Catholic Charities USA®
Working to Reduce Poverty in America

Submitted Electronically

April 8, 2020

Comment Processing
Office of the Comptroller of the Currency
Attn: Vonda J. Eanes,
Director for CRA and Fair Lending Policy
Compliance Risk Policy Division
400 7th St. SW, Suite 3E-218
Washington, DC 20219

RE: Docket ID: OCC-2018-0008 The Community Reinvestment Act Regulatory Framework, RIN 1557-AE34

Dear Ms. Eanes,

Catholic Charities USA (CCUSA) respectfully submits these comments in response to the Office of the Comptroller of the Currency (OCC) proposed regulatory changes to the Community Reinvestment Act Regulatory Framework, OCC-2018-0008.

CCUSA is a national membership organization representing more than 166 diocesan Catholic Charities member agencies. These member agencies operate more than 2,600 service locations across 50 states, the District of Columbia, and five U.S. territories. The diverse array of social services offered by agencies reached more than 12.5 million individuals in need last year.

Local Catholic Charities are actively involved at every point in the housing continuum. From providing counseling assistance to building and managing affordable housing projects, the Catholic Charities ministry has wide experience in addressing homelessness and providing housing stability for very low-income households. Last year alone, local Catholic Charities agencies provided services to more than 420,000 individuals experiencing homelessness and provided over 35,000 units of permanent housing. In addition, Catholic Charities agencies have over 1,000 units of permanent housing currently under construction. A number of these projects were made possible with the Low-Income Housing Tax Credit (LIHTC) and with Community Reinvestment Act (CRA) investments.

Many of these projects were made possible with the Low-Income Housing Tax Credit (LIHTC) and with Community Reinvestment Act (CRA) investments from banks you regulate. While LIHTC have been the largest affordable housing production and preservation mechanism, the investing banks also earn returns by providing construction and permanent project loans. Strong regulatory requirements administered by state finance agencies and others add even greater security for the banks during the 15-year compliance period.

Member of Caritas Internationalis

2050 Ballenger Avenue, Suite 400, Alexandria, VA 22314 | Phone: 703-549-1390 | Fax: 703-549-1656
www.CatholicCharitiesUSA.org

The core mission of the CRA is to encourage financial institutions to help meet the credit needs of communities in which they operate, including low- and moderate-income neighborhoods and communities of color. Therefore, any regulatory changes to the CRA must maintain the integrity of the Act. In addition, given the current shortage of affordable housing in all markets throughout the country, CCUSA believes that any changes to CRA regulations must expand the current emphasis on providing new and preserving current affordable housing units. Any changes to the CRA must further strengthen investment in the Low-income Housing Credit Tax Credit as this resource is critical in the development of affordable housing.

It is with the core mission of the CRA and the needs of low- and moderate-income communities in mind that we write to express our views regarding the proposed regulatory changes to the Act. We wish to reiterate the following comments as expressed in our November 19, 2018 response to Advanced Notice of Proposed Rulemaking Regarding the "Reforming the Community Reinvestment Act Regulatory Framework."

CRA Ratings

CCUSA is concerned that the proposed "one ratio" rule would inadequately take into account community needs in evaluating a bank's CRA rating. Conducting a community needs assessment is not only a best-practice for a nonprofit looking to serve a community but is also critical for ensuring that private sector investments truly serve the local community. We are also concerned that oversimplification of CRA-eligible activities would replace adaptability and inclusion of LMI families and would lower the bar for compliance and reduce community input in the process. We therefore urge the OCC to ensure that banks continue to adequately respond to local needs by ensuring that any compliance assessment or "ratio" include community needs assessment.

We also urge the OCC to reverse its decision to ignore discriminatory lending practices in its CRA exam ratings. Catholic Charities housing counseling agencies on the frontlines see the impacts of discriminatory lending practices faced by LMI households and households of color. To address this concern, the OCC should add new language which would explicitly evaluate bank lending, investing and services to people and communities of color in its evaluations.

REDEFINING COMMUNITIES AND ASSESSMENT AREAS

CCUSA recognizes the importance of updating assessment areas to more accurately reflect changes in the financial industry. Some CCUSA members, particularly those working in rural areas, have routinely complained of LIHTC projects in certain areas receiving significantly discounted investments while development cost remains comparable. Addressing this imbalance is especially critical in the growth of non-traditional institutions such as online lenders and internet banks that have a national presence but few or no physical branches. One way to address this imbalance is to require these institutions to address national challenges, like providing access to opportunity in rural areas by investing nationally in Housing Credit funds, which prioritize development in secondary and rural markets. Such action would help address some of the existing financing deserts in historically underserved markets.

EXPANDING CRA-QUALIFYING ACTIVITIES

As one of the largest affordable housing providers, CCUSA appreciates the OCC's attention to provide clarity and consistency in the evaluation of CRA-qualifying lending and investments. We recognize the importance of providing a broad range of services and products in LMI communities and communities of color so that individuals have greater access to opportunity. We therefore support efforts to develop critical community services such as health care facilities, schools and other projects that benefit LMI communities and communities of color. In addition, we would like to emphasize the need for continued strong investments in affordable rental housing especially for very low-income households, housing counseling services and construction of permanent affordable housing. More specifically, the expansion of qualified activities should not come at the expense of critical housing and services that allow LMI families and communities to reach their full potential.

We thank you for the opportunity to submit comments.

Sincerely,

Brian R. Corbin
Executive Vice President for Member Services
Catholic Charities USA