27940
Docket ID OCC-2018-0008

To the Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency:

The following comments are submitted on behalf of Catholic Homes New York regarding the OCC and FDIC's Notice of Proposed Rulemaking (NPR) seeking input on proposed changes to the Community Reinvestment Act (CRA).

Catholic Homes is greatly concerned with the proposed changes to the CRA and welcomes the opportunity to comment on the NPR soliciting ideas for building a new framework to modernize the regulations that implement the Community Reinvestment Act of 1977 (CRA). We are concerned that the proposed amendments do not adequately incentivize investment in our communities and could negatively impact affordable and supportive housing development during a national homelessness crisis.

Catholic Homes New York is the housing affiliate of the Archdiocese of New York and Catholic Charities. Our mission is to provide and develop safe, affordable housing for families, seniors, and people with special needs, based in our belief that having a home is a sacred human right. With a portfolio of over 2,300 existing affordable units and over 1,500 in construction and predevelopment, Catholic Homes relies on government subsidies and, as importantly, Low Income Housing Tax Credits to develop this critically-needed housing. Bank lending, grants, and investment, which were largely driven by CRA requirements, are essential to our work and to meeting the growing need for low-income and supportive housing.

The CRA has historically channeled investment to mission-driven nonprofits and their affordable and supportive housing projects through the Low Income Housing Tax Credit (LIHTC) program. LIHTC is our nation's most productive tool for developing and preserving affordable and supportive housing, and its success is closely tied to CRA regulations and compliance. Starting from the early 1990s, banks have been the primary investors in affordable and supportive housing in New York State through their purchase of LIHTC. Since so many financial institutions have assessment areas in New York City, CRA activity has ensured that demand for LIHTC has remained strong, providing much needed equity for affordable and supportive housing development.

Under the proposed changes to CRA, the value of LIHTC investments could diminish as banks compete less for investment opportunities because they can contribute half as much for the same credit, and can meet their obligation for years with large investments that remain on the books. This will reduce the amount of equity available to develop supportive and affordable housing. Without the continued investment by banks in housing development, both through LIHTC investment and direct investment, the housing and homelessness crises would be much more severe than they currently are. It is essential that the proposed CRA amendments do not decrease investment in housing the most vulnerable New Yorkers.

All of this underscores the need to preserve and strengthen the CRA, while making sure that the right priorities are reflected. In that context, we have the following concerns about the proposal:

Qualified CRA Activities

The CRA was created with the specific focus on promoting development in communities that were deprived of access to capital and credit, specifically Low and Moderate-Income (LMI) communities. It is essential that any changes to the CRA emphasize quality investment in LMI communities with a weight given to investment, lending, and grants to mission-based projects and organizations.

Assessment Areas Should Maintain Local Obligations

The proposal greatly expands where banks can get CRA credit, allowing for investment outside of local assessment areas, which minimizes focusing on local community needs and partnerships. Under the new proposal, banks can get a low or failing grade in half of their assessment areas and still pass their CRA exam if they meet their target dollar goals for the entire bank. This will limit banks' obligation to meet local needs for the most vulnerable New Yorkers.

New York is currently in the midst of dual homelessness and housing crises. To help mitigate these crises, the CRA should maintain the current place-based commitment banks have to local communities.

Assessment areas should have the local focus that encourages banks to assess local community needs and to be responsive to those needs, which is essential to impactful community and economic development.

Metrics-Based Assessments

In alliance with other New York mission-based affordable and supportive housing providers, Catholic Homes believes that the current three-part exam structure – lending, services, and investments – and the explicit investment test should be maintained. All three categories are key to promoting opportunity for LMI communities and to community development. Proposals to combine these activities into a single measure will sacrifice the nuance, and likely the effectiveness, of CD activities of financial institutions. The single ratio approach does not adequately distinguish between different activities, such as loans and investments. Debt and equity products differ in both their complexity and their benefits for communities. Weighting these activities equally would not be practical and might result in a lack of one or more types of activities.

On behalf of the families, individuals, and communities we serve, we appreciate your consideration of our comments on the notice of proposed rulemaking.

Sincerely,

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