October 13, 2026

The Honorable Jonathan V. Gould
Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street, SW
Washington, DC 20219

The Honorable Travis Hill
Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Comment on Proposed Rule, *"Community Reinvestment Act Regulations,"* 91 FR 52114 (August 12, 2026); Docket ID: OCC-2026-0694, FDIC-2026-1486-0001; RIN 3064-AG31

The Community Preservation Corporation (CPC) respectfully submits this comment in response to the proposed revisions to the Community Reinvestment Act (CRA) regulations published at 91 FR 52114 (RIN 3064-AG31) (the proposed rule). CPC appreciates the opportunity to engage on this important rulemaking and commends the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) (together, "the agencies") for their ongoing efforts to modernize and clarify CRA regulations.

CPC is AA- rated by S&P and is one of the largest Community Development Financial Institutions (CDFIs) in the nation solely focused on financing and investing in multifamily housing. Since 1974, CPC has served as a bridge between private bank capital, public capital, and communities in need of affordable housing and economic development. In its over 50-year history, CPC has invested $16 billion dollars in furtherance of its mission and facilitated the creation of 247,000 units of affordable housing

As a financial partner to banks, developers, government agencies, and community organizations, CPC is uniquely positioned to assess how regulatory changes affect the flow of capital to affordable housing projects. Based on our practical experience, we offer these comments with the shared goal of ensuring that the CRA continues to serve as a meaningful vehicle for equitable investment, expanded housing supply, and affordability for all Americans.

The Affordable Housing Finance Ecosystem

Affordable housing projects are not typically financed by any single source of capital. Rather, projects rely on a carefully assembled combination of private debt, public subsidies, equity, and grants drawn from multiple institutions operating at different scales and playing complementary roles. This layered financing structure is a model for how affordable housing gets built and preserved in the United States. At a time when the country has a national housing supply shortage, this model should only be strengthened.

In order to finance affordable housing projects, CPC works closely with government partners and private financial institutions to create a blended capital stack that supports the future cash flow of the property. We are often one of several parties in the capital stack, which consists of construction and permanent debt, LIHTC or other equity, government subsidies, and other capital, and are well versed in how the layers of capital can be structured to make a development financially viable. This kind of financing depends on an active and engaged banking ecosystem.

CPC relies significantly on bank capital to support our financing, and the banks we partner with benefit from CRA credits for the work we do and the markets in which we lend. Given our robust knowledge of the affordable housing finance ecosystem, CPC cautions the agencies to carefully assess the aggregate, ecosystem-level impact of the proposed rule. In particular, the proposed changes to bank size thresholds and investment requirements, discussed in further detail below, could reduce community development incentives for many mid-sized institutions. Even if the effect on any one bank may be relatively modest, the cumulative withdrawal of engagement across this category of institutions could have a meaningful and lasting impact on the supply of affordable housing capital.

When bank participation contracts, the ecosystem does not simply adjust, transactions fail, and we lose a number of the partners we need to do our work. Whether it is a large bank, CDFI, or mid-sized lender, when an institution disengages in investing, replacement capital is rarely available on equivalent terms, on the same timeline, or at all. In the affordable housing sector, a financing gap of even a few million dollars can be fatal to a project.

Proposed Threshold Increases

The proposed rule would substantially revise how banks are classified for CRA examinations by increasing the asset thresholds for each category. It would reclassify "large banks" as financial institutions with assets over $10 billion, up from the current threshold of $1.649 billion. It would create a new "intermediate bank" category with an asset range of $1 billion – $10 billion, which would replace the current "intermediate-small bank" category with its asset range of $412 million – $1.649 billion. Lastly, it would reclassify "small banks" as banks with assets under $1 billion, up from the current threshold of $412 million. While we appreciate the agencies' attempt to modernize decades-old thresholds, the proposed changes are

too sudden, too substantial, and could destabilize housing production and preservation at a critical moment.

The practical consequence of these threshold changes is straightforward: a large number of banks that were previously subject to stronger CRA requirements would now fall into categories with reduced obligations. According to a survey by the Affordable Housing Tax Credit Coalition (AHTCC), banks under the $10 billion threshold play a particularly important role in financing affordable housing in rural communities. AHTCC survey data show that approximately one-third of Housing Credit equity investments from banks with under $10 billion in assets supported rural markets, indicating that banks in this asset range play an outsized role in investing in rural communities.

CPC urges the agencies to consider whether both the "large bank" and "intermediate-small bank" threshold levels are appropriately calibrated given the current banking landscape. For CPC, increasing, not decreasing, the number of institutions from which we can access capital is essential to our work. We therefore encourage the agencies to adopt lower thresholds for both categories. In particular, the proposed alternative $3.252 billion threshold would be substantially less disruptive than the proposed $10 billion "large bank" threshold or the even more damaging $30 billion alternative threshold.

Meaningful Incentives

Among the most consequential features of the current CRA framework is the investment test, which requires qualifying institutions to demonstrate meaningful investment in LIHTC transactions and other community development activities. This requirement has served as a powerful and effective tool for directing private capital toward affordable housing and economic development initiatives that might not otherwise attract bank investment.

Under the proposed rule, banks in the new intermediate category would not be subject to an investment test. CPC is concerned that eliminating this requirement for a broad range of institutions, namely banks under $10 billion, could meaningfully suppress LIHTC and New Markets Tax Credit (NMTC) investment activity. Reducing CRA incentives may also undercut the investment Congress has recently made in the very financing tools that CRA-motivated bank investment support. Expanding LIHTC in the One Big Beautiful Bill Act and increasing the Public Welfare Investment (PWI) cap in the 21st Century ROAD to Housing Act reflect the judgment that more private capital, not less, must flow into affordable housing.

The investment test has historically served as a catalyst for institutional engagement. In our experience, banks subject to the investment test develop internal expertise in tax credit investments and build long-term relationships with developers and intermediaries like CPC. Eliminating the investment test could discourage these institutions from maintaining the expertise they have built over many years. Moreover, CPC has sustained relationships with these institutions, which has led to additional financing activity, both CRA-motivated and other. Over

time, shifting incentives could lead to the departure of institutions from these markets, representing an erosion of market knowledge, institutional relationships, and transactional capacity that would be difficult to rebuild.

CPC strongly urges the agencies to retain a meaningful investment test for the intermediate bank category. The investment test is a catalyst for community development investment and removing it risks diminishing the very activity the CRA was designed to encourage.

Conclusion

CPC appreciates the work the agencies are doing to modernize and strengthen the CRA regulations. However, we caution that this is not the moment to weaken CRA incentives. Congress has invested in expanding LIHTC and raising the PWI cap to address a national housing crisis. CDFIs, developers, and communities are ready to put that expanded capacity to work, and need more partners to do so, not fewer. The CRA framework must ensure that bank capital flows into the ecosystem to match.

CPC urges the agencies to: (1) leave unchanged the "large bank" threshold or adopt the $3.252 billion alternative threshold, and (2) maintain the investment test for banks under the "large bank" threshold. We also urge the agencies to take seriously the ecosystem-level consequences of reducing CRA incentives at a time when those incentives are most needed. We remain committed to working constructively with the agencies toward a CRA framework that supports housing creation and strengthens communities through capital investment, thereby improving affordability for all Americans.

Respectfully submitted,

The Community Preservation Corporation