



Massachusetts
**Housing
Investment**
Corporation

70 Federal Street
Boston, MA 02110
Tel: (617) 850-1000
Fax: (617) 850-1100

Guilliaem Aertsen
Chairman

Joseph L. Flatley
President and CEO

May 15, 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 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

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

Dear Sirs/Madams,

The Massachusetts Housing Investment Corporation (MHIC) is a CDFI founded in 1990 with a mission to be an innovative private financier of affordable housing and community development, providing financing that would not otherwise be available, and extending the impact of that financing to ensure the broadest possible benefit. Over the past 23 years, MHIC has raised over \$1.9 billion from financial institutions to finance affordable housing and community development. To be specific, MHIC has invested \$758 million in 189 Low-Income Housing Tax Credit (LIHTC) projects, and deployed \$578 million in loans for affordable housing and mixed-use properties. This financing has resulted in the creation or retention of 16,837 units of quality, affordable housing. MHIC has also successfully utilized the New Markets Tax Credit program to invest \$576 million in 65 critical community development projects that revitalize distressed neighborhoods throughout our region.

MHIC strongly supports the proposed revisions to the “Interagency Questions and Answers Regarding Community Reinvestment.” We want to particularly congratulate the agencies on their focus on “community development” (CD) financing as a way to increase the flow of private capital to underserved areas. We believe that this will help ensure continued investment in these critical community development activities within the overall Community Reinvestment Act (CRA) framework.

We have several specific comments:

- MHIC utilizes several different business models for raising capital – both pooled, multi-investor funds and single investor projects. Over our 23 year history, we have learned that only the multi-investor funds are able to finance the truly tough projects – those that are too

small or too complex or in softer markets. For these reasons, we highly value our ongoing ability to raise capital through multi-investor funds.

- The Agencies' reaffirmation of favorable CRA consideration for bank investments in statewide and regional multi-investor funds will help us raise this critical private capital to meet pressing community development needs. For statewide and regional funds that rely on a number of different depository institutions to invest in CD activities like tax credits, the revisions offer greater assurance that banks will receive full CRA credit for their investments in such funds.
- Because it often takes extraordinary effort for pooled funds (such as those managed by MHIC) to make the most critical CD loans and investments, CRA should continue to foster innovative responses to community development needs. Pooled funds also provide the specialized skills to make sound loans and investments, while diversifying bank risk.
- The revisions will help MHIC meet the urgent needs in distressed neighborhoods in our communities, while at the same time making sure we chart a sustainable path forward beyond the current economic conditions. The efficient deployment of CD lending and investing requires flexibility, and we were pleased to see that the Agencies explicitly recognize that "at some point the institution's assessment area[s] may receive some benefit."
- We have found that the prospect of "earmarking" projects financed with pooled funds and providing "side letters" only serves to create disincentives for banks to participate in multi-investor funds, and undermines the objectives of pooling funds from multiple institutions. A pro-rata system whereby banks receive CRA credit equal to the share of their investments has worked successfully for years.

We urge you to finalize the revisions as soon as possible. Given current economic conditions, we respectfully request that you do not delay issuing the final community development Q&As until the full set of revised Q&As is completed.

Thank you for your consideration of our comments.

Sincerely,



JOSEPH L. FLATLEY
President & CEO