



Minnesota
Housing Partnership

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April 8, 2020

Office of Comptroller of the Currency
c/o Joseph M. Otting, Comptroller
400 7th Street SW
Washington, DC. 20219

Federal Deposit Insurance Corporation
c/o Jelena McWilliams, Chair
550 17th St NW
Washington, DC 20429

Via [regulations.gov](https://www.regulations.gov) (Docket ID OCC-2018-0008)
And
Comments@fdic.gov (RIN 3064-AF22)

Re: Docket ID OCC-2018-0008: Proposed Changes to Community Reinvestment Act

To whom it may concern:

I write on behalf of the Minnesota Housing Partnership in strong opposition to the proposed changes to the Community Reinvestment Act (CRA). The proposed changes to the CRA will result in significantly fewer loans, investments, and services to low- and moderate-income communities, and permit redlining by incentivizing investments that erase low wealth communities of color.

Minnesota Housing Partnership (MHP) strengthens development capacity and promotes systems change to expand opportunity, especially for those with the greatest need. We support, lead, and collaborate with a diversity of partners to stimulate innovation and drive positive impact in affordable housing and community development in Minnesota and beyond. We provide capacity building in rural communities and Native Nations throughout the United States, produce original research, and advocate for policies that advance affordable housing and strengthen communities. MHP has worked in hundreds of communities across the country to support housing and community development needs in rural and Native communities.

Minnesota Housing Partnership has worked for over 30 years in partnership with affordable housing finance providers to ensure needed investments are made in under-invested and under-resourced communities. We have consulted with hundreds of rural and Native communities to achieve affordable housing and community development goals, often utilizing low income housing tax credits. The proposed changes to the Community Reinvestment Act are irresponsible, in that they reduce requirements and incentives for banks to invest where needed most.

CRA was originally enacted to end redlining; any changes to the CRA should reinforce and strengthen that original intent, not weaken it. The proposed changes to the CRA are the first since 1995. Under the proposed changes, banks would be released from some current obligations to invest in lower-income communities and would be able to claim credit for lending that does not benefit those communities. MHP strongly opposes these changes.



MHP is an equal opportunity provider and employer.

Many housing and community developers MHP works with have raised concerns about the proposed changes, including their impact on the low-income housing tax credit (LIHTC) -- today, an estimated 85 percent of Housing Credit investments are made by CRA-motivated institutions. The proposal would significantly alter how CRA-eligible activities are measured, and financial institutes would no longer be required to meet the separate investment, lending, and services tests but would instead be held to a single quantitative measurement standard. Other concerns about the proposed CRA changes that damage the Housing Credit include allowing double weighting for the Housing Credit and other activities, which will reduce the total investment in housing tax credits, and reviewing only the banks' balance sheets, as opposed to originations, during the assessment period may penalize housing credit investments.

In addition, and particularly glaring, the list of qualifying activities eligible for CRA credit would expand to activities such as sports stadiums and roads. With this expansion to qualifying activities, investment in some areas can crowd out investment in less desirable functions from an investment perspective; for instance, one huge investment could be made in urban infrastructure, and a bank will have satisfied its ratio. This would discourage banks from executing smaller deals more responsive to local needs, as opposed to looking for the biggest deals possible to for utilizing CRA activity. These changes, among others, could significantly shift investment away from affordable housing activities like the Housing Credit and Housing Bonds.

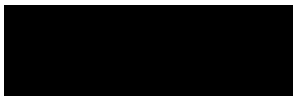
Community involvement has been stripped from the CRA under the current proposal, another change that MHP strongly opposes. Community context has been removed as has meetings with community stakeholders; what is left is a cold metric system that is easy to comply with but reduces quality of investment and the ability of community to have input on that process. In short, this is a reversal of public accountability standards, that are critical to ensuring quality as well as quantity of CRA investments.

MHP also opposes changes that result in less accountability for banks, including allowing "outstanding rated" banks to be examined only once every five years and changes that exempt banks with less than \$500 million in assets from the new exams. Both of these changes reduce accountability at the expense of the very communities the CRA was enacted to ensure saw investments.

In conclusion, MHP opposes these and other changes to the CRA. We ask that you fully reject this proposal and start fresh to identify changes that align with the original purpose of the CRA and further the goals of ensuring investment in low wealth communities and communities of color.

Sincerely,

Elizabeth Glidden
Sincerely,



Elizabeth Glidden
Director of Strategic Initiatives and Policy