



April 8, 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

Subject: Community Reinvestment Act Regulations
Docket No. OCC-2018-0008
RIN: 3064-AF22

Dear Comptroller Otting & Chair McWilliams,

The Metropolitan Planning Council (MPC) submits these comments in response to the OCC/FDIC's Notice of Proposed Rulemaking (the "Proposal") on **Docket Number OCC-2018-0008** regarding the Community Reinvestment Act (CRA). We appreciate the opportunity to comment.

The Metropolitan Planning Council works to shape a more equitable, sustainable and prosperous Chicago region. An independent policy change organization founded in 1934, MPC changes perceptions, conversations, and the status quo. We believe that every neighborhood has promise. Every community should be heard. And every person can thrive. In 2014, MPC completed a landmark research project on the Cost of Segregation in the Chicago region, along with a set of recommendations for a more equitable region. In alignment with our mission and past work on advancing regional equity and undoing the structural roots of segregation, MPC is committed to eliminating discriminatory policies and practices. We thus urge you to uphold the current Community Reinvestment Act. The Proposal would make redlining legal again, permitting banks to avoid investment in low-income and minority neighborhoods. Simply put, the changes would dramatically weaken efforts to combat segregation in Greater Chicago, in Illinois, and across the United States.

To begin, MPC opposes the Proposal's dramatic shift from qualitative to quantitative measures. This shift will have a significant impact on the investment in low and moderate-income communities. 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 low- and moderate-income (LMI) communities. These communities have been historically affected by discriminatory practices such as redlining, making it that much important for the Community Reinvestment Act to stay in place. The Proposal would make redlining legal again by permitting banks to avoid investment in low-income and minority neighborhoods.

The existing Act ensures that investments are equitably distributed and, most importantly, provide protections for low and moderate-income communities that so often don't see neighborhood revitalization efforts. Protecting the Community

- Board of Governors**
Chair
Ellen Carnahan •
- Vice Chair
Ann M. Drake •
- Vice Chair / General Counsel
John Buck II
The John Buck Company
- Vice Chair Development
James P. Stirling •
- Vice Chair Development Secretary
Paul C. Carlisle •
- Vice Chair Government Relations
Robert V. Fitzsimmons •
- Treasurer
Bruce W. Taylor •
- Immediate Past Chair
Todd Brown •
- Ramiro J. Atristáin-Carrión
Kyle Barnett
Carol Ross Barney
Matthew Brewer •
Christopher B. Burke
Jack Catlin
Pedro J. Cevallos-Candau
Chris Conley
Lester Crown
Francesca DeBiase
James C. Franczek, Jr. •
Linda Goodman
Jacques N. Gordon •
M. Hill Hammock
Andy Hesselbach
Charles R. Kaiser
Christopher J. King
Juan Carlos Linares
Laritza Lopez
Bernard Loyd
Mary K. Ludgin
Peter C. Malecek
James E. Mann
Lee M. Mitchell
Matthew Moog
David Mook
Juan G. Moreno •
J. Scot Pepper •
Julian G. Posada
George A. Ranne, Jr.
Matthew R. Reilein
Bob Reiter
Shawn Riegsecker
Alana Ward Robinson
Smita Shah
Martin Stern
Tyronne Stoudemire
Michael A. Thomas
Mary White Vasys
Melissa Y. Washington •
Paula Wolff •
Jessica Droste Yagan •
- Executive Advisors**
Nicholas W. Alexos
Dentsply Sirona, Inc.
- Carol L. Bernick
Polished Nickel Capital Management
- John Bucksbaum
Bucksbaum Retail Properties, LLC
- Marion A. Cameron
Sipi Metals Corp.
- David Casper
BMO Harris Bank
- Robert M. Chapman
CenterPoint Properties
- Marsha Cruzan
U.S. Bank
- Craig J. Duchossois
The Duchossois Group, Inc
- Bob Flannery
CA Residential
- John S. Gates, Jr.
PortaeCo LLC
- Nancy S. Gerrie
Winston & Strawn LLP
- Ari F. Glass
Zeller Realty Corporation
- Andy Gloor
Sterling Bay
- Michael L. Keiser
Bandon Dunes Golf Resort
- Mark Kowlzan
PCA
- Karen Layng
M.A. I.T. Co.
- Steven N. Miller
Origin Ventures
- Charles J. Moore
The Banc Funds Co., LLC
- J. Marshall Peck
InterPark Holdings LLC
- Larry D. Richman
CIBC Bank USA
- Shawn Riegsecker
Centro
- Joan Rockey
CastleArk Management LLC
- Michael Scudder
First Midwest Bancorp
- Mark Skender
Skender
- Robert A. Sullivan
Fifth Third Bank
- Scott Swanson
PNC Bank, Illinois
- President**
MarySue Barrett •
- Executive Committee** •
- Stephan B. Tanda
AptarGroup, Inc.
- Jim TenBroek
Growth Catalyst Partners
- Thomas Weeks
Lendlease
- Edward J. Wehmer
Wintrust Financial Corp.
- Serena Wolfe
Ernst & Young LLP
- Andrea L. Zopp
World Business Chicago

Reinvestment Act as it stands today is protection for vulnerable populations of Chicago and our greater community.

In addition, 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 on affordable housing when it could spend millions improving an athletic stadium in an LMI Opportunity Zone? As a result of the proposed “one ratio” single evaluation measure, the incentive to engage in smaller, more targeted community development loans, investments, and grants based on community needs and desires would disappear.

Moreover, under the proposed rule change, the definition of affordable housing will be relaxed to include middle-income housing in high-cost areas. Combined with the proposed broadening of assessment areas, this will result in funding less housing for those with the most severe housing needs.

The CRA is the most significant tool we have to ensure that banks meet the needs of low- and moderate-income (LMI) families and communities. 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 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.

The overall impact of this proposed change would be to the return of redlining—the systematic denial of lending, investment, and other banking services to residents of communities of color. Meeting local needs in communities that have been historically discriminated against is supposed to be foundation of the CRA. We believe a more equitable CRA policy is needed to address the inequities and persistent disparities between communities. Patterns of disinvestment and gentrification have increased displacement in low-income and communities of color, which in turn increases housing instability and hinders economic stability and mobility. For these and the above reasons, we ask that you please discard this proposal and start again with the Federal Reserve.

Sincerely,

Juan Sebastian Arias
Manager
Metropolitan Planning Council