

August 5, 2022

Office of the Comptroller of the Currency
Benjamin W. McDonough, Chief Counsel
Chief Counsel's Office
Attention: Comment Processing
400 7th Street, SW
Suite 3E-218
Washington, DC 20219

Board of Governors of the Federal Reserve System
Ann E. Misback, Secretary
20th Street and Constitution Avenue, NW
Washington, DC 20551

Federal Deposit Insurance Corporation
James P. Sheesley, Assistant Executive Secretary
Attention: Comments RIN 3064-AF81
550 17th Street, NW
Washington, DC 20429

Re: Joint Notice of Proposed Rulemaking Regarding the Community Reinvestment Act Regulations, Docket No. R-1764 and RIN 7100—AG29

Lift to Rise appreciates this opportunity to submit comments to the Board of Governors of the Federal Reserve System (Board)-Office of the Comptroller of the Currency (OCC)-Federal Depository Insurance Corporation (FDIC) Joint Notice of Proposed Rulemaking (NPR) regarding the Community Reinvestment Act (CRA). The Board-OCC-FDIC joint NPR is an impressive effort which would represent the first major overhaul of the CRA in decades. The NPR seeks to update the CRA, so it not only reflects modern banking practices, but it does so in such a way as that makes the CRA more broad-reaching and effective at encouraging investments in under-served communities while, at the same time, improving issues of regulatory clarity and consistency.

Lift to Rise is a nonprofit organization that convenes a collective impact initiative known as the Housing Collaborative Action Network (CAN), which comprises over 60 cross-sector partners organized around radically increasing the supply of affordable housing in Southern California's Coachella Valley by 10,000 affordable units by 2028. Together, in partnership with Riverside County and two national CDFIs, Low Income Investment Fund and RCAC, Lift to Rise created and runs the Coachella Valley's Housing Catalyst Fund, a revolving loan fund that blends public and private capital to deploy low-interest predevelopment loans to affordable housing projects that need help getting off the ground. Much of the affordable housing that the Housing CAN is working to produce falls within rural areas of our region.

The Coachella Valley is a desert region that falls within the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (MSA) but is made up of nine small cities (the largest of which has a population under 90,000

inhabitants) and several rural unincorporated communities. Our region is experiencing a crisis deficit supply of affordable housing, and the need is especially dire in the rural portions of the Coachella Valley, which are geographically isolated from job centers, infrastructure, and public transportation. The Coachella Valley is experiencing population growth, yet the development of infrastructure, housing, and job opportunities has not been commensurate with that growth. In other words, population sizes in our small cities are increasing yet these cities still exhibit the characteristics of rural communities and remain underserved by many community development programs at the federal level, especially those intended for rural areas.

For this reason, Lift to Rise wishes to echo some of the comments made by rural housing groups active in our state, like Housing Assistance Council (HAC), to ensure that the updated regulations to the Community Reinvestment Act (CRA) help the CRA do what has done so effectively since its inception: provide financial services to many neighborhoods and rural communities that would otherwise be overlooked.

In line with HAC's recommendations, Lift to Rise believes that a final rule could further increase CRA's impact on underserved rural communities if it:

1. includes activities in rural communities as an additional impact factor, informed by the most precise, density-based definitions already used by policymakers and the research community;
2. ensures uniform treatment of all CDFIs and supports the most transformative CDFI activities in underserved rural communities;
3. modifies the definition of affordable housing to enable housing providers to respond effectively to the unique income demographics and constraints on government capacity of rural communities;
4. clarifies how consequential the impact factors can be for a bank's community development test performance and overall rating; and
5. prevents banks with a substantial number of rural assessment areas from 'gaming' the NPR's performance benchmarks under the retail lending test.

Lift to Rise is especially enthusiastic about the rural impact factor detailed above because of the particular challenges posed by community development in rural communities. These challenges include limited public and private sector resources and capacity relative to urban and suburban areas; low household incomes; and difficulty reaching the scale that makes housing and economic development projects "pencil out." Accordingly, in line with HAC's recommendations, Lift to Rise believes community development activities in rural communities should be an additional community development impact factor to ensure banks are incentivized (and recognized) for their rural community development lending, investment, and services.

In line with HAC's recommendations, Lift to Rise also recommends, further, that this impact factor apply to community development activities in rural portions of MSAs whose economies and housing markets are truly rural. This would be impactful in the Coachella Valley region, which falls within a large MSA but whose economy and housing market, especially in the Eastern Coachella Valley, are rural. In refining this impact

factor in the final rule, the regulators should draw on more precise, census-tract based definitions of “rural.” For example, the Census Bureau estimated in 2016 that 54 percent of the rural population, under their classification of urban and rural census tracts, lived within MSAs. Other examples of more granular, rural-focused approaches include the FHFA’s recent Duty to Serve rule and HAC’s definition of rural and small town census tracts.

Thank you for your consideration of these comments. Please do not hesitate to contact me if you need additional information.

Sincerely,

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