



Build Healthy Places Network

Chief Counsel's Office
Attention: Comment Processing
Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, DC 20219

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Via regulations.gov

March 27, 2020

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

I am writing on behalf of Build Healthy Places Network to oppose proposed changes to the Community Reinvestment Act (CRA) because they would result in significantly fewer loans, investments, and services to low- and moderate-communities (LMI). This proposal would in effect make redlining legal again, permitting banks to avoid investment in low-income and minority neighborhoods. Additionally, it would make banks far less accountable to the communities they are responsible to serve.

Build Healthy Places Network (Network) is the national center at the intersection of community development and health. Our mission is to shift the way organizations work across the health, community development, and finance sectors to collectively advance equity, reduce poverty, and improve health in neighborhoods across the United States. We accomplish this mission by helping health systems invest in their communities and improve health outcomes for groups of people that have experienced historical disinvestment. For health systems that are now seeking to address the upstream impacts on health, these proposed changes will be a significant setback, and threaten an important source of funding to invest in the social determinants of health.

Housing is a critically important social determinant of health, and we at the Network believe that without access to safe and affordable housing, our communities face enormous challenges to be healthy. Several health systems have begun investing in the neighborhoods where their patients live to improve their health because one's ZIP code is as important as one's genetic code. The CRA has fostered collaboration among banks, community organizations, and public sector agencies to build new housing or community centers or grocery stores in underinvested communities. The health systems will lose a major partner in these large-scale health investment efforts into LMI communities as a result of proposed changes.



In the proposed rule, the OCC and FDIC agencies would 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, the Notice of Proposed Rulemaking (NPRM) 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.

The NPRM dramatically and irresponsibly expands what activities would be eligible for CRA credit. CRA has served LMI communities by driving resources that would otherwise not be accessible, thereby providing for the financial and community development needs that the community identifies and prioritizes. Switching to a "non-exhaustive list" of eligible activities to include large infrastructure, transportation and even sports stadiums in Opportunity Zones, removes the community's voice to determine their own needs. Furthermore, the public does not have a fair chance to offer comments on the effectiveness of significant proposed changes whose impacts are unknown.

The agencies propose an evaluation system that would further inflate ratings while decreasing the responsiveness of banks to local needs. The agencies propose a single-ratio measure that would consist of the dollar amount of CRA activities divided by deposits. This ratio measure would likely encourage banks to find the largest and easiest deals anywhere in the country as opposed to focusing on local needs. Since banks could fail in a half of the areas on their exams and still pass under the proposal, the likelihood of banks seeking large and easy deals anywhere would increase. Also, the proposal would relax requirements that banks serve areas where they have branches first before they can seek deals elsewhere. This single-ratio approach completely disregards whether the community development and financial needs of the community are being served by the bank or its investments.

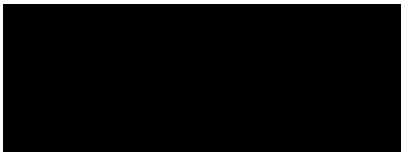
Instead of weakening CRA, the agencies must enact reforms that would increase bank activity in underserved neighborhoods. The agencies do not address persistent racial disparities in lending by strengthening the fair lending reviews on CRA exams or adding an examination of bank activity to communities of color in CRA exams. These are approaches that would legalize and encourage redlining. Permitting such behavior would bring us back to an era where financial institutions had the option to draw red lines around—and deny financial services to—poor neighborhoods and all neighborhoods of color. Except this time, it's worse because we understand, yet choose to ignore, history. Unfortunately, this proposal prioritizes policy compliance over impact and outcomes, putting numerators and denominators ahead of families and communities.

Ultimately, the proposed rule changes are a double threat to health systems. They undermine health systems' ability to accelerate their investments—including with their community benefit grants and loans—and they cut off resources flowing into these neighborhoods to tackle social determinants of health. The health sector and others have made significant progress in addressing upstream impacts on health like neighborhood vitality, good jobs, good schools, healthy food options, and more. It would be tragic to lose that momentum.



This deeply flawed proposal would result in less lending, investing and services for communities that were the focus of Congressional passage of CRA in 1977. This backtracking will violate the agencies' obligation under the statute to ensure that banks are continually serving community needs. The FDIC and OCC need to discard the NPRM, and instead work with the Federal Reserve Board and propose an interagency rule that will augment the progress achieved under CRA instead of reversing it.

Thank you,



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cc: National Alliance of Community Economic Development Associations (NACEDA)