

Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, DC 20219



Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

August 5, 2022

RE: Community Reinvestment Act Proposed Rulemaking [87 FR 33884]

OCC: 12 CFR Part 25; Docket ID OCC-2022-0002; RIN 1557-AF15
Federal Reserve: 12 CFR Part 228; Regulation BB Docket No. R-1769; RIN 7100-AG29
FDIC: 12 CFR Part 345; RIN 3064-AF81

The Alaska Public Interest Research Group (AKPIRG) is writing to address the Joint Notice of Public Rulemaking for the Community Reinvestment Act of 1977 (CRA). While we support much of the proposed revisions, we also would like to share some concerns and additional considerations. Ultimately, we appreciate and support this effort to update the CRA.

AKPIRG is a non-partisan, non-profit organization founded in 1974. Our mission is to educate, advocate, and research on behalf of Alaskan consumers and the public interest. To our knowledge, we are the only non-governmental, state-wide consumer interest group in Alaska.

AKPIRG concurs with the thoughtful and lengthier comments made by the National Community Reinvestment Coalition, Americans for Financial Reform Education Fund, and the National Congress of American Indians. We comment here to emphasize four specific points based on our experience as the only consumer rights organization in Alaska.

I. Background

Alaska is the largest geographical state in the US, and most of our towns and villages do not have traditional financial institutions physically located there. Alaska has only 114 bank branches, and almost all of those branches are in the major cities along the road system. Outside of the Anchorage, Juneau, and Fairbanks areas there are only 12 bank branches for the rest of the state. Historically, this has made community investment based on CRA requirements negligible, and irrelevant. We appreciate that this rule will include more of Alaska in the assessment areas and thus, hopefully, encourage banks to reach more Alaskans.

Additionally, Alaska has extremely high housing costs. During the COVID Pandemic, the average home cost in Anchorage rose by nearly 10%, to \$425,000. In Anchorage, the cost of new construction is over \$300/square foot, nearly double the national average. And Anchorage is the cheapest place to build in Alaska. The cost of shipping materials and labor, plus lack of investment from traditional financial institutions, has led to a crisis of housing in rural Alaska.

II. Recommendations

First, we recommend that broadband internet be included as essential community infrastructure on the condition that the internet is (a) reliable, (b) affordable, *and* (c) locally-controlled. In particular, broadband infrastructure in Tribal areas should only count as essential community infrastructure if it is *owned by the Tribes*. (This comment relates to questions 17, 28, 29, and 30.)

Second, we understand that the proposed Retail Assessment Areas would require 100 home loans or 250 small business loans over the last two years. While this may be appropriate for most of the country, we worry that these numbers are too high for rural Alaska. As a result, we are concerned that rural Alaska will continue to be left out of the assessment areas, and thus continue to be left out of the mainstream banking system. Alaska is a unique case but, for the sake of both consumers and financial institutions, it would be useful to clarify exactly how and when rural Alaska will be included in a financial institution's assessment area.

Third, Alaskans face extraordinarily high housing costs. These high costs burden low-to-moderate income renters, prevent home ownership, and limit financial institutions ability to make home loans. The burden of these costs falls disproportionately on Alaska Native people. We would encourage the CRA regulations to allow financial institutions to count remedial funding, including paying to transport housing materials and providing below-cost-loans, towards their CRA exams. Or the regulations should otherwise encourage financial institutions to take affirmative steps to address the high costs of housing in Alaska.

Fourth, Alaska is at the front-lines of climate change. Alaskans are currently being displaced from their homes by sea-level rise. This CRA reform should encourage financial institutions to help Alaska, and the rest of the country, pay for the costs of climate mitigation and adaptation.

Fifth, the CRA must look explicitly at race, not just income. Although the CRA was developed to combat racist lending practices, it has assessed banks on how they serve low-to-moderate-income people. This has proven inadequate to address the on-going effects of racist lending practices. Income is not an adequate proxy for race. Divestment in the past affects credit-worthiness in the present in more ways than income. And we know that discrimination based on race has not gone away. CRA evaluations should include an affirmative obligation to serve Black people, Indigenous people, people of color, and their communities.

III. Conclusion

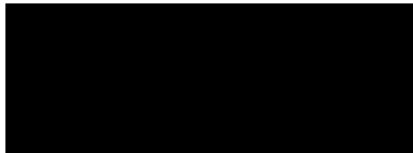
The Community Reinvestment Act is a critical tool to ensure that Alaska's consumers have a fair chance at owning homes. Homeownership is a crucial vehicle for building intergenerational wealth. But we're moving in the opposite direction. The 2008 housing crisis, itself a function of racist lending patterns which pushed the last and riskiest loans on borrowers of color, has led to a permanent decline in wealth for 80% of US households. (Source: [Aspen Institute](#).) This has likely only been worsened during the COVID pandemic. We need a CRA that holds banks accountable to helping local communities access affordable housing and build wealth.

Especially in this context, these CRA reforms are timely and necessary. We hope to see the CRA used as an effective tool holding banks accountable to the communities they serve for decades to come.

Thank you for considering our comments,



Graham Downey
Consumer Advocate
AKPIRG



Veri di Suvero
Executive Director
AKPIRG