



Creating Communities Where We Choose to Live, Work & Invest

February 16, 2021

Docket Number R-1723 and RIN Number 7100-AF94

To Whom it May Concern:

The Federal Reserve Board (Fed) must strengthen CRA exams in order to promote recovery from the COVID-19 pandemic. The Fed has described approaches in its Advance Notice of Proposed Rulemaking (ANPR) on CRA that will make CRA exams more objective. If nearly every bank continues to pass their CRA exams, banks will not engage in serious efforts to help communities of color and low- and moderate-income (LMI) neighborhoods recover from the pandemic.

NewVue Communities is based in Fitchburg Massachusetts. Over the past few years, we have noticed lenders fleeing our poor neighborhoods. While they were once anchors of our downtown, they have now all moved their headquarters to wealthier neighborhoods and shut many of their branches. This makes it more difficult for the poor residents of our community to bank. Many residents are forced to use check cashing stores and have to pay more for financial services.

Covid has hit the low income communities we serve more harshly than the wealthier and whiter parts of our region where residents have been able to work from home. Many of our poorer residents have not been able to work or are afraid to work, or must stay home to provide childcare. Many of these residents live in neighborhoods that would benefit from more investment. In fact, NewVue often receives lower rates on our tax credits than do our peers to the east, because lenders have fewer CRA requirements, driving down the price, and making investment more difficult. We fear that weakening CRA requirements will make it even more difficult to invest in our neighborhoods.

NCRC recently released a report finding a strong relationship between redlining and susceptibility to COVID. Redlined neighborhoods have the highest levels of health conditions such as asthma, diabetes and kidney disease, which make residents more susceptible to COVID-19. Life expectancy is almost four years lower in the redlined communities. As noted above, NewVue's anecdotal evidence supports this conclusion in Fitchburg and other communities in which we work.

Since the start of the pandemic, about 41% of African American businesses have been closed compared to just 17% of White-owned small businesses. Discrimination in lending contributes to these differences in survival rates. A [NCRC investigation](#) found that African Americans applying for Paycheck Protection Program (PPP) loans for their small businesses during the pandemic were likely to receive less information than Whites. NewVue is actively involved in helping small businesses survive the pandemic. We have noticed the same skewed activity in our own small business assistance program. We have also seen that businesses owned by Hispanics are also more likely to be facing difficult headwinds than similar White-owned small businesses.

The Fed asks whether underserved areas should be designated based on high levels of poverty or low levels of retail lending. NCRC advocated an approach based on low levels of lending which would effectively target redlined neighborhoods and communities of color. NewVue supports the NCRC position. Many lenders in our area are supportive of lending in poorer neighborhoods, and the extra push will help them put additional resources into this effort.

In the interest of reaching underserved areas, we strongly support the Fed's proposals to improve data collection including community development financing data, which would better enable stakeholders to determine communities most in need. NewVue notes that our local community development financial institutions do a better job of reaching these target populations than do our lenders.

Finally, we applaud the Fed proposal to eliminate distinctions in the rigor of examination among assessment areas that have resulted in banks neglecting smaller cities, rural counties and Native American reservations. This is critical for NewVue. While our small poor cities and poorer communities suffer, the region as a whole masks some of these inequalities.

Sincerely,

A handwritten signature in black ink, appearing to read "Marc Dohan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Marc Dohan