From: Trudy Coombs <Trudy@revitalizeracine.org>
Sent: Tuesday, April 07, 2020 11:51 AM
To: Comments; cra.reg@occ.treas.gov
Cc: Bethany Sanchez
Subject: [EXTERNAL MESSAGE] In Response to Proposed Changes- Community Reinvestment Act (CRA)

To Whom It May Concern:

We are writing to strongly oppose the proposed changes to the Community Reinvestment Act (CRA), as described by the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) in their Notice of Proposed Rulemaking (NPRM).

Racine Revitalization Partnership, Inc. (RRP) is a private non-profit organization that provides affordable housing in Racine County, Wisconsin. Building on a foundation of diversity, the Racine Revitalization Partnership provides social and economic opportunities by uniting the community through work, housing, and commerce that supports healthy and vibrant neighborhoods.

Providing stable, affordable supportive housing helps to re-activate members of society living in local overburdened shelters. Some areas within the City of Racine experience reported eviction rates that exceed 18% as determined by Eviction Lab 2016. The impact of homelessness and the shortage of affordable decent housing is proven to have adverse health effects as well as education and employment outcomes.

We believe that the current proposal from the OCC and the FDIC would allow banks to reduce their focus on, or even ignore, needs of LMI people and communities. If that happened, it would undermine RRP's work to increase housing choices and opportunities, and would harm the economic stability of families, and communities in Wisconsin.

The strength of CRA, as it is currently regulated, is in the feedback loop it creates between communities, banks, and regulators. The credit needs of communities are distinct and diverse, and current regulations emphasize the need for banks to collaborate with community organizations to develop innovative products, services, loans and investments that meet the community's credit needs.

Banks should be held accountable to CRA's original imperative to seek out input on, and meet the lending, investment and financial services needs of LMI communities. If banks could get CRA credit for financing public infrastructure or sports stadiums, as the NPRM proposal suggests, those large dollar amounts included in the CRA-eligible activities would reduce the amount of home loans or small business loans in LMI neighborhoods. If banks are not held accountable for making mortgages to credit-worthy borrowers in LMI communities, we will likely see a return to the levels of redlining that CRA was originally established to eliminate!

We need banks to invest in affordable housing that truly serves those who need it the most. Rental rates in our area have steadily increased in recent years, and affordable rental housing continues to become increasingly scarce. As documented in Matthew Desmond's best seller, "Evicted," the affordable units that do exist are often in poor condition and are unsafe. And especially since the foreclosure crisis, more affordable rentals, and properties that were previously owner-occupied, are owned by unaccountable, out-of-state landlords.

The lack of affordable rentals has meant more families doubling up in the homes of friends or family, and it has meant increased homelessness. And now, with COVID-19, we are facing a new round of foreclosures, again hitting LMI neighborhoods and people of color the hardest. Without strong protective measures, wealth-building and neighborhoods stability are certain to take another hit.

The NPRM could allow banks to get credit for developments that house all upper-income families, paying very low rent. Since our low-income tenants often have significant financial hurdles, competing with high-income tenants will be yet another barrier for them to overcome. Affordable housing for LMI people is a critical need in our community. The OCC and FDIC should not loosen the standard for verifying that housing is being used by LMI tenants.

By expanding the definition of what counts as a CRA-eligible small business loan to include businesses with $2 million in annual revenue, the OCC and FDIC will divert lending from the smallest businesses who otherwise struggle to access affordable capital.

We urge the OCC and FDIC to discard the proposal as described in the NPRM and instead work with the Federal Reserve Board to propose an interagency rule that will modernize CRA in a way that will increase reinvestment in LMI communities.

Sincerely,

[redacted]

Edward Miller
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