Habitat for Humanity® of Florida

March 5, 2020

Office of the Comptroller of the Currency (OCC)

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

To Whom It May Concern:

Habitat for Humanity of Florida appreciates the opportunity to share its perspective on how proposed changes to the Community Reinvestment Act (CRA) would impact access to homeownership, credit, and financial services for the lower-income families and communities we serve.

Habitat for Humanity affiliates in Florida build more homes than any other state. We have created 17,000+ new homeowners and provided affordable mortgages for each of them. "Affordable" means that the homeowner is paying less than 30% of their income for their housing costs. Typically, we write our own mortgages but we partner with banks who often provide services - including purchasing our loans, thereby making capital available to us more quickly than waiting for these mortgages to pay out over 30 years.

While we appreciate the need to modernize the CRA, we have strong concerns about several proposed changes, which would most likely impact local banks' incentive and ability to make these purchases. In particular, we would like to point out the proposed Single-Ratio Metric.

The proposed "single-ratio" metric for assessing CRA compliance raises significant concerns for Habitat. Under this proposal, a bank's lending, investment, and financial service performance would be assessed primarily by the overall dollar volume of CRA activities as a percentage of total bank deposits. This represents a significant shift away from the current practice of assessing the number of loans originated and evaluating performance based on the relationship of investment and lending activities to local credit needs. Emphasizing dollar volume, without regard to type of investments, will favor larger and easier loans at the expense of lower-value loans, such as mortgages used by lower-income homebuyers to purchase a home. This new assessment metric could also lead to large national banks focusing their activities in neighborhoods with higher property values given that mortgages in these areas would more quickly generate the volume needed to reach an adequate ratio of CRA activities to deposits. Accordingly, the proposed single-ratio metric could have a significantly negative impact on Habitat's ability to extend affordable homeownership opportunities to partner families, especially in under-served communities.

1150 Cleveland Street, Suite 301, Clearwater, Florida 33755 Phone 727-475-1363

Habitat is also concerned that the proposed single-ratio metric significantly reduces the importance of placing bank branches in low- and moderate-income communities. Currently, bank branch locations and local volunteering make up one-quarter of a bank's overall assessment score. The new, proposed single ratio metric applies a factor of .01 to local financial service performance, reducing bank presence and activities in LMI neighborhoods to a tiny factor in achieving a passing grade. By our calculations, a bank with a quarter of its branches currently in LMI communities that decides to close all of those branches would only reduce its ability to achieve a passing assessment grade by 4%. We believe this will likely lead to significant branch loss in LMI communities, a decrease in lending to small businesses if not also to local homebuyers, and more unbanked residents in LMI communities.

Habitat also objects to changing the rule to allow banks to receive a strong overall rating with a passing grade in only 51% of their assessment areas. This is deeply concerning, as it could mean that a bank could choose to ignore the credit needs of half of its assessment areas, and still receive an outstanding rating.

A similar concern is giving banks credit for CRA activity located outside of their "Assessment Areas." This change ignores the banks' performance in their assessment areas. We believe this will further enable and encourage banks to shop nationally for the largest possible deals in which to focus their CRA activities, at the expense of smaller loans and investments that are more responsive to local needs, including those of lower-income homebuyers.

We also do not believe in the logic of the following:

- Expanding CRA credit for athletic stadiums and bridges
- Relaxing the definition of affordable housing to include middle-income housing in high-cost areas
- Granting CRA credit to financial education services for middle- or high-income individuals;
- Eliminating neighborhood stabilization as part of the definition of community development;
- No longer requiring eligible activities to primarily benefit low- and moderate-income communities; and
- Assuming housing to be affordable if lower-income people can afford to pay the rent, even if it is not actually available or occupied by lower-income people.

The OCC, FDIC, and Federal Reserve's revised rulemaking should increase bank activity in underserved neighborhoods, not reduce incentives for banks to invest in distressed markets. Any changes to the CRA need to ensure continued availability of credit to all areas and all members of LMI communities, including lower-income homebuyers with smaller-dollar mortgages.

Thank you for your attention to these concerns.

Sincerely,

[redacted]

Barbara Beck, President/CEO

1150 Cleveland Street, Suite 301, Clearwater, Florida 33755 Phone 727-475-1363