



April 8, 2020

Federal Deposit Insurance Corporation (FDIC)
Via email: comments@fdic.gov

Subject: RIN 3064-AF22

Dear Sir/Madam,

Providence Community Housing is a 501c3 nonprofit community housing development organization (CHDO) focused on affordable options for residents of the Greater New Orleans area. We aim to transform lives and communities through the development and preservation of affordable homes, while connecting individuals and families to opportunities that enhance their quality of life. We were formed to meet the housing needs of residents post-Katrina and have since provided more than 2,100 people throughout the Greater New Orleans region with a quality place to live that they can afford. We have also helped more than 600 individuals and families realize the dream of homeownership.

We believe HOME is important to every individual regardless of income, religion, race or gender. Our work is focused on helping people find a true home where they feel safe and have access to what they need to live full lives. Our continued commitment to innovative strategies will help us build and preserve a significant number of homes in the years ahead – homes that New Orleanians can afford in familiar neighborhoods that, with investment, have the potential to thrive. This is critical to help meet the extraordinary housing needs of our community.

The Community Reinvestment Act (CRA) has been instrumental to our work and providing the needed funding that is critical to successfully creating affordable housing across the Greater New Orleans area. Providence has developed over 1,500 affordable housing units using low income housing tax credits in the last twelve years. Those credits were primarily purchased by banks who were interested in CRA credit. In addition, those banks paid a premium for those credits which helped us fill holes in our development budget. In addition, because of the ability to take CRA credit, Providence has sold over 100 homes to low-to-moderate income families using bank products specifically designed to work for affordable homebuyers.

While we strongly support the continuation of CRA funds in their entirety, there are some areas of concern that we would like to bring to your attention:

- The proposal would make it so banks no longer have an obligation to make mortgage loans in neighborhoods with low and moderate incomes.
- The new scoring system would allow banks to completely ignore almost half of the communities where they have branches and still pass their exams.
- The system that gives credit to banks for having branches in LMI communities is weakened and would likely lead to massive branch loss in communities that are already underserved.



- The proposal redefines community development to include large infrastructure projects like stadium improvements in LMI Opportunity Zones, which further encourages banks to seek out larger deals over smaller loans to meet the ratio for the total dollar volume metric.
- The definition of affordable housing would be relaxed to include middle-income housing in high cost areas.
- The proposal would redefine small businesses and family farms with higher revenues, again encouraging banks to focus on larger loans to bigger businesses instead of smaller community-style loans.
- The proposal would lessen the public accountability of banks by not accurately measuring its responsiveness to local needs.

In conclusion, it is clear the current CRA rule has been very effective in incentivizing financial institutions to invest in many different programs and projects that serve low to moderate income families. The proposed changes will stop incentivizing some key programs and instead begin to incentivize some larger investments that are more than capable of competing for market investments. Providence hopes that the FDIC and OCC will reconsider making these changes that will have a negative impact in affordable housing and homeownership.

Sincerely,

[REDACTED]
Terri North
President & CEO