April 8, 2020

The Honorable Joseph Otting  
Comptroller of the Currency  
Office of the Comptroller of the Currency  
400 7th Street, SW  
Washington, DC  20219

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

Dear Comptroller Otting:

AARP, on behalf of our nearly 38 million members and all older Americans nationwide, appreciates the opportunity to provide comments on the joint Notice of Proposed Rulemaking (NPRM) regarding the Community Reinvestment Act (CRA) by the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation (the Agencies).

AARP urges that any revised CRA regulations preserve and promote the following objectives of particular concern to older Americans:

1) Provide credit for the development of innovative housing types dispersed throughout the community to enable older homeowners to relocate to more suitably-sized, affordable housing with access to transportation;

2) Offer affordable financing for older individuals to make necessary alterations to their homes and to cope with the costs of home maintenance;

3) Offer protections to residents of low-moderate-income (“LMI”) communities who face displacement as older neighborhoods are redeveloped;

4) Ensure that older adults continue to have access to conveniently located local bank branches serving their needs; and,

5) Encourage flexible servicing practices for vulnerable older borrowers, particularly in light of COVID-19 and related economic distress.
With respect to all these goals, AARP urges that the Agencies ensure that the CRA regulations prioritize banks’ basic obligation to meet “the credit needs of its entire community, including low- and moderate-income neighborhoods”\(^1\) over the goal of adopting simpler compliance metrics.

**CRA Should Help Transform Communities with Aging Infrastructure, Buildings, and Populations into Vibrant Places to Live and Work**

As evaluated by AARP’s award-winning Livability Index, many communities lack key livability features.\(^2\) This is an increasingly urgent problem, given the importance of housing and mobility to an aging American population. Approximately 45 million Americans are now age 65 or older. By 2030, this number will increase to 73 million – or one in five – Americans. Within five additional years, the American population is projected to have greater numbers of older people than children for the first time ever.\(^3\) By 2038, households age 80 and over will number 17.5 million and account for 12 percent of all households.\(^4\)

This means housing and mobility needs will dramatically change in the coming decades. Well-designed, age-friendly communities foster economic growth and enhance the well-being and physical health of residents of all ages. Banks should engage in activities that meet the needs of local communities to provide a variety of affordable and adaptable housing options dispersed throughout the community. These activities should support convenient transportation options for older individuals who may no longer drive; enhance walkable access to essential goods, services, and healthcare; and encourage opportunities for social connectedness and community engagement.

AARP’s Livable Community Initiative offers a model for accomplishing these goals. Local leaders, some local banks, and others have engaged in a continuing process of assessing community needs and then planning, implementing, and evaluating long-term and short-term goals and investments. AARP urges the Agencies to encourage banking institutions to similarly engage in enduring partnerships with local stakeholders to understand and address the housing and credit needs of local communities, particularly lower- and moderate-income individuals living in LMI neighborhoods.\(^5\)

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5. Id. at 11 (“Providing the types of housing and neighborhoods needed by an aging population depends on concerted action by both the public and private sector . . . the time for more comprehensive, innovative policies—in the design, financing, construction, and regulation of housing, in urban planning and design, and in the provision of community services—is now. The quality of life and wellbeing of a third of US households depend on it.”)
The Need for Suitable Housing, Transportation Links, and Access to Funds for Maintaining and Repairing Homes

The agency’s list of eligible activities should include support for the development of housing options that are affordable, adaptable, and better suit the needs of aging homeowners. As people age, they increasingly live alone, have lower incomes, drive less, and are at greater risk of developing physical and mental impairments and health conditions for which they need supports, services, and accessible housing features to enable them to remain in their communities.

One effect of this pervasive shortage of affordable housing is that it sustains rents at high rates that disproportionately burden older renters. Older homeowners also experience high cost burdens. A high percentage of older households continue to reside in the aging homes in which they raised their families. These homes are now over 40 years old, too large for their needs, and difficult and expensive to maintain. Lack of financial resources forces them to defer maintenance, weatherization, and necessary repairs, which in turn lowers their home’s equity and further increases their housing cost burdens. In turn, this also subjects owners to potentially costly future financial shocks such as a plumbing emergency or roof repair. The lack of affordable housing options limits opportunities for older people to move to more suitably sized housing that has universally designed features and provides better access to the goods and services they need to live independently.

Financing support for transportation will also be key. Many older individuals live in low-density neighborhoods without convenient transportation options. When older individuals no longer drive, they may find it extremely difficult to access needed goods and services, and may become socially isolated. Serving the healthcare needs of older individuals living in low-density

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7 High housing cost burdens can result in hunger and food insecurity, reducing consumption of needed medications and other health care treatment, inadequate and unhealthy levels of heating and cooling, and utility shut offs. Housing America’s Older Adults 2019, supra, at 9.

8 One measure of excessive cost burden is paying over 30 percent of income on housing. In 2017, 72 percent of renters earning less than $15,000 were cost-burdened, as were 50% of making between $30,000 and $44,999. Among owners age 65 and over, 79 percent of households with incomes under $15,000, 45 percent of homeowners earning $15,000–29,999, and 14 percent of owners with incomes of at least $30,000 were cost burdened. Id. at 8-9.

9 Id. at 2 (“Of the 24 million homeowners age 65 and over, fully 80 percent lived in detached single-family units in 2017. The majority of these homes are now at least 40 years old and therefore may present maintenance challenges for their owners.”).

10 Id. at 3-4. (“Nearly a third of households age 65 and over lived in low-density communities in 2017, and their numbers have been rising rapidly. Indeed, the number of retirement-age households residing in the least-dense third of metro areas jumped 61 percent from 2000 to 2017, to 9.0 million.”).

11 UCLA Lewis Center for Regional Policy Studies, Bolstering Mobility And Enhancing Transportation Options For Low-Income Older Adults iv, http://www.lewis.ucla.edu/wp-content/uploads/sites/17/2018/10/UCLALewisCenter_AARP_2018.pdf (“Limited mobility negatively affects social relationships among older adults by reducing opportunities to socialize and often by forcing them to rely on others for assistance in order to reach important destinations.”).
neighborhoods can be more expensive, as providers must also rely on private transportation.\textsuperscript{12} This can result in fewer available services. Whether the answer for any particular community is to pursue transit-oriented development, build new transportation systems, or locate grocery stores, banks, and other services within walking distance to housing, banks should be engaged at the local community level to better understand specific community needs and find solutions.

**Banks Receiving CRA Credit for Community Development, Infrastructure, and Redevelopment Projects Should Be Required to Protect Long-Term Residents from Displacement**

AARP urges the Agencies to encourage financial institutions to wield their influence over large-scale community development, redevelopment, and infrastructure projects in a manner that protects the residents who face displacement. For displaced persons, particularly those in the lower income quintiles, affordable housing options may not be available nearby, forcing them to seek housing in distant neighborhoods and communities, or even out of state. In these new and unfamiliar locales, they confront the challenges presented by a lack of social support, employment, and a personal healthcare provider. Displaced low-income individuals may face homelessness if they cannot afford relocation costs or be trapped in substandard and/or overcrowded dwellings. Displacement is also a cause of older residents unnecessarily being placed in nursing facilities.

The burdens of displacement regularly have a racially disparate effect. The risk of discriminatory displacement is especially acute in the communities where \textit{de jure} and \textit{de facto} segregation policies, including “redlining,” persisted until the Fair Housing Act was enacted in 1968.\textsuperscript{13} Historically redlined neighborhoods have been continuously starved of credit and other wealth-building resources, leaving them saddled with an abundance of deteriorated buildings and infrastructure, obsolete and abandoned housing, inadequate transportation, environmental hazards, and other intractable problems. Such conditions artificially depress land values for large tracts of land in LMI neighborhoods, making them prime targets for eminent domain and redevelopment, and as sites for transportation facilities, sports stadiums, hospitals, amusement parks, and the like.

Financial institutions have the potential to intervene at numerous points in the redevelopment process, including making provision to ensure that former owners and residents will be able to participate in the redeveloped community and experience its economic benefits. For example, banks may be able to prevent displacement from the community by brokering deals that allow displaced residents to occupy one of the newly developed housing units.\textsuperscript{14}

\textsuperscript{12} \textit{Id.} at 4 (“To reach these households, healthcare workers and other service providers must travel considerable distances and have few transportation options other than cars. In addition, primary healthcare providers are often in short supply in rural communities.”).


\textsuperscript{14} For example, in \textit{Mt. Holly Gardens Citizens in Action, Inc. v. Township of Mt. Holly}, 658 F.3d 375 (2011), AARP Foundation attorneys represented older tenants and homeowners who were being displaced as part of the town’s housing redevelopment project. Plaintiffs obtained a ruling from the Court of Appeals for the Third Circuit holding that the town had violated the Fair Housing Act. Eventually, the parties settled by offering the homeowners the opportunity to live in the newly developed housing and pay the same costs they had paid for the homes they formerly owned.
Older Customers Continue to Need Convenient Access to Banking Branches

Any revision of the CRA regulations must maintain a strong role for bank branches and in-person access to financial services in order to ensure that all older adults’ financial needs are adequately met. While older adults increasingly embrace technology, bank branches remain critical access points, as shown by the Federal Deposit Insurance Corporation’s own 2017 Survey of Unbanked and Underbanked Households. In this survey, more than two thirds of households headed by someone 50+ visited a bank teller at least five times over the previous year—and nearly half visited a teller ten or more times. For roughly 1 in 4 households headed by someone age 50 to 64, and nearly half (45 percent) of households headed by someone age 65 or older, bank tellers are the most frequent method used to access one’s bank account. While mobile banking usage—defined by the FDIC as accessing accounts through a cell phone—has grown significantly, only 34 percent of households age 50 to 64, and 13 percent of those age 65 and older, reported using these tools in the past year. Branches remain pillars of the community, providing benefits that are not limited to the 50+: more than two-thirds of survey respondents at every age used bank tellers at least once in the past year.15

Older Borrowers Require Flexible Servicing Practices, Particularly in Light of COVID-19 and Other Economic Shocks

Many older adults struggle to maintain a sound financial footing. Among families headed by someone age 45 to 64, 40 percent have no retirement accounts at all.16 Nearly 1.8 million households headed by someone age 50 or older took out a payday, auto title, or related loan product in 2017.17 Older borrowers have increasingly turned to high-cost loans in recent years.18 And at the median level of spending, the basic needs of housing, healthcare, food, clothing, and transportation take up close to 80 percent of family budgets for those age 65 and older.19 This leaves very little room for error or unexpected financial shocks.

Meanwhile, older Americans are also taking on the added burdens of paying off education loans not only for themselves, but also their children and grandchildren. “Over the past 15 years, student loan debt has more than tripled, from $455.2 billion in 2004 to $1.5 trillion as of

15 AARP tabulations of Federal Deposit Insurance Corporation 2017 Survey of Unbanked and Underbanked Households. It should also be noted that in 2017, 22 percent of U.S. households – approximately 28 million households in total – still did not use internet at home, citing either lack of interest or concern about price. This group included relatively high numbers of low-income households making less than $25,000 a year. National Telecommunications and Information Administration, Office of Policy Analysis and Development, Rafi Goldberg, Unplugged: NTIA Survey Finds Some Americans Still Avoid Home Internet Use (April 15, 2019), https://www.ntia.gov/blog/2019/unplugged-ntia-survey-finds-some-americans-still-avoid-home-internet-use.
17 AARP tabulations of Federal Deposit Insurance Corporation 2017 Survey of Unbanked and Underbanked Households.
December 2018 – and the increase has been greatest among older borrowers. People 50 and older account for 20 percent of the total student loan debt, or $289.5 billion. That’s a fivefold increase since 2004, and it reflects both a sharp rise in the number of families borrowing and the amount they borrow. Over the past three decades, the cost of attending a four-year college has more than doubled, even after adjusting for inflation, as state and local funding for higher education per student has decreased. Family incomes haven’t come close to matching that increase.\(^{20}\)

Ultimately, increasing student loan debt burdens are exacerbating the difficulties that LMI families have in meeting their daily needs, saving for retirement, buying homes, building wealth, and enabling economic mobility.

The recent outbreak of COVID-19 and its associated effects on health and the economy only challenge borrowers further. AARP is pleased to see the Agencies respond with calls for additional flexibility on the part of financial institutions, such as waiving fees and extending payment deadlines.\(^{21}\) AARP encourages the continuation and expansion of these efforts to ensure that economic shocks do not increase financial hardship and displacement for older Americans.

**Further Considerations**

AARP recognizes the potential benefit of the Agencies’ stated goals to “clarify which activities qualify for CRA credit; update where activities count for CRA credit; create a more objective method for measuring CRA performance; and provide for more transparent, consistent, and timely CRA-related data collection, recordkeeping, and reporting.”\(^{22}\) However, AARP strongly urges that the Agencies not weaken, for the sake of bright-line metrics, CRA’s fundamental directive that banks meet “the credit needs of [their] entire community, including low- and moderate-income neighborhoods.”\(^{23}\)

In this regard, AARP urges that the list of CRA-eligible activities be flexible enough to permit inclusion of innovative financial activities needed in specific communities. Restricting the list of CRA-eligible activities to standardized, traditional loan products may result in banks not adequately serving needs of lower-moderate-income and older borrowers and their neighborhoods. For example, where large percentages of borrowers are credit-constrained, banks should be expected to focus on activities designed to help borrowers improve their credit scores.\(^{24}\) Similarly, institutions working with community groups on age-friendly banking initiatives that serve the needs of LMI and older borrowers should be considered for credit even if not included on the regulatory list. Credit should be withheld where banks, despite supporting activities such as stadiums or office buildings that will revitalize a particular geography, fail to serve the needs of LMI individuals.

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\(^{22}\) 85 Federal Register 1204, 1206 (Jan. 9, 2020).


Finally, AARP views the Agencies’ accurate and fulsome reporting of banks’ CRA compliance as critically important. The Agencies are to “prepare a written evaluation of the institution’s record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods.” That report should contain the Agencies’ conclusions regarding each regulatory assessment factor, a discussion of the facts and data supporting such conclusions, and a statement describing an institution’s rating. 25 We ask that the Agencies assign high priority to this task, thereby incentivizing banks to avoid the reputational risk of CRA noncompliance.

Thank you for the opportunity to provide comments on this vital issue. If you have any questions or comments, please feel free to contact Debra Alvarez in our Government Affairs Department at (202) 434-3814 or dalvarez@aarp.org.

Sincerely,

David Certner
Legislative Counsel and Policy Director
Government Affairs

25 12 U.S.C §2906.