

April 8, 2020

FDIC
OCC

RE: Notice of Proposed Rulemaking, CRA Regulations
RIN3064-AF22



To Whom It May Concern,

The Low Income Housing Institute (LIHI) opposes the changes to the Community Reinvestment Act (CRA) regulations proposed by the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC). LIHI is based in Seattle, Washington and our portfolio of affordable housing and programs serve urban and rural areas in six counties in the Puget Sound region. We are a NeighborWorks organization.

Our work to support low income and vulnerable populations relies on the CRA to assist in our housing development, community revitalization and economic justice work. We urge you not to weaken the current regulations. This is especially pressing given the COVID-19 public health crisis that is disproportionately impacting impoverished communities, people of color, and those with limited resources for protection against the economic implications of the pandemic. The CRA is critical to the recovery of communities that have been unjustly subject to redlining and other discriminatory practices for decades.

The CRA has been key to our efforts to address the housing and homelessness crisis locally and regionally. Of major cities, Seattle has the third largest homeless population in the country. The King County Regional Affordable Housing Plan documents the need for 244,000 affordable homes by 2040.

Founded in 1991, LIHI has grown to be one of the most productive affordable housing developers in Washington state and the Pacific Northwest. Because of CRA we have been able to develop positive lending relations with national and local financial institutions in the creation of over 5,000 homes serving low- and moderate-income households. We currently own and/or manage over 2,300 apartments at 65 properties serving families with children, seniors, veterans, homeless people, young adults, and people living with disabilities. Eighty percent of LIHI housing is reserved for households earning less than 30 percent of the Seattle area median income. We use the following products that are vital to increasing the production of low-income housing: favorable terms for construction and permanent financing, acquisition bridge financing, housing tax credits, new market tax credits, equity equivalent investments, line of credit, banking services, home mortgages for low- moderate-income borrowers, charitable giving, and consumer products for low-income individuals.

The following proposed changes would have a detrimental impact on our mission:

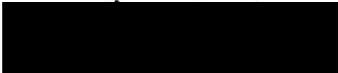
- Allow banks with Outstanding ratings to be reviewed or examined every five years instead of the current two to three years.
- The proposal would make it so banks no longer have an obligation to make mortgage loans in neighborhoods with low and moderate incomes.
- The new scoring system would allow banks to completely ignore almost half of the communities where they have branches and still pass their exams
- The proposed changes would encourage banks to seek out large dollar deals and discourage loans to people with low- and moderate-incomes (LMI) and small businesses because the loans are much smaller
- The system that gives credit to banks for having branches in LMI communities is weakened and would likely lead to massive branch loss in communities that are already underserved
- The proposal redefines community development to include large infrastructure projects like stadium improvements in LMI Opportunity Zones, which further encourages banks to seek out larger deals over smaller loans to meet the ratio for the total dollar volume metric
- The definition of affordable housing would be relaxed to include middle-income housing in high cost areas
- The proposal would redefine small businesses and family farms with higher revenues, again encouraging banks to focus on larger loans to bigger businesses instead of smaller community-style loans
- The proposal would lessen the public accountability of banks by not accurately measuring its responsiveness to local needs

It is clear that the proposed rules would weaken CRA. The focus on LMI communities would be lost—contrary to the intent of CRA when it was signed in 1977. This backtracking would violate the agencies' obligation under the statute to ensure that banks are continually serving community needs. The FDIC and OCC need to discard the proposal, and instead work with the Federal Reserve Board to create an interagency rule that will augment the progress achieved under CRA instead of reversing it.

We urge the OCC and FDIC to consider the views of the National Community Reinvestment Coalition (NCRC) for details of how to strengthen and improve the CRA. Now is not the time to weaken supports such as the CRA, but rather to leverage it as an opportunity to rebuild communities following the COVID-19 crisis.

Thank you for this opportunity to comment. I can be reached at Sharon.Lee@LIHI.org.

Sincerely,



Sharon Lee
Executive Director