

# RAYMOND JAMES®

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Ann E. Misback  
Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551

Submitted via email to: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

RE: Community Reinvestment Act Regulations Docket No. R-1769 and RIN 7100-AG29

To whom it may concern,

The agencies ask in the proposed rule whether changes should be considered to ensure that the definition of 'affordable housing' is sufficiently clear and appropriately inclusive of activities that support the housing needs of LMI communities, including activities that involve complex or novel solutions. A relatively recent development in the affordable housing industry are investments made by banks in preservation funds; that is investments designed to serve public welfare investment criteria including those investing in 'naturally occurring affordable housing' ("NOAH") that do not benefit from a government subsidy. NOAH investments are an example of a complex and novel market solution that should receive CRA consideration. We therefore support the inclusion of preservation funds in the definition of 'affordable housing' and believe it is reasonable to allow a written pledge by the property owner to maintain rents affordable to low- or moderate-income individuals for at least five years or the length of the financing, whichever is shorter as one of several alternatives to demonstrating that purpose or intent.

The agencies recognize in the proposed rule that NOAH as a category of housing poses unique challenges in terms of ensuring benefits for LMI communities. The banking agencies seek to address this concern by clarifying that this category of affordable housing can receive CRA credit subject to certain specified standards. Most importantly, the agencies propose that the rent for the majority of the units in a multifamily NOAH property may not exceed 30% of 60% of the median area income, while also seeking views on an alternative 80% median area income standard.

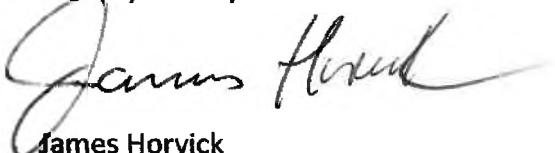
We believe that the proposed 60% standard is unnecessarily restrictive and that the moderate-income category captured by rents (and incomes) in the 60% - 80% band addresses a critical need in providing affordable workforce housing and is an appropriate public policy target for LMI communities that are unserved by rental assistance programs and tax credits. We therefore recommend that the eligibility standard for NOAH investments should remain at 80% of area median income, recognizing in the process that the preservation of multifamily properties targeting those in the 60% -80% band is in the public interest.

**Raymond James Affordable Housing Investments**  
A Subsidiary of Raymond James Financial  
880 Carillon Parkway • St. Petersburg, FL 33716  
800-438-8088 Toll Free • 727-567-8455 Fax  
Visit our Web Site at [www.raymondjamesahi.com](http://www.raymondjamesahi.com)

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Lastly, we believe that the agencies should rely on an eligibility tests based on the '*fund-as-entity*' level. This includes, for instance, affordable multifamily housing investment funds serving a majority of LMI units or where the majority of capital is directed to multifamily units serving LMI households, with the majority test being assessed on a *fund-wide* basis. The banking agencies should not create circumstances that restrict the majority-of-units tests to lower-tier investments, properties, or buildings.

Thank you for your consideration.



James Horvick  
SVP, Acquisitions & Institutional Investment  
Raymond James Affordable Housing Investments, Inc.