Affordable Housing Clearinghouse
A network of lenders, community groups, and public agencies dedicated to the creation of quality affordable housing
23861 El Toro Road, Suite 401 • Lake Forest, CA 92630
(949) 859-9255 • FAX (949) 859-8534

March 9, 2009

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552
ATTN: OTS-2008-0022

SENT VIA ELECTRONIC MAIL

RE: Interagency Questions and Answers Regarding Community Reinvestment

Dear Agencies:

Thank you for the opportunity to comment on proposed questions and answers regarding the Community Reinvestment Act.

Founded in 1990, the Affordable Housing Clearinghouse is a network of lenders, community groups, and public agencies dedicated to the creation of quality affordable housing. AHC facilitates financing of affordable housing and community development by connecting community agencies with a specific need and financial institutions that have the capacity to extend services to meet those needs. We serve Southern California, and our members include large, intermediate small banks (ISBs), and small financial institutions.

Periodically, AHC sponsors CRA Roundtables addressing topics of interest to our members with the purpose of sharing knowledge and supporting their CRA efforts. During a recent CRA Roundtable the following comments were made regarding the Final Interagency Q&A.

AHC supports revisions to Q&As proposed in 2007:

Q&A §___.12(h)-1 which adds to the examples of community development loans activities with New Markets Tax Credit–Eligible CDEs and SBA 504 loans greater than $1 million.
§___.12(i)-3, which adds to the examples of community service foreclosure prevention credit counseling that can assist low and moderate income homeowners remain in their homes.

Regarding proposed revision to Q&A §.12(h)-8:

AHC does not support a change to pro rata consideration for the portion of the loan or investment that helps to provide affordable housing to low- or moderate-income individuals. AHC strongly supports the development of affordable housing and understands the need for incentives to develop affordable housing. However, the development of affordable housing often is made financially feasible with the inclusion of mixed use or market-rate housing. The developer and the lender must finance the entire project to produce the set-aside affordable units; thus, the development must be considered as a whole.

In answer to the questions posed, AHC does not believe that a change to this Question and Answer will spur construction or rehabilitation of affordable housing. Development of affordable housing is based on a local agency's determination of its community housing needs and is not influenced by a financial institution's requirements under the Community Reinvestment Act. A developer will agree to help a community meet its identified need for affordable housing only if he (or she) can propose a project that is financially feasible. For this reason, AHC recommends that financial institutions continue to receive consideration for the entire loan, service, or investment in activities that have a primary purpose of community development.

The Affordable Housing Clearinghouse and its members appreciate being part of your process to establish Questions and Answers that will clarify and guide the federal agencies as they interpret the regulation.

Sincerely,

Trinh LeCong
EXECUTIVE DIRECTOR