November 10, 2014

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-2014-0021

Robert deV. Frierson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551
Docket No. OP-1497

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

"Community Reinvestment Act: Interagency Questions and Answers Regarding Community Reinvestment"

To Whom It May Concern:

On behalf of the undersigned organizations, thank you for the opportunity to provide comments on proposed changes to the Interagency Questions and Answers Regarding Community Reinvestment proposed by the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board), and the Federal Deposit Insurance Corporation (FDIC) (the Agencies). We understand that these proposed modifications are intended to address questions raised by bankers, community organizations, and others regarding the Agencies' Community Reinvestment Act (CRA) regulations.

The National Housing Trust (NHT) is the nation's leading expert in preserving and improving affordable housing, ensuring that privately owned rental housing remains in our affordable housing stock and is sustainable over time. Using the tools of real estate development, rehabilitation, finance, and policy advocacy, the Trust is responsible for saving more than 25,000 affordable homes in 41 states, leveraging more than $1 billion in financing.

National Housing Trust
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NHT's affiliated Community Development Financial Institution (CDFI) loan fund, NHT Community Development Fund (NHTCDF), provides loans to overcome a major obstacle facing affordable housing preservation, the lack of predevelopment and interim financing available to mission-driven affordable housing developers. NHTCDF is the only certified nationwide CDFI exclusively dedicated to providing predevelopment and interim financing to preserve and improve affordable homes. NHTCDF has helped to preserve more than 8,660 affordable apartment homes and made loans totaling over $22 million.

NHT Renewable, an affiliate of NHT, is dedicated to the expansion of solar and renewable energy in affordable housing in the United States. Starting with 10 of its buildings in Washington, DC, NHT has created a model for installing solar systems across property portfolios. NHT will install solar panels in over 20 buildings over the next three to five years.

Elevate Energy is a mission-focused organization that designs and implements efficiency programs that lower costs, protect the environment, and ensure the benefits of energy efficiency reach those who need them most. Elevate puts its strong research and evaluation capabilities to work to maximize its impact and produce impressive results. Elevate Energy helps everyone from homeowners to utilities and from contractors to government agencies. More information is available at http://www.elevateenergy.org/

Network for Oregon Affordable Housing (NOAH) is a nonprofit lending consortium and one of Oregon's leading CDFIs. NOAH fosters smart development and community revitalization to expand and preserve affordable rental housing throughout Oregon. Since 1990, NOAH has provided financing and technical assistance for affordable housing development, standing the middle ground between housing organizations that serve some of the state's most vulnerable people and mainstream financial institutions. To that end, the organization deploys over $170 million in loan capital into several loan products including permanent, predevelopment, interim acquisition, and preservation loans. NOAH has funded 185 permanent loans amounting to over $126 million in affordable housing financing.

MPower Oregon, a subsidiary of NOAH, is an innovative financing and service coordination program for bringing efficiency upgrades to affordable multifamily housing. As a one stop shop, MPower coordinates the assessment, scope development, incentives, capital aggregation, construction, data monitoring, and building user engagement that is necessary to plan and implement a comprehensive energy and water efficiency retrofit. The MPower program increases affordability, preserves housing, reduces environmental costs, and increases equity in jobs through efficiency upgrades.

Vermont Energy Investment Corporation (VEIC) is a nonprofit company with a mission to reduce the economic and environmental costs of energy use. VEIC's sustainable energy work includes policy and advocacy; consulting for utilities, governments and other entities; and program implementation. For more on VEIC, please see: https://www.veic.org/.

Loans Supporting Renewable Energy and Energy-Efficient Technologies Should be Recognized as Community Development

In the Notice, the Agencies propose to incorporate in the question and answer guidance (Q&A) a new example of a community development loan that would illustrate how a loan that finances renewable energy or energy-efficiency technologies and that also has a community development component may be considered in a financial institution's performance evaluation. We strongly support this proposal. The cost of energy is the largest operating expense in affordable multifamily rental housing. Renewable energy enables affordable housing owners to reduce operating expenses, allowing owners to maintain affordable rents, reduce greenhouse gases, and provide resident services for low-income families. Energy efficiency retrofits in multifamily housing developments create economies of scale in cutting costs and increasing benefits for residents, owners, and property managers.

We urge the Agencies to allow loans that enable energy efficiency initiatives that help reduce the cost of operating or maintaining affordable housing to qualify for consideration as community development loans, even if the benefit to residents from reduced cost of operations is indirect. Including examples of energy efficiency initiatives related to the rehabilitation, development, improvement, or maintenance of affordable housing projects will help to create incentives within financial institutions to pursue such projects. We recommend that in order to be recognized as a community development loan eligible for CRA credit, a bank must provide an explanation of the measurable benefits anticipated by the energy efficiency loan.

We advise the Agencies to clarify within the Q&A that loans to CDFIs that support energy efficiency initiatives should be considered community development loans. NHTCDF has been working on making loans for energy efficiency in multifamily affordable housing for the past 18 months. We have faced a number of obstacles, including access to the low cost long term capital needed to make "green" loans work. Underwriting loans against energy savings requires making loans that fully amortize over 8-15 years. CDFIs generally do not have adequate capital to support this kind of project. The proposed CRA guidance should clarify that banks providing long term financing to support CDFI energy efficiency loans may receive CRA community development credit. This additional guidance would be extremely beneficial to CDFIs and ultimately the properties and communities they serve.

We also favor including examples in the Q&A which identify as community development activities the abatement or remediation of environmental hazards, such as lead-based paint, that are present in affordable housing or community facilities. These activities improve the health and quality of life of residents in affordable housing, reduce their medical expenses, and create environmental remediation jobs within a community.

Creating and Improving Access to Affordable Housing Should be Identified as Economic Development

In the Notice, the Agencies propose to include within the Q&A guidance examples of Federal, state, local, or tribal economic development initiatives that involve provisions for creating or improving access by low- or moderate-income persons to jobs, affordable housing, financial services, or community services. We support the inclusion of these additional examples, particularly increasing access to affordable housing, which enables low- and moderate-income families to reach their full potential and helps create sustainable communities. Constructing and renovating affordable housing also create jobs. As the Joint Center for Housing Policy of Harvard University reported, solid increases in new residential construction helped to bolster overall economy in 2013. The Bureau of Economic Analysis reports that increases in residential fixed investment (RFI, which includes homebuilding, improvements, and related activities) contributed 14 percent of total growth in gross domestic product (GDP) last year.

Affordable Housing Development and Preservation Should be Considered to Revitalize and Stabilize Underserved Communities

The Notice proposes to revise guidance on which activities are considered to "revitalize or stabilize" an underserved nonmetropolitan middle-income geography. We support the inclusion of financing for the construction, expansion, improvement, maintenance, or operation of affordable housing as activities that revitalize or stabilize these communities. In particular, we urge the Agencies to include the example of a mixed-income housing development that includes affordable housing for low- and moderate-income families as one type of project that meets essential community needs.

NHT develops and preserves mixed-income housing in communities across the country. Based on our experience, preserving affordable housing stabilizes neighborhoods. In distressed neighborhoods, housing preservation can catalyze the revitalization of an entire community. We have observed that saving decent, affordable housing means saving a critical community asset. It also signals the reversal of years of neglect and disinvestment and can spark the public-private investment that is essential for community revitalization.

Longer Term Investments in Affordable Rental Housing Should be Recognized as an Innovative Lending Practice

We recommend the explicit inclusion of language to encourage longer term loans and investments in affordable rental housing as an innovative lending practice. Longer term loans and investments would have a tremendous impact on the ability of mission-based developers and CDFIs to preserve and produce such housing. Like many others in this industry, we believe banks should receive greater CRA credit for longer-term commitments to encourage lengthier terms on investments and loans, to allow CDFIs to match the needs of their borrowers without taking undue interest rate and liquidity risk.

Thank you for this opportunity to comment on the Agencies' proposed changes to the Interagency Questions and Answers Regarding Community Reinvestment. Please let us know if we can provide additional information.

Sincerely,

Elevate Energy

MPower Oregon

National Housing Trust

Network for Oregon Affordable Housing

Vermont Energy Investment Corporation