



Oregon

Governor Kate Brown

Housing and Community Services

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April 8, 2020

Chief Counsel's Office
Attn: Comment Processing
Office of the Comptroller of the Currency
400 7th St SW, Suite 3E-218
Washington, DC 20219

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th St NW
Washington, DC 20429

U.S. Office of Management and Budget
Attn: OMB Desk Officer
725 17th St NW #10235
Washington, DC 20503

RE: Request for Comment; Proposed Rule: Community Reinvestment Act Regulations (RIN 3064-AF22)

To Whom It May Concern,

On behalf of Oregon Housing and Community Services (OHCS), I write to comment on the proposed changes to the Community Reinvestment Act (CRA) currently being considered by your agencies. Here at OHCS, our vision is that Oregonians have the opportunity to pursue prosperity and live free from poverty. We provide resources for Oregonians to reduce poverty and increase access to stable housing, including much needed resources to develop affordable housing development. The proposed amendments to the CRA could negatively impact that work.

OHCS funds affordable housing developments for rent or purchase with tax credits, bonds, and mortgage backed securities. The CRA has enabled these investments to go farther. This is particularly true for the "investment test" poised to be removed by the proposed changes. Research has demonstrated that this test drives banks to invest in Low Income Tax Credits (Housing Credits). In Oregon, Housing Tax Credits have supported the development of over 46,000 homes. Without the CRA, it's unclear if OHCS and our partners would have received needed investments to create housing stability for families that call these developments home.

Should the "investment test" be removed, the test that replaces it should require robust housing investments. The proposed rule includes efforts that would increase investments in Housing

Credits by allowing banks to receive “double credit”, but investments in Housing Bonds and mortgage-backed securities are not eligible for the “double credit” benefit. These are essential tools to creating new affordable homes and enabling homeownership among lower income families. OHCS recommends adding any work with Housing Finance Agencies as an eligible action to receive “double credit”.

OHCS is also concerned about the removal of the set aside requirements for low- and moderate-income (LMI) individuals. Without specific set-aside requirement for this populations, LMI families may struggle to access mortgage lending, and thus homeownership. The expansion of qualified activities for CRA credit includes a number of provisions that, while they benefit a community, do not directly benefiting LMI households. OHCS recommends adding supporting affordable housing developments and homeownership lending to LMI to the list of qualified activities.

The proposed rule also amends assessment areas. OHCS recognizes there are opportunities for improvement as we see rural Oregon communities underbanked even with existing CRA regulations. We appreciate seeing efforts to correct this in the proposed rule by requiring banks that receive half or more of their deposits from outside their assessment area to add new assessment areas. However, it is unlikely that this fix will address the banking inequities in rural Oregon.

Lastly, with the uncertainty in the Housing Credit market created by COVID-19, OHCS has concerns about the timing of these drastic amendments to the CRA. We are working closely with national groups, our financial advisors, and lenders to better understanding the changing landscape of the market. While we do not yet know the full impacts of the financial crisis created by COVID-19, it's clear that additional variables will make it more difficult to plan funding offerings and develop affordable housing. We recommend postponing any changes until we have weathered this storm.

Thank you for seeking input on the proposed changes to the CRA. I urge you to consider the recommendations to the proposed rules outlined in this letter. However, I recommend strongly that you postpone any changes to the CRA until after the COVID-19 economic crisis is resolved.

Sincerely,

Margaret Salazar
Executive Director
Oregon Housing and Community Services

cc: U.S. Senator Ron Wyden
U.S. Senator Jeff Merkley
U.S. Congresswoman Suzanne Bonamici
U.S. Congressman Earl Blumenauer
U.S. Congressman Peter DeFazio
U.S. Congressman Greg Walden
U.S. Congressman Kurt Schrader