



October 23, 2025

The Honorable Jerome Powell
Chair, Federal Reserve Board of Governors
20th Street and Constitution Avenue, NW
Washington, DC 20551

The Honorable Jonathan Gould
Comptroller of the Currency
400 7th Street, SW
Washington, DC 20219

The Honorable Travis Hill
Acting Chairman, Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Dear Chair Powell, Comptroller Gould, and Acting Chairman Hill:

The Local Initiatives Support Corporation (LISC) is pleased to offer comments in response to the agencies' review of Community Reinvestment Act (CRA) regulations under the process established by the Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA).

LISC is a non-profit housing and community development organization and certified Community Development Financial Institution (CDFI) with offices in 36 cities throughout the country, and a rural network encompassing 150 partners that serves 49 different states and Puerto Rico. LISC's work supports a wide range of activities, including affordable housing, economic development, building family wealth and incomes, education, community safety, and community health. In 2024 alone, LISC raised and deployed approximately \$3 billion of grants, loans, and equity capital into distressed urban and rural communities. This included over \$2 billion of equity capital deployed by our affiliates, the National Equity Fund (NEF) and Broadstreet Impact Services, utilizing federal Low Income Housing Tax Credits (LIHTC) and New Markets Tax Credits (NMTC) respectively. In our experience, the Community Reinvestment Act (CRA) remains the primary driver of bank financing for our activities. Historically, approximately 80% of LISC's private capital is raised from CRA motivated investors.

CRA has been a critical, if not the most critical, resource available to facilitate the flow of private capital into underinvested communities. It has been successful not only for the communities and community

residents that have benefitted from these investments, but also for the banks – who have managed to find new and profitable investment opportunities that generally perform as well or better than other bank investments. It has played a critically important role in shoring up the entire community development ecosystem. Banks are by far the leading investors in LIHTCs and NMTCs and they have also formed invaluable partnerships with CDFIs – providing loan capital and grants to trusted partners on the ground that can provide flexible capital alongside high touch services to customers in communities that are often left behind, including rural and tribal communities. **Any diminution of CRA would have a devastating impact on these communities, as well as on local economies.**

As successful as CRA has been, LISC agrees that improvements could be made. The banking industry has undergone significant changes since the CRA regulations were last updated – most notably in the rise of interstate banking, internet banks, mergers of institutions, and mobile banking; the regulations could be updated to reflect these evolving delivery systems. In addition, banks and community stakeholders would benefit from significantly more transparency and certainty in the review and scoring process, as well as consistency in reviews both within institutions and across institutions – the latter of which could also be accomplished with better examiner training.

That said, at this time, **we strongly support the agencies’ reinstatement of the 1995 regulations.** The agencies have made several efforts to overhaul the regulations over the past eight years, including multiple issuances of Advanced Notices of Proposed Rulemaking (ANPRM) and proposed rules, and twice publishing final rules that were later withdrawn. This has created a tremendous amount of uncertainty among banks and community partners. While LISC generally supported the final rules that were released in the fall of 2023 and later withdrawn, we believe that at this juncture, any additional efforts to substantially overhaul the regulations will only serve to create more disruption to the community development ecosystem.

As an alternative, we would support the agencies focusing on sub-regulatory guidance as a way to provide more consistency and clarity to the review process. The agencies would be well served to identify and advance, through sub-regulatory guidance that is vetted through a public review process ahead of publication, the proposals that were included in the final rules from 2023 and which had broad industry and stakeholder support. Some items that LISC believes fall into this category include:

1. Allowing banks to provide community development loans and investments outside of assessment areas, to encourage more investments in underserved and underbanked markets.
2. Including a listing of “impact factors” to provide more clarity to banks on which investments will be treated most favorably, thereby driving more investments into high impact projects and underserved communities.
3. Clarifying the types of projects that can qualify for CRA credit and also providing a process by which banks can request and receive guidance on whether a certain project or projects will qualify for CRA credit ahead of the investment being made.

4. Supporting bank and CDFI partnerships by clarifying that long term debt to CDFIs will qualify as an eligible investment even if it was initially provided outside of the bank's assessment period.

In addition, as noted previously, the agencies should focus on examiner training to ensure that reviews are done consistently across agencies and for all banks being reviewed. Lastly, we also urge regulators to align related public welfare investment (PWI) regulations to ensure that banks have the same opportunities to make qualified investments that support their communities and receive favorable consideration under CRA, regardless of their charter type.

Thank you for consideration of our comments. Please contact me at [REDACTED] if you would like additional information on any of these proposals.

Sincerely,

[REDACTED]

Matt Josephs
Senior Vice President for Policy