

COMMUNITY DEVELOPMENT ALLIANCE OF THE CAPITAL DISTRICT
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August 5, 2022

To Whom It May Concern:

On behalf of the Community Development Alliance of the Capital District, I am writing to submit comments on the Notice of Proposed Rulemaking (NPR) regarding updating the Community Reinvestment Act (CRA). The Community Development Alliance is comprised of the Affordable Housing Partnership Homeownership Center, Albany Community Land Trust, Community Loan Fund of the Capital Region (a CDFI), and United Tenants. These organizations have years of experience working with tenants, home buyers and owners, non profit agencies, developers and small businesses to benefit the Capital Region of NY.

The Community Reinvestment Act has been essential to our work of community development and revitalization. Thanks to the CRA, we have capital for lending, some financing available in low income neighborhoods and banks offering first time homebuyer products. These efforts need to be built upon and remaining disparities addressed through CRA reforms.

We appreciate the regulatory agencies efforts to improve CRA and urge you to strengthened it:

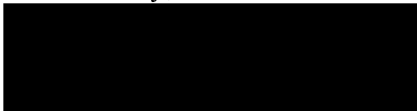
- Race and ethnicity needs to be taken into account and banks evaluated for service to these borrowers. NPR does not go far enough to explicitly consider the race and ethnicity of bank customers and communities.
- Include automatic eligibility for entities in addition to CDFI activities as eligible for CRA Credit. For example, HUD-approved housing counseling organizations.
- Regulatory agencies must elevate the importance of public comments on the extent to which banks meet needs. Improvements can be made to the mechanisms of soliciting and addressing comments. Regular public hearings on large bank mergers are important to determine if there is any public benefit to the merger.
- Prioritize the opening of branches and penalize the closing of branches in underserved areas. Access to financial institutions and useful affordable products is critical to building assets in underserved communities. Access to online AND physical banking is needed for LMI people, communities and small businesses
- Make ratings more rigorous and reduce CRA ratings inflation. More rating levels would provide more distinctions between banks.

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- Extend place-based anti-displacement criteria to all community development categories: no credit should be awarded for “displacement or detrimental effect on LMI or underserved populations” Regulators should expand discrimination downgrades to include such incidents of displacement or harm on people of color and communities, such as specific branch closures, harmful landlord practices, or higher cost products that disproportionately impact communities of color.
- Do not incentivize corporate ownership of family homes in evaluations.
- CRA can play a key role in ensuring homeownership opportunities. One way is supporting housing counseling. The final regulation should recognize lender fee-for-service payments to HUD approved housing counseling agencies as an eligible act and provide higher value in support for housing counseling in the CRA exam.
- Credit for CRA eligible activities, including housing counseling and financial education should be targeted to LMI and other underserved populations.
- The agencies wisely proposed to include new data collecting requirements for deposits, community development activities and automobile lending. Some of this data such as deposit and automobile lending would not be publicly available, which limits the extent to which the public can hold banks accountable. We ask the agencies to reconsider this decision and also to expand this data collection to all large banks.
- The agencies must ensure that exams do not overlook assessment areas containing smaller metropolitan areas and rural counties. Performance in smaller areas needs to be considered more carefully.
- Reclassifying banks as small and intermediate small banks (ISB) would reduce community reinvestment activity.

The NPR is a good start and promises to make parts of CRA exams more rigorous but we urge the agencies to extend the rigor of the large bank lending test to the other tests. We also ask the agencies to incorporate race in CRA exams, to expand the public reporting of their data collection proposals, to bolster their assessment area proposal to make sure that smaller communities are not left out and to refrain from reducing reinvestment requirements for any segment of banks. Thank you for your consideration of these comments and for your efforts in establishing updated rules and regulation for lenders

Sincerely,



M. Louise McNeilly
Community Development Alliance

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