



February 16, 2021

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Secretary, Board of Governors of the Federal Reserve System
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Re: Docket No. R-1723 and RIN 7100-AF94 (Advanced Notice of Proposed Rulemaking Community Reinvestment Act)

To whom it may concern:

On behalf of Eden Housing, I am writing to express appreciation for the Federal Reserve's thoughtful, deliberative, and inclusive approach to modernizing the Community Reinvestment Act (CRA) regulations. The CRA is a critical tool for meeting the credit needs of lower-income communities and communities of color—and for building and preserving much-needed affordable housing for low- and moderate-income households across the country.

For decades, this program has encouraged financial institutions to lend on preferred terms to affordable housing providers and, just as importantly, to invest in the Low Income Housing Tax Credit, which finances virtually all new affordable rental housing in states like California. Eden Housing, as one of California's oldest non-profit affordable housing providers, has relied on the CRA and other progressive investment programs to partner with communities throughout the state to develop, acquire, and preserve more than 10,000 affordable apartments—providing homes to 22,000 low-income Californians.

We recognize that the CRA must evolve to reflect the current banking landscape—and to ensure this vital program addresses ongoing inequities in credit access in low-income communities. We also understand the complex nature of the Federal Reserve's proposed regulatory changes.

To that end, Eden supports the comments made by our partner organizations, which have articulated in detail how the Federal Reserve should consider navigating these issues.

We refer you in this case to letters submitted by the National Housing Conference, Housing Partnership Network, Affordable Housing Tax Credit Coalition, California Reinvestment Coalition, and California Housing Partnership Corporation.



From Eden's perspective, we would like to highlight three essential outcomes for a successful CRA modernization effort:

- **Joint rulemaking:** Given the complexity of the financial institutions involved and the joint governance structure of the CRA, we believe it is important for the Federal Reserve to work with the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) to adopt a consistent CRA regulatory framework that will be jointly administered across all three federal banking agencies.
- **Expand focus on addressing inequities:** The CRA's purpose from its inception has been to address systemic inequities in credit access for minority individuals and communities. We support the Federal Reserve's proposed special provisions for minority depository institutions as well as women-owned financial institutions and low-income credit unions—all of which can and should play a larger role in the local economic development activity supported by the CRA.
- **Maintain support for lending *and* investing:** In Eden's decades of experience building affordable housing, we have seen up close the distinct roles lending and investing play in community development. We are concerned by the Federal Reserve's proposal to combine its tests for these unique types of financial support, especially if it means disfavoring investments in the Low Income Housing Tax Credit, which can be complex and expensive for banks to transact (and which therefore may provide a lower rate of return than a loan). We encourage the Federal Reserve to continue to explore options for examining lending and investing separately—and to publish this data—so communities can track how their local financial institutions on performing on both metrics.

Thank you for your consideration and if you have any questions, please contact Daniela Ogden, Eden's vice president of communications, advocacy and fund development, at 510-247-8125 or Daniela.Ogden@edenhousing.org.

Thank you for considering this request.

Sincerely,



Linda Mandolini
President