March 8, 2020

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RE: Community Reinvestment Act Regulations
RIN 3064-AF22: Notice of Proposed Rulemaking,
Docket ID OCC-2018-0008

To Whom It May Concern:

I am writing in strong opposition to the proposed changes to the Community Reinvestment Act (CRA) regulations. If implemented, the overall effect would be to hurt those who are already the most vulnerable population when it comes to finding housing – low-income minority families. Data has shown how deeply ingrained discrimination is entrenched in our housing system and allowing these changes would only exacerbate the sharp divide between low and high-income households.

The issue of overcoming obstacles to homeownership is of both personal and professional interest to me. Personally, because I am part of a generation of first-time homebuyers – and an Asian-American. Professionally because I am also a public interest attorney currently working at a fair housing agency in California, and have previously worked on homeownership and mortgage foreclosure issues in Philadelphia. Over the years I have been with Fair Housing Advocates of Northern California (FHANC), I have seen firsthand the many problems people who are low-income suffer – in our service areas of Vallejo, in Fairfield, Marin and Sonoma counties – just when it comes to rental housing. Housing discrimination is insidious and it comes in many shapes and forms, prevalent across the nation, often blurring the line between targeted groups, usually based on race and source of income.

Based on years of investigating hundreds of real estate owned properties, FHANC joined the National Fair Housing Alliance (NFHA) and a number of other member organizations, who conducted similar investigations, in complaints against several lenders (Deutsche Bank, Bank of America, Fannie Mae, U.S. Bank), due to their discriminatory practices, namely their failure to maintain and market foreclosed properties in neighborhoods of color in the same way they have done in predominantly white communities. Redlining is a very real and serious problem. As Newsweek revealed its investigative report last year from three years of undercover agents posing as prospective homebuyers in Long Island, New York, it is a harsh reality that minorities face many more barriers to obtaining housing because of redlining that real estate agents continue to practice today.[1]

Personally, I have experienced the challenge of the housing search myself in my community of Vallejo, deemed the most diverse city in California with the population proportionately

[1] https://projects.newsday.com/long-island/real-estate-agents-investigation/.

Caucasian, Hispanic, African-American, and Asian. When I first moved here, I undertook the search by myself for my own rental. When my Caucasian then-boyfriend moved here soon after and looked for housing for himself, there was a noticeable difference in the way I was treated when I accompanied him to viewings, especially as we made it clear that he was looking for housing for just himself. While subtle, replicated over and over again, the scale and impact of these microaggressions cannot be underestimated. It is sad to say that I am fortunate to be in an interracial relationship, because I have experienced firsthand how they translate across the board to many other areas of my life. Simply by virtue of having a white husband, I do not have the same concerns about being treated differently as an Asian couple may have when we will look to buy our own home in the future.

Subsequently, because changing the CRA regulations would mean less focus on local communities, especially low-income neighborhoods, and less accountability of banks, I cannot support them. What goes on in agencies and banks need to be made transparent to ensure that discriminatory conduct is not dictating how they operate, whether motivated by racial bias consciously or not. America is about giving everyone a fair chance to build a life for themselves and making it more challenging to take out loans for low-income communities is in direct contradiction to that principle. The goal of the CRA is to tackle the problem of redlining and disinvestment in poor neighborhoods. These changes would simply reinforce this problem.

While the CRA is in no way perfect, it has benefited many Californians in a number of concrete ways. Evidence from an annual survey conducted by the CRC showed that banks lent over $27 billion in 2016 to low-income communities throughout the state, and spent over $31 billion in total for other CRA activities, including investments, philanthropy, and contracting with minority- and women-owned businesses. However, the CRA has more work to achieve, for too many low-income, black, Latino, indigenous, rural, and immigrant communities still lack access to the safe and affordable loans, investments, and financial services they need.

Weakening the CRA is not a viable option. How many families will be hurt by the domino effect when they cannot obtain a loan in their community, when they are not made privy to what goes on behind the system, when they do not have a say in challenging it?

Instead, in order to bolster the CRA's effectiveness, reforms are necessary to take into account current changes in banking and technology. Yet, as the OCC contemplates reform, it must not rush to propose or implement changes that would make banks less accountable and responsive to community needs, as this would be contrary to the intent behind the CRA legislation. If the OCC proceeds to significantly diminish the importance of assessment areas on CRA exams, the progress in increasing lending to low- and moderate-income neighborhoods will be halted. The National Community Reinvestment Coalition (NCRC) estimates that low- and moderate-income neighborhoods could lose up to $105 billion in home and small business lending nationally over a five-year time period.

This deeply flawed proposal would result in *less* lending and investment in the very communities that were the focus of the CRA when it was passed by Congress in 1977. This proposal will make things easier for banks, all the while retreating from key statutory and regulatory core principles, such as a focus on low and moderate income people and communities, a focus on banks meeting local community credit needs, and active community participation to ensure that communities, and not big banks, benefit.

The OCC should share the data behind its assumptions and analysis, extend the comment period to 120 days, and ultimately, pull this proposal so that CRA reform can proceed in a more thoughtful way that will actually benefit the communities the CRA was designed to build up.

Thank you for your consideration.

Emily Bao

cc: California Reinvestment Coalition
National Community Reinvestment Coalition