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November 13, 2018

OCC, Ms. Vonda J. Eanes  
Director for CRA and Fair Lending Policy Compliance  
Office of the Comptroller of the Currency  
400 7th Street SW, Washington, DC 20219

**RE: Docket ID OCC-2018-0008**

Dear Ms Eanes,

On behalf of the Housing Development Consortium, thank you for this opportunity to comment on increasing lending and services to low-and moderate-income communities; clarifying and expanding the types of CRA-eligible activities; defining assessment areas; making CRA evaluation more transparent; improving the timeliness of CRA regulations; and reducing the regulatory burden of CRA performance evaluations.

HDC is a nonprofit membership organization consisting of more than 170 nonprofit developers, private businesses and public partners who are working to produce or preserve affordable housing in King County. Our members are dedicated to the vision that all people should live with dignity in a safe, healthy and affordable home within communities of opportunity. CRA has been a program of value to our members in achieving this vision. We write to express our deep concern with the Advance Notice of Proposed Rulemaking (ANPR) regarding the CRA. The ANPR opens the door to proposals that would undermine the original intent of the CRA – to better meet the credit needs of low- and moderate-income people and communities. We call on the OCC to withdraw the ANPR and to engage collaboratively with stakeholders to develop a process that will amplify the impact of CRA for those it was intended to benefit, rather than lowering the bar for banks in meeting their statutory obligation.

**Metrics-Based Assessments – Including the “Simple Ratio”**

As you consider establishing a metrics-based framework for evaluating a bank’s CRA performance, we believe that the proposed “simple ratio” test could have significant implications on the amount and type of investment in affordable housing and community development programs. We are concerned that if banks are provided with an exact threshold, they may be less likely to engage in innovative activities or go beyond what is necessary to meet their CRA requirements. We encourage you to provide greater transparency in innovative ways that both allow regulators to better track the impact and effectiveness of the CRA going forward without slowing down performance.

**Housing Development Consortium  
of Seattle-King County**

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We are aware of the intent to combine the ratio test with providing additional weight to certain categories of activities; asking whether a \$1 loan product should count as \$1 in the aggregate, while a \$1 community development equity investment counts as \$2 in the aggregate. We are concerned that total community development equity investments would ultimately be reduced by this combination. This includes effects on investments in the Housing Credit, New Markets Tax Credit, and other affordable housing and community development incentives that have been key mechanism in helping the production of housing for many low- and moderate-income people in our communities.

#### **Defining Assessment Areas**

Since the inception of the CRA more than 40 years ago technological advances have significantly changed banking operations, shifting the focus from physical bank branches to increasingly online-based services. Yet, to date CRA investments are still evaluated based on a bank's geographic area. This current regulation has been limiting or restricting investments in some areas of need that do not currently qualify for CRA credit. It is important that you consider ways that banks could expand their assessment areas beyond their brick-and-mortar branch and deposit-taking ATM footprint. This could allow banks to receive CRA credit in areas where they are engaging in CRA-qualifying activities but that do not fall within their assessment area.

#### **Qualified CRA Activities**

As HDC, we would also like to see provision of increased certainty and clarity on CRA-eligible activities and investments. Regulators can provide greater clarity on CRA eligible activities by publishing a best practice guide that is informed by community and consumer serving organizations and obtaining public input on past CRA activities that have received credit and resulted in significant impact for LMI people and communities. The guide must include specific standards, such as a better definition of "community and economic development," and specific standards for determining which activities qualify, to offset the current confusion expressed to you and known to us through our members about which investments qualify for CRA credit.

A strong CRA works to ensure that our economy is healthy, inclusive and equitable. Revisions to CRA regulations must put the credit needs of low- and moderate-income people and communities first. This ANPR lacks a greater focus on the people that CRA is intended to benefit therefore we call on the OCC to withdraw the ANPR and engage in a credible and collaborative process to truly strengthen the CRA in a way that continues to prioritize and address the credit needs of low- and moderate-income people.

Best Regards,

Marty Kooistra  
Executive Director

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