



November 19, 2018

Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, DC 20219

RE: Docket ID OCC-2018-0008, Reforming the Community Reinvestment Act Regulatory Framework

The A Call To Invest in Our Neighborhoods (ACTION) Campaign appreciates the opportunity to provide comments to the Office of the Comptroller of the Currency (OCC) on possible streamlining of and enhancements to the Community Reinvestment Act (CRA). The ACTION Campaign represents over 2,200 national, state, and local organizations and businesses advocating in support of the Low-Income Housing Tax Credit (Housing Credit). The ACTION Campaign applauds the OCC's attention to the need for modernized CRA regulations. We urge the OCC to ensure that any changes it makes to CRA maintain the level of CRA-motivated investment in affordable housing to ensure that we are able to continue to produce at least as much affordable housing as we do today.

The Housing Credit is our nation's most productive tool for developing and preserving affordable rental housing. Since its establishment in 1986, the Housing Credit has helped finance more than 3 million affordable homes across the nation, providing more than 7.2 million low-income households with homes they can afford. The Housing Credit addresses a variety of important affordable housing needs, including housing in urban, suburban, and rural areas; supportive housing; preservation; public housing; and housing for veterans, the elderly, Native Americans, farmworkers, and persons experiencing homelessness. Without the Housing Credit, virtually no affordable rental housing development would occur. Ensuring that the Housing Credit remains a robust tool is essential for addressing our nation's already significant affordable housing crisis.

The nexus between CRA and the Housing Credit increases the effectiveness of both programs. CRA contributes to healthy competition among Housing Credit investors. This is because CRA-motivated investors—which comprise most of the Housing Credit investment market—consider the credit towards their CRA obligations that they receive from investments in Housing Credit properties, in addition to the other tax benefits such investments provide, when determining the Housing Credit pricing they are willing to offer. Higher pricing allows more equity to go into Housing Credit properties, making the Housing Credit more efficient, and thus an even more effective tool for the U.S. taxpayer. Furthermore, CRA is also a key motivating factor in financial institutions' purchases of multifamily Housing Bonds, which are responsible for approximately half of Housing Credit production.

The goals Congress sought to achieve in establishing CRA — namely requiring financial institutions to reinvest in the communities they serve and provide opportunities for those who might otherwise not have them — are well served through investments in the Housing Credit and Housing Bonds, which target affordable housing resources to those in need and revitalizes communities.

With America facing a severe and growing shortage of affordable housing, CRA is more important than ever. More than a quarter of all renters — over 11 million households — are “severely rent burdened,” meaning they pay more than half of their income for rent. This creates financial instability and puts



households at risk of eviction and homelessness. And, this crisis is growing worse; analysts expect an average of over 400,000 new households to enter the rental housing market each year over the next decade.¹

Done well, CRA changes could have a strong positive effect on the Housing Credit; but done poorly, those changes could have profound negative consequences for our efforts to provide affordable rental housing. While we understand and support the OCC's interest in making CRA exams more objective and transparent, we are concerned that the "single ratio" model the OCC is considering could result in far less investment in the Housing Credit and Housing Bonds.

We appreciate the opportunity to provide comments to OCC, and look forward to working with OCC to streamline and enhance CRA's regulatory framework. If you have any questions regarding these comments, please contact Jennifer Schwartz, Director of Tax and Housing Advocacy, National Council of State Housing Agencies, at jschwartz@ncsha.org, or Olivia Barrow, Policy Analyst, Enterprise Community Partners, at obarrow@enterprisecommunity.org.

ACTION Campaign Co-Chairs

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¹ Enterprise Community Partners (Enterprise) and JCHS, "Projecting Trends in Severely Cost-Burdened Renters: 2015-2025," (2015). Retrieved from: http://www.jchs.harvard.edu/sites/default/files/projecting_trends_in_severely_cost-burdened_renters_final.pdf

AFFORDABLE RENTAL HOUSING A.C.T.I.O.N. A Call To Invest in Our Neighborhoods



For a full list of ACTION Campaign members, visit www.rentalhousingaction.org.