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April 1, 2020

Comptroller Joseph M. Otting
Comptroller of the Currency

Comp 400 7th Street, SW
Washington, D.C. 20219

Chair Jelena McWilliams
Federal Deposit Insurance
Corporation

550 17th Street, NW
Washington, DC 20429

Docket No. OCC-2018-0008

Dear Comptroller Otting & Chair McWilliams:

South Suburban PADS submits these comments in response to the OCC/FDIC's Notice of Proposed Rulemaking (the "Proposal") regarding the Community Reinvestment Act (CRA). South Suburban PADS opposes the Proposal's drastic shift from qualitative to quantitative evaluation measures. Dollar amounts matter, but not to the exclusion of a qualitative assessment of banks' activities in *meeting local community needs*. The net impact of the Proposal would be to reduce bank investments and services in the communities South Suburban PADS serves.

South Suburban PADS is a 501(c)3 not-for-profit organization that is working to prevent and end homelessness in the south suburbs of Chicago. Over the past 29 years, the organization has provided shelter and meals to enable over 18,000 people to survive homelessness. In addition, South Suburban PADS provides pathways home and currently helps nearly 500 people to preserve or access affordable rental homes every year. South Suburban PADS is the proud recipient of the 2018 Bank of America Neighborhood Builders Award and the 2019 National Good Neighbor Award.

A pass-fail test for evaluating banks' retail lending distribution would prompt many banks to do *just enough* to pass. Converting the CRA activities test into a dollar-based metric would encourage banks to cut down on many small, impactful loans and projects – which together may have higher transaction costs – and instead focus on fewer, high-dollar-value projects. Why, for example, would a bank expend resources to help the homeless when it could spend millions improving an athletic stadium in an LMI Opportunity Zone?

The CRA is the most significant tool we have to ensure that banks meet the needs of homeless individuals and families. Modernization must preserve what works under the CRA. As Federal Reserve Gov. Brainard recently observed, one of the "core strengths" of the CRA is creating an ecosystem that "encourages banks to engage on the priorities identified by local leaders." The Proposal would strip away this core strength in the name of supposed

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objectivity. To protect the CRA ecosystem, we urge you to suspend the rulemaking process, invite the Federal Reserve back to the table, and release a proposal only when all three regulators are on the same page. This approach is in the best interests of the LMI communities, non-profits, banks and the regulators.

Sincerely,


Douglas A. Kenshol
Executive Director