



**Public Housing Authorities
Directors Association**

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April 8, 2020

Chief Council's Office
Attention: Comment Processing
Office of the Controller of the Currency
400 7th Street, SW, Suite 3E-218
Washington, D.C. 20219

RE: OCC. Docket ID OCC-2018-008; RIN 1557-AE34; Community Reinvestment Act
Regulations.
FDIC RIN 3064-AF22.

Response to request for comments on the above referenced joint notice of proposed
rulemaking.

The Public Housing Authorities Directors Association (PHADA) is a membership organization representing approximately 1900 public housing authority executives from across the nation. Our membership includes public housing agencies of all types, from the largest in the country to some of the smallest. We work with members and on their behalf with staff at HUD and members of Congress and their staff to develop and implement good policy and effective operation of existing housing, supportive service, and community development programs and to develop new and effective policies and programs serving the low and moderate income households in our member's communities. Our members are on the ground across the country serving low- and moderate-income (LMI) households and communities, often providing housing and other services in LMI neighborhoods.

PHADA opposes implementation of the proposed regulations as published.

Incentivize Provision of Retail Banking Services

Many of the households served by public housing authorities do not utilize retail banking services, and increasing the use of banks by the households we serve would positively impact the efficiency of our operations, facilitate the use of electronic rental payments, and improve the financial literacy of our households. Most analysis suggests that the rule as proposed would do little to incentivize banks to better serve these very low-income households. Most significantly, by moving to a single metric based on dollar value of loans provided and investments made in scoring banks on their CRA compliance, there is little if any room for consideration of banking services available to very low-income households.

Incentivize Small Loans, Including Mortgages, to LMI Households

Public housing authorities often provide not only housing, but also a variety of self-sufficiency support services, either directly or in partnership with other local agencies and organizations. These households, as they improve their employment opportunities and increase their income, also need access to affordable banking services. One key component for families striving for self-sufficiency and attempting to move off of public assistance is access to affordable, small value, loan services. Specifically, a household may need to purchase a vehicle in order to access better employment opportunities, so access to small dollar used car loans can be important. Many households are also striving for the American Dream of homeownership as they pursue self-sufficiency and upward mobility, and affordable mortgages for lower-cost homes can be an essential part of that process. The proposed rule weakens or eliminates the incentives of the CRA regulations to provide these services and meet these community needs.

Create one clear and consistent regulation

Public housing authorities are experienced as agencies subject to complex federal regulations and evaluations by federal reviewers that often seem subjective and are inconsistently applied. Our members also have experience operating under the regulations of multiple agencies. Given that experience, we support the concept of consistent, predictable, and objective measures for evaluation. As an association with members of various sizes – some serving tens of households, others serving tens of thousands - and varying geographies - from our biggest coastal urban centers to our mostly sparsely populated rural areas – we are also well aware that one size does not fit all, especially when it comes to evaluation of efforts to serve households in low-income geographies across our nation. Considering this perspective, we urge the following:

- Development of both quantitative and clearly defined qualitative measures for use in evaluating the effectiveness of a bank's CRA eligible activities.
- Development of tiered evaluation measures that can consider the huge variety of local conditions and needs of communities across the United States.
- Include mechanism to allow local feedback into the evaluation of a bank's CRA performance.
- Have one clear set of regulations.

This last item – have one clear set of regulations – is perhaps most important. All regulatory agencies with authority should agree and have one set of rules, regulations, and evaluation mechanisms. This makes compliance easier to understand and achieve, for those directly subject to the rules (banks and financial institutions) as well as those otherwise impacted (local agencies, organizations, and the general public). Given this consideration, we urge the Controller of the Currency and the FDIC to withdraw this proposed regulation, work with the Federal Reserve Board, and re-issue a joint regulation upon which they all agree.

Include Banks of All Sizes, and Promote Maintaining Physical Bank Branches

Many PHADA members, as noted, serve small town and rural areas with few banking services, but these services are needed. Therefore, banks of all sizes should be subject to

some level of CRA review. Smaller institutions should not be exempted. Further, physical branches remain an important way for households to access bank services and for banks to understand and assess the needs of local communities. Maintaining provisions of the CRA evaluations that value physical bank branches is essential.

Focus on Core Goals

The core goal of the CRA is to meet the banking services and credit needs of low-income households and to combat redlining and the unequal provision of banking and credit services. To do this, local factors need to be considered, and data on loans and services need to be collected. The families our members serve need banking services and have credit needs. We urge the regulators to review and refocus, and to work together to establish one consistent regulation that incentivizes meeting the needs of low-income households.

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