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:

Homeowner's Rehab Inc. (HRI) respectfully submits this letter in opposition to the Notice of Proposed Rulemaking (NPRM) regarding the Community Reinvestment Act (CRA). HRI is an experienced nonprofit community development corporation in Cambridge, MA, dedicated to creating and preserving safe, affordable housing to low and moderate-income residents. HRI has longstanding financial partnerships with multiple local banks; the CRA has enabled these banks to support our work and effectively leverage funding for housing, services, and other urgently needed resources.

The purpose of the CRA is to hold banks accountable for serving the communities in which they live and operate in, as well as profit from. Despite its historical affluence and academic influence, Cambridge has a large low-income population that is often overlooked by high-profile companies and major institutions in the area. The CRA has held banking institutions to high standards of investment, which otherwise would not have been incentivized or enforced. Over the years, HRI developments, programs, and resident communities have benefited immensely from this financial support. As the largest private nonprofit affordable housing developer and owner in Cambridge, HRI residents make up a substantial percentage of the low- to moderate-income population in the city – we have witnessed the incredibly positive impact of the CRA on our community and fear of the impact of significantly fewer loans, investments, and services that would result from the proposed rule change.

We object to the Office of the Comptroller of the Currency's (OCC) and the Federal Deposit Insurance Corporation’s (FDIC) NPRM regarding the CRA for the following reasons:

- This rule change will significantly dilute financial support for low- and moderate-income populations, amplifying the deep wealth disparities that already exist in our community. The NPRM will have an especially devastating impact in Cambridge, where these populations are under extreme financial pressure due to 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, which would expedite the displacement of the lower-income communities the CRA was intended 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 further away from the communities that need them most.

- 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 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 and moderate-income communities. We hope this letter echoes concerns that have already been articulated by many local nonprofits across the nation and urge the OCC and FDIC to respond to our collective message.

Sincerely,

[redacted]

Peter Daly
Executive Director