

From: Will Gonzalez, Esq.
Proposal: 1723 (AF94) Reg BB - Community Reinvestment Act
Subject: R-1723 Community Reinvestment Act

Comments:

NONCONFIDENTIAL // EXTERNAL

Jerome H. Powell
Federal Reserve Board Chair
20th Street and Constitution Avenue N.W.,
Washington, DC 20551

Re: Docket Number R-1723 and RIN Number 7100-AF94

Dear Mr. Powell

Please accept this letter as a respectful request to strengthen the rigor of CRA exams as a means to promote recovery from the COVID-19 public health emergency.

Ceiba is concerned with the Federal Reserve Board's approach in its Advance Notice of Proposed Rulemaking on CRA. The approach outlined in the Notice will lead to CRA grade inflation for financial institutions. If nearly every bank passes their CRA exams with a lower threshold for passing, then banks will not engage in legitimate efforts to build communities of color or to promote the recovery of low- and moderate-income neighborhoods that suffer from decades of disinvestment, and have been further devastated by the pandemic.

Recovery from the COVID-19 public health emergency and economic crisis is important to the Latino community of Philadelphia. The Economy League of Greater Philadelphia highlighted, in a special report, how COVID-19 is affecting the Latino community of the city. The pandemic is exacerbating local health inequalities:

38% of the city's Hispanic population are living in poverty - the highest of any demographic group in Philadelphia

Approximately 13 % of the city's Hispanic population have no health insurance - compared to 5% of the Non-Hispanic White population and 7 % of the Black population

Hispanics face a disproportionate risk of contracting COVID-19 because of underlying health inequalities related to poverty and to barriers to access to the healthcare system, as well as our overrepresentation in "essential" occupations

The National Community Reinvestment Coalition recently released a major report concluding that strengthening the CRA is a critical component of a just recovery. We encourage you to read it. A just recovery is not a slogan or a politically expedient thing to do. It is a smart thing to do. A chain is only as strong as its weakest link. Accordingly, strengthening small businesses in important communities builds a stronger nation.

Ensuring that assessment areas support and reflect a commitment to local

lending, investments, and services is smart. It goes along with the old adage: think globally, act locally. The idea of a national assessment area for internet banks is penny wise but pound foolish.

In the 21st Century, there is no excuse for our Federal Reserve not to collect improved community development and deposit data. There is no one more blind than one who refuses to see.

Community development and deposit data must be collected so that CRA exams better target community development financing to areas of need.

Please do not reduce the number of ratings on a state level and on subtests from five to four. The current proposal would result in fewer distinctions in performance. CRA exams must reveal more distinctions in performance in order to motivate financial institutions to be more responsive to the needs of their community. 5 ratings must be retained at the state level and on subtests.

Thank you for your attention to this matter.

Please do not hesitate to contact us if you need us to further explain our concerns.

Respectfully,
Will Gonzalez, Esq.
Executive Director, Ceiba