EBHO

EAST BAY HOUSING ORGANIZATIONS
538 NINTH STREET, SUITE 200, OAKLAND, CA 94607, TELEPHONE: (510) 663-3830

August 31, 2010

Jennifer J Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

RE: Docket ID OCC-2010-0011, R-1386, RIN 3064-AD60

Dear Ms. Johnson:

The following are the comments of East Bay Housing Organizations (EBHO) on the agencies' hearings to review aspects of Community Reinvestment Act (CRA) regulations and how the agencies should revise them to better serve the goals of CRA and the needs of under-served communities. These revisions are particularly important because of the current lack of bank response to the needs of low-income communities and communities of color.

East Bay Housing Organizations (EBHO), a 26-year old non-profit membership organization, is the leading affordable housing advocacy coalition in the East Bay working throughout Alameda and Contra Costa Counties, and is based in Oakland. EBHO's mission is to preserve, protect and expand affordable housing opportunities for the lowest income communities through education, advocacy, organizing and coalition building. EBHO's membership includes more than 250 organizations and community leaders advocating for affordable housing development and favorable housing policies at the local and regional level. EBHO's broad-based membership includes non-profit affordable housing developers, architects, planners, contractors, homeless and housing advocates, service providers, fair housing agencies, tenant advocates, community and interfaith organizations and activists, clergy and congregations, labor unions, environmental organizations, lending institutions, intermediaries and policy organizations, and city and county agencies and staff.

The Community Reinvestment Act has promoted fair and equitable access to financial services for more than three decades. CRA has meant sound products were offered to under-served communities and people as a result of interaction promoted by the CRA.

The regulatory agencies need to look carefully at the following key issues in concert with the CRA Hearings:

- Geographic Coverage: CRA activity should include geographies where a bank, particularly a bank with one or few branches, does significant lending, investment and deposit that are outside branch locations. Banks should be held responsible for CRA activity in non-metropolitan and rural areas not just major metropolitan areas.

- CRA Performance: Bank products should fit the needs of low-income people and people of color not just the middle class. Bank activity should be proportional to the population in low-income neighborhoods and neighborhoods of color relative to other communities.
- Affiliate Activities: All components of the financial corporation should be examined by the regulatory agencies for their CRA and banking activity. In the past, predatory practices have taken place in affiliates not examined by federal regulators.
- Small Business Data: Data should also be collected separately on smaller businesses earning <$500,000 in annual revenue. Data should also be collected separately on lending to minority-owned and women-owned businesses including to the business districts where such businesses predominate.
- Community Development: Banks should not get credit for loans for the development of multifamily housing unless the housing has long-term restrictions to serve low and very low income tenants. Banks should get extra credit for lending to, investing in, or providing services to non-profit developers, CDFI lenders and other mission-driven organizations.

  Financial institutions should have appropriate incentives to make loans and investments that can create qualitative community value and meet community needs.

East Bay Housing Organizations looks forward to the implementation of these revisions to the regulations this year.

Sincerely,

Amie Fishman