

February 15, 2020

RE: Notice of Proposed Rulemaking, Community Reinvestment Act Regulations, Docket Number R-1723, RIN Number 7100-AF94

To Whom it May Concern:

The Healthcare Anchor Network (HAN) supports the Federal Reserve's Advanced Notice of Proposed Rulemaking (ANPR) on the Community Reinvestment Act (CRA). We believe that the proposed changes to the CRA regulations outlined in the ANPR by the Federal Reserve Board will build upon and enhance the current CRA regulations.

HAN is a national collaboration of over 50 leading hospitals and healthcare systems in 49 states and Washington, DC that together employ more than 1.5 million people, purchase over \$50 billion annually, and have over \$100 billion in investment assets. HAN health system members focus on building more inclusive and sustainable local economies and see their roles as locally rooted institutions committed to their communities' long-term well-being. They also understand that hospitals and health systems are critical partners in addressing equitable economic development including housing insecurity because good health requires that all of us live in homes that we can afford.

A stable place to live supports the health of all people throughout the course of their lives and creates thriving communities. The pandemic and economic crises we face has made the housing and health connection even more apparent. People need a home to be able to maintain their health and safety. HAN members are collaborating with community-based organizations (CBOs) in their neighborhoods to invest in upstream projects that enhance the social determinants of health for our most vulnerable community members. These groups look to CRA credit as added incentive to collaboration. Strengthening the CRA offers the potential for greater collaboration between health systems, CBOs, and banks to invest in and create healthy communities.

HAN appreciates that the Federal Reserve Board ANPR proposal for CRA modernization maintains the focus on lower income communities and communities of color. We also support the Board's proposal to build upon the existing CRA exam structure of separate tests for retail and community development activity. Separate tests are needed to ensure banks are responding adequately to the variety of local needs. We appreciate the Board exploring how to create assessment areas, geographical areas on CRA exams that receive ratings, that will capture lending and deposit-taking activity outside of branch networks.

In addition, we applaud the Board's proposals to improve the publicly available CRA data. In particular, community development activities will be increased if banks are held accountable via publicly available data. This data would reveal how many loans and investments banks are making in the various categories of community development compared to their peers.

To best promote health, we need affordable housing, education and training, family-supporting jobs, nutritious food, accessible transportation, and a strong economy. A strengthened CRA is needed to encourage banks to make loans and investments for affordable housing, community facilities, and local small businesses.

HAN also believes that community wealth building (CWB) is key to ensuring long-term community well-being. Because of this, we urge that CWB models be added to the CRA criteria and to the definition of community development. CWB is a systems approach to economic development that creates an inclusive, sustainable economy built on locally rooted and broadly held ownership. CWB calls for developing place-based assets of many kinds, working collaboratively, tapping large sources of demand, and fostering economic institutions and ecosystems of support for enterprises rooted in community.

One example is the manufactured housing community of Pasadena Trails in Texas, which organized itself to buy their neighborhood's land and turned it into a resident-owned community (ROC). Manufactured homes are one of the most affordable homeownership options. By buying the land, they were able to make collective decisions to make their neighborhood more livable, democratically elect the Board of Directors, and have a say in the annual budget, including whether there will be changes to the rent. There are more than 250 ROCs across the country. The

Board should consider implementing higher CRA impact scores for CWB approaches like ROCs and community land trusts.

While we appreciate the Federal Reserve's overall approach, we are concerned that the Board must ensure its tests and performance measures do not end up replicating the high pass rates and ratings that banks currently receive and that do not reveal many distinctions in performance. Banks will be encouraged to increase their loans and investments in neighborhoods only if the final regulation produces rigorous exams.

As leaders in patient care and public health professionals, HAN member systems are committed to promoting inclusive healthy communities for people with disabilities, which includes advancing economic security for this population. The Board states that any unfair, deceptive or abusive acts or practices could have a negative impact on the retail services test conclusion. HAN joins the National Community Reinvestment Coalition (NCRC) in urging the Board to add that discriminatory practices would have this impact as well. The Board should stress that compliance with the Americans with Disabilities Act (ADA) be an important factor. Depending on the severity of the violations, the Board should state that the final rating could also be impacted.

In addition, we urge that compliance with the ADA be an explicit part of the fair lending test. We agree with the Board that violations of the Military Lending Act, the Servicemembers Civil Relief Act and UDAAP be added as considerations when the Board is conducting fair lending reviews and weighing the results of those reviews when determining CRA ratings. A bank is not serving credit needs in a responsible manner when it violates these laws. In addition, we join NCRC in urging the Board to add violations of the ADA to the list of statutes influencing fair lending reviews. Customers with disabilities need to be fully protected and have unfettered access to banking. This includes not only physical access to branches but also ease of use regarding websites and mobile banking.

Lastly, the Federal Reserve Board's ANPR follows a final CRA rule issued in May 2020 by the Office of the Comptroller of the Currency (OCC). HAN submitted public comments to the OCC's ANPR. We continue to be concerned that the OCC's rule would decrease lending, investment, and services in low- and moderate-income (LMI) communities by over-simplifying performance

measures on CRA exams and broadening what counts on CRA to include activities that either partially or tangentially benefit LMI communities, including infrastructure like major bridges that may not be in or near LMI communities. We believe that this Board proposal serves as an important starting point for an interagency rulemaking that will strengthen the CRA and take an important step towards more financially resilient communities and an equitable recovery.

Housing, health, and racial equity are inextricably linked. Today's housing crisis does disproportionate harm to people of color. NCRC recently released a major report finding statistically significant correlations between redlining and susceptibility to COVID. Most deeply poor renters paying more than half of their income for rent and utilities are people of color, the result of decades of discrimination and disinvestment.

HAN urges that the Federal Reserve proposal be strengthened to increase lending to people of color and investment in communities of color to combat historical and present-day discrimination and to help our communities recover from depression-like conditions caused by the pandemic. Although the Board recognizes racial inequities in its ANPR, its proposed remedies of considering underserved areas on exams and encouraging more financing to minority depository institutions are not of a large enough scale to address systemic inequities. To help address the systemic impacts of racism the Board should embed increasing access to credit to communities of color into the CRA exam and subtests.

Thank you for providing this opportunity for HAN to comment on this critical rulemaking.

Sincerely,



David Zuckerman
Executive Director