CHAMPLAIN HOUSING TRUST

Robert E. Feldman, Executive Secretary
Comments: RIN 3064 AF22
Federal Deposit Insurance Corporation
550 17th street, NW
Washington DC 20429

Re: Community Reinvestment Act regulations, proposed rulemaking
FDIC docket ID: RIN 3064- AF22

We strenuously oppose this proposed modernization of the Community Reinvestment Act. The quantitative model will gut the meaningful impact of CRA to the detriment of low and moderate income communities, minority populations and under-banked regions of the country. Champlain Housing Trust (CHT) is 35 year old non-profit community based affordable housing organization serving the three northwest counties of Vermont which includes the state's only metropolitan region and with two very rural counties. The metro region is a consistently hot market with housing shortages, especially for renters, and the rural counties, supported by a mix of agriculture and tourism have less stable markets and lower income populations. Our target area in the city of Burlington is one of the state's two concentrations of poverty. Like most of the New England region we have the nation's oldest housing stock and significant challenges from substandard housing.

In all CHT has over 3,000 affordable homes serving people from homelessness to homeownership including a portfolio of 630 affordable shared-equity homes that have boosted over 1,100 households into homeownership. We provide a host of financial education courses and programs to assist tenants and first-time homebuyers access and successfully retain affordable homes.

Every night about 5,000 Vermonters go to sleep in our rentals, the vast majority of which have been made affordable through the Low Income Housing Tax Credit program and all of which rely on some bank participation either in direct financing or enterprise levels loans to CHT. Our shared equity homeownership program alone has leveraged over $185,000,000 to date in mortgages. This does not count the leverage of the many others we assist to purchase in the market.

When we stated out we had at least six local banks in our region. Their reputation and their economic success depended very much on the fiscal health of their retail and commercial customers and the overall vitality of the local communities. A case in point: our shared equity program has been recognized as a national and international model of affordable homeownership innovation and copied throughout the country. But when we started our biggest hurdle was accessing mortgages for the deal. We built our business and brought this to scale due to local bank participation. It took many years to gain recognition from the GSEs and the secondary market, and after the real estate crisis of 2008 practitioners had to fight to get banks back into this market. This is exactly the kind of unique and complex financing need that CRA enables- especially when banks are not local and dependent on local relationships- and exactly the type of affordable program that would lose out in the single metric approach proposed for scoring CRA. Non-profits like ours serve people in need every day and also are innovators because we need to serve those who do not easily access conventional market opportunities. CRA scoring needs to be able to identify and reward bank participation in such programs.

Our access to the Low Income Housing Tax Credits is another example of CRA at work. As a small rural state we would not compete well in the national market for the credits because our deals are more challenging. For one thing in most of the state a 30 apartment complex is big. This alone makes our deals less competitive. But the banks in our region invest in the credit and these relationships were spurred by CRA. Within Vermont our urban county would, under the new methodology win over the more rural regions even with these relationships and that would be detrimental to them.

The proposed methodology could overlook redlining by requiring only 80% of an assessment area to be served to achieve the exemplary rating. The single metric, will not reward bank service (such as serving on boards); it can't calibrate degree of difficulty; it doesn't value small activities. Any rural, complex or innovative tool serving the poor would automatically lose out to easier market participation like investing in mortgage revenue bonds, or big tax credit pools for in low-risk areas serving eligible higher income renters, or bond-financed commercial municipal ventures like stadiums and convention centers.

Finally, CHT is able to deliver our full range of affordable housing services and programs because we are members of the NeighborWorks Network. Participation with NeighborWorks Organizations should automatically qualify as CRA in the same way as CDFIs loans do.
In sum this proposal is too flawed to be the basis of a new rule. It should be scrapped in favor of a true modernization of CRA that recognizes that meaningful CRA enforcement is more important today than ever precisely because banks are much bigger and detached from local community needs, and need the regulatory incentives, precisely measured at the heart of the Community Reinvestment Act to assure that they equitably serve all the communities from which they draw deposits.

Sincerely,

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Brenda M. Torpy, CEO