

October 29, 2021

Chief Counsel's Office
Attention: Comment Processing
Office of the Comptroller of the Currency
400 7th Street, SW, Suite 3E-218
Washington, DC 20219

Re: Docket ID OCC-2021-0014 (Community Reinvestment Act Regulations)

To Whom It May Concern:

The U.S. Impact Investing Alliance (“the Alliance”) is pleased to write in support of the Office of the Comptroller of the Currency’s (“OCC”) proposal to rescind the Community Reinvestment Act (“CRA”) rule issued in June 2020 that would have significantly weakened the policy.¹

We applaud the OCC’s leadership in this decision, which lays the groundwork for an aligned, strengthened and modernized framework by the three regulating agencies – the OCC, Federal Deposit Insurance Corporation (“FDIC”) and Federal Reserve System (“Federal Reserve”).

For context, the Alliance is committed to catalyzing the growth of impact investing. Members of our boards and councils include individual and institutional investors collectively owning hundreds of billions of dollars of invested assets, in addition to asset and fund managers collectively managing over one trillion dollars in assets.

The Alliance engages with federal policymakers to promote an enabling public policy environment for the work of impact investors seeking to drive positive social, economic and environmental outcomes in communities across the United States. We have long been supportive of federal policies that incentivize and leverage private capital for public good, particularly in historically underinvested communities, such as low-and-moderate income (“LMI”) and communities of color.

The CRA is essential to the place-based work of impact investors who often invest alongside CRA-motivated institutions to promote local economic development. We acknowledge that the CRA should be modernized to keep pace with the changing banking sector, and it should be strengthened to better target its impact. Unfortunately, the OCC’s June 2020 rule – if left to stand – would significantly weaken this landmark policy. Furthermore, the FDIC and Federal Reserve declined to sign on to that rulemaking, resulting in divergent regulations, which would ultimately lead to confusion among stakeholders.

The Alliance strongly supports the OCC’s decision to align its efforts with that of the Federal Reserve, which put forth an ANPR in October 2020.² The Alliance submitted comments³ in support of the Federal Reserve’s ANPR, calling on regulators to pursue three main goals:

1. **Reaffirm the CRA’s historical roots to address racial disparities:** The CRA was enacted in part to counteract decades of redlining – or deliberate disinvestment from primarily Black

¹ OCC, RIN-1557-AE34

² 85 FR 66410

³ [U.S. Impact Investing Alliance Comments in Response to 85 FR 66410.](#)

neighborhoods. As policymakers make necessary changes to the regulatory framework, they should consider how to more directly address racial disparities in access to credit.

2. **Broadly incentivize investments in community lenders:** One of the primary sources of capital for community development financial institutions (“CDFI”) and minority depository institutions (“MDI”) – mission-driven community lenders – is CRA-motivated investment capital from banks. Regulators should leverage this opportunity to increase the flow of capital to these institutions that provide vital resources and services to underserved and LMI communities.
3. **Encourage banks to employ catalytic investment capital⁴:** Clarifying that banks can receive CRA credit for catalytic investments that primarily benefit LMI communities could incentivize more impactful investments that banks might otherwise avoid due to the higher cost, subordinated position or patient nature. This would ultimately serve to better align the community development efforts of financial institutions, philanthropies, impact investors and others.

In addition to the three main recommendations outlined above, the Alliance also encourages regulators to consider the potential expansion of CRA coverage to cover a wider range of non-bank lenders. While this may have legislative implications beyond the purview of regulators, we encourage thoughtful consideration of this possibility in the creation of new regulations.

The Alliance was also generally supportive of the June 2020 rule’s efforts to strengthen data collection and reporting, as well as the intention to provide greater clarity as to the definition of qualifying activities.⁵ Both objectives should be maintained in future CRA modernization efforts, but to the latter objective, consideration should be given as to whether the proposed “Illustrative List of Qualifying Activities” is the most effective means of doing so, or if a principles-based approach or other method might be more effective. In either case, clarification of qualifying activities should be seen as an opportunity to also ensure that CRA-motivated investments are interoperable with other community investment policies – such as Opportunity Zones.

As communities work to rebuild following the COVID-19 pandemic and related crises, policymakers must seize upon this opportunity to help strengthen one of our most important tools for community revitalization. We applaud the OCC’s decision to rescind the harmful regulations finalized in the prior administration, setting the stage for interagency alignment around a strengthened and modernized CRA. Thank you for the opportunity to provide comment. We look forward to continued engagement throughout the rulemaking process on this topic.

Sincerely,



Fran Seegull,
President, U.S. Impact Investing Alliance

⁴ Based on a proposal put forth by the Sorenson Impact Center: Janis Dubno, Kyra Clarke and Allison Nicholson, “[Unlocking Catalytic Capital: Community Reinvestment Act \(CRA\)](#),” 2020.

⁵ [U.S. Impact Investing Alliance Comments in Response to OCC, RIN-1557-AE34](#)