April 8, 2020

To Whom It May Concern:

Unity Properties was established more than 30 years ago to provide safe and affordable housing and address blight in West Baltimore. Unity has successfully developed 802 units of affordable housing in 11 locations and plans to add 400 units in the area. Our first housing project opened in 1988. Most buildings used low income housing tax credits and other affordable housing finance tools such as HUD 202 Supportive Housing for the Elderly, HOME, and Affordable Housing Program Funds. Unity also directs community development projects in West Baltimore, such as the Community Resource Center, another community center for returning citizens, and a building renovation to double the capacity of Bon Secours Early Head Start. Private bank loans, charitable giving and purchase of Low Income Housing Tax Credit Equity by bank investors are crucial to each and every one of our projects.

Therefore, we strongly oppose the Office of the Comptroller of the Currency's (OCC) and the Federal Deposit Insurance Corporation's (FDIC) Notice of Proposed Rulemaking (NPRM) regarding the Community Reinvestment Act (CRA). CRA requires that deposit-taking institutions meet the convenience and needs of the low- and moderate-income (LMI) communities in which they operate. Over the decades, CRA has leveraged significant amounts of loans and investments in LMI communities; Since 1996, banks have issued almost $2 trillion in small business loans and community development loans and investments in LMI communities.

The strength of CRA 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.

For two decades, Unity has worked closely with banks such as Bank of America, Sun Trust, and M&T to apply for Affordable Housing Program grant funds through the Federal Home Loan Bank of Atlanta and New York. We use have used these grant funds to develop over 800 affordable housing units in Southwest Baltimore. We also work with these banks to secure multi-million dollar construction loans and to purchase Low Income Housing Tax Credit equity, all of which made the development of these 800 units possible.

In light of these experiences, we oppose the creation of a specified list of qualifying activities. The OCC and FDIC's proposed regulations would create a list of qualified activities rather than hold banks accountable to meeting the needs identified by community members and nonprofit organizations. This proposal would undermine collaboration between banks and community groups by enacting unclear performance measures on CRA exams that would not accurately measure bank's responsiveness to local needs. Instead, we suggest the OCC and FDIC develop a list of principles defining CRA-qualified activities along with an illustrative but not definitive list of activities.

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The NPRM redefines affordable housing to include middle-income housing in high-cost areas. In addition, the NPRM would count rental housing as affordable housing if lower-income people could afford to pay the rent without verifying that lower-income people would be tenants. Our community's residents are low income service workers, disabled and seniors who are already rent burdened, often spending more than 50% of their income on rent. The COVID-19 pandemic is making the situation even more challenging. A recent market study for a new LIHTC project that we are working on cited "infinite demand" for the type of units we develop.

The proposed rule change 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 credit issues and evictions on their records, this will be yet another barrier for them to overcome, competing with high-income tenants. As you can see, affordable housing for LMI people is a critical need in our community. The OCC and FDIC should not expand the definition of affordable housing to include middle-income housing, nor loosen the standard for verifying that housing is being used by LMI tenants.

CRA investments and grants are vital to Unity's continued ability to serve our low-to-moderate income families. CRA funding is often the first-in dollars, meaning it drives rehabilitations, loans, and developments that then spur broader market interest, resulting in larger scale revitalization and quality of life improvements. If area banks choose to concentrate their reinvestment activities elsewhere, it would be much harder for Unity to meet our mission.

Bank Branches

In addition, the NPRM would significantly reduce the importance of bank branches in CRA performance evaluations. This would likely lead to the closure of branches serving LMI neighborhoods. Southwest Baltimore is already a "branch bank desert". Our clients often cannot afford smart phones or broadband internet access and therefore cannot take advantage of on-line banking service. Some of our seniors are just not comfortable with on line banking. Some resort to high-fee check cashing services, or have to travel great distances simply to cash a check or make a deposit. Branches are essential to the economic vitality of communities, and CRA regulations should emphasize the importance of physical branches in LMI neighborhoods.

The proposed regulations would encourage the export of capital from communities, in direct contradiction of the statutory goal of the CRA. We urge the OCC and FDIC to discard the NPRM and instead work with the Federal Reserve Board and propose an interagency rule that will modernize CRA in a way that will increase reinvestment in LMI communities.

Sincerely,

[redacted]

George Kleb
Baltimore, Maryland
Executive Director
Bon Secours' Unity Properties, Inc.