NAAHL | National Association of Affordable Housing Lenders

November 19, 2018

Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
400 7th Street, S.W., Suite 3E-218
Washington, D.C. 20219

**Re: Docket ID OCC-2018-0008: Reforming the Community Reinvestment Act Regulatory Framework**

To Whom It May Concern:

The National Association of Affordable Housing Lenders (NAAHL) appreciates the opportunity to comment on modernizing the Community Reinvestment Act (CRA) regulatory framework.

**Introduction**

NAAHL is the only national alliance of major banks, community development financial institutions (CDFIs) and other capital providers for affordable housing and inclusive neighborhood revitalization. (A list of NAAHL members is attached.) In 2016, NAAHL member banks made 719,675 CRA loans totaling $118.9 billion, including:

- 256,850 single-family home mortgages totaling $42.6 billion to low- or moderate-income (LMI) borrowers or census tracts
- 4,878 multifamily mortgages totaling $17.0 billion in LMI census tracts
- 451,457 small business/farm loans totaling $18.1 billion in LMI census tracts
- 6,490 community development loans totaling $41.2 billion

We applaud the Office of the Comptroller of the Currency (OCC) for initiating a CRA modernization process.

- A strong CRA continues to be vital to the economic health of LMI communities and people. Moreover, America's economy, financial system, and society can be strong only if all people and communities can contribute to and benefit from them. CRA has significantly helped to include LMI people and places in the U.S. banking system. NAAHL's member banks are committed to CRA, but CRA works only if all banks share the obligation to meet community needs. CRA modernization must strengthen, not weaken, financial inclusion.

- CRA modernization is long overdue. Banking, communities, and the practice of community development (CD) have all changed dramatically in the 23 years since CRA regulations were last changed significantly. CRA has become foundational to the success of affordable housing and economic development policy and practice.

- More clarity about what activities count is essential, including those outside assessment areas (AAs). Banks will provide more financing, especially for CD, if they can be reasonably confident that activities will receive CRA credit. Greater clarity will expand capital for communities, reduce regulatory uncertainty and burden for banks, and simplify the examination process for agency staff.

- Data could help more to establish clearer performance benchmarks and contribute to simpler and more streamlined performance evaluations.

However, a single ratio comparing the dollar volume of a bank's financing to some measure of its size will prove unworkable and have unintended negative consequences for both communities and banks. While data can be more helpful in setting clearer, more objective and more consistent performance metrics, this particular approach is not the right one. We provide more detail in our response to Questions 7-12: Metrics Based Framework.

We also offer a few comments that do not directly address questions in the Advance Notice of Proposed Rule Making.

- The three banking agencies should have consistent CRA policies. OCC, Federal Reserve Board, and FDIC should issue a notice of proposed rule-making jointly.

- The effective administration of the CRA requires well-trained examiners. The agencies should jointly develop comprehensive examiner training to ensure consistency and support well-informed judgements about topics such as performance context, innovation, and community needs, as well as CD practices.

- Performance evaluations should be published within 12 months after the close of an examination period. Long-delayed performance evaluations serve neither communities nor banks well. An ongoing investigation that could affect a bank's CRA rating should not unduly delay publication of the rating.

**Questions 1-6: Questions Regarding the Current Regulatory Approach**

We believe CRA's current regulatory structure is basically sound but needs updating.

- LMI people and places should continue to be CRA's focus, with some accommodation for markets that face persistent economic distress, high housing costs, or a federally declared disaster. To preserve CRA's LMI focus, activities that benefit a broader community should be credited to the extent that LMI people and places are likely to benefit directly. We provide detailed recommendations on eligible activities in our response to Questions 15-28 – Expanding CRA-Qualifying Activities.

- Performance context should continue to be an important part of CRA performance evaluations with respect to both institutional and community characteristics. Differences in bank structure and product mix, market competitiveness, the availability of opportunities, economic conditions, and community needs should all continue to inform the regulators' evaluation of CRA performance. Proper consideration of performance context is essential to preserve flexibility and responsiveness to community needs. The agencies should explain more clearly how they consider performance context. For example, what factors would be considered to determine that mortgage lending or CD investment opportunities are greater or less in a given market than demographic data would indicate?

- The role of CD within the CRA examination should be reinforced and improved. CRA has made a uniquely valuable contribution to CD. Indeed, an entire generation of CD finance has been built on the foundation of CRA. Banks' leadership and participation in affordable housing and economic development has contributed greatly to the remarkably positive performance and community impact of these initiatives. Banks have provided important market discipline that has distinguished current practices from those of the pre-CRA era. For example, Low Income Housing Tax Credit (LIHTC) investments are the best performing real estate asset class[1] and proved especially robust through the Great Recession.[2] Moreover, CD activities have been far more flexible and responsive to local needs, and engaging of local partners than previous interventions.

  David Erickson of the Federal Reserve Bank of San Francisco has chronicled this history well in *The Housing Policy Revolution: Networks and Neighborhoods*. "In total, it is hard to overestimate the role that the CRA has played in promoting the decentralized housing network. At every turn in the process of developing affordable housing – site acquisition, construction, permanent mortgage financing, repair and rehabilitation – there is a need for financing, and banks and thrifts have provided that credit to [nonprofit community development corporations] and to for-profit real estate developers."[3]

  Notwithstanding these achievements, narrow or unclear CRA eligibility rules have constrained banks' ability to bring their capital and expertise to other critical elements of CD – including unsubsidized affordable housing, economic development, and infrastructure – whose eligibility is unclear or not permitted, especially beyond AAs.

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[1] CohnReznick LLP, *The Low-Income Housing Tax Credit at Year 30: Recent Investment Performance (2013-2014)*, December 2015, p. 229. https://issuu.com/cohnreznick/docs/cr_lihtc_dec2015

[2] CohnReznick LLP, *The Low-Income Housing Tax Credit at Year 30: Recent Investment Performance (2013-2014)*, December 2015, p. 38. https://issuu.com/cohnreznick/docs/cr_lihtc_dec2015

[3] David J. Erickson, *The Housing Policy Revolution: Networks and Neighborhoods*, The Urban Institute Press, Washington, D.C., 2009, page 63.

Insufficient clarity in this area can also result in inconsistent treatment by examiners of similar activities. We offer detailed recommendations regarding eligible CD activities in our response to Questions 15-28 – Expanding CRA-Qualifying Activities.

With regard to how CD fits within the examination structure, we recommend the following improvements.

- A bank should have the option to have either: (1) a CD test that combines CD loans and investments in lieu of the investment test; or (2) CD loans and investments considered separately as currently provided. The interagency hearings in 2010 revealed broad support for a CD test option. An optional CD test would promote: (1) clearer focus on CD activities; (2) greater responsiveness to communities; (3) more flexibility for banks to address community needs; and (4) a focus on the substance of CD activities over their form as a loan or investment. Providing more credit for equity investments would encourage a good balance of activities within a CD test while preserving flexibility.

- CD activities should be at least as important to a large bank's CRA rating as they are currently, when the investment test accounts for 25 percent of the rating and CD lending contributes a significant share of the lending test's 50 percent of the rating. CD should receive even more weight for banks that provide a large volume of CD financing relative to home mortgage and small business lending. A large bank that does not generally make home mortgages or small business loans should be evaluated primarily on its CD activities; and wholesale and limited purpose banks should continue to be evaluated solely based on CD activities.

- CD activities everywhere should be evaluated based on their substance and not just their size. The size of a CD activity is only one measure of its impact. For example, a $1 million loan to a CDFI may be far more impactful than purchasing a $1 million Ginnie Mae mortgage backed security, but also more complex, time consuming, and capital intensive. However, the substance of CD activities is considered only in a relatively few "full scope review" AAs. The problem is especially acute for very large banks with AAs in multiple states. Examiners understandably tend to select the largest AAs within a state for a full scope review because these markets generate the most deposits, but the result is to disregard the substance of CD activity everywhere else, especially in non-metropolitan and smaller metropolitan AAs. For example, a bank may have 30 AAs in California but receive a full scope review in only a few markets, leaving out areas as large as San Diego, San Jose and Sacramento, let alone rural areas. To balance the importance of considering the substance of CD activities with the practical limitations of an examination, we suggest conducting a full-scope review of CD activities: (1) for AAs among the largest 50-100 metropolitan areas nationwide; (2) the other AAs within a state on a combined basis; and (3) to reflect any CD activities in other states, at the institution level.

- A separate service test should be retained because access to basic banking services for LMI people and places remains essential. However, the service test should recognize that, while branches continue to be important, they are becoming a secondary access point for many consumers. Accordingly, the service test's primary focus should be the extent to which banks are reaching depositors located in LMI areas (and, at a bank's option if it has supporting data, LMI individuals), whether through branches or digital channels. To the extent that a bank has branches, they should be accessible to LMI area residents on an equitable basis. A bank should also receive credit if it provides, directly or through a nonprofit partner, financial counseling and education, including for aspiring and current homeowners and small business owners.

- Wholesale and limited purpose banks should continue to be evaluated based on their CD activities. These banks offer neither retail lending nor deposit accounts to the general public.

- A strategic plan option should be retained. The CRA Strategic Plan option provides clear and predictable activity targets while allowing for the inclusion of critical institutional and community performance context. The CRA Strategic Plan is particularly important for institutions with non-traditional business models that should not be evaluated under the same process as banks with more traditional business models. In addition to preserving the strategic plan option, the agencies should improve the strategic plan process to make it more workable for more banks, such as by allowing substantive feedback on draft plans from regulators, providing clear guidance on the role of public comments, and allowing banks to make minor adjustments to the plan during the plan period.

**Questions 7-12: Metrics Based Framework**

A single ratio comparing the dollar volume of a bank's financing to some measure of its size will prove unworkable and have unintended negative consequences for both communities and banks. While data can be more helpful in setting clearer, more objective and more consistent performance metrics, this particular approach is not the right one.

- Banks' business strategies and product mixes vary widely, even among banks of similar size. It will not be easy for banks to fit in one of a few categories (e.g., traditional, internet, wholesale, limited purpose), especially as product mixes change, hybrid business models evolve, and new banks emerge to serve various market niches. A single metric cannot provide the needed flexibility to account for the differences between banks.

- Local communities and their needs and reinvestment opportunities also vary widely. It is important to keep CRA focused on banks' responsiveness to community needs. For example, markets with high home prices generate few LMI mortgages, but those markets do not necessarily generate other off-setting financing opportunities. In addition, bank competition is greater in some markets than others. A single metric cannot readily accommodate different local contexts.

- Focusing on the dollar volume of CRA activity would disadvantage rural, non-coastal, and other markets with low home prices, as well as the banks that serve these areas. A $150,000 mortgage in Chicago should not count twice as much as a $75,000 mortgage in Appalachia, Toledo, or Montgomery just because Chicago's home prices are twice as high. Worse, one $750,000 mortgage for an upper-income homeowner in a gentrifying LMI neighborhood in Brooklyn should not be worth five mortgages in Chicago or ten in Appalachia, Toledo or Montgomery, especially if the loan has dubious benefit to the LMI community.

- CD activities could lose attention if not considered separately, even if weighted extra. With a single ratio approach, a bank may be able to meet its CRA obligations without undertaking highly impactful activities that are complex, high-touch, less liquid, more capital intensive, longer-term, smaller, or not maximally profitable.

- National and regional economic cycles could make target ratios alternately unachievable or too easily achievable. For example, mortgage and small business lending volumes change substantially as interest rates and the economy rise and fall. Any sustainable metric must account for such cyclicality or risk imposing undue credit allocation in a downturn, potentially compromising safety and soundness while disserving LMI people and places.

- Maintaining predictable performance targets will be difficult because periodic changes to target ratios will be necessary and appropriate. Not only will it be hard to set the initial target ratio at just the right level, but industry, community, and economic conditions are inherently dynamic. As one example, as mortgage lending migrates from banks to other lenders, the dollar volume of banks' LMI mortgage lending is shrinking even for banks that maintain or increase the LMI share of their mortgage lending. Adjustments to the CRA target ratio will inevitably lag market changes and, more fundamentally, will defeat the purpose of predictability. A single ratio would also be vulnerable to policy risk; for example, the affordable housing goals for Fannie Mae and Freddie Mac, which have a few simple percentage-of-business metrics, were increased significantly at least twice.

Much can be done to improve clarity, predictability, transparency, and consistency without adopting a single ratio metric. In particular:

- To promote transparency and consistency, the agencies should clearly explain:
  - How they evaluate the various elements of the performance evaluation (e.g., mortgage lending, small business/farm lending, CD activities, and services), including what performance benchmarks and peer comparisons are used and how they are used;

  - How those elements are weighed within AAs and state rating areas; and

  - How activities among state rating areas and elsewhere are aggregated to reach an overall rating.

- <u>Evaluation of mortgage and small business/farm lending should be based on the number and distribution of loans</u>, not the dollar volume of lending. A dollar-volume focus would devalue small balance loans, which are important to communities but already challenging to make.

  - Home equity lines of credit/loans should be either: (1) disregarded entirely; or (2) evaluated separately from home purchase and refinance mortgages. Many LMI homeowners and many LMI neighborhoods have limited home equity so they present limited opportunities for home equity lending. In addition, the small home equity loan amounts common to LMI borrowers and neighborhoods makes them incomparable with home purchase or refinance mortgages.

  - If a bank's mortgage (or small business/farm) lending is insignificant or not offered to the general public, it should be disregarded. A given product line (e.g., home mortgages; small business/farm loans; or CD) should receive greater emphasis within the performance evaluation if it comprises more of a bank's activity.

- <u>Giving additional weight to certain preferred activities makes more sense within the current evaluation framework than within a single metric framework</u>. If a bank has a fixed dollar volume target, additional weighting becomes a two-edged sword: on one side, it encourages those activities over others; on the other side, a bank could achieve the same volume target by undertaking fewer of those activities. It will be important to avoid this unintended consequence.

  We would, however, support additional credit for certain activities within a framework closer to the current one. The agencies should clearly explain how additional credit for certain CRA activities will be applied. In particular:

  - Activities should receive additional credit if they are especially responsive to local or national needs, complex, innovative, feature non-standard terms, or involve multiple financing sources. Such qualitative factors are particularly important to evaluating CD activities. The agencies should specify clearly how such elements are defined and treated. At the same time, we recognize that some examiner discretion will be appropriate.

  - Equity investments – including those based on LIHTC and New Markets Tax Credits and those in CDFIs – as well as loans to CDFIs should specifically receive additional credit because they are highly responsive to LMI needs, are difficult to obtain from other sources, and require banks to allocate higher levels of capital to support them.

- Activities should receive more credit if located in a community with: (1) low median income (vs. moderate income); (2) a high rate of poverty, unemployment, or out-migration; (3) native tribal authority; or (4) governmental designation for revitalization or redevelopment. The agencies could designate most of these communities based on readily available federal data or information.

- A bank should receive additional credit if it retains a loan or investment for a long term. Long-term financing is especially important to CD activities but requires a bank to commit capital for a longer period and can be hard to obtain. Loans and investments made in prior examination periods should receive CRA credit based on a loan's outstanding balance and an investment's current value using GAAP. Under current guidance, only prior period investments, but not loans, receive credit.

**Questions 13-14: Redefining Communities and Assessment Areas**

A central question for CRA modernization is how to balance activities in the areas surrounding branches and elsewhere, especially in a rapidly evolving banking world of digital banking access, nationwide lending and investment practice, and branchless banks, even as branches continue to serve important functions. We propose a comprehensive approach to engage an increasingly diverse banking industry more fully in addressing community needs.

- <u>Branch-based AAs should be retained</u>. The CRA statute clearly requires a separate presentation for each metropolitan area where a bank has a branch. Moreover, it is important to affirm CRA's mandate that banks should serve the communities where they have retail branches.

- <u>A bank with branches should have to serve its AA(s), in the aggregate, at a satisfactory level in order to achieve an overall satisfactory CRA rating</u>. Activity outside a bank's AA(s) can be important but should not compensate for unsatisfactory service to its AA(s). This principle should preserve the local focus of CRA while enabling activity elsewhere to be recognized.

- <u>AA performance benchmarks should reflect the level of deposits within each AA</u>. For this purpose a bank should have the option of either: (1) allocating deposits among AAs based on the location of its deposit customers; (2) following the current practice of assigning deposits to its branches; or (3) a combination of the two. Brokered deposits should be disregarded for this purpose.

- <u>Banks with no retail branches and that conduct business nationwide</u> should not have local AAs because they do not function as local banks. Instead, they "typically draw their resources from, and serve areas well beyond, their immediate communities".[4] Accordingly, these banks should be evaluated on their LMI activities nationwide. This approach is consistent with CRA's statutory mandate that banks should serve "the communities in which they are chartered to do business"[5] because banks already conduct business nationwide without violating their charters. If the agencies determine that the statute requires the designation of a local AA where the bank is chartered, then the level of deposits from customers located within the AA should set the performance context for evaluating activity there. In short, the AA should receive at least its fair share of reinvestment activity, but not necessarily more than its fair share. We do not support the idea, which some have raised, that such a bank should have AAs in the markets where it makes the largest number of loans; those markets would likely be the largest metropolitan areas, further diminishing CRA's attention to less populous areas.

- <u>To increase focus on rural areas while streamlining the evaluation process</u>, non-metropolitan portions within a state should comprise a single AA (or in very large states with diverse non-metro regions, a few AAs). Current CRA policies inadvertently but systematically tend to devalue non-metropolitan areas because the typical non-metro AA has a small population, generates relatively limited deposits, and offers limited or episodic CD financing opportunities. It is not surprising that banks frequently have difficulty in consistently finding responsive CD activities in every non-metro AA or that examiners tend to focus more on larger, metropolitan AAs. In addition, as a practical matter, it makes little sense from a CRA perspective for a bank to go the extra mile for a major CD project in an AA that will contribute negligibly to its overall rating. Combining multiple non-metro portions within a state into one or a few AAs would significantly address these factors.

- <u>If a large retail bank's presence in a given AA or state is equivalent to that of a small bank (e.g., deposits less than $313 million[6]), then the small bank examination process (i.e., streamlined lending test only) should apply to that AA or state</u>. The comprehensive large bank examination structure would continue to apply at the institution level, as well as to any AA or state where the bank's deposits exceed $313 million, so overall expectations and evaluation for CD, services, and other lending elements would continue to apply there. However, this approach would greatly simplify evaluations for the specific AAs and states where a bank has only a very limited presence.

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[4] This is the same rationale the agencies cited in 1995 for crediting nationwide CD activities of wholesale and limited purpose banks. *Federal Register*, Vol. 60, No. 86, p. 22160.

[5] 12 U.S.C. 2901

[6] The examination buckets for CRA examinations are based on assets, not deposits, but deposits are more easily identifiable to AAs than are assets. Many banks have roughly comparable levels of assets and deposits.

**Questions 15-28: Expanding CRA-Qualifying Activities**

Improving the clarity about what activities will get CRA credit would significantly increase the flow of capital for communities, reduce regulatory burden and uncertainty for banks, and streamline and simplify the examination process for agency staff. Additional clarity is especially important for CD activities.

- A bank should receive full credit for CD activities nationwide if it has served its AAs, in the aggregate, at a satisfactory level based on its most recent exam. Current policies regarding credit for CD activities in a "broader statewide or regional area" (BSRA) that include a bank's AAs are well intentioned, but in many cases are both unnecessarily restrictive and too unclear for banks to follow with confidence.
  - One problem is that current guidance requires that banks meet an undefined AA responsiveness test to allow certain BSRA activities, but AA responsiveness is only determined as part of the examination years later. Banks must be able to know in real time whether their service to AAs will meet the required threshold to qualify those BSRA activities.
  - A second problem is that allowable BSRA boundaries are unnecessarily restrictive and too unclear. An examiner could determine that a bank's BSRA boundary is too broad and deny credit for an important activity. While a clearer definition of BSRAs would be a step in the right direction, CD financing is often provided on a nationwide basis, either directly or through intermediaries. Crediting CD financing nationwide would be an important simplification for community developers as well as for banks, facilitate financing for underserved areas, and align with today's CD financing practices. We see no over-riding policy reason to deny a bank in, for example, New York or Salt Lake City credit for financing CD in Detroit or Appalachia if it chooses to do so, provided that the bank has a satisfactory rating on its most recent exam. (Note: we separately recommend that a bank should have a satisfactory or better rating for its AAs, in the aggregate, in order to achieve a satisfactory CRA rating overall.)
- Clarity about what activities qualify as CD would remove a significant barrier to reinvestment. Banks need to have confidence at the time they make financing decisions and develop new financing products whether CD activities will receive CRA credit. For most banks it is simply not practical to pursue CD financing that might not qualify for CRA credit. The agencies should provide clearer guidance on common CD activities as described below. For less common or more nuanced activities, the agencies should develop a mechanism to provide timely confirmation of CRA eligibility in advance of a transaction closing. It would also be helpful if the agencies would publish these determinations so that all banks can learn about and rely on them.

- Unsubsidized affordable rental housing accounts for 80 percent of all affordable rentals, but its eligibility under CRA is unclear. It is important that CRA modernization should address this issue because the need for affordable housing has deepened significantly since 1995, public subsidy programs alone cannot solve the problem, and practitioners are focusing more on preserving unsubsidized affordable rental housing. Housing with affordable rents should qualify for CRA credit if either:

  - The housing is located in a LMI census tract. This housing currently gets CRA credit. *Or*:
  - The housing is located in a census tract where the median renter is LMI *and* the median rent is affordable. LMI renters are likely to occupy an affordable property if most renters in the neighborhood are LMI. The owner is likely to keep rents affordable if rents for other housing in the neighborhood are affordable. *Or*:
  - The owner commits to keep rents affordable for the term of the bank's financing. This alternative would be especially helpful in neighborhoods where rents are less affordable. While most profit-motivated owners would not generally consent to this restriction, some might do so if motivated, such as by Freddie Mac's current offer of lower-cost financing. Many nonprofit owners would also be amenable to such restrictions.

  A presumption of eligibility could be rebutted if the financing was underwritten based on plans for unaffordable rent increases or the housing is in substandard condition. (A detailed analysis of this issue is attached.)

- Affordable rental housing undertaken in conjunction with an explicit federal, state, or local government affordable housing policy or program should receive full CRA credit if at least 20 percent of the units will be affordable for the term of the bank's financing. The primary federal affordable housing production policies – LIHTC, tax-exempt multifamily housing bonds, and the HOME Investment Partnerships program – all use 20 percent as their eligibility thresholds. More states and localities are supporting affordable housing through direct funding, tax relief, and inclusionary zoning requirements. Aligning CRA with other governmental policies would promote consistency, clarity, simplicity, and efficiency.

- To clarify how affordable housing in high-cost markets is credited, the agencies should specify that a bank may, at its option, use HUD's income limits instead of the FFIEC income limits. HUD's income limits include adjustments for high-cost areas and are used for most federal affordable housing programs and policies. Current CRA guidance recognizes the need to accommodate high-cost areas, but provides no specific or clear way to operationalize the principle. This change would add certainty and transparency, as well as consistency with other federal housing policies. (A detailed analysis of this issue is attached.)

- Infrastructure financing should receive CRA credit to the extent it is reasonably expected to serve LMI people or places: (1) full credit if LMI people or places will receive most of the benefits; (2) pro-rata credit if LMI people or places will receive 20-50 percent of the benefits; and (3) no credit if LMI people or places will receive less than 20 percent of the benefits. Considering that about 30 percent of all census tracts and people nationwide are LMI, this approach would provide a reasonable level of credit without diluting CRA's primary LMI focus.

- Economic development activities in "distressed" middle-income metropolitan areas should receive the same CRA credit available for activities in similar non-metropolitan census tracts. Many metropolitan areas continue to struggle even as other areas thrive, a divide that has deepened significantly in recent years.[7] As under the current CRA policy for nonmetropolitan areas, a middle-income census tract would have to be located in a county that meets one or more of the following triggers: (1) An unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of five percent or more over the five-year period preceding the most recent census.

- Long-term loans and investments made in prior exam periods should be credited for as long as a bank retains them, based on the unpaid principal balance for loans and GAAP accounting treatment for investments. Long-term financing is important, especially to CD activities. Currently, only investments (but not loans) made in prior exam periods continue to generate CRA credit. This system perversely gives banks more credit for making and then renewing a short-term loan than for making a long-term loan in the first place. We also observe that examiners do not consistently recognize the value of investments made in prior exam periods.

- Letters of credit should receive the same treatment as loans made for the same activity. Letters of credit are true extensions of credit for which banks must hold capital. The Federal Reserve Board already applies this policy; the OCC and FDIC should follow suit.

- Mortgage-backed securities (MBS). The agencies should consider limiting CRA credit for repeated and frequent trading of single-family MBS guaranteed by Fannie Mae, Freddie Mac, and Ginnie Mae. These "agency MBS" comprise a highly efficient $5 trillion global market, so such trading creates limited benefit to LMI borrowers and communities. Fewer restrictions should apply to secondary purchases of other asset-backed securities because they are less liquid. For example, if one bank underwrites, purchases, and then sells to a second bank a security backed by loans made by a CDFI or state or local

[7] See, e.g., Christopher Rugaber, "Decade since recession: Thriving cities leave others behind," Associated Press, December 14, 2017, https://www.foxnews.com/us/decade-since-recession-thriving-cities-leave-others-behind

housing finance agency, both banks should be recognized for adding substantial value to the community served. Finally, as a practical matter, some AAs present only limited equity investment opportunities, so offering banks the option to replace the investment test with a CD test that includes both CD loans and investments would reduce some banks' need to purchase MBS.

- Consumer loans should continue to receive CRA credit at the option of the bank.

Thank you for considering our views. We would be happy to discuss them further at your convenience.

Sincerely,

Benson F. Roberts
President and CEO

NAAHL | National Association of **Affordable Housing Lenders**

## Member Organizations

Affordable Housing Tax Credit Coalition
Alabama Multifamily Loan Consortium
Ally
American Bankers Association Foundation
American Express
America's Federal Home Loan Banks
Bank of America
Bank of New York Mellon
BB&T
BMO Harris Bank
Boston Private Bank and Trust Company
California Community Reinvestment Corporation
California Housing Finance Agency
Capital One
Centrant Community Capital
Century Housing
Cinnaire
Citi
The Community Development Trust
Community Housing Capital
Community Investment Corporation
The Community Preservation Corporation
Deutsche Bank
Enterprise Community Partners
E*TRADE
Fifth Third Bank
Goldman Sachs
Housing Partnership Network
Illinois Housing Development Authority
JPMorgan Chase
KeyBank
LISC / National Equity Fund
Low Income Investment Fund
Massachusetts Housing Investment Corporation
Massachusetts Housing Partnership
MassHousing
Morgan Stanley
MUFG Union Bank, N.A.
National Housing Trust - Community Development Fund
NCALL Loan Fund
Neighborhood Lending Partners, Inc.
NeighborWorks America
Network for Oregon Affordable Housing

New York City Housing Development Corporation
Northern Trust
Ohio Capital Corporation for Housing
Opportunity Finance Network
Pembrook Capital Management, LLC
PNC Community Development Banking
Raza Development Fund
RBC Global Asset Management, Inc.
Rhode Island Housing
Rocky Mountain Community Reinvestment Corporation
Santander Bank, N.A.
Silicon Valley Bank
TD Bank, Community Development
U.S. Bank
Washington Community Reinvestment Association
Wells Fargo
Woodforest National Bank

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# Unsubsidized affordable rental housing under CRA

**Current policy:** Unless the renters' low or moderate income (LMI) is verified, usually because of a government subsidy program requirement, CRA consideration for financing affordable rental housing depends on an Agency examiner's determination that LMI renters are likely to occupy the housing. Indeed, Q&A Section __12.(g) (1)-1 explicitly warns that affordable rents alone are insufficient to obtain favorable CRA consideration as affordable housing. Additional analysis of demographic, economic, and market data is required for each property financed. No guidance is offered regarding what data are relevant or how they should be analyzed and interpreted.

**Reason for Change:** While likely LMI benefit is a valid policy concern, the current policy is unworkable. Over 80% of the nation's 32.8 million rental units affordable to LMI renters are not publicly subsidized and have no restriction on tenant incomes.[1] It is essential that CRA policy positively considers financing for this unsubsidized affordable housing. Lenders need to know how an activity will be treated under CRA when they make financing decisions, but an examiner's determination is only made years later and without clear and consistent standards. Moreover, lenders for unsubsidized housing generally do not collect tenant income data and conducting a demographic, economic, and market analysis for each loan or investment is burdensome for banks and examiners alike. As a result, the current guidance offers little or no encouragement of bank financing for much of the unsubsidized rental housing stock that is both affordable and actually serves LMI households. The policy is particularly unsupportive of fair housing efforts in middle-income "opportunity areas" because examiners are less likely to qualify unsubsidized affordable rental housing outside LMI census tracts.

**Proposal**: <u>Rental housing not subject to tenant income restrictions should receive favorable consideration as affordable housing if most of the property's rents are affordable when the financing is committed and the property meets *one* of the following three additional standards:</u>

1. <u>The property is located in a LMI neighborhood (i.e., census tract)</u>.

   - It is long-standing CRA policy to recognize activities located in LMI census tracts. Examiners usually recognize unsubsidized affordable housing located there.

[1] HUD, *Worst Case Housing Needs: 2017 Report to Congress,* Table A-12) shows 32.8 million rental units are affordable to renters earning 80% of the area median income. About 6.0 million affordable rental units are subject to federal income restrictions, including 3.0 million HUD assisted units (Source: U.S Department of Housing and Urban Development, FY 2016 Annual Performance Report https://portal.hud.gov/hudportal/documents/huddoc?id=FY_2016_APR.pdf , p. 44); and 3.0 million LIHTC units (Source: U.S Department of Housing and Urban Development, Low-Income Housing Tax Credit Database http://www.huduser.gov/portal/datasets/lihtc.html ). The 6.0 million estimate does not account for double-counting of properties that are both LIHTC- and HUD-assisted. As such, it over-estimates the total number of subsidized units and under-estimates the number of unsubsidized units.

2. Most renters in the neighborhood are LMI *and* most rents in the neighborhood are affordable.

   - The income of renters already living in the neighborhood is a better indicator of the likely tenants of a property than the income of all neighborhood residents, many or most of whom are home owners. The median renter has about one-half the income of the median homeowner[2], so it is understandable that there are twice as many LMI-*renter* census tracts as LMI *family or household* census tracts, as the attached table shows for the 50 largest MSAs/MDs. Applying a median renter income standard would qualify affordable housing in many middle-income "opportunity areas", while adhering to the principle of likely LMI occupancy.
   - If most neighborhood rents are affordable, a property owner will be unlikely to charge higher rents because the market will not support it.
   - These criteria are readily determinable when financing is committed, using broadly available data from the U.S. Census Bureau's American Community Survey, which is updated annually. The only data required are: the median rent and the median renter income for the census tract and the area median income (AMI).
   - As the attached table shows, most renters are LMI and most rents are affordable in 58% of all census tracts in the 50 largest metropolitan areas (MSAs) and metropolitan divisions (MDs), far more than the one-third of census tracts where the median family or household income is LMI. There is, appropriately, considerable variation among MSAs/MDs, reflecting differences in AMIs and rent levels. In markets where rents are generally low relative to the AMI, more tracts would qualify (e.g., 79% in Indianapolis and 77% in Cincinnati). Where rents are generally high relative to the AMI, fewer tracts would qualify (e.g., 41% in San Francisco and 43% in New York). Appropriately, gentrifying neighborhoods would generally not meet this standard because rents there are not affordable to LMI households. This sensitivity to local conditions validates the policy approach.

3. The owner agrees to maintain affordability to LMI renters for the life of the financing.

   - This alternative would accommodate affordable housing opportunities in neighborhoods where most rents are *not* affordable. Although most property owners in these neighborhoods would be unwilling to commit to ongoing affordability, nonprofit owners would be willing to do so, as might some other owners.

Determination of rent and affordability. In all cases, the rent would have to be affordable to LMI households for a majority of the units in the property, as determined when the financing is

[2] The 2015 median income was $37,900 for renters and $70,800 for home owners. Harvard Joint Center for Housing Studies, *State of the Nation's Housing 2017*, p. 26.
http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/harvard_jchs_state_of_the_nations_housing_2017.pdf

committed and based on a 30%-of-income affordability standard. Other federal policy makers have adopted an affordability metric based on the initial rent relative to the local AMI. The Federal Housing Finance Agency, in setting affordable rental housing goals for Fannie Mae and Freddie Mac, determines affordability based solely on initial rents, not incomes, "[b]ecause lenders generally do not collect income information on tenants."[3] Banks and other lenders do routinely require a rent roll or pro-forma rent roll as a basis for underwriting. Property owners do not under-estimate rents (and thereby over-estimate affordability) because that would reduce the financing they can obtain. The 30%-of-income affordability metric is the standard for federal housing policies, including Low Income Housing Tax Credits, Section 8 project-based rental assistance, Housing Choice Vouchers, and the HOME Investment Partnerships program.

Optional use of HUD income data. Banks should have the option to either FFIEC area income data or HUD area income data for purposes of qualifying unsubsidized affordable rental housing. The HUD income data are used for federally subsidized affordable housing. They vary in certain respects from the FFIEC data. First, HUD data are adjusted based on the number of persons in a household. Since the size of an occupying household is not easily verifiable and can change over time, we recommend assuming a three- or four-person household as a convention. Second, an area's income limit may not exceed the U.S. median family income level ($68,000 for FY 2017) except when justified by high housing costs. Third, an area's income limit is adjusted due to high housing costs if 85% of the area's annual two-bedroom HUD Fair Market Rent is greater than 35% of the US median income. CRA Q&A guidance §__.12(g)—3 already allows adjustments for high-cost areas but offers no clear method for making such adjustments. Allowing banks the option to use HUD area income data would provide a clear and simple way to operationalize the existing policy.

Rebuttable presumption. Meeting the proposed affordability standard would establish a rebuttable presumption of likely LMI occupancy, thereby qualifying the property as affordable housing. However, an examiner could disallow consideration in rare cases where the property was underwritten based on unaffordable rents or is maintained in substandard condition.

[3] 2015–2017 Enterprise Housing Goals; Final Rule, *Federal Register*, Vol. 80, No. 171, September 3, 2015, p. 53423.

## 50 Largest MSAs/ MDs: Share of Census Tracts with LMI Renters and Affordability

| | | Share of Census Tracts in MSA/ MD where: | | | |
|---|---|---|---|---|---|
| | | Median Renter Household is LMI and Median Rent is Affordable to LMI Households | Median Renter Household is LMI | (For Reference) Median Household is LMI | (For Reference) Median Family is LMI |
| ANAHEIM-SANTA ANA-IRVINE | CA | 44% | 59% | 28% | 32% |
| ATLANTA-SANDY SPRINGS-ROSWELL | GA | 65% | 74% | 33% | 35% |
| AUSTIN-ROUND ROCK | TX | 64% | 69% | 30% | 35% |
| BALTIMORE-COLUMBIA-TOWSON | MD | 65% | 71% | 34% | 37% |
| BOSTON | MA | 59% | 72% | 30% | 33% |
| CAMBRIDGE-NEWTON-FRAMINGHAM | MA | 70% | 78% | 27% | 29% |
| CHARLOTTE-CONCORD-GASTONIA | NC-SC | 70% | 74% | 33% | 34% |
| CHICAGO-NAPERVILLE-ARLINGTON HEIGHTS | IL | 67% | 76% | 35% | 37% |
| CINCINNATI | OH-KY-IN | 77% | 81% | 36% | 36% |
| CLEVELAND-ELYRIA | OH | 71% | 79% | 36% | 38% |
| COLUMBUS | OH | 77% | 79% | 37% | 39% |
| DALLAS-PLANO-IRVING | TX | 59% | 67% | 36% | 38% |
| DENVER-AURORA-LAKEWOOD | CO | 61% | 70% | 33% | 34% |
| DETROIT-DEARBORN-LIVONIA | MI | 50% | 76% | 43% | 47% |
| FORT LAUDERDALE-POMPANO BEACH-DEERFIELD BEACH | FL | 29% | 56% | 31% | 33% |
| FORT WORTH-ARLINGTON | TX | 66% | 72% | 34% | 35% |
| HOUSTON-THE WOODLANDS-SUGAR LAND | TX | 64% | 69% | 39% | 41% |
| INDIANAPOLIS-CARMEL-ANDERSON | IN | 79% | 82% | 37% | 40% |
| KANSAS CITY | MO-KS | 74% | 77% | 36% | 38% |
| LAS VEGAS-HENDERSON-PARADISE | NV | 41% | 53% | 28% | 29% |
| LOS ANGELES-LONG BEACH-GLENDALE | CA | 43% | 60% | 35% | 38% |
| MEMPHIS | TN-MS-AR | 64% | 72% | 42% | 44% |
| MIAMI-MIAMI BEACH-KENDALL | FL | 21% | 60% | 32% | 33% |
| MILWAUKEE-WAUKESHA-WEST ALLIS | WI | 76% | 79% | 38% | 38% |
| MINNEAPOLIS-ST. PAUL-BLOOMINGTON | MN-WI | 77% | 83% | 29% | 28% |
| MONTGOMERY COUNTY-BUCKS COUNTY-CHESTER COUNTY | PA | 74% | 80% | 28% | 26% |
| NASHVILLE-DAVIDSON--MURFREESBORO--FRANKLIN | TN | 71% | 75% | 29% | 30% |
| NASSAU COUNTY-SUFFOLK COUNTY | NY | 64% | 78% | 17% | 18% |
| NEWARK | NJ-PA | 69% | 77% | 39% | 39% |
| NEW YORK-JERSEY CITY-WHITE PLAINS | NY-NJ | 43% | 60% | 33% | 36% |
| OAKLAND-HAYWARD-BERKELEY | CA | 55% | 66% | 34% | 35% |
| ORLANDO-KISSIMMEE-SANFORD | FL | 45% | 66% | 30% | 29% |
| PHILADELPHIA | PA | 43% | 66% | 36% | 38% |
| PHOENIX-MESA-SCOTTSDALE | AZ | 49% | 61% | 32% | 34% |
| PITTSBURGH | PA | 79% | 82% | 32% | 33% |
| PORTLAND-VANCOUVER-HILLSBORO | OR-WA | 74% | 79% | 24% | 27% |
| PROVIDENCE-WARWICK | RI-MA | 74% | 82% | 31% | 34% |
| RICHMOND | VA | 70% | 73% | 35% | 35% |
| RIVERSIDE-SAN BERNARDINO-ONTARIO | CA | 44% | 63% | 32% | 34% |
| SACRAMENTO--ROSEVILLE--ARDEN-ARCADE | CA | 55% | 67% | 29% | 31% |
| ST. LOUIS | MO-IL | 78% | 82% | 30% | 31% |
| SAN ANTONIO-NEW BRAUNFELS | TX | 60% | 66% | 36% | 36% |
| SAN DIEGO-CARLSBAD | CA | 42% | 60% | 30% | 32% |
| SAN FRANCISCO-REDWOOD CITY-SOUTH SAN FRANCISCO | CA | 41% | 48% | 25% | 28% |
| SAN JOSE-SUNNYVALE-SANTA CLARA | CA | 51% | 61% | 26% | 33% |
| SEATTLE-BELLEVUE-EVERETT | WA | 67% | 72% | 24% | 25% |
| TAMPA-ST. PETERSBURG-CLEARWATER | FL | 44% | 63% | 28% | 31% |
| VIRGINIA BEACH-NORFOLK-NEWPORT NEWS | VA-NC | 58% | 64% | 31% | 32% |
| WARREN-TROY-FARMINGTON HILLS | MI | 70% | 76% | 27% | 26% |
| WASHINGTON-ARLINGTON-ALEXANDRIA | DC-VA-MD-WV | 56% | 64% | 29% | 34% |
| | | | | | |
| WEIGHTED AVERAGE, 50 MSAs/ MDs | | 58% | 69% | 32% | 34% |

NAAHL | National Association of Affordable Housing Lenders

November 2018

**Impact Analysis:**

**Optional Use of HUD Income Limits to Qualify Affordable Housing under CRA**

NAAHL has analyzed the impact of allowing banks to use either the FFIEC or HUD income data for the purpose of qualifying affordable housing under the Community Reinvestment Act (CRA). Allowing this option would operationalize current CRA Q&A guidance §__.12(g)—3 supportive of middle-income housing in high-cost areas.[1]

We found that HUD income limits are at least 10% higher than the FFIEC's income limits in 19 metropolitan areas, the largest of which are New York, Los Angeles-Long Beach, and Miami-Miami Beach-Kendall.

__Methodology__. HUD's income limits reflect various adjustments up and down to the American Community Survey's area median family income (AMFI) data, including for high or low local Fair Market Rents (FMRs) and incomes, as described in the "FY 2017 HUD Income Limits Briefing Material".[2] To align the HUD and FFIEC metropolitan area data sets for analysis:

- We used HUD's "low-income" limit, which is based on 80% of the AMFI, equivalent to CRA's "moderate-income" limit. To minimize confusion, we refer to this as the "80% AMFI Limit".

- Since HUD further adjusts its income limits based on the number of persons in a household, we used the 80% AMFI Limit for a three-person household. This corresponds to a two-bedroom unit based on the 1.5 persons per bedroom convention used to set ceiling rents for the Low Income Housing Tax Credit and tax-exempt multifamily private activity bonds. A two-bedroom unit is a reasonable benchmark for purposes of this analysis.

- HUD made adjustments to 293 of 624 metropolitan areas. The HUD and FFIEC definitions of metropolitan area differ in some cases where HUD uses "FMR Areas" or FFIEC uses "Metropolitan Divisions". We found 160 metropolitan areas that were common to both HUD and FFIEC[3] and where HUD made adjustments to its 80% AMFI Limit.

[1] Federal Register, Vol. 81, No. 142, Monday, July 25, 2016, p. 48525.
[2] https://www.huduser.gov/portal/datasets/il/il17/IncomeLimitsBriefingMaterial-FY17.pdf
[3] Most of the metropolitan areas not common to both the FFIEC and HUD sets are small FMR Areas.

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**<u>Results</u>**. The attached table compares the 80% AMFI Limit for HUD and FFIEC in these 160 metropolitan areas, ranked by the difference between HUD's 3-Person Low-Income Limit and 80% of the FFIEC Median Family Income.

Of these 160 metropolitan areas:

- HUD's 80% AMFI Limit is <u>lower</u> than FFIEC's 80% AMFI Limit in 139 metropolitan areas (74%). In these cases a bank would likely continue using the FFIEC limit.

- HUD's 80% AMFI Limit is <u>higher</u> than FFIEC's 80% AMFI Limit in 42 metropolitan areas (26%). These include 19 areas where the HUD limit exceeds the FFIEC limit by at least 10%, where using the HUD limits would make the most difference. Of these 19 areas:

    - Six are in Puerto Rico, where AMFIs tend to be extremely low: Guavama (HUD's 80% AMFI Limit is 42% higher than FFIEC's), San German (23%), Aquadilla-Isabella (21%), Ponce (20%), Arecibo (17%), and San Juan-Guavnabo (12%).
    - Five are in California, in areas where housing costs are high and AMFIs are mostly low: Los Angeles-Long Beach-Glendale (26%), Salinas (16%), Visalia-Porterville (14%), Merced (11%), and Santa Maria-Santa Barbara (10%).
    - Three are in Texas, near the Mexico border where AMFIs are very low: Brownsville-Harlingen (29%), McAllen-Edinburg-Mission (21%), and Laredo (14%).
    - The others are Miami-Miami Beach-Kendall (31%), New York (16%), Cumberland (14%), Pueblo (14%), and Richmond (10%), which have high FMRs relative to AMFIs.
    - In only four areas does the HUD 80% AMFI Limit exceed 100% of the FFIEC AMFI: Guavama (113%), Miami-Miami Beach-Kendall (105%), Brownsville-Harlingen (103%), and Los Angeles (101%).

- There are also some areas notable for their high FMRs but where HUD's 80% AMFI Limit was only slightly above or actually lower than FFIEC's 80% AMFI Limit: San Francisco (5%), San Diego-Carlsbad (3%), Boston-Cambridge-Quincy (-7%), Oakland-Fremont (-7%), San Jose-Sunnyvale-Santa Clara (-14%), and Washington-Arlington (-22%). These areas have unusually high AMFIs, except for San Diego-Carlsbad.

| | METROPOLITAN AREA | HUD 3-person Low-Income Limit | FFIEC 80% of Median Family Income | HUD vs. FFIEC |
|---|---|---|---|---|
| 1 | Guayama, PR MSA | 20,385 | 14,400 | 42% |
| 2 | Miami-Miami Beach-Kendall, FL HMFA | 54,360 | 41,440 | 31% |
| 3 | Brownsville-Harlingen, TX MSA | 39,015 | 30,320 | 29% |
| 4 | Los Angeles-Long Beach-Glendale, CA HMFA | 64,890 | 51,440 | 26% |
| 5 | San German, PR MSA | 18,135 | 14,720 | 23% |
| 6 | McAllen-Edinburg-Mission, TX MSA | 39,015 | 32,240 | 21% |
| 7 | Aguadilla-Isabela, PR HMFA | 18,135 | 15,040 | 21% |
| 8 | Ponce, PR HMFA | 19,620 | 16,400 | 20% |
| 9 | Arecibo, PR HMFA | 19,305 | 16,560 | 17% |
| 10 | New York, NY HMFA | 68,670 | 58,960 | 16% |
| 11 | Salinas, CA MSA | 58,590 | 50,480 | 16% |
| 12 | Cumberland, MD-WV MSA | 49,365 | 43,120 | 14% |
| 13 | Laredo, TX MSA | 39,015 | 34,240 | 14% |
| 14 | Visalia-Porterville, CA MSA | 43,110 | 37,840 | 14% |
| 15 | Pueblo, CO MSA | 45,945 | 40,400 | 14% |
| 16 | San Juan-Guaynabo, PR HMFA | 23,175 | 20,720 | 12% |
| 17 | Merced, CA MSA | 43,110 | 38,800 | 11% |
| 18 | Richmond, VA MSA | 55,710 | 50,560 | 10% |
| 19 | Santa Maria-Santa Barbara, CA MSA | 64,845 | 59,120 | 10% |
| 20 | Vineland-Bridgeton, NJ MSA | 47,430 | 43,360 | 9% |
| 21 | Urban Honolulu, HI MSA | 75,330 | 69,280 | 9% |
| 22 | El Centro, CA MSA | 43,110 | 39,760 | 8% |
| 23 | Santa Cruz-Watsonville, CA MSA | 72,225 | 66,640 | 8% |
| 24 | Mayagüez, PR MSA | 20,385 | 18,880 | 8% |
| 25 | Fresno, CA MSA | 43,110 | 40,000 | 8% |
| 26 | El Paso, TX HMFA | 39,015 | 36,240 | 8% |
| 27 | Hanford-Corcoran, CA MSA | 43,110 | 40,160 | 7% |
| 28 | Fort Lauderdale, FL HMFA | 54,855 | 51,280 | 7% |
| 29 | Grand Forks, ND-MN MSA | 56,610 | 53,200 | 6% |
| 30 | Madera, CA MSA | 43,110 | 41,040 | 5% |
| 31 | Oxnard-Thousand Oaks-Ventura, CA MSA | 71,910 | 68,480 | 5% |
| 32 | San Francisco, CA HMFA | 94,815 | 90,480 | 5% |
| 33 | Pittsfield, MA HMFA | 57,600 | 55,200 | 4% |
| 34 | San Diego-Carlsbad, CA MSA | 65,475 | 63,440 | 3% |
| 35 | Grants Pass, OR MSA | 38,385 | 37,200 | 3% |
| 36 | Sebring, FL MSA | 34,830 | 33,760 | 3% |
| 37 | Yuma, AZ MSA | 36,495 | 35,600 | 3% |
| 38 | Yakima, WA MSA | 42,750 | 41,760 | 2% |
| 39 | Bakersfield, CA MSA | 43,110 | 42,400 | 2% |
| 40 | Goldsboro, NC MSA | 36,450 | 36,000 | 1% |
| 41 | Logan, UT-ID MSA | 48,735 | 48,160 | 1% |
| 42 | Las Cruces, NM MSA | 37,665 | 37,520 | 0% |
| 43 | Warner Robins, GA HMFA | 45,000 | 45,040 | 0% |
| 44 | Carson City, NV MSA | 45,270 | 45,520 | -1% |
| 45 | Danville, IL MSA | 43,470 | 43,760 | -1% |
| 46 | Blacksburg-Christiansburg-Radford, VA HM | 49,320 | 49,840 | -1% |
| 47 | Muncie, IN MSA | 41,265 | 42,240 | -2% |
| 48 | Yuba City, CA MSA | 43,110 | 44,400 | -3% |
| 49 | Terre Haute, IN HMFA | 41,265 | 42,720 | -3% |
| 50 | Atlantic City-Hammonton, NJ MSA | 51,705 | 53,760 | -4% |
| 51 | West Palm Beach-Boca Raton, FL HMFA | 51,750 | 54,320 | -5% |
| 52 | Hinesville, GA HMFA | 37,800 | 39,680 | -5% |
| 53 | Springfield, OH MSA | 41,490 | 43,600 | -5% |
| 54 | Sumter, SC MSA | 34,785 | 36,560 | -5% |

| | METROPOLITAN AREA | HUD 3-person Low-Income Limit | FFIEC 80% of Median Family Income | HUD vs. FFIEC |
|---|---|---|---|---|
| 55 | Portland, ME HMFA | 59,130 | 62,240 | -5% |
| 56 | Shreveport-Bossier City, LA HMFA | 40,770 | 42,960 | -5% |
| 57 | Bloomington, IL HMFA | 60,030 | 63,360 | -5% |
| 58 | Santa Rosa, CA MSA | 63,450 | 67,120 | -5% |
| 59 | Great Falls, MT MSA | 43,560 | 46,080 | -5% |
| 60 | Houma-Thibodaux, LA MSA | 42,210 | 44,720 | -6% |
| 61 | Fargo, ND-MN MSA | 56,610 | 60,160 | -6% |
| 62 | Madison, WI HMFA | 61,200 | 65,040 | -6% |
| 63 | Owensboro, KY MSA | 40,680 | 43,280 | -6% |
| 64 | Charleston, WV HMFA | 39,600 | 42,160 | -6% |
| 65 | Muskegon, MI MSA | 40,185 | 42,800 | -6% |
| 66 | Lewiston, ID-WA MSA | 40,680 | 43,360 | -6% |
| 67 | Valdosta, GA MSA | 34,425 | 36,720 | -6% |
| 68 | Modesto, CA MSA | 43,110 | 46,000 | -6% |
| 69 | Mansfield, OH MSA | 41,490 | 44,320 | -6% |
| 70 | Flint, MI MSA | 40,185 | 42,960 | -6% |
| 71 | Port St. Lucie, FL MSA | 43,335 | 46,400 | -7% |
| 72 | Lawrence, KS MSA | 51,120 | 54,800 | -7% |
| 73 | Boston-Cambridge-Quincy, MA-NH HMFA | 70,335 | 75,440 | -7% |
| 74 | Florence, SC HMFA | 40,185 | 43,120 | -7% |
| 75 | Youngstown-Warren-Boardman, OH HMFA | 41,490 | 44,640 | -7% |
| 76 | Longview, WA MSA | 44,730 | 48,160 | -7% |
| 77 | Oakland-Fremont, CA HMFA | 72,360 | 77,920 | -7% |
| 78 | Winchester, VA-WV MSA | 50,535 | 54,480 | -7% |
| 79 | Lake Havasu City-Kingman, AZ MSA | 33,930 | 36,800 | -8% |
| 80 | Napa, CA MSA | 67,050 | 72,800 | -8% |
| 81 | Watertown-Fort Drum, NY MSA | 45,945 | 49,920 | -8% |
| 82 | Texarkana, TX-Texarkana, AR HMFA | 39,015 | 42,400 | -8% |
| 83 | Fayetteville-Springdale-Rogers, AR HMFA | 47,385 | 51,520 | -8% |
| 84 | Ocean City, NJ MSA | 54,000 | 58,720 | -8% |
| 85 | Lima, OH MSA | 41,490 | 45,120 | -8% |
| 86 | Riverside-San Bernardino-Ontario, CA MSA | 46,440 | 50,560 | -8% |
| 87 | Naples-Immokalee-Marco Island, FL MSA | 50,175 | 54,640 | -8% |
| 88 | Deltona-Daytona Beach-Ormond Beach, FL H | 40,185 | 43,840 | -8% |
| 89 | Bloomington, IN HMFA | 44,910 | 49,120 | -9% |
| 90 | Las Vegas-Henderson-Paradise, NV MSA | 45,270 | 49,520 | -9% |
| 91 | Jackson, MS HMFA | 44,775 | 49,120 | -9% |
| 92 | Crestview-Fort Walton Beach-Destin, FL H | 49,050 | 53,840 | -9% |
| 93 | Worcester, MA HMFA | 61,200 | 67,200 | -9% |
| 94 | New Haven-Meriden, CT HMFA | 61,200 | 67,280 | -9% |
| 95 | Rochester, MN HMFA | 61,200 | 67,280 | -9% |
| 96 | Chambersburg-Waynesboro, PA MSA | 46,305 | 50,960 | -9% |
| 97 | Tuscaloosa, AL HMFA | 42,705 | 47,040 | -9% |
| 98 | Sioux City, IA-NE-SD HMFA | 45,990 | 50,720 | -9% |
| 99 | Pocatello, ID MSA | 41,175 | 45,440 | -9% |
| 100 | Utica-Rome, NY MSA | 45,000 | 49,680 | -9% |
| 101 | Columbus, OH HMFA | 53,550 | 59,120 | -9% |
| 102 | Roanoke, VA HMFA | 47,520 | 52,480 | -9% |
| 103 | Tyler, TX MSA | 41,985 | 46,400 | -10% |
| 104 | Casper, WY MSA | 53,775 | 59,520 | -10% |
| 105 | Michigan City-La Porte, IN MSA | 41,265 | 45,760 | -10% |
| 106 | Longview, TX HMFA | 43,425 | 48,160 | -10% |
| 107 | South Bend-Mishawaka, IN HMFA | 43,920 | 48,720 | -10% |
| 108 | Norwich-New London, CT HMFA | 61,200 | 67,920 | -10% |

| | METROPOLITAN AREA | HUD 3-person Low-Income Limit | FFIEC 80% of Median Family Income | HUD vs. FFIEC |
|---|---|---|---|---|
| 109 | Iowa City, IA HMFA | 61,200 | 68,080 | -10% |
| 110 | Staunton-Waynesboro, VA MSA | 46,350 | 51,600 | -10% |
| 111 | Cape Girardeau, MO-IL MSA | 42,390 | 47,200 | -10% |
| 112 | Gainesville, FL MSA | 46,710 | 52,160 | -10% |
| 113 | Kingsport-Bristol-Bristol, TN-VA MSA | 39,015 | 43,600 | -11% |
| 114 | Hagerstown, MD HMFA | 49,365 | 55,280 | -11% |
| 115 | Manhattan, KS MSA | 50,175 | 56,240 | -11% |
| 116 | Kokomo, IN MSA | 44,550 | 50,000 | -11% |
| 117 | Columbia, MO MSA | 53,550 | 60,160 | -11% |
| 118 | Ocala, FL MSA | 36,585 | 41,200 | -11% |
| 119 | Sacramento--Roseville--Arden-Arcade, CA | 53,415 | 60,160 | -11% |
| 120 | Jacksonville, NC MSA | 39,375 | 44,400 | -11% |
| 121 | Corpus Christi, TX HMFA | 44,730 | 50,480 | -11% |
| 122 | Altoona, PA MSA | 44,370 | 50,160 | -12% |
| 123 | Huntsville, AL MSA | 55,305 | 62,560 | -12% |
| 124 | San Luis Obispo-Paso Robles-Arroyo Grand | 58,815 | 66,560 | -12% |
| 125 | Topeka, KS MSA | 48,150 | 54,640 | -12% |
| 126 | Gainesville, GA MSA | 43,470 | 49,360 | -12% |
| 127 | Athens-Clarke County, GA MSA | 43,200 | 49,200 | -12% |
| 128 | Victoria, TX MSA | 44,775 | 51,040 | -12% |
| 129 | Waco, TX HMFA | 40,320 | 46,000 | -12% |
| 130 | Hammond, LA MSA | 39,555 | 45,280 | -13% |
| 131 | Harrisonburg, VA MSA | 45,180 | 51,760 | -13% |
| 132 | Greeley, CO MSA | 52,830 | 60,560 | -13% |
| 133 | Grand Junction, CO MSA | 46,215 | 53,040 | -13% |
| 134 | Ann Arbor, MI MSA | 61,200 | 70,640 | -13% |
| 135 | Wausau, WI MSA | 50,310 | 58,080 | -13% |
| 136 | Parkersburg-Vienna, WV MSA | 39,150 | 45,600 | -14% |
| 137 | San Jose-Sunnyvale-Santa Clara, CA HMFA | 76,275 | 88,960 | -14% |
| 138 | Sebastian-Vero Beach, FL MSA | 42,390 | 49,520 | -14% |
| 139 | Anchorage, AK HMFA | 61,200 | 71,520 | -14% |
| 140 | Anniston-Oxford-Jacksonville, AL MSA | 36,135 | 42,400 | -15% |
| 141 | Dalton, GA HMFA | 34,830 | 40,880 | -15% |
| 142 | Minneapolis-St. Paul-Bloomington, MN-WI | 61,200 | 71,840 | -15% |
| 143 | Barnstable Town, MA MSA | 61,200 | 72,160 | -15% |
| 144 | Hartford-West Hartford-East Hartford, CT | 61,200 | 72,160 | -15% |
| 145 | Macon County, TN HMFA | 34,470 | 40,720 | -15% |
| 146 | Seattle-Bellevue, WA HMFA | 64,800 | 76,800 | -16% |
| 147 | Corvallis, OR MSA | 58,905 | 69,920 | -16% |
| 148 | Palm Coast, FL HMFA | 41,535 | 49,360 | -16% |
| 149 | Baltimore-Columbia-Towson, MD MSA | 61,200 | 72,880 | -16% |
| 150 | Lewiston-Auburn, ME MSA | 43,695 | 52,080 | -16% |
| 151 | Missoula, MT MSA | 47,430 | 56,960 | -17% |
| 152 | Nassau-Suffolk, NY HMFA | 72,900 | 88,640 | -18% |
| 153 | East Stroudsburg, PA MSA | 49,230 | 59,920 | -18% |
| 154 | Odessa, TX MSA | 46,935 | 57,920 | -19% |
| 155 | Trenton, NJ MSA | 61,200 | 76,320 | -20% |
| 156 | Midland, TX HMFA | 58,455 | 73,280 | -20% |
| 157 | Washington-Arlington-Alexandria, DC-VA-M | 67,545 | 86,080 | -22% |
| 158 | Boulder, CO MSA | 61,200 | 78,560 | -22% |
| 159 | California-Lexington Park, MD MSA | 61,200 | 79,680 | -23% |
| 160 | Bridgeport, CT HMFA | 61,200 | 86,640 | -29% |