March 26, 2020

RE: Notice of Proposed Rulemaking, Community Reinvestment Act Regulations

To Whom it May Concern:

MANNA opposes the proposed changes to the Community Reinvestment Act (CRA) regulations based on there being a high possibility for unintended consequences from how they are written. The OCC and FDIC would lessen the public accountability of banks to their communities by enacting unclear performance measures on CRA exams that would not accurately measure a bank's responsiveness to local needs. Contrary to the agencies assertions that their changes would increase clarity and CRA activity, the result will be significantly fewer loans, investments and services to low- and moderate-communities (LMI).

MANNA operates one of the oldest housing counseling programs in the nation, which we call the Homeownership Center. Despite its 30-year track record of success, raising grant funding from banks is difficult. Amounts of $10,000 to $30,000 usually trickle in instead of a constant flow. This makes it difficult to raise funding for a high-volume counseling effort. If the CRA exams become one-ratio focused, banks are likely to seek the larger deals and diminish our grant funding even further. This will threaten the viability of the Homeownership Center and may lead to cutbacks in a program that provides hundreds of lower income, single parents, and people of color opportunities to buy homes for the first time.

MANNA's homebuyers often use the District of Columbia's down payment assistance programs. Bank participation in supporting these programs is inconsistent. More banks need to provide first lien mortgage loans in conjunction with the soft second mortgages provided by these programs. If exams become one-ratio focused with fewer qualitative criteria that measure responsiveness to needs, we are afraid that bank participation in these programs will decline even further. More incentives need to be built into exams to encourage bank participation in these innovative programs, not fewer.

MANNA specializes in providing affordable homeownership and rental housing across the District of Columbia, including in the city's poorest neighborhoods with high percentages of African Americans. We are concerned that if the agencies introduce the criterion of "essential infrastructure" as part of the regulatory definition of community development, then the dollar amount of affordable housing financing by banks will diminish, impairing MANNA's ability to provide desperately needed affordable housing in a very expensive city. Banks will be tempted to finance large-scale projects infrastructure like the impending rehabilitation of the American Legion Bridge or a possible relocation of the stadium for the professional Washington DC football team. The benefits to low- and moderate-income communities of these projects are little and pale in comparison to the affordable housing that MANNA produces.

The agencies would dramatically lessen CRA's focus on LMI communities in contradiction to the intent of the law to address redlining. As MANNA aims to create homeownership opportunities for LMI individuals and families, with many of our clients being people of color, this would significantly impact our work. The definition of affordable housing would be relaxed to include middle-income housing in high cost areas, which has the potential of decreasing banks' interest in supporting some of MANNA's clients that are more-lower income, as MANNA aims to serve those between 30 and 80% AMI. In addition, the Notice of Proposed Rulemaking (NPRM) would count rental housing as affordable if lower-income people could afford to pay the rent without verifying that lower-income people would be tenants. MANNA conducts a thorough income verification process prior to clients moving in. This process ensures that those who need affordable housing the most can access it. By counting housing as affordable based purely on price/rent cost and not by verifying the income of who is accessing it, there is no way to know if the need for affordable housing is being met.

Thank you for providing the opportunity to comment on the proposed legislation changes.

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