Homes for America
non-profit housing development

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Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, DC 20219

Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

To Whom It May Concern:

Thank you for the opportunity to comment on the Notice of Proposed Rulemaking (NPR) on the Community Reinvestment Act (CRA). As a nonprofit developer of affordable service enhanced rental communities, Homes for America (HFA) understands the importance of CRA related investments in community development activities. Approximately 75% of Low Income Housing Tax Credit (LIHTC) investment comes from CRA motivated investors and since 1994 Homes for America has developed 82 communities with more than 6,600 affordable homes throughout the Mid-Atlantic area utilizing LIHTC.

HFA is concerned that the proposed NPR will substantially decrease investment in LIHTC and low income communities. This is especially concerning, given the economic impact of the COVID-19 pandemic on low income families. Additionally, in light of the pandemic, a change in CRA at this time will add further confusion and burden for banks and distract them from responding to the urgent economic needs of the communities they serve.

First and foremost, HFA opposes elimination of the separate investment test and the proposed single metric formula for determining CRA ratings. The diversity of the banking industry and local communities makes it difficult to fairly rate banks using a single metric. Additionally, the single metric formula incentivizes banks to satisfy their CRA obligations by undertaking a small number of high dollar, low risk activities, rather than activities which have the greatest community impact. Therefore, it is likely that the proposed change will lead to a significant and consequential reduction in LIHTC investments.

Additionally, the NPR’s proposed expansion of eligible CRA activities is overly broad. Activities relating to infrastructure, construction of athletic stadiums in Opportunity Zones, and investment in family farms would be eligible CRA activity under the proposed NPR. These expanded eligible uses will detract from investment in more traditional community lending, such as LIHTC investments.

Finally, under the NPR some banks can meet investment benchmarks utilizing only a portion of their assessment areas, based upon the location of deposits, rather than the physical location of their banking facilities. This enables banks to ignore assessment areas in low income communities, resulting in investments concentrated in only affluent areas.

We urge the Office of the Comptroller of the Currency and the Federal Deposit Investment Corporation to delay implementation of any change to CRA at this time and not adopt a single metric formula that will significantly reduce investments in LIHTC and low income communities. In addition, we request you limit expansion of eligible CRA activities and ensure any change in the allowable assessment areas provide for continued investment in LIHTC and low income community development activities.

Thank you for consideration of our comments.

Sincerely,

[redacted]

Kathy Ebner
President & CEO