NATIONAL HOUSING & REHABILITATION ASSOCIATION

1400 16th St. NW
Suite 420
Washington, DC 20036
(202) 939-1750
Fax (202) 265-4435
www.housingonline.com

Office of the Comptroller of the Currency
Benjamin W. McDonough, Chief Counsel
Chief Counsel's Office
Attention: Comment Processing
400 7th Street, SW
Suite 3E-218
Washington, DC 20219

Board of Governors of the Federal Reserve System
Ann E. Misback, Secretary
20th Street and Constitution Avenue, NW
Washington, DC 20551

Federal Deposit Insurance Corporation
James P. Sheesley, Assistant Executive Secretary
Attention: Comments RIN 3064-AF81
550 17th Street, NW
Washington, DC 20429

Re: Community Reinvestment Act (Docket ID OCC-2022-0002 (OCC); Docket No. R-1769 and RIN 7100-AG29 (Federal Reserve); and RIN 3064-AF81 (FDIC)

The National Housing & Rehabilitation Association (NH&RA) appreciates the opportunity to comment on the Board of Governors of the Federal Reserve System (Federal Reserve), the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation's (FDIC) joint proposed rule on the Community Reinvestment Act (CRA). We echo the comments of many of our peers including the Affordable Housing Tax Credit Coalition, ACTION Campaign, and National Council of State Housing Agencies, to name a few.

About NH&RA

NH&RA is a national trade association comprised of affordable housing development and finance professionals. Our members span the gamut of affordable housing professionals including developers, owners and operators, third-party compliance contractors, tax credit (Low Income Housing Tax Credit, Historic Tax Credit (LIHTC), Historic Tax Credit, and New Markets Tax Credit) investors and syndicators, lenders, lawyers, accountants, market analysts, appraisers, housing finance agencies and public housing authorities, among others.

The affordable housing finance ecosystem is a delicate one and the changes outlined in the proposed rule have the potential to significantly dampen interest in LIHTC investment. CRA has played a profound role in supporting robust affordable housing investment and contributing to the LIHTC's three decades of success in providing affordable housing for millions of households in need. LIHTC finances virtually all new affordable housing, and CRA motivates the vast majority of these investments. Total LIHTC investment reached $22.4 billion in 2021, an estimated 84.8% – or $19 billion – of which came from banks motivated by CRA requirements.

We urge the regulators to maintain the investment test, as it serves as the primary driver of LIHTC investment nationwide. If it is not possible to retain a separate Investment Test in the new CRA structure, we urge that strong mitigating factors be put in place to prevent a reduction in the incentive to invest in the LIHTC, which would ultimately reduce affordable housing production and preservation and stall efforts to address the affordable housing crisis. Our proposed mitigating factors are summarized here and explained further in the Affordable Housing Tax Credit Coalition's Letter:

1. Include an Investment Subtest under the Community Development Test.
    a. If an Investment Subtest is not included, then create an institution-level Equity Metric and Benchmark.
2. Measure new institution-level equity investments over time to identify reductions.
3. Include the Housing Credit as an Impact Review Factor, and create a High-Impact Metric and Benchmark.

The Biden-Harris Administration's Housing Supply Action Plan is aimed at closing the housing supply gap in five years. This audacious goal will take a whole-of-government approach and we urge the regulators to consider their role in helping end the affordable housing crisis by boosting the supply and production.

We urge the Federal Reserve, OCC, and FDIC to ensure that any changes to CRA will support at least as much community benefit, affordable housing, and LIHTC investment as CRA currently provides. As the affordable housing crisis continues to worsen, strong CRA incentives are needed now more than ever.

Sincerely,

Kaitlyn Snyder
Managing Director
National Housing & Rehabilitation Association