Creating and Preserving
Affordable Housing
Opportunities

April 8, 2020

The Honorable Joseph Otting, Comptroller
Office of the Comptroller of Currency
400 7th Street SW, Suite 3E-218
Washington, D.C. 20219
Docket ID OCC-2018-0008, RIN 1557-AE34
Submitted via portal: https://www.regulations.gov/comment?D=OCC-2018-0008-1960

The Honorable Jelena McWilliams, Chair
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429
RIN 3064-AF22
Submitted via email: comments@fdic.gov

RE: Notice of Proposed Rulemaking, Community Reinvestment Act Regulations

Dear Comptroller Otting and Chair McWilliams:

Cambridge Neighborhood Apartment Housing Services (CNAHS) respectfully submits this letter in opposition to the Notice of Proposed Rulemaking (NPRM) regarding the Community Reinvestment Act (CRA). CNAHS is a nonprofit focused on improving both quantity and quality of affordable homes available to low- and moderate- income residents. Our organization is committed to providing a range of services that increase housing stability, advance economic equity and resiliency, and build stronger community. CRA-affiliated banks in Cambridge have long supported our mission, becoming reliable partners in this work by providing loans and investing in our affordable housing and economic development work.

The CRA has been one of the most impactful federal regulations in helping close the gap on racial and economic disparities, on both local and national levels. It has played an essential role in holding banks accountable to the communities in which they live and operate in. We are concerned that the proposed changes to the CRA will significantly lower the standards for bank investing and limit our ability to continue to provide housing and economic support to vulnerable populations in Cambridge. Over the years, CNAHS programs and the residents we serve have benefited immensely from this financial support. We fear that significantly fewer loans, investments, and services would result from the proposed rule change.

CNAHS joins with many other nonprofit organizations working in the affordable housing and economic development sector to object to the Office of the Comptroller of the Currency's (OCC) and Federal Deposit Insurance Corporation's (FDIC) NPRM regarding the CRA. We'd like to highlight several reasons that this Notice is problematic:

- The proposed adjustments to the "One Ratio" would exacerbate this draw from locally-focused, smaller activities to larger and simpler transactions. Furthermore, this revised Ratio diminishes the importance of investment at the branch level, lowering standards and likely discouraging banks from serving the needs of economically struggling communities.

- The NPRM will have an especially devastating impact in Cambridge, where LMI populations are already facing high costs of living and a lack of affordable housing.

- Relaxing the definition of affordable housing under the NPRM will withdraw incentives for financial institutions to support lower-income housing development, expediting the displacement of the lower-income communities the CRA aims to support.

- Funding infrastructure and "athletic stadiums" through the CRA will only divert funding from the community development activities that have proven effective over the past several decades of CRA. These large-scale projects will not directly serve low- and moderate-income communities and the communities of color that need deep investment in affordable housing instead.

- The NPRM would provide credit to banks for CRA activity outside of their assessment area without considering these banks' local actions; this will encourage banks to focus on larger national deals rather than local investments, drawing funds away from vulnerable communities.

- The relaxed accountability for banks outlined in the NPRM would severely reduce the positive impact these banks currently have through CRA activities. The weight of the retail lending test in CRA ratings should remain; however, the proposed changes would:

  1) minimize the value of home mortgage lending in low- and moderate-income communities and communities of color;

  2) eliminate accountability for smaller banks and bank mergers; and

  3) reduce the examination of currently well-performing banks to a 5 year cycle, giving them significant latitude to shift investments away from local LMI communities.

Rather than weakening the statute and backtracking on long-standing CRA obligations, the NPRM should focus on increasing bank activity in underserved neighborhoods. The spirit of the CRA – addressing persistent racial disparities due to our nation's long history of redlining, lending discrimination, and disinvestment in these neighborhoods – must be the motivation of any reforms enacted. As many urban areas continue to gentrify and wealth disparities grow nationwide, we rely on sustainable financing to create and preserve affordable housing through the CRA.

The proposed changes the OCC and FDIC are currently considering will undermine the original intent of the CRA, creating additional barriers to financing affordable housing and collateral consequences for low

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and moderate-income communities. CNAHS stands in solidarity with those who oppose this NPRM. As a charter member of the NeighborWorks America network, we hope this letter serves to echo the concerns of the NeighborWorks community and urge the OCC and FDIC to respond to our collective message. Furthermore, we hope it provides a deeper understanding of the value of the CRA to our mission and the significant risk these proposed changes present for the residents we serve.

Sincerely,

[redacted]

Peter Daly
Executive Director

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