



TEXAS AFFILIATION OF AFFORDABLE HOUSING PROVIDERS

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October 13, 2026

Chief Counsel's Office
Attn: Commenting Office of the Comptroller of the Currency
400 7th Street, SW, Suite 1E-216
Washington, DC 20219

Re: Community Reinvestment Act Regulations Proposed Rule (Docket ID OCC-2026-0694)

To Whom It May Concern:

Thank you for the opportunity to provide feedback on the Office of the Comptroller of the Currency (OCC) and Federal Deposit Insurance Corporation's (FDIC) proposal to reform Community Reinvestment Act (CRA) regulations. The Texas Affiliation of Affordable Housing Providers (TAAHP) is the leading voice for affordable housing in Texas, representing more than 900 professionals involved in the development, financing, and management of affordable housing communities across the state. TAAHP members build affordable rental housing with the Low-Income Housing Tax Credit (Housing Credit), and CRA-motivated bank investment is a large part of what makes those developments possible.

The Housing Credit, our nation's most important tool for the production of affordable rental housing, relies heavily on investments from banks subject to CRA. Banks provide roughly 75 to 80 percent of Housing Credit equity, and at least 71 percent is CRA-driven, according to the Affordable Housing Tax Credit Coalition (AHTCC). Banks accept the modest return on these investments in large part because the full CRA examination for large banks includes a distinct investment test.

We are concerned that the OCC and FDIC's proposal to reclassify banks with assets ranging from \$1.649 billion to \$10 billion as intermediate banks rather than large banks subject to the full CRA examination, including the investment test, could reduce competition in the Housing Credit equity market, leading to lower pricing on credits and less housing produced. AHTCC's survey of Housing Credit syndicators found that at least 108 investor banks in this asset range invested \$1.6 billion in Housing Credit equity from 2021 to 2025.

The proposal would reach deep into Texas. In addition to raising the large bank threshold to \$10 billion, it would raise the small bank threshold from \$412 million to \$1 billion, removing the community development test entirely from banks below that line. According to an analysis by the National Association of Affordable Housing Lenders (NAAHL), Texas would lose 84 of its 246 banks with CRA community development incentives. The number of Texans living in community development deserts, where no bank with those incentives serves the community, would rise from 74,000 to 124,000, and another 535,000 Texans would newly live in areas served by five or fewer such banks. Seven Texas counties would have no such bank at all. They include Jim Hogg, Duval, and Frio in South Texas, Mills in Central Texas, Haskell and Knox in West Texas, and Donley in the Panhandle. If all three bank regulators adopted these thresholds, 751,926 Texans would newly fall into thin coverage or a community development desert, more than in any other state.

The consequences of this proposal would be most damaging to rural and smaller communities. AHTCC found that approximately one-third of Housing Credit equity from banks with \$412 million to \$10 billion in assets supported rural markets, compared with

8.1 percent invested in nonmetro counties in CohnReznick's industry-wide sample, indicating that these banks play an outsized role in investing in smaller communities. Texas has the largest rural population of any state, with more than 4.7 million rural residents counted in the 2020 Census, and TAAHP members build Housing Credit properties in rural communities across the state.

NAAHL's analysis shows how exposed these communities already are. Today, 87 percent of rural census tracts in Texas are served by five or fewer banks with community development incentives, or by none. Under the proposal, the share of rural tracts with no such bank would rise from 8 to 13 percent, and the share of micropolitan tracts with five or fewer or none would rise from 36 to 58 percent. Counties across the state would fall from six or more of these banks to five or fewer, including Wharton on the Gulf Coast, Palo Pinto west of Fort Worth, and Kleberg and Jim Wells in the Coastal Bend. In Kleberg County, the share of deposits held at these banks would drop from 94 percent to 29 percent.

The Rio Grande Valley shows what is at stake. In Hidalgo County, the median family income was \$46,609 in the 2020 Census, and more than a quarter of families lived below the poverty level. Because Housing Credit rents are capped as a share of area median income, a development in the Valley supports less debt than it would in a higher-income market, and equity must cover more of its cost. International Bank of Commerce in Brownsville, which holds the largest share of deposits in Hidalgo County, invested more than \$37.5 million in a fund that combines Housing Credits with local tax incentives, including more than \$15.8 million that supported two developments in the county. With \$4.0 billion in assets at its 2024 CRA examination, the bank would become an intermediate bank with no investment test under the proposal.

Moreover, the proposal undercuts recent congressional action to expand the Housing Credit and bank investment in it. The One Big Beautiful Bill Act increased Housing Credit authority enough to finance an estimated 1.22 million affordable rental homes over the next decade, while the 21st Century ROAD to Housing Act raised the limit on banks' public welfare investments (PWI) to allow them to increase their Housing Credit investments. The provision lifting the PWI cap would mostly impact many of the same banks that would be reclassified as intermediate banks. Texas will need more equity investors to put its share of the expanded allocation to use.

The OCC and FDIC included two alternatives to the primary proposal. The first would raise the large bank asset threshold from \$1.649 billion to \$3.252 billion. This alternative would still cause harm but is substantially less disruptive to Housing Credit investment than the primary proposal. According to AHTCC's survey, 108 Housing Credit investor banks would be reclassified as intermediate banks if the threshold is set at \$10 billion, while just 40 would be reclassified if it is set at \$3.252 billion. The banks that would remain subject to the separate investment test under a \$3.252 billion threshold account for approximately 86 percent of the Housing Credit equity from affected banks captured in the AHTCC survey.

In Texas, the \$3.252 billion alternative would reduce the number of banks losing community development incentives from 84 to 65 and cut the increase in Texans living in community development deserts from 50,000 to 22,000, according to NAAHL. Jim Hogg and Duval counties would still lose every such bank under either threshold.

The second alternative, a \$30 billion threshold, would be the most damaging of the three for affordable rental housing production. AHTCC estimates it would affect at least 142 Housing Credit investor banks and \$4.5 billion in Housing Credit equity, and NAAHL estimates that 17 states would see the number of large banks with investment requirements cut by half or more.

TAAHP members have seen the impact of CRA firsthand. We strongly encourage the OCC and FDIC to leave the thresholds as they currently stand under the 1995 CRA rule, consistent with the direction the Federal Reserve, the third bank regulator, appears to be taking. If the OCC and FDIC move forward with changes to CRA regulations, we strongly urge maintaining the lowest possible threshold for large banks and adopting policies to strengthen the Housing Credit market in all communities, including rural and smaller markets.

Respectfully submitted,



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