Catherine M. Clarke

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April 6, 2020

Comments regarding "Reforming the Community Reinvestment Act Regulatory Framework"

RE: RIN 1557-AE34, Federal Register Number 2019-27940, Docket ID OCC-2018-0008

To Whom It May Concern:

I am writing regarding the OCC and FDIC's Notice of Proposed Rulemaking (NPR) seeking input on proposed changes to the Community Reinvestment Act (CRA). My name is Catherine Clarke and I've worked in the Bronx for 35 years and lived in the Bronx for ten years. I know from experience how far bank branches are from one another. I use a branch on Kingsbridge Road in the Bronx and there is always a line because people in the Bronx need to speak with a person to conduct their business. During tax season I volunteer at a VITA IRS site. So many people we work with need 1:1 assistance with basic forms and financial education. Many are unbanked or underbanked. For example, many seniors have a bank card for direct deposit for Social Security but don't have a bank account. An actual physical branch is a basic financial life line for many- especially in low-income communities.

Recently Bank of America closed a branch on 204th Street in the Norwood section of the Bronx with very little notice. Norwood is a vibrant and bustling neighborhood home to many new immigrant groups from Pakistan, Bangladesh and Africa. Many new residents are successful small business owners. I complained to BOA and they said that there was another branch just a mile away _ yes one mile over a highway and with no public transportation from Norwood to the new location. I went to a BOA gathering to hear how they are fighting climate change, and human trafficking. All lofty and good goals – maybe they could have just kept the branch open in the Bronx and fight for financial inclusion as well?

I strongly oppose much of the ideas presented in the NPR that would significantly weaken the CRA, leading to less investment, fewer loans and bank branches, and less meaningful investments that would benefit the very people the law was designed to help: low-income people, people of color and communities of color.

I've seen the CRA at work in the Bronx over the years – banks like Ridgewood Savings, M&T Bank and others who have worked hard to meet people where they are. Working with community groups hiring tellers and loan officers that speak Spanish and other languages. I've also seen bigger banks, like Chase and Bank of America, that don't seek to deliver neighborhood-focused services. I've worked in community development for a long time. CRA has made a huge difference in getting banks to work on a local level, and offer products to promote affordable housing and small business.

But, for all the benefits we've seen from the CRA - inequities persist. Too many low-income people, immigrants, and people of color in New York City still lack sufficient access to loans to purchase homes, improve their homes, and start and maintain businesses**.** Smaller nonprofits struggle to access grants and loans to build and preserve much-needed deep and permanent affordable housing and to support community development. **15% of Black households and 18% of Hispanic households in the NY region are completely unbanked, which is over 5 times the rate of white households**. Meanwhile, many low-income tenants and tenants of color are being harassed and displaced when banks lend to unscrupulous landlords.

All of this underscores the need to preserve and strengthen the CRA, making sure that the right priorities are reflected. **In that context, we have deep concerns about much of the proposal:**

1. **The proposal maintains a one-metric / one-ratio approach, despite hundreds of comments opposing it during the first comment period.** It values dollars over impact, quantity over quality, thus **minimizing the role of community input and community needs and incentivizing larger deals over smaller, more impactful ones**. This means fewer loans to first-time homebuyers, low-income homeowners, and small businesses; fewer financing options for smaller nonprofits to build and preserve deep affordable housing; fewer grants to nonprofits for tenant organizing or direct services.

2. **The proposal expands what counts for CRA credit with activities that benefit larger businesses and higher-income families, as well as activities that barely benefit lower-income people or communities and others that could displace these communities.** Banks already have many motivations to do those things.
4. **The proposal greatly expands where banks can get CRA credit, allowing banks to investment more outside of local assessment areas, which minimizes local community needs and partnerships.** BOA would get points for reducing climate change – but can still close local branches which in my mind is equally harmful and they can do both!

I believe any reform must include principles to preserve and strengthen the CRA:

1. **Banks should be evaluated on the quantity, quality and impact of their activities within the local communities they serve and based on the needs of these local communities**. This cannot be done with a one-ratio evaluation that simply looks at dollars invested.

- Incentivize high quality, responsive activities that lift historically redlined people – **people of color and low- and moderate-income people** – out of poverty and help reduce wealth and income disparities.
- Downgrade banks that finance activities that cause displacement and harm.

2. **Community input and community needs must be at the heart of the CRA**. Strong community needs assessment and community engagement should inform community needs and how examiners evaluate how well banks are meeting those needs.

3. **Assessment areas must maintain local obligations**. The CRA must maintain the current place-based commitment banks have to local communities. I am a place-based person. Neighborhhods matter – even as we move to a global world. Branches matter and local connections matter. Banks should have additional assessment areas where they do considerable business (make loans / take deposits) outside of their branch network. These types of reforms must maintain or increase quality reinvestment where it is needed, including high need "CRA hot spots" such as New York City, while also directing capital to under-banked regions. Branches still matter in brown and black neighborhoods, especially in communities like the Bronx, where Alternative Financial Services (AFS) out number bank branches. And where branches are mainly clustered in commercial strips, leaving a huge vacuum in the rest of the borough.

Conclusion

Meaningful CRA reform could boost lending and access to banking for underserved communities by incentivizing high quality, high impact activities based on local needs, while discouraging and downgrading for displacement and activities that cause harm. Transparent and consistent exams would support these goals.

The proposal does the opposite of what it claims to do for banks or the community: It is **less transparent, more complicated, and will ultimately lead to less investment and less meaningful investment**. The formula to calculate the target metric is complicated and relies upon data banks don't currently collect. Further, it no longer uses publicly available data for home lending, small business lending, and deposits, thus reducing the ways the public can verify and provide feedback on bank performance in those categories.

The OCC and FDIC should abandon this proposal and go back to the table with the Federal Reserve to come up with a plan that preserves the core of the CRA, truly addresses its shortcomings, and modernizes it to incorporate today's banking world.
Thank you for your attention to my comments. Please feel free to reach out to me by email or phone.

Sincerely,

Catherine M Clarke