



COMMUNITY DEVELOPMENT ADVOCATES OF DETROIT

February 16, 2021

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

Community Development Advocates of Detroit (CDAD) urges the Federal Reserve Board (Fed) to strengthen and modernize the Community Reinvestment Act and CRA exams. CDAD is a 501c3 nonprofit membership oriented organization in Detroit, Michigan. Our 200+ members are community development organizations and neighborhood improvement groups. We seek to enhance the capacity and effectiveness of our members and Detroit residents through advocacy, training, technical assistance, information sharing, education and facilitating common action.

CDAD and our members have experienced and addressed the multiple crises and policy failures that have devastated Detroit neighborhoods: emergency management, municipal bankruptcy, foreclosures, evictions, utility shut offs, disinvestment and displacement. The pandemic exacerbated many pre-existing, longstanding crises and failures and ongoing systemic issues. We are on the front lines providing and advocating for services, supports and solutions. On many occasions, we have worked with and received support from financial institutions subject to CRA. With the latest crisis, the COVID-19 pandemic, we feel it is even more important for these institutions to serve low- and moderate-income neighborhoods in Detroit.

We urge the Fed to do the following:

- Recognize that CRA is an important tool that the Detroit community has and will continue to use to fight redlining and other systemic practices that impede housing stability, wealth accumulation and small business development in communities of color. A strong, modern CRA will allow CDAD and our members address the impacts of racially discriminatory housing and banking practices in Detroit.
- Adapt the CRA and exams to modern banking practices and measure those practices' impacts on low to moderate (LMI) in communities particularly Census tracts and zip codes with majority Black and Brown residents.
- Disallow banks using automatic teller machines to report their presence in LMI communities. One CDAD member explained she had to drive over 20 minutes from her

Detroit home to a suburban community to locate a full-service branch of any bank. During her drive, she passed several ATM machines in isolated, poorly lit and poorly maintained parking lots.

- Recognize that CRA will be essential for COVID-19 economic recovery in the communities, such as Detroit, hardest hit by the pandemic. The new rules are an obstacle to COVID-19 recovery. They discourage small dollar loans and don't give sufficient credit for waiving fees, forbearances or loan modifications.

Lastly, CDAD wants to remind the Fed that "community" should be the primary focus of the CRA and exams, not what is preferred by banks and the banking industry. If nearly every bank continues to pass their CRA exams, banks will not engage in serious efforts to positively impact communities of color and LMI neighborhoods in Detroit by developing and delivering suitable bank products and services serving the needs of Detroit residents particularly the un-banked and under-banked and by helping residents, businesses and nonprofits in these neighborhoods recover from the pandemic

We appreciate the direction the Fed has embarked upon but caution that it must not end up with proposals will not help Detroit neighborhoods harmed by harmful systemic practices and devastated by COVID-19.

Sincerely,

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