



Auburn Opelika Habitat for Humanity

605 2nd Ave. • Opelika, AL 36801 • Tel: 334-745-2123 • Fax: 334-745-2428

April 6, 2020

Office of the Comptroller of the Currency (OCC)

RE: Docket ID OCC-2018-0008 (Community Reinvestment Act Regulations)

Dear OCC:

Auburn Opelika Habitat for Humanity values the opportunity to express its position concerning the proposed changes in the Community Reinvestment Act (CRA), as access to homeownership, credit, and financial services for the lower-income families and communities we serve would be affected. Though we respect the intent behind the modernization of the CRA, we strongly encourage you to reconsider several proposed changes, as described below.

Auburn Opelika Habitat for Humanity serves the Auburn-Opelika area of Lee County, Alabama. Since its foundation in 1989, we have built 68 simple, safe, and affordable homes for qualified, hard-working, low-income families in our community. Families are the foundation of our community; thus, by improving the lives of these families, we are creating a better community. Our target families live at 20-60% below the median income and cannot qualify for a traditional home mortgage if it were not for a non-profit like ours.

The proposed changes could make it very difficult for Habitat affiliates throughout Alabama and the nation to maintain the strong relationships we now have with local banks. These changes noted in this letter could make it difficult for us to help qualified, hard-working, low-income families with low-interest mortgages. We work to help these families build equity in their lives through homeownership.

We currently have strong relationships with local banks due to the incentives to banks through the CRA. Reducing these incentives to banks will make it difficult for us to operate and assist families. Together we build stronger families and a stronger community.

Our partnership with banks through the CRA allows us to partner in areas such as: The use of administrative office space, teaching first-time homeowner classes, and qualifying for low-interest loans, all of which builds stronger communities.

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 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 threaten this core objective:

Proposed Single-Ratio Metric

The proposed “single-ratio” metric raises significant concerns for Habitat. 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 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 would negatively impact Habitat’s ability to extend affordable homeownership opportunities to partner families, especially in under-served communities. We are also concerned that the proposed single-ratio metric significantly reduces the importance of placing bank branches in low- and moderate-income 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 for Humanity 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.

Changes to Eligible Activities

Lastly, the Proposed Rulemaking expands the list of activities eligible for CRA credit to many activities with no direct relationship to lending or financial services for low-income homebuyers or small businesses. We have strong concerns with:

- Including stadiums and bridges as eligible activities;
- 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.

Again, I state that we currently have strong working relationships with our local banks because of the CRA. PNC Bank allows us to operate the offices of Auburn Opelika Habitat for Humanity in their building at no rent cost to us as a low-income, non-profit housing provider. This is a CRA incentive for them that allows us to exist and serve our community. Bancorp South and others help us teach first-time homeownership classes. This is a CRA credit to them and it is a need of our new homeowners. Wells Fargo has helped us secure properties to build homes. Wells Fargo, River Bank and Trust, Auburn Bank, and others help us financially in building affordable homes for low-income families

Any loss of CRA incentives to banks that will negatively impact these activities will be devastating to Habitat for Humanity. It will also negatively impact the families that we serve, and ultimately, impact all communities we serve. Together we build stronger families, affordable homes, improve streets, neighborhoods, and enhance our entire community.

Habitat for Humanity is deeply concerned that the Proposed Rulemaking will 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.

We believe 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 beyond those directly benefiting low-to-moderate-income 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 Community Reinvestment Act will increase rather than reduce the availability of lending, investments, and financial services for low- and moderate-income homebuyers and communities.

We truly appreciate your time, as well as every way you contribute to the state of Alabama. I am sharing this with all of our Senators and Representatives because this change will not only affect the local area, but also all of Alabama.

Thank you for your attention to these concerns.

Sincerely,

God bless.

Mark

Mark Grantham
Auburn Opelika Habitat for Humanity
605 2nd Avenue
Opelika, AL 36801
mark.a.grantham310@gmail.com
334-663-0409 cell