TURTLE CREEK DEVELOPMENT CORPORATION
BOX 148 • TURTLE CREEK, PA 15145

March 6, 2020

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

Chair Jelena McWilliams
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

RE: Community Reinvestment Act Regulations Docket ID OCC-2018-0008 RIN 3064-AF22

Director Otting and Chairwoman McWilliams:

I am writing on behalf of Turtle Creek Development Corporation, an organization that serves the Greater Pittsburgh Area and surrounding Mon Valley communities is in opposition to the Office of the Comptroller of the Currency's proposed Community Reinvestment Act (CRA) rule changes. Instead of modernizing CRA, we feel changes the proposed changes will in fact undermine the law's very purpose and set our community back decades.

My community and our region cannot risk losing the hard-won investments made by banks since the passage of CRA. This proposal weakens the transparency, devalues the physical bank branch presence so vital to low-moderate income (LMI) communities, and stifles innovation of banks to move LMI communities forward. These changes are a step backward for community development and reinvestment. We believe that this bid to fundamentally change CRA creates all the wrong incentives for banks, will reduce the number of mortgage and small business loans made to low- to moderate income people, and will accelerate the trend of closing bank branches.

Based on forecasts from the National Community Reinvestment Coalition, the Pittsburgh area could lose $90 million to $180 million in mortgage and small business lending over the next five years if this proposal moves forward as is. While Pittsburgh receives accolades for its growth and livability, our development is uneven. In Pittsburgh, just as in many American cities, our LMI residents are predominantly people of color - for every White home mortgage borrower denied a loan in Allegheny County, 2.5 Black borrowers are denied. We need more and better partnerships with banks to reverse longstanding inequities like that denial rate, not a proposal that will lessen the public accountability of banks to their communities.

Our community of Turtle Creek has rehabbed 24 homes in the past 20 years using these critical funds. They have brought houses from severe blight into affordable homes for median income families. This has also resulted in helping to increase property values of existing homes. As you could well imagine, total rehabs are difficult and there are financial constraints that can make them too expensive to sell. The CRA funds allow us to do it right and make them affordable.

It is vital to us, our stakeholders, and our community that the OCC and FDIC:

1) ***Preserve and Honor CRA's Original Intent*** - The needs of LMI people are at the heart of CRA. While a more transparent scoring system would be beneficial to banks and communities, this proposal just does not get us there. By trying to quantify a bank's CRA investments into one brief formula, the importance of small-scale CRA investments – like home mortgages - to a bank's final exam score drops dramatically. Collapsing all CRA-eligible activity into a dollar amount means that banks would be foolish not to simply go for the lowest hanging fruit, forgoing the more difficult but important work of finding smaller dollar borrowers and projects to lend to.

   Under the new scoring methodology, dollar amount trumps quantity, undervaluing the impact of small dollar loans and investments, especially in poorer and more rural communities. At the same time, the proposal minimizes or eliminates the emphasis on meaningful community investments that can't – and shouldn't – be quantified as part of the one-ratio target goal, such as bank branches, affordable and accessible banking products, hours of operation, languages spoken, impactful volunteer hours, and quality jobs.

2) **Stay Focused on High-Quality, High-Impact CRA Investments** –Your proposal greatly expands what counts for CRA credit, including activities that benefit larger businesses and higher-income families, as well as activities that are not directed primarily at LMI people and places. This includes loans to small businesses with up to $2 million in revenue (up from $1 million), community development activities that only partially benefit LMI communities, and some activities with no requirements at all to benefit LMI people or small businesses like funding infrastructure and stadiums, which have in the past displaced our low-income residents from their homes and land.

   Housing was central to the passage of CRA in 1977, and any changes should make creation of housing for LMI people central to any overhaul. The agencies will dramatically lessen CRA's focus on LMI communities in contradiction to the intent of the law to address redlining. The definition of affordable housing would be relaxed to include middle-income housing in high cost areas. Additionally, it would count rental housing as affordable if lower-income people could afford to pay the rent without verifying that lower-income people would be tenants.

3) ***Maintain the Importance of Place*** - Bank branches are a key part of a healthy, thriving community, and we are worried that in the effort to address the impact of online banking, the importance of brick and mortar retail is being weakened. Across Pennsylvania, bank branches are shuttering at an alarming rate, and the proposed evaluation measure will vastly undervalue the presence of branches in LMI communities. By giving branches so little weight toward the final CRA exam score, this trend will simply accelerate, cratering our business districts and giving our entrepreneurs one less place to find funding and guidance.

   Another misguided aspect of this proposal is how it focuses solely on LMI people, at the expense of LMI places. We understand that the OCC and FDIC do not want to award credit to banks that speed up gentrification and displacement by making loans to middle- and high-income people in LMI communities, but this ignores the economic reality of large swaths of the country. In a slow growth market like Pittsburgh, removing the incentive for banks to invest in LMI places will deny our communities the ability to attract and keep capital flowing into our main streets.

We understand that a bill passed over four decades ago must be updated to reflect the realities of modern banking, but it should not come at the expense of its original intent - to address a pervasive, race- and class-based injustice. If modernization of the CRA simply means streamlining the process for banks, which already have an exam pass rate over 90%, then we must ask you to go back to the drawing board. We urge the FDIC and OCC to discard this proposal and to work with the Federal Reserve Board to write and propose an interagency rule that will improve CRA, not undermine it. CRA is critical to the community and economic development of Turtle Creek and without strong incentives to give reinvest in the community, we believe banks will simply retreat into areas of lower risk and lower effort. We cannot, and will not, go back.

Thank you for your attention to our concerns,

Sincerely,

Dale J. Bizub
Treasurer
Turtle Creek Development Corporation