May 17, 2013

Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
Mail Stop 9W-11
400 7th Street SW
Washington, DC 20219
Docket ID OCC-2013-0003
Regs.comments@occ.treas.gov

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429
comments@fdic.gov

Robert deV. Frierson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
Docket No. OP-1456
Regs.comments@federalreserve.gov

OCC: Docket ID OCC-2013-0003
Federal Reserve: Docket No. OP-1456
FDIC: Attention: Comments on CRA Interagency Q&A

Re: Interagency Questions and Answers Regarding the Community Reinvestment Act

To Whom It May Concern:

Stewards of Affordable Housing for the Future (SAHF) appreciates the opportunity to comment on proposed changes to the Interagency Questions and Answers Regarding Community Reinvestment.

SAHF represents eleven high capacity not-for-profit members who acquire, preserve and are committed to long-term, sustainable ownership and continued affordability of multifamily rental properties for low-income families, seniors, and disabled individuals. Since 2003, SAHF has promoted its members' shared notion that stable, affordable rental homes are critically important in people's lives. Together SAHF members provide homes to nearly 100,000 low-income households across the country. In providing housing services to low income households, our members are frequently partners for banks or CDFIs that seek to find effective and efficient channels for deploying their investments under the Community Reinvestment Act.

Section -12(h)-6 and -12(h)-7

The revised Q&A encourages financial institution investments beyond the prescriptive assessment area boundaries. We endorse any language that will broaden a financial institution's geographic scope, rather than remaining in the confines of a limited, static assessment area. Demonstrating that community development activities are not "being conducted in lieu of, or to the detriment of, activities in the assessment areas," is less burdensome and less ambiguous than proving that an institution has "adequately addressed" the assessment area's needs. However, we recommend that the language be clarified further, as the Q&A still leaves room for different interpretation from different regulators or examiners.

Further, we consider assessment areas to be one of the most critical priorities for reform, and we strongly recommend that the agencies take this opportunity to more substantially reform these practices. The banking industry has changed dramatically since the Community Reinvestment Act became law in 1977. Under the current system, banks have a strong incentive to lend and invest primarily in the assessment areas that receive a full-scope CRA exam, and much less of an incentive to do business elsewhere. This results in hyper-competition in some markets and creates community development financing "deserts" in other areas. The growth and prevalence of online and nationwide banking requires a different approach, beyond a focus on where a bank may take deposits.

Section - 23(a)-2

We support the measures the agencies have taken to simplify the process for institutions to receive CRA consideration for investments in nationwide funds with the primary purpose of community development. Further, we appreciate the agencies' stated commitment to including investments in nationwide funds on CRA exams, as these funds are critical tools to reach rural and other underserved areas. Investments in nationwide funds which support community development can result in more dollars committed more rapidly, subsequently allowing for faster recycling of funds to support even more projects and households. Nationwide funds have a greater capacity to leverage more dollars, creating scale and resulting in more community development projects, initiatives, and other benefits to low-income communities.

Section - 12(g)- 2 and Section - 12(i)-3

We also support the agencies' efforts to identify alternative methods of determining whether recipients of an investment are low- or moderate-income, and believe that allowing these proxies will reduce the administrative burden without weakening the mission of CRA. We agree that communities and individuals utilizing Medicaid or the free- and reduced-lunch program are logical, appropriate proxies that remain consistent with the goals of CRA.

We also recommend allowing CRA credit for activities that support individuals living in federally-supported housing developments, including project-based Section 8 apartments, public housing, Low-Income Housing Tax Credit housing, Section 202, Section 811, USDA 514/516 or 515 housing, or receiving federal housing vouchers. At an institution level, the agencies should consider offering CRA credit for investments in mission-driven financial intermediaries, including but not limited to CDFIs that are certified by the U.S. Treasury. In addition, these actions should not be limited to the services test, but the agencies should consider using these proxies on the lending and investment tests, as well.

Redesignated Section 21(f)-1

We support the inclusion of certified CDFIs among the list of eligible institutions for CRA credit for investments and loans in any location, in addition to minority- and women-owned banks and low-income credit unions. This action is unquestionably consistent with the goals and requirements of CRA, as certified CDFIs are mission-driven to serve low- and moderate-income communities, foster responsible community development and respond to the needs of individuals and families.

New Proposed Q&A: Section -12(t)-9
The structure and business models of many CDFIs make parsing out certain investments and portions of investments for CRA credit for a particular institution extremely difficult. Before funds are committed or deployed into projects, they are often temporarily pooled with other resources and invested in reliable instruments, including–but not limited to–Treasury securities. In accordance with the CDFI's mission, however, the entire pool of these investments are ultimately used for low- and moderate-income community development, and therefore a financial institution should receive full CRA credit for these investments.

Additional Comments
While the revisions offer several positive changes to CRA, we continue to be concerned about the significant need for comprehensive reform to reflect the substantial changes in the banking industry. We want to take this comment opportunity to recommend that the agencies take additional steps in the coming months to improve and strengthen CRA to make it even more responsive and beneficial for communities and institutions.

Thank you for your consideration of our comments. Please do not hesitate to contact Clare Duncan (cduncan@sahfnet.org or 202-737-5974) with any questions or comments.

Sincerely,

Toby Halliday

Toby Halliday
Executive Vice President