April 8, 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 Omaha (Habitat Omaha) appreciates the opportunity to share our perspective on how proposed changes to the Community Reinvestment Act (CRA) as outlined in the OCC and FDIC's Notice of Proposed Rulemaking would impact access to homeownership and credit for lower-income families and communities. We have serious concerns about several of the proposed changes and are writing in support of protecting the CRA.

Habitat Omaha is a grassroots organization that builds and renovates houses, forges community partnerships and breaks down barriers. We develop vacant lots and eliminate abandoned homes in blighted areas of North and South Omaha, Nebraska. Habitat Omaha homebuyers have incomes that are 30-60% of the area median income and are required to complete up to 350 hours of sweat equity before purchasing their homes through 20-to-30-year affordable mortgages. Since 1984, we have partnered with more than 1,800 families and individuals.

Like many mid-sized urban areas, there is a great deal of investment in certain parts of our city and very little investment in other parts. The CRA has been a very powerful tool that rewards banks for maximizing their investment in communities in need. Through Habitat Omaha, I have worked in one such community for 20 years. From the outside, some would call it "distressed" but the reality is that there are real people, good people, trying to make a living and provide for their families. These people, our neighbors, need the same access to credit that people in other, often wealthier, parts of our community depend on.

More than 15 banks have been true partners to Habitat Omaha. Certainly, these banks are filled with good people who have big hearts, but ultimately most of them said that their support of Habitat Omaha was due to their need for CRA credits.

The CRA program's flexibility is its strength. Some may want more defined guidelines or specific rules for CRA credits, but that would be to the disadvantage of individual communities which are all so different with their unique strengths and needs. The beauty of a CRA conversation is that it starts with a bank listening to and learning the needs of the community. Through these conversations, banks and

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nonprofit developers can determine the best way to serve the community that aligns the bank's goals and values with the community's needs. The proposed changes would take away from these conversations turning the program into a "box to check" or a rule to determine the workaround.

Because of the CRA, Habitat Omaha has created a $7 million annual loan pool which is our current capacity. Our bank partners have committed to growing this pool with us. I fear that if there were to be a big change with the CRA, we would lose some of those valuable partners. Losing even a few of our bank partners would mean that we would have to decrease the number of families who we partner with as they work to become first-time homeowners and our investment in the community would be reduced.

The CRA does not create a hardship for banks; it creates an opportunity for banks to do what they do best, provide credit to people who need it. In all of our partnerships, Habitat Omaha takes the risk and finds the borrowers, so the bank and its employees have the benefit of doing a good deed, they get the reward of CRA credits, and all involved know that their investment is truly changing lives.

***Included is a photo album of all the families who bought houses from Habitat Omaha in 2019. These incredible families were able to become first-time homeowners because of our partnerships with the banks listed and because of the CRA.

If there were any changes made to the CRA, I would recommend including credit unions. It is the one complaint that I hear from our bank partners most often.

The Community Reinvestment Act was created in 1977 to ensure that banks meet the credit and banking needs of the entire communities in which they are located. While Habitat Omaha recognizes the need to modernize the CRA, any changes made to the Act must ensure that there remains a consistent and transparent system that meets the credit needs of low- and moderate-income people. Several proposed changes that threaten this core objective:

Proposed Single-Ratio Metric

The proposed "single-ratio" metric for assessing CRA compliance raises significant concerns for Habitat Omaha. 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

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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 Omaha's ability to extend affordable homeownership opportunities to families, especially in under-served communities.

Habitat Omaha 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.

Passing Grade Only Needed in 51% of Assessment Areas

Proposed changes to the CRA will 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.

Giving Banks Credit for CRA Activity Located Outside of their Assessment Areas

Habitat Omaha is concerned that the Proposed Rulemaking would allow credit for CRA activity outside of banks' assessment areas regardless of 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.

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Changes to Eligible Activities

Lastly, Habitat Omaha is troubled that the Proposed Rulemaking significantly expands the list of activities that would be eligible for CRA credit, including such uses as athletic stadiums and bridges that are not directly related to lending to low-income homebuyers or small businesses or to ensuring the availability of financial services in low- and moderate-income communities. Of further concern are eligibility changes that involve:

- 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.

These eligibility changes stray far from the CRA's original purpose and will likely draw lending capital away from the lower-income homebuyers with whom we partner—especially if coupled with a shift to a dollar-volume-based metric that favors large single loans over smaller-value loans.

Redlining is still a big problem in the inner-city of Omaha. Often, realtors don't show houses here and therefore banks don't have the chance to issue loans that support this area. The CRA program forces creativity in finding ways to make loans that serve this part of our community. I am very proud that Habitat Omaha is a part of the solution to mitigate redlining in our city.

By reducing the incentives for banks to invest in low income homebuyers and communities, Habitat Omaha would be forced to serve fewer families through our Homeownership Program. This would mean that even fewer parents would be able to provide their children with a strong, stable foundation for the future and a safe, healthy home to call their own. It would mean that we would have fewer resources to invest in these historic neighborhoods that are home to so many hardworking families. Investment spurs investment. If we have to scale back on our efforts in these too often neglected communities, we are afraid that others will do the same. Our neighbors

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deserve better. They deserve to know that they are worth investing in. They need to be shown that they are more valuable than a stadium.

Habitat Omaha is deeply concerned that the Proposed Rulemaking would significantly reduce access to credit for qualified, low- and moderate-income homebuyers in the communities we serve, while reversing progress made to revitalize historically under-served and distressed communities.

The combined effect of: 1) measuring CRA activity primarily by total dollar volume; 2) allowing banks to ignore virtually half of their assessment areas and still receive outstanding performance ratings; and 3) expanding eligible activities to include stadiums, bridges, middle-income housing, and other activities that do not primarily benefits LMI communities or residents, will significantly undermine banks' incentives to meet the credit needs of every low-income community in which they take deposits, and to make capital available to the lower-income homebuyers with whom we partner.

We call on the OCC and FDIC to revise its Proposed Rulemaking—or to start over if necessary—to ensure that any modernization of the Act will not reduce the availability of lending, investments, and financial services for low- and moderate-income homebuyers, small businesses, and communities. 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]

Amanda Brewer, CEO
Habitat for Humanity of Omaha

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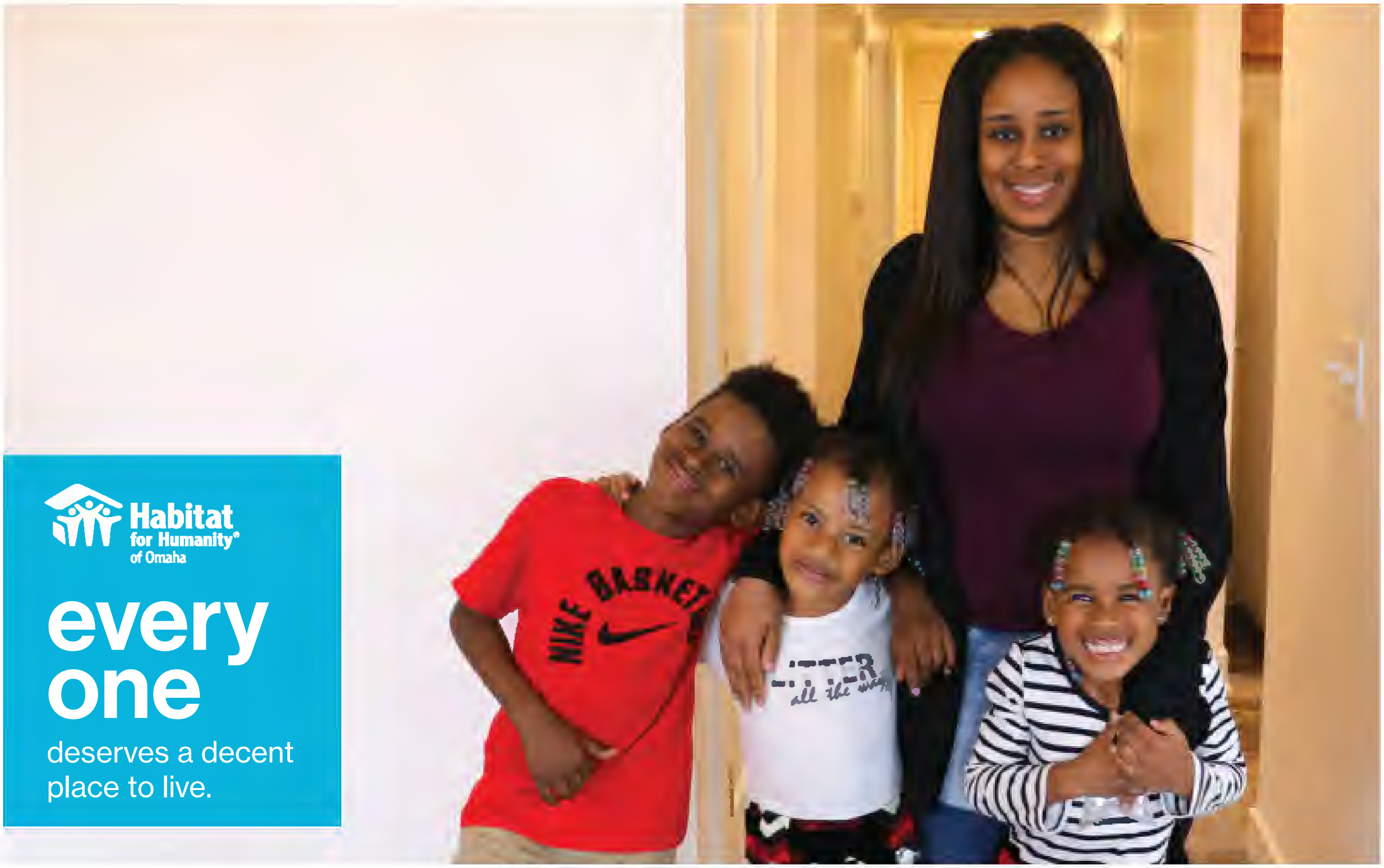


Becoming a first-time homeowner is always a momentous occasion. But for Habitat Omaha homebuyers, the accomplishment feels extra special.

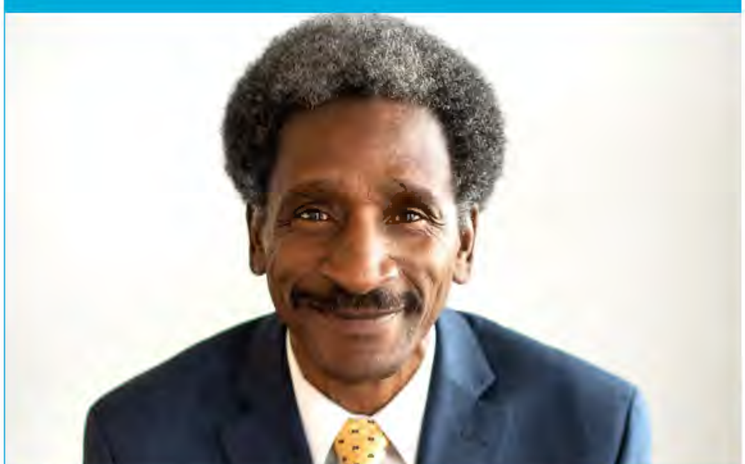
By the time closing documents are signed, families who purchase their homes through Habitat Omaha have completed up to 350 hours of sweat equity on the build site and in homeownership workshops. They've gone through financial planning courses and saved for their down payment. It's these extra steps that help ensure move-in day is the beginning of a long, successful journey.

We believe *everyone* deserves the opportunity to build their own future. And we know the stability of affordable homeownership is a solid foundation on which to build a wonderful life.

Meet 2019's new homeowners →

Net Saw Htoo and Ka Poe Doh Soe

For Net Saw and Ka Soe, the dream of buying a home revolved around their son, Jason. They want him to have a secure place to grow up where they can all "live like a family." Net Saw and Ka Soe spent their own childhoods in a refugee camp before being granted asylum to the United States as teenagers. The adjustment hasn't been easy, but they are proud of how far they've come. Together, the family of three enjoys watching cartoons and playing outside. In fact, it was the big backyard that drew Net Saw and Ka Soe to their home. They look forward to planting vegetable and flower gardens, and hosting gatherings for family and friends.

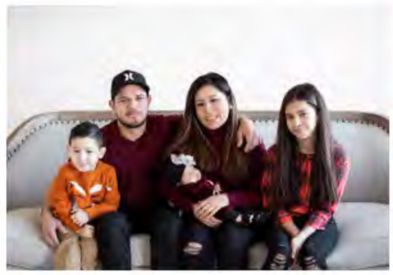


August

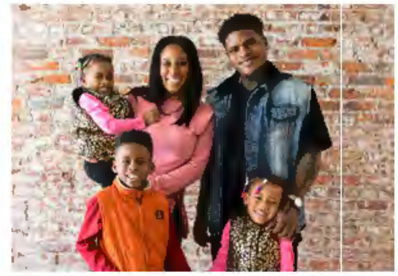
After serving his country, August moved to Rochester, New York, where he had a successful career producing television shows. He also lived in Houston before a relationship brought him to Omaha in 2017. A work injury from 2005 kept him from holding a job, so when the relationship ended, August found himself homeless. He applied for the Homeownership Program; the following year, August found himself outside his new house in the Kountze Park neighborhood, surrounded by Habitat Omaha staff, friends and neighbors at his home dedication. "The whole thing was an exciting adventure I'm still living," August said.

Chol

Thea

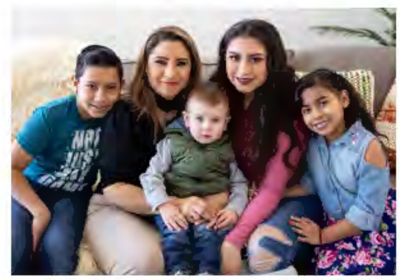


Nelida and Mario



Ceirra and LaStephan Sr.

Cynethia

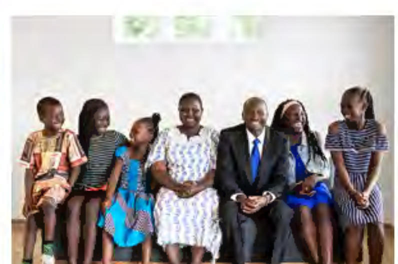


Miriam

Bwe Sar and Htoo Doe Say

Patricio

Lal and Su Su



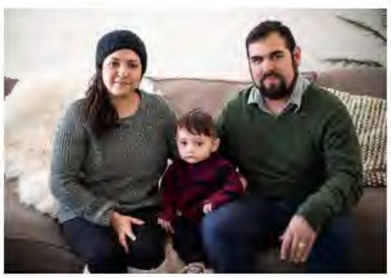
Koka and Lucia

Tar Bleh Po and Christmer Wah

Molly

Bhim

Mbaliwombazi and Ndrusangiyabandi



Geraldo and Laura

Greg and Thin Aye

Than Myint and Ah Kyaw

Angela

Alfredo and Paola

Gattuoy and Nyatuor

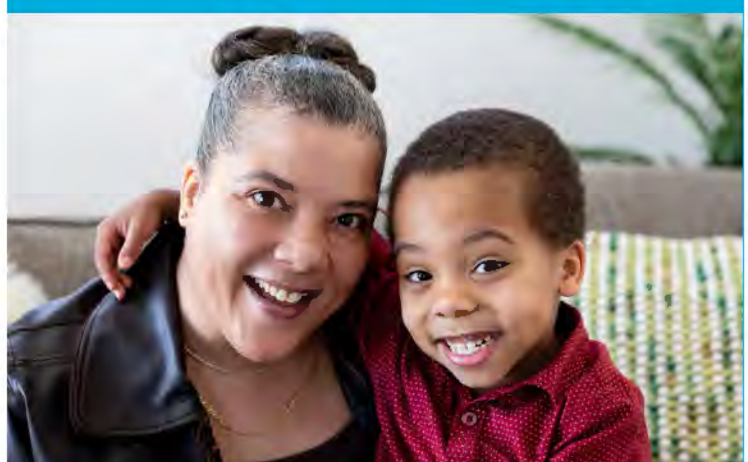
Fartun

Fartun has known significant hardship in her lifetime. When her family had an opportunity to come to America, she welcomed the chance to build a new life.

Fartun applied three times before she was accepted into Habitat Omaha's Homeownership Program.

Today, she and her children have room to play games and spend time together, and welcome family and friends for celebrations with homemade sambusas and cangera (dinner pancakes).

Fartun shared that she is thankful to the volunteers and supporters who helped her realize her dream.

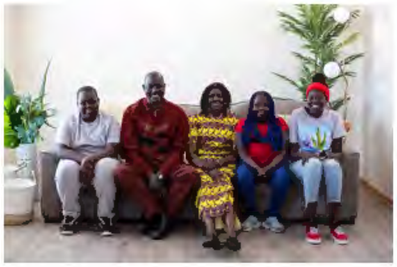


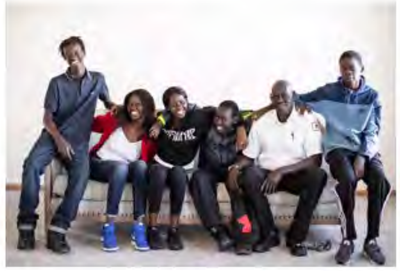
Natasha

"I never really thought I'd be a homeowner until my son was born," Natasha told us. "It's all for him!"

Natasha calls Dawayne her "miracle baby." Dawayne was born prematurely, weighing only 2 pounds, 2 ounces at birth, and for the last five years, he's brought a new focus to her life.

They love to travel: to theme parks, to the zoo, to Lincoln to spend time with Natasha's brother and his daughter, to anywhere near water. But mostly, Natasha loves spending time at home with her son. Now she has a house of her own, a place she can one day pass on to him.


John and Nyadeng


Peter


Dorothy

Dominixe

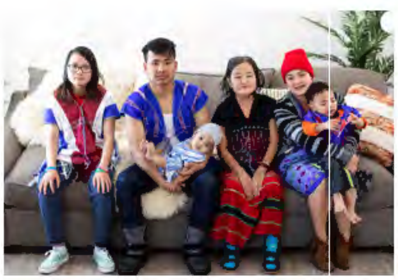
Ilse

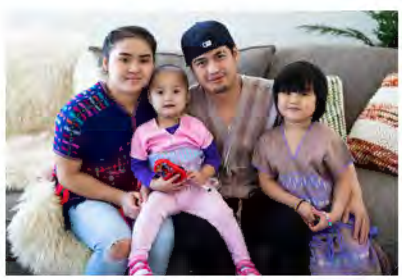

Sunday Htoo and Yee Rah


Jasmine


Haw Ley and Ma Sue Thin


Sherika


Si Si and Htee Kay Paw


Min Thu and Way Lay Htoo

Not pictured:

Abdighane and Asli
Ahmed and Zahra
Buay and Sunday
Jack
Laura