From:	[redacted]
To:	Comments
Subject:	[EXTERNAL MESSAGE] CRA Changes
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April 8, 2020

Community Development Services, a project of Strong City Baltimore, Inc., opposes the proposed changes to the Community Reinvestment Act (CRA) because they would result in significantly fewer loans, investments and services to low- and moderate-communities. This proposal would make redlining legal again, permitting banks to avoid investment in low-income and minority neighborhoods. And, it would make banks far less accountable to the communities they are responsible to serve.

Our newly formed organization follows up on over a decade of successful vacancy blight reduction in neighborhoods where we have worked in North Central and North Baltimore. One neighborhood, Greenmount West, has gone from a prominent backdrop in a TV series, The Wire, to a low-vacancy mixed-income neighborhood. While public investments undoubtedly contributed to its turn around, most of the hundreds of housing rehabilitations and home mortgages used bank lending.

The success of Greenmount West is also the case, to somewhat lesser extent, in many other neighborhoods where Community Development Services has worked. These neighborhoods, such as Harwood, Barclay, Remington, Waverly, and in the Govans area of Baltimore have all experienced big reductions in vacancy and blight. And like in Greenmount West, bank lending has been a big part of financing these area's revitalizations.

It is interesting that one of the area neighborhoods that has made a huge turn around, Remington, was "Redlined" in the 1930's. The kind of return to bad old days lending practices that the new changes to the CRA will allow (but admittedly not require) would send a neighborhood that is clearly on the upswing back into a downward trajectory.

The proposal dramatically and irresponsibly expands what activities would be eligible for CRA credit. CRA serves my community by driving resources we otherwise could not access, providing for the financial and community development needs our community identifies and prioritizes. Switching to a "non-exhaustive list" of eligible activities developed in Washington, DC, to include infrastructure, transportation and even sports stadiums, removes the communities' voices to determine their own needs.

Also, the proposed rule institutes a single ratio to assess how banks serve communities. 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. The single ratio is a deeply flawed concept. As I understand, that was made clear during previous public comment periods. Yet it still remains part of this proposed rule. Please listen to us during this period. The single ratio must be discarded.

Further, the rule proposes that a bank must meet investment benchmarks in only a "significant portion" of its assessment areas in order to receive a satisfactory or outstanding rating. The rule suggests that a "significant portion" be defined as something more than 50 percent.

That approach would legalize and encourage redlining! And I am afraid communities like the ones where I work will be in the areas that are left behind. 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. Nearly a century after Remington was redlined it has largely recovered – a recovery that was almost completely dependent on private investment. Why would we want to go back? Who really benefits from that?

The problems of the single ratio, the overly broad definitions of CRA-eligible investments, the gutting of communities' voices, the speedy rule-making process, the credibility gap created by the Federal Reserve's absence, and the lack of good faith and outreach from the OCC that drove this reckless proposal make it beyond repair.

CRA was originally enacted to end redlining. The first goal of CRA modernization should have been to prioritize the problem CRA was intended to fix. No matter what CRA modernization looks like, AT LEAST make sure we are preserving the original intent. Unfortunately, this proposal prioritizes policy compliance over impact and outcomes, putting numerators and denominators ahead of families and communities. As a result of the OCC and FDIC's narrow-minded search to ease compliance for financial institutions, you have proposed bringing redlining back.

On behalf of the mostly low and moderate-income people and places my organization serves, I ask that you please discard this proposal and start again.

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