



February 15th, 2021

Dear Federal Reserve's Reviewers for the Advance Notice of Proposed Rulemaking on the Community Reinvestment Act
RE: Docket Number R-1723 and RIN Number 7100-AF94

Hello, I am writing in regards to the Advance Notice of Proposed Rulemaking (ANPR) on the Community Reinvestment Act (CRA), Docket Number R-1723 and RIN Number 7100-AF94. Community Frameworks is a nonprofit organization based in Washington State, whose mission is to create affordable housing as a catalyst to help communities thrive. The CRA has been invaluable in supporting communities nationwide, as well as in the communities we serve in the Pacific Northwest. For example, in FY19 Community Frameworks provided counseling and education services to 260 homebuyers (107 of whom became homeowners); developed 133 rental homes; catalyzed over \$80.7MM in community investment; and helped create 74 jobs.

Community Frameworks has directly seen the impact of the COVID-19 Pandemic on residents living in its rental apartment buildings, where there has been over \$126,000 in uncollected rent payments since the start of the Pandemic. Community Frameworks' staff, board, and partners continue to work tirelessly to mitigate the impact and help the people hit hardest get caught up with back rent because we know housing stability is one of the best ways to achieve better health and education outcomes, and in turn create more resilient neighborhoods. CRA is a key tool in achieving housing stability for the most vulnerable.

While we appreciate the direction the Federal Reserve (Fed) has taken in its ANPR, we feel it could be further strengthened to target assistance to communities most in need in the aftermath of the COVID-19 Pandemic. We urge the Fed to avoid CRA ratings inflation, as this will not help communities devastated by COVID-19. Since the start of the pandemic, there has been a strong correlation between previously redlined communities and susceptibility to COVID-19, and about 41% of African American businesses have been closed compared to just 17% of White-owned small businesses (National Community Reinvestment Coalition & National Geographic). We encourage CRA exams to include racial and ethnic demographic data in performance context analysis and require banks to include communities of color in their geographic assessment areas.

Similarly, we encourage CRA exams to consider the depth of affordability when assigning impact scores. Perhaps this could include giving higher cores to projects serving renters at lower income tiers, as well as giving weight to shared-equity models of homeownership that create opportunities to reach lower income levels and achieve longer-term affordability.

We are concerned by the Fed's proposal to reduce the number of ratings on a state level and on subtests from five to four. We believe a five ratings system must be retained to reveal more distinctions in performance and motivate banks to be more responsive to COVID-19 recovery needs. We support the proposal to eliminate distinctions in the rigor of examination among assessment areas that previously resulted in banks neglecting smaller cities, rural counties and Native American reservations. The spirit of CRA is to target investment in underserved communities, which are often smaller jurisdictions.

Lastly, we do not support expanding financial education to any income level, since low-to-moderate income (LMI) consumers and people of color are most likely to be unbanked or underbanked as revealed by surveys conducted by the Federal Deposit Insurance Corporation (FDIC). We support expanding into population subgroups, such as people of color, people with disabilities, or older adults to better target the need.

Once again, we appreciate this ANPR as a great start and hope you will consider further strengthening it to mitigate the impact of the COVID-19 Pandemic on the hardest hit communities.

Sincerely,

Deborah Elzinga
President & CEO
Community Frameworks

