



CRA AT FORTY

What CRA Means to Me:

Communities Made Affordable

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I know Community Reinvestment Act exams can cause a lot of stress in the life of a banker, but they seriously consider the community investments banks are making. That gives my organization, Habitat for Humanity of Metro Louisville, a seat at the table. Creating affordable housing requires a tremendous amount of capital, and motivated banks make better partners.

Home is a powerful concept. Children of homeowners are 25 percent more likely to graduate from high school, are 116 percent more likely to graduate from college and will earn a 24 percent higher income in their lifetime.¹ Affordable homeownership is very important work because it impacts both the homebuyer and the community. A community with more homeowners creates a more educated workforce, which impacts everyone. Habitat sells all the homes it builds at no profit through no-interest loans so every buyer is invested in affordable homeownership.

The need for affordable housing is significant. In Jefferson County alone, our primary service area, 6,500 public school students are homeless at any given time. About one-third of the Louisville workforce spends more than 30 percent of their income on housing.² Just about every family that buys a Habitat home starts out in one of these categories.

Habitat partners with local banks to build a “bankers’ house” just about every year. We’ve been in business for more than 30 years and have built around 25 “bankers’ houses.” While many folks are involved because they have good hearts and want to support their neighbors, I’m pretty confident every bank’s financial contribution and their employees’ volunteer hours are provided to their CRA examiner.

¹ Joint Center for Housing Studies of Harvard University, “The State of the Nation’s Housing 2013,” available at <http://www.jchs.harvard.edu/research/publications/state-nations-housing-2013>

² Metropolitan Housing Coalition, “Living in Community: Housing for People Living with Disabilities and our Aging Population,” State of Metropolitan Housing Report, 2016, available at <http://metropolitanhousing.org/wp-content/uploads/2016/12/2016-State-of-Metropolitan-Housing-Report.pdf>

As I look through the list of the 25 or so families who've bought "bankers' houses" from Habitat, a few stories come to mind, but I'll limit my narrative to three that have been impacted by this amazing program:

Zakaria Lado lost part of his hand during the war in Sudan and brought his family to the U.S. more than 15 years ago. His house is one of seven we built in one block of the Smoketown neighborhood. This street feels like a melting pot - a few people that grew up in the neighborhood bought there, along with several African immigrants. Zakaria's son Rizzik made the front page of the paper when we were building his house for kicking the winning field goal that sent his high school to the state football championship. Zakaria will pay off his loan in nine years.

Kary Goff bought his "bankers' house" in 2002. Kary is a cook and made a great meal to celebrate his house dedication. At the time we built his home, he was really struggling with his faith and was truly amazed by the volunteers that came out to help him. He credits the Habitat process with "getting him back to church." Soon after he closed on his home, Kary began volunteering as a mentor for troubled youth. He will pay off his loan in five years.

Selena Coomer bought her Habitat home 10 years after Kary in 2012. She is a recovering addict and works as an abuse counselor for The Healing Place, a local nonprofit supporting addiction. Part of her job involves working with a group of recovering women and encouraging them to connect with each other and work through the recovery process. Selena's "class" discovered she was building a Habitat home and became regular construction volunteers, coming out to build her home even when Selena couldn't be on site. Since completing their Habitat home, Selena and her son Jordan have had more success. Selena is now back in school studying to become a nurse and has been promoted at The Healing Place to Director of Health Services. Jordan had the opportunity to travel to Europe to represent Team USA in basketball as a high school sophomore, and is now on track to attend college. Selena will pay off her loan in 15 years.

There are at least 21 more stories like these: times when low-income people of character have used the power of home to improve their lives. And this group only represents the "bankers' houses" homeowners. All in all, our local Habitat will complete its 500th home in 2018. We've also been involved with more than 100 repairs on owner-occupied homes. All of our work is tied to bringing people together to build homes, community and hope. On the state level, nearly 70 percent of Kentuckians own their own home, and about 30 percent rent. In nearly every neighborhood where Habitat families have invested, this ratio is flipped to 30 percent homeownership and 70 percent rental. Every Habitat home helps improve these numbers.

While quality affordable rental housing is a very good thing, many of the landlords in our transitional neighborhoods seem to be more concerned with rent than the value of their property. I've heard of absentee landlords referring to these properties as "disposable houses" and encountered many circumstances where a landlord has no interest in making exterior repairs that would improve the streetscape. (This is not always the case and I am always looking for ways to partner with real estate investors with strategic vision who are willing to invest in neighborhoods.)

Homeowners are often engaged in neighborhood associations or block watches. They have personal "skin in the game" because their largest investment is in their home. Homeowners are more likely to paint their porch posts or plant flowers in their yard. Selena now has chickens in her backyard and shares the eggs with her neighbors. The

2017 “bankers’ house” homebuyer invested on her street because her best friend (also a Habitat homeowner) lives next door!

While I’m deeply grateful for each person that chooses to share their time, talent and treasure through the work of Habitat, I am also grateful the Community Reinvestment Act encourages banking institutions to thoughtfully deploy capital in low-income areas of our community. The combination of good intentions and reasonable regulations has helped hundreds of homeowners, dozens of neighborhoods in Louisville and millions throughout the nation.

ABOUT THE AUTHOR

ROB LOCKE is a native of Louisville, Kentucky and a Centre College graduate who has spent most of his career working for Habitat for Humanity. While he has done most of his work in Louisville, Rob has built Habitat houses in Eastern Kentucky, Guatemala, Tennessee and the Philippines. He ran the construction department of Louisville Habitat for ten years and recently completed his eleventh year in the executive position. Rob is a member of the board of directors of the Housing Partnership, Inc. and has served on the LG&E/KU Community Advisory Panel. He is married, has two daughters and is a member of Springdale Presbyterian Church.

ABOUT THE BOOK

This article first appeared in **CRA at 40: Views on the Present and Future of Community Reinvestment**, published by findCRA in November 2017. The book was created in celebration of the 40th anniversary of the Community Reinvestment Act. It tells the stories of community development, from the perspective of those working in our communities who bring their knowledge and passion to bear every day in confronting the most critical problems facing communities in need. The book is about real-world experiences told in plain language by those who live them to provide a lens for readers to see CRA at work, ideas for its future and most importantly, what it means in people's lives. To access the full text or order copies of the book, please visit www.findCRA.com/CRAat40.