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Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, DC 20219

Submitted via https://www.regulations.gov/

RE: Docket ID OCC-2018-0008
Community Reinvestment Act Regulations

Vitalyst Health Foundation appreciates the opportunity to comment on the Office of the Comptroller of the Currency's Notice of Proposed Rulemaking regarding the Community Reinvestment Act (CRA). CRA has leveraged significant amounts of loans and investments for low- and moderate-income communities. These loans and investments have proven to be crucial to the health and well-being of the impacted communities.

Vitalyst Health Foundation is an Arizona-based independent, non-partisan public foundation with a mission to connect, support and inform efforts to improve the health of individuals and communities in Arizona. Over our 24-year history, Vitalyst has invested more than $100 million in Arizona and has dedicated itself to supporting key health initiatives ranging from statewide health policy to local development of community food hubs and gardens. Our success is based around five overarching goals: (1) increasing access to affordable, quality care and insurance coverage; (2) working with leaders to create healthy communities; (3) building capacity within community-based organizations; (4) promoting health, health care innovations and collaborations; and (5) increasing civic health for inclusive decision making.

CRA focuses on places and people that often overlap with communities that suffer from poor health outcomes. CRA investments help finance community assets that support the health of people and places—including such critical health infrastructure as housing, wealth building opportunities, healthy food retailers and employment opportunities. Access to fairly-priced credit drastically impacts health, and we believe that the CRA finances the basic building blocks of a healthy community.

As a funder of healthy community investments, we are concerned about how the draft changes will impact health outcomes. We also suggest several concepts that should be considered during any CRA modernization efforts.

Incentivizing Banks to Invest in Low- and Moderate-Income Communities

We are concerned that the proposed rule change of multiplying CRA credit when a bank participates in activities that benefit low- and moderate-income individuals will have unintended consequences. While the intent of this would be for banks to have greater incentive to contribute to low- and moderate-income communities, it is likely that, instead, they will be conducting the same activities, just at half the dollar amount. To keep true to the primary goal of the CRA, we believe it is necessary to maximize incentives to invest in our low- and moderate-income communities. Given this, we recommend that the CRA established a clear CRA grading system that emphasizes fair lending and responsible loan products for low- and moderate income individuals and families.

Focus on Low-Income Communities and Communities of Color

CRA was born out of lending practices that were based upon racialized and biased beliefs. The impact of these institutional practices can be seen today. Currently the median household income of the non-hispanic white population is $70,642, while for African Americans it is $41,361, a nearly $30,000 per year gap. Due to the measurable inter-generational impact of these lending practices, we believe CRA must continue to be focused on low- and moderate-income communities. While communities of color are not specifically named as a focus for CRA, these communities are disproportionately impacted by CRA investments. Therefore, we suggest new language be implemented within the CRA that explicitly states an obligation to serve all races and ethnicities fairly.

Physical Locations Are Still Important

While the movement toward online banking has been significant, traditional bank branches play a critical role in creating and strengthening the relationships between banks and low-income communities and communities of color. According to Reuters, over 60 percent of Americans prefer to open a new checking account at a bank branch rather than online. Physical bank branches play an integral part in serving customers in the communities in which they are located. CRA must continue to emphasize the need for physical bank branches.

Impact of Assessment Area Delineation

While it is important to clarify to banks what areas qualify for CRA credit, we believe that the proposed criteria are not reflective of the true purpose of the CRA. According to the proposed rule, when 5% or more of a bank's assets come from a specific zip code, an assessment area is created. However, to pass the CRA exam, a bank would only need to pass in half of its assessment areas. We believe this would dilute the CRA's ability to properly incentivize banks to invest in low- and moderate-income communities. Therefore, we recommend that banks be graded on every geography where they lend or receive a large percentage of their deposits.

Thank you again for the opportunity to provide comments on the proposed rule changes. Vitalyst Health Foundation is available to provide further information of how CRA impacts health outcomes, ultimately resulting in healthier people and places.

Sincerely,

Suzanne Pfister

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President and CEO
Vitalyst Health Foundation