



August 5, 2022

Federal Deposit Insurance Corporation  
Division of Finance  
3501 North Fairfax Drive  
Building E, 5th floor  
Arlington, VA 22226

Re: RIN 3064-AF81

Thank you for the opportunity to comment on the proposed changes to the Community Reinvestment Act as part of the Notice of Proposed Rulemaking (NPR). The NPR proposes significant changes to existing regulation, several of which we support; however, we fear some of the proposals will lead to significantly decreased involvement of certain institutions and a direct loss of critical investments in vulnerable communities.

Affordable housing contributes significantly to our national economy and to local economies around the country. Most new affordable housing developments are financed with a complex mix of sources including private capital from CRA regulated banks. Although these banks certainly receive significant returns on these investments, they often still require the inducements of CRA to ensure participation. Lessening the rigor of CRA exams for any subset of regulated banks would quickly lead to a gap in available capital to complete projects. This would lead to loss of revenue for the many private sector firms (construction, architectural, accounting, compliance consulting) that support the affordable housing industry.

We are particularly concerned about the proposal to eliminate certain subtests for medium-sized and smaller banks. We believe this would eliminate their accountability for providing community development finance and expanding branch presence to underserved communities. Small and medium sized banks have been successfully performing these activities for years and urge the agencies to eliminate this aspect of the NPR at the risk of reducing reinvestment activity. While the NPR is an important step toward making parts of CRA exams more rigorous, we urge the agencies to extend the increased rigor of the large bank lending test to tests for small and medium-sized banks as well. There is no compelling reason to relax CRA at this time, as most banks have been successfully complying – especially when such a relaxation could lead to targeted disinvestment in important community development projects.

We urge the agencies to modernize and update CRA in ways that make it more appropriate for our evolving economy. We agree with National Community Reinvestment Coalition and other advocacy organizations that persistent racial disparities in lending should compel the agencies to incorporate race and ethnicity into CRA exams. We agree that the regulatory agencies should elevate the importance of public comments regarding the extent to which banks meet communities' investment needs.

U.S. Housing Consultants is a privately-owned business that employs 50 full-time people in regions around the country. The services we provide to owners and operators of HUD supported and other income restricted properties help to ensure that only qualified households live in regulated units, and that those units are maintained to high physical standards as required by regulation. Eliminating CRA exams for 1,000 small and medium sized banks will lead to many planned and proposed projects to not move forward. That will limit the ability of organizations operating in this space to assist clients in preserving housing for underserved communities. More importantly, however, this proposed change would cause hardship in small cities and towns around the country where such investments are desperately needed.”

Sincerely,

John Broderick  
Vice President, Strategic Initiatives  
U.S. Housing Consultants  
72 N. Main Street  
Concord, NH, 03301