

June 22, 2020

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, DC 20515

Dear Speaker Pelosi:

I am writing on behalf of the National Housing Conference (NHC) to express our strong support for H. J. Res. 90, the Congressional Review Act resolution of disapproval of the Community Reinvestment Act (CRA) final rule.

The Office of the Comptroller of the Currency (OCC) has issued its final CRA rule just six weeks after the end of the comment period on the Notice of Proposed Rulemaking (NPR) and amid the worst health and economic crisis of our lifetimes. Implementation of this rule poses a material threat to our recovery from the COVID-19 recession and undercuts the purpose and intent of CRA, harming underserved communities throughout the nation.

As NHC stated in its [formal comment letter](#) on the CRA NPR on April 8, “we have no idea how severely the pandemic will impact our economy, the financial system and communities throughout the nation. Committing resources to regulatory initiatives that do not directly support our national response to the COVID-19 pandemic is a dangerous distraction.” On April 27, [NHC joined 14 other major national organizations](#), including the National Association of REALTORS® and the National League of Cities, to urge regulators to refrain from “committing resources to regulatory initiatives that do not directly support our national response to the COVID-19 pandemic.”

Notably, the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve Board refused to join the OCC on this ill-timed decision. As FDIC Chairman Jelena McWilliams noted in her [March 19, 2020 letter to the Financial Accounting Standards Board](#), financial institutions “will face unique difficulties over the coming weeks and months to adequately staff customer-facing functions; ensure that deposit, loan, and IT systems operate normally; help borrowers that are experiencing unanticipated cash flow difficulties; and address the earnings and capital implications of near zero percent interest rates and a potential surge in borrowers who are unable to meet contractual payment terms.” We could not agree more.

CRA modernization is a once-in-a-generation opportunity. There is much to improve, as the law and most recent regulations were written before the proliferation of interstate banking, internet banking and the revitalization of America’s cities; the latter being the opposite trend of one of the two major reasons for CRA’s adoption – urban disinvestment – as well as the stubborn persistence of redlining and its legacy impact. Instead, the OCC has pursued an entirely new system that will gut CRA’s effectiveness for years and undercut broader efforts to address the very issues that Congress attempted to solve in 1977, and still struggles with today.

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The OCC's rule has received nearly universal condemnation. Using its ratio-driven approach, banks will be powerfully incented to make only the largest investments in communities that need it the least, and may also fuel the displacement of those people who need it the most. This rule eliminates the fundamental value of CRA, which at its best, levels the playing field between large, highly profitable investments, and the harder and smaller but still profitable deals that often have disproportionately positive impact on communities; and are by their nature, harder to get an allocation of capital from a bank that we want to be governed by a culture that focuses on a risk-weighted return.

CRA modernization is long overdue and needs to be done so banks and communities get the clarity and flexibility they need to ensure it has the maximum positive impact. But no modernization effort is worth gutting the central purpose of CRA – constructive reinvestment in the communities that need it most. Consequently, the National Housing Conference strongly supports H. J. Res. 90 and hope that once this unprecedented national crisis is behind us, we can all work together to fully realize the purpose and intent of CRA.

Sincerely,

A handwritten signature in cursive script that reads "David M. Dworkin".

David M. Dworkin
President and CEO

cc: The Honorable Maxine Waters, Chairwoman, Committee on Financial Services
The Honorable Gregory Meeks, Chairman, Subcommittee on Consumer Protections &
Financial Institutions