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Laura B. Beshara

March 19, 2021

Blake Paulson
Acting Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th St. SW
Washington, DC 20219

Re: Enclosed Petition for Rulemaking for OCC to affirmatively further fair housing, 42 U.S.C. § 3608(d), and to comply with the Fair Housing Act in the site selection and location of LIHTC projects - 1) through OCC's regulation and supervision of national bank Public Welfare investments and ownership in LIHTC projects and - 2) through OCC regulatory and supervisory control of national bank Community Reinvestment Act qualified investments in LIHTC projects.

Dear Comptroller,

The Inclusive Communities Project, Inc. (ICP), a fair housing and civil rights organization in Dallas, Texas, is writing to petition the OCC for rulemaking to comply with its obligation to affirmatively further fair housing and to comply with the Fair Housing Act in the siting of Low Income Housing Tax Credit (LIHTC) projects owned by national banks. OCC is responsible for approving national bank ownership and investments in LIHTC through OCC's Public Welfare Investment authority. Without such authority, the national banks are unable to own the LIHTC project, which is necessary to secure the tax credits. OCC also regulates and supervises national banks compliance with the Community Reinvestment Act including "qualified investments" in LIHTC housing.

The lack of OCC regulation to comply with the 42 U.S.C. § 3608(d) statutory duty to prevent the perpetuation of racial and ethnic segregation has resulted in a national bank funded racially segregated LIHTC program. For 30 years, OCC allowed banks to meet its community credit needs by concentrating LIHTC housing in racially concentrated areas of high crime and blight while at the same time permitting banks to make few if any home loans in those areas. The resulting lack of disinvestment has furthered segregation and concentrated poverty on a scale greater than de jure segregated public housing. OCC regulated banks own the majority of LIHTC housing that is segregated by location. Black and Latinx LIHTC tenants in racially concentrated neighborhoods are subject to drastically unequal neighborhood living conditions compared to White LIHTC tenants in White areas.

OCC refuses to examine the location of any national bank LIHTC investment. Instead, OCC approves all LIHTC projects regardless of whether the project is placed in a racially segregated neighborhood, regardless of the unequal neighborhood conditions including concentrated poverty and high crime, and regardless of the lack of any compliance with the tax code's requirement of a community revitalization plan. Because OCC fails to require banks to inform the OCC of even the address of the LIHTC projects that they own, the national bank investment has created a wholly racially segregated location for LIHTC projects in the Dallas metropolitan area and nationwide.

President Biden's January 26, 2021 *Memorandum on Redressing Our Nation's and the Federal Government's History of Discriminatory Housing Practices and Policies* explains that federal agencies must administer their programs and activities relating to housing to comply with 42 U.S.C. § 3608(d):

> The Federal Government has a critical role to play in overcoming and redressing this history of discrimination and in protecting against other forms of discrimination by applying and enforcing Federal civil rights and fair housing law. It can help ensure that fair and equal access to housing opportunity exists for all throughout the United States. This goal is consistent with the Fair Housing Act, which imposes on Federal departments and agencies the duty to "administer their programs and activities relating to housing and urban development .. . in a manner affirmatively to further" fair housing (42 U.S.C. 3608(d)). This is not only a mandate to refrain from discrimination but a mandate to take actions that undo historic patterns of segregation and other types of discrimination and that afford access to long denied opportunities.

This Petition asks OCC to comply with its 42 U.S.C. § 3608(d) mandate to undo the pattern of segregation caused by the unregulated siting of LIHTC projects. The Petition requests that OCC regulate the site selection of national bank ownership of LIHTC projects in order to halt the perpetuation of racial segregation in that program. It is not in the Public Welfare nor does it comport with the Community Reinvestment Act. The failure to provide for site selection violates the Fair Housing Act for OCC to continue to approve LIHTC projects without meaningful action to address the racial concentration of LIHTC housing in Black and Latinx neighborhoods.

ICP is submitting the enclosed Petition for Rulemaking to the Acting Comptroller of the Currency. The Petition refers to numerous exhibits that are on the enclosed DVD. ICP is also filing a separate and different Petition for Rulemaking with the Commissioner of the IRS concerning the Secretary of the Treasury's FHA Section 3608(d) obligation with respect to administration of the LIHTC program. If you have questions, please contact ICP's counsel.

Sincerely,

s/ *Laura B. Beshara*
Laura B. Beshara

s/ *Michael M. Daniel*
Michael M. Daniel

Daniel & Beshara, P.C.
Attorneys for Inclusive Communities Project, Inc.

Encl.

cc w/ encl.:

Demetria McCain, President, Inclusive Communities Project

Ann Lott, Vice President of Housing Initiatives, Inclusive Communities Project

Darryl Baker, Fair Share for ALL Dallas

PETITION FOR RULEMAKING

For OCC's compliance with the Fair Housing Act, 42 U.S.C. U.S.C. § 3608(d), to Affirmatively Further Fair Housing by OCC Promulgating Regulations in the Site Selection and Location of Low Income Housing Tax Credit projects:

1) through OCC's regulation and supervision of national bank Public Welfare investments and ownership in LIHTC projects and

2) through OCC regulatory and supervisory control of national bank Community Reinvestment Act qualified investments in LIHTC projects

SUBMITTED TO THE UNITED STATES
OFFICE OF THE COMPTROLLER OF THE CURRENCY
MARCH 19, 2021

Blake Paulson
Acting Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th St. SW
Washington, DC 20219

Submitted by:

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for

Inclusive Communities Project, Inc.

ICP Petition for Rulemaking to OCC

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Exhibit list and Exhibits attached.

Petition for Rulemaking

Blake Paulson
Acting Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th St. SW
Washington, DC 20219

Re: Petition for rulemaking for OCC to comply with affirmatively further fair housing, 42 U.S.C. § 3608(d), and to comply with the Fair Housing Act in the site selection and location of LIHTC projects – 1) through OCC's regulatory and supervisory control of national bank Public Welfare investments and ownership in LIHTC projects - and 2) through OCC's regulatory and supervisory control of national bank Community Reinvestment Act "qualified investments" in LIHTC projects.

I. Introduction

This petition for rulemaking is submitted pursuant to 5 U.S.C. § 553(e). It is submitted by counsel on behalf of the Inclusive Communities Project, Inc. (ICP), a fair housing and civil rights organization based in Dallas, Texas. ICP hereby petitions The Comptroller of the Currency and the Office of the Comptroller of the Currency (OCC) to adopt the proposed regulations implementing OCC's 42 U.S.C. § 3608(d) obligation regarding its regulatory and supervisory authority over national banks with regards to bank investments in the federal Low Income Housing Tax Credit (LIHTC) projects. OCC is obligated, as an executive department and agency with authority over financial institutions, to implement its programs and activities relating to housing and urban development in a manner affirmatively to further the purposes of the Fair Housing Act (FHA). 42 U.S.C. § 3608(d). ICP requests that OCC implement the two proposed regulations pursuant to OCC's the Public Welfare Investment authority and OCC's authority under the Community Reinvestment Act.

The first specific OCC program and activity relating to housing and urban development that is the subject of the petition is OCC's exercise of its Public Welfare Investment (PWI) authority to approve national bank investments in and ownership of affordable housing pursuant to 12 CFR Part 24. The specific affordable housing program that is the subject of the proposed rules is the Low-Income Housing Tax Credit program authorized pursuant to 26 U.S.C. § 42. The Office of the Comptroller of the Currency must approve each national bank investment in the ownership of LIHTC projects. The banks must own the LIHTC project in order to acquire the low-income housing tax credits.[1] Currently, the only review that OCC undertakes is a cursory review, usually

[1] Exhibit 20, OCC Revised April 2014 Insights LIHTC Affordable Housing Investment Opportunities for Banks, page 384, n. 11.

after the transaction is completed. The only subject of the review is whether the amount of the investment will put the national bank's fiscal soundness at risk.[2] There is no other review to determine whether the financial advantage of the tax credit as a deduction against federal income taxes serves the public welfare. OCC refuses to consider whether its decision will have any adverse consequences for either the future tenants of the project or the present residents of the neighborhood in which the project will be located.[3] As a result, the national bank LIHTC investments in Black and Latinx neighborhoods are located in neighborhoods substantially unequal to the White neighborhoods in which bank owned LIHTC projects are located.[4] The resulting LIHTC segregation is not in the public welfare and violates the FHA.

The second specific OCC program and activity relating to housing and urban development that is the subject of the petition is OCC's regulatory and supervisory authority over national banks under the Community Reinvestment Act (CRA). 12 C.F.R. Part 25. The specific affordable housing program that is the subject of the proposed rules is the LIHTC program. In particular, the OCC CRA regulation of the meaning of "qualifying activity" and "qualified investment" of bank investment in LIHTC projects as a means of meeting the needs of the community under the CRA is at issue. The OCC permits banks to avoid making home loans in neighborhoods of color but continues to allow a bank to obtain a passing score for CRA with the investment in LIHTC projects even though the projects lack revitalization plans or are placed in racially concentrated areas of high crime, blight, and childhood distress.[5] The failure of OCC to comply with its' FHA obligation to regulate bank activity to prohibit the perpetuation of racial segregation through the LIHTC program violates the FHA.

OCC does not have any regulation that governs the location of LIHTC ownership and investments by national banks to prevent racial segregation and the furtherance of unequal conditions in neighborhoods of color. OCC's refusal to regulate pursuant to its Public Welfare Investment authority and pursuant to its Community Reinvestment Act authority has had devastating effects for the LIHTC program. The failure of OCC to regulate the site locations for national bank investments in LIHTC projects has perpetuated racial segregation in the LIHTC program in the Dallas metropolitan area and nationally. If OCC had required national banks to

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[2] Exhibit 30, OCC CD-1 Investment Submission Form for 12 CFR 24, pages 472-476.

[3] Exhibit 16, OCC Public Welfare Investments Manual, pages 84, 85.

[4] Exhibit 17, Maps and Summaries of Neighborhood Conditions around LIHTC Projects in Dallas, Compare pages 88-337 with pages 339-343 (Summit Place); pages 345-348 (Riverstone Trails).

[5] Exhibit 33, WFAA ABC news story, 'You're only crippling us': Banks own many of Dallas' low-income, high-crime apartments — and they're rewarded for it" Banking Below 30, February 28, 2021, pages 486-501.

examine the race and ethnicity of the location of the investment for compliance with the Fair Housing Act, OCC would have prevented the severe over concentration of LIHTC projects in Black and Latinx neighborhoods that perpetuated racial segregation and further concentrated poverty.

This petition for rulemaking first sets out the Public Welfare Investment authority and the Community Reinvestment Act authority of OCC. Next the petition sets forth the proposed regulations for OCC to adopt along with the legal justification for the proposed regulations. The OCC approval of national bank LIHTC investments in the Black and Latinx neighborhoods of high poverty without regard to the racial segregation of those projects has had devastating public health effects in the COVID-19 pandemic. The petition shows the COVID-19 inequities in the locations of the LIHTC national bank owned projects in Black and Latinx neighborhoods in Dallas and nationally. Finally, the unequal neighborhood conditions that have resulted in the Dallas area from the lack of OCC complying with the FHA obligation to affirmatively further fair housing in the regulation and supervision of national bank investments in the largest affordable housing production program are detailed at the end of this petition.

The lack of OCC regulation of national bank investments has caused the increase of LIHTC housing in high poverty Black and Latinx neighborhoods in the City of Dallas. ICP is an interested party for presenting the proposed regulation by OCC. Since 2005, ICP's housing mobility counseling program has assisted over 4,000 voucher clients obtain desegregated housing outside of racially and ethnically concentrated neighborhoods. The voucher clients' demand for housing in safe neighborhoods with low poverty is significant and continues to be unmet in the LIHTC program.

President Biden's January 26, 2021 *Memorandum on Redressing Our Nation's and the Federal Government's History of Discriminatory Housing Practices and Policies* reminds federal agencies of the obligation to comply with 42 U.S.C. § 3608(d). The requested OCC regulations are necessary for OCC to comply with its mandate to take meaningful action to stop the segregation of the national bank investment and ownership of LIHTC housing.

II. OCC's obligation to affirmatively further fair housing in its regulatory and supervisory authority over national banks requires amendments to OCC's Public Welfare Investment regulation and amendments to OCC's Community Reinvestment Act regulation to prevent racial segregation of LIHTC projects.

A. OCC is required to affirmatively further fair housing through its regulatory and supervisory authority of national banks ownership of LIHTC projects under the Public Welfare Investment authority.

Congress passed the Public Welfare Investment Authority in 1992, allowing banks to make community development loans and investments that are in the public welfare. 12 U.S.C. §

24 (Eleventh). OCC must approve the bank investment for the bank to own a LIHTC project and obtain the federal tax credits.[6] The history of the PWI program shows the roots in the charitable grant for the public welfare nature of the program, but this has not been the focus of the public welfare program for LIHTC projects since the early 1990s.[7] Over the past thirty years since the enactment of the Public Welfare Investment Act, the failure of OCC to comply with its FHA obligation to affirmatively further fair housing in supervising and regulating bank ownership of LIHTC projects perpetuated racial segregation on a massive scale even larger than accomplished by de jure segregated public housing.[8]

The racial segregation of bank owned LIHTC projects fails to meet the public welfare standard. ICP proposes a regulation for OCCs' Public Welfare Investment regulations that requires a site selection standard for national bank investments in LIHTC projects that prohibits the perpetuation of racial segregation.

B. OCC's obligation to affirmatively further fair housing clearly extends to its regulation and supervision of banks through the Community Reinvestment Act.

In addition to supervising and enforcing the Public Welfare Investment authority for national banks, OCC is also responsible for ensuring that banks serve the credit needs of the entire community under the Community Reinvestment Act (CRA). 12 U.S. Code § 2903. In 1977, Congress passed the CRA to address decades of lending discrimination in Black and Latinx areas. The CRA outlawed the practice of redlining that excluded neighborhoods of color from access to bank home loans. The CRA requires banks to meet a series of tests in areas where they do business and collect bank deposits in order to receive a favorable CRA examination score.

Instead of providing home loans in Black and Latinx neighborhoods in Dallas, national banks have exacerbated conditions of distress and blight of these high poverty neighborhoods by

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[6] Exhibit 20, OCC Revised April 2014 Insights LIHTC Affordable Housing Investment Opportunities for Banks, page 384, n. 11

[7] *See* 58 Federal Register 38474 (1993); Interpretive Ruling I.R. 7.7840 (1971) Initially, OCC required bank profits from these public welfare community investments to be reinvested by the bank in the community. OCC required community support for the public welfare bank project and emphasized the need for revitalization of the community. 58 Federal Register 68470 (1993). Soon thereafter, however, OCC eliminated these requirements, and OCC exempted national bank ownership of LIHTC housing from any scrutiny or review.

[8] Exhibit 26, Declaration of Ann Lott, ICP Vice President, pages 442-443; Exhibits 1, 2, 3 – Map, Chart and List of National Bank owned LIHTC in Dallas 1995-2017 by race of area, pages 2-8.

concentrating thousands of units of low-income housing tax credits in these locales.[9] The LIHTC developments are located without revitalization plans and without regard to the high crime in an area. The February 28, 2021 WFAA ABC news investigative report showed one small racially concentrated neighborhood in Dallas with OCC approved Bank of America Public Welfare investment of $50 million in three LIHTC projects, including one in the middle of a high crime area. However, there were only 2 mortgage loans in this same area.[10] The attached record shows the concentration of LIHTC projects in neighborhoods of color where the numbers of home loans range between 0 and 14 for an entire census tract.[11] OCC explains that the "CRA is designed to encourage banks to help rebuild and revitalize communities through sound lending and good business judgment that benefits the banks and the communities they serve."[12] The failure to make home loans while concentrating low income housing in blighted areas is not rebuilding or revitalizing communities of color and is instead perpetuating racial segregation and furthering the inequity of conditions in these neighborhoods.

The OCC's CRA regulation, 12 C.F.R. § 25.04, provides that community development investments by a national bank that support affordable housing is a "qualifying activity" that helps a bank meet the credit needs of a bank's entire community, including low-and-moderate income communities. The 12 C.F.R. § 25.23 "qualified investment" in affordable housing of LIHTC projects also generally meets the Public Welfare Investment criteria.[13] 12 C.FR. § 24.3.

Obtaining a good CRA score is a driving factor of national banks investing in LIHTC projects.[14] OCC specifically encourages bank investment in LIHTC projects for a favorable CRA

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[9] Exhibit 33, WFAA news story, 'You're only crippling us': Banks own many of Dallas' low-income, high-crime apartments — and they're rewarded for it" Banking Below 30, February 28, 2021, pages 486-501; Exhibit 32 Census Tracts in the City of Dallas with LIHTC projects in Black and Latinx neighborhoods and few home loans, pages 482-484; Exhibit 13 Map of Census tract 166.05 and concentration of LIHTC projects in one neighborhood.

[10] Exhibit 34, WFAA news story, February 28, 2021, pages 498-499.

[11] Exhibit 33, Census Tracts in the City of Dallas with LIHTC projects in Black and Latinx neighborhoods and few home loans, pages 485-487.

[12] Exhibit 31, OCC Community Reinvestment Act, Community Developments Fact Sheet, 2014, page 478.

[13] As OCC explains, "Because LIHTC investments generally meet these [qualifying activity] criteria, they are considered eligible investments pursuant to PWI regulations." Exhibit 20, OCC Revised April 2014 Insights LIHTC Affordable Housing Investment Opportunities for Banks, page 395; Exhibit 15, OCC Public Welfare Investments, Community Development Fact Sheet, page 80.

[14] OCC explains why CRA drives bank LIHTC ownership:

review by OCC. [15] However, banks are not serving the entire community or meeting the purpose of the CRA by providing investments of LIHTC projects in areas of high crime and blight and without any neighborhood revitalization plans. OCC is not fulfilling its duty to affirmatively further fair housing in its supervisory and regulatory authority over national banks by failing to regulate to prevent the racial segregation of the low-income housing tax credit program in areas of unequal neighborhood conditions.

As such, ICP further proposes that OCC adopt a Community Reinvestment Act regulation that a LIHTC investment by a national bank may only be a "qualifying activity" or "qualified investment" if it complies with the site and neighborhood factors that do not perpetuate racial segregation or compound concentrations of poverty and blight.

III. The proposed regulations

A. Proposed regulations pursuant to OCC's Public Welfare Investment authority

The proposed new Public Welfare Investment regulation, 12 C.F.R. § 24.3, sets minimum standards for neighborhoods to qualify for the granting of federal Low Income Housing Tax Credits to national banks to prevent the perpetuation of racial segregation.

> Proposed 12 C.F.R. § 24.3:
>
> (a) A national bank or national bank subsidiary may make an investment directly or indirectly under this part if the investment primarily benefits low- and moderate income individuals, low- and moderate income areas, or other areas targeted by a governmental entity for redevelopment, or the investment would receive consideration under 12 C.F.R. § 25.23 as a "qualified investment."

> "Because they are experienced in housing development and commercial real estate finance and are responsible for meeting the credit needs of their communities, banks are the primary investors in LIHTCs for affordable housing development." Exhibit 20, OCC Revised April 2014 Insights LIHTC Affordable Housing Investment Opportunities for Banks, page 387.
>
> "An important incentive for banks investing in LIHTCs is the CRA consideration they may receive for making these investments." Exhibit 20, OCC Insights, page 388.

[15] OCC states, "By investing in or lending to LIHTC financed projects, banks have met the needs of their customers and communities. In the process, banks have earned competitive rates of return and favorable CRA consideration." Exhibit 20, OCC Insights, page 398.

(b) A national bank or national bank subsidiary may make an investment directly or indirectly under this part in a project that qualifies for the Federal low-income housing tax credit only if the location of the project in which the investment will be made meets the following criteria:

(i) The site and neighborhood is suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of Title VIII of the Civil Rights Act of 1968 and Executive Order 11063,

(ii) The neighborhood must not be one that is seriously detrimental to childhood opportunity or in which substandard dwellings or other undesirable conditions predominate, unless there is actively in progress a concerted revitalization program to remedy the undesirable conditions.

(iii) The housing must be accessible to social, recreational, educational, commercial, and health facilities and services, and other municipal facilities and services that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market rents.

(c) As part of the assessment for determining if the investment meets the criteria of § 24.3 (b), the national bank must provide to OCC the address of the location of the LIHTC project for the national bank investment as well as the other socio-economic data for showing the (b)(i)-(iii) criteria are met.

(d) OCC will publish in the OCC At-A-Glance online database the specific addresses of the national bank investments in LIHTC projects.

(e) A neighborhood for the location of a national bank investment for a LIHTC project does not meet the criteria of (b)(i)-(iii) above if it is in a census tract location that is greater than 50% Black, Hispanic or Black and Hispanic without a showing of overriding need and a showing that comparable and sufficient housing choices exist within the same municipality in greater than 50% White non-Hispanic locations.

(f) A neighborhood for the location of a national bank investment in LIHTC project may not be approved in a qualified census tract or other census tract with greater than 20% poverty without a concerted community revitalization plan in place that provides for more than just the LIHTC housing project.

The proposed new 12 C.F.R. § 24.6 imports the standard into the definition of eligible affordable housing activities.

Proposed 12 C.F.R. § 24.6:

Investments that primarily support the following types of activities are examples of investments that meet the requirements of § 24.3:
(a) Affordable housing activities, including:
. . .
(4) Investments in a project that qualifies for the Federal low-income housing tax credit only if the location of the project meets the site and neighborhood criteria in 12 C.F.R. § 24.3(b)-(f); . . . .

B. Proposed Regulation pursuant to OCC's Community Reinvestment Act authority

The proposed new Community Reinvestment Act regulation sets minimum standards for neighborhoods to qualify for the granting of federal Low Income Housing Tax Credits to national banks to prevent the perpetuation of racial segregation.

Proposed new 12 C.F.R. § 25.23(f) and (g) at the end of the existing regulation:

§ 25.23 (f) In order to meet the definition of a "qualifying community development loan, community development investment, and community development service" within the meaning of this section § 25.23 and for "qualifying activity" under 12 C.F.R. § 25.04, a bank must the site and neighborhood standards criteria set out in 12 C.F.R. § 24.3(b)-(f).

§ 25.23 (g) The bank must maintain the data to show that the LIHTC development meets the site and neighborhood criteria in 12 C.F.R. § 24.3(b)-(f) and provide this information to the OCC.

IV. Reasons for the Proposed Rules

The civil rights standards of the proposed rules are objective and commonly used in assessing whether or not the locations of federally assisted low-income rental housing complies with the Fair Housing Act obligation to affirmatively further fair housing.[16] These regulations recognize that the obligation to affirmatively further fair housing encompasses providing federally assisted housing only in safe neighborhoods with adequate resources whether or not the neighborhood is predominantly White. *N.A.A.C.P. v.Sec. of Hous. & Urban Dev*., 817 F.2d 149, 156 (1st Cir. 1987); *Shannon v. U.S. Dept. of Hous. & Urban Dev*., 436 F.2d 809, 819, 821-822 (3d Cir. 1970).

[16] Exhibit 29, Maxwell, David *HUD's Project Selection Criteria - A Cure for Impermissible Color Blindness*, 48 Notre Dame L. Rev. 92 (1972), pages 457-470; Exhibit 10, List of HUD Site and Neighborhood Standards, pages 52-55.

OCC already examines national bank requests under the Public Welfare for approval to own and invest in non-LIHTC developments at a similar level of detail although not for the same factors.[17] There are a variety of government and non-government but accepted sources of information available on the internet from which the proposed review can be made.[18] The Brandeis Heller School for Public Policy "Childhood Opportunity Index," http://www.diversitydatakids.org/child-opportunity-index provides data on metrics of childhood opportunity for the census tracts for the major metropolitan areas of the nation and can be used to assess the opportunity a location provides for childhood safety and opportunity

These proposed rules address important changes that need to be made for OCC to regulate national bank investments in compliance with their obligations under the Fair Housing Act (FHA).

The proposed OCC regulation concerning the OCC authority to regulate the Public Welfare Act investments of national banks seeks to prevent the further segregation of the racially segregated locations of the LIHTC program that do not comport with the public welfare. In particular, the proposed PWI rule:

1) Specifies that national banks' and national bank related entities' investments in low-income housing tax credit (LIHTC) projects must comply with the requirement in 42 U.S.C. § 3608(d) to affirmatively further fair housing and the FHA

2) Clarifies that LIHTC investments do not automatically satisfy the Public Welfare Investment standard

3) Describes the substantive requirements with which LIHTC investments must comply to satisfy the public welfare investment standard, § 3608(d), and the FHA.

The proposed CRA regulation incorporates site and neighborhood standards for LIHTC developments by national banks. The proposed rule seeks to prevent banks from obtaining CRA credit for LIHTC investments that are made without revitalization plans and further contribute to the disinvestment of the communities that the CRA was intended to fully serve.

A. OCC's regulation of national bank investments in LIHTC developments must comply with 42 U.S.C. § 3608(d).

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[17] Exhibit 16, OCC Public Welfare Investments Manual, pages 83-85.

[18] *See, e.g.,* the Social Vulnerability Index from the U.S. Centers for Disease Control (CDC) and the Community Development Financial Institutions Fund with the various index and other census tract rating and information sources from the U.S. Treasury catalogued at https://www.cdfifund.gov/research-data/Pages/default.aspx .

Site and neighborhood siting regulations are a longstanding and traditional part of a federal agency's compliance with its Fair Housing Act obligation to affirmatively further fair housing in the administration of its housing programs.[19] The proposed rules containing site and neighborhood standards for where LIHTC projects may be located by national banks is a regulation that OCC can enact as part of its obligation to affirmatively further fair housing, 42 U.S.C. § 3608(d). It is clear that 42 U.S.C. § 3608(d) applies to OCC's regulation of national bank investments in the LIHTC program. § 3608(d) applies by the force of the text of the FHA:

> All executive departments and agencies shall administer their programs and activities relating to housing and urban development (**including any Federal agency having regulatory or supervisory authority over financial institutions**) in a manner affirmatively to further the purposes of this subchapter and shall cooperate with the Secretary to further such purposes. 42 U.S.C. § 3608(d) (emphasis added).

OCC is an entity covered by 42 U.S.C. § 3608(d). First, OCC is a Federal executive department or agency that has regulatory or supervisory authority over financial institutions. 12 U.S.C. § 1. Second, OCC administers a program and activities relating to housing. OCC is responsible for national bank investments in affordable housing, including the LIHTC program, under the Public Welfare Act. The program for national bank public welfare investments in housing is established by 12 U.S.C. § 24 (Eleventh). OCC administers the Public Welfare Investment program by setting the procedural and substantive rules that govern national bank investments in the ownership of and the ownership of LIHTC rental housing projects. 12 C.F.R. § 24.1. OCC's authority to regulate and supervise this program relating to housing is pursuant to 12 U.S.C. § § 24(Eleventh), 93a, and 481;12 C.F.R. §24.1(a). Absent OCC action approving the national bank investment in LIHTC projects, national banks do not have the legal authority to invest in the ownership or own LIHTC projects.[20] The U.S. Treasury admits that the 42 U.S.C. § 3608(d) obligation applies to the administration of the LIHTC program.[21] OCC, however, has denied that it has any responsibilities under the statute in its supervision of national bank investment and ownership of LIHTC projects. This denial contradicts both the statute's text and intent. This denial also exacerbates residential segregation and violates the FHA.

OCC also has full regulatory and supervisory control over bank CRA activities and investments. 12 U.S.C. § 2903. OCC can prevent the continued racial segregation of LIHTC

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[19] Exhibit 10, List of HUD Site and Neighborhood Standards, pages 52-55.

[20] Exhibit 15, OCC Fact Sheet Public Welfare Investments, page 77; Exhibit 19, Remarks by Thomas J. Curry, Comptroller of the Currency, OCC, before the National Association Affordable Housing Lenders 2-27-13, pages 376-379.

[21] Exhibit 18, U.S. Treasury Revenue Ruling 2016-29, pages 366-371.

projects in communities of color. These are the same neighborhoods that continue to be denied home loans by banks. OCC exercises regulatory control under the CRA and can adopt the requested site selection rules to put a stop to the racial segregation of LIHTC program.

1. A plain reading of 42 U.S.C. § 3608(d) shows that it applies to OCC.

A plain reading of the 42 U.S.C. § 3608(d) shows that the obligation to affirmatively further fair housing applies to OCC and its regulation of national bank investments. It is undisputed that LIHTC is a housing program. In fact, OCC describes LIHTC as "the federal government's primary program for encouraging the investment of private equity in the development of affordable rental housing for low-income households."[22] It is also undisputed that OCC is a federal agency with authority over financial institutions – in this case, national banks. National banks play a pivotal role in the LIHTC program and nationally have become the largest investor in housing tax credits.[23] National banks cannot invest in and own LIHTC projects without OCC's Public Welfare Investment program. 12 C.F.R. § 24.1.[24] Thus, OCC wields direct control over LIHTC investments, and under the FHA, OCC's regulation of national bank investments in LIHTC must affirmatively further fair housing.

OCC has itself acknowledged and celebrated its importance to the LIHTC program. Comptroller Curry told the National Association of Affordable Housing Lenders in 2013 that "[b]y some estimates, more than half of all low-income housing tax credit projects are financed, directly or indirectly, through the public welfare investment authority."[25] Curry pointed out that national bank investment in programs like LIHTC "is possible only because the public welfare investment authority [of OCC] allows a bank to invest in and hold real estate."[26] He then described the OCC review of these bank investments as a "critical aspect of OCC's role in administering this authority."[27]

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[22] Exhibit 20, OCC Revised April 2014 Insights LIHTC Affordable Housing Investment Opportunities for Banks, page 382.

[23] Exhibit 20, page 397.

[24] Exhibit 15, OCC Fact Sheet Public Welfare Investments, page 77.

[25] Exhibit 19, Remarks by Thomas J. Curry, page 377. OCC states that the number of bank investment and bank owned LIHTC projects has increased from more than half to 85% of all LIHTC projects. Exhibit 20, page 397.

[26] Exhibit 19, page 376.

[27] Exhibit 19, page 378.

To be clear, this Fair Housing Act obligation is mandatory. §3608(d) uses "shall" to describe the duty it imposes on federal agencies, which "makes the directive to regulate…mandatory." *NRDC v. EPA*, 755 F.3d 1010, 1019 (D.C. Cir. 2014). *See also Nat'l Ass'n of Home Builders v. Defenders of Wildlife*, 551 U.S. 644, 661 (2007) (saying that "[b]y its terms, the statutory language is mandatory" in reference to "shall"). Immediately prior to § 3608(d), the FHA notes that the Secretary of Housing and Urban Development "*may* delegate any of his functions, duties, and powers" to subordinates. 42 U.S.C. § 3608(c) (emphasis added). Congress clearly knew how to create discretionary, optional duties for agencies and chose to use "shall" when discussing the duty to affirmatively further fair housing.

2. Congress's intent – confirmed by the courts – was for 42 U.S.C. § 3608(d) to apply to OCC.

In addition to rejecting a plain reading of the FHA, OCC's refusal to comply with § 3608(d) also contradicts Congress's clearly expressed intent. The FHA was passed in 1968 as a response to the government's role in building, financing, and supervising segregated public housing. Myron Orfield, Racial Integration and Community Revitalization: Applying the Fair Housing Act to the Low Income Housing Tax Credit, 58 VANDERBILT LAW REVIEW 1747, 1767-68 (2005).[28] Congress specifically recognized the role of the OCC and its failure to take any affirmative action to eliminate discrimination by the financial institutions it regulated.[29]

Over fifty years ago, Congress passed the FHA to address the harms of racial segregation and to address the federal government's explicit ongoing funding and siting of low-income housing in racially segregated areas.[30] Congress responded to the Kerner Commission Report that "concluded that our nation was moving toward two societies, one black, one white – separate and unequal" and to the Commission's recommendation for a powerful and integrative civil rights bill. The FHA legislative record includes the National Committee Against Discrimination in Housing report "How The Federal Government Builds Ghettos" for the role of the Federal financial institutions including OCC in building the racial ghettos. The report found that the federal agencies supervising financial institutions had failed to promote affirmative programs with the national banks to eliminate racial discrimination. The report stated that what was needed was for federal agencies with supervisory control over the financial institutions to "promote affirmative programs and to advance open occupancy in housing" amongst their member institutions.[31] The affirmatively further fair housing provision of the FHA requires the federal

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[28] Exhibit 21, Excerpts of Congressional Record legislative history of the Fair Housing Act, 1967 and 1968, pages 400-425.

[29] Exhibit 21, page 414, 425.

[30] Exhibit 21, pages 400-425.

[31] Exhibit 21, pages 400, 407, 425.

government to affirmatively act to end racial segregation and the ongoing siting of low-income housing in racially segregated neighborhoods. The courts, in interpreting the affirmatively furthering fair housing duty of HUD, have recognized this integrative obligation. *NAACP v. HUD*, 817 F.2d at 154-156.

While the first LIHTC regulations were passed in 1986 (meaning Congress was aware of it specifically when they passed the amendments), the "affirmatively furthering fair housing" mandate predated LIHTC by many years and was part of the backdrop against which all housing programs were passed. Treasury acknowledges this:

> [Affirmatively furthering fair housing] was firmly established Federal housing policy when § 42 [the LIHTC statute] was enacted, and there is no suggestion that Congress intended § 42 to diverge from that policy.[32]

As a bureau within the U.S. Dept. of Treasury, OCC must follow the Treasury acknowledgement of the application of § 3608(d) to the administration of the LIHTC program. The Comptroller of the Currency is required to perform its functions under the general direction of the Secretary of the Treasury. 12 U.S.C. § 1.

Over the past fifty years, OCC has been repeatedly made aware of its obligations to ensure compliance with § 3608(d) in its supervision and regulation of national banks but has not taken meaningful action to do so:

- In 1969, almost immediately after the FHA's passage, HUD recommended that OCC and other agencies issue regulations and develop a data collection system to monitor their FHA compliance.[33] OCC resisted collecting the data. *Id.*

- In 1971, the Federal Home Loan Bank Board met with Federal banking agencies "to develop regulations to implement the [Fair Housing] Act."[34] During this time, OCC also announced that it was "considering the issuance of regulations concerning discrimination." *Id.* In response to a petition for rulemaking, OCC did publish a proposed regulation that would have enacted HUD's recommendations on information-collecting. OCC refused to adopt the regulation and the proposed regulation was **not** adopted. 36 Fed. Reg. 25167-69, 12 C.F.R. Parts 1-199.

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[32] Exhibit 18, U.S. Treasury Revenue Ruling 2016-29, page 371.

[33] Exhibit 22, Federal Civil Rights Enforcement Effort, A Report of the United States Commission on Civil Rights 1971 excerpt, page 428.

[34] Exhibit 23, FHLBB Issues Anti Discrimination Regulations, Federal Home Loan Bank Board Journal (1972), page 431.

- Also in 1971, President Richard Nixon gave a speech on fair housing that described how the mandate to affirmatively further fair housing required that, "in choosing among the various applications for Federal aid, consideration should be given to their impact on patterns of racial concentration."[35] He noted that this responsibility was not only for HUD but extended to "the other departments and agencies administering housing programs." *Id.* OCC refused to comply.

- In 1976, a group of public interest organizations sued OCC and other financial regulatory agencies for their failure to regulate lending institutions in a way that affirmatively furthered fair housing. As part of a Settlement Agreement, OCC was required to collect data on the racial composition of loan applicants but ceased performing such collection after three years.[36]

- In 1979, the U.S. Commission on Civil Rights published a report on enforcement of the FHA. It specifically noted that OCC, unlike other financial agencies, "had neither issued nor proposed any fair housing regulations." OCC argued that it was not required to do so because it has authority to issue cease and desist orders when a violation occurs. The Commission found that this authority "does not constitute a rationale for [OCC's] failure to issue regulations." Instead, the Commission stated, "the financial regulatory agencies have a responsibility to use that authority [to regulate] effectively."[37] OCC refused.

Since the inception of the LIHTC program, OCC has never taken any action to affirmatively further fair housing in national bank investments in the site selection and location of LIHTC projects. By failing to comply with its FHA obligations to prevent bank investments furthering racial segregation of communities, OCC has perpetuated racial segregation in the LIHTC program. After a decade of agencies, commissions, and advocates alerting OCC to its obligations under the FHA, OCC still denies any responsibility for its role in the LIHTC program. Despite these denials, OCC does have the ability to meaningfully regulate the program. As previously described, OCC acknowledges the importance of its oversight and approval. It has also acknowledged the influence of its regulations on bank investment behavior. For example, it has rolled back regulations on those investments out of concerns that they would decrease bank participation.[38] OCC's decision to exempt LIHTC from public welfare review, discussed in a

[35] Exhibit 24, President Richard Nixon, Public Papers, June 11, 1971, Affirmatively Further Fair Housing, page 434.

[36] Exhibit 25, OCC and National Urban League Agreement in settlement of National Urban League, et al. v. Office of the Comptroller of the Currency, et al., (D.D.C., Civil Action No. 76-0718), pages 436-437.

[37] Exhibit 27, Excerpts of The Federal Fair Housing Enforcement Effort, A Report to the U.S. Commission on Civil Rights, March 1979, pages 451-452.

[38] 60 Fed. Reg. 54819, 54820 (October 8, 1995); 60 Fed. Reg. 67049, 67050 (December 28, 1995); 64 Fed. Reg. 70986, 70987 - 70989 (December 20, 1999).

later section, was similarly intended to encourage bank investment. 60 Fed. Reg. 67049 (December 28, 1995). OCC is clearly able to use its regulatory power to shape the investment decisions of national banks. It has simply refused to do so on this issue, despite its legal mandate to affirmatively further fair housing.

3. OCC's refusal to acknowledge its duties under 42 U.S.C. § 3608(d) has exacerbated housing inequality and violated the FHA.

One of the FHA's goals was to promote integration and reduce segregation. *See* Orfield, *supra* at 1767-68. The LIHTC program, despite its successes in increasing the supply of affordable housing, has failed to achieve this goal. Nationally, 56% of LIHTC projects nationally are in less than 50% White non-Hispanic[39] census tracts and 44% in census tracts equal to or greater than 50% White non-Hispanic census tracts.[40] In Dallas, the LIHTC program has worsened residential segregation both proportionally and in terms of raw numbers. In 1994, 95% of the Dallas Housing Authority's public housing units (approximately 6,400 units) were in Black and Latinx areas.[41] In 2017, 96% of LIHTC units (almost 28,000 units) were in predominantly Black and Latinx neighborhoods.[42]

National bank investments play a major role in the segregation of LIHTC units. In the City of Dallas alone, national banks and their related entities own 56 LIHTC developments in segregated, high-poverty census tracts. Those 56 developments contain a total of 9,782 units – 56% of the LIHTC units in Dallas and 3,000 more units than segregated public housing programs contained. In fact, 90% of national bank-owned LIHTC units in Dallas are in predominantly Black and Latinx census tracts.[43] This unequal pattern of investment has led to the concentration of LIHTC residents in neighborhoods of color. Instead of opening up opportunities for LIHTC residents outside of racially concentrated neighborhoods, OCC's failed to comply with its FHA obligation to provide units in White neighborhoods. OCC's approval of bank ownership of LIHTC projects has caused the perpetuation of the racial segregation that the FHA charges federal executive agencies to halt.

[39] The term "White non-Hispanic" in this Petition refers to the U.S. Census category.

[40] Exhibit 6, Race, Poverty, U.S. CDC Social Vulnerability Risk Index for all Census Tracts with LIHTC units in the Nation compared to all MSAs combined data, pages 16-20.

[41] Exhibit 26 Declaration of Ann Lott, ICP Vice President, in ICP v. Treasury and OCC, pages 442-443.

[42] Exhibit 12, LIHTC Racial Segregation in the City as of 2017, page 59; Exhibit 11, Map City of Dallas LIHTC projects by race of location, page 57.

[43] Exhibit 1, Map of National Bank owned LIHTC in Dallas 1995-2017 by race of area, page 2; Exhibit 2, page 4; Exhibit 3, List of National Bank Investments City of Dallas, pages 6-8.

Over the same period of time, OCC has knowingly allowed banks to make few to no home loans in the same Black and Latinx neighborhoods that OCC permits concentrations of LIHTC projects.[44] This has caused further disinvestment in neighborhoods of color – resulting in the complete opposite of the purpose of the CRA. OCC has abdicated its FHA duty along with its CRA and PWI duties.

This segregation has resulted in unequal conditions for residents of LIHTC units in Black and Latinx neighborhoods compared to predominantly White areas. In neighborhoods of color, LIHTC developments are heavily concentrated and disproportionately occupied by Black and Latinx residents. These areas have less access to necessary and important resources for neighborhoods (like healthcare providers and high-performing schools) and more exposure to harmful conditions (like industrial zoning and illegal dumping). By contrast, LIHTC developments in predominantly White areas are more evenly distributed geographically and disproportionately occupied by White tenants. They have better access to resources and less exposure to harmful conditions.[45]

Courts have already interpreted nearly identical statutory language to impose an affirmative duty on HUD to affirmatively further fair housing. *Compare* 42 U.S.C. § 3608(d) *with* 42 U.S.C. § 3608(e)(5). This duty goes beyond refraining from discrimination. Under the FHA, HUD is responsible for actively monitoring and preventing the concentration of public housing in low-income or Black and Latinx areas. It is also responsible for ensuring compliance by parties within its regulatory control. *NAACP v. HUD*, 817 F.2d at 156; *Shannon v. HUD*, 436 F.2d 809, 816 (3d Cir. 1970). The 1988 amendments that affirmed the FHA's applicability to OCC were passed after these cases were decided. There is no reason to expect that OCC's obligations are any different than HUD's.

42 U.S.C. § 3608(d) also requires agencies to ensure compliance by parties within their regulatory control. Failure to ensure compliance creates liability under the FHA. In *Clients' Council v. Pierce*, the Eighth Circuit found that HUD was directly liable for violating the FHA when it "did nothing to effectively change the operation of" a non-compliant and discriminatory housing authority. *Clients' Council v. Pierce*, 711 F.2d 1406, 1425 (8th Cir. 1983). OCC has a similar obligation to regulate national banks and their LIHTC investments. Instead, OCC has ignored this responsibility and the resulting inequality. As a result of the failure to comply with § 3608(d), the LIHTC program, which is the largest housing federal housing program and that was developed decades after the passage of the Fair Housing Act, is racially segregated.

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[44] Exhibit 32, Census Tracts in the City of Dallas with LIHTC projects in Black and Latinx neighborhoods and few home loans, pages 482-484; Exhibit 33 WFAA ABC news story, 'You're only crippling us': Banks own many of Dallas' low-income, high-crime apartments — and they're rewarded for it" Banking Below 30, February 28, 2021, pages 486-501.

[45] Exhibit 6, Race, Poverty, U.S. CDC Social Vulnerability Risk Index for all Census Tracts with LIHTC units in the Nation, pages 16-20; Exhibit 17, Maps and Summaries of Neighborhood Conditions around LIHTC Projects, pages 87-364 (conditions in Black and Latinx LIHTC neighborhoods compared to the few White area LIHTC locations).

B. LIHTC investments cannot be exempt from review under the public welfare investment standard.

Given the segregated and unequal location of the national bank investments in LIHTCs in major metropolitan areas, the LIHTC projects are not in the public welfare and cannot be assumed by OCC to be in the public welfare. OCC's unreviewed siting of national bank ownership of LIHTC projects violates OCC's FHA obligation to affirmatively further fair housing. OCC's mandate to affirmatively further fair housing as well as to not violate the substantive provisions of the FHA requires OCC to review LIHTC investments to assess if the siting of the LIHTC developments is in the public welfare. As such, OCC's current regulation allowing for automatic approval of LIHTC projects violates OCC's obligation to affirmatively further fair housing and must be changed.

1. LIHTC investments are not automatically for the public welfare.

Under current OCC regulations, national banks can make public welfare investments through a self-certification procedure. 12 C.F.R. § 24.5. This process only requires after-the-fact notice to OCC. *Id.*[46] LIHTCs are listed as a qualifying public welfare investment and are thus not subject to any prior review. 12 C.F.R. § 24.6. When LIHTCs are eventually reviewed after-the-fact, OCC's manual instructs analysts to consider only one factor: whether the investment exposes the bank to unlimited liability.[47] This is in stark contrast to the analysis required for other public welfare affordable housing investments. For those investments, the manual lists several factors for consideration:

> When a bank states an investment qualifies because it primarily benefits low and moderate-income individuals, the submission should include a clear description of the incomes of the impacted individuals or households and should state how the individuals and households will benefit.
>
> When a bank states an investment qualifies because it primarily benefits low and moderate-income areas, the submission should include the exact address or area income data at the census tract level and should state how the area will benefit from the investment.
>
> When a bank states an investment qualifies because it primarily benefits areas targeted for redevelopment by a government entity, the submission should clearly identify the government program or government initiative associated with the area

[46] Exhibit 30, OCC CD-1 Investment Submission Form for 12 CFR 24. pages 472-476.

[47] Exhibit 16, OCC Public Welfare Investments Manual, pages 84, 85.

(empowerment zone, local redevelopment area, etc.) and should state how the area will benefit from the investment.[48]

There is no legitimate reason for LIHTC investments to receive less stringent review than other public welfare affordable housing investments. OCC, and OCC alone, is responsible for reporting and monitoring those national bank investments.

In reality, many of the national bank investments in LIHTC have actually been detrimental to the public welfare. For example, in the Dallas area the lack of site selection review has worsened overall levels of residential segregation and led to the placement of LIHTC projects in unequal neighborhood living conditions. The effects of the national bank investments in LIHTC projects show increasing childhood poverty rates in these areas in Dallas and the corresponding harm to children. A recent February 28, 2021 WFAA ABC news investigation reveals the concentration of bank owned LIHTC in areas of slum and blight and high crime in Dallas including the Bank of America owned Bruton Apartments (now known as Sterlingshire) where a young boy was killed in the crossfire of bullets.[49]

An example of the continued concentration of LIHTC housing in an already concentrated area of poverty in Dallas is a southeast Dallas neighborhood where during the course of the LIHTC program the childhood poverty rate for children under 5 increased from 61% in 1990 to 88%. (this neighborhood covers part of census tracts 93.04 and 116.01).[50] Tract 93.04 has four LIHTC projects of which two are owned by national banks. The first LIHTC 230-unit project opened in 1996. The other three LIHTC projects opened in 2001 and 2004. There are 898 LIHTC units in the tract.[51] All four projects are located in a City of Dallas designated high crime area.[52]. The concentration of poverty surrounding these units is by race, Black and Latinx.[53]. The racial concentration of children in poverty results in racially segregated public schools in which 90% or more of the students are economically disadvantaged in tract 93.04. The schools serving the children in the tract 93.04 LIHTC projects do not meet educational standards. The neighborhood

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48 Exhibit 16, OCC Public Welfare Investments Manual, page 85.

49 Exhibit 33, WFAA news story, "'You're only crippling us': Banks own many of Dallas' low-income, high-crime apartments – and they're rewarded for it'" Banking Below 30, February 28, 2021, pages 486-501.

50 Exhibit 17, Maps and Summaries of Neighborhood Conditions around LIHTC Projects in Dallas, pages 89-93.

51 Exhibit 17, page 90.

52 Exhibit 17, page 91.

53 Exhibit 17, page 90.

lacks access to a grocery store and other resources and is plagued with illegal dumping and loose and dangerous dogs at rates unknown in predominantly White non-Hispanic neighborhoods.[54]

OCC's failure to assess the location of national bank ownership in areas of slum and blight violates the public welfare. Miserable and disreputable housing conditions in a blighted or slum area violate public welfare. *Berman v. Parker*, 348 U.S. 26, 32-35 (1954).

In a case involving the meaning of a tax-exempt non-profit providing a charitable public benefit, the Supreme Court found that providing a tax benefit for institutions that discrimination on the basis of race violates fundamental public policy of the United States. *Bob Jones Univ. v. United States*, 461 U.S. 574, 591-595 (1983). This includes the policy set out in the FHA, Title VIII of the Civil Rights Act of 1968. *Id*. at 594. Similarly, failing to regulate the siting of national bank investments in LIHTC projects perpetuates racial segregation which violates the policy of the United States and thus, violates the public welfare.

C. OCC must implement site selection criteria for national bank investments in LIHTC projects.

The proposed regulations outline the site selection criteria that OCC should consider when reviewing national bank investments in LIHTC. The proposed criteria are based on the criteria that HUD uses in its funding of public housing. 24 CFR § 905.602(d)(7) to (8). HUD also uses similar criteria in its other programs. *Cf*. 24 C.F.R. § 983.57 (project-based vouchers); 24 C.F.R. § 92.202 (HOME program); 24 C.F.R. § 941.202 (public housing).[55]

The use of site and neighborhood selection regulations are an accepted and necessary step for a federal agency in administering its housing programs for the agency to comply with its FHA duty to affirmatively further fair housing. The Supreme Court has recognized that HUD project site selection regulations governing the location of federally assisted low-income housing were part of HUD's Title VIII duty to affirmatively further fair housing. *Hills v. Gautreaux*, 425 U.S. 284, 301-302 (1976). The regulations were "site-approval rules for low rent housing designed to avoid racial segregation and expand the opportunities of Black and Latinx group members "to locate outside areas of (Black and Latinx) concentration." *Id*.

The proposed site selection criteria emphasize three elements of an appropriate LIHTC investment: 1) It must be suitable and facilitate full compliance with the FHA; 2) It must not be in a location that is detrimental to residents and children; and 3) It must have the same access to resources as a similarly situated unassisted unit. These criteria relate to the original aims of the FHA, and all three still need to be addressed today.

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[54] Exhibit 17, Maps and Summaries of Neighborhood Conditions around LIHTC Projects, page 93.

[55] Exhibit 10, List of HUD Site and Neighborhood Standards, pages 52-55.

1. Site selection criteria must comply with the Fair Housing Act.

As previously discussed, the FHA was passed in response to high levels of residential segregation, which persist today in many places. This segregation led to unequal outcomes and was also recognized as independently harmful to society. In response, Congress and courts required agencies to affirmatively further the purposes of the FHA. Shortly after *Shannon* required HUD to adopt an "institutionalized means" for data collection and site selection review, HUD passed its first iteration of "Project Selection Criteria." *Shannon*, 436 F.2d at 820-21.[56] OCC has the same responsibility under the FHA and must now issue its own criteria.

Furthermore, as recognized by Treasury, the continued siting of LIHTC projects in racially concentrated neighborhoods of unequal living conditions can perpetuate racial segregation and can violate the substantive provisions of the Fair Housing Act, 42 U.S.C. §§ 3604, 3605.[57]

2. Site selection criteria must avoid siting LIHTC units in neighborhoods with conditions detrimental to childhood opportunity.

As the attached record demonstrates, the location of the bank owned LIHTC units in Black and Latinx neighborhoods have been in locations that are extremely detrimental to childhood opportunity.[58] The attached expert report by sociologist Dr. Ann Owens, Associate Professor of Sociology, Univ. of Southern California, sets out the scientific and academic evidence of the harms caused to children from growing up in racially concentrated areas of high poverty.[59] The Childhood Opportunity Index by DiversityDataKids.Org provides an index by census tract for childhood opportunity and is a data source for the opportunity provided by a neighborhood for a child. The evidence is uncontroverted of the harm to childhood opportunity of growing up in segregated areas of poverty. *See infra,* Note __. Given that the OCC has allowed substantial bank ownership of LIHTC in neighborhoods burdened by high poverty, the existing LIHTC program is already overconcentrated in such areas. The regulation must address the continued placement of LIHTC projects in already LIHTC saturated locations. The neighborhood conditions must be a key part of a site selection regulation.

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[56] Exhibit 29, Maxwell, David, HUD's Project Selection Criteria, pages 457-470.

[57] Exhibit 18, U.S. Treasury Revenue Ruling 2016-29, pages 369-370. The current OCC policies have a discriminatory effect and perpetuate racial segregation which violates the FHA. *See, Texas Dept. of Housing and Community Affairs v. Inclusive Communities Project*, 135 S.Ct. 2507 (2015).

[58] Exhibit 1, Map of National Bank owned LIHTC in Dallas 1995-2017 by race of area, page 2.

[59] Exhibit 14, Dr. Ann Owens, Professor of Sociology, Univ. Southern California, Expert Report pages, 63-75.

3. Site selection criteria must ensure that LIHTC developments are sited in neighborhoods with access to services and resources.

Residential segregation has also resulted in unequal access to social services like healthcare and education. The COVID-19 pandemic has disproportionately affected Black and Latinx neighborhoods, including the neighborhoods with bank owned LIHTC projects. In Dallas, LIHTC units in neighborhoods of color are more likely to be in health provider shortage areas, more likely to have high proportions of residents without grocery access, and less likely to be served by high-performing (or even adequate) schools. They are also more likely to be in areas that are considered economically distressed and vulnerable to disaster.[60] The concentration and condition of LIHTCs in these conditions is not within the control of affordable housing residents. It is, however, within the control of OCC and the national banks that it oversees.

4. The unabated concentration of LIHTC projects in racially and ethnically concentrated neighborhoods of high poverty perpetuates the racial segregation the FHA prohibits.

Currently, OCC does not even look at the address of the location of national bank ownership of LIHTC projects. OCC's publication of national bank investments in the OCC At-A -Glance fails to show where the national bank investments locate LIHTC housing. There are no addresses publicly provided. Instead, OCC lists Public Welfare investments by banks for LIHTC projects by reporting the location as "Nationwide," "Multistate," or by city. See for example the OCC approved Bank of America LIHTC projects.[61]

OCC's failure to require the basic data of the race and other socio- economic data of the location of the LIHTC project violates its obligation to affirmatively further fair housing. *NAACP v. HUD*, 817 F.2d at 156 (at a minimum the agency must consider the racial and socio-economic impact of the federal grant on the location). Before a federal agency approves the site of a federally assisted low-income housing project, the agency must examine the racial and socio-economic information to assess the impact of the project on the location in order for the agency to comply with the Fair Housing Act and the 1964 Civil Rights Act. *Shannon*, 436 F.2d at 820-822. OCC has operated the Public Welfare Act since 1993 without examining such racial and socio-economic information and without requiring national bank investments in the LIHTC program to do so. The proposed regulation is necessary for OCC compliance with the FHA and to end the segregation of LIHTC projects in racially concentrated neighborhoods. The regulation is also needed in order to provide opportunities for Black and Latinx residents of LIHTC housing

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[60] Exhibit 5, OCC approved National Bank owned LIHTC units by Zip Code, COVID-19 Infection rate, and SVI Risk rank, pages 13-14; Exhibit 2, Chart National Bank Investments City of Dallas 1995 - 2017 by race of area, page 4.

[61] Exhibit 4, National Bank Community Development Investments At A Glance Charts, pages 10-11.

for obtaining LIHTC housing in White neighborhoods with low poverty, safe areas, and with more resources.

V. OCC has debased the concept of public welfare by eliminating any consideration based on the safety and compatibility of neighborhoods with family living by focusing solely on bank financial viability.

The unequal neighborhood conditions of Black and Latinx areas where the majority of OCC approved LIHTC projects are located include high concentrations of poverty. These unequal neighborhood conditions do not exist in largely White neighborhoods. There are no high poverty White neighborhoods in the Dallas area. One devastating effect of OCC's refusal to consider any subject other than the possible financial risk to the bank in public welfare investments by national banks in LIHTC housing is the exposure of the residents of LIHTC housing and the neighborhoods in which the LIHTC housing is concentrated to a higher risk of epidemics including the COVID-19 pandemic.

The race and ethnicity of the LIHTC occupants have consistently matched the majority race and ethnicity of the neighborhoods in which the LIHTC units are located.[62] A 2018 academic study confirmed that Black and Latinx LIHTC tenants live in more disadvantaged neighborhoods than White LIHTC tenants even after controlling for poverty status.[63] OCC takes no account of this element of public welfare in its decision whether to approve the award of billions of dollars of federal tax credits to national banks.

This OCC rejection of public welfare in favor of bank welfare has and will continue to place Black and Latinx LIHTC tenant families at higher risks to their health and their lives than are White LIHTC tenant families. These risks are measured by the Center for Disease Control's Social Vulnerability Index (SVI). The CDC's SVI evaluates many variables and ranks a community's ability to manage and recover from disaster including disease epidemics. The purpose of the SVI is to identify neighborhoods in need of additional assistance if a disaster should occur. The SVI Index element tracked for the data in this Petition is the combined

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[62] GAO/RCED-00-51R, Tax Credits: Characteristics of Tax Credit Properties and their Residents, B-248332, January 10, 2000, pages 3-4; HUD, Assessment of the Economic and Social Characteristics of LIHTC Residents and their Neighborhoods, 2000, exhibit 4-6, page 4-18; exhibit 4-7, pages 4-19, 4-20; HUD, Understanding Whom the LIHTC Serves Data on Tenants in LIHTC Units as of /December 31, 2017, page 13.

[63] Ingrid Gould Ellen, Keren Mertens Horn, and Yiwen Kuai, "Gateway to Opportunity? Disparities in Neighborhood Conditions Among Low-Income Housing Tax Credit Residents," Housing Policy Debate, 2018, pages 3-4, 11-12, 14-17.

summary index based on the data for all of the elements analyzed. This element, RPL Themes, is on a scale from 0 to 1, with 1 being the highest risk and the highest vulnerability.[64]

The national bank locations approved in Dallas as a result of OCC's policy of refusing to examine the neighborhoods and locations for the bank LIHTC investments show the risk that OCC was approving for the future tenants and the residents of those locations. OCC approved national bank investments in neighborhoods with an SVI risk of .9 or higher for 6,336 LIHTC units, 64% of the total approved for Dallas. The SVI risk was above .99 for 2,182 LIHTC units, 22% of the total approved for Dallas. The average SVI risk index for all of the LIHTC unit Dallas locations was .87.[65]

The risks became reality with COVID-19. OCC approved national bank ownership and investment in 9,880 LIHTC units in City of Dallas locations through 2017. All but one of these projects (or 56 of 57) were located in Black and Latinx concentrated neighborhoods. The COVID-19 infection rates in these tracts were at least 125% of the State infection rates and up to 233% of the State infection rates for the Zip Codes in which 8,688 of these units are located, 88%. There are 1,112 units, 12%, located in Zip Codes in which the infection rate is 98% of the State COVID-19 rate per 1,000.[66]

Given the stark national differences in SVI risks between LIHTC units in White areas with lower risks and LIHTC units in Black and Latinx areas with higher risks, the national infection rates are likely to be parallel. The SVI for LIHTC census tracts less than 50% White is .84. The index for LIHTC census tracts greater than 50% White is .56. These differences exist throughout the major metropolitan areas.[67]

The epidemic and other disaster risks established by the SVI are not the only indicators of the unequal conditions of the neighborhoods of where OCC has approved national bank ownership of LIHTC projects. The recognition that living conditions in very low income, high poverty areas into which Black and Latinx residents have been and are still being steered are unequal

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[64] Exhibit 9, U.S. Centers for Disease Control, Social Vulnerability Index (SVI) 2018 documentation, pages 27 - 50.

[65] Exhibit 5, OCC approved National Bank owned LIHTC units by Zip Code, COVID-19 infection rate, and SVI risk, page 13.

[66] Exhibit 5, table at page 13, index for each OCC approved bank owned LIHTC at page 14. Moreover, the COVID rates for all of the LIHTC projects located in racially concentrated areas in Dallas County is disproportionate compared to White areas. Exhibit 7, Summary of COVID-19 infections and risks for LIHTC tenants in Dallas County, pages 22-23.

[67] Exhibit 6, Race, Poverty, U.S. CDC Social Vulnerability Risk Index for all Census Tracts with LIHTC units in the Nation compared to all MSAs combined data, pages 16 -20.

compared to White neighborhoods is not new but has long been recognized by academic research.[68]

The ICP proposed regulations directly address the conditions causing the high SVI risk and high COVID-19 infection rates and other indicators of neighborhood quality.

VI. The record of unequal neighborhood conditions of the national bank owned LIHTC projects demonstrates the need for the proposed OCC regulations.

The national bank owned LIHTC projects in racially segregated, high poverty census tracts in Dallas demonstrate the unequal neighborhood conditions of where these LIHTC projects were located.[69] OCC admits to having approved all of these national bank investments in the ownership of LIHTC projects in the City of Dallas.[70]

By way of example, the two national bank owned projects in City of Dallas census tract 87.01 show the deleterious consequences of OCC's actions for the predominantly Black and Latinx residents of the LIHTC projects.[71] This has been an underserved neighborhood for many years. This neighborhood has been predominantly Black and in poverty for decades. The poverty rates have ranged from 39% in 1990 to 50% in 2015. The childhood poverty rates have consistently increased. The childhood poverty rate for children under 5 was 70% in 2015. Both

[68] Exhibit 14, Dr. Ann Owens, Professor of Sociology, Univ. Southern California, Expert Report in ICP v. Treasury and OCC, pages 63-75 (research studies gathered on effect of racial segregation and neighborhood disadvantage); Chetty, Raj, Hendren, N. & Katz, L., The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment, *American Economic Review*, 106(4): 855–902 (2016). Wodtke, Geoffrey T., Felix Elwert, and David J. Harding. "Neighborhood Effect Heterogeneity by Family Income and Developmental Period." *American Journal of Sociology* 121(4):1168–1222 (2016); Wodtke, Geoffrey T., David J. Harding, and Felix Elwert. "Neighborhood Effects in Temporal Perspective The Impact of Long-Term Exposure to Concentrated Disadvantage on High School Graduation." *American Sociological Review* 76(5):713–36 (2011); Sharkey, Patrick and Jacob W. Faber. "Where, When, Why, and for Whom Do Residential Contexts Matter? Moving Away from the Dichotomous Understanding of Neighborhood Effects." *Annual Review of Sociology* 40:559–79 (2014).

[69] Exhibit 17, Maps and Summaries of Neighborhood Conditions around LIHTC Projects in Dallas, pages 88-199, 206-223, 240-252, 326-331. The LIHTC project locations are also in medically underserved areas. Exhibit 8, LIHTC Projects Dallas County Medically Underserved Areas, page 25.

[70] Exhibit 28, OCC March 14, 2013 response to FOIA request, page 454.

[71] Exhibit 17, pages 156-161.

of these bank owned LIHTC projects are in a City of Dallas Crime Hot Spot, a location of high incidents of violent crime. The violent crime index for the tract is 96.86 on a 0 to 100 scale with 100 being the least safe.[72] The rate of loose and running dog cases per 1,000 persons is 41.4, almost ten times the rate in majority White census tracts (4.6). Tract 87.01 is rated at the highest distress level, 4, by the Treasury Distress Index.[73] There are two non-LIHTC, HUD assisted rental projects in the census tract. There is another national bank owned LIHTC project, Rosemont at Oak Hollow, just across the street in census tract 87.04.[74]

These LIHTC projects were approved in the neighborhood without any revitalization plans. None of the data show any sign that the area is being revitalized. Whether or not these national bank investments are designed primarily to benefit the public welfare pursuant to 12 U.S.C. § 24 (Eleventh), there is no evidence that the program allowing the investments affirmatively furthers fair housing. These projects have increased racial segregation and unequal conditions in this location. The OCC approval of the national bank ownership for LIHTC projects in this area was unaccompanied by any effort to provide revitalization and without any assessment of the impact on segregation on this neighborhood.

The attached record shows in great detail the difference in treatment between the predominantly Black and Latinx tenants in national bank owned LIHTC projects in racially concentrated neighborhoods in Dallas.[75] The proposed OCC regulation is necessary to prevent the continued perpetuation of racial segregation in the LIHTC program.

An independent WFAA ABC news investigation corroborates the racial segregation of national bank owned LIHTC projects in Dallas and the location of the LIHTC projects in areas of high crime, high poverty, and slum and blight. The February 28, 2021 investigation highlights the national bank ownership of the LIHTC projects in racially concentrated areas and the lack of bank home loans in these same neighborhoods.[76] The investigative report highlights the lack of public welfare in the location of these national bank owned LIHTC projects in areas without

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[72] Exhibit 17, page 159.

[73] Exhibit 17, Maps and Summaries of Neighborhood Conditions around LIHTC Projects, page 160.

[74] Exhibit 17, pages 157, 194.

[75] Exhibit 17, Maps and Summaries of Neighborhood Conditions around LIHTC Projects, pages 88-199, 206-223, 240-252, 326-331; Exhibit 5, OCC approved National Bank owned LIHTC units by Zip Code, COVID-19 Infection rate, and SVI Risk rank, pages 13-14.

[76] The WFAA news story, 'You're only crippling us': Banks own many of Dallas' low-income, high-crime apartments — and they're rewarded for it" Banking Below 30, February 28, 2021, is at https://www.youtube.com/watch?v=SARhcjaN5m0 and the printed WFAA news article is at Exhibit 3, pages 486-501.

revitalization plans, with high concentrations of assisted housing, high poverty, and high incidents of violent crime.

VII. ICP is an interested party for submitting this Petition for Rulemaking to OCC and *ICP v. Treasury and OCC* does not bar the rulemaking or prevent compliance with 42 U.S.C. § 3608(d).

ICP is an interested party for submitting this Petition for Rulemaking to OCC. For over fifteen years, ICP has assisted thousands of voucher holders located desegregated LIHTC housing in non-Black and non-Latinx concentrated neighborhoods in the Dallas area. The failure of OCC to regulate the national bank investment in LIHTC housing contributed to the lack of such housing outside of racially and ethnically concentrated neighborhoods in the Dallas metropolitan area and perpetuated racial segregation.

The dismissal of the federal lawsuit *ICP v. U.S. Dept. of Treasury and OCC*, 946 F.3d 649 (5th Cir. 2019), was for lack of jurisdiction and without prejudice. The case has no effect on future lawsuits addressing Treasury's or OCC's failure to comply with 42 U.S.C. § 3608(d) or on the merits of this petition.

VIII. Conclusion

ICP requests that the OCC adopt the proposed rule in this Petition for Rulemaking. If you have questions about this Petition or the attached record of exhibits, please contact ICP's counsel, Laura Beshara or Michael Daniel.

Respectfully Submitted,

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Inclusive Communities Project, Inc.'s Exhibit List
OCC Petition for Rulemaking

Exhibit 1

National Bank Owned LIHTCs in the City of Dallas 1995-2017

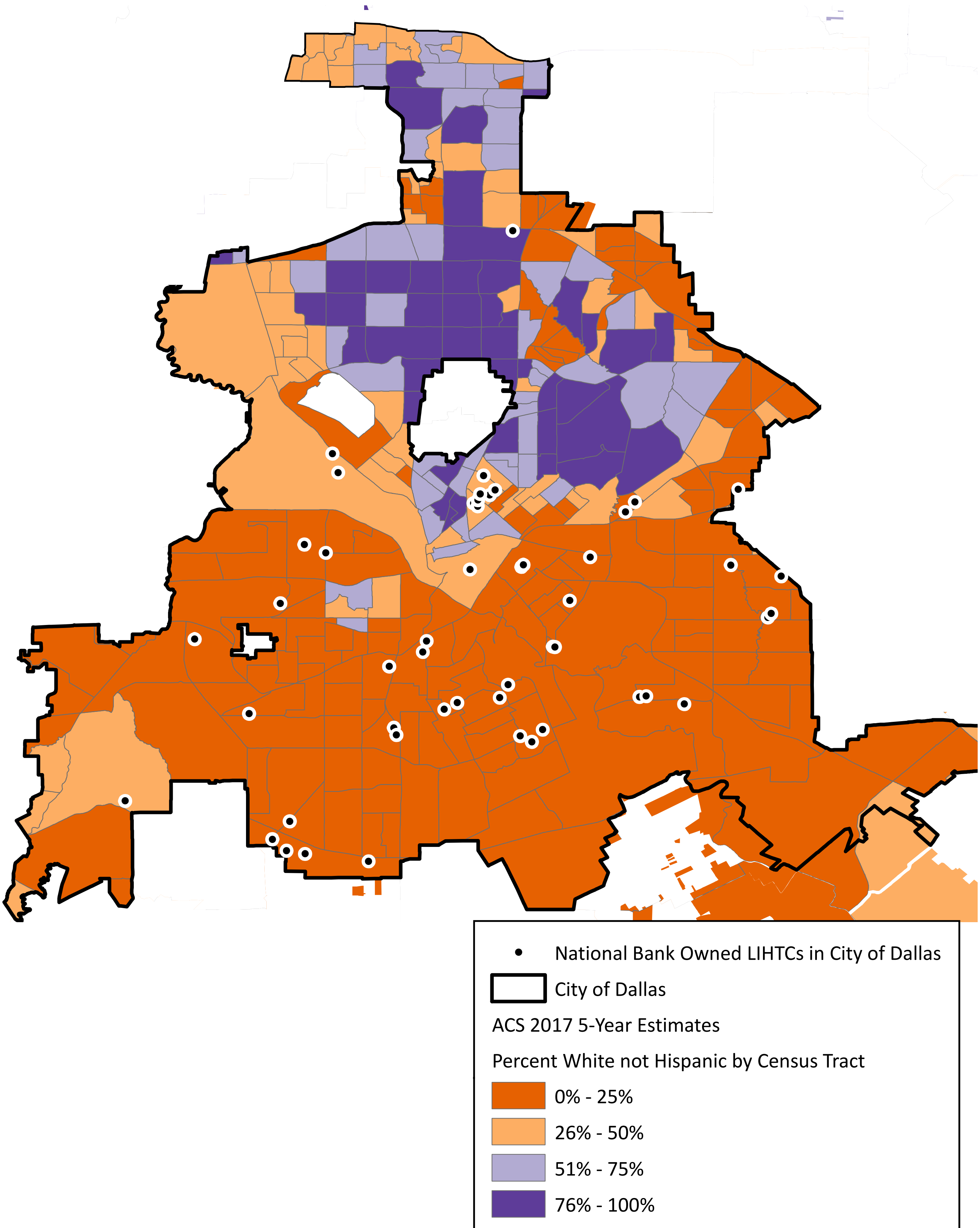


Exhibit 2

National Bank Investments
City of Dallas 1995 - 2017

Development Name	**Project City**	**Project County**	**Zip Code**
1995 - 2017 City of Dallas LIHTC units and projects			
	All	50% or > White non-Hispanic census tracts	Less than 50% White non-Hispanic census tracts
Total Projects approved 1995 - 2017 in the City of Dallas	101	5	96
Total Bank Projects 1995 -2017 in the City of Dallas	57	1	56
	All	50% or > White non-Hispanic census tracts	Less than 50% White non-Hispanic census tracts
Total units approved 1995 - 2017 in the City of Dallas	17623	513	17110
Total Bank Investment Units 1995 - 2017 in the City of Dallas	9880	98	9782
Total Bank Investment Units 1995 - 2017 in the City of Dallas as Percent of Total Units	56%	19%	57%
Total units approved 1995 - 2017 in the City of Dallas by race of tracts		3%	97%
Total Bank Investment Units 1995 - 2017 in the City of Dallas by race of tract		1%	99%

Exhibit 3

National Bank Investments
City of Dallas 1995 - 2017

TDHCA # or HUD ID	Program Type	Year	Development Name	Project City	Project County	Zip Code	Total Units	Population Served	2010 % WnH	Bank Investment
95045	9% HTC	1995	Treymore @	Dallas	Dallas	75204	180	General	38.3%	Yes
95081	9% HTC	1995	Wynnewood Apartments, The	Dallas	Dallas	75224	172	General	9.6%	Yes
95003	9% HTC	1995	Park @ Cliff Creek	Dallas	Dallas	75237	280	General	2.3%	Yes
95004	9% HTC	1995	Enchanted Hills	Dallas	Dallas	75228	229	General	3.3%	Yes
95047	9% HTC	1995	Eban Village Apartments	Dallas	Dallas	75215	110	General	5.9%	Yes
96015	9% HTC	1996	Apartments	Dallas	Dallas	75204	276	General	19.3%	Yes
96016	9% HTC	1996	Treymore North Apartments-CityPlace II	Dallas	Dallas	75204	70	General	19.3%	Yes
96177	9% HTC	1996	The Villas Of Sorrento	Dallas	Dallas	75241	245	General	1.0%	Yes
96143	9% HTC	1996	Las Lomas Apartments	Dallas	Dallas	75217	230	General	1.7%	Yes
98-07T	4% HTC	1998	Hickory Trail Apartments	Dallas	Dallas	75237	250	General	8.4%	Yes
99111	9% HTC	1999	Roseland Townhomes	Dallas	Dallas	75204	192	General	38.3%	Yes
99001	9% HTC	1999	Oakwood Place Apartments	Dallas	Dallas	75216	206	General	1.0%	Yes
99022	9% HTC	1999	Eban Village Apartments	Dallas	Dallas	75215	220	General	5.9%	Yes
00004T	4% HTC	2000	Carroll Townhomes	Dallas	Dallas	75204	71	General	19.3%	Yes
00003T	4% HTC	2000	Monarch	Dallas	Dallas	75204	65	General	19.3%	Yes
00027	9% HTC	2000	Rosemont at Arlington Park	Dallas	Dallas	75235	100	General	30.8%	Yes
00005T	4% HTC	2000	Community Townhomes	Dallas	Dallas	75212	152	General	3.1%	Yes
01401	4% HTC	2001	Roseland Gardens	Dallas	Dallas	75204	101	Elderly	38.3%	Yes
01050	9% HTC	2001	Ewing Villas	Dallas	Dallas	75203	80	General	1.6%	Yes
01435	4% HTC	2001	Rosemont of Oak Hollow	Dallas	Dallas	75216	153	General	1.7%	Yes
01406	4% HTC	2001	Rosemont at Pemberton Hill	Dallas	Dallas	75216	236	General	1.7%	Yes
01057	9% HTC	2001	Rosemont at Timbercreek	Dallas	Dallas	75232	100	General	8.4%	Yes
02149	9% HTC	2002	Madison Point Apartments	Dallas	Dallas	75224	176	General	7.9%	Yes
02469	4% HTC	2002	Murdeaux	Dallas	Dallas	75217	240	General	5.7%	Yes

National Bank Investments
City of Dallas 1995 - 2017

TDHCA # or HUD ID	Program Type	Year	Development Name	Project City	Project County	Zip Code	Total Units	Population Served	2010 % WnH	Bank Investment
02008	9% HTC	2002	Prairie Commons	Dallas	Dallas	75227	72	General	5.0%	Yes
02417	4% HTC	2002	Rosemont at Bluff Ridge	Dallas	Dallas	75236	256	General	33.8%	Yes
02438	4% HTC	2002	Hickory Trace	Dallas	Dallas	75237	180	General	8.4%	Yes
03433	4% HTC	2003	Terrace Apartments	Dallas	Dallas	75215	264	General	0.9%	Yes
03004	9% HTC	2003	Arbor Woods	Dallas	Dallas	75212	151	General	1.1%	Yes
03434	4% HTC	2003	Preakness Ranch	Dallas	Dallas	75211	264	General	5.3%	Yes
03410	4% HTC	2003	Ash Creek Apartments	Dallas	Dallas	75228	280	General	11.4%	Yes
03401	4% HTC	2003	West Virginia Apartments	Dallas	Dallas	75237	202	General	8.4%	yes
04479	4% HTC	2004	Providence at Village Fair	Dallas	Dallas	75224	236	General	7.9%	Yes
04419	4% HTC	2004	Delafield	Dallas	Dallas	75227	204	General	9.0%	Yes
04480	4% HTC	2004	Homes of Pecan Grove	Dallas	Dallas	75241	250	General	1.4%	Yes
05116	9% HTC	2005	Wahoo Frazier Townhomes	Dallas	Dallas	75210	118	General	0.7%	Yes
05095	9% HTC	2005	Sphinx At Reese Court	Dallas	Dallas	75216	80	General	5.5%	Yes
05613	4% HTC	2005	Providence Mockingbird	Dallas	Dallas	75235	251	General	30.8%	Yes
05082	9% HTC	2005	Sphinx at Luxar	Dallas	Dallas	75233	100	General	4.4%	Yes
07001	9%HTC	2007	Fairway Crossing Apartments	Dallas	Dallas	75228	310	General	3.3%	Yes
08193	9% HTC	2008	Sphinx at Fiji	Dallas	Dallas	75203	130	Elderly	1.6%	Yes
08403	4% HTC	2008	Village at Lakewest Apartments I	Dallas	Dallas	75212	180	Elderly	3%	yes
08404	4% HTC	2008	Village at Lakewest Apartments II	Dallas	Dallas	75212	180	Elderly	3%	yes
09314	9% HTC	2009	Taylor Farms	Dallas	Dallas	75211	160	General	8.6%	Yes
09189	9%HTC	2009	Crestshire Village	Dallas	Dallas	75227	74	General	7.7%	Yes
11003	9% HTC	2010	Wynnewood Seniors Housing	Dallas	Dallas	75224	140	Elderly	9.6%	Yes

National Bank Investments
City of Dallas 1995 - 2017

TDHCA # or HUD ID	Program Type	Year	Development Name	Project City	Project County	Zip Code	Total Units	Population Served	2010 % WnH	Bank Investment
11012	9% HTC	2010	Hillside West Seniors	Dallas	Dallas	75211	130	Elderly	8.6%	Yes
11404	4%HTC	2011	Buckeye Trail Commons	Dallas	Dallas	75215	207	General	0.9%	Yes
11405	4%HTC	2011	Buckeye Trail Commons II	Dallas	Dallas	75215	116	General	0.9%	Yes
12098	9% HTC	2012	1400 Belleview	Dallas	Dallas	75215	164	General	44.0%	Yes
13240	9%HTC	2013	Summit Place	Dallas	Dallas	75251	98	General	76.9%	Yes
13234	9%HTC	2013	Family Housing (High Point)	Dallas	Dallas	75224	160	General	9.6%	Yes
14180	9% HTC	2014	Serenity Place Apartments	Dallas	Dallas	75216	45	Supportive Housing	1.4%	Yes
95003	4% HTC	2014	Park @ Cliff Creek	Dallas	Dallas	75237	280	General	2.3%	Yes
14402	4%HTC	2014	Bruton	Dallas	Dallas	75217	264	General	7.7%	Yes
16439	4%HTC	2016	Peoples El Shaddai Village	Dallas	Dallas	75216	100	General	0.9%	Yes
16440	4%HTC	2016	Saint James Manor	Dallas	Dallas	75216	100	General	0.9%	Yes

Exhibit 4

National Bank Community Development Investments

Annual Year 2013 (January 1, 2013 - December 31, 2013)

AT-A-GLANCE CHART

The following chart lists national bank investments made through the 12 CFR 24 authority, to which the OCC responded during the annual year of 2013 (January - December). This list is alphabetically ordered by bank name.

Investment Bank	PWI Investment Name	Investment Target Area	Investment Activity	Investment Amount
Bank of America, National Association	Alliant Tax Credit Fund 71, LTD	Bronx, NY	Affordable Housing (LMI Persons and Qualified Investment Under CRA)	$32,000,000
Bank of America, National Association	Banc of America Community Housing Investment Fund II, LLC	Nationwide	Affordable Housing (LMI Persons and Qualified Investment Under CRA)	$178,482
Bank of America, National Association	Oakland 34 Senior Apartments	Oakland, CA	Affordable Housing Using LIHTCs (LMI Persons)	$8,125,647
Bank of America, National Association	Catawba Senior Housing, LLC	Charlotte, NC	Affordable Housing Using LIHTCs (LMI Persons)	$6,019,267
Bank of America, National Association	Washington Latin Upper Tier Fund, LLC	Washington, DC	Economic Development using NMTCs (LMI Areas and Qualified Investment Under CRA)	$7,000,000
Bank of America, National Association	Los Feliz 51, LP	Thousand Oaks, CA	Affordable Housing Using LIHTCs (LMI Persons)	$13,000,556
Bank of America, National Association	Hudson Housing Tax Credit Fund LIX, LP	Nationwide	Affordable Housing Using LIHTCs (LMI Persons and Qualified Investment Under CRA)	$50,000,000
Bank of America, National Association	Lugo Street Senior Apartments	San Bernardino, CA	Affordable Housing Using LIHTCs (LMI Persons)	$10,325,106

Bank of America, National Association	Enterprise Building Investment Fund LLC and the BOA Investment Fund V, LLC (the "UT Funds"), through its subsidiary Bank of America Community Development Corporation	Brockton, MA	Economic Development Using NMTCs (LMI Areas)	$6,515,800
Bank of America, National Association	St. Kevin's Limited Partnership	Boston, MA	Affordable Housing Using LIHTCs (LMI Persons)	$9,522,620
Bank of America, National Association	Upham's Corner Limited Partnership	Boston, MA	Affordable Housing Using LIHTCs (LMI Persons)	$14,533,140
Bank of America, National Association	Counting House Lofts Limited Partnership	Lowell, MA	Affordable Housing Using LIHTCs (LMI Persons and LMI Areas)	$17,706,953
Bank of America, National Association	Reclaiming the Vision II, LP	Woonsocket, RI	Affordable Housing Using LIHTCs (LMI Persons)	$4,357,010
Bank of America, National Association	Bocage Apartments, LP, an Oklahoma limited partnership	Norman, OK	Affordable Housing Using LIHTCs (LMI Persons)	$6,955,040
Bank of America, National Association	Hunt Capital Partners Tax Credit Fund 12, LP	Multi-state	Affordable Housing Using LIHTCs (LMI Persons and LMI Areas)	$22,000,000
Bank of America, National Association	Prestige Affordable Housing Fund XIV, LLC	Needles, CA	Affordable Housing Using LIHTCs (LMI Persons)	$2,596,441
Bank of America, National Association	Bruton Apartments, Ltd.	Dallas, TX	Affordable Housing Using LIHTCs (LMI Persons)	$16,719,921

Exhibit 5

OCC approved National Bank owned LIHTC units by Zip Code, COVID-19 Infection rate, and SVI Risk rank

Year of allocation	Development Name	Project City	Project County	Zip Code	COVID-19 rate per 1,000 as of 8/29/20	Zip Code rate as % of State COVID-19 rate = 20.4 (as of 8/29/20)	Total Units	SVI RPL Themes (0 = lowest, 1 = highest risk)	Medically Underserved Area HSRA determination
							Number of units	% o all units in City	Average SVI Risk Index #
Units in OCC approved LIHTC projects in the City of Dallas through 2017 -							9880		
Units in OCC approved LIHTC projects in City of Dallas census tracts with SVI risk of .9 or higher -							6336	64%	
Units in OCC approved LIHTC projects in City of Dallas census tracts with SVI risk of .99 or higher -							2024	20%	
Average SVI Risk Index of census tract for all units in OCC approved LIHTC projects in the City of Dallas through 2017									0.87
OCC approved LIHTC units in Zip Codes with COVID-19 rates from 125% up to 233% of State COVID-19 rate as of 8/29/20							8,688	88%	
Units in Zip Codes with COVID-19 rates of 98% or 99% of State COVID-19 rate as of 8/29/20							1,192	12%	

OCC approved National Bank owned LIHTC units by Zip Code, COVID-19 Infection rate, and SVI Risk rank

Year of allocation	Development Name	Project City	Project County	Zip Code	COVID-19 rate per 1,000 as of 8/29/20	% of State COVID-19 rate = 20.4 (as of 8/29/20)	Total Units	SVI RPL Themes (0 = lowest, 1 = highest risk)
2000	Lakewest Community Townhomes	Dallas	Dallas	75212	47.6	233%	152	1.00
2003	Arbor Woods	Dallas	Dallas	75212	47.6	233%	151	0.96
2008	Village at Lakewest Apartments I	Dallas	Dallas	75212	47.6	233%	180	1.00
2008	Village at Lakewest Apartments II	Dallas	Dallas	75212	47.6	233%	180	1.00
2003	Preakness Ranch	Dallas	Dallas	75211	40.9	201%	264	0.92
2009	Taylor Farms	Dallas	Dallas	75211	40.9	201%	160	0.86
2010	Hillside West Seniors	Dallas	Dallas	75211	40.9	201%	130	0.86
2002	Prairie Commons	Dallas	Dallas	75227	36.3	178%	72	0.88
2004	Sphinx at Delafield	Dallas	Dallas	75227	36.3	178%	204	0.88
2009	Crestshire Village	Dallas	Dallas	75227	36.3	178%	74	0.90
2013	Summit Place	Dallas	Dallas	75251	36.0	177%	98	0.20
2005	Wahoo Frazier Townhomes	Dallas	Dallas	75210	34.7	170%	118	0.99
1996	Las Lomas Apartments	Dallas	Dallas	75217	34.2	167%	230	0.92
2002	Sphinx @ Murdeaux	Dallas	Dallas	75217	34.2	167%	240	0.93
2014	Bruton Apartments	Dallas	Dallas	75217	34.2	167%	264	0.90
1999	Oakwood Place Apartments	Dallas	Dallas	75216	33.6	165%	206	0.99
2001	Rosemont of Oak Hollow	Dallas	Dallas	75216	33.6	165%	153	0.98
2001	Rosemont at Pemberton Hill	Dallas	Dallas	75216	33.6	165%	236	0.92
2005	Sphinx At Reese Court	Dallas	Dallas	75216	33.6	165%	80	0.90
2014	Serenity Place Apartments	Dallas	Dallas	75216	33.6	165%	45	0.98
2016	Peoples El Shaddai Village	Dallas	Dallas	75216	33.6	165%	100	0.94
2016	Saint James Manor	Dallas	Dallas	75216	33.6	165%	100	0.94
1995	Eban Village Apartments	Dallas	Dallas	75215	33.2	163%	110	0.93
1999	Eban Village Apartments	Dallas	Dallas	75215	33.2	163%	220	0.93
2003	Southern Terrace Apartments	Dallas	Dallas	75215	33.2	163%	264	0.90
2011	Buckeye Trail Commons	Dallas	Dallas	75215	33.2	163%	207	0.95
2011	Buckeye Trail Commons II	Dallas	Dallas	75215	33.2	163%	116	0.95
2012	1400 Belleview	Dallas	Dallas	75215	33.2	163%	164	0.61
1995	Parks At Wynnewood Apartments, The	Dallas	Dallas	75224	32.3	158%	172	0.85
2002	Madison Point Apartments	Dallas	Dallas	75224	32.3	158%	176	1.00
2004	Providence at Village Fair	Dallas	Dallas	75224	32.3	158%	236	1.00
2010	Wynnewood Seniors Housing	Dallas	Dallas	75224	32.3	158%	140	0.85
2013	Wynnewood Family Housing (High Point)	Dallas	Dallas	75224	32.3	158%	160	0.85
2005	Sphinx at Luxar	Dallas	Dallas	75233	32.3	158%	100	0.97
2000	Rosemont at Arlington Park	Dallas	Dallas	75235	31.8	156%	100	0.76
2005	Providence Mockingbird	Dallas	Dallas	75235	31.8	156%	251	0.76
1996	The Villas Of Sorrento	Dallas	Dallas	75241	31.5	154%	245	0.99
2004	Homes of Pecan Grove	Dallas	Dallas	75241	31.5	154%	250	0.99
1995	Treymore @ Cityplace Apartments	Dallas	Dallas	75204	29.4	144%	180	0.48
1996	Birchwood Apartments	Dallas	Dallas	75204	29.4	144%	276	0.71
1996	Treymore North Apartments-CityPlace II	Dallas	Dallas	75204	29.4	144%	70	0.71
1999	Roseland Townhomes	Dallas	Dallas	75204	29.4	144%	192	0.48
2000	Carroll Townhomes	Dallas	Dallas	75204	29.4	144%	71	0.71
2000	Monarch Townhomes	Dallas	Dallas	75204	29.4	144%	65	0.71
2001	Roseland Gardens	Dallas	Dallas	75204	29.4	144%	101	0.48
2001	Ewing Villas	Dallas	Dallas	75203	29.3	144%	80	0.95
2008	Sphinx at Fiji Senior	Dallas	Dallas	75203	29.3	144%	130	0.95
2002	Rosemont at Bluff Ridge	Dallas	Dallas	75236	29.1	142%	256	0.78
2001	Rosemont at Timbercreek	Dallas	Dallas	75232	27.5	135%	100	1.00
1995	Enchanted Hills	Dallas	Dallas	75228	25.5	125%	229	0.96
2003	Ash Creek Apartments	Dallas	Dallas	75228	25.5	125%	280	0.97
2007	Fairway Crossing Apartments	Dallas	Dallas	75228	25.5	125%	310	0.96
1995	Park @ Cliff Creek	Dallas	Dallas	75237	19.9	98%	280	0.91
1998	Greens of Hickory Trail Apartments	Dallas	Dallas	75237	19.9	98%	250	1.00
2002	Hickory Trace	Dallas	Dallas	75237	19.9	98%	180	1.00
2003	West Virginia Apartments	Dallas	Dallas	75237	19.9	98%	202	1.00
2014	Park @ Cliff Creek	Dallas	Dallas	75237	19.9	98%	280	0.91

Exhibit 6

Race, Poverty, CDC Social Vulnerability Risk Index for all census tracts with LIHTC units in the Nation compared to all MSAs combined data

	All census tracts in Nation	All census tracts in Nation	All census tracts in Nation		All census tracts in any MSA	All census tracts in any MSA	All census tracts in any MSA	New York MSA 5600	New York MSA 5600	New York MSA 5600	Washington, DC MSA 8840	Washington, DC MSA 8840	Washington, DC MSA 8840	Atlanta MSA 520	Atlanta MSA 520	Atlanta MSA 520
Census Tract Characteristics of units with LIHTC units	**LIHTC Units with census tract race and ethnicity data**	**LIHTC units in category as percent of total LIHTC units**	**Average SVI epidemic/disaster risk rank (1 = highest risk, 0 = lowest risk) for tracts**	**Census Tract Characteristics of units with LIHTC units**	**LIHTC Units with census tract race and ethnicity data**	**LIHTC units in category as percent of total LIHTC units**	**Average SVI epidemic/disaster risk rank (1 = highest risk, 0 = lowest risk) for tracts**	**LIHTC Units with census tract race and ethnicity data**	**LIHTC units as percent of total LIHTC units**	**Average SVI epidemic/disaster risk rank (1 = highest risk, 0 = lowest risk)**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**
Over 30% of people below poverty	848,890	29%	0.90	**Over 30% of people below poverty**	749,245	30%	0.90	73,779	42%	0.96	10342	13%	0.91	24831	33%	0.85
less than 50% of population is White non-Hispanic	1,654,974	56%	0.84	**less than 50% of population is White non-Hispanic**	1,521,294	62%	0.84	142,478	81%	0.85	60347	75%	0.66	63999	84%	0.80
less than 50% of population is White non-Hispanic and over 30% of poulation is below poverty	723,822	24%	0.92	**less than 50% of population is White non-Hispanic and over 30% of poulation is below poverty**	662,571	27%	0.92	73,120	41%	0.97	10342	13%	0.91	24686	32%	0.85
50% or more of population is White non-Hispanic	1,305,811	44%	0.56	**50% or more of population is White non-Hispanic**	941,093	38%	0.51	34,402	19%	0.43	20364	25%	0.40	12113	16%	0.44
50% or more of population is White non-Hispanic and over 30% of population is below poverty	125,068	4%	0.79	**50% or more of population is White non-Hispanic and over 30% of population is below poverty**	86,674	4%	0.79	659	0%	0.78	0	0%	0%	145	0%	0.96
TOTAL LIHTC Units with census tract White non-Hispanic data with % White non-Hispanic tract data	2,960,785		0.70	**TOTAL LIHTC Units with census tract White non-Hispanic data with % White non-Hispanic tract data**	2,462,387		0.70	176,880		0.81	80711		0.57	76112		0.72
Total Number of LIHTC units (for which there is a 2010 FIPS code)	2,968,241			Total Number of LIHTC units (for which there is a 2010 FIPS code)	2,466,328			176,880			80711			76112		

Race, Poverty, CDC Social Vulnerability Risk Index for all census tracts with LIHTC units in the Nation compared to all MSAs combined data

	All census tracts in Nation	All census tracts in Nation	All census tracts in Nation	Los Angeles MSA 4480	Los Angeles MSA 4480	Los Angeles MSA 4480	Chicago MSA 1600	Chicago MSA 1600	Chicago MSA 1600	Houston MSA 3360	Houston MSA 3360	Houston MSA 3360	Seattle MSA 7600	Seattle MSA 7600	Seattle MSA 7600	Dallas MSA 1920	Dallas MSA 1920
Census Tract Characteristics of units with LIHTC units	**LIHTC Units with census tract race and ethnicity data**	**LIHTC units in category as percent of total LIHTC units**	**Average SVI epidemic/disaster risk rank (1 = highest risk, 0 = lowest risk) for tracts**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract race and ethnicity data**	**LIHTC units in category as percent of total LIHTC units**
Over 30% of people below poverty	848,890	29%	0.90	25590	35%	0.94	22462	34%	0.89	20153	34%	0.94	5462	10%	0.85	17,663	36%
less than 50% of population is White non-Hispanic	1,654,974	56%	0.84	66427	90%	0.86	52213	79%	0.79	53350	91%	0.83	25789	48%	0.77	41,898	86%
less than 50% of population is White non-Hispanic and over 30% of poulation is below poverty	723,822	24%	0.92	25240	34%	0.94	22462	34%	0.89	20153	34%	0.94	4423	8%	0.88	17,431	36%
50% or more of population is White non-Hispanic	1,305,811	44%	0.56	7065	10%	0.46	14086	21%	0.37	5513	9%	0.58	27891	52%	0.51	6,774	14%
50% or more of population is White non-Hispanic and over 30% of population is below poverty	125,068	4%	0.79	350	0%	0.87	0	0%	0.00	0	0%	0.00	1039	2%	0.77	less than 200	0%
TOTAL LIHTC Units with census tract White non-Hispanic data with % White non-Hispanic tract data	2,960,785		0.70	73492		0.82	66299		0.69	58863		0.80	53680		0.61	48,672	
Total Number of LIHTC units (for which there is a 2010 FIPS code)	2,968,241			73492			66299			58863			53680			48,672	

Race, Poverty, CDC Social Vulnerability Risk Index for all census tracts with LIHTC units in the Nation compared to all MSAs combined data

	All census tracts in Nation	All census tracts in Nation	All census tracts in Nation	Dallas MSA 1920	City of Dallas, TX	City of Dallas, TX	City of Dallas, TX	Minneapolis MSA 5120	Minneapolis MSA 5120	Minneapolis MSA 5120	Boston MSA 1120	Boston MSA 1120	Boston MSA 1120	Detroit MSA 2160	Detroit MSA 2160	Detroit MSA 2160
Census Tract Characteristics of units with LIHTC units	**LIHTC Units with census tract race and ethnicity data**	**LIHTC units in category as percent of total LIHTC units**	**Average SVI epidemic/disaster risk rank (1 = highest risk, 0 = lowest risk) for tracts**	**Average SVI epidemic/disaster risk rank (1 = highest risk, 0 = lowest risk) for tracts**	**LIHTC Units with census tract race and ethnicity data**	**LIHTC units in category as percent of total LIHTC units**	**Average SVI epidemic/disaster risk rank (1 = highest risk, 0 = lowest risk) for tracts**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**
Over 30% of people below poverty	848,890	29%	0.90	0.93	15,869	62%	0.94	8859	22%	0.90	13702	35%	0.90	17676	48%	0.87
less than 50% of population is White non-Hispanic	1,654,974	56%	0.84	0.83	24,687	97%	0.87	12333	31%	0.92	20128	51%	0.87	23228	63%	0.83
less than 50% of population is White non-Hispanic and over 30% of poulation is below poverty	723,822	24%	0.92	0.94	15,869	62%	0.94	7041	18%	0.97	12226	31%	0.93	15440	42%	0.86
50% or more of population is White non-Hispanic	1,305,811	44%	0.56	0.50	843	3%	0.31	27878	69%	0.40	19253	49%	0.40	13674	37%	0.59
50% or more of population is White non-Hispanic and over 30% of population is below poverty	125,068	4%	0.79	NA	0	0%	0	1818	5%	0.68	1476	4%	0.69	2236	6%	0.90
TOTAL LIHTC Units with census tract White non-Hispanic data with % White non-Hispanic tract data	2,960,785		0.70	0.76	25,530			40211		0.53	39381		0.64	36902		0.77
Total Number of LIHTC units (for which there is a 2010 FIPS code)	2,968,241				25,530			40211			39381			36947		

Race, Poverty, CDC Social Vulnerability Risk Index for all census tracts with LIHTC units in the Nation compared to all MSAs combined data

	All census tracts in Nation	**All census tracts in Nation**	**All census tracts in Nation**		**Philadelphia MSA "6160"**	**Philadelphia MSA "6160"**	**Philadelphia MSA "6160"**	**Miami MSA 5000**	**Miami MSA 5000**	**Miami MSA 5000**	**San Franciso MSA 7360**	**San Franciso MSA 7360**	**San Franciso MSA 7360**	**Phoenix MSA 6200**	**Phoenix MSA 6200**	**Phoenix MSA 6200**	**Riverside MSA 6780**	**Riverside MSA 6780**	**Riverside MSA 6780**	**Oakland MSA 5775**
Census Tract Characteristics of units with LIHTC units	**LIHTC Units with census tract race and ethnicity data**	**LIHTC units in category as percent of total LIHTC units**	**Average SVI epidemic/disaster risk rank (1 = highest risk, 0 = lowest risk) for tracts**		**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**
Over 30% of people below poverty	848,890	29%	0.90		15795	44%	0.90	14862	45%	0.97	2866	13%	0.92	9162	42%	0.93	8783	34%	0.93	2091
less than 50% of population is White non-Hispanic	1,654,974	56%	0.84		22073	62%	0.86	32909	100%	0.89	16747	78%	0.69	14177	64%	0.93	23432	90%	0.89	26881
less than 50% of population is White non-Hispanic and over 30% of poulation is below poverty	723,822	24%	0.92		15735	44%	0.90	14862	45%	0.97	2866	13%	0.92	8052	36%	0.95	8748	34%	0.93	1967
50% or more of population is White non-Hispanic	1,305,811	44%	0.56		13756	38%	0.39	89	0%	0.57	4604	22%	0.37	7887	36%	0.62	2596	10%	0.65	4214
50% or more of population is White non-Hispanic and over 30% of population is below poverty	125,068	4%	0.79		60	0%	0.79	0	0%	#DIV/0!	0	0%	#DIV/0!	1110	5%	0.76	35	0%	0.84	124
TOTAL LIHTC Units with census tract White non-Hispanic data with % White non-Hispanic tract data	2,960,785		0.70		35829		0.74	32998		0.89	21351		0.60	22064		0.83	26028		0.86	31095
Total Number of LIHTC units (for which there is a 2010 FIPS code)	2,968,241				35829			32998			21351			22064			26028			31095

Race, Poverty, CDC Social Vulnerability Risk Index for all census tracts with LIHTC units in the Nation compared to all MSAs combined data

	All census tracts in Nation	All census tracts in Nation	All census tracts in Nation		Oakland MSA 5775	Oakland MSA 5775	Kansas City MSA 3760	Kansas City MSA 3760	Kansas City MSA 3760	Portland MSA 6440	Portland MSA 6440	Portland MSA 6440	Denver MSA 2080	Denver MSA 2080	Denver MSA 2080	Sacramento MSA 6920	Sacramento MSA 6920	Sacramento MSA 6920	Baltimore MSA 720	Baltimore MSA 720	Baltimore MSA 720
Census Tract Characteristics of units with LIHTC units	**LIHTC Units with census tract race and ethnicity data**	**LIHTC units in category as percent of total LIHTC units**	**Average SVI epidemic/disaster risk rank (1 = highest risk, 0 = lowest risk) for tracts**		**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**	**LIHTC Units with census tract White non-Hispanic data**	**Percent LIHTC units in SVI ranked tracts**	**SVI average**
Over 30% of people below poverty	848,890	29%	0.90		7%	0.92	6930	23%	0.91	3710	12%	0.85	2186	8%	0.94	5768	21%	0.94	7268	27%	0.88
less than 50% of population is White non-Hispanic	1,654,974	56%	0.84		86%	0.74	11665	38%	0.83	2640	9%	0.87	10032	35%	0.83	16004	59%	0.82	18632	69%	0.76
less than 50% of population is White non-Hispanic and over 30% of poulation is below poverty	723,822	24%	0.92		6%	0.92	6112	20%	0.92	909	3%	0.94	2186	8%	0.94	5251	19%	0.96	7268	27%	0.88
50% or more of population is White non-Hispanic	1,305,811	44%	0.56		14%	0.40	19040	62%	0.42	27643	91%	0.58	18679	65%	0.38	11028	41%	0.53	8189	31%	0.38
50% or more of population is White non-Hispanic and over 30% of population is below poverty	125,068	4%	0.79		0%	0.90	818	3%	0.69	2801	9%	0.80	0	0%	#DIV/0!	517	2%	0.83	0	0%	#DIV/0!
TOTAL LIHTC Units with census tract White non-Hispanic data with % White non-Hispanic tract data	2,960,785		0.70			0.69	30705		0.62	30283		0.61	28711		0.55	27032		0.69	26821		0.66
Total Number of LIHTC units (for which there is a 2010 FIPS code)	2,968,241						30705			30283			28711			27032			26821		

Exhibit
7

Summary of facts correlating LIHTC unit locations with both high risks of exposure to epidemics and the higher actual infection Covid-19 rates in LIHTC unit locations.

There were 226 LIHTC projects with a total of 37,263 units in Dallas County, Texas as of the most current report for the period closest to August 28, 2020. There are 35,737 of these units, 96%, in Zip Codes that are less than 50% White.

The Centers for Disease Control's Social Vulnerability Index (SVI) ranks census tracts from 0 as least vulnerable to disasters including epidemics to 1 as most vulnerable to disasters including epidemics .

The Covid-19 infection data in this summary is the Dallas County official estimate Covid-19 infections from inception to August 28, 2020.

The Dallas County Covid-19 rate per 1,000 as of 8/28/20 was 20.6. This rate is based on total infections of 65,472 and total population of 3,174,805.

The Covid-19 infection rate for the Zip Codes less than 50% White and in which 35,737 LIHTC units, 96& of the total,was 26.2 per 1,000 persons.

The Covid-19 infection rate for the Zip Codes 50% or greater White and in which 1,426 LIHTC units, 4% of the total, are located was 10.4.

There are 150 LIHTC projects with 24,089 units in Zip Codes with a Covid-19 infection rate higher than the Dallas County rate per 1,000 persons.

These LIHTC units are in census tracts with an average SVI rating of .84.
The average % poverty in these tracts is 27%.
The average % White non-Hispanic population in these tracts is 18%.
There are 90 LIHTC units per 1,000 housing units in these tracts.

The average Covid-19 infection rate Zip Codes with more than one LIHTC project is 25.7.

The average Covid-19 infection rate Zip Codes with more than one LIHTC project is 24.2.

The average Covid-19 infection rate Zip Codes with only one LIHTC project is 20.9.

The average Covid-19 infection rate Zip Codes with more than No LIHTC project is 15.9.

The Covid-19 infection rate per 1,000 is 0.1 for the 75% or greater White Zip Codes in which only 148 LIHTC units are located,

The Covid-19 infection rate per 1,000 is 30.3 for the 25% or less White Zip Codes in which 27,238 LIHTC units are located,

The average CDC Social Vulnerability Index census tract rating for census tracts with LIHTC units was .72.

Notes

The Covid-19 infection data is the Dallas County official estimate Covid-19 infections from inception to August 28, 2020.

The data in this chart does not include the data for the 75207 Zip Code in which the Dallas County Jail is located.

The data in this chart does not include the data for the 75159 Zip Code in which a Federal prison facilityl is located.

These two Zip Codes are excluded because the rates per 1,000 persons are almost four times the Dallas County rate.

The demographic data for the Zip Codes are taken from the equivalent Zip Code Tabulation Area census data.

The Social Vulnerability Index for each census tract is from the Centers for Disease Control.

The term “White” refers to the U.S. Census Bureau category for persons who are White by race and not Hispanic by ethnicity.

Exhibit
8

LIHTC projects in Dallas County, TX in census tracts less than 50% White non-Hispanic that are also federally designated Medically Underserved Areas

Number of LIHTC projects in <50% White census tracts which are also medically underserved area (MUAs)	125
Average SVI Risk Index for these census tracts	90.0%

Exhibit
9

CDC SVI 2018 Documentation - 1/31/2020

Please see data dictionary below.

Introduction

What is Social Vulnerability?

Every community must prepare for and respond to hazardous events, whether a natural disaster like a tornado or a disease outbreak, or an anthropogenic event such as a harmful chemical spill. The degree to which a community exhibits certain social conditions, including high poverty, low percentage of vehicle access, or crowded households, may affect that community's ability to prevent human suffering and financial loss in the event of disaster. These factors describe a community's social vulnerability.

What is CDC Social Vulnerability Index?

ATSDR's Geospatial Research, Analysis & Services Program (GRASP) created Centers for Disease Control and Prevention Social Vulnerability Index (CDC SVI or simply SVI, hereafter) to help public health officials and emergency response planners identify and map the communities that will most likely need support before, during, and after a hazardous event.

SVI indicates the relative vulnerability of every U.S. Census tract. Census tracts are subdivisions of counties for which the Census collects statistical data. SVI ranks the tracts on 15 social factors, including unemployment, minority status, and disability, and further groups them into four related themes. Thus, each tract receives a ranking for each Census variable and for each of the four themes, as well as an overall ranking.

In addition to tract-level rankings, SVI 2010, 2014, 2016, and 2018 also have corresponding rankings at the county level. Notes below that describe "tract" methods also refer to county methods.

How can CDC SVI help communities be better prepared for hazardous events?

SVI provides specific socially and spatially relevant information to help public health officials and local planners better prepare communities to respond to emergency events such as severe weather, floods, disease outbreaks, or chemical exposure.

CDC SVI can be used to:

- Allocate emergency preparedness funding by community need.
- Estimate the type and amount of needed supplies such as food, water, medicine, and bedding.
- Decide how many emergency personnel are required to assist people.
- Identify areas in need of emergency shelters.
- Create a plan to evacuate people, accounting for those who have special needs, such as those without vehicles, the elderly, or people who do not speak English well.
- Identify communities that will need continued support to recover following an emergency or natural disaster.

Important Notes on CDC SVI Databases

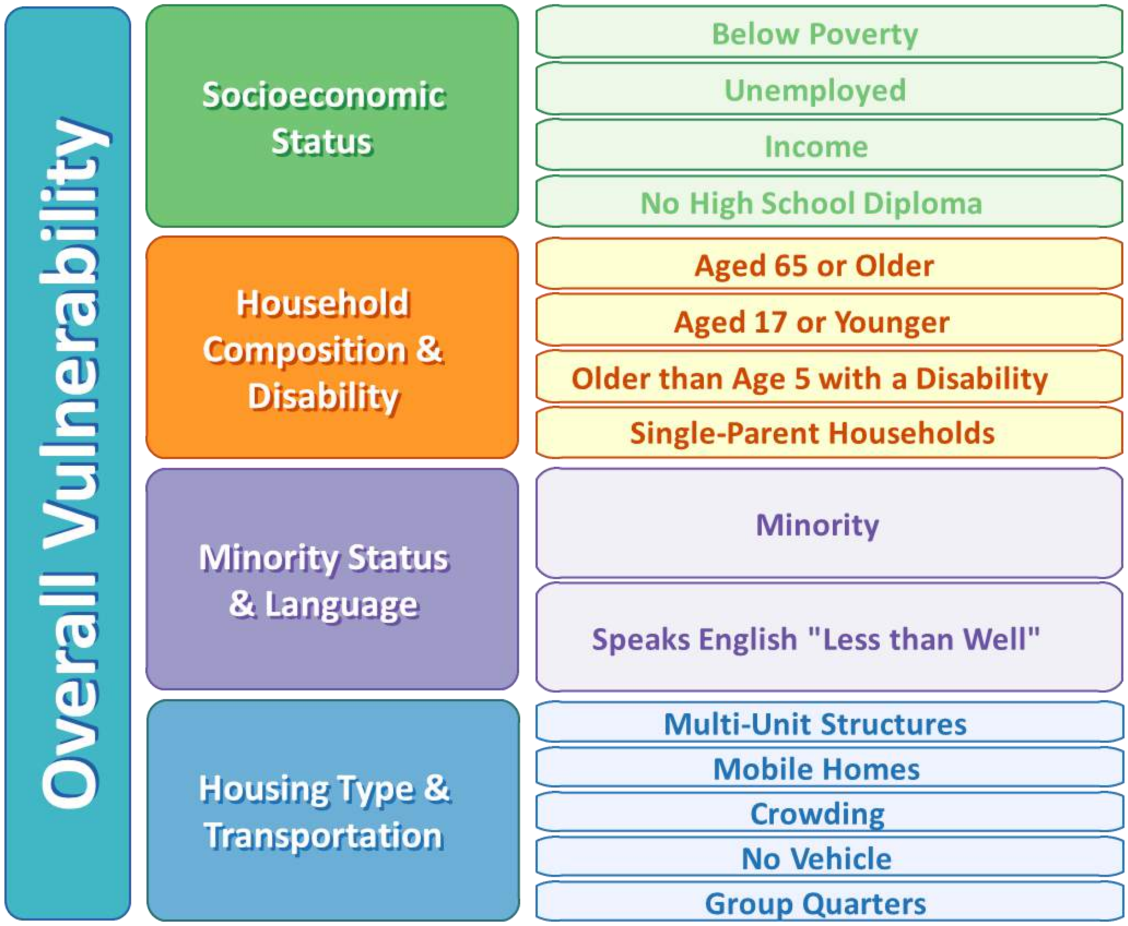
- SVI 2014, 2016, and 2018 are available for download in shapefile format from https://svi.cdc.gov/SVIDataToolsDownload.html. SVI 2014 and 2016 are also available via ArcGIS Online. Search on "CDC's Social Vulnerability Index."
- For SVI 2000 and 2010, keep the data in geodatabase format when downloading from https://svi.cdc.gov/SVIDataToolsDownload.html. Converting to shapefile changes the field names.
- ACS field names have changed between SVI 2016 and 2018. Name changes are noted in the Data Dictionary below.

- For US-wide or multi-state mapping and analysis, use the US database, in which all tracts are ranked against one another. For individual state mapping and analysis, use the state-specific database, in which tracts are ranked only against other tracts in the specified state.
- Starting with SVI 2014, we've added a stand-alone, state-specific Commonwealth of Puerto Rico database. Puerto Rico is not included in the US-wide ranking.
- Starting with SVI 2014, we've added a database of Tribal Census Tracts (http://factfinder.census.gov/help/en/tribal_census_tract.htm). Tribal tracts are defined independently of, and in addition to, standard county-based tracts. The tribal tract database contains only estimates, percentages, and their respective margins of error (MOEs), along with the adjunct variables described in the data dictionary below. Because of geographic separation and cultural diversity, tribal tracts are not ranked against each other nor against standard census tracts.
- Tracts with zero estimates for total population (N = 645 for the U.S.) were removed during the ranking process. These tracts were added back to the SVI databases after ranking. The TOTPOP field value is 0, but the percentile ranking fields (RPL_THEME1, RPL_THEME2, RPL_THEME3, RPL_THEME4, and RPL_THEMES) were set to -999.
- For tracts with > 0 TOTPOP, a value of -999 in any field either means the value was unavailable from the original census data or we could not calculate a derived value because of unavailable census data.
- Any cells with a -999 were not used for further calculations. For example, total flags do not include fields with a -999 value.
- Whenever available, we use Census-calculated MOEs. If Census MOEs are unavailable, for instance when aggregating variables within a table, we use approximation formulas provided by the Census in Appendix A (pages A-14 through A-17) of *A Compass for Understanding and Using American Community Survey Data* here: https://www.census.gov/content/dam/Census/library/publications/2008/acs/ACSGeneralHandbook.pdf If more precise MOEs are required, see Census methods and data regarding Variance Replicate Tables here: https://www.census.gov/programs-surveys/acs/technical-documentation/variance-tables.html. For selected ACS 5-year Detailed Tables, "Users can calculate margins of error for aggregated data by using the variance replicates. Unlike available approximation formulas, this method results in an exact margin of error by using the covariance term."
- The U.S. Census Bureau reports that data collection errors prohibited the inclusion of income and poverty data from Rio Arriba County, New Mexico. Please see a more detailed explanation provided by the Census Bureau here: https://www.census.gov/programs-surveys/acs/technical-documentation/errata/125.html.
- FIPS codes are generally defined as text to preserve leading zeros (0s). If you're working with csv files, leading 0s are required to properly join or merge tables. ArcGIS maintains leading 0s in the FIPS code fields of csv files. To preserve leading 0s and create an Excel file in Excel for Office 365, follow these steps:
    - Open a blank worksheet in Excel.
    - Click Data in the menu bar and choose the icon From Text/CSV
    - Navigate to the csv file and choose to Import
    - In the dialog box that opens, choose to Transform Data
    - In the Power Query Editor dialog box, for each of the FIPS columns (ST, STCNTY, FIPS for tracts and ST, FIPS for counties), right click the column name and choose to Change Type to Text.
    - As prompted in the Change Column Type dialog box, choose to Replace current. Click Close and Load.
    - Save As an Excel xlsx file.
- See the ***Methods*** section below for further details.
- Questions? Please visit the SVI website at http://svi.cdc.gov for additional information or email the SVI Coordinator at svi_coordinator@cdc.gov.

Methods

Variables Used

American Community Survey (ACS), 2014-2018 (5-year) data for the following estimates:



For SVI 2018, we included two adjunct variables, 1) 2014-2018 ACS estimates for persons without health insurance, and 2) an estimate of daytime population derived from LandScan 2018 estimates. These adjunct variables are excluded from SVI rankings.

Raw data estimates and percentages for each variable, for each tract, are included in the database. In addition, the margins of error (MOEs) for each estimate, at the Census Bureau standard of 90%, are also included. Confidence intervals can be calculated by subtracting the MOE from the estimate (lower limit) and adding the MOE to the estimate (upper limit). Because of relatively small sample sizes, some of the MOEs are high. It's important to identify the amount of error acceptable in any analysis.

Rankings

We ranked Census tracts within each state and the District of Columbia, to enable mapping and analysis of relative vulnerability in individual states. We also ranked tracts for the entire United States against one another, for mapping and analysis of relative vulnerability in multiple states, or across the U.S. as a whole. Tract rankings are based on percentiles. Percentile ranking values range from 0 to 1, with higher values indicating greater vulnerability.

For each tract, we generated its percentile rank among all tracts for 1) the fifteen individual variables, 2) the four themes, and 3) its overall position.

Theme rankings: For each of the four themes, we summed the percentiles for the variables comprising each theme. We ordered the summed percentiles for each theme to determine theme-specific percentile rankings.

The four summary theme ranking variables, detailed in the Data Dictionary below, are:

- **Socioeconomic - RPL_THEME1**
- **Household Composition & Disability - RPL_THEME2**
- **Minority Status & Language - RPL_THEME3**
- **Housing Type & Transportation - RPL_THEME4**

Overall tract rankings: We summed the sums for each theme, ordered the tracts, and then calculated overall percentile rankings. Please note; taking the sum of the sums for each theme is the same as summing individual variable rankings. **The overall tract summary ranking variable is RPL_THEMES**.

Flags

Tracts in the top 10%, i.e., at the 90th percentile of values, are given a value of 1 to indicate high vulnerability. Tracts below the 90th percentile are given a value of 0.

For a theme, the flag value is the number of flags for variables comprising the theme. We calculated the overall flag value for each tract as the number of all variable flags.

For a detailed description of SVI variable selection rationale and methods, see A Social Vulnerability Index for Disaster Management (https://svi.cdc.gov/A%20Social%20Vulnerability%20Index%20for%20Disaster%20Management.pdf).

Reproducibility Caveat

When replicating SVI using Microsoft Excel or similar software, results may differ slightly from databases on the SVI website or ArcGIS Online. This is due to variation in the number of decimal places used by the different software programs. For purposes of automation, we developed SVI using SQL programming language. Because the SQL programming language uses a different level of precision compared to Excel and similar software, reproducing SVI in Excel may marginally differ from the SVI databases downloaded from the SVI website. For future iterations of SVI, beginning with SVI 2018, we plan to modify the SQL automation process for constructing SVI to align with that of Microsoft Excel. If there are any questions, please email the SVI Coordinator at svi_coordinator@cdc.gov.

CDC SVI 2018 Data Dictionary – American Community Survey field names that changed between 2016 and 2018 are noted in RED

Theme Colors
Socioeconomic
Household Composition/Disability
Minority Status/Language
Housing Type/Transportation

Variables beginning with "E_" are estimates. Variables beginning with "M_" are margins of error for those estimates. Values of -999 represent "null" or "no data."

The four summary theme ranking variables, detailed in the Data Dictionary below, are:

- **Socioeconomic - RPL_THEME1**
- **Household Composition & Disability - RPL_THEME2**
- **Minority Status & Language - RPL_THEME3**
- **Housing Type & Transportation - RPL_THEME4**

The overall tract summary ranking variable is RPL_THEMES.

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
ST	State-level FIPS code	SVI	FIPS	In Excel, from Tract-level FIPS code, LEFT (FIPS, 2)		
STATE	State name	S0601	NAME	In Excel, use DATA|Text to Columns to extract state name		GEO.display-label
ST_ABBR	State abbreviation	N/A	N/A	Joined from Esri state boundary shapefile		
STCNTY	County-level FIPS code	SVI	FIPS	In Excel, from Tract-level FIPS code, LEFT (FIPS, 5)	In the county-level SVI database, the 5-digit STCNTY field is the FIPS field, used for joins.	GEO.id
COUNTY	County name	S0601	NAME	In Excel, use DATA| Text to Columns to extract county name		GEO.display-label
FIPS	Tract-level FIPS code	S0601	GEO_ID	In Excel, RIGHT (GEO.id, 11)		
LOCATION	Text description of tract, county, state	S0601	NAME			GEO.display-label
AREA_SQMI	Tract area in square miles	Census Cartographic Boundary File - U.S. Tracts 2018 500K	ALAND * 3.86102e-7	Conversion from square meters to square miles		
E_TOTPOP	Population estimate, 2014-2018 ACS	S0601	S0601_C01_001E			HC01_EST_VC01
M_TOTPOP	Population estimate MOE, 2014-2018 ACS	S0601	S0601_C01_001M			HC01_MOE_VC01

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
E_HU	Housing units estimate, 2014-2018 ACS	DP04	DP04_0001E			HC01_VC03
M_HU	Housing units estimate MOE, 2014-2018 ACS	DP04	DP04_0001M			HC02_VC03
E_HH	Households estimate, 2014-2018 ACS	DP02	DP02_0001E			HC01_VC03
M_HH	Households estimate MOE, 2014-2018 ACS	DP02	DP02_0001M			HC02_VC03
E_POV	Persons below poverty estimate, 2014-2018 ACS	B17001	B17001_002E			HD01_VD02
M_POV	Persons below poverty estimate MOE, 2014-2018 ACS	B17001	B17001_002M			HD02_VD02
E_UNEMP	Civilian (age 16+) unemployed estimate, 2014-2018 ACS	DP03	DP03_0005E			HC01_VC07
M_UNEMP	Civilian (age 16+) unemployed estimate MOE, 2014-2018 ACS	DP03	DP03_0005M			HC02_VC07
E_PCI	Per capita income estimate, 2014-2018 ACS	B19301	B19301_001E		Fewer rows than other variables - joined to Census 2016 tracts. Contains null cells (i.e. -999).	HD01_VD01
M_PCI	Per capita income estimate MOE, 2014-2018 ACS	B19301	B19301_001M		Fewer rows than other variables - joined to Census 2016 tracts	HD02_VD01
E_NOHSDP	Persons (age 25+) with no high school diploma estimate, 2014-2018 ACS	B06009	B06009_002E			HD01_VD03
M_NOHSDP	Persons (age 25+) with no high school diploma estimate MOE, 2014-2018 ACS	B06009	B06009_002M			HD02_VD03

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
E_AGE65	Persons aged 65 and older estimate, 2014-2018 ACS	S0101	S0101_C01_030E			HC01_EST_VC32
M_AGE65	Persons aged 65 and older estimate MOE, 2014-2018 ACS	S0101	S0101_C01_030M			HC01_MOE_VC32
E_AGE17	Persons aged 17 and younger estimate, 2014-2018 ACS	B09001	B09001_001E			HD01_VD01
M_AGE17	Persons aged 17 and younger estimate MOE, 2014-2018 ACS	B09001	B09001_001E			HD02_VD01
E_DISABL	Civilian noninstitutionalized population with a disability estimate, 2014-2018 ACS	DP02	DP02_0071E			HC01_VC106
M_DISABL	Civilian noninstitutionalized population with a disability estimate MOE, 2014-2018 ACS	DP02	DP02_0071M			HC02_VC106
E_SNGPNT	Single parent household with children under 18 estimate, 2014-2018 ACS	DP02	DP02_0007E+ DP02_0009E	Estimate male householder, no wife present, family - With own children under 18 years + Estimate female householder, no husband present, family - With own children under 18 years		HC01_VC09 + HC01_VC11
M_SNGPNT	Single parent household with children under 18 estimate MOE, 2014-2018 ACS	DP02	SQRT (DP02_0007M^2 + DP02_0009M^2)	SQRT (MOE male householder, no wife present, family - With own children under 18 years^2 + MOE female householder, no husband present, family - With own children under 18 years^2)		SQRT(HC02_VC09^2 + HC02_VC11^2)

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
E_MINRTY	Minority (all persons except white, non-Hispanic) estimate, 2014-2018 ACS	B01001H	E_TOTPOP - B01001H_001E	Estimate total population – white, Non-Hispanic population		E_TOTPOP - HD01_VD01
M_MINRTY	Minority (all persons except white, non-Hispanic) estimate MOE, 2014-2018 ACS	B01001H	SQRT(M_TOTPOP^2 + B01001H_001M ^2)	SQRT (MOE total population^2 + MOE white, non-Hispanic^2)		SQRT(M_TOTPOP^2 + HD02_VD01^2)
E_LIMENG	Persons (age 5+) who speak English "less than well" estimate, 2014-2018 ACS	B16005	B16005_007E + B16005_008E + B16005_012E + B16005_013E + B16005_017E + B16005_018E + B16005_022E + B16005_023E + B16005_029E + B16005_030E + B16005_034E + B16005_035E + B16005_039E + B16005_040E + B16005_044E + B16005_045E +	Estimate; Native: - Speak Spanish: - Speak English "not well" + Estimate; Native: - Speak Spanish: - Speak English "not at all" + Estimate; Native: - Speak other Indo-European languages: - Speak English "not well" + Estimate; Native: - Speak other Indo-European languages: - Speak English "not at all" + Estimate; Native: - Speak Asian and Pacific Island languages: - Speak English "not well" + Estimate; Native: - Speak Asian and Pacific Island languages: - Speak English "not at all" + Estimate; Native: - Speak other languages: - Speak English "not well" + Estimate; Native: - Speak other languages: - Speak English "not at all" + Estimate; Foreign born: - Speak Spanish: - Speak English "not well" + Estimate; Foreign born: - Speak Spanish: - Speak English "not at all" + Estimate; Foreign born: - Speak other Indo-European languages: - Speak English "not well" + Estimate; Foreign born: - Speak other Indo-European languages: - Speak English "not at all" + Estimate; Foreign born: - Speak Asian and Pacific Island languages: - Speak English "not well" + Estimate; Foreign born: - Speak Asian and Pacific Island languages: - Speak English "not at all" + Estimate; Foreign born: - Speak other languages: - Speak English "not well" + Estimate; Foreign born: - Speak other languages: - Speak English "not at all"		HD01_VD07 + HD01_VD08 + HD01_VD12 + HD01_VD13 + HD01_VD17 + HD01_VD18 + HD01_VD22 + HD01_VD23 + HD01_VD29 + HD01_VD30 + HD01_VD34 + HD01_VD35 + HD01_VD39 + HD01_VD40 + HD01_VD44 + HD01_VD45

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
M_LIMENG	Persons (age 5+) who speak English "less than well" estimate MOE, 2014-2018 ACS	B16005	SQRT(B16005_007M ^2 + B16005_008M ^2 + B16005_012M ^2 + B16005_013M ^2 + B16005_017M ^2 + B16005_018M ^2 + B16005_022M ^2 + B16005_023M ^2 + B16005_029M ^2 + B16005_030M ^2 + B16005_034M ^2 + B16005_035M ^2 + B16005_039M ^2 + B16005_040M ^2 + B16005_044M ^2 + B16005_045M ^2)	SQRT (MOE Native: - Speak Spanish: - Speak English "not well"^2 + MOE Native: - Speak Spanish: - Speak English "not at all"^2 + MOE Native: - Speak other Indo-European languages: - Speak English "not well"^2 + MOE Native: - Speak other Indo-European languages: - Speak English "not at all"^2 + MOE Native: - Speak Asian and Pacific Island languages: - Speak English "not well"^2 + MOE Native: - Speak Asian and Pacific Island languages: - Speak English "not at all"^2 + MOE Native: - Speak other languages: - Speak English "not well"^2 + MOE Native: - Speak other languages: - Speak English "not at all"^2 + MOE Foreign born: - Speak Spanish: - Speak English "not well"^2 + MOE Foreign born: - Speak Spanish: - Speak English "not at all"^2 + MOE Foreign born: - Speak other Indo-European languages: - Speak English "not well"^2 + MOE Foreign born: - Speak other Indo-European languages: - Speak English "not at all"^2 + MOE Foreign born: - Speak Asian and Pacific Island languages: - Speak English "not well"^2 + MOE Foreign born: - Speak Asian and Pacific Island languages: - Speak English "not at all"^2 + MOE Foreign born: - Speak other languages: - Speak English "not well"^2 + MOE Foreign born: - Speak other languages: - Speak English "not at all"^2)		SQRT(HD02_VD07^2 + HD02_VD08^2 + HD02_VD12^2 + HD02_VD13^2 + HD02_VD17^2 + HD02_VD18^2 + HD02_VD22^2 + HD02_VD23^2 + HD02_VD29^2 + HD02_VD30^2 + HD02_VD34^2 + HD02_VD35^2 + HD02_VD39^2 + HD02_VD40^2 + HD02_VD44^2 + HD02_VD45^2)
E_MUNIT	Housing in structures with 10 or more units estimate, 2014-2018 ACS	DP04	DP04_0012E + DP04_0013E	Estimate; UNITS IN STRUCTURE - Total housing units - 10 to 19 units + Estimate; UNITS IN STRUCTURE - Total housing units - 20 or more units		HC01_VC19 + HC01_VC20
M_MUNIT	Housing in structures with 10 or more units estimate MOE, 2014-2018 ACS	DP04	SQRT(DP04_0012M ^2 + DP04_0013M ^2)	SQRT (MOE UNITS IN STRUCTURE - Total housing units - 10 to 19 units^2 + MOE; UNITS IN STRUCTURE - Total housing units - 20 or more units^2)		SQRT(HC02_VC19^2 + HC02_VC20^2)
E_MOBILE	Mobile homes estimate, 2014-2018 ACS	DP04	DP04_0014E			HC01_VC21
M_MOBILE	Mobile homes estimate MOE, 2014-2018 ACS	DP04	DP04_0014M			HC02_VC21

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
E_CROWD	At household level (occupied housing units), more people than rooms estimate, 2014-2018 ACS	DP04	DP04_0078E + DP04_0079E	Estimate; OCCUPANTS PER ROOM - Occupied housing units - 1.01 to 1.50 + Estimate; OCCUPANTS PER ROOM - Occupied housing units - 1.51 or more		HC01_VC114 + HC01_VC115
M_CROWD	At household level (occupied housing units), more people than rooms estimate MOE, 2014-2018 ACS	DP04	SQRT(DP04_0078M ^2 + DP04_0079M^2)	SQRT (MOE OCCUPANTS PER ROOM - Occupied housing units - 1.01 to 1.50^2+ MOE OCCUPANTS PER ROOM - Occupied housing units - 1.51 or more^2)		SQRT(HC02_VC114^2 + HC02_VC115^2)
E_NOVEH	Households with no vehicle available estimate, 2014-2018 ACS	DP04	DP04_0058E			HC01_VC85
M_NOVEH	Households with no vehicle available estimate MOE, 2014-2018 ACS	DP04	DP04_0058M			HC02_VC85
E_GROUPQ	Persons in institutionalized group quarters estimate, 2014-2018 ACS	B26001	B26001_001E			HD01_VD01
M_GROUPQ	Persons in institutionalized group quarters estimate MOE, 2014-2018 ACS	B26001	B26001_001M			HD02_VD01
EP_POV	Percentage of persons below poverty estimate	S0601	S0601_C01_049E			HC01_EST_VC67
MP_POV	Percentage of persons below poverty estimate MOE	S0601	S0601_C01_049M			HC01_MOE_VC67
EP_UNEMP	Unemployment Rate estimate	DP03	DP03_0009PE		The ACS calculated Unemployment Rate = E_UNEMP/civilian population age 16+ in the labor force	HC03_VC12

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
MP_UNEMP	Unemployment Rate estimate MOE	DP03	DP03_0009PM			HC04_VC12
EP_PCI	Per capita income estimate, 2014-2018 ACS	B19301	B19301_001E		Value is the same as E_PCI	HD01_VD01
MP_PCI	Per capita income estimate MOE, 2014-2018 ACS	B19301	B19301_001M		Value is the same as M_PCI	HD02_VD01
EP_NOHSDP	Percentage of persons with no high school diploma (age 25+) estimate	S0601	S0601_C01_033E			HC01_EST_VC46
MP_NOHSDP	Percentage of persons with no high school diploma (25+) estimate MOE	S0601	S0601_C01_033M			HC01_MOE_VC46
EP_AGE65	Percentage of persons aged 65 and older estimate, 2014-2018 ACS	S0101	S0101_C02_030E			HC01_EST_VC31
MP_AGE65	Percentage of persons aged 65 and older estimate MOE, 2014-2018 ACS	S0101	S0101_C02_030M			HC01_MOE_VC31
EP_AGE17	Percentage of persons aged 17 and younger estimate, 2014-2018 ACS	SVI	(E_AGE17 / E_TOTPOP)*100	(Persons aged 17 and younger estimate / Total population estimate) * 100	This calculation resulted in some division by 0 errors in cases where E_TOTPOP equals 0. These rows were revised with the estimated proportions set to 0 and their corresponding MOEs set to -999.	

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
MP_AGE17	Percentage of persons aged 17 and younger estimate MOE, 2014-2018 ACS	SVI	((SQRT(M_AGE17^2-((EP_AGE17/100)^2*M_TOTPOP^2)))/E_TOTPOP)*100	((SQRT(MOE Population under 18 years^2 - (Estimated proportion of persons aged 17 and younger^2 * MOE Total Population^2))) / Total population estimate) * 100	Some MOE calculations resulted in errors because the value under the square root was negative. For these rows, as the Census Bureau suggests, we used the formula for derived ratios, as opposed to that for derived proportions. Instead of the subtraction in the standard formula, we add. See *A Compass for Understanding and Using American Community Survey Data*, page A-15 (https://www.census.gov/content/dam/Census/library/publications/2008/acs/ACSGeneralHandbook.pdf).	
EP_DISABL	Percentage of civilian noninstitutionalized population with a disability estimate, 2014-2018 ACS	DP02	DP02_0071PE			HC03_VC106
MP_DISABL	Percentage of civilian noninstitutionalized population with a disability estimate MOE, 2014-2018 ACS	DP02	DP02_0071PM			HC04_VC106
EP_SNGPNT	Percentage of single parent households with children under 18 estimate, 2014-2018 ACS	SVI	(E_SNGPNT / E_HH) * 100	(Single parent household with children under 18 estimate / Households estimate) * 100	This calculation resulted in some division by 0 errors in cases where E_HH equals 0. These rows were revised with the estimated proportions set to 0 and their corresponding MOEs set to -999.	

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
MP_SNGPNT	Percentage of single parent households with children under 18 estimate MOE, 2014-2018 ACS	SVI	((SQRT(M_SNGPNT^2-((EP_SNGPNT/100)^2*M_HH^2)))/E_HH)*100	((SQRT(MOE Single parent households^2 - (Estimated proportion single parent households^2 * MOE Households^2))) / Households estimate) * 100	Some MOE calculations resulted in errors because the value under the square root was negative. For these rows, as the Census Bureau suggests, we used the formula for derived ratios, as opposed to that for derived proportions. Instead of the subtraction in the standard formula, we add. See *A Compass for Understanding and Using American Community Survey Data*, page A-15 (https://www.census.gov/content/dam/Census/library/publications/2008/acs/ACSGeneralHandbook.pdf).	
EP_MINRTY	Percentage minority (all persons except white, non-Hispanic) estimate, 2014-2018 ACS	SVI	(E_MINRTY/E_TOTPOP)*100	(Minority estimate / Total population estimate) * 100	This calculation resulted in some division by 0 errors in cases where E_HH equals 0. These rows were revised with the estimated proportions set to 0 and their corresponding MOEs set to -999.	
MP_MINRTY	Percentage minority (all persons except white, non-Hispanic) estimate MOE, 2014-2018 ACS	SVI	((SQRT(M_MINRTY^2-((EP_MINRTY/100)^2*M_TOTPOP^2)))/E_TOTPOP)*100	((SQRT(MOE Minority^2 - (Estimated proportion minority^2 * MOE Total population^2))) / Total population estimate) * 100		

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
EP_LIMENG	Percentage of persons (age 5+) who speak English "less than well" estimate, 2014-2018 ACS	SVI and B16005	(E_LIMENG/B16005_001E)*100	(Persons who speak English "less than well" estimate / Population age 5 and over estimate) * 100	This calculation resulted in some division by 0 errors in cases where total population age 5 and over equals 0. These rows were revised with the estimated proportions set to 0 and their corresponding MOEs set to -999.	(E_LIMENG/ HD01_VD01)*100
MP_LIMENG	Percentage of persons (age 5+) who speak English "less than well" estimate MOE, 2014-2018 ACS	SVI and B16005	((SQRT(M_LIMENG^2 - ((EP_LIMENG/100)^2 * B16005_001M^2)))/ B16005_001E)*100	((SQRT(MOE Persons who speak English less than well^2 - (Estimated proportion persons who speak English less than well^2 * MOE population age 5 and over^2))) / Population age 5 and over estimate) * 100	Some MOE calculations resulted in errors because the value under the square root was negative. For these rows, as the Census Bureau suggests, we used the formula for derived ratios, as opposed to that for derived proportions. Instead of the subtraction in the standard formula, we add. See *A Compass for Understanding and Using American Community Survey Data*, page A-15 (https://www.census.gov/content/dam/Census/library/publications/2008/acs/ACSGeneralHandbook.pdf).	((SQRT(M_LIMENG^2 - ((EP_LIMENG/100)^2 *HD02_VD01^2)))/ HD01_VD01)*100
EP_MUNIT	Percentage of housing in structures with 10 or more units estimate	SVI	(E_MUNIT/E_HU)*100	(Housing in structures with 10 or more units estimate / Housing units estimate)*100	This calculation resulted in some division by 0 errors in cases where E_HU equals 0. These rows were revised with the estimated proportions set to 0 and their corresponding MOEs set to -999.	

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
MP_MUNIT	Percentage of housing in structures with 10 or more units estimate MOE	SVI	((SQRT(M_MUNIT^2-((EP_MUNIT/100)^2*M_HU^2)))/E_HU)*100	((SQRT(MOE Housing in structures with 10 or more units^2 - (Estimated proportion housing in structures with 10 or more units^2 * MOE Housing units^2))) / Housing units estimate) * 100	Some MOE calculations resulted in errors because the value under the square root was negative. For these rows, as the Census Bureau suggests, we used the formula for derived ratios, as opposed to that for derived proportions. Instead of the subtraction in the standard formula, we add. See *A Compass for Understanding and Using American Community Survey Data*, page A-15 (https://www.census.gov/content/dam/Census/library/publications/2008/acs/ACSGeneralHandbook.pdf).	
EP_MOBILE	Percentage of mobile homes estimate	DP04	DP04_0014PE			HC03_VC21
MP_MOBILE	Percentage of mobile homes estimate MOE	DP04	DP04_0014PM			HC04_VC21
EP_CROWD	Percentage of occupied housing units with more people than rooms estimate	SVI and DP04	(E_CROWD/DP04_0002E)*100	(Occupied housing units with more people than rooms estimate / Occupied housing units estimate)*100	This calculation resulted in some division by 0 errors in cases where HC01_VC04 equals 0. These rows were revised with the estimated proportions set to 0 and their corresponding MOEs set to -999.	E_CROWD/HC01_VC04)*100

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
MP_CROWD	Percentage of occupied housing units with more people than rooms estimate MOE	SVI and DP04	((SQRT(M_CROWD^2 - ((EP_CROWD/100)^2 * DP04_0002M^2)))/ DP04_0002E)*100	((SQRT(MOE Occupied housing units with more people than rooms^2 - (Estimated proportion of occupied housing units with more people than rooms^2 * MOE Occupied housing units^2))) /Occupied housing units estimate) * 100	Some MOE calculations resulted in errors because the value under the square root was negative. For these rows, as the Census Bureau suggests, we used the formula for derived ratios, as opposed to that for derived proportions. Instead of the subtraction in the standard formula, we add. See *A Compass for Understanding and Using American Community Survey Data*, page A-15 (https://www.census.gov/content/dam/Census/library/publications/2008/acs/ACSGeneralHandbook.pdf).	((SQRT(M_CROWD^2 - ((EP_CROWD/100)^2 *HC02_VC04^2)))/ HC01_VC04)*100
EP_NOVEH	Percentage of households with no vehicle available estimate	DP04	DP04_0058PE			HC03_VC85
MP_NOVEH	Percentage of households with no vehicle available estimate MOE	DP04	DP04_0058PM			HC04_VC85
EP_GROUPQ	Percentage of persons in institutionalized group quarters estimate, 2014-2018 ACS	SVI	(E_GROUPQ/E_TOTPOP)*100	(Persons in group quarters estimate / Total population estimate) * 100	This calculation resulted in some division by 0 errors in cases where E_TOTPOP equals 0. These rows were revised with the estimated proportions set to 0 and their corresponding MOEs set to -999.	

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
MP_GROUPQ	Percentage of persons in institutionalized group quarters estimate MOE, 2014-2018 ACS	SVI	((SQRT(M_GROUPQ^2-((EP_GROUPQ/100)^2*M_TOTPOP^2)))/E_TOTPOP)*100	((SQRT(MOE Persons in group quarters^2 - (Estimated proportion persons in group quarters^2 * MOE Total population^2))) / Total population estimate) * 100	Some MOE calculations resulted in errors because the value under the square root was negative. For these rows, as the Census Bureau suggests, we used the formula for derived ratios, as opposed to that for derived proportions. Instead of the subtraction in the standard formula, we add. See *A Compass for Understanding and Using American Community Survey Data*, page A-15 (https://www.census.gov/content/dam/Census/library/publications/2008/acs/ACSGeneralHandbook.pdf).	
EPL_POV	Percentile Percentage of persons below poverty estimate	SVI	In Excel: PERCENTRANK.INC on EP_POV array with 4 significant digits			
EPL_UNEMP	Percentile Percentage of civilian (age 16+) unemployed estimate	SVI	In Excel: PERCENTRANK.INC on EP_UNEMP array with 4 significant digits			
EPL_PCI	Percentile per capita income estimate	SVI	In Excel: 1-(PERCENTRANK.INC on EP_PCI array with 4 significant digits)		Per capita income necessarily reversed as high income equates with low vulnerability and vice versa.	
EPL_NOHSDP	Percentile Percentage of persons with no high school diploma (age 25+) estimate	SVI	In Excel: PERCENTRANK.INC on EP_NOHSDP array with 4 significant digits			

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
SPL_THEME1	Sum of series for Socioeconomic theme	SVI	EPL_POV + EPL_UNEMP + EPL_PCI + EPL_NOHSDP		Null values (-999) removed before calculating output sum. Output for sums with null values in the same row set to -999.	
RPL_THEME1	Percentile ranking for Socioeconomic theme summary	SVI	In Excel: PERCENTRANK.INC on SPL_THEME1 array with 4 significant digits		Null values (-999) removed from the array before calculating output percentile ranks. Output for -999 input cells set to -999.	
EPL_AGE65	Percentile percentage of persons aged 65 and older estimate	SVI	In Excel: PERCENTRANK.INC on EP_AGE65 array with 4 significant digits			
EPL_AGE17	Percentile percentage of persons aged 17 and younger estimate	SVI	In Excel: PERCENTRANK.INC on EP_AGE17 array with 4 significant digits			
EPL_DISABL	Percentile percentage of civilian noninstitutionalized population with a disability estimate	SVI	In Excel: PERCENTRANK.INC on EP_DISABL array with 4 significant digits			
EPL_SNGPNT	Percentile percentage of single parent households with children under 18 estimate	SVI	In Excel: PERCENTRANK.INC on EP_SNGPNT array with 4 significant digits			
SPL_THEME2	Sum of series for Household Composition theme	SVI	EPL_AGE65 + EPL_AGE17 + EPL_DISABL + EPL_SNGPNT			
RPL_THEME2	Percentile ranking for Household Composition theme summary	SVI	In Excel: PERCENTRANK.INC on SPL_THEME2 array with 4 significant digits			

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
EPL_MINRTY	Percentile percentage minority (all persons except white, non-Hispanic) estimate	SVI	In Excel: PERCENTRANK.INC on EP_MINRTY array with 4 significant digits			
EPL_LIMENG	Percentile percentage of persons (age 5+) who speak English "less than well" estimate	SVI	In Excel: PERCENTRANK.INC on EP_LIMENG array with 4 significant digits			
SPL_THEME3	Sum of series for Minority Status/Language theme	SVI	EPL_MINRTY + EPL_LIMENG			
RPL_THEME3	Percentile ranking for Minority Status/Language theme	SVI	In Excel: PERCENTRANK.INC on SPL_THEME3 array with 4 significant digits			
EPL_MUNIT	Percentile percentage housing in structures with 10 or more units estimate	SVI	In Excel: PERCENTRANK.INC on EP_MUNIT array with 4 significant digits			
EPL_MOBILE	Percentile percentage mobile homes estimate	SVI	In Excel: PERCENTRANK.INC on EP_MOBILE array with 4 significant digits			
EPL_CROWD	Percentile percentage households with more people than rooms estimate	SVI	In Excel: PERCENTRANK.INC on EP_CROWD array with 4 significant digits			
EPL_NOVEH	Percentile percentage households with no vehicle available estimate	SVI	In Excel: PERCENTRANK.INC on EP_NOVEH array with 4 significant digits			

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
EPL_GROUPQ	Percentile percentage of persons in institutionalized group quarters estimate	SVI	In Excel: PERCENTRANK.INC on EP_GROUPQ array with 4 significant digits			
SPL_THEME4	Sum of series for Housing Type/ Transportation theme	SVI	EPL_MUNIT + EPL_MOBIL + EPL_CROWD + EPL_NOVEH + EPL_GROUPQ			
RPL_THEME4	Percentile ranking for Housing Type/ Transportation theme	SVI	In Excel: PERCENTRANK.INC on SPL_THEME4 array with 4 significant digits			
SPL_THEMES	Sum of series themes	SVI	SPL_THEME1 + SPL_THEME2 + SPL_THEME3 + SPL_THEME4		Null values (-999) removed before calculating output sum. Output for sums with null values in the same row set to -999.	
RPL_THEMES	Overall percentile ranking	SVI	In Excel: PERCENTRANK.INC on SPL_THEMES array with 4 significant digits		Null values (-999) removed from the array before calculating output percentile ranks. Output for -999 input cells set to -999.	

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
F_POV	Flag - the percentage of persons in poverty is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_POV >= 0.90			
F_UNEMP	Flag - the percentage of civilian unemployed is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_UNEMP >= 0.90			
F_PCI	Flag - per capita income is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_PCI >= 0.90		Output for -999 input cells set to -999.	
F_NOHSDP	Flag - the percentage of persons with no high school diploma is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_NOHSDIP >= 0.90			
F_THEME1	Sum of flags for Socioeconomic Status theme	SVI	F_POV + F_UNEMP + F_PCI + F_NOHSDP		Null values (-999) removed before calculating output sum. Output for sums with null values in the same row set to -999.	
F_AGE65	Flag - the percentage of persons aged 65 and older is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_AGE65 >= 0.90			
F_AGE17	Flag - the percentage of persons aged 17 and younger is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_AGE17 >= 0.90			

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
F_DISABL	Flag - the percentage of persons with a disability is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_DISABL >= 0.90			
F_SNGPNT	Flag - the percentage of single parent households is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_SNGPNT >= 0.90			
F_THEME2	Sum of flags for Household Composition theme	SVI	F_AGE65 + F_AGE17 + F_DISABL + F_SNGPNT			
F_MINRTY	Flag - the percentage of minority is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_MINRTY >= 0.90			
F_LIMENG	Flag - the percentage those with limited English is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_LIMENG >= 0.90			
F_THEME3	Sum of flags for Minority Status/Language theme	SVI	F_MINRTY + F_LIMENG			
F_MUNIT	Flag - the percentage of households in multi-unit housing is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_MUNIT >= 0.90			
F_MOBILE	Flag - the percentage of mobile homes is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_MOBILE >= 0.90			

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
F_CROWD	Flag - the percentage of crowded households is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_CROWD >= 0.90			
F_NOVEH	Flag - the percentage of households with no vehicles is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_NOVEH >= 0.90			
F_GROUPQ	Flag - the percentage of persons in institutionalized group quarters is in the 90th percentile (1 = yes, 0 = no)	SVI	EPL_GROUPQ >= 0.90			
F_THEME4	Sum of flags for Housing Type/ Transportation theme	SVI	F_MUNIT + F_MOBILE + F_CROWD + F_NOVEH + F_GROUPQ			
F_TOTAL	Sum of flags for the four themes	SVI	F_THEME1 + F_THEME2 + F_THEME3 + F_THEME4		Null values (-999) removed before calculating output sum. Output for sums with null values in the same row set to -999.	

2018 VARIABLE NAME	2018 DESCRIPTION	CENSUS or SVI TABLE(S)	2018 TABLE FIELD CALCULATION	CALCULATION DESCRIPTION	NOTES	2016 TABLE FIELD CALCULATION if changed
E_UNINSUR	Adjunct variable - Uninsured in the total civilian noninstitutionalized population estimate, 2014-2018 ACS	S2701	S2701_C04_001E			HC04_EST_VC01
M_UNINSUR	Adjunct variable - Uninsured in the total civilian noninstitutionalized population estimate MOE, 2014-2018 ACS	S2701	S2701_C04_001M			HC04_MOE_VC01
EP_UNINSUR	Adjunct variable - Percentage uninsured in the total civilian noninstitutionalized population estimate, 2014-2018 ACS	S2701	S2701_C05_001E			HC05_EST_VC01
MP_UNINSUR	Adjunct variable - Percentage uninsured in the total civilian noninstitutionalized population estimate MOE, 2014-2018 ACS	S2701	S2701_C05_001M			HC05_MOE_VC01
E_DAYPOP	Adjunct variable - Estimated daytime population, LandScan 2018	N/A		Derived from LandScan 2018 - http://web.ornl.gov/sci/landscan/index.shtml. We followed ORNL's instructions for processing in ArcGIS, loading the LandScan grid first and maintaining WGS84 projection parameters. Using Spatial Analyst, we ran the Zonal Statistics as Table function to sum estimated daytime population for each LandScan raster cell to obtain an estimated daytime population for each SVI 2018 census tract.	Tracts having no LandScan cells that overlay have been assigned null values (i.e. -999). LandScan daytime populations are unavailable for Puerto Rico, therefore all Puerto Rico tracts and municipios are assigned -999.	

Exhibit 10

1. §905.608Site acquisition proposal.

24 C.F.R. §905.608 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle B. Regulations Relating to Housing and Urban Development
Chapter IX. Office of Assistant Secretary for Public and Indian Housing, Department of Housing and Urban Development
Part 905. The Public Housing Capital Fund Program
Subpart F. Development Requirements

...site and/or project) to be acquired. (d) Project description; **site and neighborhood standards**. An identification and description of the proposed project, site plan...

...enable HUD to determine that the proposed site meets the **site and neighborhood standards** at §905.602(d) of this part. (e) Zoning...

2. §983.57Site selection standards.

24 C.F.R. §983.57 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle B. Regulations Relating to Housing and Urban Development
Chapter IX. Office of Assistant Secretary for Public and Indian Housing, Department of Housing and Urban Development
Part 983. Project–Based Voucher (Pbv) Program
Subpart B. Selection of Pbv Owner Proposals

...in the PHA administrative plan. (d) Existing and rehabilitated housing **site and neighborhood standards**. A site for existing or rehabilitated housing must meet the following **site and neighborhood standards**. The site must: (1) Be adequate in size, exposure, and...

...be adhered to rigidly for such projects. (e) New construction **site and neighborhood standards**. A site for newly constructed housing must meet the following **site and neighborhood standards**: (1) The site must be adequate in size, exposure, and...

3. §891.840Site and neighborhood standards.

24 C.F.R. §891.840 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle B. Regulations Relating to Housing and Urban Development
Chapter VIII. Office of the Assistant Secretary for Housing–Federal Housing Commissioner, Department of Housing and Urban Development (Section 8 Housing Assistance Programs, Section 202 Direct Loan Program, Section 202 Supportive Housing for the Elderly Program and Section 811 Supportive Housing for Persons with Disabilities Program)
Part 891. Supportive Housing for the Elderly and Persons with Disabilities
Subpart F. For–Profit Limited Partnerships and Mixed–Finance Development for Supportive Housing for the Elderly or Persons with Disabilities

...Elderly or Persons with Disabilities (Refs & Annos) §891.840 **Site and neighborhood standards**. For section 202 or 811 mixed-finance developments, the **site and neighborhood standards** described at §891.125 and §891.320 apply...

4. §891.680Site and neighborhood standards.

24 C.F.R. §891.680 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations

Title 24. Housing and Urban Development
Subtitle B. Regulations Relating to Housing and Urban Development
Chapter VIII. Office of the Assistant Secretary for Housing–Federal Housing Commissioner, Department of Housing and Urban Development (Section 8 Housing Assistance Programs, Section 202 Direct Loan Program, Section 202 Supportive Housing for the Elderly Program and Section 811 Supportive Housing for Persons with Disabilities Program)
Part 891. Supportive Housing for the Elderly and Persons with Disabilities
Subpart E. Loans for Housing for the Elderly and Persons with Disabilities
Section 202 Projects for the Nonelderly Handicapped Families and Individuals—Section 162 Assistance

...Handicapped Families and Individuals—Section 162 Assistance §891.680 **Site and neighborhood standards**. The general requirements for **site and neighborhood standards** for 202/162 projects are provided in §§891.125...

5. §93.150Site and neighborhood standards.

24 C.F.R. §93.150 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle A. Office of the Secretary, Department of Housing and Urban Development
Part 93. Housing Trust Fund
Subpart D. Program Requirements

...Fund (Refs & Annos) Subpart D . Program Requirements §93.150 **Site and neighborhood standards**. (a) General. A grantee must administer its HTF program in...

6. §3565.254Property standards.

7 C.F.R. §3565.254 | Code of Federal Regulations | Title 7. Agriculture

Code of Federal Regulations
Title 7. Agriculture
Subtitle B. Regulations of the Department of Agriculture
Chapter XXXV. Rural Housing Service, Department of Agriculture
Part 3565. Guaranteed Rural Rental Housing Program
Subpart F. Property Requirements

...Requirements §3565.254Property standards. (a) Housing quality and **site and neighborhood standards**. The property must meet the site and neighborhood requirements established...

7. §92.202Site and neighborhood standards.

24 C.F.R. §92.202 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle A. Office of the Secretary, Department of Housing and Urban Development
Part 92. Home Investment Partnerships Program
Subpart E. Program Requirements

...Program (Refs & Annos) Subpart E . Program Requirements §92.202 **Site and neighborhood standards**. (a) General. A participating jurisdiction must administer its HOME program...

8. §891.320Site and neighborhood standards.

24 C.F.R. §891.320 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle B. Regulations Relating to Housing and Urban Development

Chapter VIII. Office of the Assistant Secretary for Housing–Federal Housing Commissioner, Department of Housing and Urban Development (Section 8 Housing Assistance Programs, Section 202 Direct Loan Program, Section 202 Supportive Housing for the Elderly Program and Section 811 Supportive Housing for Persons with Disabilities Program)
Part 891. Supportive Housing for the Elderly and Persons with Disabilities
Subpart C. Section 811 Supportive Housing for Persons with Disabilities

...811 Supportive Housing for Persons with Disabilities §891.320 **Site and neighborhood standards**. In addition to the requirements in §891.125 and...

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9. §290.25Determination not to preserve a project or a part of a project.

24 C.F.R. §290.25 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle B. Regulations Relating to Housing and Urban Development
Chapter II. Office of Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development
Subchapter I. HUD Owned Properties
Part 290. Disposition of Multifamily Projects and Sale of Hud–Held Multifamily Mortgages
Subpart A. Disposition of Multifamily Projects

...that cannot be made to comply with the Section 8 **Site and Neighborhood standards** in 24 CFR 886.307(k) because of factors that...

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10. §891.820Civil rights requirements.

24 C.F.R. §891.820 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle B. Regulations Relating to Housing and Urban Development
Chapter VIII. Office of the Assistant Secretary for Housing–Federal Housing Commissioner, Department of Housing and Urban Development (Section 8 Housing Assistance Programs, Section 202 Direct Loan Program, Section 202 Supportive Housing for the Elderly Program and Section 811 Supportive Housing for Persons with Disabilities Program)
Part 891. Supportive Housing for the Elderly and Persons with Disabilities
Subpart F. For–Profit Limited Partnerships and Mixed–Finance Development for Supportive Housing for the Elderly or Persons with Disabilities

...the Rehabilitation Act of 1973; accessibility requirements, project standards, and **site and neighborhood standards** under 24 CFR 891.120 891.125 891.210 891...

---

11. §570.405The insular areas.

24 C.F.R. §570.405 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle B. Regulations Relating to Housing and Urban Development
Chapter V. Office of Assistant Secretary for Community Planning and Development, Department of Housing and Urban Development
Subchapter C. Community Facilities
Part 570. Community Development Block Grants
Subpart E. Special Purpose Grants

...operate or maintain the project; or (6) Pending approval of **site and neighborhood standards** for proposed housing projects. (h) Citizen participation. (1) The applicant...

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12. **§905.602Program requirements.**

24 C.F.R. §905.602 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle B. Regulations Relating to Housing and Urban Development
Chapter IX. Office of Assistant Secretary for Public and Indian Housing, Department of Housing and Urban Development
Part 905. The Public Housing Capital Fund Program
Subpart F. Development Requirements

...and the development requirements of this part are met. (d) **Site and neighborhood standards**. Each proposed site to be newly acquired for a public...

13. **§93.407Recordkeeping.**

24 C.F.R. §93.407 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle A. Office of the Secretary, Department of Housing and Urban Development
Part 93. Housing Trust Fund
Subpart I. Program Administration

...304 for the required period. (x) Records demonstrating that a **site and neighborhood standards** review was conducted for each project that included new construction...

14. **§891.125Site and neighborhood standards.**

24 C.F.R. §891.125 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle B. Regulations Relating to Housing and Urban Development
Chapter VIII. Office of the Assistant Secretary for Housing–Federal Housing Commissioner, Department of Housing and Urban Development (Section 8 Housing Assistance Programs, Section 202 Direct Loan Program, Section 202 Supportive Housing for the Elderly Program and Section 811 Supportive Housing for Persons with Disabilities Program)
Part 891. Supportive Housing for the Elderly and Persons with Disabilities
Subpart A. General Program Requirements

...Refs & Annos) Subpart A . General Program Requirements §891.125 **Site and neighborhood standards**. All sites must meet the following site and neighborhood requirements...

15. **§92.508Recordkeeping.**

24 C.F.R. §92.508 | Code of Federal Regulations | Title 24. Housing and Urban Development

Code of Federal Regulations
Title 24. Housing and Urban Development
Subtitle A. Office of the Secretary, Department of Housing and Urban Development
Part 92. Home Investment Partnerships Program
Subpart K. Program Administration

...requirements of §92.212 (xiii) Records demonstrating that a **site and neighborhood standards** review was conducted for each project which includes new construction...

Exhibit 11

City of Dallas LIHTCs

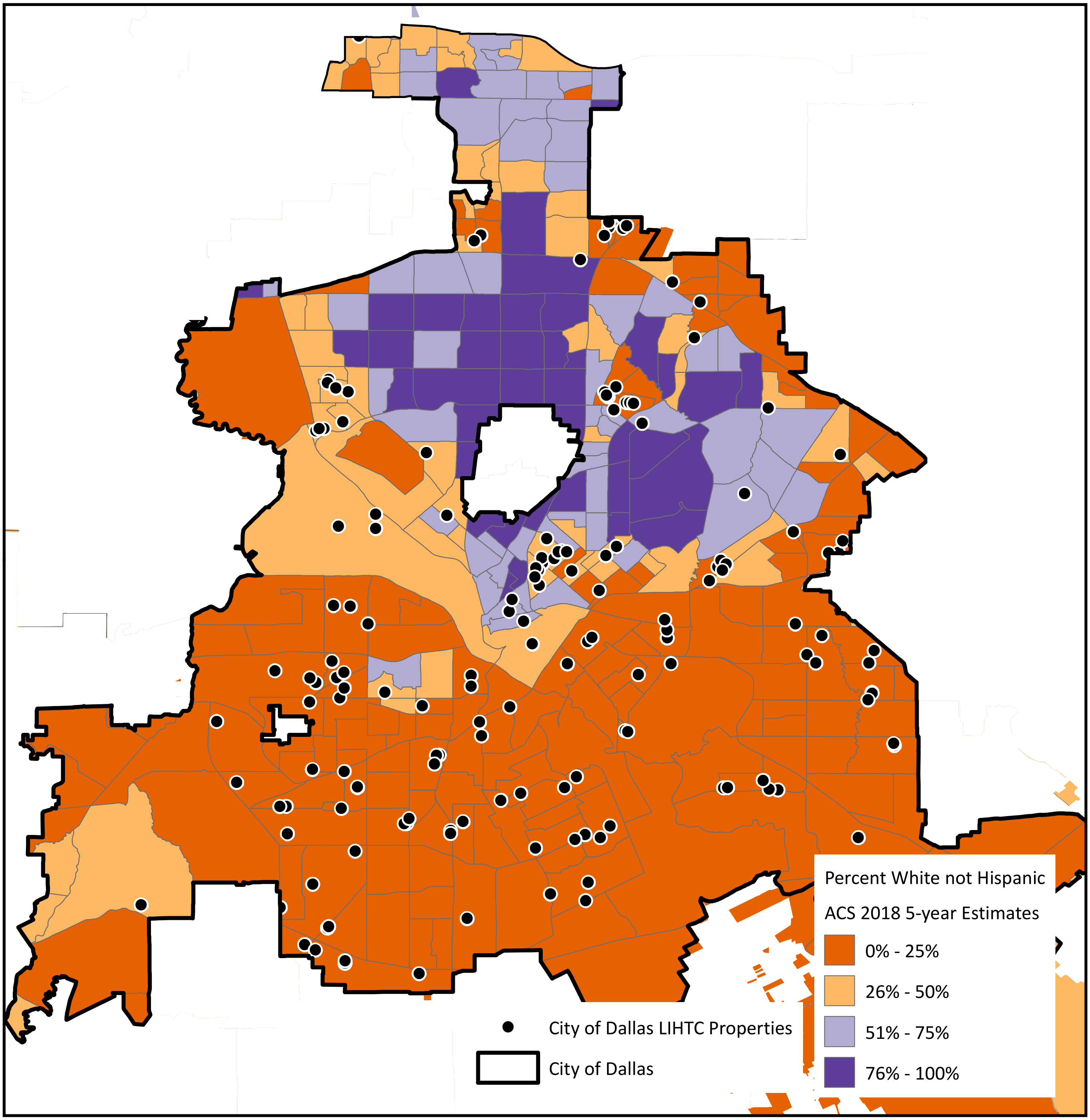

Exhibit 12

City of Dallas 2017 total units and projects by race

General	City of Dallas	TOTAL in <50% WnH by 2010 Census	TOTAL in 50% or greater WnH by 2010 Census	Total by 2010 Census tracts
	Units	24958	1051	26009
	Projects	142	7	149

Elderly	City of Dallas	TOTAL in <50% WnH by 2010 Census	TOTAL in 50% or greater WnH by 2010 Census	Total by 2010 Census tracts
	Units	2820	0	2820
	Projects	18	0	18

ALL	City of Dallas	TOTAL in <50% WnH by 2010 Census	TOTAL in 50% or greater WnH by 2010 Census	Total by 2010 Census tracts
	Units	27823	1051	28874
	Projects	161	7	168

Project and Unit data sources: current downloads of TDHCA's
"HTC Property Inventory" and HUD "LIHTCPUB" Inventory

City of Dallas 2017 % units and projects by race

General	City of Dallas	TOTAL in <50% WnH by 2010 Census	TOTAL in 50% or greater WnH by 2010 Census	Total by 2010 Census tracts
	Units	96%	4%	26009
	Projects	95%	5%	149

Elderly	City of Dallas	TOTAL in <50% WnH by 2010 Census	TOTAL in 50% or greater WnH by 2010 Census	Total by 2010 Census tracts
	Units	100%	0%	2820
	Projects	100%	0%	18

ALL	City of Dallas	TOTAL in <50% WnH by 2010 Census	TOTAL in 50% or greater WnH by 2010 Census	Total by 2010 Census tracts
	Units	96%	4%	28874
	Projects	96%	4%	168

Project and Unit data sources: current downloads of TDHCA's
"HTC Property Inventory" and HUD "LIHTCPUB" Inventory

Exhibit 13

Redbird area and far southern Dallas LIHTC projects

Source: TDHCA LIHTC Inventory as of December 2020 Board Meeting

Exhibit 14

USC Dornsife
Dana and David Dornsife
College of Letters, Arts and Sciences

SOCIOLOGY
Ann Owens
Assistant Professor

August 8, 2017

Daniel & Beshara, P.C.
3301 Elm Street
Dallas, TX 75226

Dear Mr. Daniel and Ms. Beshara,

I have prepared my expert report for *ICP v. Department of Treasury and Office of the Comptroller of the Currency, 3:14-3013-D.* Enclosed, please find the written report as well as selected peer-reviewed articles included in Appendix 1.

My curriculum vitae is included in Appendix 2, which summarizes my qualifications and publications. In the past 4 years, I have not testified as an expert at trial or by deposition in any trials. I acknowledge that I was compensated by Daniel & Beshara, P.C., at a rate of $200 per hour for preparing this expert report.

Sincerely,

AnnOwens

Ann Owens
Assistant Professor
Department of Sociology
University of Southern California

University of Southern California
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There is a body of peer-reviewed scholarly research and government reports demonstrating that growing up in a racially segregated, impoverished neighborhood reduces children's well-being on a variety of indicators. Over the past three decades, multiple review articles have summarized the scholarly research across disciplines on neighborhood effects on children and adolescents in the U.S. (e.g., Duncan and Raudenbush 1999; Durlauf 2004; Ellen and Turner 1997; Jencks and Mayer 1990; Leventhal and Brooks-Gunn 2000; Mayer and Jencks 1989; Pebley and Sastry 2004; Sampson, Morenoff, and Gannon-Rowley 2002; Sharkey and Faber 2014). The bulk of the evidence indicates that growing up in a socioeconomically disadvantaged neighborhood with many non-white neighbors reduces children's well-being.

Early Studies of Neighborhoods

The contemporary neighborhood effects literature is characterized by quantitative reports identifying statistical relationships between residents' outcomes and the socioeconomic and demographic characteristics of their neighborhoods. This research base flourished following the publication of William Julius Wilson's widely read and cited book *The Truly Disadvantaged* (1987), which detailed conditions in black inner-city neighborhoods. While this body of research grew considerably after Wilson's book, evidence on the detriments of racial/ethnic segregation and growing up in disadvantaged neighborhoods existed before 1987. In the social science literature, the idea of neighborhood effects dates to at least the 19th century (Briggs, Popkin, and Goering 2010; Sampson 2012), gaining prominence in the U.S. in the late 19th and early 20th centuries via the work of Jacob Riis ([1890] 2010), W.E.B. DuBois ([1899] 1996), and the Chicago School of Sociology (Park and Burgess [1925] 1984). These early scholars documented impoverished conditions in inner-city neighborhoods in New York, Philadelphia, and Chicago, arguing that neighborhood conditions constrained individuals' behavior. In the 1960s and 1970s, a number of studies, many using in-depth ethnographic techniques, documented the conditions of racially and socially isolated, impoverished neighborhoods, arguing that residents' social and economic relationships and outcomes were shaped by their neighborhoods (Clark [1965] 1989; Drake and Cayton [1945] 1993; Liebow 1967; Rainwater 1970; Stack 1974; Suttles 1968).

A prominent government study on the topic of racially segregated neighborhoods—the report of the National Advisory Commission on Civil Disorders ("The Kerner Commission")—was published in 1968. The Commission was convened to investigate the "racial disorder" occurring in the summer of 1967, when nearly 150 cities reported incidents in black neighborhoods ranging from minor disturbances to large-scale uprisings in places like Newark and Detroit. This report was one of a series of White House conferences, commissions, and national policy reports from the early 1960s to the early 1980s on conditions in inner-city neighborhoods.

In their investigation of the causes of the disorder, the Kerner Commission examined the broad conditions of life in racially segregated, poor "ghetto" inner-city neighborhoods, hearing testimony from 130 witnesses ranging from Dr. Martin Luther King, Jr to J. Edgar Hoover, undertaking 1200 interviews and surveys in 23 cities, visiting 8 cities, and reviewing social science evidence. The commission concluded "Our nation is moving toward two societies, one black, one white—separate and unequal… Segregation and poverty have created in the racial ghetto a destructive environment totally unknown to most white Americans" (The National Advisory Commission on Civil Disorders [1968] 1988:1-2). The report details how "segregation and poverty converge on the young to destroy opportunity and enforce failure," describing the lack of economic opportunities, poor sanitation, high crime rates, commercial exploitation, failing schools, and substandard housing in black urban communities (10). The in-depth report argues that disadvantaged neighborhoods have consequences for residents', particularly children's, educational, economic, and health outcomes and strongly advocates the need for policies aimed at integration. The report states:

> "Federal housing policies must be given a new thrust aimed at overcoming the prevailing patterns of racial segregation. If this is not done, those programs will continue to concentrate the most impoverished and dependent segments of the population into the central-city ghettos where there is already a critical gap between the needs of the population and the public resources to deal with them… [Policymakers should] reorient federal housing programs to place more low- and moderate-income housing outside of ghetto areas." (28)

The report was controversial due to its strong language and calls for sweeping change, and it was largely dismissed by President Lyndon B. Johnson and questioned by white Americans. However, it received considerable media and public attention and was published as a paperback by Bantam Books in 1968, quickly becoming a bestseller (Zelizer 2016).

Quantitative Evidence on Neighborhood Effects

The contemporary quantitative neighborhood effects literature flourished following the publications of *The Truly Disadvantaged* (Wilson 1987) and *American Apartheid* (Massey and Denton 1993), both of which detailed increasing poverty in racially segregated black neighborhoods. Building on these seminal works, newly available data and statistical methods for isolating causal effects spurred the growth of the modern neighborhood effects literature.

Researchers have long noted the challenge of identifying causal effects of neighborhoods because households select where to live. People are not randomly assigned a "treatment" of living in a certain neighborhood, as in an experiment. People who move into different neighborhoods have different characteristics, so isolating the effect of neighborhood rather than individual and family characteristics is challenging. For example, high-income households can afford to live in expensive neighborhoods where other households are also high income. When estimating the causal effect of living among high-income neighbors on a person's well-being, his own household's income must be taken into account. Comparisons should be made between individuals with similar characteristics who live in different types of neighborhoods. When they are not, this leads to a problem known as selection bias, where different outcomes may be observed across individuals living in different neighborhoods even when neighborhoods do not in fact have a causal effect.

Past scholarship generally takes three approaches to addressing this problem of selection bias. First, researchers analyze observational survey data with advanced statistical techniques to carefully account for differences in individuals' characteristics across neighborhoods. Recent developments in causal methodology provide approaches that plausibly account for neighborhood selection to generate robust estimates of neighborhood effects. Second, researchers take a macro geographic perspective and examine the association between segregation between neighborhoods at the city or metropolitan area level with individuals' outcomes. Selection bias at the city or metropolitan area level is of lesser concern than at the neighborhood level, as discussed below. Third, researchers analyze data from social programs that randomly induce residential moves, like the Moving to Opportunity (MTO) housing demonstration. Below, I summarize peer-reviewed research that aims to identify causal neighborhood effects on children's and adolescents' outcomes via each of these approaches.

Findings from Observational Data

A substantial body of social science literature, dating from the early 1980s, draws on observational (non-experimental) survey data to document neighborhood effects on residents' outcomes. These studies, which use statistical controls to account for individual and family characteristics, show that growing up in a socioeconomically disadvantaged neighborhood reduces educational success and increases the odds of teenage childbearing (e.g., Aaronson 1998; Ainsworth 2002; Brooks-Gunn et al. 1993; Brooks-Gunn and Duncan 1997; Chase-Lansdale and Gordon 1996; Crane 1991; Crowder and South 2011; Datcher 1982; Duncan 1994; Duncan, Brooks-Gunn, and Klebanov 1994; Ensminger, Lamkin, and Jacobson 1996; Foster and McLanahan 1996; Harding 2003; Hogan and Kitagawa 1985; Klebanov et al. 1998; Owens 2010; South and Crowder 1999; Sucoff and Upchurch 1998). (An earlier body of literature documents the effects of schools' socioeconomic mix, which is closely related to neighborhoods' socioeconomic mix (Jencks and Mayer 1990)). A few studies relying on regression models to statistically control for individual and family characteristics document mixed or null effects of neighborhood characteristics on individual outcomes (e.g., Ginther, Haveman, and Wolfe 2000; Plotnick and Hoffman 1999), perhaps due to the challenge of properly specifying the statistical model to account for selection. However, later studies applying more advanced techniques to these same datasets do find significant causal relationships between neighborhood characteristics and residents' outcomes. The weight of the evidence in these studies indicates an association between neighborhood composition and children's well-being, controlling for characteristics of the children and their families.

Developments in causal methodology provide new approaches to identifying neighborhood effects beyond statistical control in regression analyses, which may be biased by unobserved variables' contribution to neighborhood selection. An approach using inverse probability of treatment weighting directly models selection into and out of neighborhoods over time based on families' characteristics. These models account for changing neighborhood contexts and the timing of exposure to neighborhoods, contending that neighborhood effects may be lagged, not contemporaneous, and cumulative, with a longer length of exposure to a neighborhood having larger effects. This counterfactual approach statistically weights children depending on how similar they are on observable individual and family traits that may contribute to residential choice, mimicking an experiment by creating "treatment" and "control" groups that appear identical on measured background characteristics that affect residential choices. Provided that the most important determinants of residential choices are observed, these studies provide strong causal evidence for neighborhood effects.

In terms of educational outcomes, a nationally representative study using this statistical approach shows that if black children live in the most disadvantaged neighborhoods throughout childhood, about 76% graduate from high school (Wodtke, Harding, and Elwert 2011). If comparable black children live in the least disadvantaged neighborhoods, the graduation rate rises to about 96%. The impact among nonblack children is smaller, a graduation rate of about 87% in the most disadvantaged neighborhoods compared to 95% in the least disadvantaged.[1] Neighborhood effects on the odds of high school graduation are also larger among low-income children than among high-income children. Living in the most compared to the least disadvantaged neighborhood reduces the graduation rate among poor black children by over 20 percentage points; among non-poor black children, the effect size is 9 percentage points (Wodtke, Elwert, and Harding 2016).

[1] This study measures neighborhood disadvantage by combining neighborhood poverty rate, unemployment rate, welfare receipt rate, proportion of families headed by single females, proportion of residents without a high school diploma, proportion of residents with a college degree, and proportion of residents employed in managerial or professional jobs. Most and least disadvantaged neighborhoods are defined as the highest and lowest quartile in the United States.

Other studies employing causal statistical analyses demonstrate effects on cognitive skills. Among black children growing up in Chicago in the 1990s, living in a neighborhood of concentrated disadvantage reduced later verbal ability (measured ~3 years later) by the equivalent of missing a year of schooling (Sampson, Sharkey, and Raudenbush 2008).[2] There is also evidence that neighborhood environments can have effects on cognitive skills over multiple generations. A child's cognitive ability may be affected not only by his neighborhood, but also by the neighborhood his parent grew up in. His parent's childhood neighborhood may have affected their own educational, economic, or health outcomes, which in turn contribute to the child's well-being directly and via the neighborhood his parent can afford as an adult. Children whose families were exposed to high-poverty neighborhoods in two successive generations had reading and math scores more than half a standard deviation lower than children whose families lived in non-poor neighborhoods over generations (Sharkey and Elwert 2011).[3]

Neighborhood disadvantage also affects the odds of adolescent parenthood: the odds of adolescent parenthood are 80% higher among black children who grew up in high- compared to low-poverty neighborhoods (Wodtke 2013). Among non-black children, growing up in a high-poverty neighborhood more than doubles the odds of adolescent parenthood.[4]

Another approach to estimating causal effects compares siblings who were different ages when their families moved—who were exposed to more or less disadvantaged neighborhoods for different lengths of time. Comparing siblings provides strong causal evidence because it accounts for dimensions of the family environment, including those that may be hard to observe or measure via a survey or interview, e.g., parent-child interaction style. This study design assumes that parents do not purposely time their moves to provide an advantage for one child over another. By treating the timing of moves as random, researchers can estimate effects of exposure to more or less disadvantaged neighborhoods.

Using this approach, analyses of tax record data from over 5 million families across the U.S. with children born between 1980 and 1991 show that spending one's entire childhood in a county whose outcomes are one standard deviation better increases a child's income in young adulthood by 10% (Chetty and Hendren 2016).[5] Each additional year spent in a better county improves outcomes, with similar effects of moving during early and later childhood. Moving to a better neighborhood also increases the likelihood of children attending college and getting married and reduces the likelihood of teen pregnancy.

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[2] This study measures neighborhood disadvantage by combining neighborhood poverty rate, unemployment rate, welfare receipt rate, proportion of households headed by a single female, proportion African-American, and proportion of children under 18. Concentrated disadvantage neighborhoods are defined as the most disadvantaged quartile of neighborhoods in Chicago.

[3] High poverty neighborhoods have poverty rates of at least 20% and non-poor neighborhoods have poverty rates below 20%.

[4] High-poverty neighborhoods have poverty rates above 20%, moderate-poverty neighborhoods have poverty rates of 10 to 20%, and low-poverty neighborhoods have poverty rates below 10%. Moderate-poverty neighborhoods increase the odds of parenthood by about 75% among blacks and 60% among non-blacks, compared to low-poverty neighborhoods.

[5] Counties are categorized by the outcomes of children already living there, specifically by children's expected earnings conditional on their parents' income. Correlates of "better" neighborhoods include fewer black residents, lower racial segregation, lower income inequality, higher K-12 school quality, more social capital, and more two-parent homes. This paper has not undergone final peer review yet; it is a working paper at the National Bureau of Economic Research.

Over the past several decades, researchers have used statistical techniques to estimate neighborhood effects from survey data, and the substantial bulk of the evidence indicates that growing up in socioeconomically disadvantaged neighborhoods is detrimental for children's future outcomes.

Findings from Macro-Level Segregation Studies

Several studies measure the effects of segregation between neighborhoods within metropolitan areas, rather than characteristics of neighborhoods themselves, on the outcomes of black and white residents. Racial segregation produces neighborhoods that are more homogenously black or homogenously white. The logic of these studies is that greater black-white segregation between neighborhoods is disadvantageous for black residents (and potentially beneficially for white residents). Studies of racial (black-white) segregation between neighborhoods indicate that in more highly segregated metropolitan areas, black young adults have lower educational attainment and worse labor market outcomes than they would in less segregated places (Ananat 2011; Cutler and Glaeser 1997; Quillian 2014). Cutler and Glaeser (1997) conclude that "a one standard deviation reduction in segregation … would eliminate one-third of the gap between whites and blacks in most of our outcomes" (865). Similar studies examining economic segregation demonstrate that economic segregation is disadvantageous for poor youths' educational outcomes (Mayer 2002; Quillian 2014).

This approach provides the methodological advantage of reducing concern about selection bias because the independent variable, variation in segregation, is measured for metropolitan areas rather than neighborhoods. Metropolitan areas are much larger and more diverse than neighborhoods, and while families may choose their neighborhoods with their children's well-being in mind, families choose to live in metropolitan areas for reasons like family history or job opportunities.[6] Measuring neighborhood segregation is also an appealing conceptual approach because it directly captures inequality between neighborhoods in a larger geographic space, rather than just estimating the composition of one's immediate surrounding neighborhood. Higher levels of segregation may induce greater prejudice in a city or inequalities in public goods like school funding (Quillian 2014).

Findings from Experimental and Quasi-Experimental Data

Researchers have also identified neighborhood effects from situations in which a random "shock" to a household induced a move to a different neighborhood. These situations reduce concerns about selection bias—a household's neighborhood changed due to something beyond their control, so the population who experiences a residential change is theoretically no different from the population that did not. Several of these situations have arisen from housing subsidy programs. The MTO experiment was a U.S. Department of Housing and Urban Development (HUD) demonstration in five cities (Baltimore, Boston, Chicago, Los Angeles, and New York) beginning in 1994. MTO randomly assigned families living in public housing to one of three groups: the experimental group, which received a housing voucher to be used in a neighborhood with a poverty rate below 10%; the Section 8 group, which received a standard Section 8

[6] Nonetheless, these studies include statistical methods to test for the possibility of selection bias or reverse causality (that inequality in outcomes between black and white residents could lead to later segregation). Specifically, they use an instrumental variables approach, wherein the analyst identifies a variable theoretically related to the treatment (here, segregation) but not to the outcome. In these studies, researchers use characteristics of the metropolitan area (e.g., railroad tracks, municipal government boundaries) that induce segregation but should not affect residents' outcomes through pathways other than segregation as instrumental variables. Instrumental variables analyses confirm that black young adults who grew up in more highly segregated places have reduced educational and economic outcomes compared to those who grew up in more integrated places.

voucher (now known as a Housing Choice Voucher); and the control group, which received no additional housing assistance aside from their public housing unit.

Participants were surveyed and interviewed periodically over a ten-year period (interim and final impacts are summarized in (Briggs et al. 2010; Goering and Feins 2003)). Examining all children, researchers found no evidence of clear impacts on educational outcomes. However, children in the experimental group who were younger than 13 at the time of random assignment have greater educational attainment, higher income in young adulthood and lower odds of single motherhood compared to the control group (Chetty, Hendren, and Katz 2016). Specifically, compared to the control group, young children whose families used the experimental voucher to move to low-poverty neighborhoods had earnings in young adulthood about 30% higher, were about 30% more likely to go to college, went to higher-quality colleges, and were about 25% less likely to become single mothers (for females) compared to young children in the control group. The larger effects found among children who moved early in childhood demonstrate the importance of neighborhoods as a developmental context for young children and also underscore that the amount of time one spends in a disadvantaged neighborhood has cumulative effects, as some observational studies described above also note. Evidence from the MTO study also indicates long-lasting, intergenerational effects: children whose families received MTO vouchers live in lower-poverty neighborhoods as young adults compared to children from the control group (Chetty et al. 2016; Owens and Clampet-Lundquist 2017).

The Gautreaux Housing Demonstration is another program that induced families' residential mobility. The ACLU initiated a lawsuit against the Chicago Housing Authority (CHA) in 1966 alleging the CHA engaged in racial discrimination by building public housing in neighborhoods with high concentrations of minority residents. The consent decree of the Supreme Court case *Hills v. Gautreaux* (1976) required the CHA to provide vouchers for public housing residents to move to private-sector apartments located in areas with fewer than 30% black residents, with moves occurring from the mid-1970s through the 1990s.[7] While the distribution of vouchers was not random—families had to apply and meet tenancy standards—the CHA placed families in city or suburban locations based on the first available housing. Because families did not select their neighborhood, researchers have analyzed Gautreaux as a "quasi-experimental" program, comparing city and suburban movers. The Gautreaux program produced substantial gains in educational outcomes for children who moved to suburban communities with fewer black residents. Children of suburban movers went to higher-quality schools, received higher grades, and were more likely to attend college than city movers (54% of suburban movers compared to 21% of city movers attended college) (Rubinowitz and Rosenbaum 2000). Like MTO, Gautreaux produced intergenerational effects: children who moved to the suburbs via Gautreaux live as young adults in neighborhoods with lower poverty rates and greater racial integration than their origin neighborhood (Keels 2008). Similar causal evidence comes from Denver, where children's families are quasi-randomly assigned to public housing developments in different neighborhoods. While effect sizes vary by children's race/ethnicity, living in disadvantaged neighborhoods generally reduces adolescents' school performance and educational attainment (Galster et al. 2016).

The weight of the evidence from housing programs that induced neighborhood mobility indicate that children benefit from growing up in more advantaged neighborhoods, especially when they move to these neighborhoods when they are young and experience more time in these contexts. Some research on such social experiments has shown null or mixed effects on children's education (Burdick-Will et al. 2011;

[7] The decree allowed up to 1/3 of vouchers to be used in neighborhoods with higher minority populations, so some families that moved did not live in racially integrated areas.

Fauth, Leventhal, and Brooks-Gunn 2007; Jacob 2004). This may indicate heterogeneous effects: that neighborhood contexts matter for certain groups more than others (e.g., younger children compared to older children, or low-income children compared to high-income children) or that, while a child moved, the move did not induce a change in a meaningful neighborhood characteristic that matters for children's well-being, like local school quality or neighborhood violence.

Measuring Neighborhood Characteristics

Studies of neighborhood effects on children and adolescents measure neighborhood conditions in various ways. Conceptually, these studies typically try to capture the degree of opportunity a neighborhood provides for youths' present and future health, educational, and economic well-being. Researchers, including those cited above, often use measures of socioeconomic well-being, like poverty rate, median household income, unemployment rate, welfare receipt rate, residents' occupational status, residents' educational attainment, or rate of households headed by a single mother, to measure social and institutional resources that can shape children's life chances. Neighborhood violence is another characteristic shown to negatively affect children's educational outcomes (Burdick-Will et al. 2011; Sharkey 2010; Sharkey et al. 2014). A study of New York public school students found that if a violent crime occurred on an African American student's street in the week prior to a standardized test, his probability of passing an English language arts assessment decline by about 3 percentage points, equivalent to about one-fifth of the black-white gap in passing rates (Sharkey et al. 2014)

Neighborhood racial composition correlates strongly with measures of neighborhood socioeconomic status. In their study of all metropolitan Census tracts in the U.S. in 2013, Schwartz, McClure, and Taghavi (2016) show that around 90% of majority-black and majority-Hispanic neighborhoods had high or very high levels of distress, compared to 13% of white neighborhoods. Neighborhood distress is an index based on neighborhoods' poverty rate, rate of female-headed households, unemployment rate, rate of households receiving public assistance, and proportion of adults not in school and without a high school diploma. High or very high levels of distress indicate a neighborhood is in the 4th or 5th quintile of the distress index nationally. Over 70% of majority-black neighborhoods were in the very top quintile of neighborhood distress, compared to just 3 percent of majority-white neighborhoods (62% of majority-Hispanic neighborhoods and 17% of racially integrated neighborhoods were in the top quintile of neighborhood distress).[8] Forty percent of majority-white neighborhoods, compared to 1% or less of majority-black or Hispanic-neighborhoods, were in the lowest neighborhood distress quintile. Therefore, even if researchers do not explicitly include neighborhood racial composition in their measure of neighborhood disadvantage, the two are highly related, with most white neighborhoods having low levels of neighborhood distress and high levels of opportunity and most black and Hispanic neighborhoods having high levels of neighborhood distress and low levels of opportunity (Sharkey 2014). Minority neighborhoods are largely detrimental for children's well-being because of the association between residential racial composition and neighborhood resources, rather than because of racial composition per se (Galster and Santiago 2017).

Even comparing neighborhoods with similar poverty rates, however, black and white neighborhoods differ on other opportunity dimensions. In their analyses of neighborhoods where MTO residents moved, Aliprantis and Kolliner (2015) find that low-poverty black neighborhoods (those with poverty rates below

[8] Majority-black and majority-Hispanic neighborhoods have over 50% black or Hispanic residents, respectively. Majority-white neighborhoods have over 75% white residents. This measurement difference adjusts for the greater share of white residents in the overall population.

10%, the MTO voucher cutoff) are more similar to high-poverty white neighborhoods than low-poverty white neighborhoods in terms of residents' educational attainment, unemployment rates, and single female-headed households.[9] Neighborhood racial composition is a key dimension of contextual inequality, and it may explain why MTO did not produce as large of effects as many expected, particularly for adults' outcomes. While families in the experimental group moved to neighborhoods with poverty rates below 10%, the neighborhoods were still majority-minority (and many were experiencing rising poverty rates) (Orr et al. 2003). In contrast, the Gautreaux program may have produced larger effects because families moved to neighborhoods that were not racially isolated (Rubinowitz and Rosenbaum 2000).

In addition to differences in their own socioeconomic profiles, black and white neighborhoods differ in their spatial proximity to disadvantaged neighborhoods. In 2000, over 64% of majority-black neighborhoods bordered at least one severely disadvantaged neighborhood, compared to only 8% of majority-white neighborhoods (Sharkey 2014).[10] Even black middle- and upper-class neighborhoods are more likely than white middle- or upper-class neighborhoods to be geographically proximate to lower-income neighborhoods with high levels of violence, social problems, and low-quality institutions (Pattillo-McCoy 2000). In 2000, advantaged black tracts were three times more likely than advantaged white tracts to border at least one severely disadvantaged neighborhood (Sharkey 2014).[11]

Researchers measure socioeconomic and demographic characteristics of neighborhood that capture opportunities that may bear on residents' future outcomes. Neighborhood racial composition is a key correlate of opportunity, given the history of racial segregation and inequality in the United States. Black neighborhoods are not only much more likely to be disadvantaged than white neighborhoods, they are also much more likely to be surrounded by disadvantaged neighborhoods, regardless of their own socioeconomic status.

Conclusion

A large research literature indicates that growing up in socioeconomically disadvantaged, racially segregated neighborhoods is disadvantageous for children's well-being and future life chances. While there is variation in effect sizes depending on the outcome of interest and measurement of neighborhood characteristics, the weight of the evidence strongly indicates negative effects of growing up in impoverished neighborhoods. Some research indicates that neighborhoods may have particularly strong effects for young children who spend more time in these contexts and for lower-income and minority children. Over a century of social science research across methods—qualitative ethnographies, quantitative analyses of observational data, and experimental data—leads to the same overall conclusion that neighborhood disadvantage has deleterious effects on children.

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[9] This report is part of a series of commentaries published by the Federal Reserve Bank of Cleveland and may not undergo external peer review.

[10] Neighborhood disadvantage is an index including the neighborhood's rates of welfare receipt, poverty, unemployment, female-headed households, and density of children. Severe disadvantage indicates neighborhoods with disadvantage levels two standard deviations above the mean.

[11] Advantaged tracts are those with neighborhood disadvantage scores (see previous footnote) below the national mean.

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Exhibit 15

Public Welfare Investments

Under the OCC's public welfare investment authority, national banks may make investments in community and economic development entities (CEDE) and projects that are designed primarily to promote the public welfare, as specified in 12 USC 24(Eleventh) and regulation 12 CFR 24. This authority allows national banks to make investments that are not otherwise expressly permitted under the National Bank Act.

12 CFR 24 Requirements

The regulation contains the following requirements relating to public welfare investments:

- Public welfare beneficiary standards
- Investment limits
- Record-keeping
- Direct vs Indirect investments

Public Welfare Beneficiary Standards

The Regulation 12 CFR 24 requires that a bank's investment be designed primarily to promote the public welfare, such as by providing housing, services, or jobs. Specifically, under 12 CFR 24.3, a national bank or national bank subsidiary may make an investment directly or indirectly if the investment primarily benefits low- and moderate-income (LMI) individuals, LMI areas, or other areas targeted by a governmental entity

for redevelopment, or else the investment would receive consideration as a "qualified investment" under 12 CFR 25.23 of the Community Reinvestment Act (CRA).

Investment Limits

Under 12 CFR 24.4, the bank's aggregate public welfare investments and outstanding commitments, including the proposed investment, cannot exceed 15 percent of its capital and surplus.

A bank needs written OCC permission if its aggregate investments exceed 5 percent of capital and surplus.

Furthermore, a bank's investment under 12 CFR 24 may not expose it to unlimited liability. Examples of investment structures that do not expose the bank to unlimited liability include: subsidiary community development corporations (CDC), multi-investor CDCs, limited partnerships and limited liability companies, community development financial institutions (CDFI), and community development (CD) loan funds.

Record Keeping

Under 12 CFR 24.7(b), each national bank making a public welfare investment under 12 CFR 24 shall maintain in its files information adequate to demonstrate that is investments meet the public welfare beneficiary standards and investment limit requirements.

Direct vs. Indirect Investments

The regulation, under 12 CFR 24.3, indicates that banks may make public welfare investments "directly" or "indirectly" through CEDEs that make or conduct eligible activities. When a national bank makes an investment directly into a project or makes an investment into a subsidiary CEDE, which in turn invests funds in a project, **each project** in which the bank or the subsidiary CEDE invests must primarily promote the public welfare and meet the public welfare beneficiary standards. If a bank does not control the CEDE in which it invests, the CEDE will not be considered a subsidiary for purposes of 12 USC 24 (Eleventh).

When a national bank makes an investment in a non-subsidiary CEDE, the CEDE's activities, **in the aggregate** (as opposed to each project), must meet the primary beneficiary standards.

Activities Permissible under 12 CFR 24

National banks use the public welfare authority to make investments in a variety of activities. Examples of approved public welfare investments are described in the regulation under 12 CFR 24.6 and include projects aimed at providing affordable housing, such as financing and developing housing for the homeless, housing for disabled or elderly LMI individuals, and projects qualifying for Low-Income Housing Tax Credits and/or Federal Historic Rehabilitation Tax Credits for LMI persons.

Banks also may invest in projects promoting economic development and job creation initiatives by producing or retaining jobs for LMI persons, developing and operating commercial or industrial properties in LMI areas, or financing small business and small farms in these targeted areas.

Over the years, banks have used the public welfare investment authority to make innovative community development investments, such as those using renewable energy tax credits. Those investments are more fully described in the OCC's *Guide to Community Development Precedent Letters*

12 CFR 24 Procedures

Because of the special nature of a bank's public welfare investments, 12 CFR 24 requires banks to notify the OCC through one of three processes:

- After-the-Fact Notification
- Prior Approval Request
- Request to File After the Fact Notices

These processes are described in the regulation under 12 CFR 24.5 and summarized below.

Generally, a bank completes the CD-1- National Bank community development public welfare investment form to provide information about its public welfare investments to the OCC. The CD-1 form allows the bank to provide information about its community development investments—for both the after-the-fact and prior approval procedures.

A PDF version of the CD-1 form can be downloaded from OCC's Web site.

A bank may access and submit the form electronically through BankNet.

Currently, for the third process, the bank provides a letter to the Community Affairs Department of the OCC that describes its request to file after-the-fact notices.

After-the-Fact Notification

Banks eligible to provide after-the-fact notifications may make public welfare investments without prior OCC approval. However, they should notify the OCC within 10 days of making the investment. The requirements for after-the-fact notifications are described in 12 CFR 24.5(a).

A bank that is eligible to submit an after-the-fact notification is a "well-capitalized bank" by meeting all of the following criteria outlined in 12 CFR 24.2(e):

- It has a composite rating of 1 or 2 under the Uniform Financial Institutions Rating System.
- It has a CRA rating of "Outstanding" or "Satisfactory."
- It is not subject to a cease-and-desist order, consent order, formal written agreement, or Prompt Corrective Action directive.

If a bank does not meet all of these criteria, it will not be eligible to provide an after-the-fact notification. Instead, the bank will need to submit a prior approval request to the OCC, as described below.

To provide an after-the-fact notification, a bank's investment must meet the tests for qualifying public welfare investments (12 CFR 24.3) and investment limits (12 CFR 24.4 [b]). A bank's investment also should be consistent with the examples of qualifying public welfare investments found in 12 CFR 24.6. Furthermore, the investment structure generally should be consistent with the list of examples of the types of CEDEs found in 12 CFR 24.2(c).

Prior OCC Approval

If either the bank or the proposed public welfare investment do not meet the requirements for providing an after-the-fact notification, then the bank must submit a request for prior approval and must receive such approval from the OCC before it can make the investment.

In addition, the bank will need to seek permission from the OCC and submit a prior approval request in any of the following situations:

- The bank's aggregate investments and outstanding commitments, including the proposed investment, exceed 5 percent of its capital and surplus (unless special permission has been granted by the OCC).
- The investment involves properties carried on the bank's books as "other real estate owned."
- The OCC determines in published guidance that the investment is inappropriate for submission through the after-the-fact notice process. This information is maintained on the OCC's Web site.

The process for prior approval and the factors that the OCC considers when evaluating a bank's proposal are described in 12 CFR 24.5(b).

The OCC generally will notify a bank of the agency's decision in writing within 30 days after receiving the request. It may extend the review period by notifying the bank.

The OCC may also impose conditions in connection with its approval of an investment. A bank should maintain information concerning its investment in a form that is readily accessible and available for OCC examination.

Request to File After-the-Fact Notices

The regulation, under 12 CFR 24.5(a)(5), provides that if a bank is at least adequately capitalized and has a composite rating of at least 3, with improving trends, it may send a letter to the OCC requesting authorization to provide an after-the-fact notification. With that special written permission, the bank may provide after-the-fact notifications to the OCC.

In addition, a bank whose aggregate public welfare investments exceed 5 percent of its capital and surplus may seek OCC permission to provide after-the-fact notifications up to an amount not exceeding 15 percent of capital and surplus.

CD-1 Form

The CD-1 form contains the information that should be included in a bank's after-the-fact notification or prior approval requests. For after-the-fact notices, the form asks the bank to state whether the bank is eligible to submit an after-the-fact notification.

It also asks the bank to provide the following information:

- How the bank's investment is consistent with the requirements for public welfare investments, under 12 CFR 24.3
- How the bank's investment is consistent with requirements for investment limits under 12 CFR 24.4, including the dollar amount of the investment; the percentage of the bank's capital and surplus that is represented by the investment; the percentage of the bank's capital and surplus that is represented by the aggregate outstanding public welfare investments and commitments; and whether the investment exposes the bank to unlimited liability
- A description of the investment, including the name of the CEDE; the type of bank investment; the CEDE's activities; the structure of the investment; the geographic area served by the CEDE; and other funding or support provided by community partners and public agencies

Where to Send the CD-1 Form

The completed CD-1 form should be sent to:

Community Affairs Department
Office of the Comptroller of the Currency
Washington, DC 20219

Fax: (202) 874-4652
Email: CommunityAffairs@occ.treas.gov

BankNet Filings

National banks may also submit their public welfare investment filings electronically through BankNet.

For more information about using Banknet for submitting public welfare investment applications, please see the fact sheet Public Welfare Investment Filings on E-Corp.

Public Welfare Investments and the CRA—Similarities and Differences

The CRA under 12 CFR 25 and 12 CFR 24 are both used by national banks to promote bank investments benefiting the public. Furthermore, the CRA has an important relationship to 12 CFR 24. An investment that would receive consideration as a "qualified investment" under 12 CFR 25.23 of the CRA is considered to be an investment that meets the public welfare criteria under 12 CFR 24.3.

Likewise, many of the activities undertaken by banks under public welfare investment authority are eligible to receive positive consideration as qualified investments under the CRA. However, the two provisions are shaped by unique features.

Among differences between the CRA and 12 CFR 24 are the purpose and scope of the regulations. Whereas the CRA regulation, 12 CFR 25, establishes the framework and criteria by which examiners assess national banks' records of helping to meet the credit needs of their communities, 12 CFR 24 provides the legal authority to make investments designed to promote the public welfare, which are not otherwise expressly permitted under the National Banking Act.

Investments made under the CRA must benefit the bank's assessment area(s). (A bank may receive positive consideration for investments made outside of its assessment area[s] within a broader, regional area that includes its assessment area(s), as long as the bank has adequately addressed the needs of its assessment area[s].) However, investments made under 12 CFR 24 are not subject to geographic restrictions.

Not all CRA investments require 12 CFR 24 as the legal authority. 12 CFR 24 allows national banks to make investments not otherwise expressed under the National Bank Act, such as investing in real estate using Federal Low-Income Housing Tax Credits. Likewise, CRA loans and investments (e.g., mortgage-backed securities) that are expressly permitted under provisions of banking law other than 12 USC 24(Eleventh) may be made without regard to provisions of 12 CFR 24.

For More Information

The OCC's Community Affairs Department maintains information about national bank investments in CDCs, community development projects, and other public welfare investments on its Web site.

That site provides banks with a host of community development investment resources, including OCC policy materials, such as:

- "Common 12 CFR 24 Questions"
- "At-a-Glance Chart"
- "Compendium of National Bank Public Welfare Investments"

Also found on the Web site are the OCC's *Community Developments Investments* e-zines and newsletters that provide descriptions of bank community development investments, including:

- Fall 2008, "Multibank CDCs: Pooling Resources to Strengthen Communities"
- Spring 2007, "Community Development Venture Capital: A Catalyst for Double-Bottom Line Results"
- Spring 2006, "Investing in Low-Income Housing Tax Credits: A Sound Opportunity for Community Banks"
- Summer 2005, "Investment Intermediaries: Helping Banks Achieve a Double Bottom Line"
- Winter 2004/2005, "Growing Markets with Bank-Owned Community Development Corporations"
- Summer 2004, "New Markets Tax Credits—Bridging Financing Gaps"
- Summer 2002, "Community Development Financial Institutions and CD Banks—Natural Partners for Traditional Lenders"

Fact Sheets on the OCC's Web site that include topics that touch on public welfare investments include:

- "Bank-Owned Community Development Corporations"
- "CRA: Community Development Loans, Investments, and Services"
- "Historic Tax Credit Program"
- "Low-Income Housing Tax Credit Program"
- "Multibank Partnerships for Community Development Financing"
- "New Markets Tax Credits"
- "Public Welfare Investment Filings on e-Corp"

The OCC's District Community Affairs Officers, located in each district, can provide assistance to banks interested in establishing or participating in a CDC, investing in low-income housing tax credit projects, or making other public welfare investments.

Exhibit 16

Public Welfare Investments

Community Affairs' Internal Manual

Washington, DC
July 2016

Banks' Eligibility

To determine that banks are eligible, a CA Analyst needs to confirm that banks' outstanding public welfare investments, including the investment that is the subject of a PWI submission, are below 15 percent of capital and surplus (See 12 CFR 24.4). The CA Analyst should review the data provided by banks and compare that with the data contained in CATS (Investment Data Sheet) to assess this.

The CA Analyst must also confirm that banks are not subject to an OCC written order that states that the bank cannot make such investments. The OCC publish written orders and enforcement agreements on its website. The CA Analyst should review new written agreements, directives, and orders to determine if the order restricts a bank's PWI activities or otherwise makes the bank ineligible for filing after-the-fact notices.

In order for a bank to submit an after-the-fact notice, the bank must be an eligible bank as defined in 12 CFR 24.2 or the bank must have received written approval from the OCC to allow it to submit after-the-fact notices. Otherwise, a Bank must submit prior approvals. A bank that meets the qualifications to submit after-the-fact notices may elect to submit a prior approval request if it determines that it is not obvious that the investment would meet the requirements of the Statute and the Regulations.

Confirm that PWIs Meet the Regulation's Public Welfare Beneficiary Criteria

A bank must describe how its PWI meets one or more criteria of the four public welfare investment criteria under § 24.3 to be considered a public welfare investment. Specifically, every qualifying public welfare investment must primarily benefit low- and moderate-income individuals, primarily benefit low- and moderate-income areas, primarily benefit areas targeted for redevelopment by a government entity, or be considered a "qualified investment" as defined by 12 CFR 25.23.

Generally, three types of PWIs meet the public welfare investment beneficiary criteria of § 24.3 of the Regulation: Federal Low Income Housing Tax Credit (LIHTC) Investments, Federal New Markets Tax Credits (NMTC) Investments, and Small Business Investment Company (SBIC) Investments. These three investment types currently make up a substantial majority of all PWIs.

PWIs involving LIHTCs and NMTCs are one of the qualifying investments specified in the list of PWI examples in the Regulation (see 12 CFR Part 24.6). PWIs involving SBIC investments are considered qualified investments under the Community Reinvestment Act. Further, for each of those investment types, there is a public benefit specified by statute along with Federal and in some cases, state, reporting and monitoring. LIHTCs and NMTCs are awarded by the U.S. Department of Treasury's CDFI Fund and SBICs receive their certification from the U.S. Small Business Administration.

For PWIs involving LIHTCs, NMTCs, and SBICs, a CA Analyst must still consider how the bank is structuring the investment. Under § 24.4(b), the investment must not expose the bank to unlimited liability.

For PWIs that do not involve LIHTCs, NMTCs, and SBICs, a CA Analyst must use his or her best judgement to determine whether the PWI would meet the public welfare beneficiary criteria of § 24.3 of the Regulation. The following is a list of factors the CA Analyst should consider:

- When a bank states an investment qualifies because it primarily benefits low- and moderate-income individuals, the submission should include a clear description of the incomes of the impacted individuals or households and should state how the individuals and households will benefit.
- When a bank states an investment qualifies because it primarily benefits low- and moderate-income areas, the submission should include the exact address or area income data at the census tract level and should state how the area will benefit from the investment.
- When a bank states an investment qualifies because it primarily benefit areas targeted for redevelopment by a government entity, the submission should clearly identify the government program or government initiative associated with the area (empowerment zone, local redevelopment area, etc.) and should state how the area will benefit from the investment.
- When a bank states an investment qualifies because it is a qualified investment, the submission should include the bank's assertions that the bank will be considered a qualified investment.

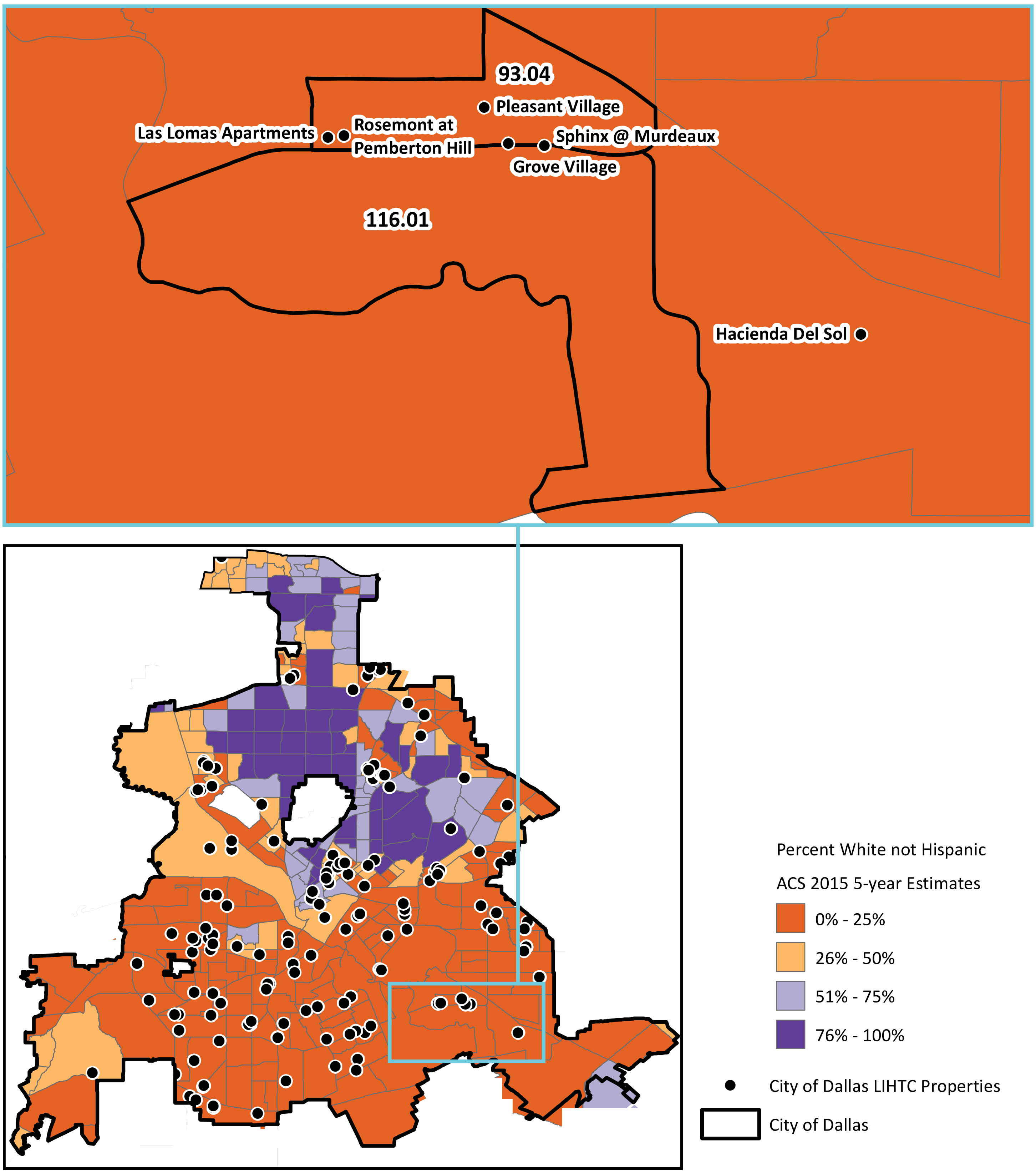
If a bank's PWI filing does not contain sufficient information to determine if an investment qualifies as a PWI, the CA Analyst should consult with the community development manager or PWI team lead. The CA Analyst may need to request additional information from the bank sufficient to support the determination that it qualifies, and in some cases, should conduct limited research to determine if the investment qualifies. An example of limited research is CA Analysts can use the Federal Financial Institutions Examination Council geocode tool, insert the address of the PWI, and find the area median income information. Another example would be searching an entity's name to determine if the project was awarded LIHTCs by a state or city housing finance agency.

Exhibit 17

Maps and Summaries of Neighborhood Conditions around LIHTC Projects in Dallas

Census tracts 93.04 and 116.01

City of Dallas Neighborhoods and LIHTCs
Census tracts 93.04 and 116.01



Census tracts 93.04, 116.01 in the City of Dallas.

There are five LIHTC projects in these two adjoining census tracts. Three of the five are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Las Lomas Apartments	Yes	93.04	1996	230
Rosemont at Pemberton Hill	Yes	93.04	2001	236
Grove Village (Trinity Trails Apartments)		93.04	2004	232
Pleasant Village (Creekside Villas Apartments)		93.04	2004	200
Sphinx @ Murdeaux (Murdeaux Villas)	Yes	116.01	2002	240

Race

Tract 93.04 was majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 116.01 was predominantly Black and Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 93.04 has ranged from 42% in 1990 to 64% in 2015. The poverty rates for this tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The poverty rate for tract 116.01 has ranged from 22% to 33% from 1990 to 2015.

Childhood poverty

The childhood poverty rates have been increasing over time. 88% (770) of children under

5 were below poverty in tract 93.04 in 2015. 83% (1,507) of children 5 to 17 were below poverty in tract 93.04 in 2015. The childhood poverty rates have ranged from 53% in 1990 to 88% in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

48% (128) of children under 5 were below poverty in tract 116.01 in 2015. 45% (473) of children 5 to 17 were below poverty in tract 116.01 in 2015.The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

All four LIHTC projects in tract 93.04 are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area. The Sphinx at Murdeaux (Murdeaux Villas) in census tract 116.01 is adjacent to the Police Department Hot Spot.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 93.04 and 116.01 are consistently unsafe as measured by the Violent Crime Index. Both tracts rank 90 or higher on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75217 which has a significantly higher incidence of 2015 citations for illegal dumping (5.05 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races move to Zip Code 75217 at yearly rates that are 7 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 93.04 (32.2) and in tract 116.01 (43.2) exceed the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

All five LIHTC projects are in census tracts with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Both tract 93.04 and tract 116.01 are economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated both tracts a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in both census tracts per owner occupied units are consistently few and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Both census tracts have Low Access to a supermarket or large grocery store.

Public school data

The public elementary schools serving each census tract are 90% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tracts at low levels on its School Proficiency Index.

Other low income assisted rental housing

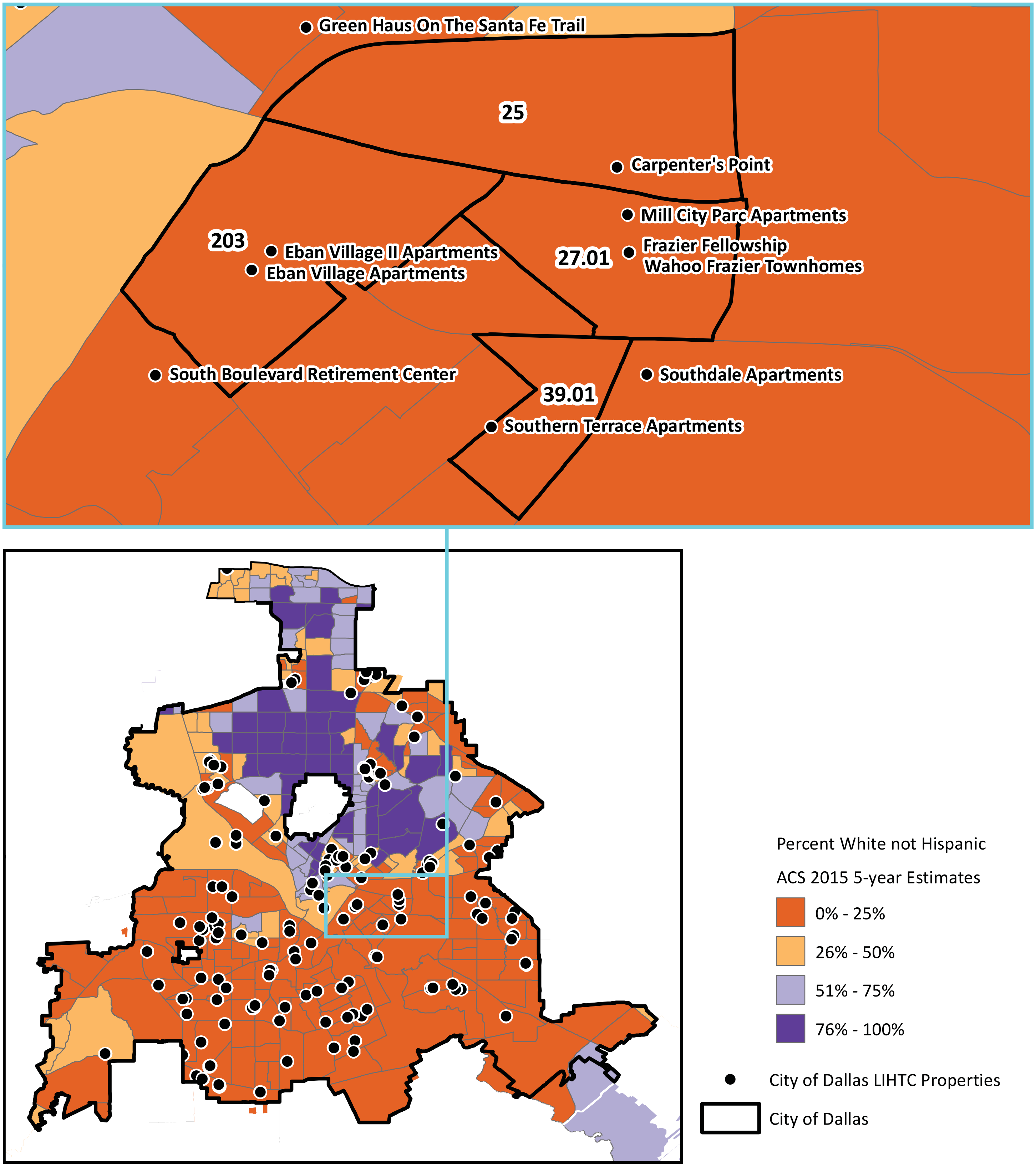
There are four non-LIHTC HUD assisted rental projects in the two census tracts. There are 1,980 total LIHTC and HUD assisted units in the census tracts.

The number of housing vouchers in tract 93.04 has increased from 271 in 2000 to 390 in 2016. There were an additional 250 project based vouchers in tract 93.04. The number of housing vouchers in tract 116.01 has increased from 96 in 2000 to 224 in 2016. Many of the vouchers in both tracts are in the LIHTC projects.

The units at four of the five LIHTC projects are and have been 90% or more occupied by Black tenants. The units at the fifth LIHTC project are and have 90% or more occupied by a combined Black tenant and Hispanic tenant population.

South Dallas

City of Dallas Neighborhoods and LIHTCs
South Dallas



South Dallas area, census tracts 25, 27.01, 39.01, and 203 in the City of Dallas.

There are seven LIHTC projects in these four census tracts. Four of the seven are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Carpenter's Point		25	2008	150
Wahoo Frazier Townhomes	Yes	27.01	2005	118
Frazier Fellowship		27.01	2004	76
Mill City Parc Apartments		27.01	2006	116
Southern Terrace Apartments (Rosemont at Meadow Lane)	Yes	39.01	2003	264
Eban Village I	Yes	203	1995	110
Eban Village II	Yes	203	1999	220

Race

Tract 25 was majority Black in the 1990 U.S. Census report. Tract 25was predominantly Black and Hispanic and less than 5% White non-Hispanic in the 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 27.01 was majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports ranging from 96% to 75% Black. The tract has a higher percentage of Black than in the City of Dallas or the Dallas PMSA/Metro Division. The White non-Hispanic population ranged from 1% to 2% to 0% during this period.

Tract 39.01 was majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports ranging from 93% to 100% Black. The tract has a higher percentage of Black than in the City of Dallas or the Dallas PMSA/Metro Division. The White non-Hispanic population ranged from 1% to 0% to 2% during this period.

Tract 203 and its predecessor tracts were majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports ranging from 98% to 85% Black. The tract has a higher percentage of Black than in the City of Dallas or the Dallas PMSA/Metro Division. The White non-Hispanic population ranged from 1% to 9% during this period.

Poverty

The poverty rate for tract 25 has ranged from 36% in 1990 to 38% in 2015.

The poverty rate for tract 27.01 has ranged from 63% in 1990 to 58% in 2015.

The poverty rate for tract 39.01 has ranged from 45% in 1990 to 51% in 2015.

The poverty rate for tract 203 has ranged from 39% in 1990 to 31% in 2015.

These poverty rate exceed the poverty rates for the City of Dallas and the Dallas PMSA/Dallas Metropolitan Division.

Childhood poverty

The childhood poverty rates in these tracts are high and have been increasing in some tracts. 40% (159) of children under 5 were below poverty in tract 25 in 2015. 51% (497) of children 5 to 17 were below poverty in tract 25 in 2015. The childhood poverty rates have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

50% (155) of children under 5 were below poverty in tract 27.01 in 2015. 75% (531) of children 5 to 17 were below poverty in tract 27.01 in 2015. .The childhood poverty rates have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

100% (151) of children under 5 were below poverty in tract 39.01 in 2015. 82% (304) of children 5 to 17 were below poverty in tract 39.01 in 2015. The childhood poverty rates have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

34% (19) of children under 5 were below poverty in tract 203 in 2015. 23% (48) of children 5 to 17 were below poverty in tract 203 in 2015. The poverty rates for children have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

All seven LIHTC projects in these tracts are located in City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime areas.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 27.01, 39.01, and 203 with ranks of 90 or higher as measured by the Violent Crime Index. The scale ranks 0 as the most safe and 100 being the least safe. Tract 25 ranks from 72 or higher from year to year.

Illegal Dumping citations

These projects are in Zip Codes which have a significantly higher incidence of citations in 2015 for illegal dumping than the majority White non-Hispanic Zip Codes in the City of Dallas

(1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). The illegal dumping citation rates for these Zip Codes range from 2.5 to 22 times the rate in the White non-Hispanic Zip Codes. Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to the Zip Codes in which these projects are located at 2017 yearly rates that were from 33 times the rate of such movers to Dallas County Majority White Zip Codes to 6 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in these tracts exceed the rate in majority White non-Hispanic census tracts (4.6) from 9 times to 13 times that rate.

Industrial zoning

All seven LIHTC projects are in census tracts that include areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

All seven projects are in economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated all the tracts at level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in these census tracts per owner occupied units are consistently few and small and have been insubstantial since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Two census tracts have Low Access to a supermarket or large grocery store. One tract went from Adequate Access in 2013 to Low Access in 2015. Tract 203 has Adequate Access.

Public school data

The public elementary schools serving each census tract have a 87% or greater economically disadvantaged Black or Hispanic student population.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving all of the census tracts at low levels on its School Proficiency Index except for one, tract 203.

Other low income assisted rental housing

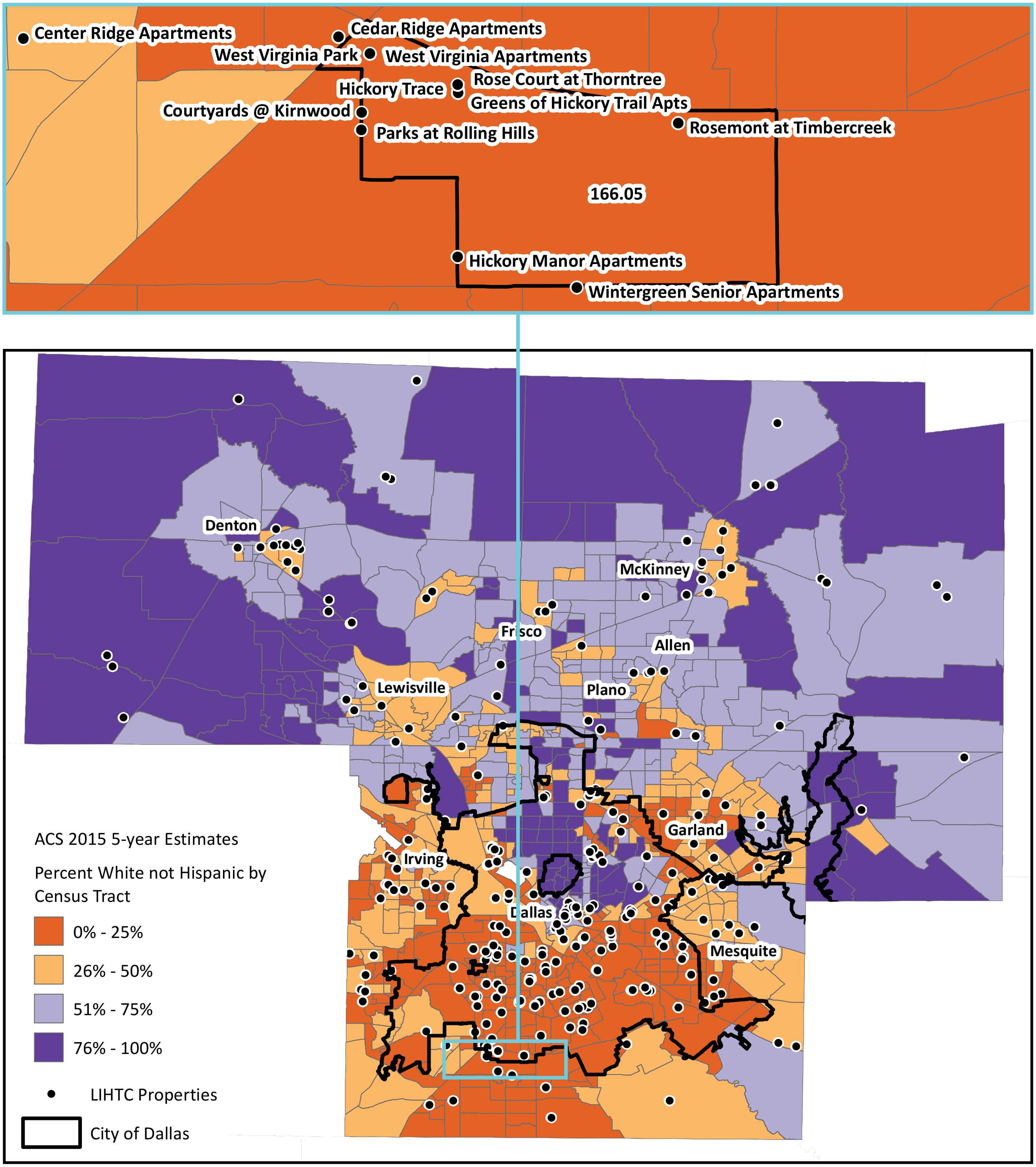
There is one public housing project and one non-LIHTC HUD assisted rental project in the four census tracts. There are 1,336 total LIHTC, public housing, and HUD assisted units in the census tracts.

The number of housing vouchers in the four tracts has increased from 174 in 2000 to 476 in 2016. Many of the vouchers are in the LIHTC projects.

The units at the LIHTC projects are and have been 90% or more occupied by Black tenants with the exception of Eban Village 1 in 2015 at 77% Black. The units at the LIHTC projects are and have been 90% or more occupied by a combined Black tenant and Hispanic tenant population.

166.05

Collin, Dallas, Denton, and Rockwall Counties Neighborhoods and LIHTCs
Census Tract 166.05



Census tract 166.05 in the City of Dallas.

There are eight LIHTC projects in this census tract. Four of the projects are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Courtyards @ Kirnwood		166.05	1996	198
Greens of Hickory Trial Apartments	Yes	166.05	1998	250
Parks at Rolling Hills (Primrose Park at Rolling Hills		166.05	2000	250
Rosemont at Timbercreek	Yes	166.05	2001	100
Hickory Trace (Rosemont at Hickory Trace)	Yes	166.05	2002	180
Rose Court at Thorntree (Providence on the Park)		166.05	2002	280
West Virginia Apartments (West Virginia Park)	Yes	166.05	2003	202
Hickory Manor Apartments		166.05	2004	188

Race

Tract 166.05 was 49% White non Hispanic in 1990 and 10% White non-Hispanic in 2015. The tract has been predominantly Black and Hispanic in the 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 166.05 has increased from 19% in 1990 to 46% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates have increased over time. 74% (535) of children under 5 were below poverty in tract 166.05 in 2015. 57% (930) of children 5 to 17 were below poverty in tract 166.05 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

Four of the LIHTC projects in tract 166.05 are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 166.05 is consistently unsafe as measured by the Violent Crime Index. The tract ranks 87 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

One of the projects is in Zip Code 75232 which has a significantly higher incidence of 2015 citations for illegal dumping (4.53 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Four of the projects are in Zip Code 75237 which has a lower incidence of 2015 citations for illegal dumping (1.4 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16).

There is one violation reported in Zip Code 75115 which is in both the City of Dallas and the City of DeSoto.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75232 at a 2017 yearly rate that was nine times the rate of such movers to Dallas County Majority White Zip Codes.

Registered sex offenders of all races moved to Zip Code 75237 at a 2017 yearly rate that was 6 times the rate of such movers to Dallas County Majority White Zip Codes.

Registered sex offenders of all races moved to Zip Code 75115 at a 2017 yearly rate that was 2.8 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 166.05 (18) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

All eight LIHTC projects are in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 166.05 is an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's

Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 166.05 per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Census tract 166.05 has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 166.05 is 90% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tract at low levels on its School Proficiency Index.

Other low income assisted rental housing

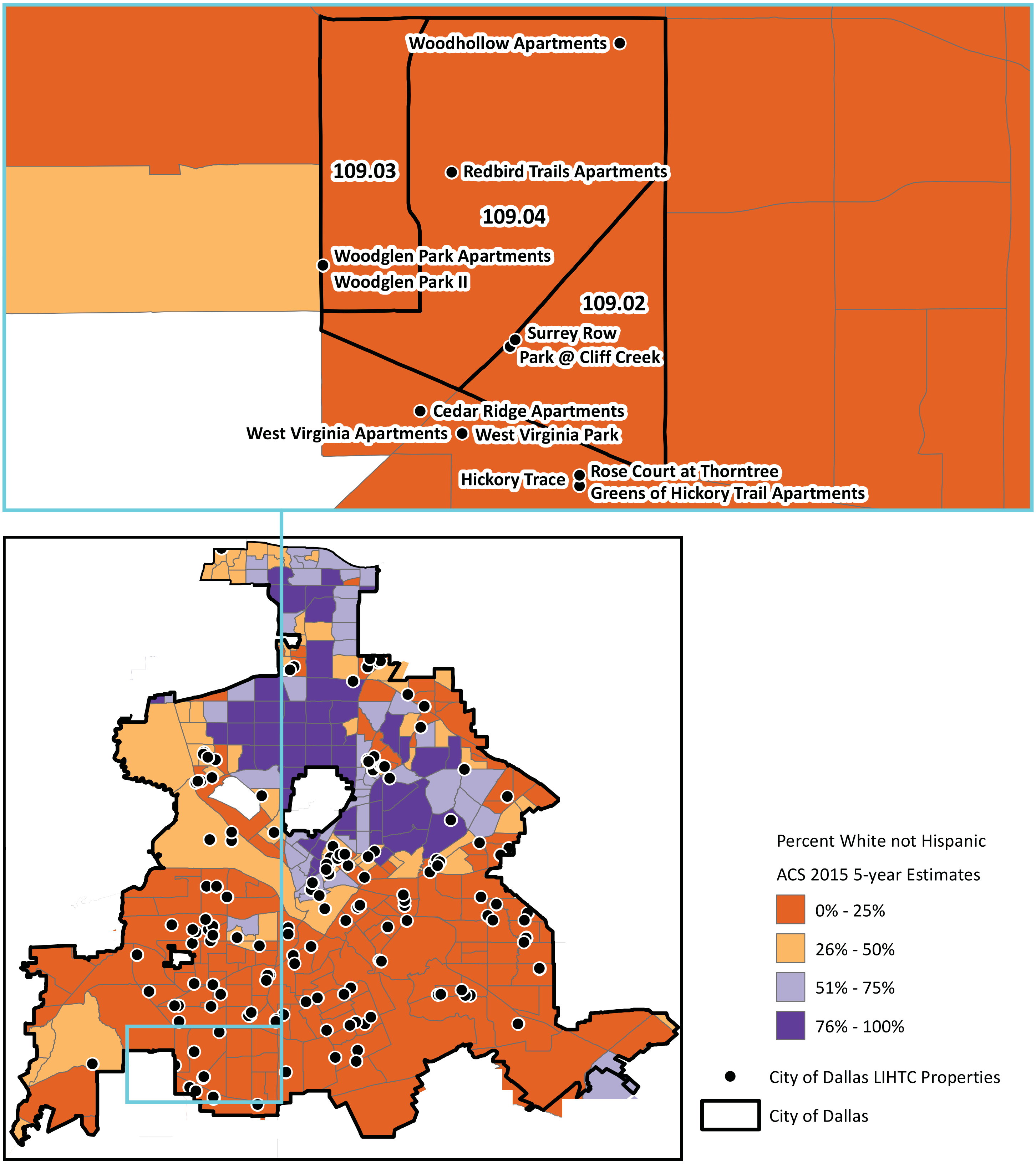
There are no non-LIHTC HUD assisted rental projects in the census tract. There are 1,648 total LIHTC assisted units in the census tract.

The number of housing vouchers in tract 166.05 has increased from 121 in 2000 to 639 in 2016. Many of the vouchers are in the LIHTC projects.

The units at LIHTC projects are 87% to 98% occupied by Black tenants.

109.02, 109.03, 109.04

City of Dallas Neighborhoods and LIHTCs
Census Tracts 109.02, 109.03, 109.04



Census tracts 109.02, 109.03, and 109.04 in the City of Dallas.

There are five LIHTC projects in these three census tracts. One of the LIHTC projects is a National Bank investment.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Park @ Cliff Creek	Yes	109.02	1995 & 2014	208
Woodglen Park Apartments		109.03	1993 & 2012	112
Woodglen Park II (fka Red Bird Ridge)		109.03	1994	120
Redbird Trails Apartments		109.04	1992	252
Woodhollow Apartments		109.04	1992	236

Race

Tract 109.02 was majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 109.03 was predominantly Black in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 109.04 was majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 109.02 has ranged from 18% in 1990 to 35% in 2010 and 23% in 2015. The poverty rates for the tract have generally equaled or exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The poverty rate for tract 109.03 has ranged from 18% in 1990 to 28% in 2010 and 22% in 2015. The poverty rates for the tract have been generally equivalent the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division

The poverty rate for tract 109.04 has ranged from 18% in 1990 to 25% in 2010 and 35% in 2015.until 2015 when the PMSA poverty rate was on 15% and the City of Dallas rate was 24%.

Childhood poverty

The childhood poverty rates in tract 109.02 have increased since 1990. 37% (264) of children under 5 were below poverty in tract 109.02 in 2015. 34% (437) of children 5 to 17 were below poverty in tract 109.02 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The childhood poverty rates in tract 109.03 increased from 1990 through 2010. The rate declined to 23% (61) of children under 5 below poverty in tract 109.03 in 2015. 30% (230) of children 5 to 17 were below poverty in tract 109.03 in 2015. The childhood poverty rates over time have generally equaled or been below the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The childhood poverty rates in tract 109.04 have stayed about the since 1990 from 32%

(268) to 34% (95).

34% (95) of children under 5 were below poverty in tract 109.04 in 2015. 63% (398) of children 5 to 17 were below poverty in tract 109.04 in 2015. The childhood poverty rates over time have been generally similar to the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The Park at Cliff Creek and the Woodhollow Apartments are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime areas. The other three LIHTC projects are immediately adjacent to a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 109.02, 109.03 and 109.04 have been unsafe as measured by the Violent Crime Index since 2006. Tract 109.02 has a current rank of 86, tract 109.03 has a current rank of 85, and tract 109.04 has a current rank of 91 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75237 which has a lower incidence of 2015 citations for illegal dumping (1.40 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57).

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75237 at a 2017 yearly rate that was 6 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 109.02 (20.8) exceeds the rate in majority White non-Hispanic census tracts (4.6). The rate of loose and roaming dog cases per 1,000 persons in tract 109.03 (12.1) exceeds the rate in majority White non-Hispanic census tracts (4.6). The rate of loose and roaming dog cases per 1,000 persons in tract 109.04 (12.5) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

All three census tract have areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

All three tracts are economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area eligibility designations. The 2010 Distress Index rated all three tracts a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in all three census tracts per owner occupied units are consistently low and have declined since 2000 with the exception of tract 109.04 in 2010. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Census tract 109.02 has Adequate Access to a supermarket or large grocery store. Census tracts 109.03 and 109.04 have Low Access to a supermarket or large grocery store.

Public school data

The public elementary schools serving each census tract are 80% or greater economically disadvantaged students and 90% or greater Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the projects at low levels on its School Proficiency Index with the exception of the schools serving the Park at Cliff Creek project.

Other low income assisted rental housing

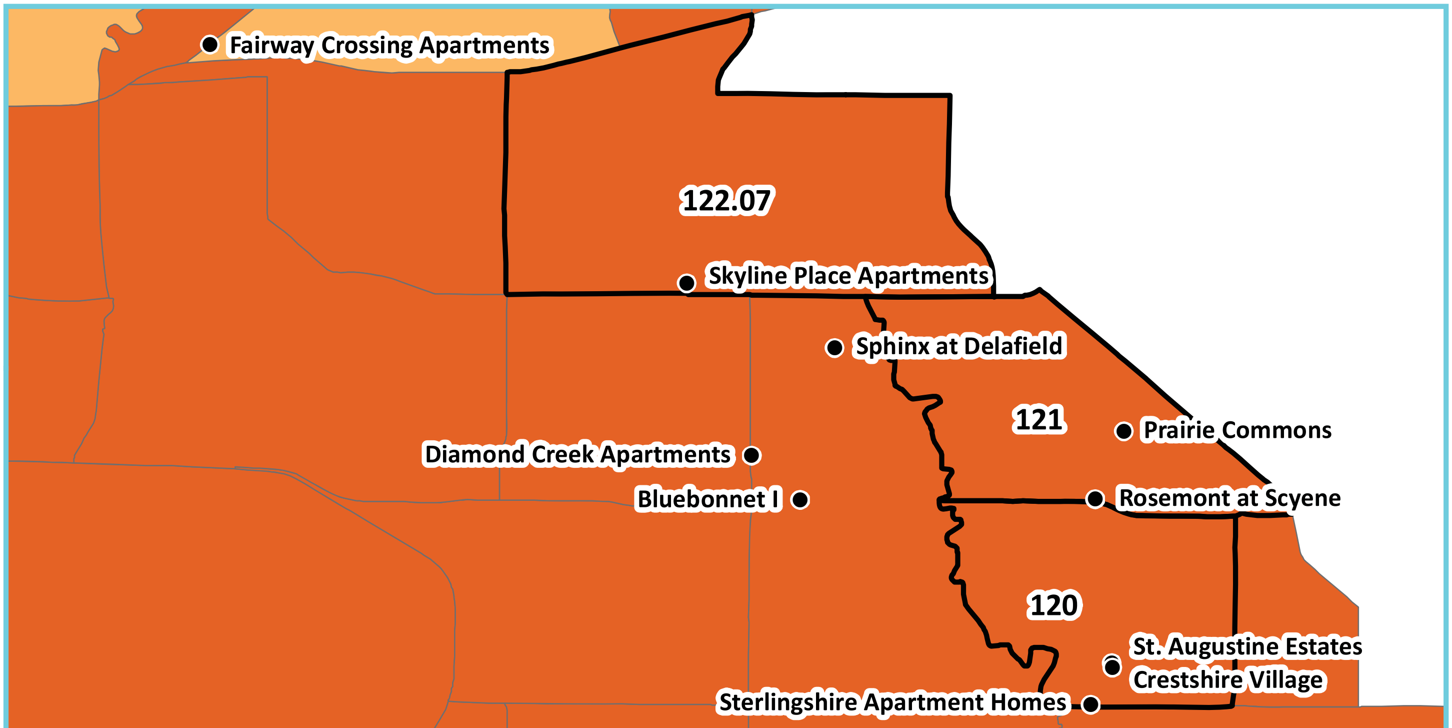
There is one non-LIHTC HUD assisted rental projects in census tract 109.04. There were 1,214 total LIHTC and HUD assisted units in the census tracts.

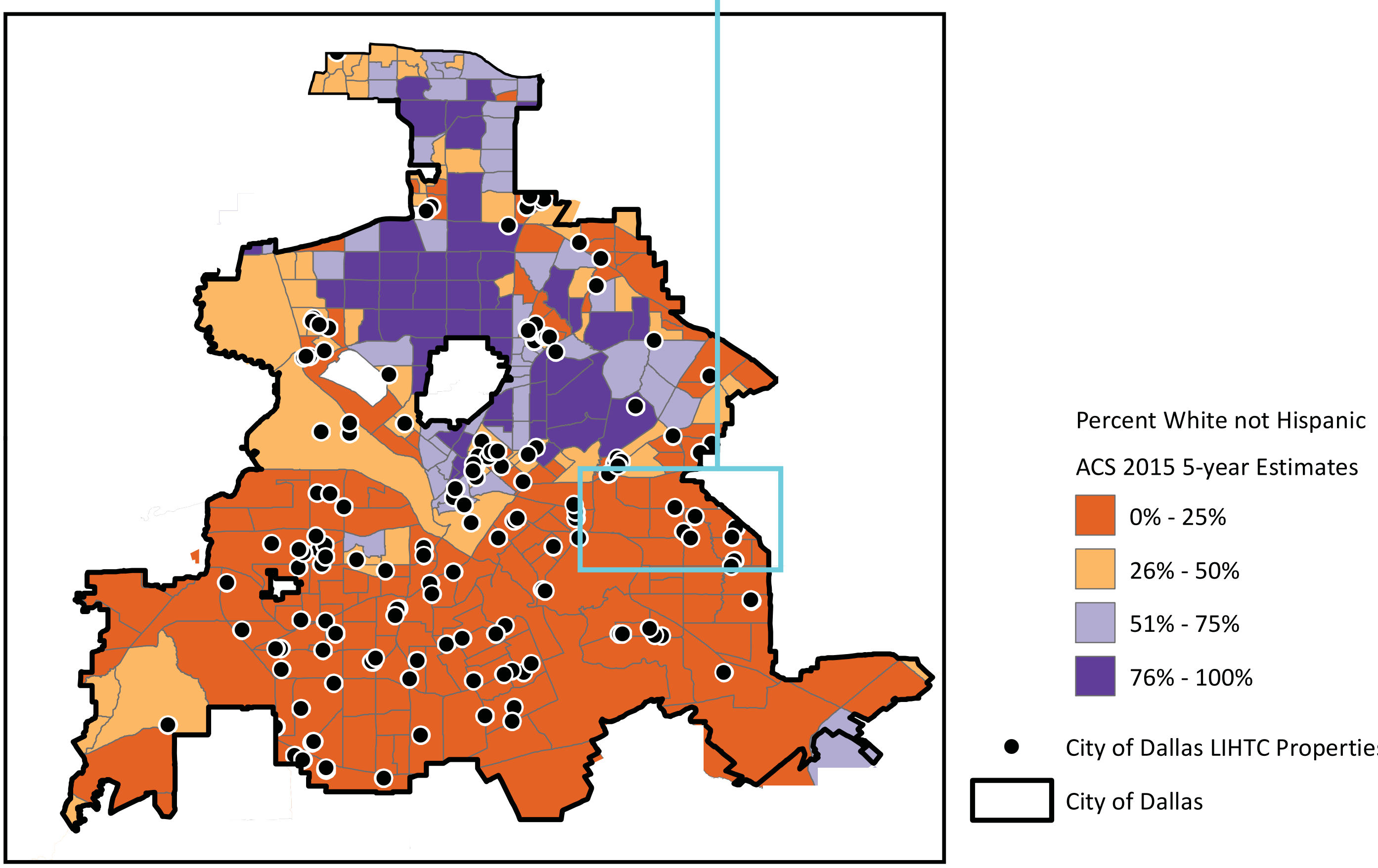
The number of housing vouchers in the tracts have increased from 663 in 2000 to 1,021 in 2016.

The units at the LIHTC projects are and have been 90% or more occupied by Black or Black and Hispanic tenants.

120, 121, 122.07

City of Dallas Neighborhoods and LIHTCs
Census Tracts 120, 121, and 122.07





Census tracts 120, 121, 122.07 in the City of Dallas.

There are six LIHTC projects in these adjoining census tracts. Three of the six are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Crestshire Village	Yes	120	2009	74
Sterlingshire Apartment Homes (Bruton Apartments)	Yes	120	2014	264
St. Augustine Estates		120	2005	150
Prairie Commons	Yes	121	2002	72
Rosemont at Scyene (Rosemont at Sierra Vista)		121	2004	250
Skyline Place Apartments		122.07	2016	318

Race

Tracts 120, 121, 122.07 have been predominantly Black and Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. This is a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 120 has ranged from 16% in 1990 to 31% in 2015.

The poverty rate for tract 121 has ranged from 8% in 1990 to 25% in 2015.

The poverty rate for tract 122.07 has ranged from 15% in 1990 to 28% in 2015.

Childhood poverty

The childhood poverty rates in these tracts have increased over time.

35% (290) of children under 5 were below poverty in tract 120 in 2015. 45% (923) of children 5 to 17 were below poverty in tract 120 in 2015. The 2015 childhood poverty rates from 1990 to 2015 generally exceed the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

38% (232) of children under 5 were below poverty in tract 121 in 2015. 34% (560) of children 5 to 17 were below poverty in tract 121 in 2015. The poverty rates for children have ranged from 7% to 38% from 1990 to 2015.

48% (466) of children under 5 were below poverty in tract 122.07 in 2015. 46% (758) of children 5 to 17 were below poverty in tract 122.07 in 2015. The 1990 to 2015 childhood poverty rates generally exceed the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

All 6 LIHTC projects in tracts 120, 121, and 122.07 are located in City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime areas.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 120, 121, and 122.07 are consistently unsafe as measured by the Violent Crime Index. All three tracts rank 82 or higher in 2015 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

Five of these projects are in Zip Code 75227 which has a significantly higher incidence of 2015 citations for illegal dumping (6.19 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

One of these projects is in Zip Code 75217 which has a significantly higher incidence of 2015 citations for illegal dumping (5.05 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75227 at a 2017 yearly rate that was 6.6 times the rate of such movers to Dallas County Majority White Zip Codes.

Registered sex offenders of all races moved to Zip Code 75217 at a 2017 yearly rate that was 7 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rates of loose and roaming dog cases per 1,000 persons in tract 120 (33.4) and in tract 121 (21.29) and in tract 122.07 (14.99) exceed the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

Three of the LIHTC projects are in census tracts with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

All three of these census tracts are economically distressed areas according to the U.S. Treasury's CDFI Investment area designations The U.S. Treasury's CDFI 2010 Distress Index rated tracts 120 and 122.07 at a level 4 distress, the highest level of distress. Tract 212 is designated at a level 3, the second highest distress level.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in these census tracts per owner occupied units are lower than in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tracts 120 and 121 have Low Access to a supermarket or large grocery store.

Public school data

The public elementary schools serving each census tract are 89% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tracts at low levels on its School Proficiency Index.

Other low income assisted rental housing

There is one non-LIHTC HUD assisted rental projects in the three census tracts. There are 1,502 total LIHTC and HUD assisted units in the census tracts.

The number of housing vouchers in tract 120 has increased from 303 in 2000 to 373 in 2016. The number of housing vouchers in tract 121 has increased from 113 in 2000 to 267 in 2016. The number of housing vouchers in tract 122.07 has decreased from 161 in 2000 to 103 in

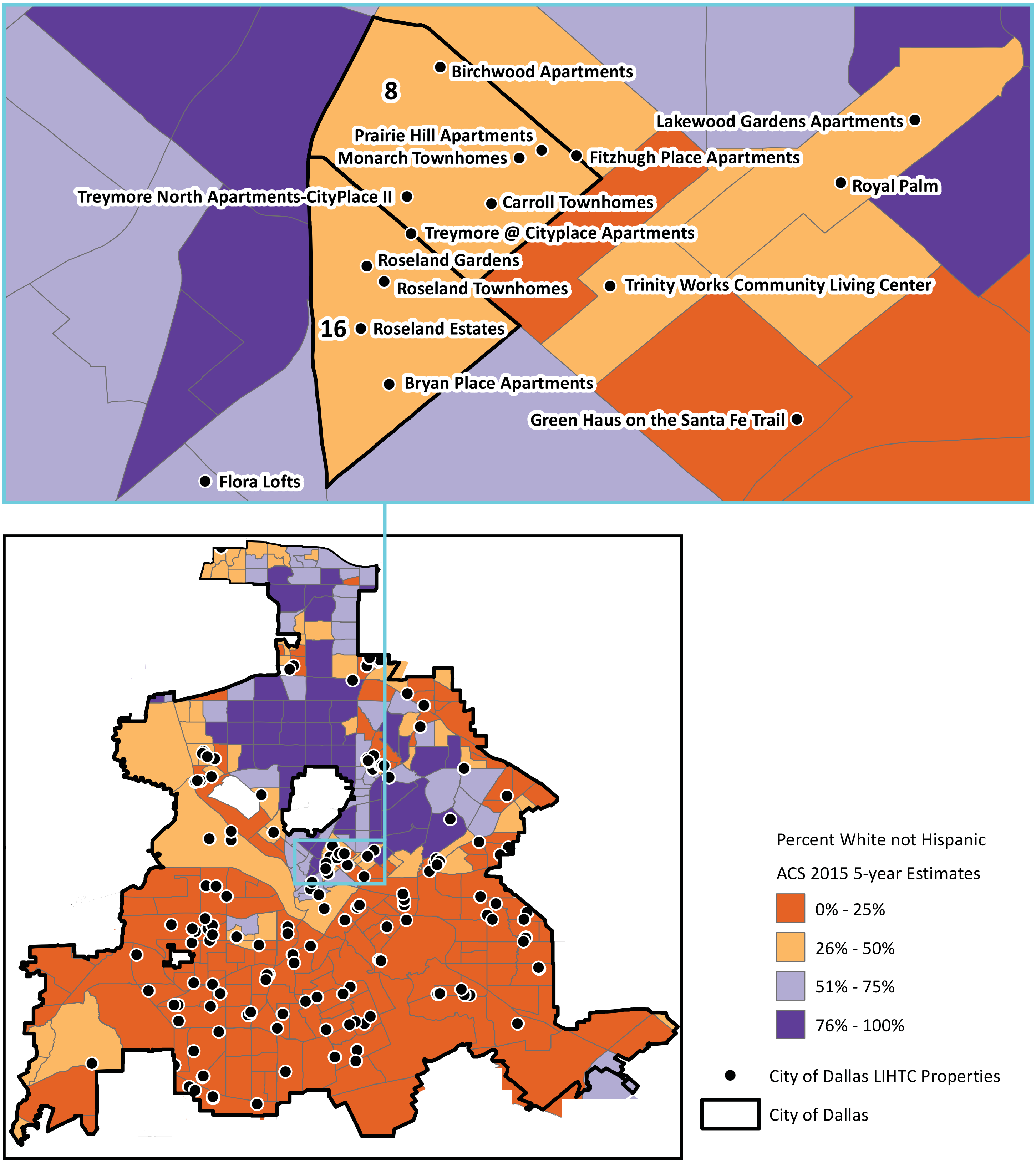
2016.

Many of the vouchers are in the LIHTC projects.

The units at four of the LIHTC projects (that have occupancy data available) are and have been predominantly occupied by Black tenants.

8, 16

City of Dallas Neighborhoods and LIHTCs
Census Tracts 8 and 16



Census tracts 8 and 16 in the City of Dallas.

There are nine LIHTC projects in these two census tracts. Seven of the nine are National Bank investments.

Project Name (on LIHTC Inventory)	National Bank Investments	census tract	LIHTC Allocation Year (from HTC Prop Inventory	Units
Birchwood Apartment Homes	Yes	8	1996	276
Carroll Townhomes (Lafayette Apartments	Yes	8	2000	71
Monarch Townhomes	Yes	8	2000	65
Treymore North Apartments-CityPlace II	Yes	8	1996	70
Roseland Gardens	Yes	16	2001	101
Roseland Townhomes	Yes	16	1999	192
Treymore @ Cityplace Apartments	Yes	16	1995	180
Roseland Estates		16	2002	138
Bryan Place Apartments		16	1993	22

Race

Tract 8 was majority Hispanic in the 1990, 2000, and 2010 and was majority Hispanic and Black in the 2015 U.S. Census reports The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 16 was predominantly Black in the 1990 and was predominantly Black and Hispanic in the 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 8 has ranged from 31% in 1990 to 22% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas

PMSA/Metro Division.

The poverty rate for tract 16 has ranged from 58% in 1990 to 31% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

26% (89) of children under 5 were below poverty in tract 8 in 2015. 35% (365) of children 5 to 17 were below poverty in tract 8 in 2015. The childhood poverty rates over time have generally equaled or exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

63% (152) of children under 5 were below poverty in tract 16 in 2015. 78% (386) of children 5 to 17 were below poverty in tract 16 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

All nine LIHTC projects in tracts 8 and 16 are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 8 and 16 are consistently unsafe as measured by the Violent Crime Index. Tract 8 ranked 92 in 2015 and tract 16 ranked 98 in 2015 on the Violent Crime Index scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75204 which has a significantly higher incidence of 2015 citations for illegal dumping (4.32 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and about the same as the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75204 at a 2017 yearly rate that was five times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. However, the rate of loose and roaming dog cases per 1,000 persons in tract 8 and tract 16 were about the same as the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

None of the LIHTC projects are in census tracts with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Both tract 8 and tract 16 are economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated both tracts a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine

whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans for 2015 for both census tracts per owner occupied units were consistent with the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Both census tracts have Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary schools serving each census tract are 90% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tracts at low levels on its School Proficiency Index. Five LIHTC projects are in areas with a school proficiency rating of 3, three are in areas with a school proficiency rating of 5, and one is in an area with a school proficiency rating of 23. "0" is the lowest score and "99" is the highest score.

Other low income assisted rental housing

Five of the LIHTC projects are also public housing projects. There are 1,332 total LIHTC units in the two census tracts.

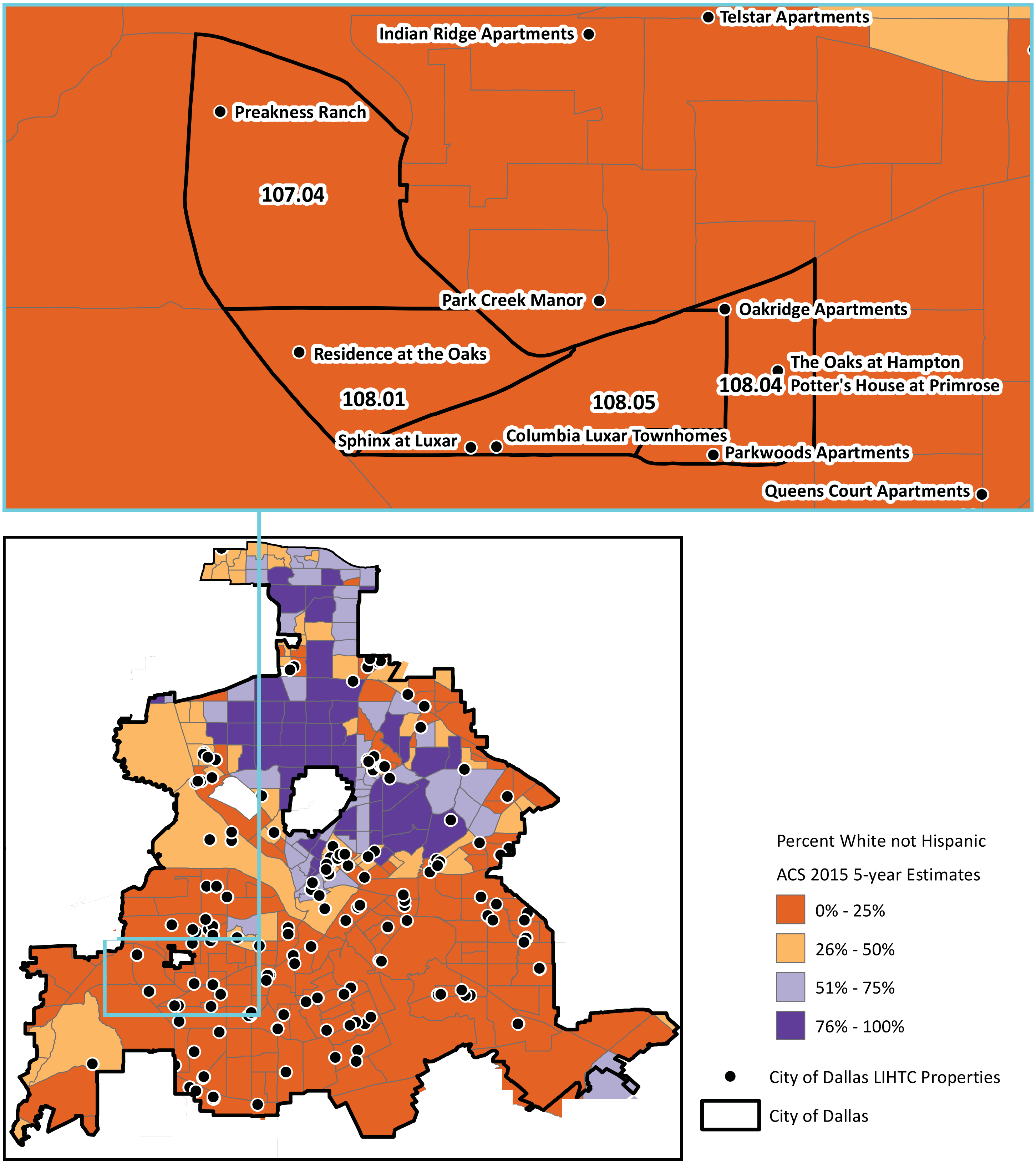
The number of housing vouchers in tract 8 has increased from 48 in 2000 to 153 in 2016. Many of the vouchers are in the LIHTC projects.

The number of housing vouchers in tract 16 has increased from 21 in 2000 to 224 in 2016. Many of the vouchers are in the LIHTC projects.

The units at the LIHTC projects are and have either been 90% or more occupied by Black tenants, or 90% or more occupied by Hispanic tenants or occupied by a 90% or more combination of Black tenants and Hispanic tenants.

107.04, 108.01,
108.04, 108.05

City of Dallas Neighborhoods and LIHTCs
Census Tracts 107.04, 108.01, 108.04, and 108.05



Census tracts 107.04, 108.01, 108.04, 108.05 in the City of Dallas.

There are seven LIHTC projects in these four census tracts. Two of the seven are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Preakness Ranch (Artisan Ridge on Multifamily database)	Yes	107.04	2003	264
Residence at the Oaks		108.01	1998	212
Oakridge Apartments		108.04	1993	46
The Oaks at Hampton (Primrose Oaks)		108.04	2000	250
Potter's House at Primrose		108.04	2002	280
Columbia Luxar Townhomes		108.05	1997	120
Sphinx at Luxar (Luxar Villas)	Yes	108.05	2005 & 2008	100

Race

Tracts 107.04 and 108.01were majority Black and Hispanic in the 1990 U.S. Census Report and majority Hispanic in the 2000, 2010, and 2015 U.S. Census reports. Tracts 108.04 and 108.05 were majority Black in the 1990 U.S. Census Report and majority Hispanic in the 2000, 2010, and 2015 U.S. Census reports.

The tracts have a higher percentage of Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 107.04 has ranged from 19% in 1990 to 25% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The poverty rate for tract 108.01 has ranged from 12% in 1990 to 30% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The poverty rate for tract 108.04 has ranged from 28% in 1990 to 43% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The poverty rate for tract 108.05 has ranged from 28% in 1990 to 28% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 107.04 have increased since 1990. 40% (217) of children under 5 were below poverty in tract 107.04 in 2015. 39% (435) of children 5 to 17 were below poverty in tract 107.04 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The childhood poverty rates in tract 108.01 have increased since 1990. 34% (392) of children under 5 were below poverty in tract 108.01 in 2015. 40% (894) of children 5 to 17 were below poverty in tract 108.01 in 2015. The childhood poverty rates over time have often exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The childhood poverty rates in tract 108.04 have increased since 1990. 61% (358) of children under 5 were below poverty in tract 108.04 in 2015. 45% (483) of children 5 to 17 were below poverty in tract 108.04 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The childhood poverty rates in tract 108.05 have remained high since 1990. 36% (291) of children under 5 were below poverty in tract 108.05 in 2015. 34% (487) of children 5 to 17 were below poverty in tract 108.05 in 2015. The childhood poverty rates over time have, at times, exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The Oakridge Apartments LIHTC project in tract 108.04 is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 107.04, 108.01,108.04 and 108.05 as consistently unsafe as measured by the Violent Crime Index. Tract 107.04 ranks 90.58 on the scale of 0 being the most safe and 100 being the least safe. Tract 108.01 ranks 81.14 on the scale of 0 being the most safe and 100 being the least safe. Tract 108.04 ranks 82.43 and tract 108.05 ranks 77.6

Illegal Dumping citations

Two of these projects are in Zip Code 75233 which has a higher incidence of 2015 citations for illegal dumping (3.25 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) but not higher than the majority Minority Zip Codes in the City of Dallas (4.16). In 2014 the citations for illegal dumping (3.77 per 1,000 persons) exceeded the majority White non-Hispanic Zip Codes in the City of Dallas (1.3) and were higher than the majority Minority Zip Codes (3.31).

Two other of these LIHTC projects are in Zip Code 75211 which has a higher incidence of 2015 citations for illegal dumping (3.3 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) but not higher than the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist in 2014.

Another two LIHTC projects are in Zip Code 75224 which has a higher incidence of 2015 citations for illegal dumping (4.96 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and higher than the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist in 2014.

One LIHTC project is in Zip Code 75236 which has a higher incidence of 2015 citations for illegal dumping (3.96 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) but not higher than the majority Minority Zip Codes in the City of Dallas (4.16). In 2014 the citations for illegal dumping (4.94 per 1,000 persons) exceeded the majority White non-Hispanic Zip Codes in the City of Dallas (1.3) and were higher than the majority Minority Zip Codes (3.31).

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75233 at a 2017 yearly rate that was 5.5 times the rate of such movers to Dallas County Majority White Zip Codes.

Registered sex offenders of all races moved to Zip Code 75211 at a 2017 yearly rate that was 4 times the rate of such movers to Dallas County Majority White Zip Codes.

Registered sex offenders of all races moved to Zip Code 75224 at a 2017 yearly rate that was 6 times the rate of such movers to Dallas County Majority White Zip Codes.

Registered sex offenders of all races moved to Zip Code 75236 at a 2017 yearly rate that was 3 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 107.04 (24.92), in tract 108.01 (19.12), in tract 108.04 (19.8), and in tract 108.05 (18.8) exceed the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

Six of the seven LIHTC projects are in census tracts with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tracts 107.04, 108.01, 108.04, and 108.05 are all economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated all of these tracts a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in these four census tracts per owner occupied units are low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Census tracts 107.04, 108.01, and 108.04 have Low Access to a supermarket or large grocery store. Census tract 108.05 has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary schools serving census tract are 84% or greater economically disadvantaged Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving four of the LIHTC projects at low levels on its School Proficiency Index. It ranks the schools for the other three projects at level 47.

Other low income assisted rental housing

There are 3 non-LIHTC HUD assisted rental projects in the four census tracts. There are 1,700 total LIHTC and HUD assisted units in the census tracts.

The number of housing vouchers in tract 107.04 has increased from 17 in 2000 to 125 in 2016. There were an additional 227 project based vouchers in tract 107.04. Many of the vouchers have been in the LIHTC project in this census tract.

The number of housing vouchers in tract 108.01 has ranged from 191 in 2000 to 160 in 2016. There was an additional 1 project based voucher in tract 108.01. Many of the vouchers are in the LIHTC project in this tract.

The number of housing vouchers in tract 108.04 has ranged from 114 in 2000 (tract

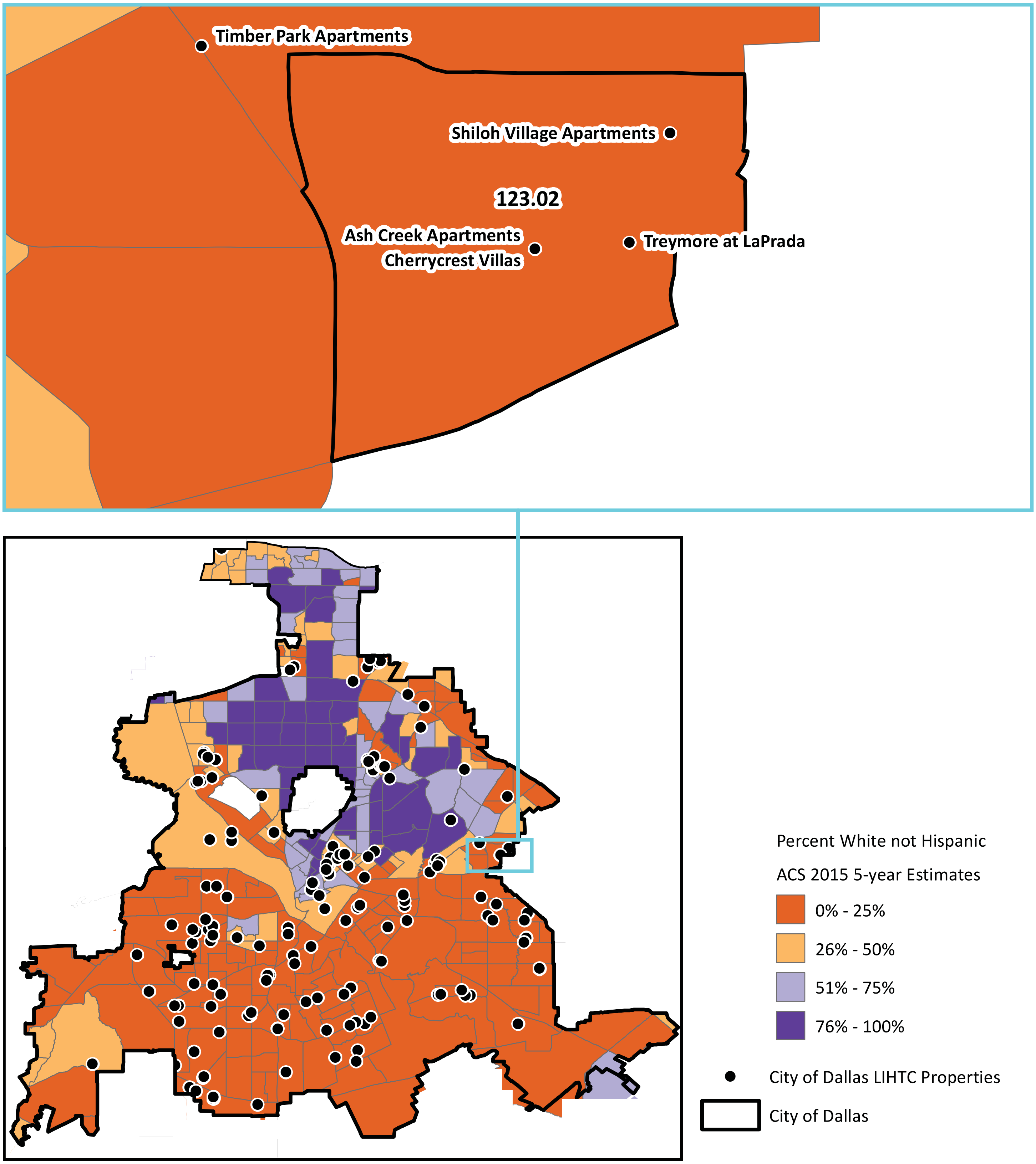
108.02 before it split for form this tract) to 329 in 2016. There was an additional 1 project based voucher in tract 108.04. Many of the vouchers are in the LIHTC projects in this tract.

The number of housing vouchers in tract 108.05 had 148 vouchers in 2016. There was an additional 148 project based vouchers in tract 108.05. Many of the vouchers are in the LIHTC projects in this tract.

The units at four of the LIHTC projects are and have been 80% or more occupied by Black tenants. The units at the other LIHTC projects have been occupied by a 90% or more combined Black tenant and Hispanic tenant population.

123.02

City of Dallas Neighborhoods and LIHTCs
Census Tract 123.02



Census tract 123.02 in the City of Dallas.

There are four LIHTC projects in this census tract. One of the LIHTC projects is a National Bank investment.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Treymore at LaPrada, The (Treymore Eastfield Apartments)		123.02	1999	196
Ash Creek Apartments (Rosemont at Ash Creek Apartments)	Yes	123.02	2003	280
Shiloh Village Apartments		123.02	2004	168
Cherrycrest Villas (Park Villas Apartments)		123.02	2004	232

Race

Tract 123.02 was majority White non-Hispanic in the 1990 U.S. Census report, and it was majority combined Black and Hispanic in the 2000 and 2010 U.S. Census reports. Tract 123.02 was majority Hispanic in the 2015 U.S. Census report. The tract has a higher percentage of combined Hispanic and Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 123.02 has increased from 16% in 1990 to 42% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 123.02 have increased since 1990. 67% (516) of children under 5 were below poverty in tract 123.02 in 2015. 51% (923) of children 5 to 17 were below poverty in tract 123.02 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

All four LIHTC projects in tract 123.02 are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 123.02 as consistently unsafe as measured by the Violent Crime Index. The tract ranks 92.49 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75228 which has a higher incidence of 2015 citations for illegal dumping (2.31 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75228 at a 2017 yearly rate that was 5.5 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 123.02 (12) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

All four LIHTC projects are in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 123.02 is an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in this census tract per owner occupied units have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

The census tract has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the LIHTC projects in this census tract is 93% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the the census tract at a low level, 3, on its School Proficiency Index.

Other low income assisted rental housing

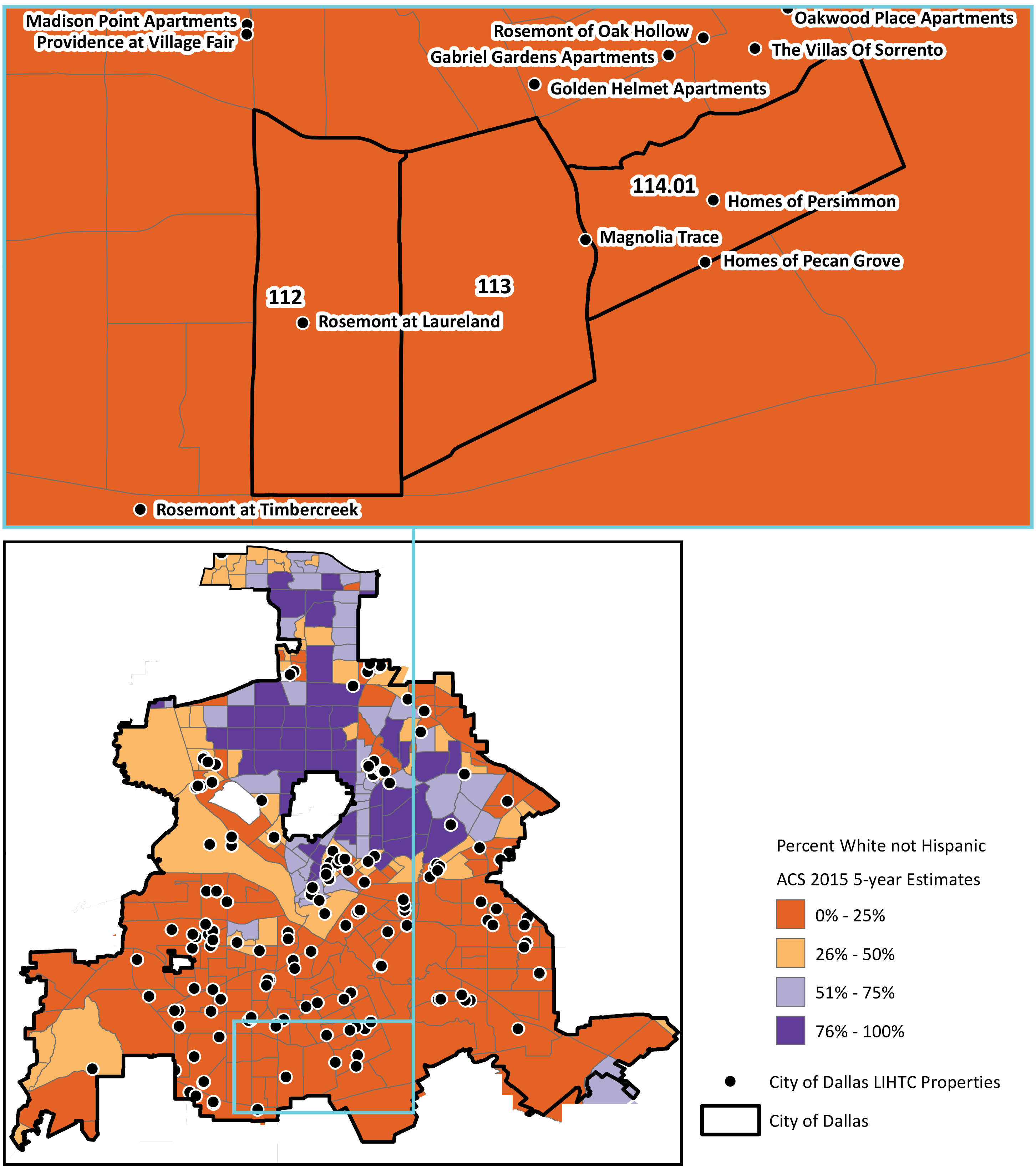
There are 876 total LIHTC assisted units in the census tract.

The number of housing vouchers in tract 123.02 has increased from 132 in 2000 to 424 in 2016. There were an additional 167 project based vouchers in tract 123.02. Many of the vouchers are in the LIHTC projects.

The units at the four LIHTC projects are and have been occupied by a majority of Black tenants.

112, 113, 114.01

City of Dallas Neighborhoods and LIHTCs
Census Tracts 112, 113, and 114.01



Census tracts 112, 113, 114.01 in the City of Dallas.

There are four LIHTC projects in these three census tracts. One LIHTC project is a National Bank Investment.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Rosemont at Laureland (Rosemont at Mission Trails)		112	2004	250
Magnolia Trace		113	2009	112
Homes of Persimmon		114.01	1998	180
Homes of Pecan Grove (Champion Townhomes)	yes	114.01	2004	250
Pecan Grove Townhomes (refunding for Homes of Pecan Grove above)		114.01	2013	

Race

Tracts 112, 113, and 114.01 were majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tracts have a higher percentage of Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 112 has ranged from 12% in 1990 to 22% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the Dallas PMSA/Metro Division but was about the same as the City of Dallas.

The poverty rate for tract 113 has ranged from 9% in 1990 to 25% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the Dallas PMSA/Metro Division but was about the same as the City of Dallas.

The poverty rate for tract 114.01 has ranged from 39% in 1990 to 39% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 112 have increased since 1990. 16% (31) of children under 5 were below poverty in tract 112 in 2015. 38% (621) of children 5 to 17 were below poverty in tract 112 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates the Dallas PMSA/Metro Division and remained about the same as the City of Dallas.

The childhood poverty rates in tract 113 have increased since 1990. 25% (62) of children under 5 were below poverty in tract 113 in 2015. 45% (350) of children 5 to 17 were below poverty in tract 113 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the Dallas PMSA/Metro Division and remained comparable to the City of Dallas.

The childhood poverty rates in tract 114.01 have remained high since 1990. 57% (325) of children under 5 were below poverty in tract 114.01 in 2015. 51% (518) of children 5 to 17 were below poverty in tract 114.01 in 2015. The childhood poverty rates over time have exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

Two of the LIHTC projects in tract 114.01 are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC §

11.9(e)(3)(G)(i), reports tracts 112, 113 and 114.01 as consistently unsafe as measured by the Violent Crime Index. Tract 112 ranks 85.93 on the scale of 0 being the most safe and 100 being the least safe. Tract 113 ranks 90.32 and tract 114.01 ranks 94.50.

Illegal Dumping citations

These projects are in Zip Code 75241 which has a significantly higher incidence of 2015 citations for illegal dumping (13.42 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75241 at a 2017 yearly rate that was 24.7 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 112 (37.6), in tract 113 (46.3) and in tract 114.01 (53.8) exceed the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

None of the LIHTC projects are in census tracts with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 112, tract 113, and tract 114.01 are economically distressed areas according to the

U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated both tracts 112 and 114.01 a level 4 distress, the highest level of distress and ranks tract 113 a level 3 distress, the second highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 114.01 per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period. The number and amount of home loans in census tracts 112 and 113 per owner occupied units are lower than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

All three census tracts have Low Access to a supermarket or large grocery store.

Public school data

The public elementary schools serving these census tract are 83% or greater economically disadvantaged Black students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tracts at low levels on its School Proficiency Index.

Other low income assisted rental housing

There are two non-LIHTC HUD assisted rental projects in the two census tracts. There are 1,386 total LIHTC and HUD assisted units in the census tracts.

The number of housing vouchers in tract 112 has increased from 13 in 2000 to 286 in 2016. Many of the vouchers are in the LIHTC project in this tract.

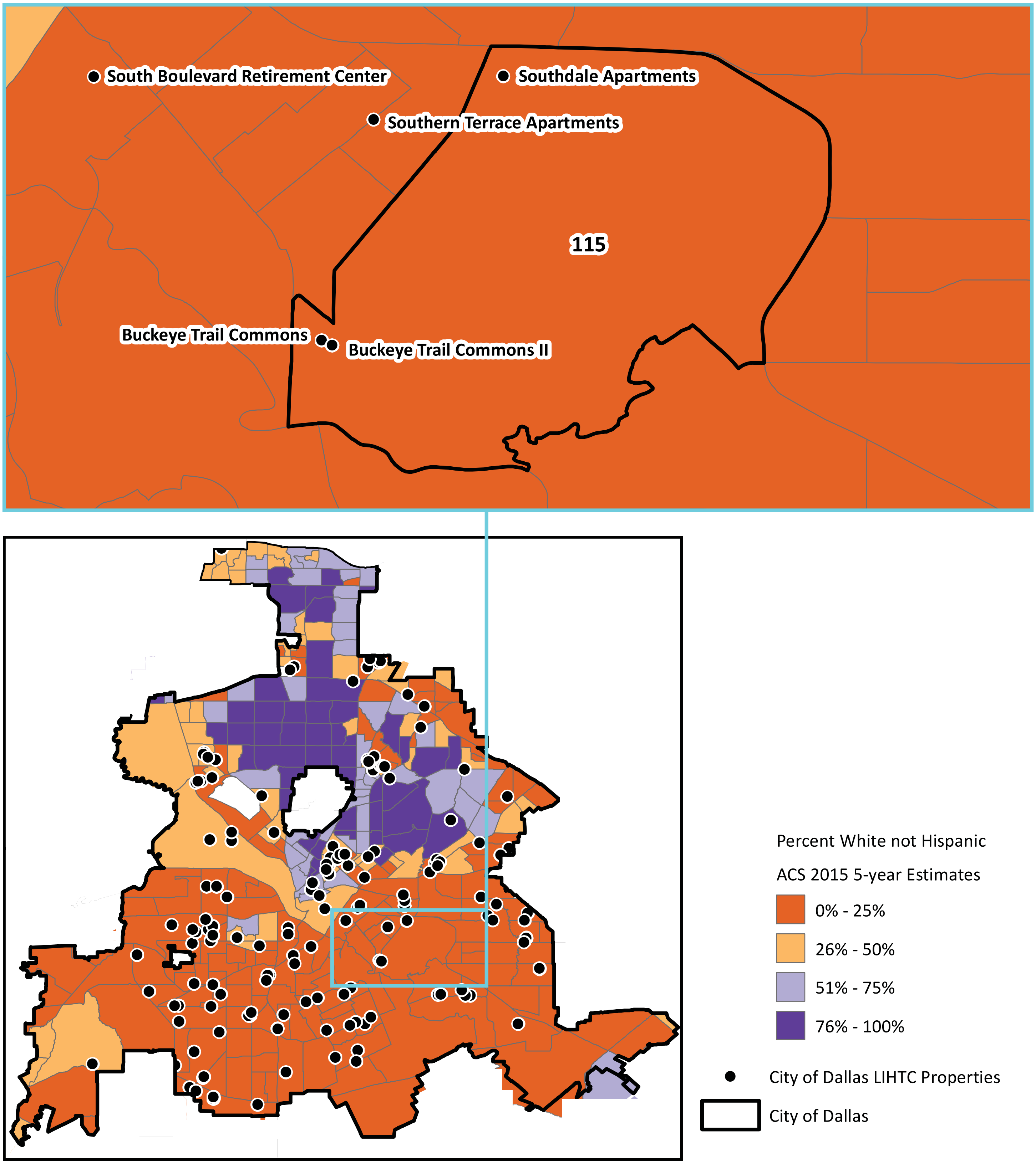
The number of housing vouchers in tract 113 has increased from 32 in 2000 to 126 in 2016. Many of the vouchers are in the LIHTC project in this tract.

The number of housing vouchers in tract 114.01 has increased from 225 in 2000 to 471 in 2016. There were an additional 284 project based vouchers in tract 114.01. Many of the vouchers are in the LIHTC projects in this tract.

The units at these LIHTC projects are and have been 97% or more occupied by Black tenants.

115

City of Dallas Neighborhoods and LIHTCs
Census Tracts 115



Percent White not Hispanic

ACS 2015 5-year Estimates

- 0% - 25%
- 26% - 50%
- 51% - 75%
- 76% - 100%

- City of Dallas LIHTC Properties
- City of Dallas

Census tract 115 in the City of Dallas.

There are three LIHTC projects in this census tract. Two are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Southdale Apartments		115	1992	188
Buckeye Trail Commons	Yes	115	2011	207
Buckeye Trail Commons II	Yes	115	2011	116

Race

Tract 115 was majority Black in the 1990, 2000, and 2010 U.S. Census reports and majority Black and Hispanic in the 2015 U.S. Census report. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 115 has ranged from 75% in 1990 to 44% in 2015. The poverty rates for the tract have exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates for tract 115 have remained high since 1990. 62% (186) of children under 5 were below poverty in tract 115 in 2015. 58% (448) of children 5 to 17 were below poverty in tract 115 in 2015. The childhood poverty rates over time have exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

One of the LIHTC projects, Southdale Apartments in tract 115 is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 115 as consistently unsafe as measured by the Violent Crime Index. The tract ranks 97.83 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

Two of these LIHTC projects are in Zip Code 75215 which has a significantly higher incidence of 2015 citations for illegal dumping (35.03 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

One of these LIHTC projects is in Zip Code 75210 which has a significantly higher incidence of 2015 citations for illegal dumping (30.41 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75215 at a 2017 yearly rate that was 33 times the rate of such movers to Dallas County Majority White Zip Codes.

Registered sex offenders of all races moved to Zip Code 75210 at a 2017 yearly rate that was 24 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue.

Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 115 (32.3) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

All three LIHTC projects are in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 115 is an economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in this census tract per owner occupied units are consistently low since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

The census tract has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving this census tract is 97% or greater economically disadvantaged Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tract at low levels on its School Proficiency Index.

Other low income assisted rental housing

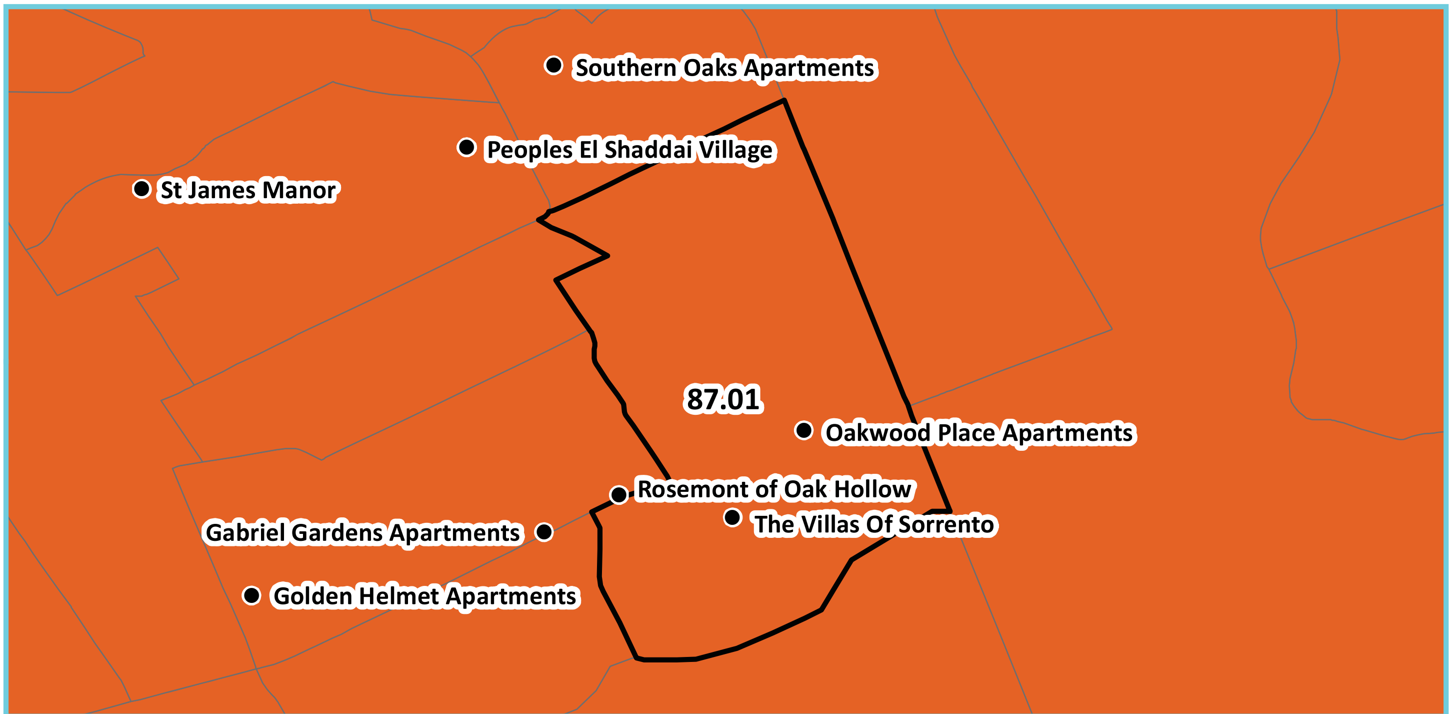
There are 511 total LIHTC assisted units in the census tract. Two of the LIHTC projects, Buckeye Commons and Buckeye Commons II, have public housing units and project based vouchers in their total unit count.

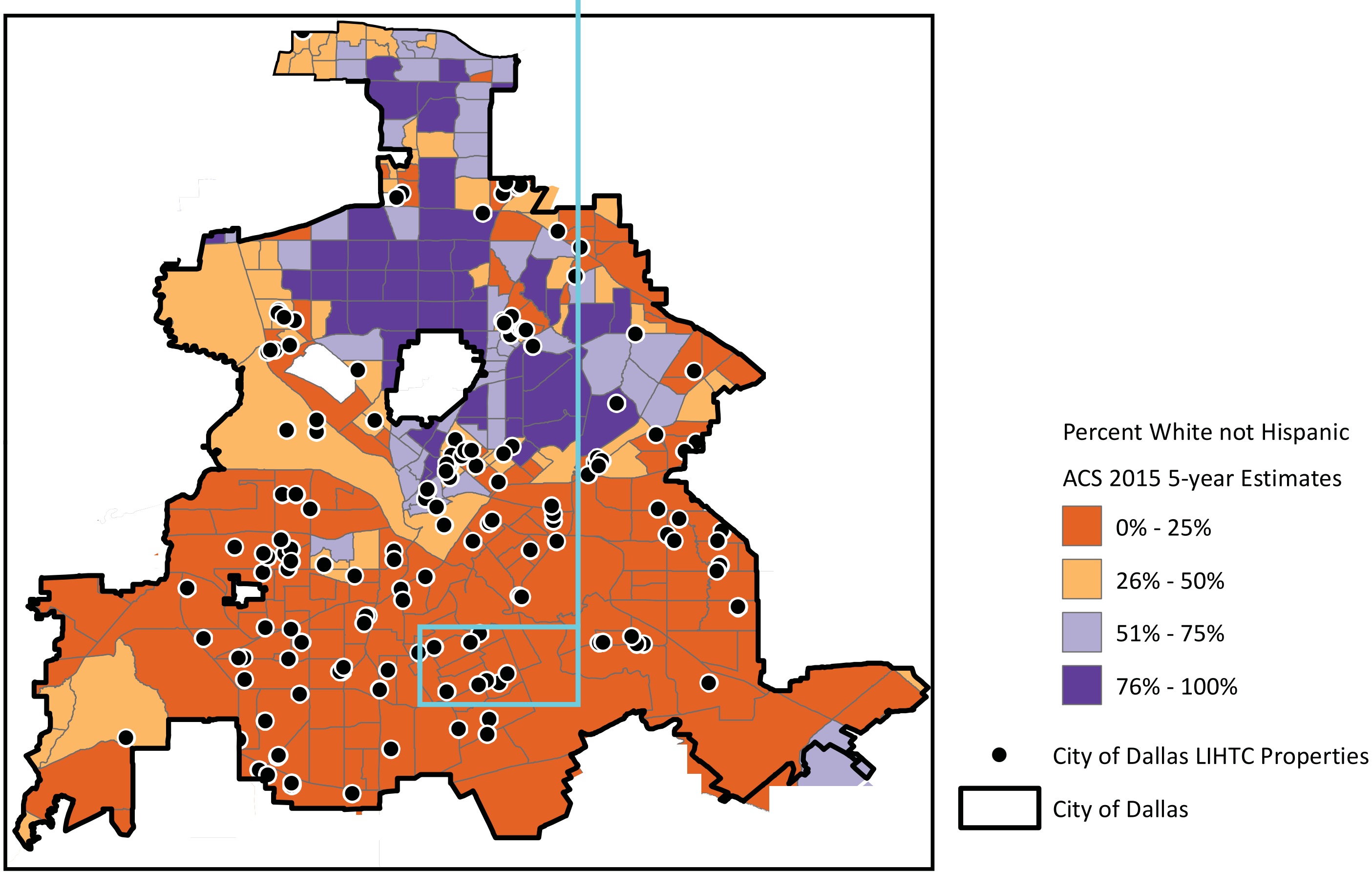
The number of housing vouchers in tract 115 has increased from 48 in 2000 to 211 in 2016. Many of the vouchers are in the LIHTC projects.

The units at the two Buckeye Commons LIHTC projects are and have been 90% or more occupied by Black tenants. The units at the Southdale LIHTC project are and have been 98% or more occupied by Black and Hispanic tenants.

87.01

City of Dallas Neighborhoods and LIHTCs
Census Tract 87.01





Census tract 87.01 in the City of Dallas.

There are two LIHTC projects in this census tracts. Both LIHTC projects are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
The Villas of Sorrento	Yes	87.01	1996	245
Oakwood Place Apartments	Yes	87.01	1999	206

Race

Tract 87.01 was majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 87.01 has ranged from 39% in 1990 to 50% in 2015. The poverty rates for the tract have exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 87.01 have increased since 1990.

70% (335) of children under 5 were below poverty in tract 87.01 in 2015. 56% (554) of children 5 to 17 were below poverty in tract 87.01 in 2015. The childhood poverty rates over time have exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

Both LIHTC projects in tract 87.01 are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 87.01 as consistently unsafe as measured by the Violent Crime Index. The tract ranks 96.86 or higher on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

One LIHTC project is in Zip Code 75216 which has a significantly higher incidence of 2015 citations for illegal dumping (11.95 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

The other LIHTC project is in Zip Code 75241 which has a significantly higher incidence of 2015 citations for illegal dumping (13.42 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75216 at a 2017 yearly rate that was 19 times the rate of such movers to Dallas County Majority White Zip Codes.

Registered sex offenders of all races moved to Zip Code 75241 at a 2017 yearly rate that was 24.7 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 87.01 (41.4) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

Both LIHTC projects are in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 87.01 is an economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in this census tract per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

The census tract has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the LIHTC projects in this census tract are 86% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 4, on its School Proficiency Index.

Other low income assisted rental housing

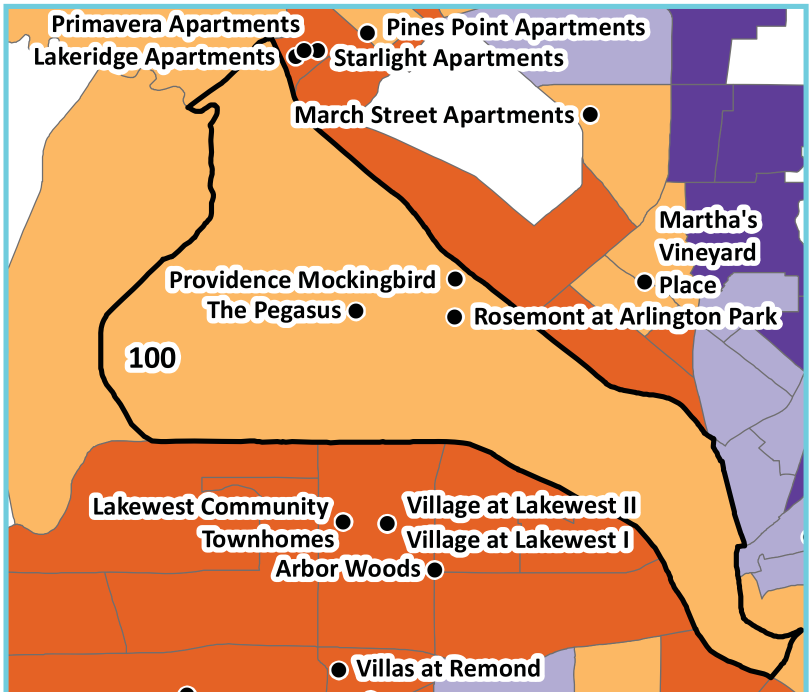
There are two non-LIHTC HUD assisted rental projects in the two census tract. There are 837 total LIHTC and HUD assisted units in the census tracts.

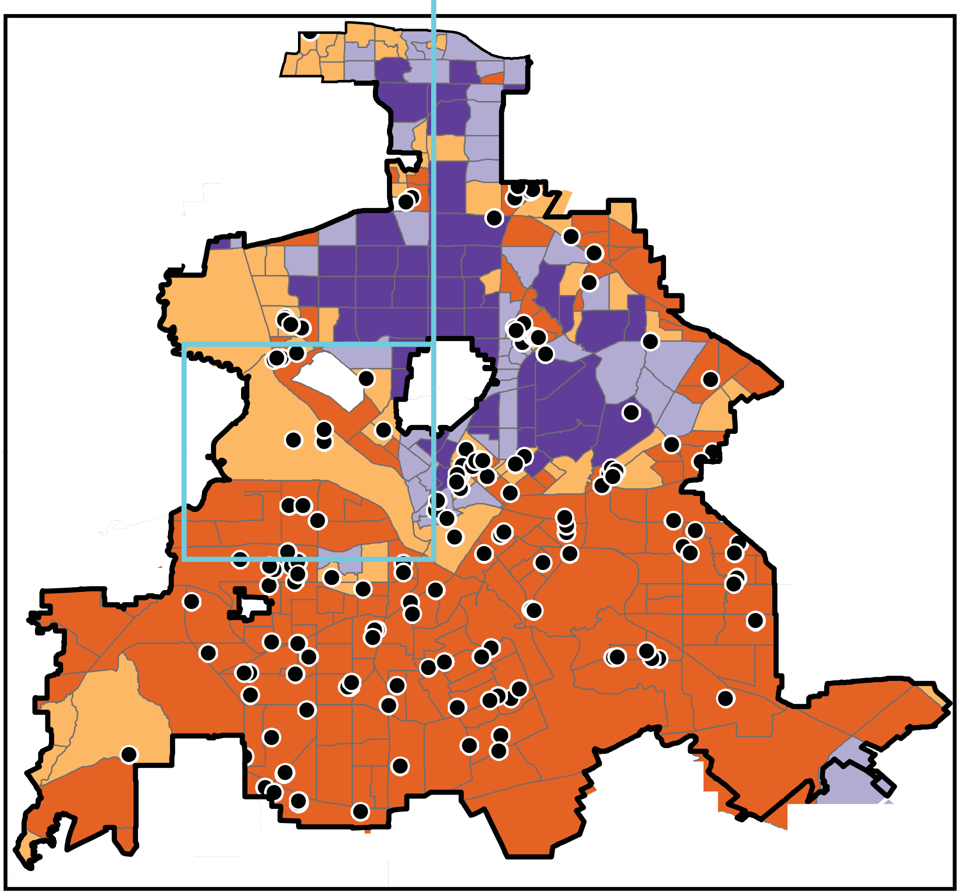
The number of housing vouchers in tract 87.01 has increased from 213 in 2000 to 256 in 2016. There were an additional 161 project based vouchers in tract 87.01. Many of the vouchers are in the LIHTC projects.

The units at the Villas of Sorrento LIHTC project are and have been 90% or more occupied by Black tenants. The units at the Oakwood Place LIHTC project are and have 99% or more occupied by a combined Black tenant and Hispanic tenant population.

100

City of Dallas Neighborhoods and LIHTCs
Census Tract 100





Percent White not Hispanic

ACS 2015 5-year Estimates

0% - 25%

26% - 50%

51% - 75%

76% - 100%

City of Dallas LIHTC Properties

City of Dallas

Census tract 100 in the City of Dallas.

There are three LIHTC projects in this census tract. Two of the LIHTC projects are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Rosemont at Arlington Park	Yes	100	2000	100
The Pegasus (Pegasus Villas Senior Living on Multifamily database)		100	2003	156
Providence Mockingbird	Yes	100	2005	251

Race

Tract 100 was majority Black in the 1990 and 2010 2015 U.S. Census reports. The tract was predominantly Black and Hispanic in the 200 and 2015 U.S. Census reports. The tract has a higher percentage of Black population or of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 100 has ranged from 24% in 1990 to 28% in 2015 and it was 43% in 2000. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

32% (29) of children under 5 were below poverty in tract 100 in 2015. 45% (207) of children 5 to 17 were below poverty in tract 100 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas

PMSA/Metro Division at times from 1990 to 2015.

Crime

One of the LIHTC projects, The Pegasus in tract 100 is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 100 as consistently unsafe as measured by the Violent Crime Index. The tract ranks 81.63 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

One of the LIHTC projects is in Zip Code 75247 which has a significantly higher incidence of 2015 citations for illegal dumping (17.49 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Two of these projects are in Zip Code 75235 which has a higher incidence of 2015 citations for illegal dumping (2.70 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75247 at a 2017 yearly rate that was nearly 200 times the rate of such movers to Dallas County Majority White Zip Codes.

Registered sex offenders of all races moved to Zip Code 75235 at a 2017 yearly rate that was 3.7 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 100 (13.9) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

All three LIHTC projects are in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 100 is an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in this census tract per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

The census tract has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the LIHTC projects in this census tract is 94% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 10, on its School Proficiency Index.

Other low income assisted rental housing

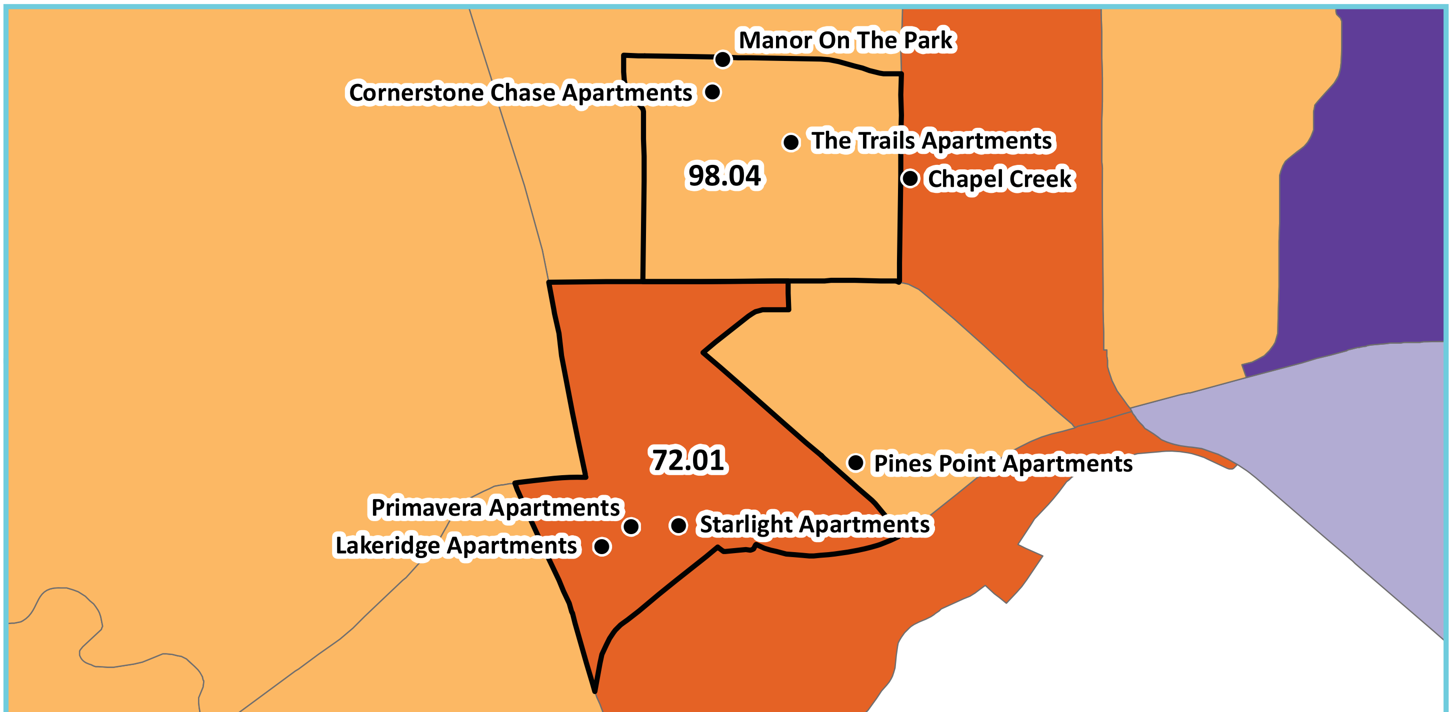
There are 507 total LIHTC assisted units in the census tract.

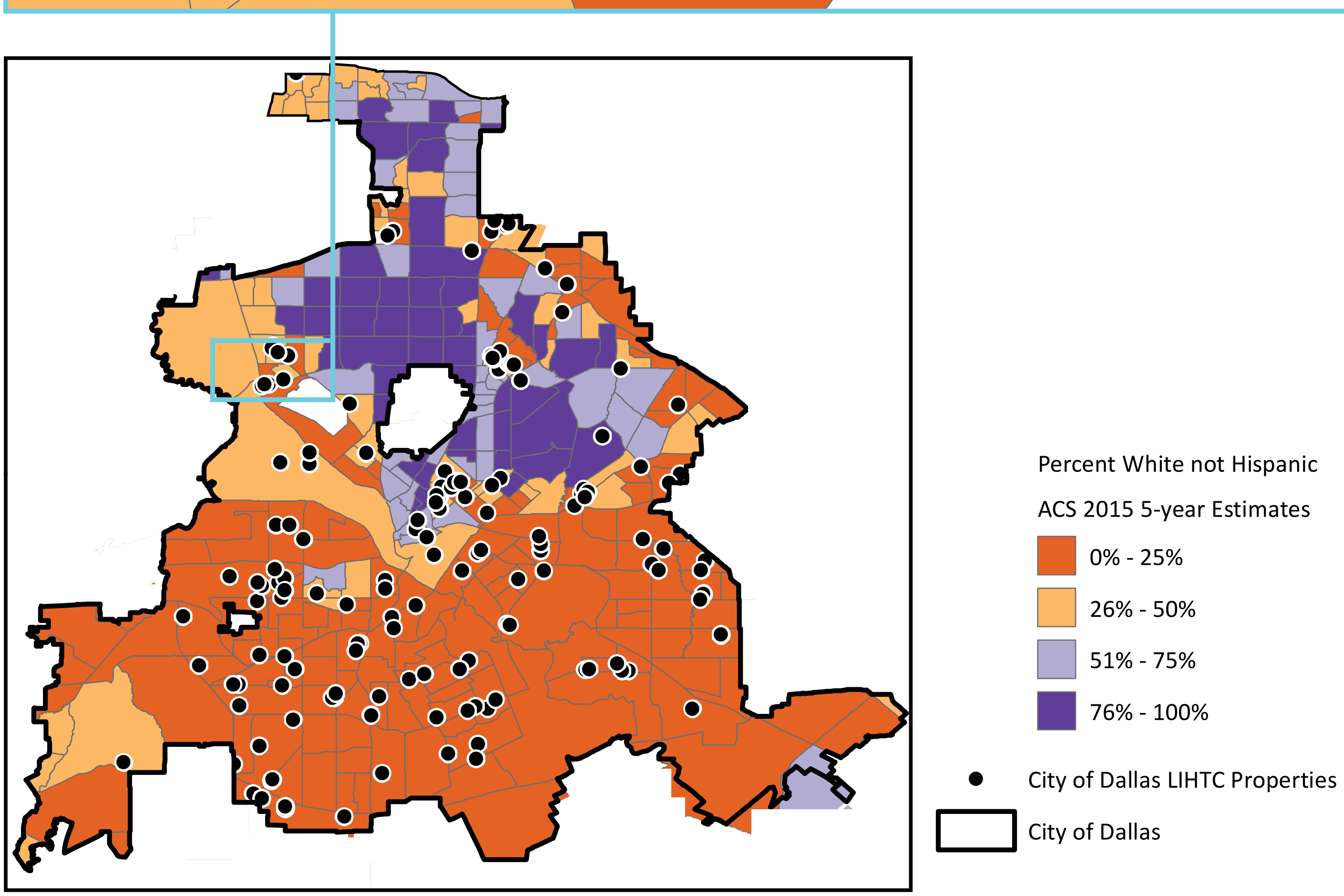
The number of housing vouchers in tract 100 has increased from 6 in 2000 to 174 in 2016. Many of the vouchers are in the LIHTC projects.

The units at the one general LIHTC project and the other general/elderly LIHTC project are and have been 90% or more occupied by Black and Hispanic tenants. The units at the elderly LIHTC project, the Pegasus, are and have been occupied by a majority non-Black and non-Hispanic tenant population.

98.04, 72.01

City of Dallas Neighborhoods and LIHTCs
Census Tracts 98.04 and 72.01





Census tracts 98.04 and 72.01 in the City of Dallas.

There are six LIHTC projects in these two census tracts.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Manor On The Park (Stone Manor Apartments)		98.04	1990	108
Cornerstone Chase Apartments		98.04	1992	165
The Trails Apartments (Spanish Creek Apartments)		98.04	1993	302
Lakeridge Apartments		72.01	1991	66
Starlight Apartments (Cornerstone Apartments Phase II)		72.01	1992	71
Primavera Apartments (Cornerstone Apartments Phase I)		72.01	1993	137

Race

Tract 98.04 was predominantly Black and Hispanic in the 1990 U.S. Census Report and predominantly Hispanic in the 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 72.01 was majority Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 98.04 has ranged from 17% in 1990 to 39% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The poverty rate for tract 72.01 has ranged from 26% in 1990 to 30% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 98.04 have increased since 1990.

57% (467) of children under 5 were below poverty in tract 98.04 in 2015. 54% (1,130) of children 5 to 17 were below poverty in tract 98.04 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The childhood poverty rates in tract 72.01 have increased since 1990.

45% (382) of children under 5 were below poverty in tract 72.01 in 2015. 39% (747) of children 5 to 17 were below poverty in tract 72.01 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

All six LIHTC projects in tracts 98.04 and 72.01 are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 98.04 and 72.01 are consistently unsafe as measured by the Violent Crime Index. Tract 98.04 ranks 89.5 on the scale of 0 being the most safe and 100 being the least safe. Tract 72.01 ranks 84.24.

Illegal Dumping citations

These projects are in Zip Code 75220 which does not have a higher incidence of 2015 citations for illegal dumping (1.55 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16).

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75220 at a 2017 yearly rate that was 2.8 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9.

These LIHTC projects are not located in Southern Dallas. The rate of loose and roaming dog cases per 1,000 persons in tract 98.04 (1.2) does not exceed the rate in majority White non-Hispanic census tracts (4.6). The rate of loose and roaming dog cases per 1,000 persons in tract 72.01 (6.2) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

Three of the LIHTC projects are in a census tract (72.01) with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Both tract 98.04 and tract 72.01 are economically distressed areas according to the U.S.

Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated both tracts a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in both census tracts per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Both census tracts have Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 72.01 is 90% or greater economically disadvantaged Hispanic students.

Other low income assisted rental housing

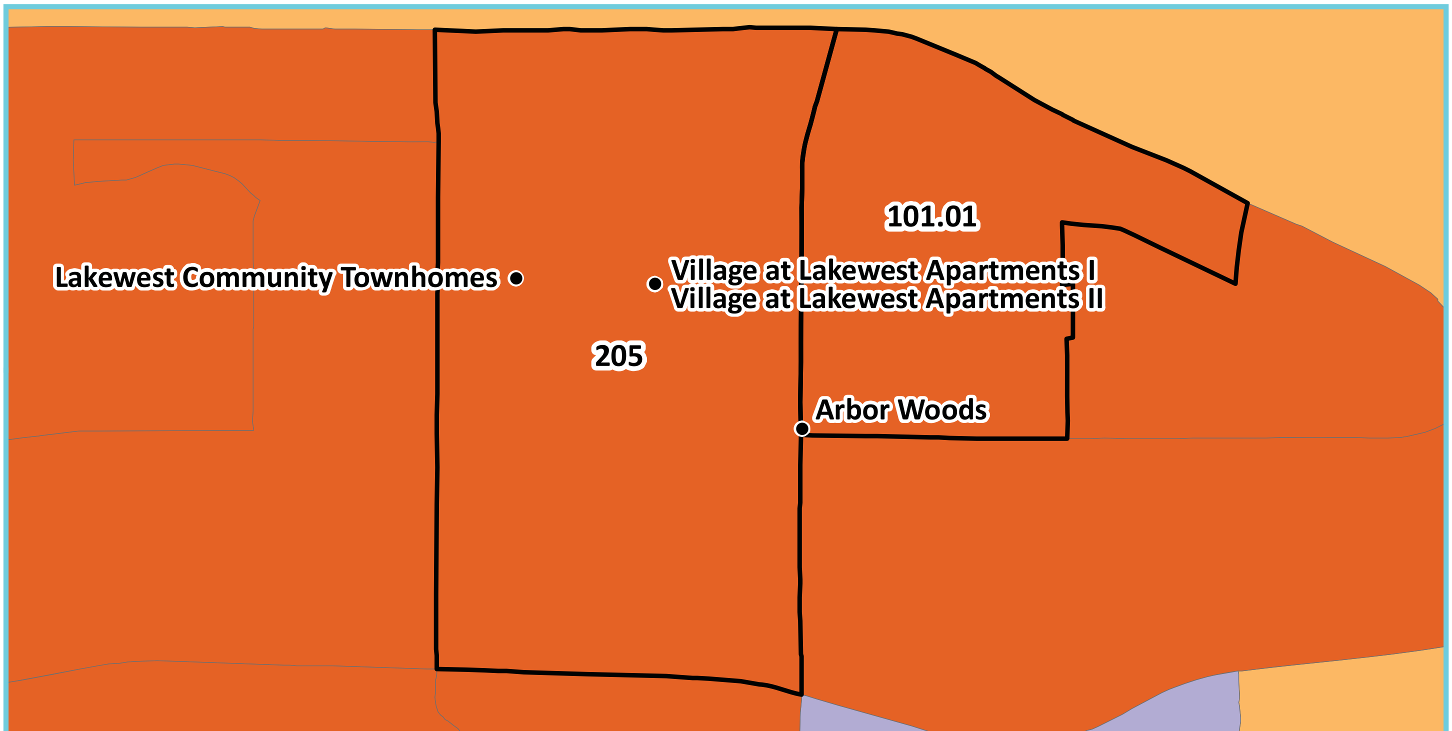
There are 849 total LIHTC assisted units in the census tracts.

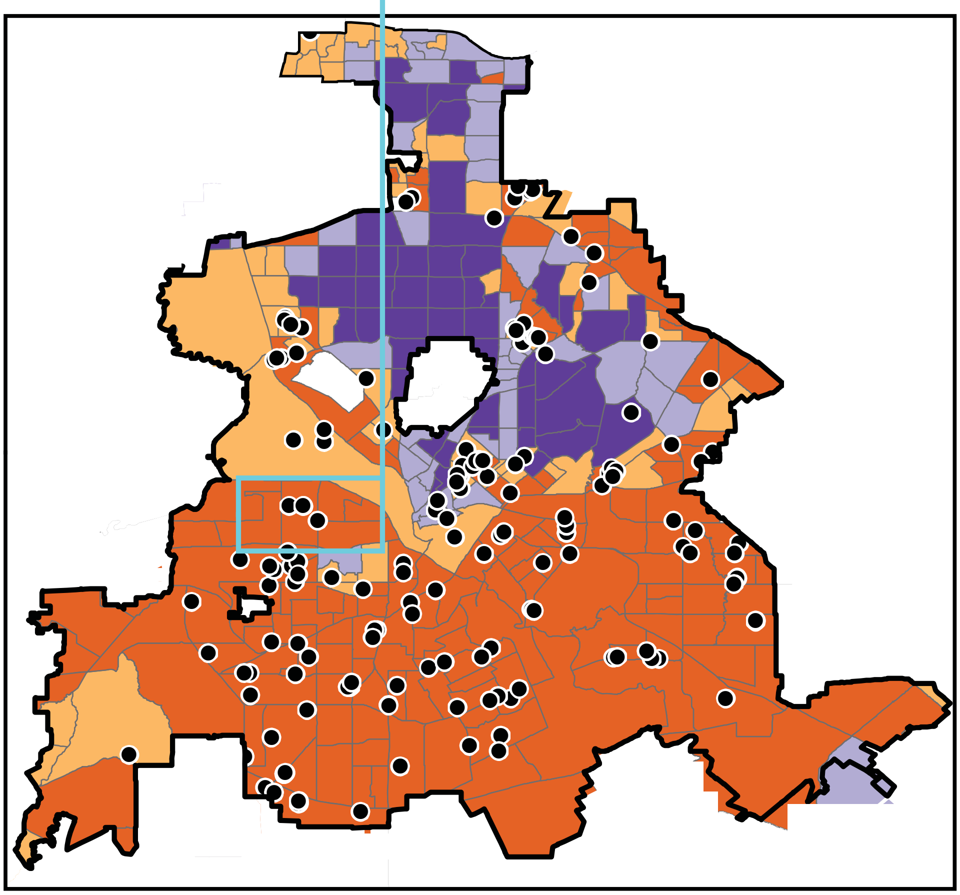
The number of housing vouchers in tract 98.04 has ranged from 45 in 2000 to 13 in 2016. The number of housing vouchers in tract 72.01 has ranged from 57 in 2000 to 17 in 2016. Some of the vouchers are in the LIHTC projects.

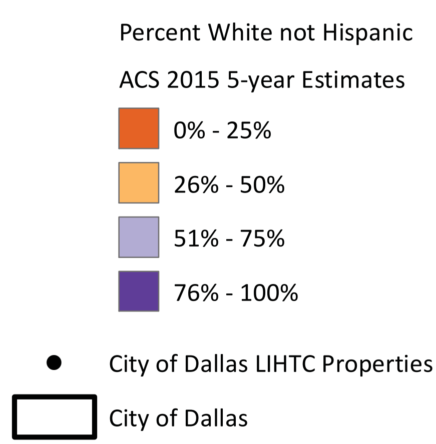
The units at the six LIHTC projects are and have been occupied by 90% or more by Hispanic tenants.

West Dallas

City of Dallas Neighborhoods and LIHTCs
West Dallas







West Dallas area, census tracts 101.01 and 205 in the City of Dallas.

There are four LIHTC projects in these two adjoining census tracts. Two, non-elderly projects, are National Bank investments. Lakewest Community Townhomes is also a public housing project.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Arbor Woods (Rosemont at Lakewest	Yes	101.01	2003	151
Lakewest Community Townhomes (Lakeview Townhomes)	Yes	205	2000	152
Village at Lakewest Apartments I		205	2008	180
Village at Lakewest Apartments II		205	2008	180

Race

Tract 101.01 was majority Black in the 1990 and 2000 U.S. Census. Tract 101.01 was a majority Minority (Black and Hispanic) in the 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 205 was predominantly Black and Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 101.01 has ranged from 44% in 1990 to 32% in 2015.

The poverty rate for tract 205 has ranged from 68% in 1990 to 57% in 2015.

The poverty rates for both tracts generally exceed the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

53% (267) of children under 5 were below poverty in tract 101.01 in 2015. 30% (269) of children 5 to 17 were below poverty in tract 101.01 in 2015. The childhood poverty rates have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

76% (322) of children under 5 were below poverty in tract 205 in 2015. 67% (994) of children 5 to 17 were below poverty in tract 205 in 2015. The childhood poverty rates have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 101.01 and 205 are consistently unsafe as measured by the Violent Crime Index. Both tracts rank 88 or higher on the scale of 0 being the most safe and 100 being the least safe. Tract 205 has a rank of 97.

Illegal Dumping citations

These projects are in Zip Code 75212 which has a significantly higher incidence of 2015 citations for illegal dumping (17.24 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races move to Zip Code 75212 at yearly rates that are 9 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 101.01 (43.3) and in tract 205 (25.1) exceed the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

All four LIHTC projects are in census tracts with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Both tract 101.01and tract 205 are economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated both tracts a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 101.01 per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans in census tract 205 per owner occupied units are consistently few. There were 5 loans in 2000, 0 loans in 2010 and 10 loans in 2015.

The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Census tract 205 has Low Access to a supermarket or large grocery store.

Public school data

The public elementary schools serving each census tract are 90% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tracts at low levels on its School Proficiency Index, except for Arbor Woods.

Other low income assisted rental housing

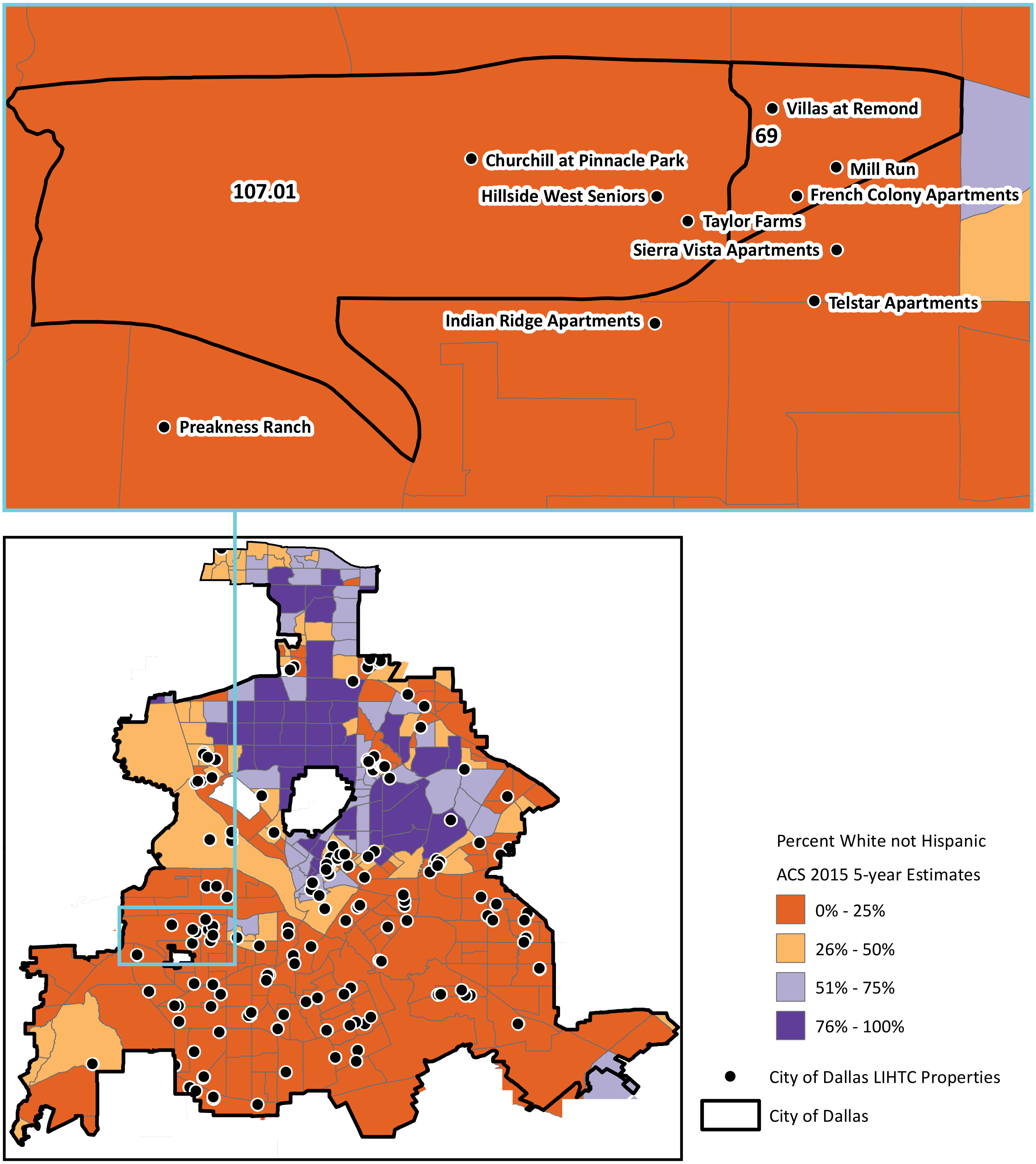
There are four other public housing projects in census tract 205. There is a HUD assisted rental project in census tract 205. There are 1,351 total LIHTC, public housing, and HUD assisted units in the census tracts.

The number of housing vouchers in both tracts combined has increased from 10 in 2000 to 406 in 2016. Many of the vouchers are in the LIHTC projects.

The units at the LIHTC projects are and have been predominantly occupied by Black tenants.

107.01, 69

City of Dallas Neighborhoods and LIHTCs
Census Tracts 107.01 and 69



Census tracts 107.01 and 69 in the City of Dallas.

There are five LIHTC projects in these two census tracts. Two of the five are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Churchill at Pinnacle Park		107.01	2004	200
Taylor Farms	Yes	107.01	2009	160
Mill Run		69	1991	112
Villas at Remond		69	1998	131
Hillside West Apartments	Yes	107.01	2010	130

Race

Tract 107.01 was majority Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 69 was predominantly Black and Hispanic in the 1990 U.S. Census report and predominantly Hispanic in the 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 107.01 has ranged from 22% in 1990 to 29% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The poverty rate for tract 69 has ranged from 32% in 1990 to 53% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 107.01 have increased since 1990.

68% (349) of children under 5 were below poverty in tract 107.01 in 2015. 40% (445) of children 5 to 17 were below poverty in tract 107.01 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The childhood poverty rates in tract 69 have increased since 1990.

73% (310) of children under 5 were below poverty in tract 69 in 2015. 72% (534) of children 5 to 17 were below poverty in tract 69 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

One LIHTC project, Churchill at Pinnacle Park, in tract 107.01 is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area another one is located immediately adjacent to a Crime Hot Spot.

All of the LIHTC projects in tract 69 are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 107.01 and 69 are consistently unsafe as measured by the Violent

Crime Index. Tract 107.01 ranks 85.61 and tract 69 ranks 97.30 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75211 which has a higher incidence of 2015 citations for illegal dumping (3.3 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75211 at a 2017 yearly rate that was 4 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 107.01 (36.4) and in tract 69 (15.9) exceed the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

All five LIHTC projects are in census tracts with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Both tract 107.01 and tract 69 are economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated both tracts a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in both census tracts per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Both census tracts have Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary schools serving each census tract are 87% or greater economically disadvantaged Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving census tract 69 at a low level, 3, on its School Proficiency Index and ranks the elementary school serving 107.01 at a low level, 18.

Other low income assisted rental housing

There are two non-LIHTC HUD assisted rental projects and one public housing project in the two census tracts. There are 1,045 total LIHTC, HUD assisted, and public housing units in the census tracts.

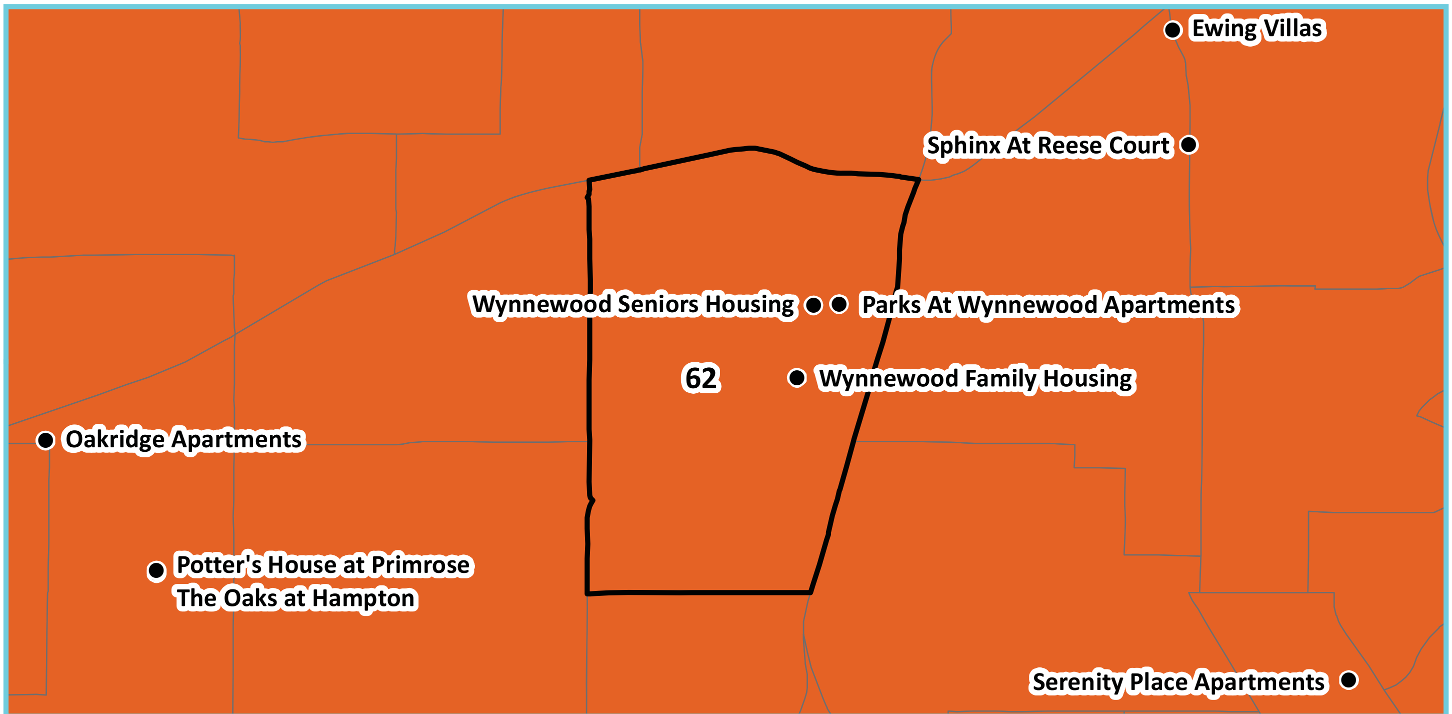
The number of housing vouchers in tract 107.01 has increased from 0 in 2000 to 95 in 2016. The number of housing vouchers in tract 69 has increased from 37 in 2000 to 76 in 2016.

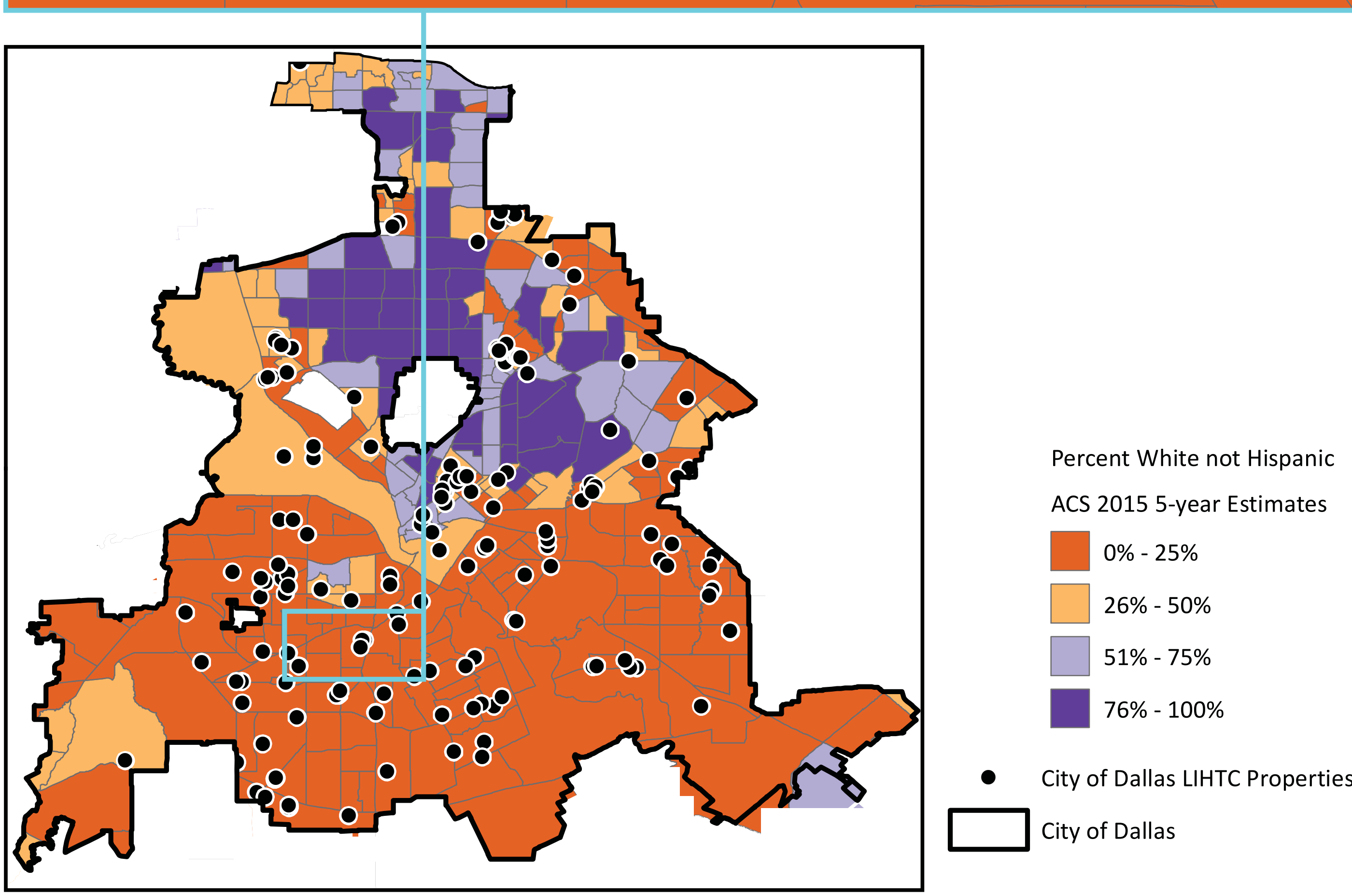
Many of the vouchers are in the LIHTC projects.

The units at Villas at Remond LIHTC project are and have been predominantly occupied by Black tenants. The units at the Taylor Farms, Churchill at Pinnacle Place, and Mill Run LIHTC projects are and have been occupied by a majority Hispanic tenant population. The units at Hillside West Seniors LIHTC project are predominantly occupied by a combined Black and Hispanic tenant population.

62

City of Dallas Neighborhoods and LIHTCs
Census Tract 62





Census tract 62 in the City of Dallas.

There are three LIHTC projects in this census tract. All three are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Parks At Wynnewood Apartments, The	Yes	62	1995	172
Wynnewood Seniors Housing	Yes	62	2010	140
HighPoint Family Living (Wynnewood Family Housing)	Yes	62	2013	160

Race

Tract 62 was predominantly Black and Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 62 has ranged from 20% in 1990 to 34% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 62 have increased since 1990. 49% (266) of children under 5 were below poverty in tract 62 in 2015. 43% (753) of children 5 to 17 were below poverty in tract 62 in 2015. The childhood poverty rates over time have generally exceed the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 62 as consistently unsafe as measured by the Violent Crime Index. Tract 62 ranks 87.53 or higher on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75224 which has a higher incidence of 2015 citations for illegal dumping (4.96 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75224 at a 2017 yearly rate that was 6 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 62 (29.3) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

All three LIHTC projects are in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress

Index

Tract 62 is an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 62 per owner occupied units is lower than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

The census tract has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the census tract is 90% or greater economically disadvantaged Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tract at low levels on its School Proficiency Index.

Other low income assisted rental housing

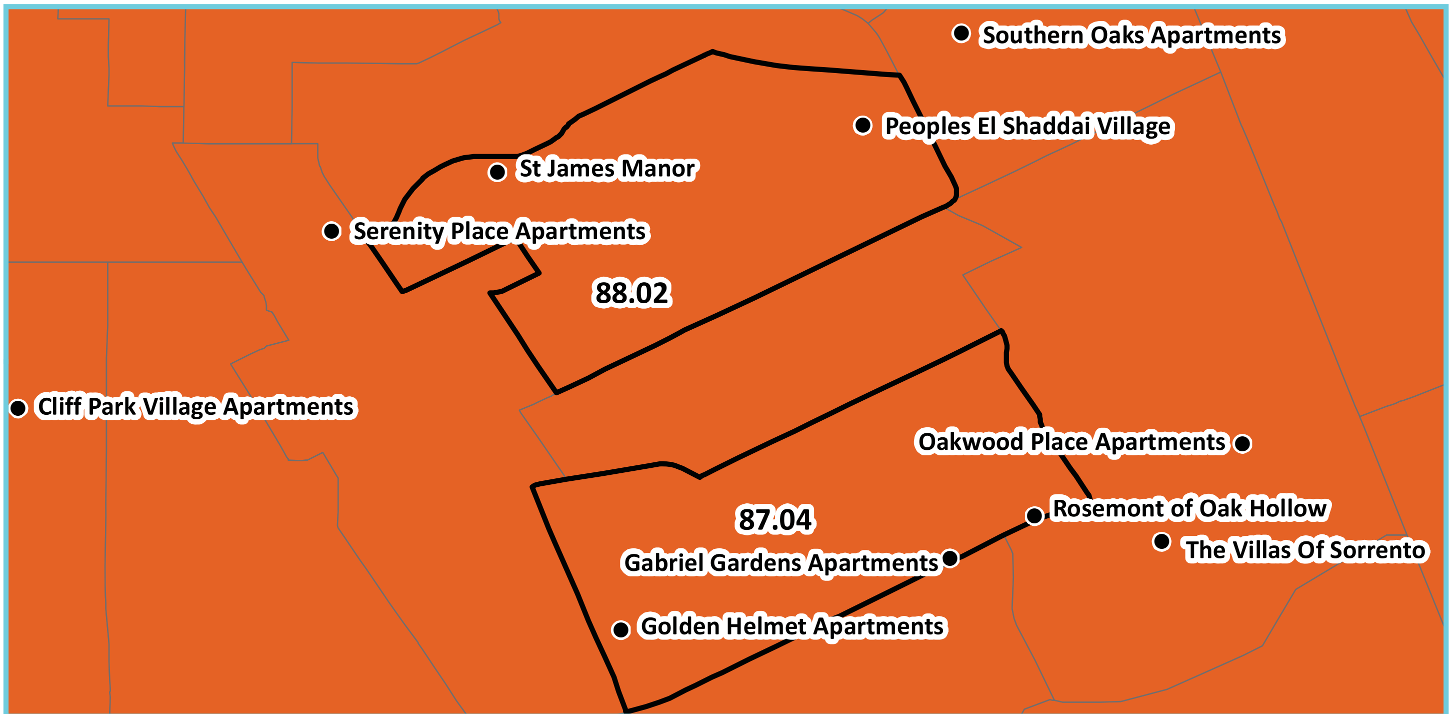
There is a discrepancy in the total number of LIHTC projects in the census tract. There is a total of 596 LIHTC assisted units in the census tract according to the TDHCA 2015 Housing Sponsor Report. The TDHCA inventory states that there are 472 LIHTC units in these three projects. One of the LIHTC projects is also a HUD assisted project.

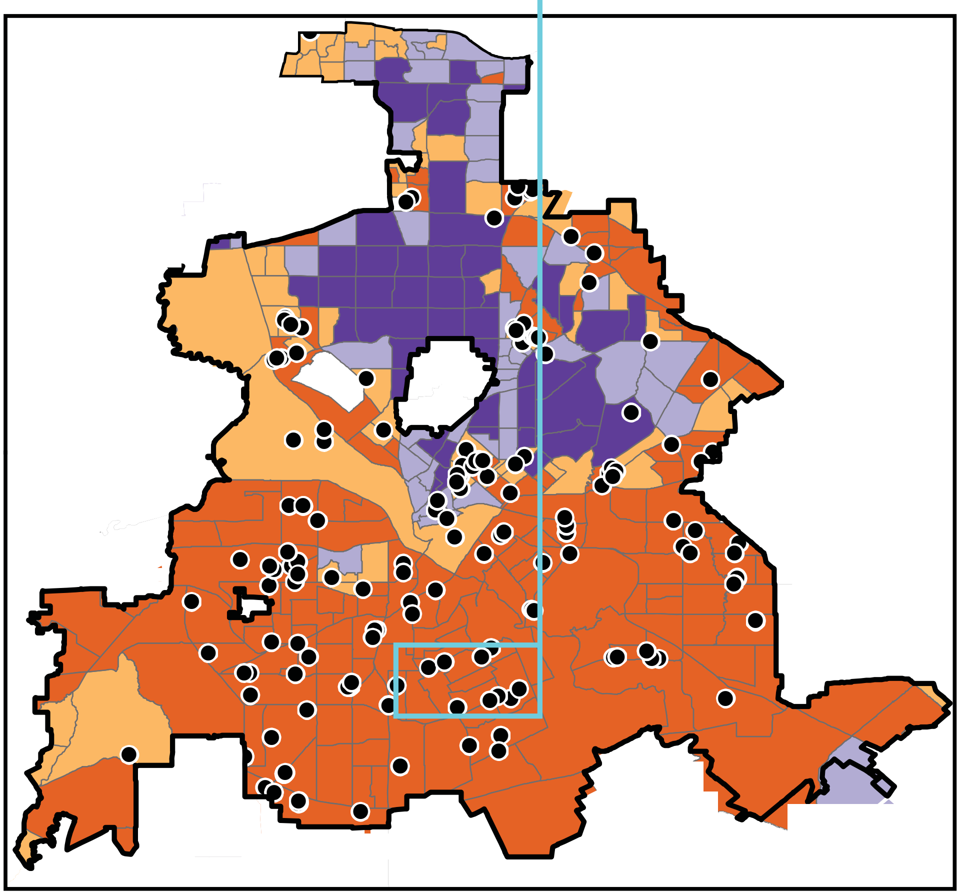
The number of housing vouchers in tract 62 has ranged from 145 in 2000 to 109 in 2016. There were an additional 88 project based vouchers in tract 62. Many of the vouchers are in the LIHTC projects. For example, TDHCA's 2015 Housing Sponsor Report Parks at Wynnewood shows 213 units with government assistance including Section 8 vouchers.

The units at the LIHTC projects for which TDHCA has reported data are and have been 87% or more occupied by Black tenants.

87.04, 88.02

City of Dallas Neighborhoods and LIHTCs
Census Tracts 87.04 and 88.02





Percent White not Hispanic

ACS 2015 5-year Estimates

0% - 25%

26% - 50%

51% - 75%

76% - 100%

City of Dallas LIHTC Properties

City of Dallas

Census tracts 87.04 and 88.02 in the City of Dallas.

There are three LIHTC projects in these two census tracts. All three of the LIHTC projects are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory and HUD lihtc 8 11 2017)	Units
Rosemont of Oak Hollow	Yes	87.04	2001	153
Peoples El Shaddai Village	Yes	88.02	1987, 2016	100
Saint James Manor	Yes	88.02	1987, 2016	100

Race

Tract 87.04 was majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 88.02 was predominantly Black in the 1990, 2000, 2010 U.S. Census reports, and predominantly Black and Hispanic in the 2015 U.S. Census report. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 87.04 has ranged from 39% in 1990 to 40% in 2015. The poverty rates for the tract have exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The poverty rate for tract 88.02 has ranged from 35% in 1990 to 52% in 2015. The poverty rates for the tract have exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 87.04 have remained high since 1990. 48% (121) of children under 5 were below poverty in tract 87.04 in 2015. 45% (273) of children 5 to 17 were below poverty in tract 87.04 in 2015. The childhood poverty rates over time have exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The childhood poverty rates in tract 88.02 have increased since 1990. 58% (294) of children under 5 were below poverty in tract 88.02 in 2015. 65% (981) of children 5 to 17 were below poverty in tract 88.02 in 2015. The childhood poverty rates over time have exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

All three LIHTC projects in tract 87.04 and tract 88.02 are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 87.04 and 88.02 are consistently unsafe as measured by the Violent Crime Index. Tract 87.04 ranks 99.28 on the scale of 0 being the most safe and 100 being the least safe. Tract 88.02 ranks 96.75.

Illegal Dumping citations

These projects are in Zip Code 75216 which has a significantly higher incidence of 2015 citations for illegal dumping (11.95 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75216 at a 2017 yearly rate that was 19 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 87.04 (46.4) and in tract 88.02 (44.2) exceed the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

None of the LIHTC projects are in census tracts with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Both tract 87.04 and tract 88.02 are economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated both tracts a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's

Handbook, 2010, page 1, 2.

The number and amount of home loans in both census tracts per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Census tract 87.04 has Adequate Access to a supermarket or large grocery store.

Census tract 88.02 has Low Access to a supermarket or large grocery store.

Public school data

The public elementary schools serving each census tract are 87% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tracts at low levels on its School Proficiency Index.

Other low income assisted rental housing

There is one non-LIHTC HUD assisted rental projects in the two census tracts. There are 501 total LIHTC and HUD assisted units in the census tracts.

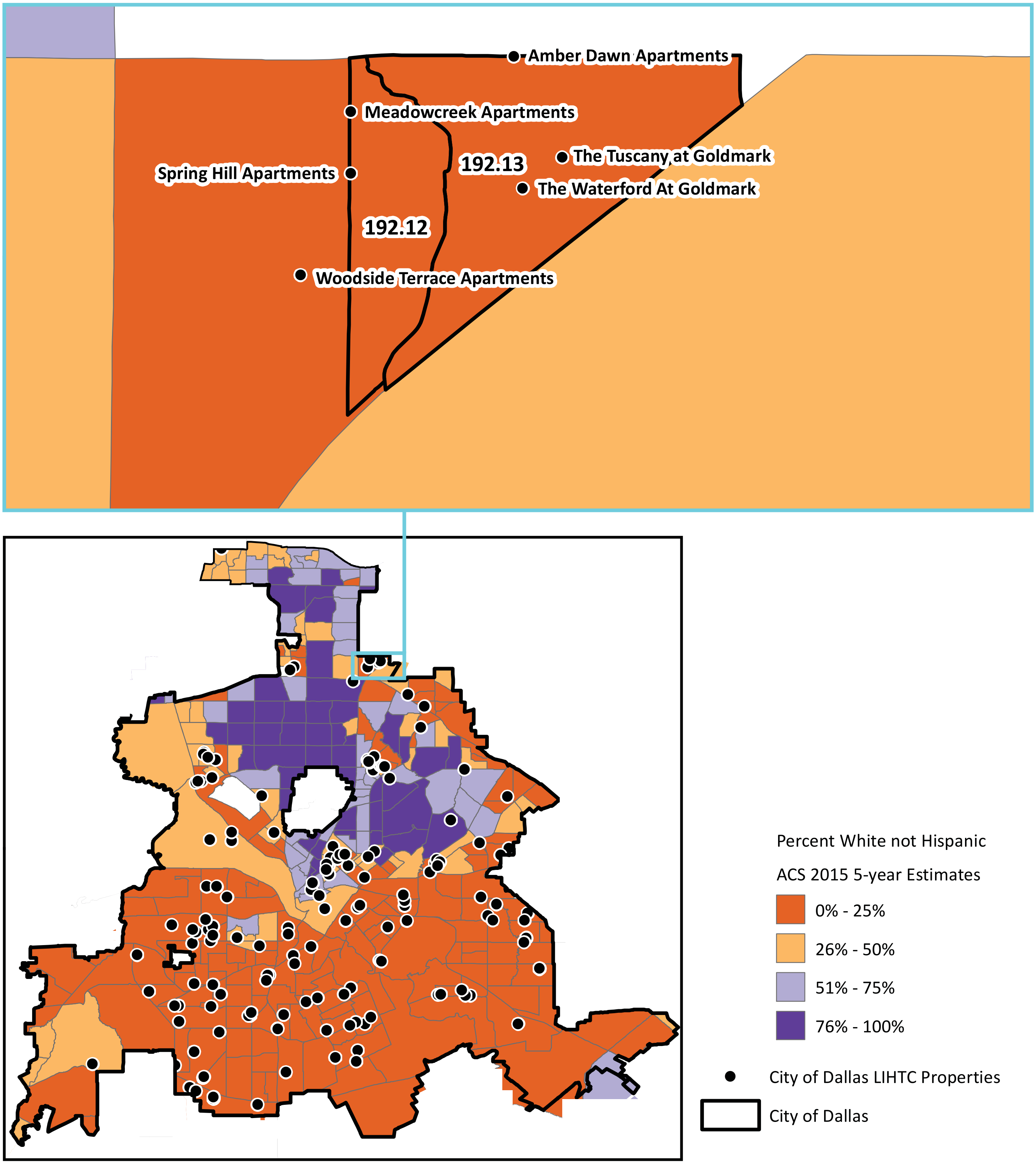
The number of housing vouchers in tract 87.04 has increased from 87 in 2000 to 174 in 2016. Many of the vouchers are in the LIHTC project in this tract.

The number of housing vouchers in tract 88.02 has ranged from 105 in 2000 to 50 in 2016. There were an additional 193 project based vouchers in tract 88.02. Many of the project based vouchers are in the two LIHTC projects in this tract.

The units at the LIHTC project in census tract 87.04 are and have been 90% or more occupied by Black tenants. There is no occupancy data reported for Peoples EL Shaddai or Saint James Manor LIHTC projects.

192.12, 192.13

City of Dallas Neighborhoods and LIHTCs
Census Tracts 192.12 and 192.13



Census tracts 192.12 and 192.13 in the City of Dallas.

There are four LIHTC projects in these two census tracts. None of the four are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Spring Hill Apartments (The Thread Apartments)		192.12	1990	248
Amber Dawn Apartments (fka Amber Tree)		192.13	1993	157
The Waterford At Goldmark		192.13	1995	220
The Tuscany at Goldmark		192.13	1997	184

Race

Tract 192.12 was majority Hispanic in the 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 192.13 was predominantly Black and Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 192.12 has ranged from 20% in 1990 to 52% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The poverty rate for tract 78.18 has ranged from 21% in 1990 to 51% in 2010 to 48% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

46% (220) of children under 5 were below poverty in tract 192.12 in 2015. 78% (1162) of children 5 to 17 were below poverty in tract 192.12 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

57% (154) of children under 5 were below poverty in tract 192.13 in 2015. 81% (472) of children 5 to 17 were below poverty in tract 192.13 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

Both tracts are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 192.12 and 192.13 are increasingly unsafe as measured by the Violent Crime Index. Tract 192.12 has a current rank of 89 and tract 192.13 has a current rank of 90 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75240 which has a lower incidence of 2015 citations for illegal dumping (0.90 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75231 at a 2017 yearly rate that was three times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. Neither tract is in Southern Dallas.

Industrial zoning

Neither census tract has areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Both tract 192.12 and tract 192.13 are economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area eligibility designations. The 2010 Distress Index rated both tracts as level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 192.13 per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period. Tract 192.12 is not included in the HMDA data.

Food Deserts

Both census tracts have Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving each census tract is 97% or greater economically disadvantaged Hispanic students. .

Other low income assisted rental housing

There are no non-LIHTC HUD assisted rental projects in the two census tracts for which ICP could find data. There were 809 total LIHTC assisted units in the census tracts.

There were 7 housing vouchers in tract 192.12.

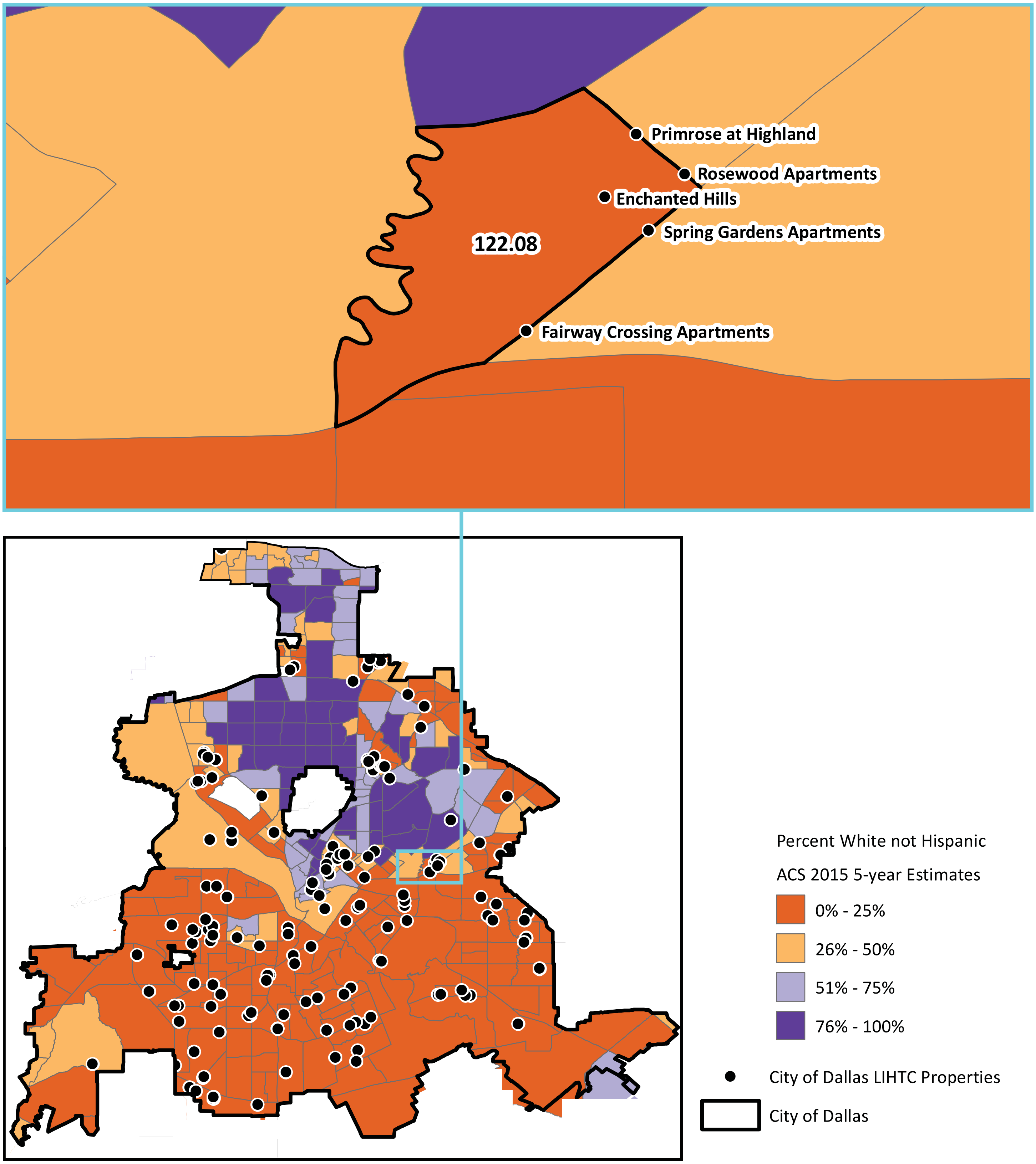
The number of housing vouchers in tract 192.13 has increased from 206 in the 2000 predecessor tract 192.09 to 242 in tract 192.13 in 2016.

Many of the vouchers are located in the LIHTC projects.

The units at two of the LIHTC projects are and have been 90% or more occupied by Black or Hispanic tenants.

122.08

City of Dallas Neighborhoods and LIHTCs
Census Tract 122.08



Census tract 122.08 in the City of Dallas.

There are three LIHTC projects in this census tract. Two of the LIHTC projects are National Bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Enchanted Hills	Yes	122.08	1995	229
Primrose at Highland (Primrose at Highland Meadows)		122.08	2004	150
Fairway Crossing Apartments (White Rock Hills Townhomes)	Yes	122.08	2007	310

Race

Tract 122.08 was majority Black in the 1990 U.S. Census report and predominantly Hispanic and Black in the 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Hispanic and Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 122.08 has ranged from 26% in 1990 to 43% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 122.08 have increased since 1990. 71% (252) of children under 5 were below poverty in tract 122.08 in 2015. 63% (439) of children 5 to 17 were below poverty in tract 122.08 in 2015. The childhood poverty rates over time have exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

All three LIHTC projects in tract 122.08 are located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 122.08 as consistently unsafe as measured by the Violent Crime Index. The tract ranks 97.15 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75228 which has a higher incidence of 2015 citations for illegal dumping (2.31 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75228 at a 2017 yearly rate that was 5.5 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9.

This tract is not in Southern Dallas. The rate of loose and roaming dog cases per 1,000 persons in tract 122.08 (6.1) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

All three LIHTC projects are in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 122.08 is an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in the census tract per owner occupied units are consistently low and have declined to zero since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

The census tract has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the census tract is 89% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 2, on its School Proficiency Index.

Other low income assisted rental housing

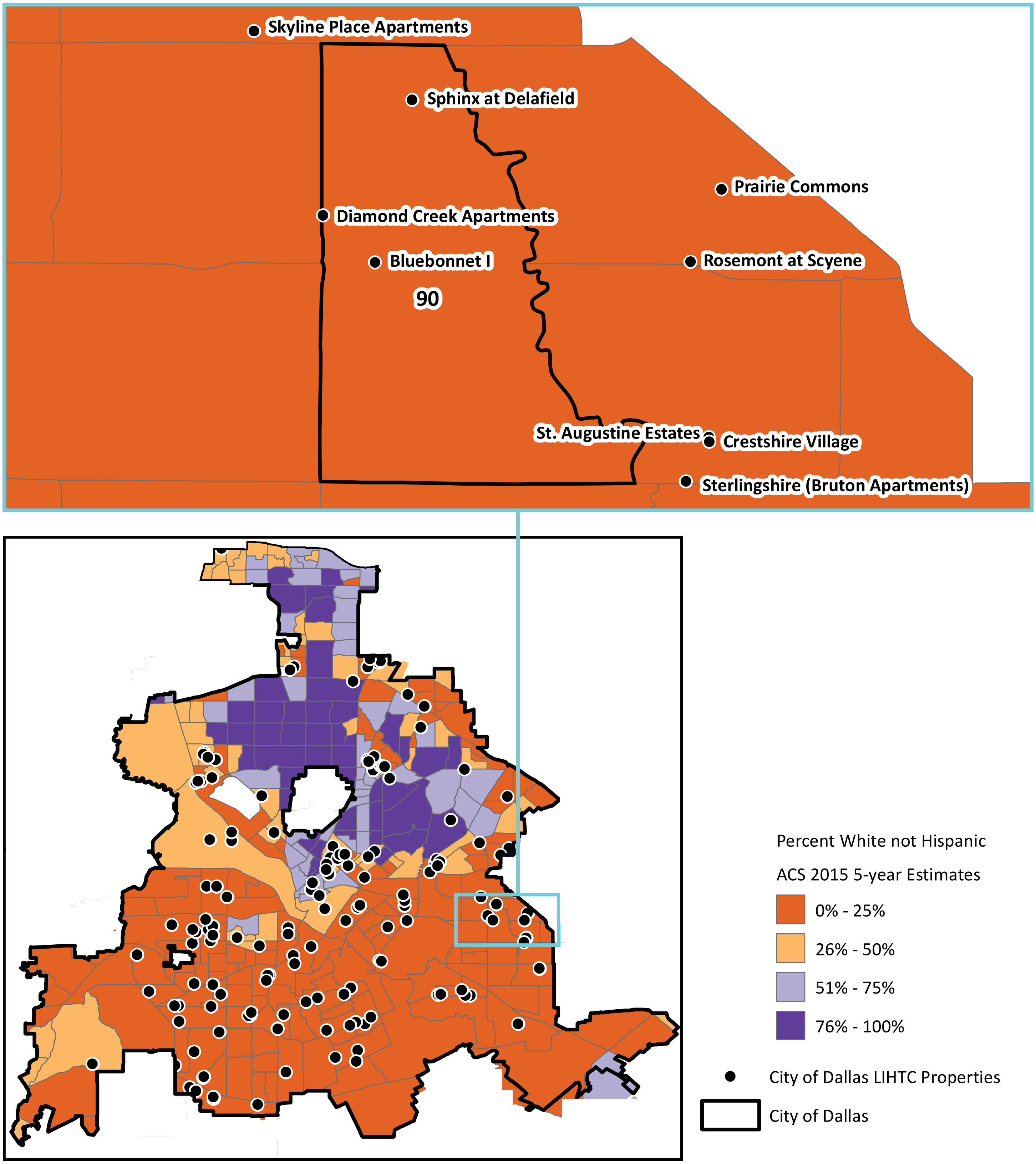
There are 689 total LIHTC assisted units in the census tract.

The number of housing vouchers in tract 122.08 has increased from 31 in 2000 to 234 in 2016. Many of the vouchers are in the LIHTC projects.

The units at the Enchanted Hills LIHTC project are and have been 90% or more occupied by Hispanic tenants. The units at the Fairway Crossings Apartments and Primrose at Highland LIHTC projects are and have occupied by a majority of Black tenants.

90

City of Dallas Neighborhoods and LIHTCs
Census Tract 90



Census tract 90 in the City of Dallas.

There are two LIHTC projects in this census tract. One of the two is a National Bank investment.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Diamond Creek Apartments (fka Skyline Apartments) (Bella Vista Creek Apartments)		90	1992	272
Sphinx at Delafield (Delafield Villas)	Yes	90	2004	204

Race

Tract 90 was predominantly white non-Hispanic in the 1990 U.S. Census report. Tract 90 was predominantly Black and Hispanic in the 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 90 has ranged from 19% in 1990 to 34% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 90 have increased since 1990. 45% (536) of children under 5 were below poverty in tract 90 in 2015. 46% (950) of children 5 to 17 were below poverty in tract 90 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

One of the LIHTC projects, Diamond Creek Apartments (Bella Vista Creek Apartments), in tract 90 is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 90 as consistently unsafe as measured by the Violent Crime Index. The tract ranks 86.47 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75227 which has a higher incidence of 2015 citations for illegal dumping (6.19 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75227 at a 2017 yearly rate that was 6.6 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 90 (34.6) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

Both LIHTC projects are in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 90 is an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated this tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in this census tract per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

The census tract has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the LIHTC projects in this census tract is 93% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 14, on its School Proficiency Index.

Other low income assisted rental housing

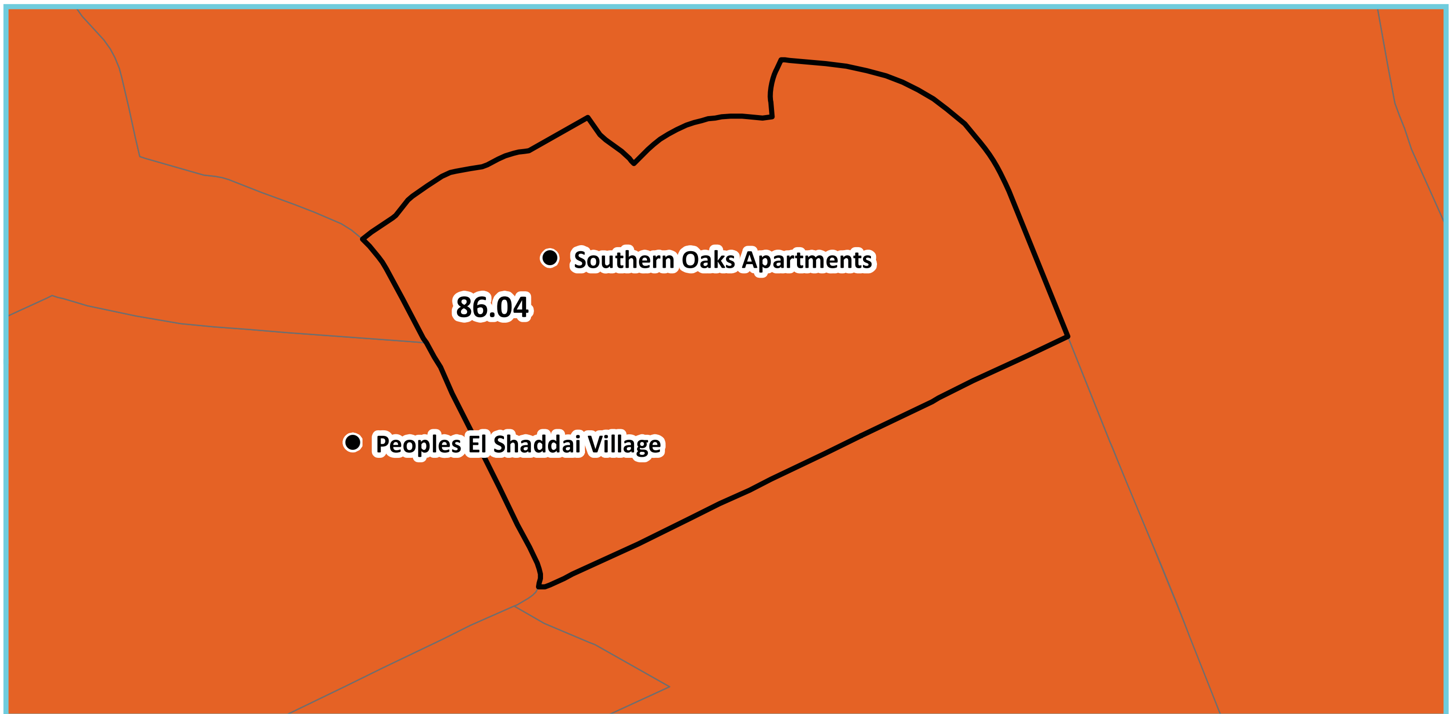
There are 476 total LIHTC assisted units in the census tracts.

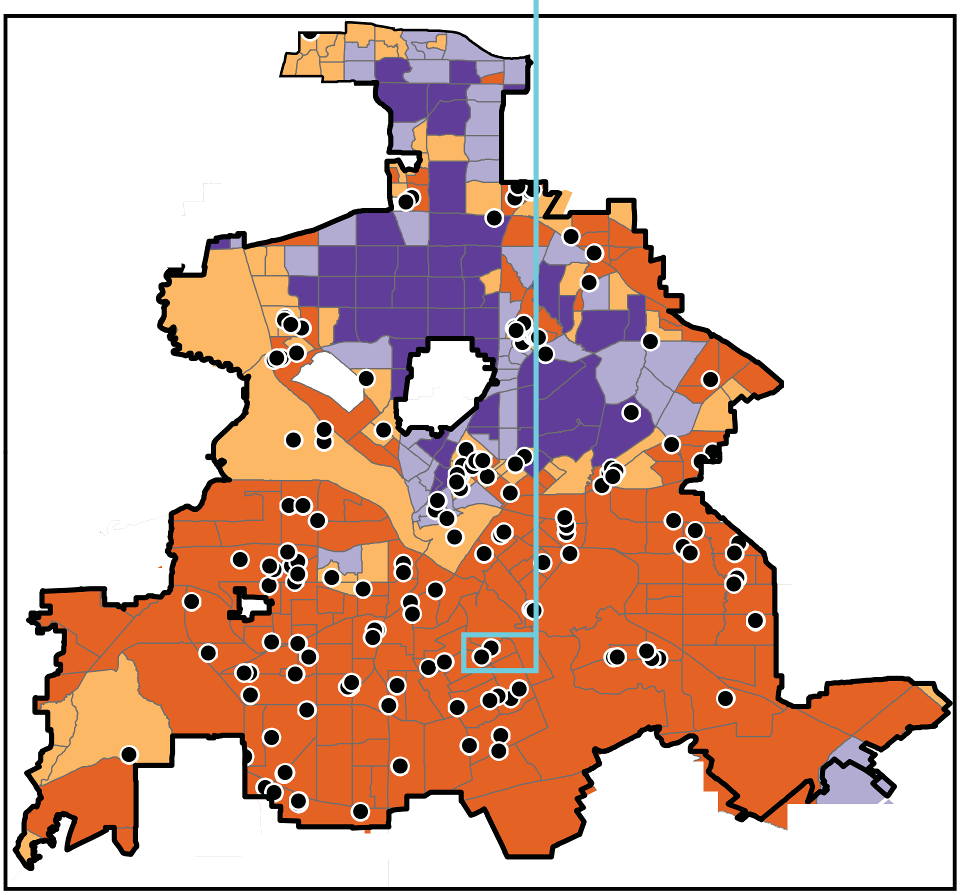
The number of housing vouchers in tract 90 has increased from 88 in 2000 to 146 in 2016. There were an additional 105 project based vouchers in tract 90. Many of the vouchers are in the LIHTC projects.

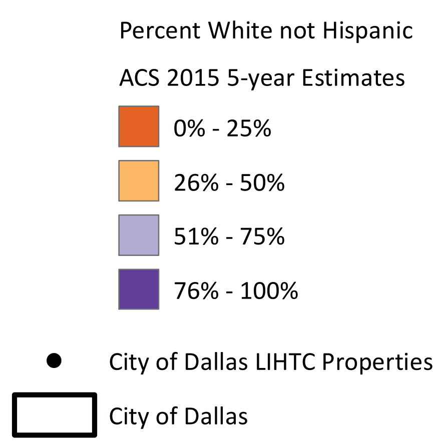
The units at the Sphinx at Delafield LIHTC project are and have been 89% or more occupied by Black tenants. The units at the Diamond Creek Apartments (Bella Vista Creek Apartments) LIHTC project are and have been 90% or more occupied by a combined Black tenant and Hispanic tenant population.

86.04

City of Dallas Neighborhoods and LIHTCs
Census Tracts 86.04







Census tract 86.04 in the City of Dallas.

There is one LIHTC project in this census tract. The LIHTC project is a National Bank investment.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Southern Oaks Apartments (Rosemont at Cedar Crest)	yes	86.04	2002	256

Race

Tract 86.04 was majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 86.04 has ranged from 54% in 1990 to 53% in 2015. The poverty rates for the tract have exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 86.04 have remained high since 1990.

68% (142) of children under 5 were below poverty in tract 86.04 in 2015. 63% (374) of children 5 to 17 were below poverty in tract 86.04 in 2015. The childhood poverty rates over time exceed the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The LIHTC project in tract 86.04 is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 86.04 as consistently unsafe as measured by the Violent Crime Index. The tract ranks 98.31 or higher on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These project is in Zip Code 75216 which has a significantly higher incidence of 2015 citations for illegal dumping (11.95 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75216 at a 2017 yearly rate that was 19 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 86.04 (45.2) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

The LIHTC project is in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 86.04 is an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in this census tract per owner occupied units are consistently low since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

The census tract has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the LIHTC project in this census tract is 89% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 32, on its School Proficiency Index.

Other low income assisted rental housing

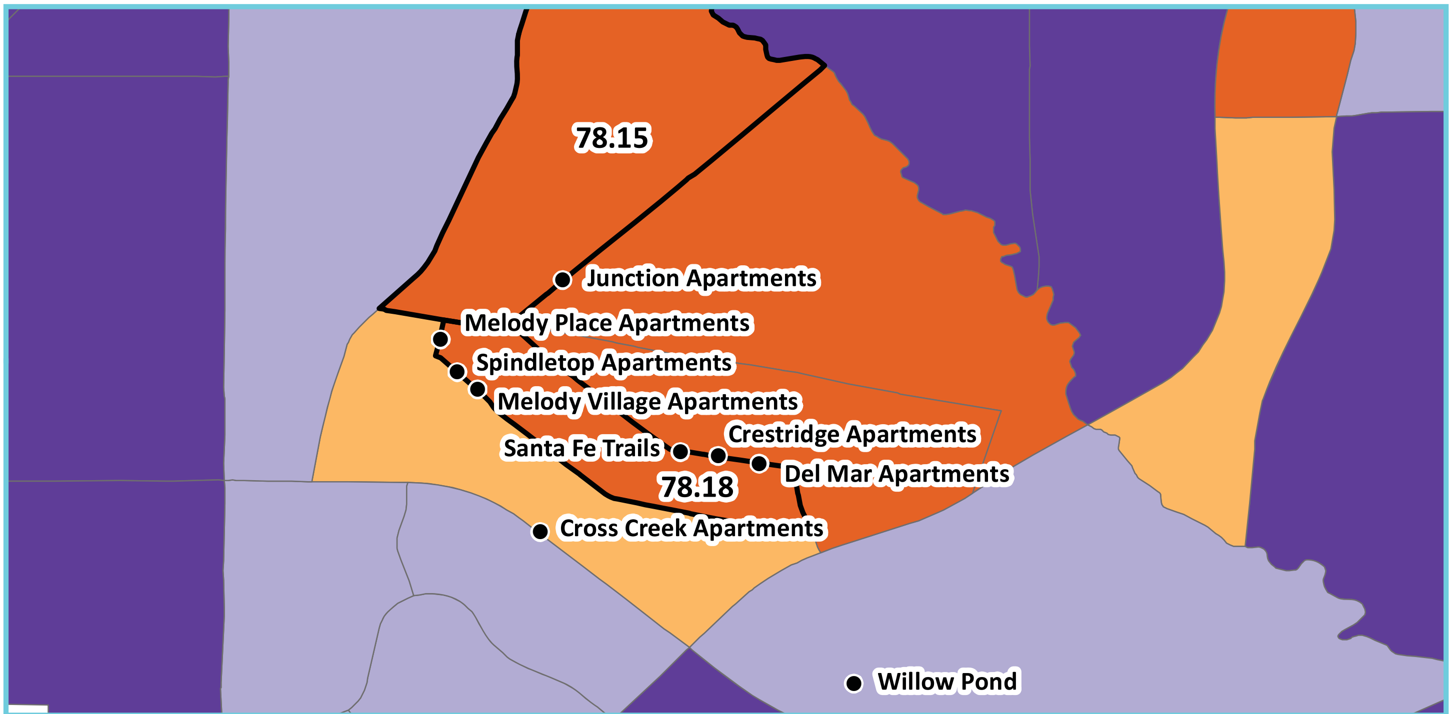
There are 256 total LIHTC assisted units in the census tract.

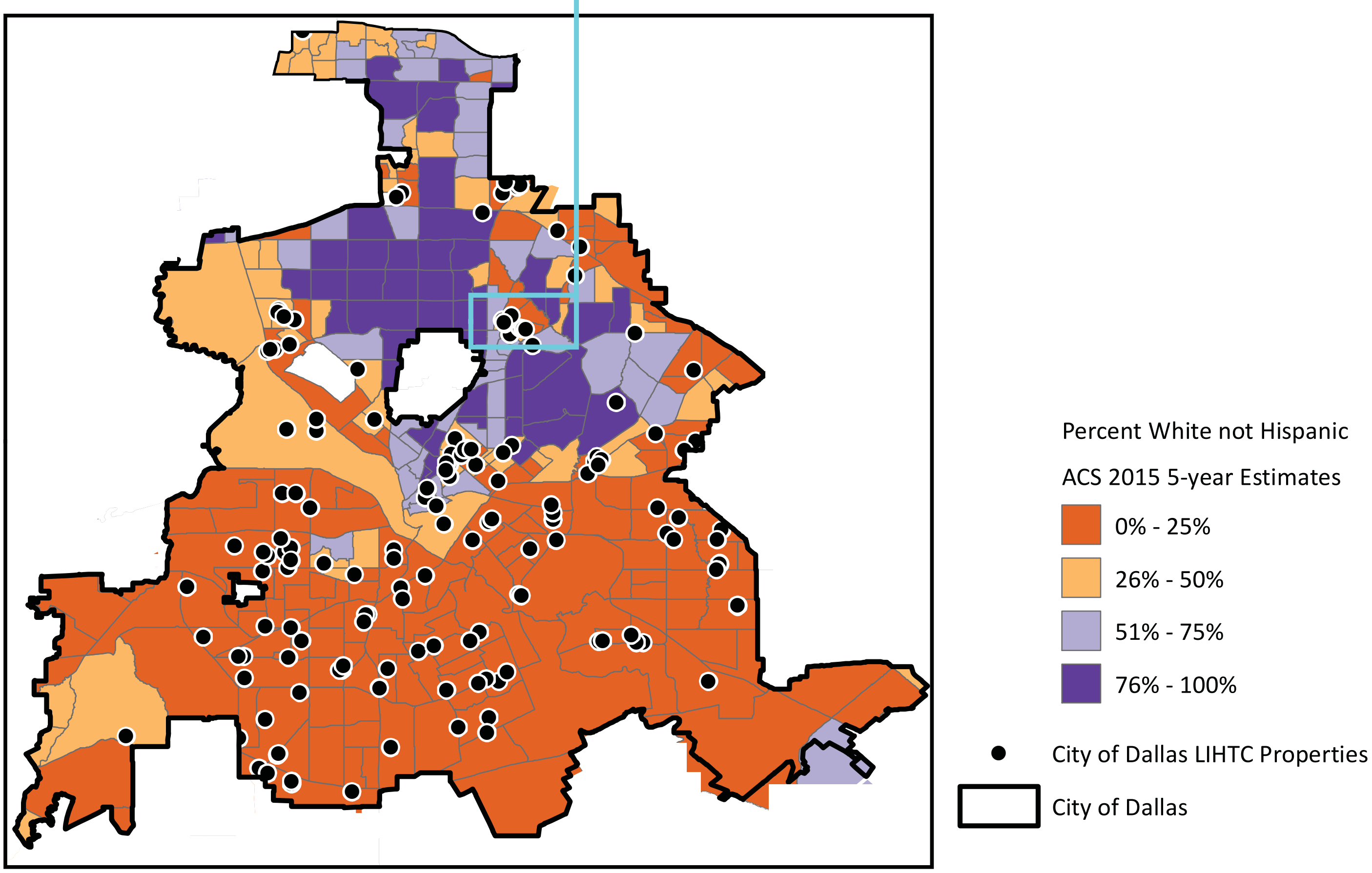
The number of housing vouchers in tract 86.04 has increased from 112 in 2000 to 197 in 2016. Many of the vouchers have been in the LIHTC project.

The units at the LIHTC project are and have been 90% or more occupied by Black tenants.

78.15, 78.18

City of Dallas Neighborhoods and LIHTCs
Census Tract 78.15 and 78.18





Census tracts 78.15 and 78.18 in the City of Dallas.

There were three LIHTC projects in these two census tracts. Two of the projects have been demolished, Junction Apartments and Market Apartments. Both were in census tract 78.15 which declined from 52% White in 1990 to 14% White non-Hispanic in 2015.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Junction Apartments		78.15	1990	208
Market Apartments		78.15	1990	131
Santa Fe Trails		78.18	1990	88

Race

Tract 78.15 was majority Black and Hispanic in the 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 78.18 was predominantly Black and Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 78.15 has ranged from 23% in 1990 to 58% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The poverty rate for tract 78.18 has ranged from 20% in 1990 to 38% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates have been increasing over time. 56% (412) of children under 5 were below poverty in tract 78.15 in 2015. 87% (1013) of children 5 to 17 were below poverty in tract 78.15 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

52% (322) of children under 5 were below poverty in tract 78.18 in 2015. 66% (702) of children 5 to 17 were below poverty in tract 78.18 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 78.15 and 78.18 are increasingly unsafe as measured by the Violent Crime Index. Tract 78.15 has a current rank of 88 and tract 78.18 has a current rank of 86 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75231 which has a lower incidence of 2015 citations for illegal dumping (0.97 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16).

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75231 at a 2017 yearly rate that was 3 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 78.15 (6.5) exceeds the rate in majority White non-Hispanic census tracts (4.6). The rate of loose and roaming dog cases per 1,000 persons in tract 78.18 (3) does not exceed the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

Neither census tract has areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Both tract 78.15 and tract 78.18 are economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area eligibility designations. The 2010 Distress Index rated both tracts a level 3 distress, the second highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in both census tracts per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Both census tracts have Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary schools serving each census tract are 90% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tracts at low levels on its School Proficiency Index.

Other low income assisted rental housing

There are no non-LIHTC HUD assisted rental projects in the two census tracts. There were 427 total LIHTC assisted units in the census tracts.

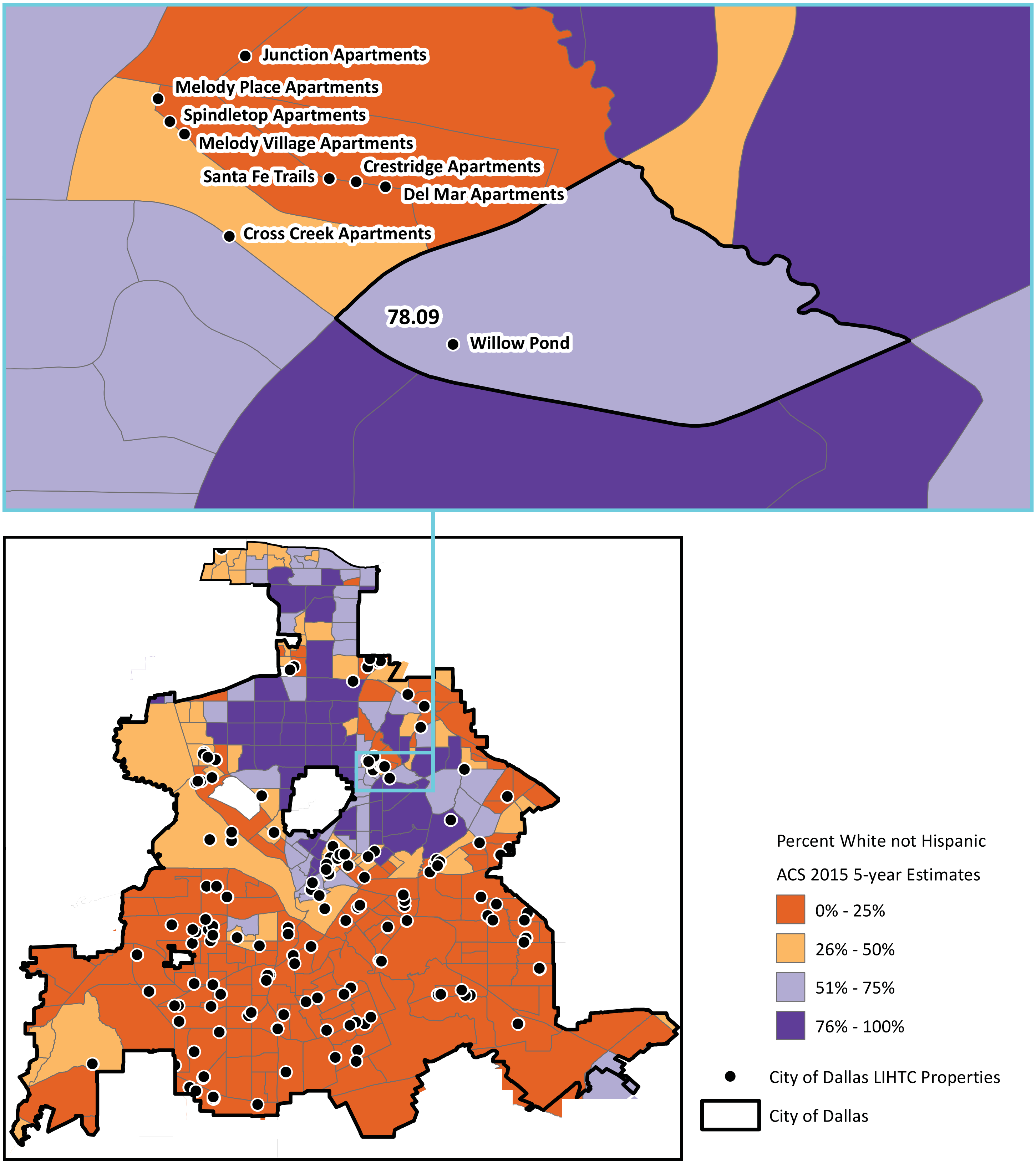
The number of housing vouchers in tract 78.15 has decreased from 51 in 2000 to 29 in 2016.

The number of housing vouchers in tract 78.18 has increased from 13 in 2000 to 52 in 2016.

The units at the LIHTC project are and have 90% or more occupied by a combined Black tenant and Hispanic tenant population.

78.09

City of Dallas Neighborhoods and LIHTCs
Census Tract 78.09



Census tract 78.09 in the City of Dallas.

There is one LIHTC project in this census tract.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Willow Pond (fka Glen Hills) (The Hive)		78.09	1994	386

Race

Tract 78.09 was majority White in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of White population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 78.09 has ranged from 17% in 1990 to 15% in 2015. The poverty rates for the tract have generally not exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

11% (9) of children under 5 were below poverty in tract 78.09 in 2015. 17% (60) of children 5 to 17 were below poverty in tract 78.09 in 2015. Some of these childhood poverty rates have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division and some have not.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 78.09 has increased from 56.67 to 81.9 as measured by the Violent Crime Index. The scale has 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

This project is in Zip Code 75231 which has a lower incidence of 2015 citations for illegal dumping (.97 per 1,000 persons) as the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and with less citations than the majority Minority Zip Codes in the City of Dallas (4.16).

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75231 at a 2017 yearly rate that was 3 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9.

This LIHTC project is not in Southern Dallas. The rate of loose and roaming dog cases per 1,000 persons in tract 78.09 (4) is less than the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

The LIHTC project is not in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 78.09 is an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 3 distress, the second highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in the census tract per owner occupied units since 2000 is consistent with the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division during the same period.

Food Deserts

The census tract has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the LIHTC project in the census tract is 86% predominantly economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 6, on its School Proficiency Index.

Other low income assisted rental housing

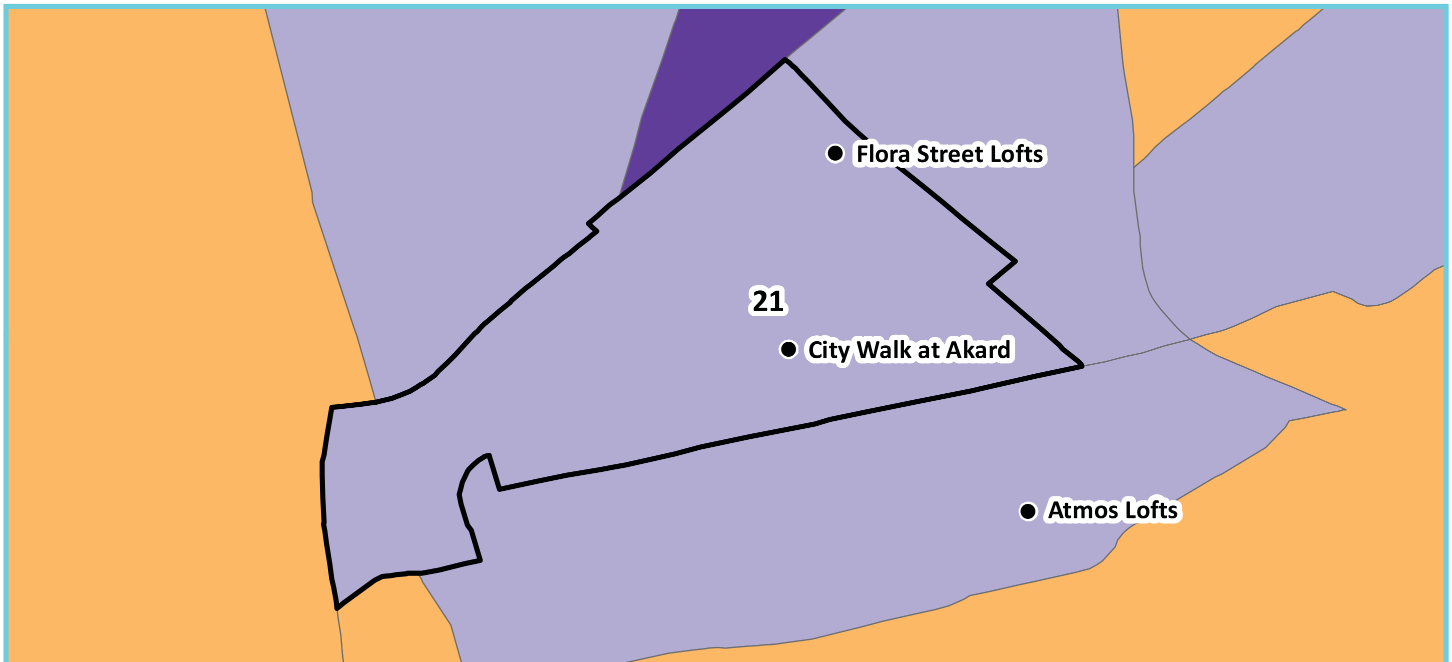
There are 386 total LIHTC assisted units in the census tract.

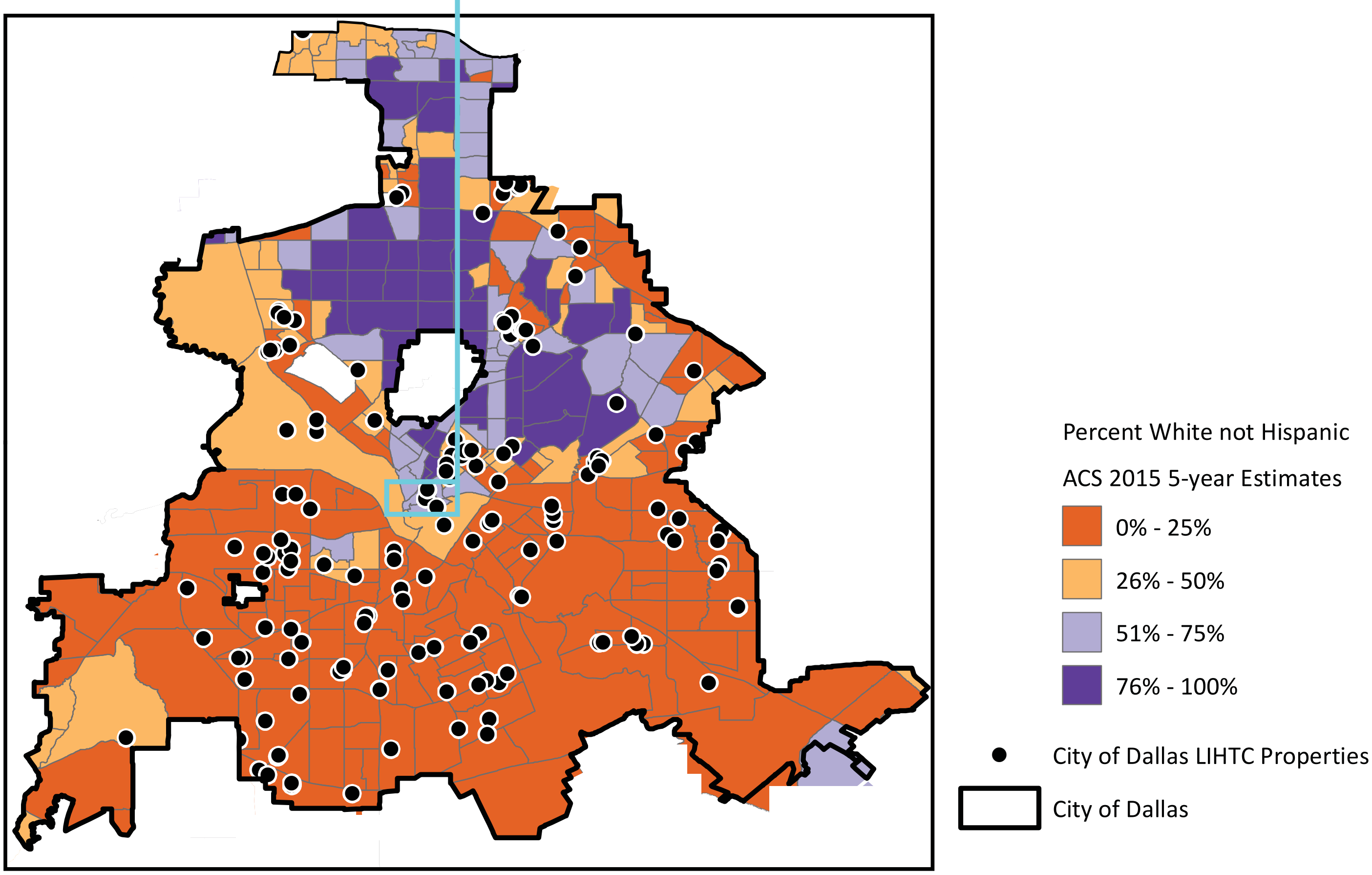
The number of housing vouchers in tract 78.09 have ranged from 111 in 2000 to 85 in 2016. Many of the vouchers are in the LIHTC project.

The units at the LIHTC project are and have been occupied by majority of Black tenants.

21

City of Dallas Neighborhoods and LIHTCs
Census Tract 21





Census tract 21 in the City of Dallas.

There is one LIHTC project in this census tract.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Citywalk at Akard		21	2007	209

Race

Tract 21 is a City of Dallas downtown census tract that had no population in 2000. Tract 21 was majority White non-Hispanic in the 2010, and 2015 U.S. Census reports.

Poverty

The poverty rate for tract 21 has ranged from no population in 1990, 100% in 2000 to 16% in 2015.

Childhood poverty

The tract has no children under the age of 18 in 1990 through 2015 census reports

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 21 was unsafe as measured by the Violent Crime Index in 2015. The tracts rank was 98.12 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These project is in Zip Code 75201 which has about the same incidence of 2015 citations for illegal dumping (1.83 per 1,000 persons) as the other majority White non-Hispanic Zip Codes in the City of Dallas (1.57)

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75201 at a 2017 yearly rate that was less than the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The project has a rate of 11.7 per thousand persons.

Industrial zoning

The LIHTC project census tract has no areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 21 is not an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

There are no owner occupied units reported in the U.S. Census for tract 21 for the years from 2000 through 2015

Food Deserts

The tract has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the census tract is 90% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 9, on its School Proficiency Index.

Other low income assisted rental housing

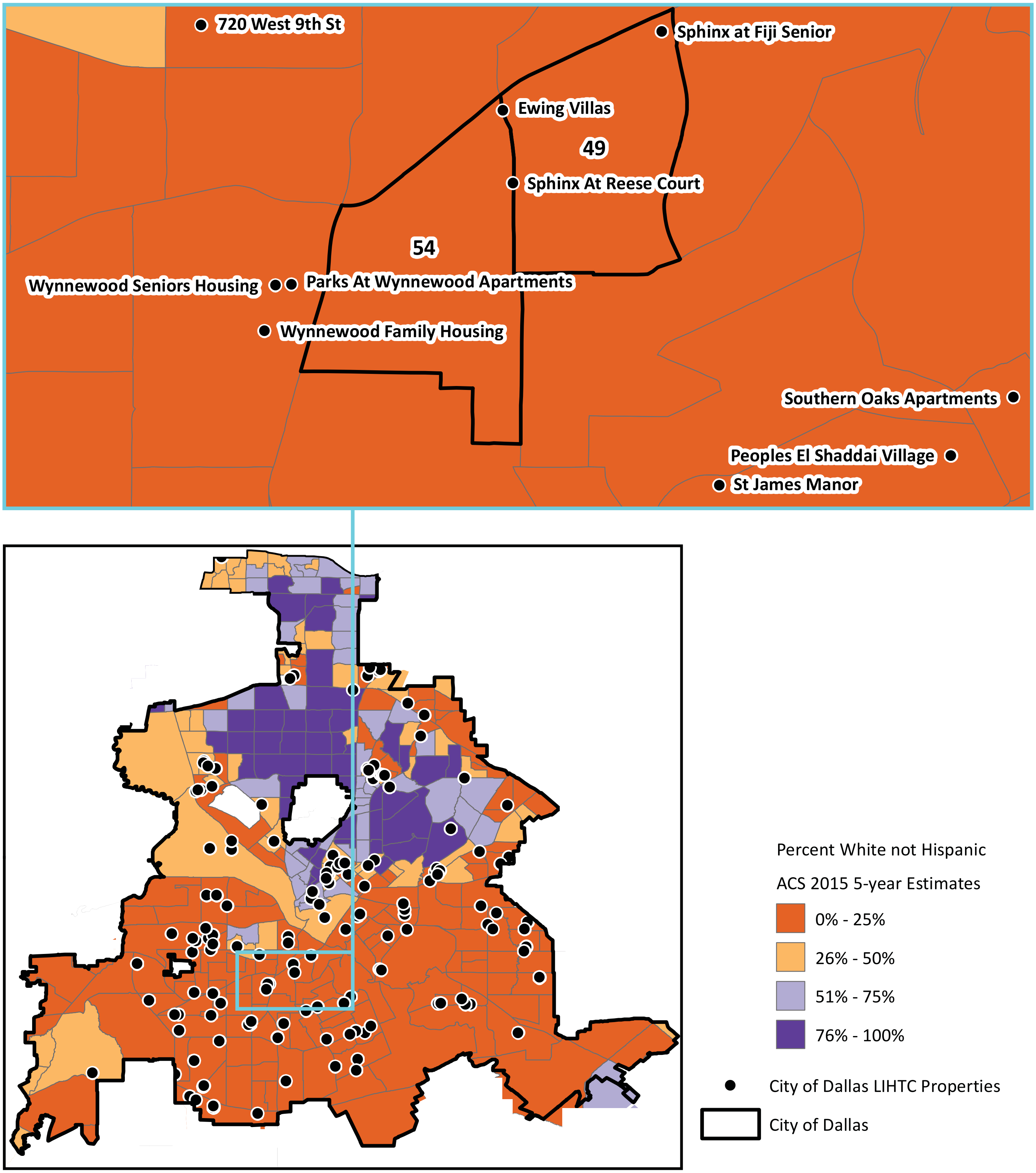
There are 209 total LIHTC assisted units in the census tract.

The number of housing vouchers in tract 21 has increased from 0 in 2000 to 164 in 2016. Many of the vouchers are in the LIHTC projects.

The units at the LIHTC project are and have been occupied by a majority of Black tenants.

49, 54

City of Dallas Neighborhoods and LIHTCs
Census Tracts 49 and 54



Census tracts 49 and 54 in the City of Dallas.

There are three LIHTC projects in these two adjoining census tracts. All three are national bank investments.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Ewing Villas	Yes	49	2001	80
Sphinx at Fiji Senior	Yes	49	2008	130
Sphinx at Reese Court (Reese Court Villas)	Yes	54	2005	80

Race

Tract 49 was majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Tract 54 was predominantly Black and Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 49 has ranged from 37% in 1990 to 50% in 2015.

The poverty rate for tract 54 has ranged from 25% in 1990 to 35% in 2015.

The poverty rates for both tracts have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 49 have remained high and increased since 1990. 58% (226) of children under 5 were below poverty in tract 49 in 2015. 77% (847) of children 5 to 17 were below poverty in tract 49 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

The childhood poverty rates in tract 54 have remained high and increased since 1990. 45% (191) of children under 5 were below poverty in tract 54 in 2015. 36% (372) of children 5 to 17 were below poverty in tract 54 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tracts 49 and 54 are consistently unsafe as measured by the Violent Crime Index. In 2015, tract 49 ranked 96.29 on the scale of 0 being the most safe and 100 being the least safe. Tract 54 ranked 85.11.

Illegal Dumping citations

Two of these LIHTC projects are in Zip Code 75203 which has a significantly higher incidence of 2015 citations for illegal dumping (17.43 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

One of these LIHTC projects is in Zip Code 75216 which has a significantly higher incidence of 2015 citations for illegal dumping (11.95 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races move to Zip Code 75203 at a 2017 yearly rate that is 10.8 times the rate of such movers to Dallas County Majority White Zip Codes.

Registered sex offenders of all races move to Zip Code 75216 at a 2017 yearly rate that is 19 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 49 (64.4) and in tract 54 (42.9) exceed the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

All three LIHTC projects are in census tracts with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Both tract 49 and tract 54 are economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated both tracts a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in both census tracts per owner occupied units are consistently few and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Census tract 49 has Low Access to a supermarket or large grocery store.

Census tract 54 has Adequate Access to a supermarket or large grocery store.

P**ublic school data**

The public elementary schools serving each census tract are 90% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving census tract 54 at a low level, 11, on its School Proficiency Index.

Other low income assisted rental housing

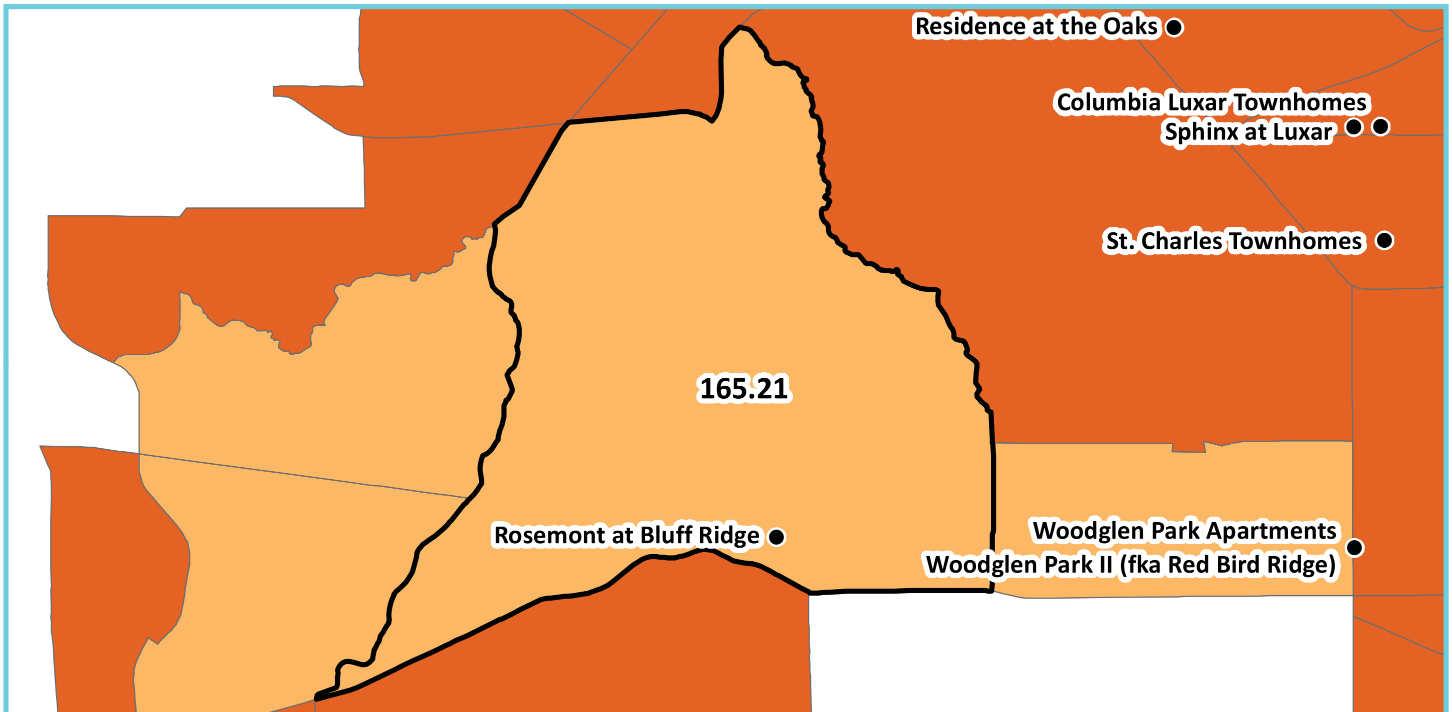
There are 290 total LIHTC assisted units in the census tracts.

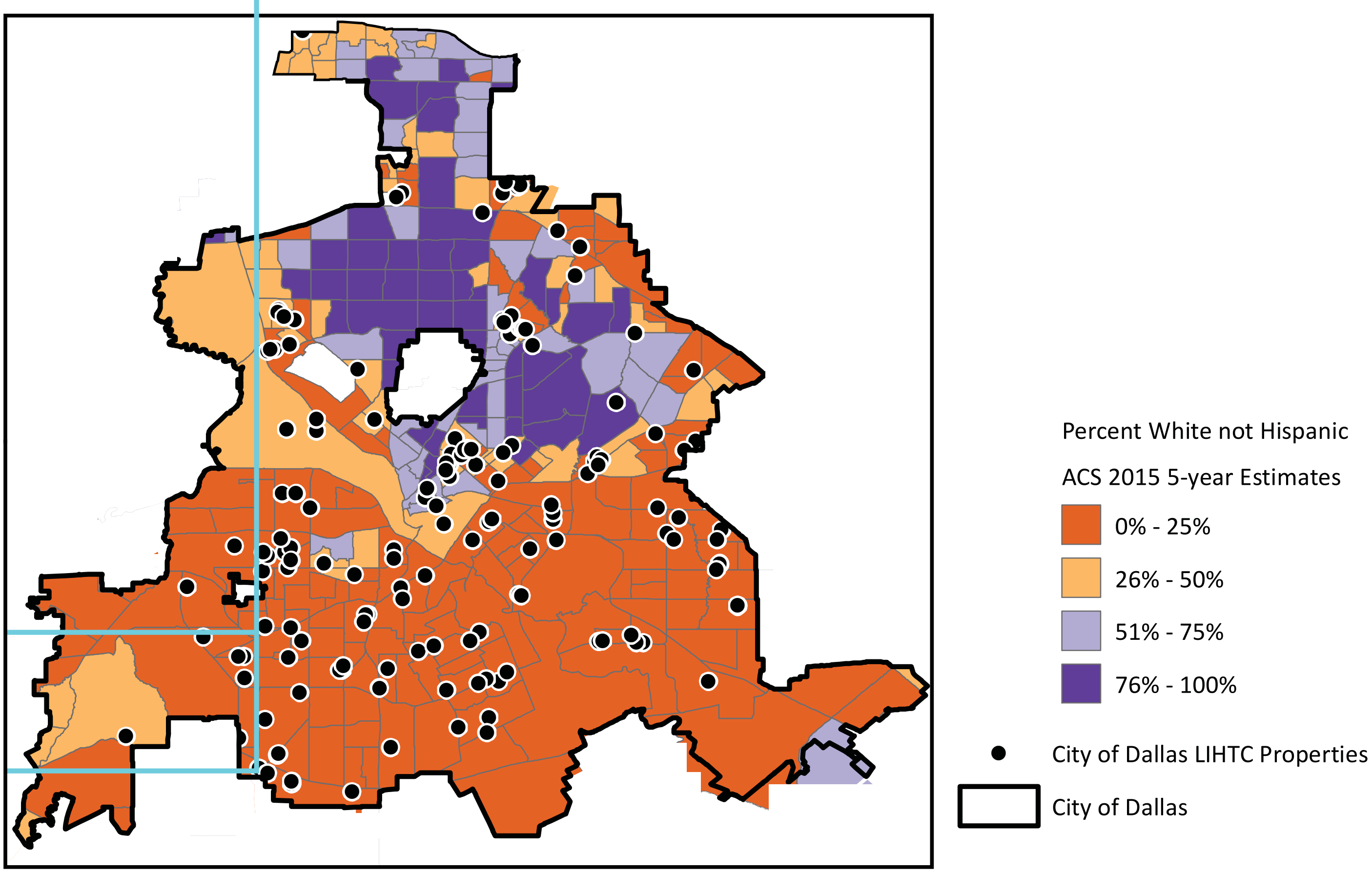
The number of housing vouchers in tract 49 has increased slightly from 36 in 2000 to 43 2016. The number of housing vouchers in tract 54 has stayed approximately the same. Many of the vouchers are in the LIHTC projects.

The units at two of the LIHTC projects are 90% or more occupied by Black tenants. The units at the third LIHTC project are 90% or more occupied by a combined Black tenant and Hispanic tenant population.

165.21

City of Dallas Neighborhoods and LIHTCs
Census Tract 165.21





Census tract 165.21 in the City of Dallas.

There is one LIHTC project in census tract 165.21. It is a National Bank Investment.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Rosemont at Bluff Ridge (fka Clarkridge Village)	Yes	165.21	2002	256

Race

Tract 165.21 was majority White non-Hispanic in 1990 and has been a majority combined Black and Hispanic since 2000. The tract has a similar percentage of combined Black and Hispanic population to the City of Dallas and a higher percentage of combined Black and Hispanic population than the Dallas PMSA/Metro Division.

Poverty

The poverty rates for the tract have been similar to the poverty rates for the City of Dallas and higher than the poverty rates in the Dallas PMSA/Metro Division.

Childhood poverty

24% (100) of children under 5 were below poverty in tract 165.21 in 2015.

34% (361) of children 5 to 17 were below poverty in tract 165.21 in 2015. The childhood poverty rates over time for children under 5 and for children 5 to 17 have generally been less than the childhood poverty rates for the City of Dallas but similar to the childhood poverty rates for the Dallas PMSA/Metro Division.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 165.21 has the current rank of 55 on the scale of 0 being the most safe and 100 being the least safe. The rank was 79 in 2006 and 85 in 2010.

Illegal Dumping citations

The project is in Zip Code 75236 which has a rate of illegal dumping citations, 3.96, that is over 2 times the rate in majority White non-Hispanic Zip Codes in the City of Dallas.

Registered sex offenders

The registered sex offenders data for Zip Code 75236 in which this project is located shows that as of 2017, the rate of registered sex offenders of any race that had moved to the Zip Code was 1.52. This was higher than the rate for Dallas County Majority White Zip Codes (0.51) and lower than the average rate of all Dallas County Majority Minority Zip Codes (2.3).

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The project is located in census tract 165.21 which has a loose and roaming dog case rate that is 2 times the rate in majority White non-Hispanic census tracts in the City of Dallas.

Industrial zoning

There is no industrial zoning in census tract 165.21.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress

Index

Tract 165.21 is an economically distressed areas according to the U.S. Treasury's CDFI Investment area eligibility designations. The 2010 Distress Index rated the tract as level 3 distress, the second highest level on the Distress Index

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 165.21 per owner occupied units for 2010 and 2015 are similar to the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tract 165.21 has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 165.21 is majority Hispanic and 86% economically disadvantaged.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 32, on its School Proficiency Index.

Other low income assisted rental housing

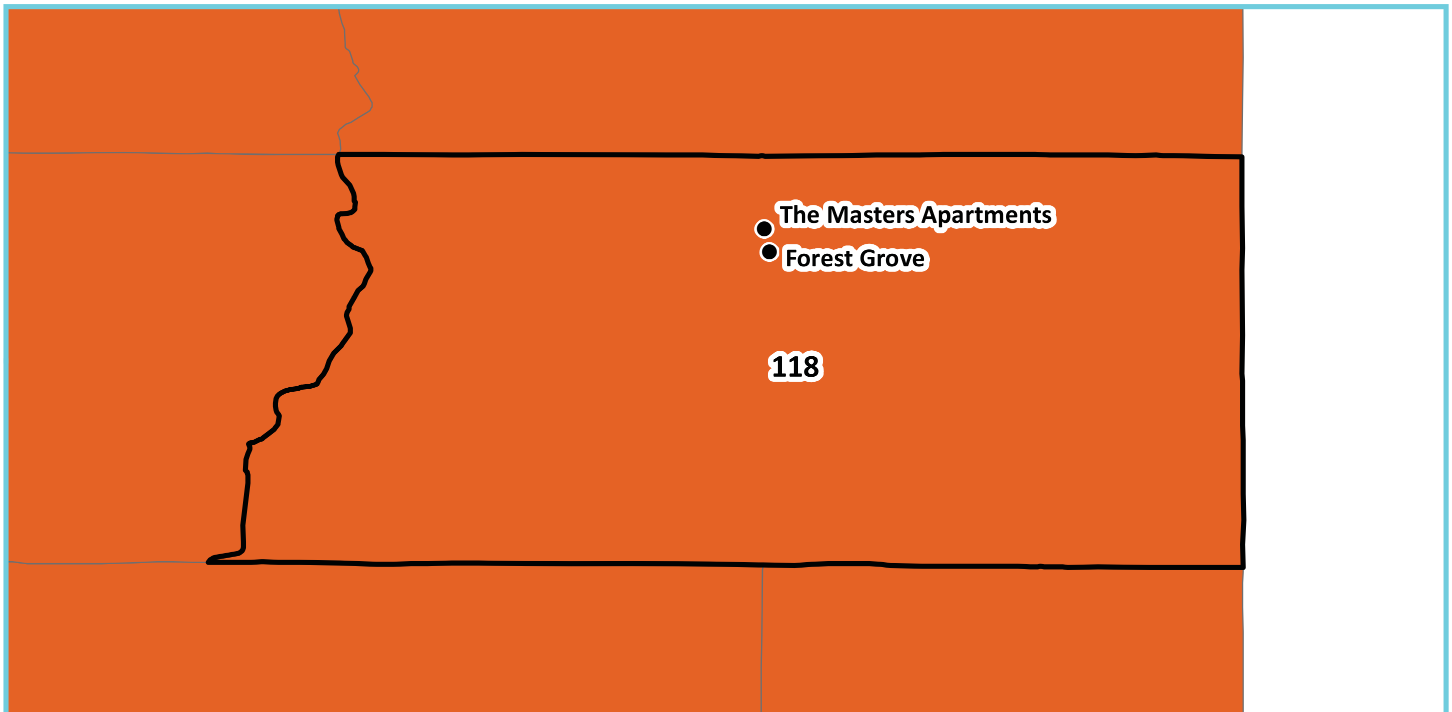
There are four non-LIHTC HUD assisted rental projects listed for a location in the census tract. Unit data was available for only two. Patriot Ridge Apartments has 192 units. Ridge Parc Apartments has 248 units. There were 696 total assisted units in the census tract.

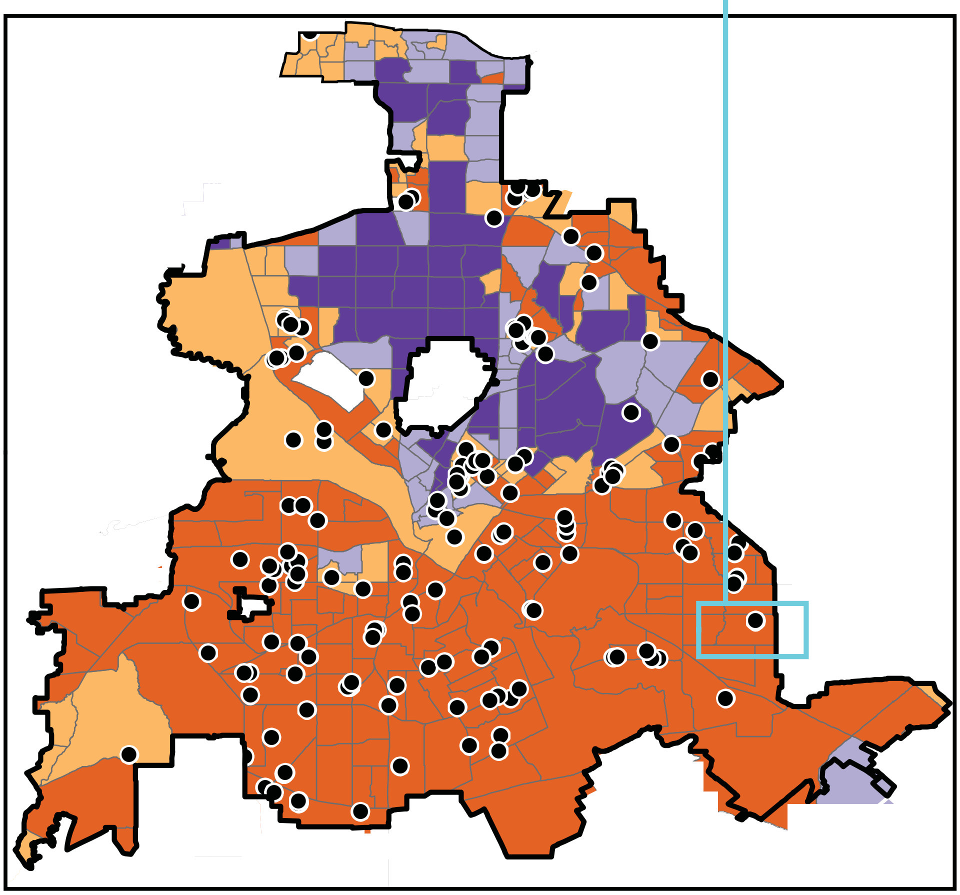
There were 89 housing vouchers in 2016. 87 of these vouchers were for units in the LIHTC project.

The racial occupancy data for the LIHTC project is 83% Black in 2015.

118

City of Dallas Neighborhoods and LIHTCs
Census Tract 118





Percent White not Hispanic
ACS 2015 5-year Estimates
0% - 25%
26% - 50%
51% - 75%
76% - 100%

City of Dallas LIHTC Properties
City of Dallas

Census tract 118 in the City of Dallas.

There is one LIHTC project in this census tract.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
The Masters Apartments (Crawford Park)		118	2004	144

Race

Tract 118 was predominantly Black and Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 118 has ranged from 16% in 1990 to 36% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 118 have increased since 1990. 49% (596) of children under 5 were below poverty in tract 118 in 2015. 55% (1,273) of children 5 to 17 were below poverty in tract 118 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The LIHTC project in tract 118 is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports the Violent Crime Index for tract 118. The tract ranks 78.14 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

This project is in Zip Code 75217 which has a higher incidence of 2015 citations for illegal dumping (5.05 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75217 at a 2017 yearly rate that was 7 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 118 (56) exceeds the rate in majority White non-Hispanic census tracts (4.6) and in majority Minority census tracts.

Industrial zoning

The LIHTC project is not in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 118 is an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in the census tract 118 per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

The census tract has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the LIHTC project in this census tract is 93% or greater economically disadvantaged Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the LIHTC project in this census tract at a low level, 11, on its School Proficiency Index.

Other low income assisted rental housing

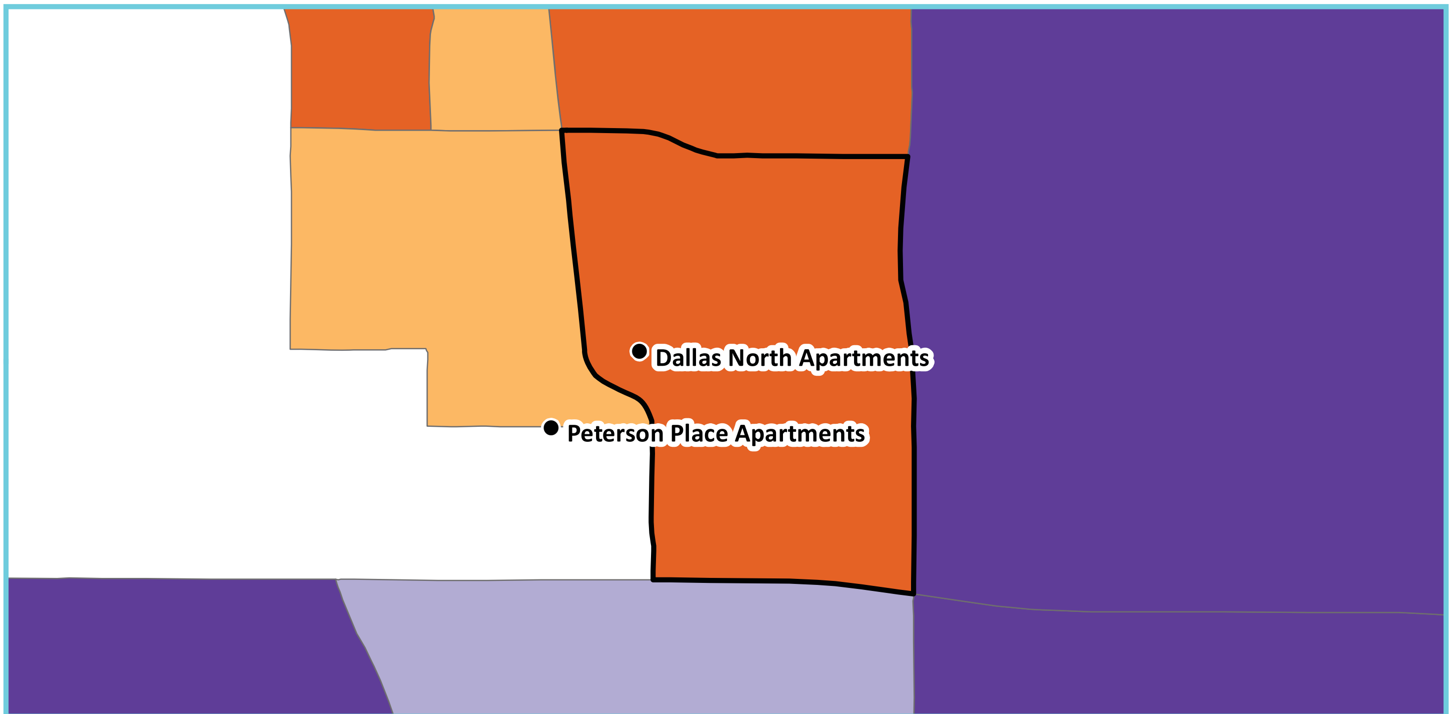
There is a non-LIHTC HUD assisted rental projects in the census tract. There are 244 total LIHTC and HUD assisted units in the census tract.

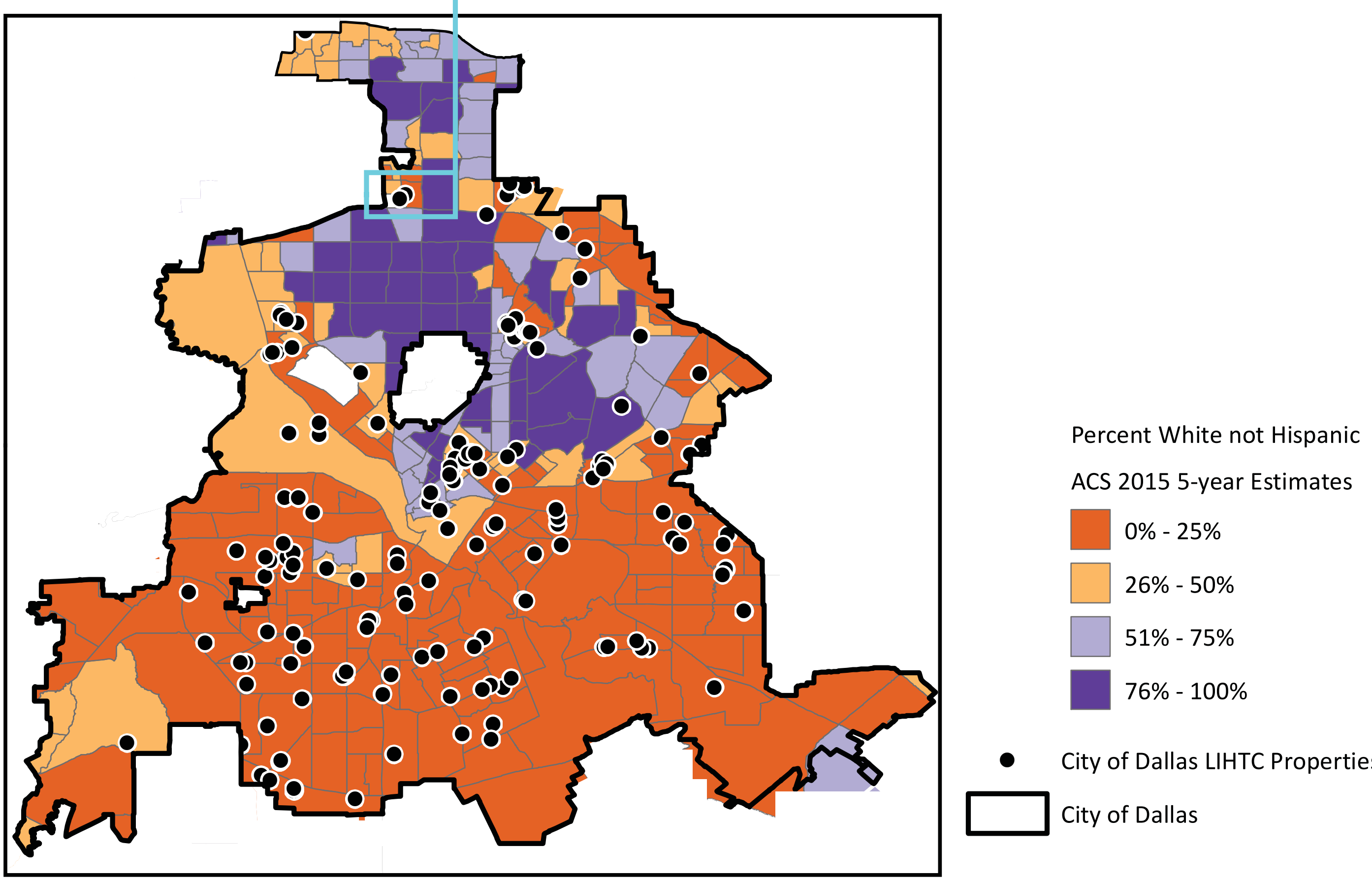
The number of housing vouchers in tract 118 has ranged from 310 in 2000 to 207 in 2016. There were an additional 92 project based vouchers in tract 118. Many of the vouchers are in the LIHTC project.

The units at the LIHTC project are and have been 85% or more occupied by Black tenants.

136.15

City of Dallas Neighborhoods and LIHTCs
Census Tract 136.15





Census tract 136.15 in the City of Dallas.

There is one LIHTC project in census tract 136.15.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Dallas North Apartments		136.15	1994	206

Race

Tract 136.15 has been a majority combined Black and Hispanic since 1990. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas and a higher percentage of combined Black and Hispanic population than in the Dallas PMSA/Metro Division.

Poverty

The poverty rates for the tract have ranged from 20% in 1990 to 31% in 2015. The poverty rates have generally been similar to the poverty rates for the City of Dallas and higher than the poverty rates in the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates have been increasing over time. 52% (384) of children under 5 were below poverty in tract 136.15 in 2015. This rate is higher than the rate for the City of Dallas, 38%, and higher than the rate for the Dallas PMSA/Metro Division, 23%.

45% (498) of children 5 to 17 were below poverty in tract 136.15 in 2015. This rate is higher than the 5 to 17 childhood poverty rates for the City of Dallas and the Dallas

PMSA/Metro Division.

Crime

The tract is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 136.15 has the current rank of 92.5 on the scale of 0 being the most safe and 100 being the least safe. The rank was 73 in 2006 and 84 in 2010.

Illegal Dumping citations

The project is in Zip Code 75240 which has a rate of illegal dumping citations, 0.90, that is lower than the rate in majority White non-Hispanic Zip Codes in the City of Dallas. .

Registered sex offenders

The registered sex offenders data for Zip Code 75240 in which this project is located shows that as of 2017, the rate of registered sex offenders of any race that had moved to the Zip Code was 1.54. This was higher than the rate for Dallas County Majority White Zip Codes (0.51) and lower than the average rate of all Dallas County Majority Minority Zip Codes (2.3).

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The project is located in census tract 136.15 which has a loose and roaming dog case rate that is less than the rate in majority White non-Hispanic census tracts in the City of Dallas.

Industrial zoning

There is no industrial zoning in census tract 136.15.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 136.15 is an economically distressed areas according to the U.S. Treasury's CDFI Investment area eligibility designations. The 2010 Distress Index rated the tract as level 4 distress, the highest level on the Distress Index

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans census tract 136.15 per owner occupied units for 2015 are lower than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tract 136.15 has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 136.15 is majority Hispanic and 87% economically disadvantaged.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at level 83 on its School Proficiency Index.

Other low income assisted rental housing

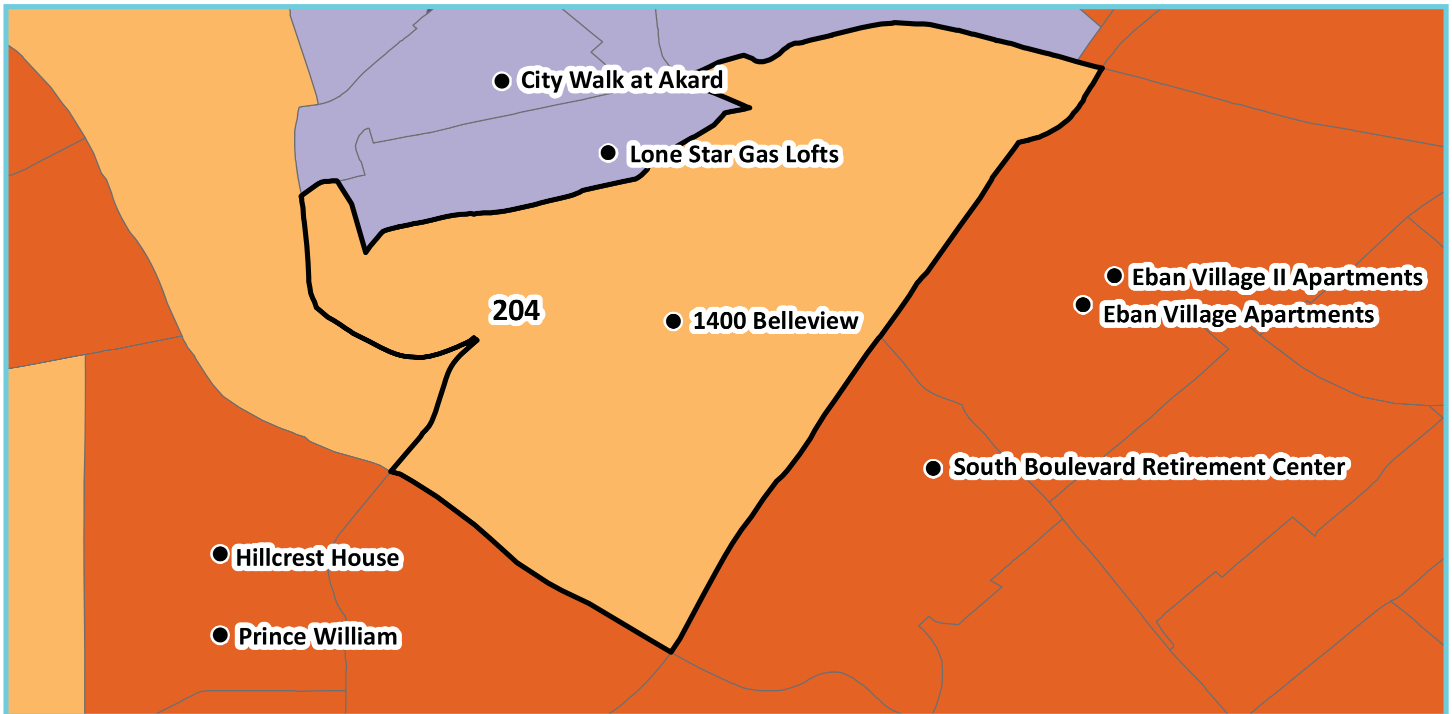
There are no non-LIHTC HUD assisted rental projects listed for a location in the census tract. There are 206 total LIHTC assisted units in the census tract.

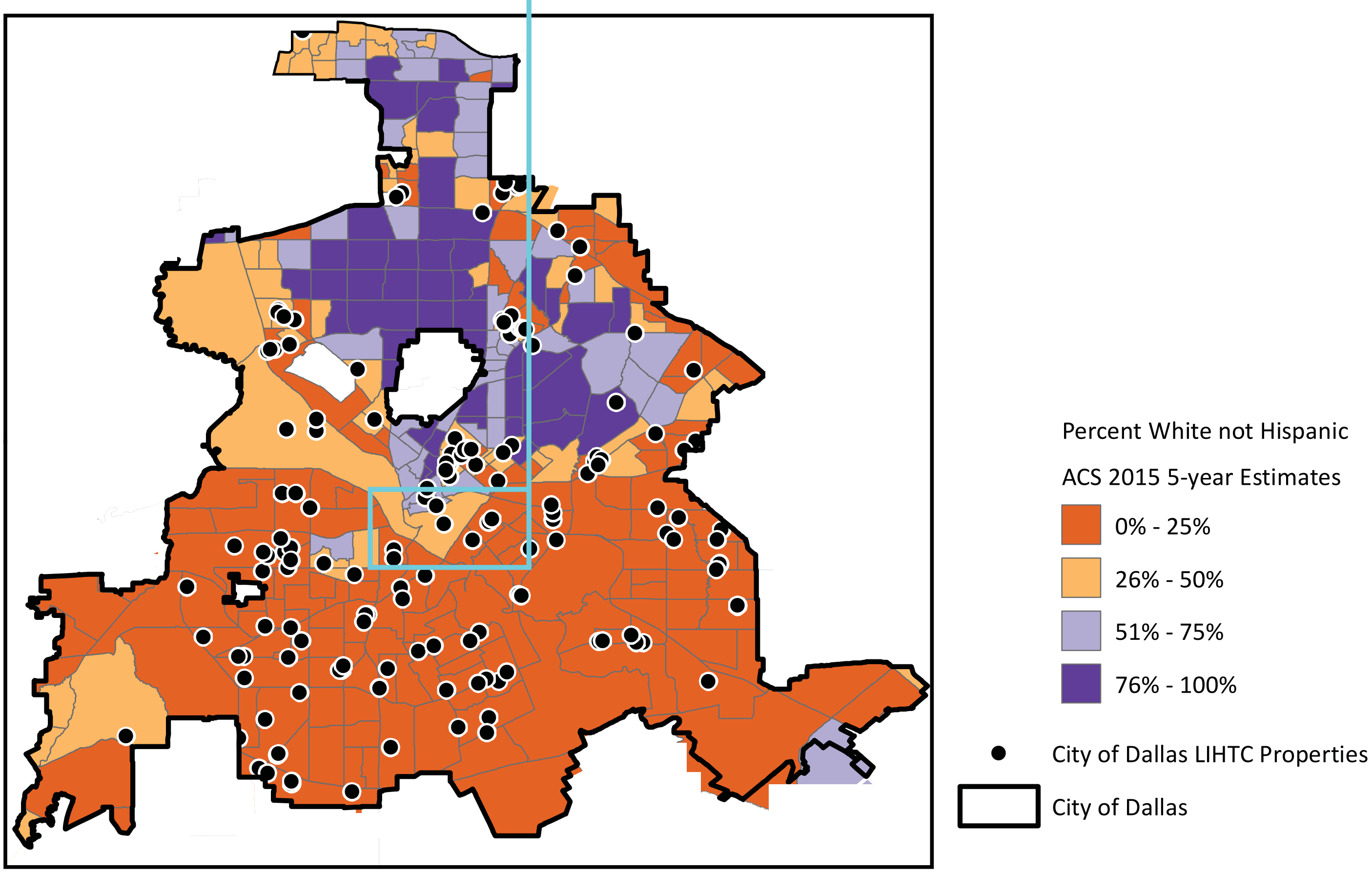
There were 2 housing voucher in the tract in 2000 and 16 in 2016. One of these vouchers was in the LIHTC project.

The racial occupancy data for the LIHTC project is 98% Hispanic in 2015.

204

City of Dallas Neighborhoods and LIHTCs
Census Tract 204





Census tract 204 in the City of Dallas.

There is one LIHTC project in census tract 204. The project is a National Bank investment.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
1400 Belleview	Yes	204	2012	164

Race

Tract 204 was majority Hispanic in the U.S. Census reports for 1990 and 2000. The area became a majority Black and Hispanic tract in 2010 and 2015. The tract has a lower percentage of combined Black and Hispanic population than in the City of Dallas and a higher percentage of combined Black and Hispanic population than the Dallas PMSA/Metro Division.

Poverty

The poverty rate for the tract was 48% in 1990, 44% in 2000, 30% in 2010 and 31% in 2015. The poverty rates for the tract have been higher than the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 204 have decreased since 1990 for children under 5. 0% (0) of children under 5 were below poverty in tract 204 in 2015.

The childhood poverty rate for children 5 to 17 have increased since 1990. 53% (48) of children 5 to 17 were below poverty in tract 204 in 2015. The childhood poverty rates over time for children under 5 have generally been substantially less than the childhood poverty rates for the City of Dallas but similar to the childhood poverty rates for the Dallas PMSA/Metro Division. The childhood poverty rates over time for children 5 to 17 have been higher than the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 204 has the current rank of 89 on the scale of 0 being the most safe and 100 being the least safe. The rank has increased from 60 in 2006 to 89 in 2015.

Illegal Dumping citations

The project is Zip Code 75215. The 2014 and the 2015 rate of illegal dumping citations were 23.9 in 2014 and 35.03 in 2015. The average rate for the Majority White non-Hispanic Zip Codes all or in part in the City of Dallas was 1.3 in 2014 and 1.57 in 2015.

Registered sex offenders

The registered sex offenders data for Zip Code 75215 in which this project is located shows that as of 2017, the rate of registered sex offenders of any race that had moved to the Zip Code was 16.93. This was 33 times higher than the rate for Dallas County Majority White Zip Codes (0.51) and 7 times higher than the average rate of all Dallas County Majority Minority Zip Codes (2.3).

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive

Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases for tract 204 was 14.5. This was higher than the rate for Dallas County Majority White Zip Codes (4.58) and less than the Dallas County Majority Minority Zip Codes (24.73).

Industrial zoning

The LIHTC project is in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 204 is an economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area eligibility designations. The 2010 Distress Index rated the tract as level 4 distress, the highest level on the Distress Index

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans census tract 204 per owner occupied units for 2010 and 2015 are higher per the number and amount of home loans per owner occupied unit than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tract 204 has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 204 is majority Hispanic and 94%

economically disadvantaged.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tract at a low level, 16, on its School Proficiency Index.

Other low income assisted rental housing

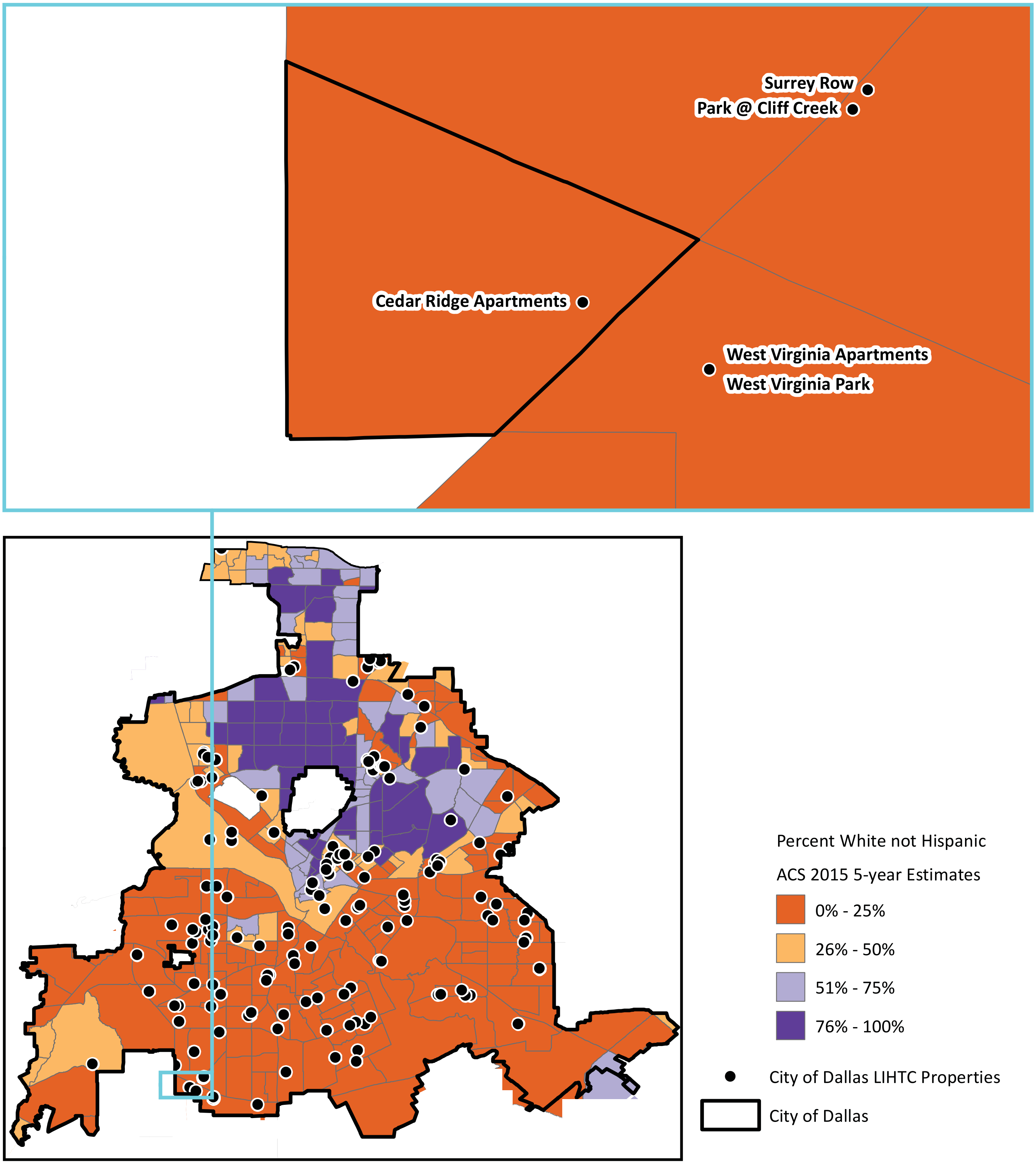
There are no non-LIHTC HUD assisted rental projects for non-elderly in the census tract. There are two non-low income, HUD insured mortgage projects in the tract. There were 164 total LIHTC non-elderly assisted units in the census tract.

There are six housing vouchers in tract 204. Two of these vouchers were for units in the LIHTC project.

The racial occupancy data for the LIHTC project is 83% Black and 10% Hispanic in 2015.

166.07

City of Dallas Neighborhoods and LIHTCs
Census Tract 166.07



Census tract 166.07 in the City of Dallas.

There is one LIHTC project in census tract 166.07.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Cedar Ridge Apartments (Hickory Ranch Apartments)		166.07	1991	191

Race

Tract 166.07 is and has been majority Black since 1990. The tract has a higher percentage of Black population than in the City of Dallas and than the Dallas PMSA/Metro Division.

Poverty

The poverty rates for the tract have been higher than the poverty rates for the City of Dallas since 2010 and higher than the poverty rates in the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 166.07 have increased for children under 5. 36% (165) of children under 5 were below poverty in tract 166.07 in 2015.

The childhood poverty rate for children 5 to 17 have increased since 1990. 31% (143) of children 5 to 17 were below poverty in tract 166.07 in 2015. The childhood poverty rates over time for children under 5 have generally been less than or similar to the childhood poverty rates for the City of Dallas but higher than the childhood poverty rates for the Dallas PMSA/Metro Division. The childhood poverty rates over time for children 5 to 17 have been higher than the childhood poverty rates in the Dallas PMSA/Metro Division and lower than for the City of Dallas.

Crime

The tract is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 166.07 has the current rank of 94 on the scale of 0 being the most safe and 100 being the least safe. The rank was 91 in 2006, 93 in 2010, and 94 in 2015.

Illegal Dumping citations

The project is in Zip Code 75237 which has a very low rate of illegal dumping citations.

Registered sex offenders

The registered sex offenders data for Zip Code 75237 in which this project is located shows that as of 2017, the rate of registered sex offenders of any race that had moved to the Zip Code was 3.06. This was higher than the rate for Dallas County Majority White Zip Codes (0.51) and lower than the average rate of all Dallas County Majority Minority Zip Codes (2.3).

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The project is located in census tract 166.07 which has a loose and roaming dog case rate that is double the rate in majority White non-Hispanic census tracts in the City of Dallas.

Industrial zoning

There is no industrial zoning in census tract 166.07.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 166.07 is an economically distressed areas according to the U.S. Treasury's CDFI Investment area eligibility designations. The 2010 Distress Index rated the tract as level 4 distress, the highest level on the Distress Index

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 166.07 per owner occupied units for 2010 and 2015 are substantially lower than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tract 166.07 has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 166.07 is majority Black and 83% economically disadvantaged.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tract at a low level, 26, on its School Proficiency Index.

Other low income assisted rental housing

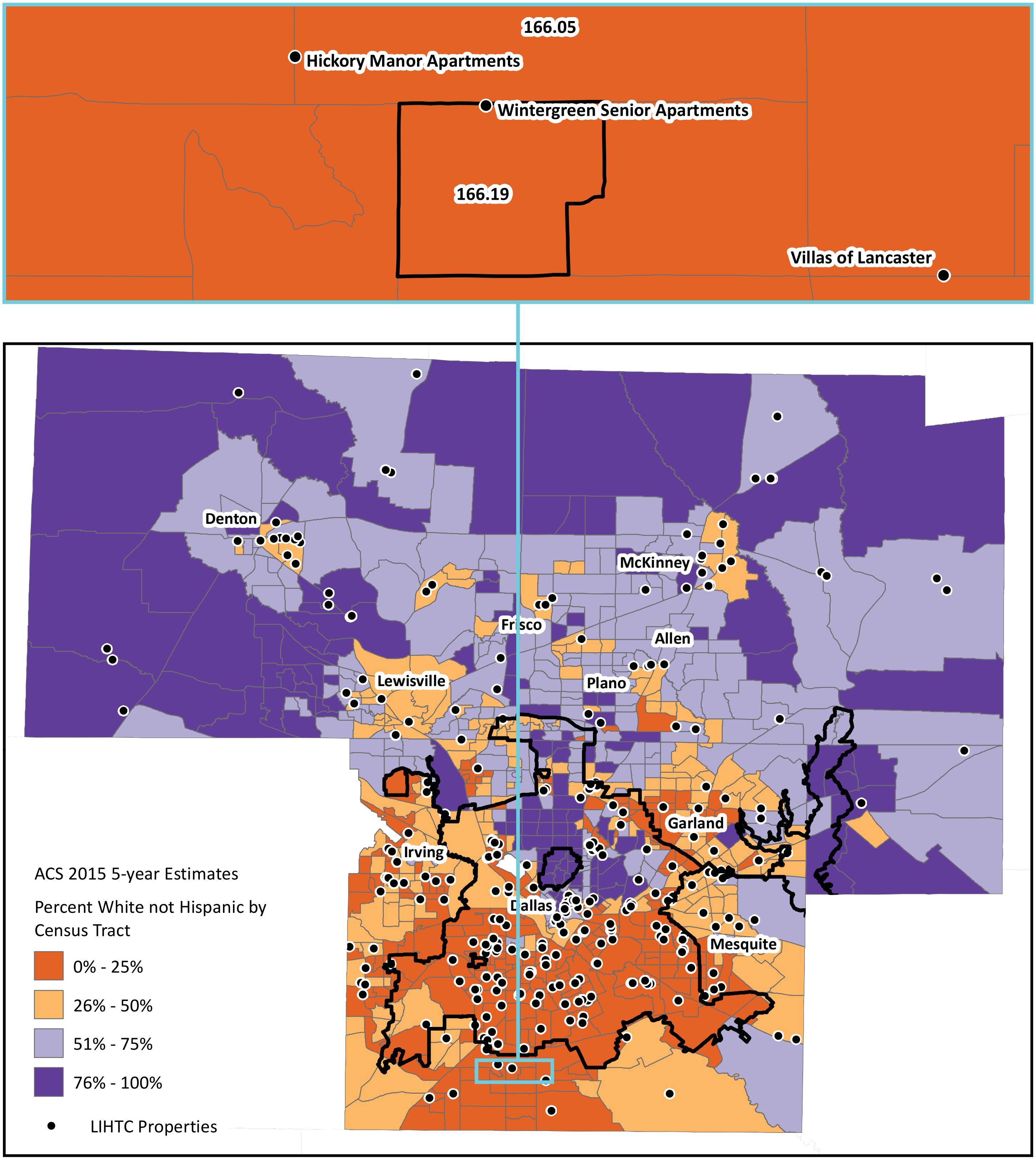
There are no non-LIHTC HUD assisted rental projects in the census tract. There were 192 total LIHTC non-elderly assisted units in the census tract.

There were 57 housing vouchers in tract 166.07 in 2000. There were 180 housing vouchers in 2016. 17 of these vouchers were for units in the LIHTC project.

The racial occupancy data for the LIHTC project is 83% Black in 2015.

166.19

Collin, Dallas, Denton, and Rockwall Counties Neighborhoods and LIHTCs
Census Tract 166.19



Census tract 166.19 in the City of Dallas.

There is one LIHTC elderly project in census tract 166.19.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Wintergreen Senior Apartments (The Arbors on Wintergreen on HUD Multifamily Database)		166.19	2001	180

Race

Tract 166.19 was majority White non- Hispanic in the U.S. Census reports for 1990. The area became a majority Black tract in 2000 and 2015. The tract has a higher percentage of Black population than in the City of Dallas and the Dallas PMSA/Metro Division.

Poverty

The poverty rates for the tract have been lower than the poverty rates for the City of Dallas and similar to the poverty rates in the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 166.19 have decreased since 2010 for children under 5. 13% (30) of children under 5 were below poverty in tract 166.19 in 2015.

The childhood poverty rate for children 5 to 17 have increased since 1990. 25% (141) of children 5 to 17 were below poverty in tract 166.19 in 2015. The childhood poverty rates over time for children under 5 have generally been substantially less than the childhood poverty rates for the City of Dallas but similar to the childhood poverty rates for the Dallas PMSA/Metro

Division. The childhood poverty rates over time for children 5 to 17 have been higher than the childhood poverty rates the Dallas PMSA/Metro Division and lower than for the City of Dallas.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 166.19 has the current rank of 70 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

The project is in Zip Code 75115 which has a very low rate of illegal dumping citations.

Registered sex offenders

The registered sex offenders data for Zip Code 75115 in which this project is located shows that as of 2017, the rate of registered sex offenders of any race that had moved to the Zip Code was 1.43. This was higher than the rate for Dallas County Majority White Zip Codes (0.51) and lower than the average rate of all Dallas County Majority Minority Zip Codes (2.3).

Loose and Roaming Dog Cases

.The project is located in the City of Desoto. There is no City of Dallas data on the rate of loose and running dog cases for the tract.

Industrial zoning

The project is located in the City of Desoto There is no City of Dallas data on industrial zoning in this census tract,

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 166.19 is an economically distressed area according to the U.S. Treasury's CDFI Investment area eligibility designations. The 2010 Distress Index rated the tract as level 2 distress, the middle level on the Distress Index

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 166.19 per owner occupied units for 2010 and 2015 are substantially lower than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tract 166.19 has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 166.19 is majority Hispanic and 94% economically disadvantaged.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 38, on its School Proficiency Index.

Other low income assisted rental housing

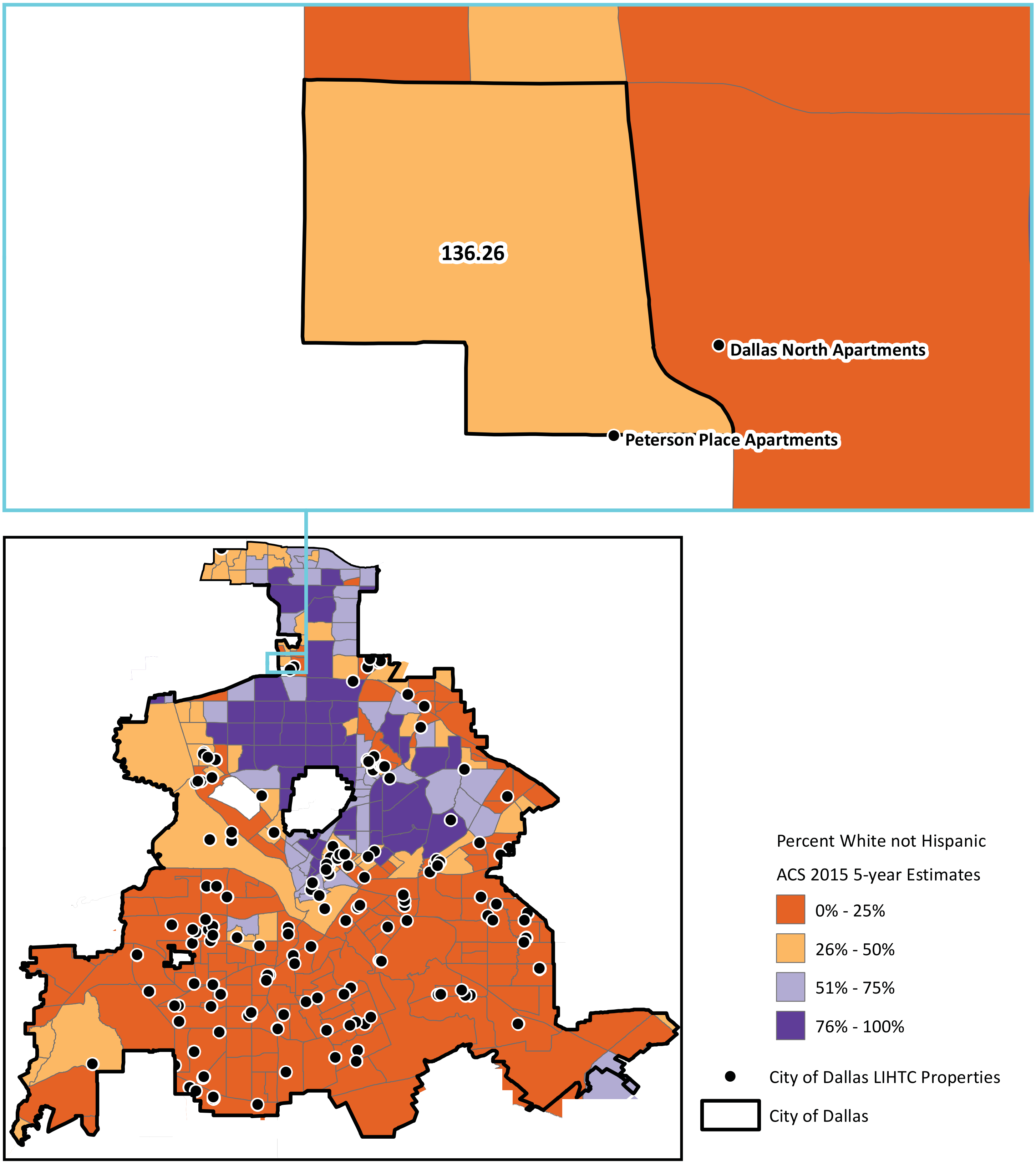
There are no non-LIHTC HUD assisted rental projects in the census tract. There were 180 total LIHTC non-elderly assisted units in the census tract.

There were 37 housing vouchers in tract 166.19 in 2000. There were 148 housing vouchers in 2016. 105 of these vouchers were for units in the LIHTC project.

The racial occupancy data for the LIHTC project is 85% Black and 0% Hispanic in 2015.

136.26

City of Dallas Neighborhoods and LIHTCs
Census Tract 136.26



Census tract 136.26 in the City of Dallas.

There is one LIHTC project in census tract 136.26.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Peterson Place Apartments		136.26	1994	168

Race

Tract 136.26 was majority White non-Hispanic in 1990 and 2000 The tract has been a majority combined Black and Hispanic since 2010. The tract has a similar percentage of combined Black and Hispanic population to the City of Dallas and a higher percentage of combined Black and Hispanic population than the Dallas PMSA/Metro Division.

Poverty

The poverty rates for the tract have ranged from 10% in 2000 to 19% in 2015. The poverty rates have been lower than the poverty rates for the City of Dallas and similar to the poverty rates in the Dallas PMSA/Metro Division.

Childhood poverty

29% (46) of children under 5 were below poverty in tract 136.26 in 2015. This rate is less than the rate for the City of Dallas, 38%, and higher than the rate for the Dallas PMSA/Metro Division, 23%.

63% (131) of children 5 to 17 were below poverty in tract 136.26 in 2015. This rate is higher than the 5 to 17 childhood poverty rates for the City of Dallas and the Dallas

PMSA/Metro Division. This rate has been increasing over time.

Crime

The tract is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 136.26 has the current rank of 83 on the scale of 0 being the most safe and 100 being the least safe. The rank was 73 in 2006 and 63 in 2010.

Illegal Dumping citations

The project is in Zip Code 75240 which has rate of illegal dumping citations, 0.90, that is lower than the rate in majority White non-Hispanic Zip Codes in the City of Dallas. .

Registered sex offenders

The registered sex offenders data for Zip Code 75240 in which this project is located shows that as of 2017, the rate of registered sex offenders of any race that had moved to the Zip Code was 1.54. This was higher than the rate for Dallas County Majority White Zip Codes (0.51) and lower than the average rate of all Dallas County Majority Minority Zip Codes (2.3).

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The project is located in census tract 136.26 which has a loose and roaming dog case rate that is less than the rate in majority White non-Hispanic census tracts in the City of Dallas.

Industrial zoning

There is no industrial zoning in census tract 136.26.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 136.26 is not an economically distressed areas according to the U.S. Treasury's CDFI Investment area eligibility designations. The 2010 Distress Index rated the tract as level 1 distress, the second lowest level on the Distress Index

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 136.26 per owner occupied units for 2015 are higher than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tract 136.26 has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 136.26 is majority Hispanic and 78% or higher economically disadvantaged.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tract at a low level, 36, on its School Proficiency Index.

Other low income assisted rental housing

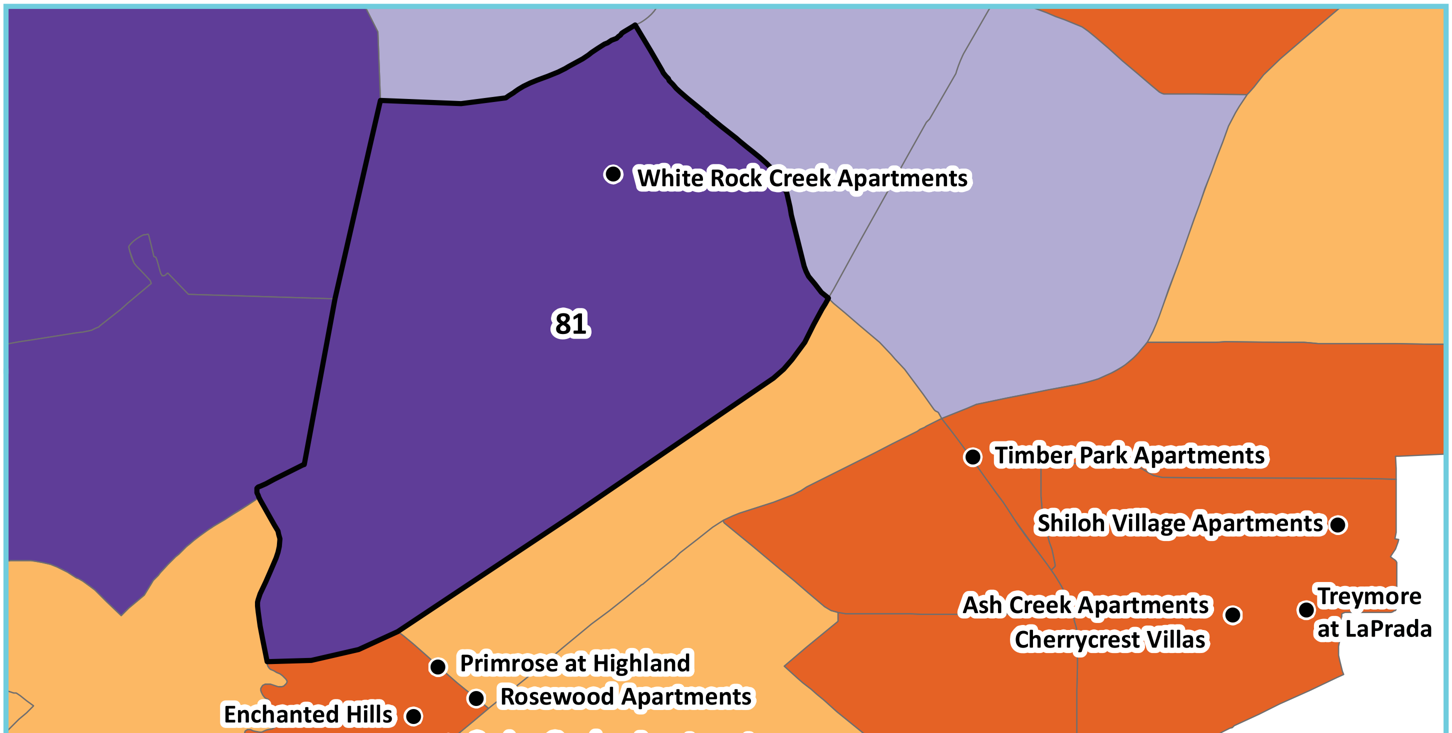
There are no non-LIHTC HUD assisted rental projects listed for a location in the census tract. There are 168 total LIHTC assisted units in the census tract.

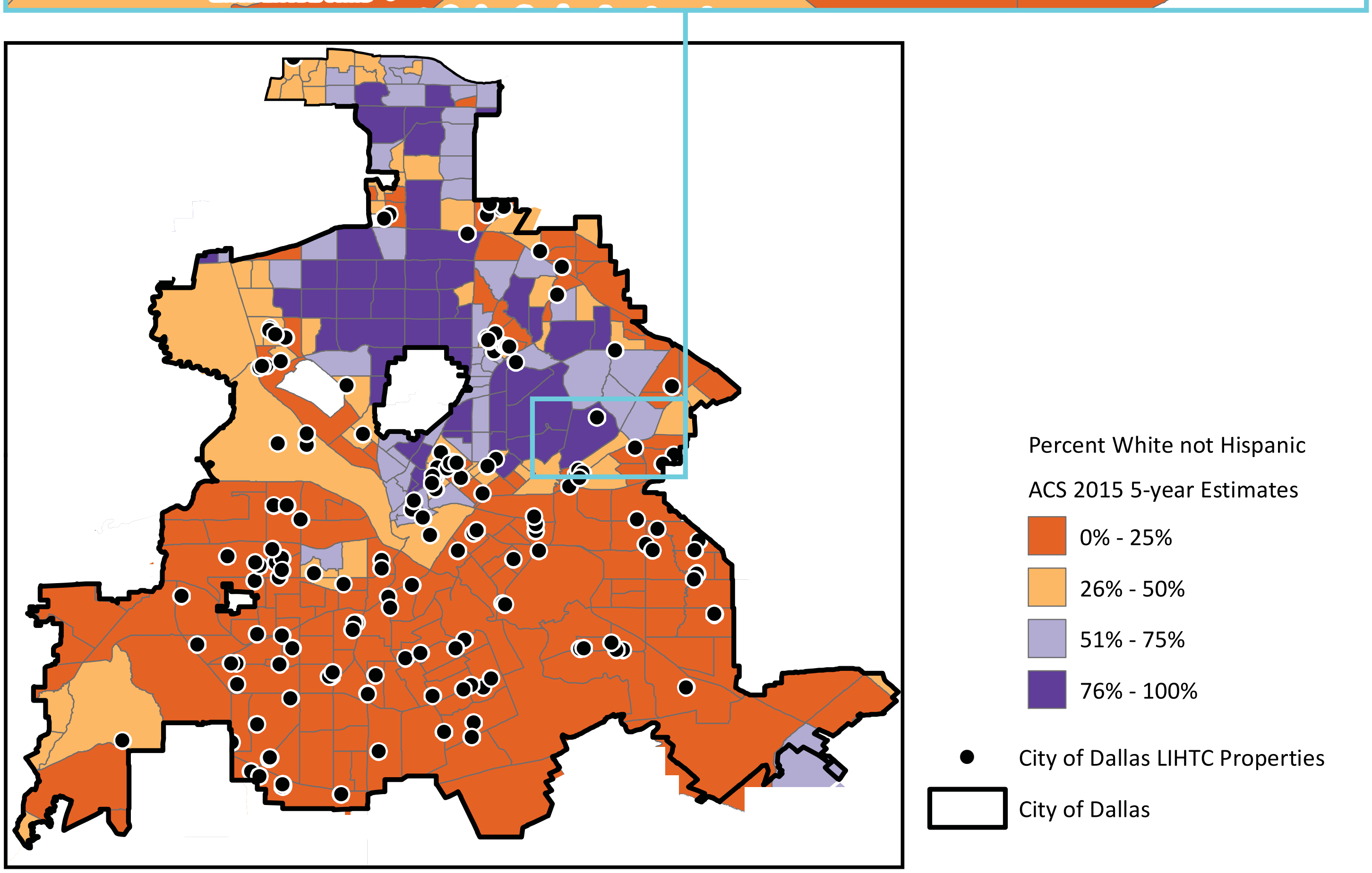
There was 1 housing voucher in the tract in 2016.

The racial occupancy data for the LIHTC project is 100% Hispanic in 2015.

81

City of Dallas Neighborhoods and LIHTCs
Census Tract 81



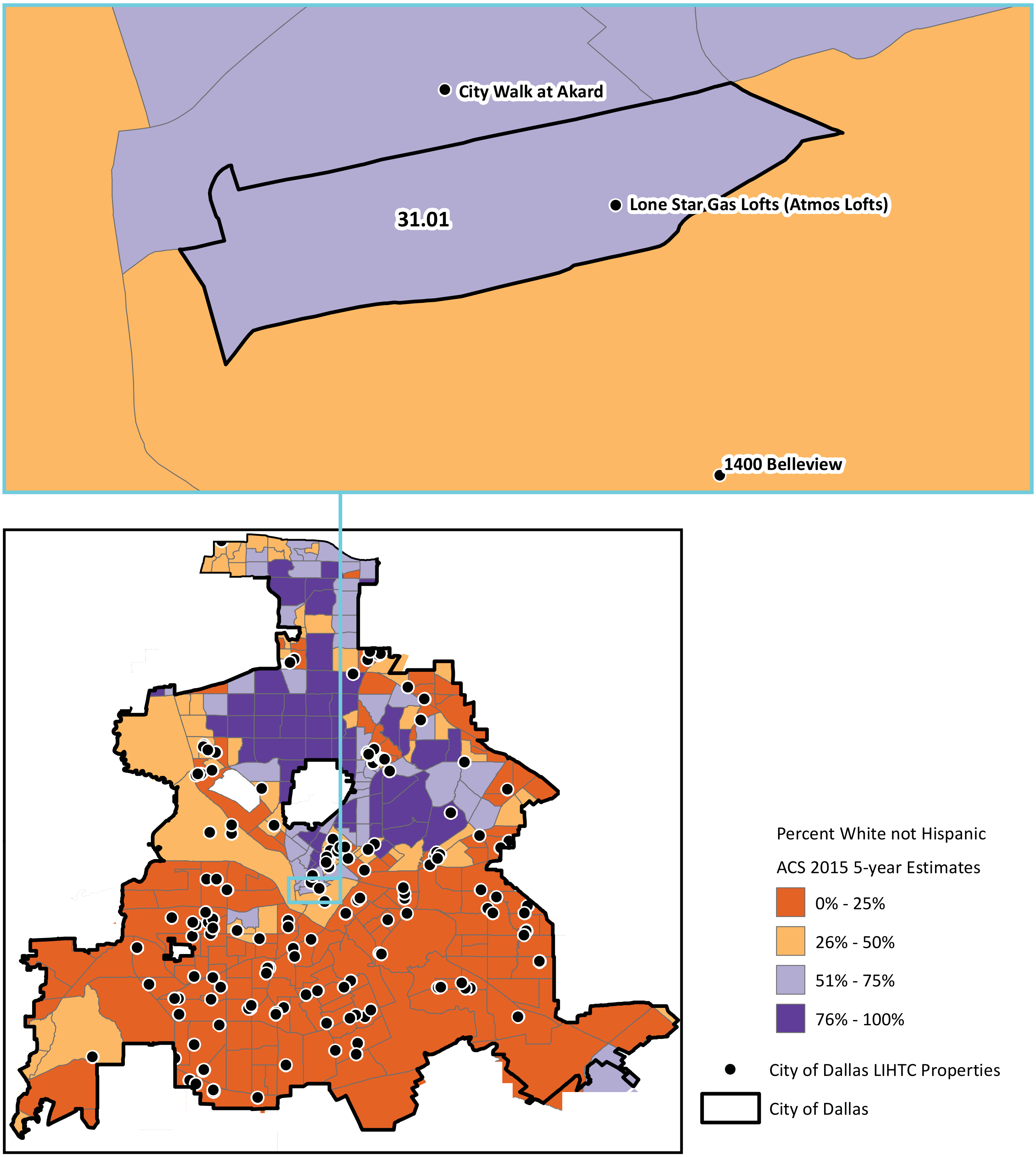


Census tract 81 in the City of Dallas.

There was one census tract 81 LIHTC project developed in 1990. The tract was 80% White non-Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census. The tract has low poverty rates and is not distressed. The project, The White Rock Creek Apartments, has been demolished.

31.01

City of Dallas Neighborhoods and LIHTCs
Census Tract 31.01



Census tracts 31.01 in the City of Dallas.

There is one LIHTC project in this census tract.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Atmos Lofts		31.01	2010	107

Race

Tract 31.01 has been reported as majority White, non-Hispanic since the 2000 U.S. Census reports.

Poverty

The poverty rate for tract 31.01 has ranged from 4% in 1990 to 10% in 2015. The poverty rates for the tract have generally been less than the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

34% (28) of children under 5 were below poverty in tract 31.01 in 2015. 0% (0) of children 5 to 17 were below poverty in tract 21 in 2015. This rate was lower than the rate for the City of Dallas but higher than the rate for the Dallas PMSA/Metro Division.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 31.01 is unsafe as measured by the Violent Crime Index. The tract rank in 2015 was 92.38 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

This project in Zip Code 75201 which has about the same incidence of 2015 citations for illegal dumping (1.83 per 1,000 persons) as the majority White non-Hispanic Zip Codes in the City of Dallas (1.57).

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75201 at a 2017 yearly rate that was .5 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 31.01 (13.3) exceeds the average rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

The census tract has no areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 31.01 is not an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine

whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in the census tract per owner occupied units above the rate for the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

The census tract has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving this census tract is 90% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 16, on its School Proficiency Index.

Other low income assisted rental housing

There are three non-LIHTC HUD assisted rental projects in the census tract. There are 433 total LIHTC and HUD assisted units in the census tracts.

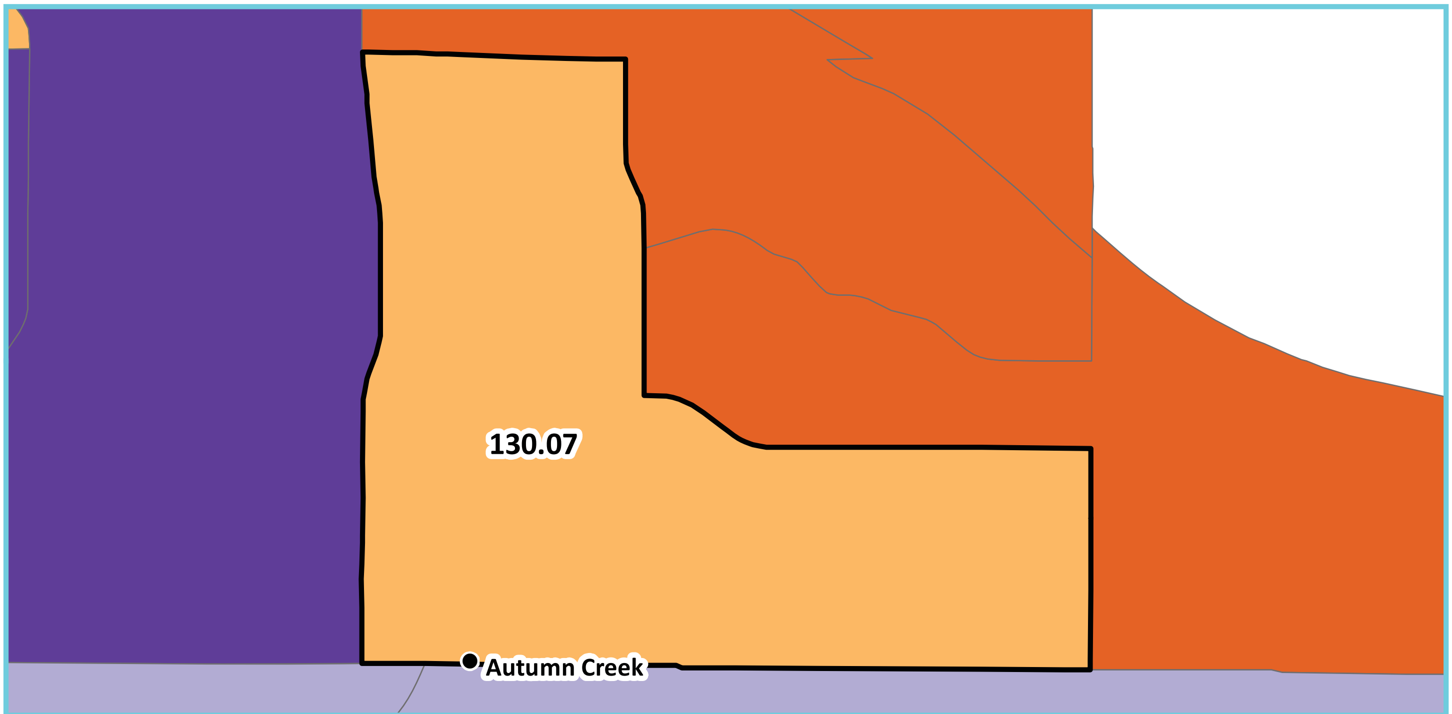
The number of housing vouchers in tract 31.01 has increased from 0 in 2000 to 30 in 2016. Seven of the vouchers are in the LIHTC projects.

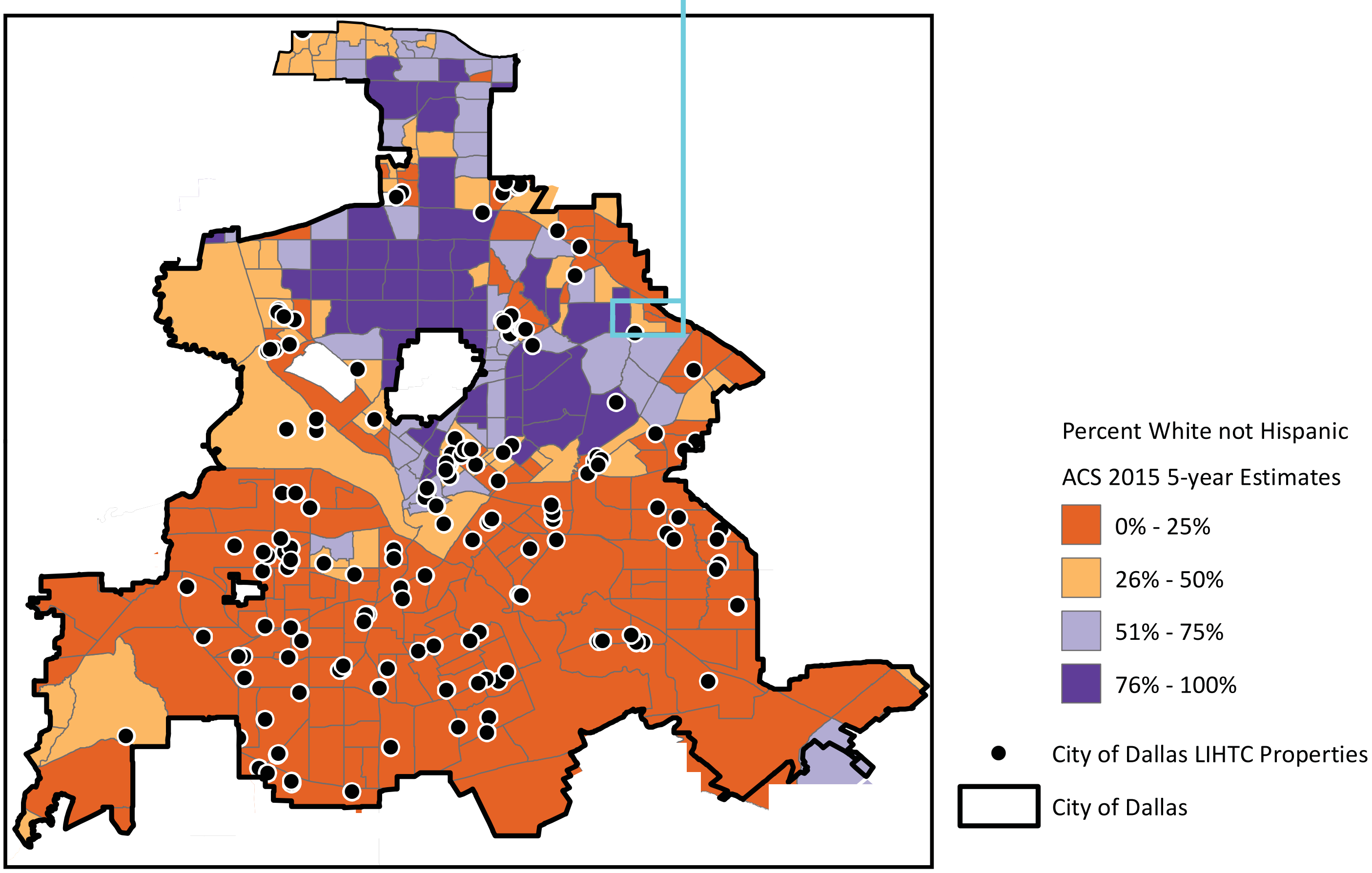
The units at LIHTC projects are 75% or more occupied by Black tenants.

Census tract 31.01.wpd

130.07

City of Dallas Neighborhoods and LIHTCs
Census Tract 130.07





Census tract 130.07 in the City of Dallas.

There is one LIHTC project in this census tract.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Autumn Creek		130.07	1990	82

Race

Tract 130.07 was majority White Non-Hispanic in the 1990, 2000, and 2010 U.S. Census reports, and majority White and Hispanic in the 2015 U.S. Census reports. The tract has a higher percentage of White Non-Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 130.07 has ranged from 2% in 1990 to 15% in 2015. The poverty rates for the tract have not exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 130.07 have increased since 1990. 21% (52) of children under 5 were below poverty in tract 130.07 in 2015. 21% (140) of children 5 to 17 were below poverty in tract 130.07 in 2015. These childhood poverty rates have not generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 130.07 as measured by the Violent Crime Index. The tract ranks 46.71 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75238 which has a lesser incidence of 2015 citations for illegal dumping (1.56 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75238 at a 2017 yearly rate that was the same as the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. This census tract is not in Southern Dallas.

The rate of loose and roaming dog cases per 1,000 persons in tract 130.07 (3.8) is less than the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

The LIHTC project is not in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress

Index

Tract 130.07 is not an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 1 distress, the lowest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in the census tract per owner occupied units have remained about the same since 2000. The number and amount of home loans per owner occupied units in this census tract is approximately the same as in the Dallas PMSA/Dallas Metro Division.

Food Deserts

The census tract has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the LIHTC project in the census tract is 90% or greater economically disadvantaged Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a high level, 70, on its School Proficiency Index.

Other low income assisted rental housing

There are 82 total LIHTC assisted units in the census tract.

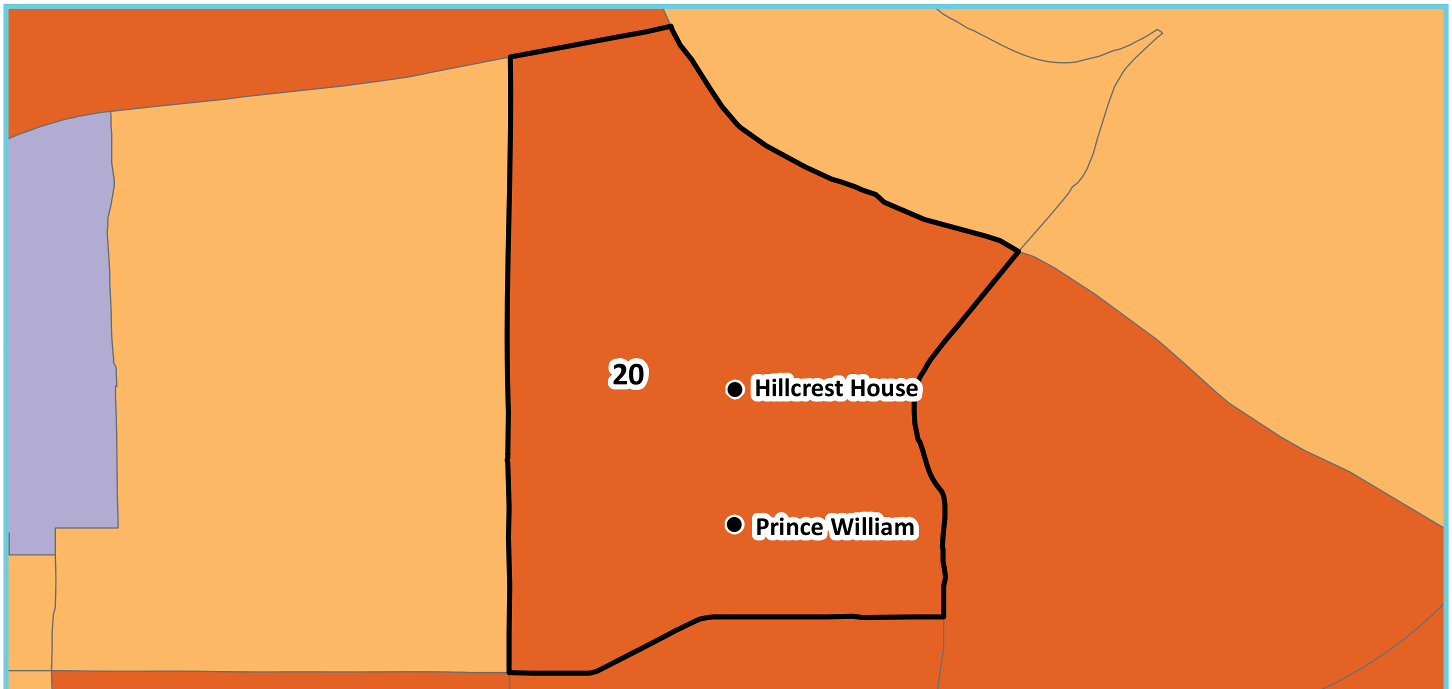
The number of housing vouchers in tract 130.07 has ranged from 35 in 2000 to 24 in

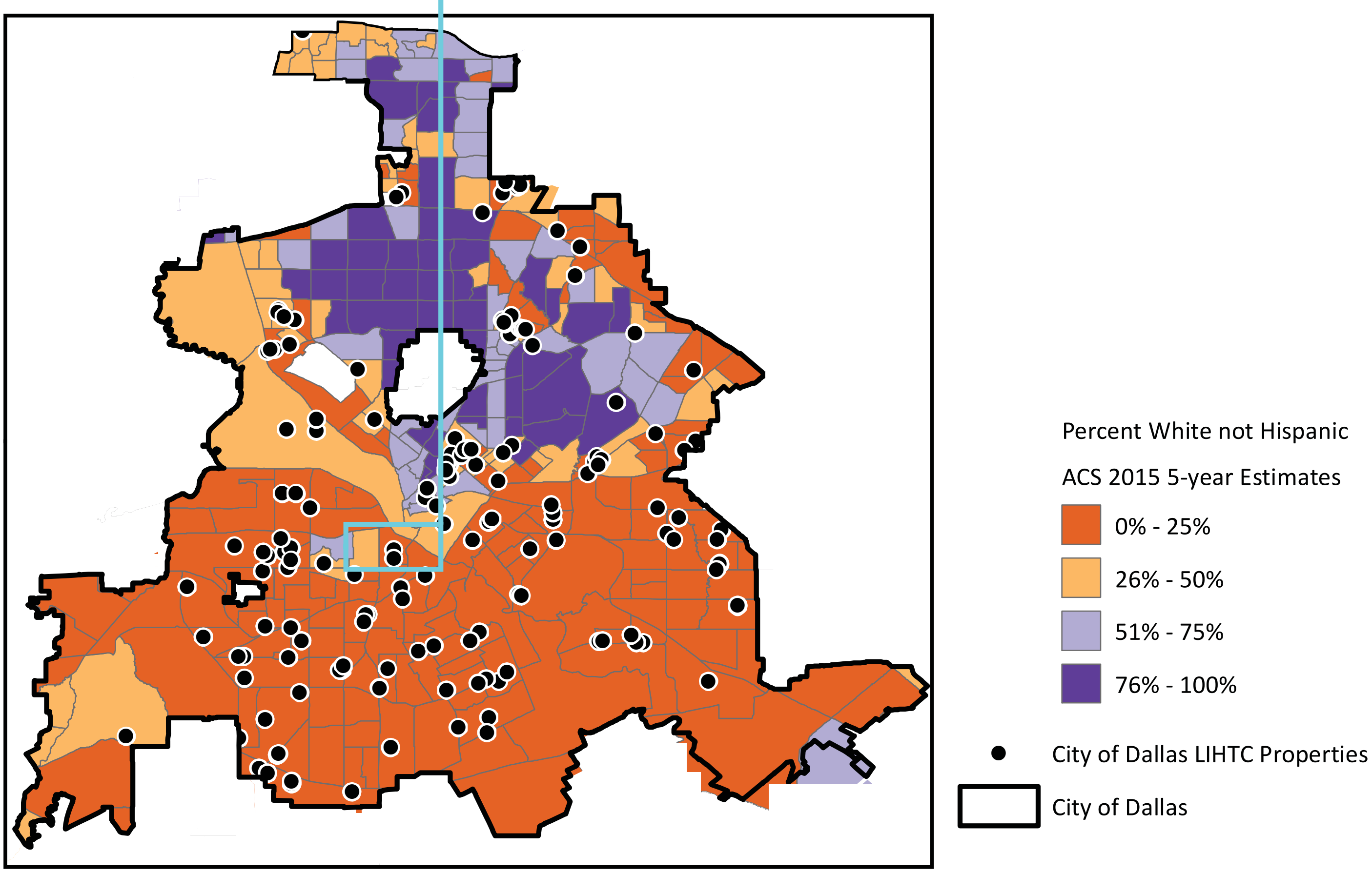
2016. Many of the vouchers are in the LIHTC project.

The units at the LIHTC project are and have been more occupied by a majority of combined Black tenant and Hispanic tenant population.

20

City of Dallas Neighborhoods and LIHTCs
Census Tract 20





Census tract 20 in the City of Dallas.

There is 1 LIHTC project in this census tract.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Hillcrest House		20	1994	64

Race

Tract 20 was majority Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 20 has ranged from 46% in 1990 to 21% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division until 2015.

Childhood poverty

38% (64) of children under 5 were below poverty in tract 20 in 2015. 40% (254) of children 5 to 17 were below poverty in tract 20 in 2015. The childhood poverty rates over time have generally exceed the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The LIHTC project in tract 20 is located in a City of Dallas Police Department Crime Hot

Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 20 is consistently unsafe as measured by the Violent Crime Index. The tract ranks 87 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

The project is in Zip Code 75203 which has a significantly higher incidence of 2015 citations for illegal dumping (17.43 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75203 at a 2017 yearly rate that was 10 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 20 (15.2) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

The LIHTC project in census tract 20 is a tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress

Index

Tract 20 is an economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated this tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 20 per owner occupied units are consistently low and below the rates per owner occupied units in the Dallas PMSA/Dallas Metro Division during the same period.

Food Deserts

Census tract 20 had Low Access to a supermarket or large grocery store on 2013 and Adequate Access in 2015.

Public school data

The public elementary school serving this census tract is 90% or greater economically disadvantaged Black or Hispanic students.

Other low income assisted rental housing

There are no non-LIHTC HUD assisted rental projects in the tract. The other HUD HUD assisted projects receive only 221(d)(4) HUD mortgage insurance. There are 64 total LIHTC and HUD assisted units in the census tracts.

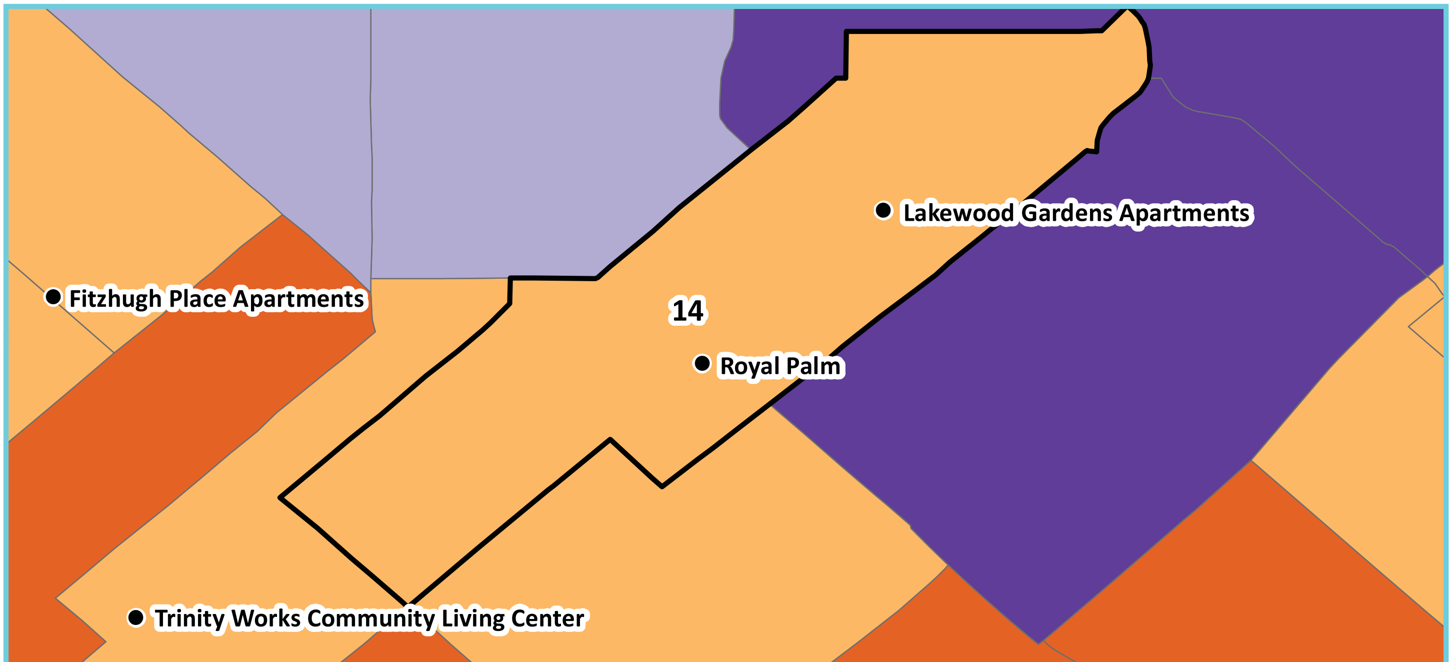
The number of housing vouchers in tract 20 has increased from 31 in 2000 to 45 in 2016.

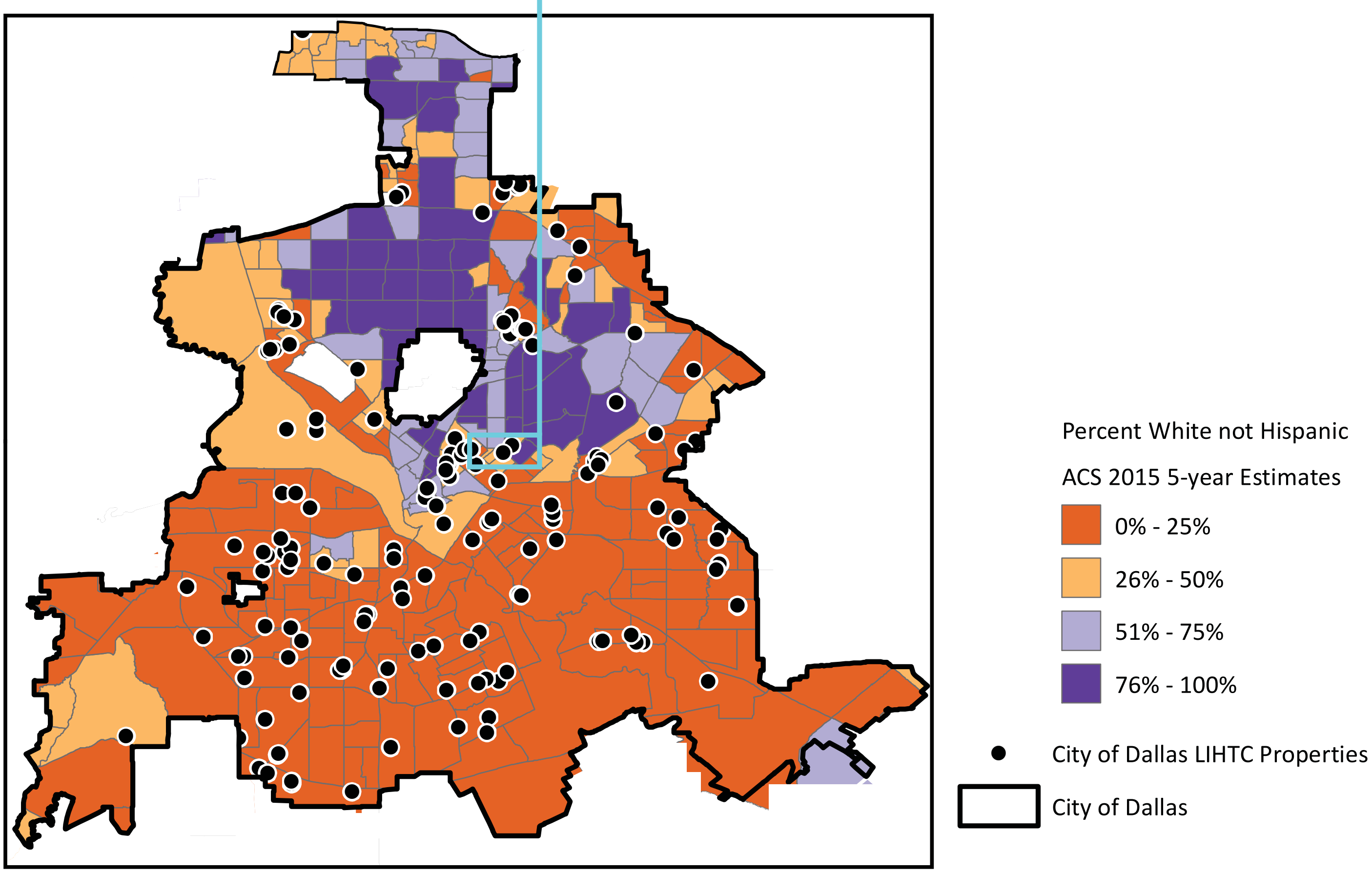
Many of the vouchers are in the LIHTC project.

The units at the LIHTC project are and have been 60% or more occupied by a combined Black tenant and Hispanic tenant population.

14

City of Dallas Neighborhoods and LIHTCs
Census Tract 14





Census tract 14 in the City of Dallas.

There are two LIHTC projects in this census tract.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Lakewood Gardens Apartments		14	1991	40
Royal Palm		14	1991	23

Race

Tract 14 was majority Black and Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. This is a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 14 has ranged from 43% in 1990 to 29% in 2015.

Childhood poverty

The childhood poverty rates in tract 14 have remained high since 1990. 49% (179) of children under 5 were below poverty in tract 14 in 2015. 42% (160) of children 5 to 17 were below poverty in tract 114 in 2015. The childhood poverty rates over time generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

One LIHTC project in tract 14 is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC §

11.9(e)(3)(G)(i), reports tract 14 as consistently unsafe as measured by the Violent Crime Index. Tract 14 ranks 86.17 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

These projects are in Zip Code 75214 which has a significantly higher incidence of 2015 citations for illegal dumping (3.79 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) but not higher than the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75214 at a 2017 yearly rate that was 3 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. Census tract 14 is not in Southern Dallas. The rate of loose and roaming dog cases per 1,000 persons in tract 14 does not exceed the rate in majority White non-Hispanic census tracts.

Industrial zoning

None of the LIHTC projects are in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 14 is an economically distressed area according to the U.S. Treasury's CDFI Investment area designations. The 2010 U.S. Treasury's Distress Index rated the tract a level 2, the middle level on the distress index.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 14 per owner occupied units since 2000 is consistent with the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

The census tract has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 14 is 86% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks one of the elementary school, Royal Palm, serving the census tract at a low level, 32, on its School Proficiency Index.

Other low income assisted rental housing

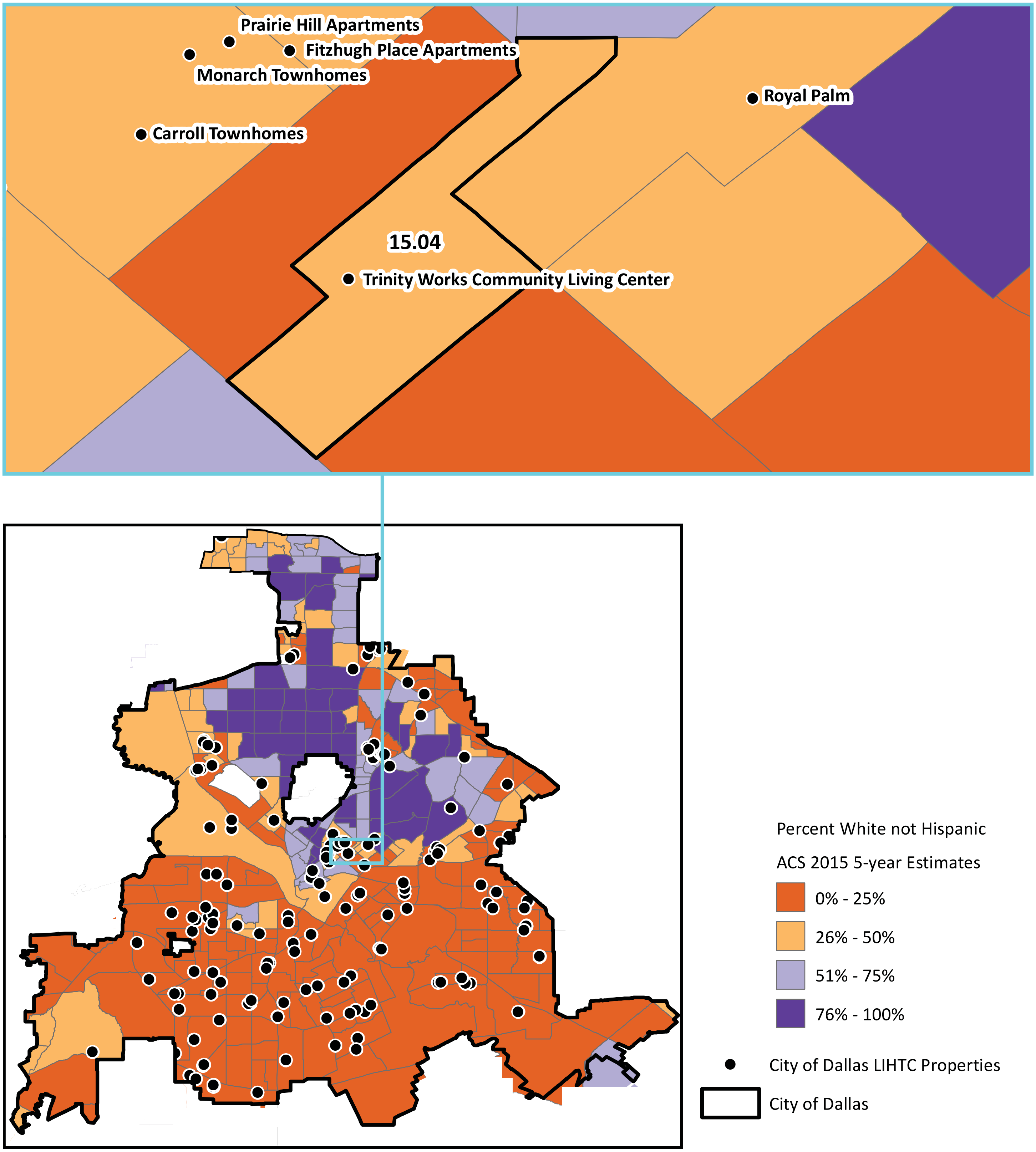
There are 63 total LIHTC assisted rental units in the census tract.

The number of housing vouchers in tract 14 has increased from 26 in 2000 to 94 in 2016. Some of the vouchers are in one of the LIHTC projects.

The units at the Lakewood Gardens Apartments LIHTC project have been 70% to 95% or more occupied by Hispanic tenants. There is no occupancy data for the other LIHTC project.

15.04

City of Dallas Neighborhoods and LIHTCs
Census Tract 15.04



Census tract 15.04 in the City of Dallas.

There is one LIHTC project in this census tract.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Trinity Works Community Living Center (fka Prince of Wales) (on 2015 HSR as Wales SRO)		15.04	1993	61

Race

Tract 15.04 was 58% to 61% combined Black and Hispanic population in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 15.04 has ranged from 37% in 1990 to 34% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

77% (124) of children under 5 were below poverty in tract 15.04 in 2015. 38% (105) of children 5 to 17 were below poverty in tract 15.04 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The LIHTC project in tract 15.04 is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 15.04 is consistently unsafe as measured by the Violent Crime Index. The tract had a rank of 95.66 in the 2015 Violent Crime Index.

Illegal Dumping citations

This project is in Zip Code 75204 which has a significantly higher incidence of 2017 citations for illegal dumping (4.32 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75204 at a 2017 yearly rate that was five times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 15.04 (10.2) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

The census tract has no areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 15.04 is an economically distressed area according to the U.S. Treasury's CDFI Distress Investment area. The 2010 Distress Index rated the tract a level 3 distress, the second highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans census tract 15.04 per owner occupied units are higher than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

The census tract has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the census tract is 90% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 32, on its School Proficiency Index.

Other low income assisted rental housing

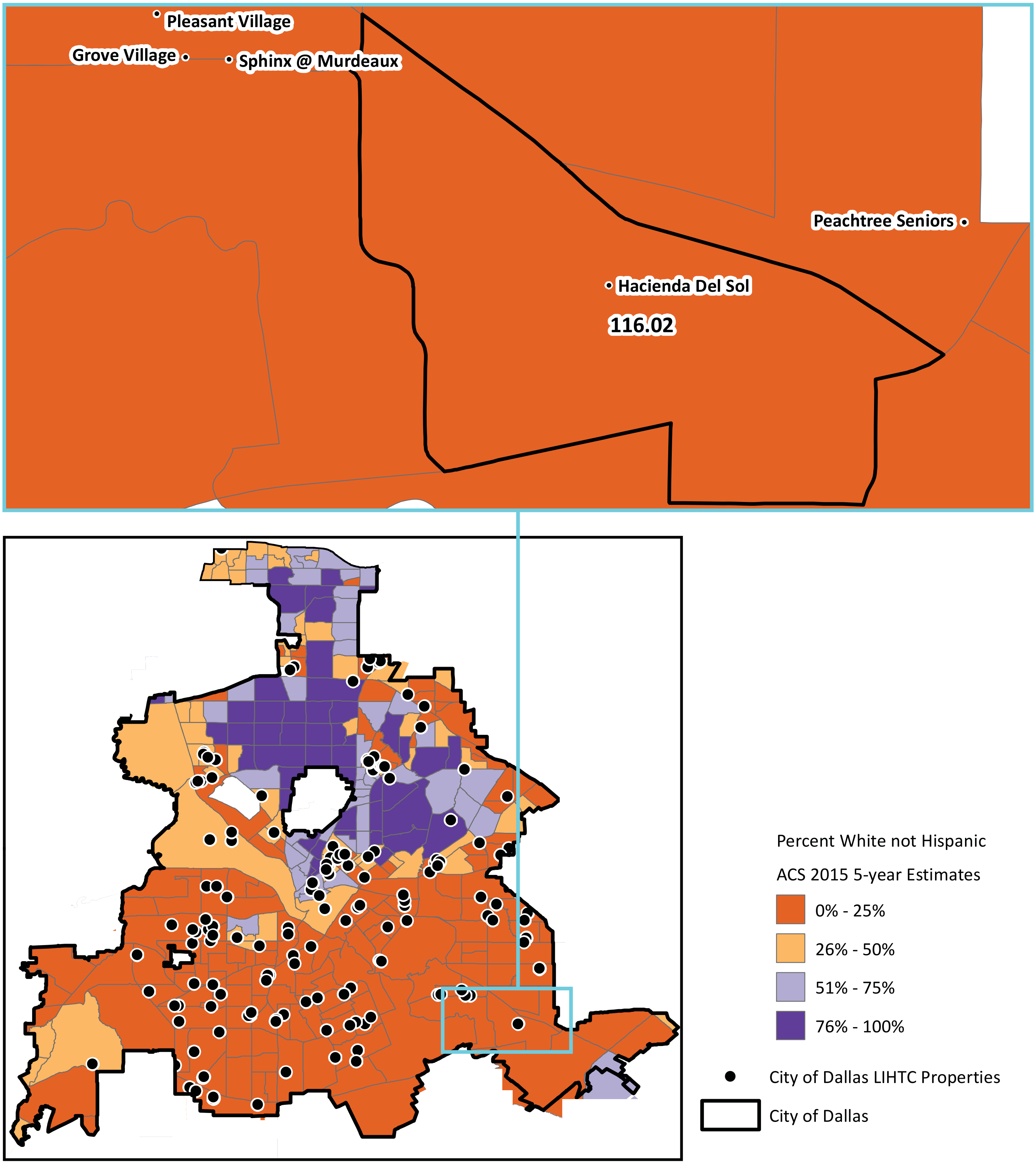
There is one non-LIHTC HUD assisted rental projects in the census tract. There are 286 total LIHTC and HUD assisted units in the census tracts.

The number of housing vouchers in tract 15.04 has varied from 2000 to 2016. Many of the vouchers are in the LIHTC project.

The units at the LIHTC project are and have been from 41% to 56% occupied by a combined Black and Hispanic tenant population.

116.02

City of Dallas Neighborhoods and LIHTCs
Census Tract 116.02



Census tract 116.02 in the City of Dallas.

There is one LIHTC project in this census tract.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Hacienda Del Sol		116.02	2009	55

Race

Tract 116.02 was majority White in the 1990 U.S. Census report and majority Hispanic in the 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 116.02 has ranged from 22% in 1990 to 25% in 2015. The poverty rates for the tract have generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 116.02 have remained above 20% since 1990. 27% (219) of children under 5 were below poverty in tract 116.02 in 2015. 31% (575) of children 5 to 17 were below poverty in tract 116.02 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the Dallas PMSA/Metro Division and remained approximately the same for the childhood poverty rates for the City of Dallas.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports the Violent Crime Index for tract 115. The tract ranks 61.12 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

This project is in Zip Code 75217 which has a higher incidence of 2015 citations for illegal dumping (5.05 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75217 at a 2017 yearly rate that was 7 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 116.02 (49) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

The LIHTC project is in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

The tract is an economically distressed area according to the U.S. Treasury's CDFI

Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in this census tract per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

The census tract has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving the LIHTC project in this census tract is 85% or greater economically disadvantaged Hispanic or Black students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 9, on its School Proficiency Index.

Other low income assisted rental housing

There are 55 total LIHTC assisted units in the census tract.

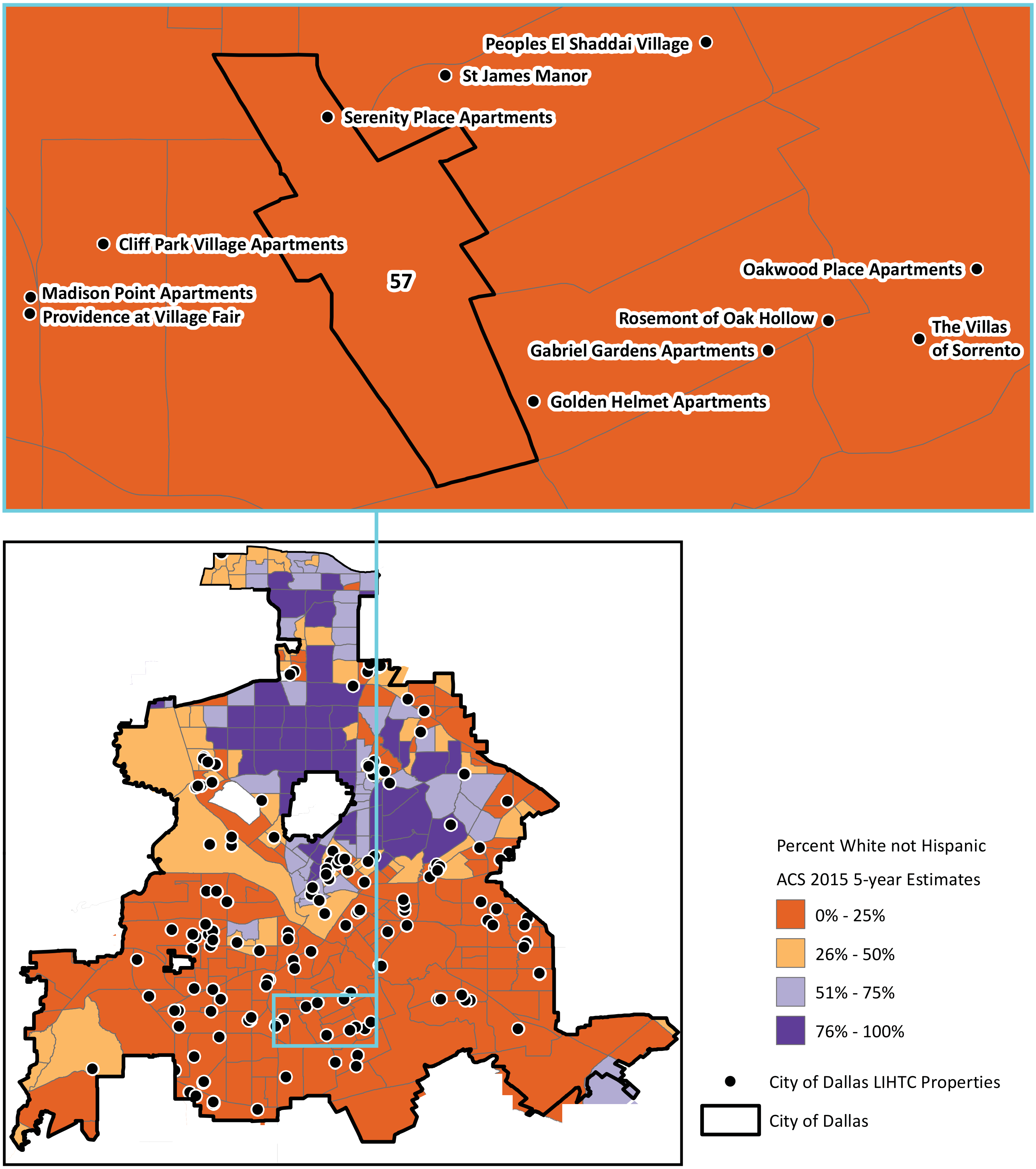
The number of housing vouchers in tract 116.02 has ranged from 62 in 2000 to 23 in 2016. Some of the vouchers are in the LIHTC project.

The units at the LIHTC project are occupied by a combined majority of Black and

Hispanic tenants.

57

City of Dallas Neighborhoods and LIHTCs
Census Tract 57



Census tract 57 in the City of Dallas.

There is one LIHTC projects in this census tract and one HUD assisted project. The LIHTC project is a national bank investment.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Unit
Serenity Place	Yes	57	2014	45

Race

Tract 57 was predominantly Black and Hispanic in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of combined Black and Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 57 has ranged from 27% in 1990 to 40% in 2015. The poverty rate for tract 57 has generally exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 57 have remained high and increased since 1990. 39% (150) of children under 5 were below poverty in tract 57 in 2015. 45% (484) of children 5 to 17 were below poverty in tract 57 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The LIHTC project in tract 57 is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 57 as consistently unsafe as measured by the Violent Crime Index. In 2015, tract 57 ranked 90.75 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

This LIHTC project is in Zip Code 75216 which has a significantly higher incidence of 2015 citations for illegal dumping (11.95 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races move to Zip Code 75216 at a 2017 yearly rate that is 19 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 57 (75.7) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

The LIHTC project is not in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Census tract 57 is an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 57 per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

Census tract 57 has adequate access to a supermarket or large grocery store.

Public school data

The public elementary school serving this LIHTC project in this census tract is 90% or greater economically disadvantaged Black or Hispanic students.

The U.S. Department of Housing and Urban Development ranks the elementary school serving census tract 57 at a low level, 37, on its School Proficiency Index.

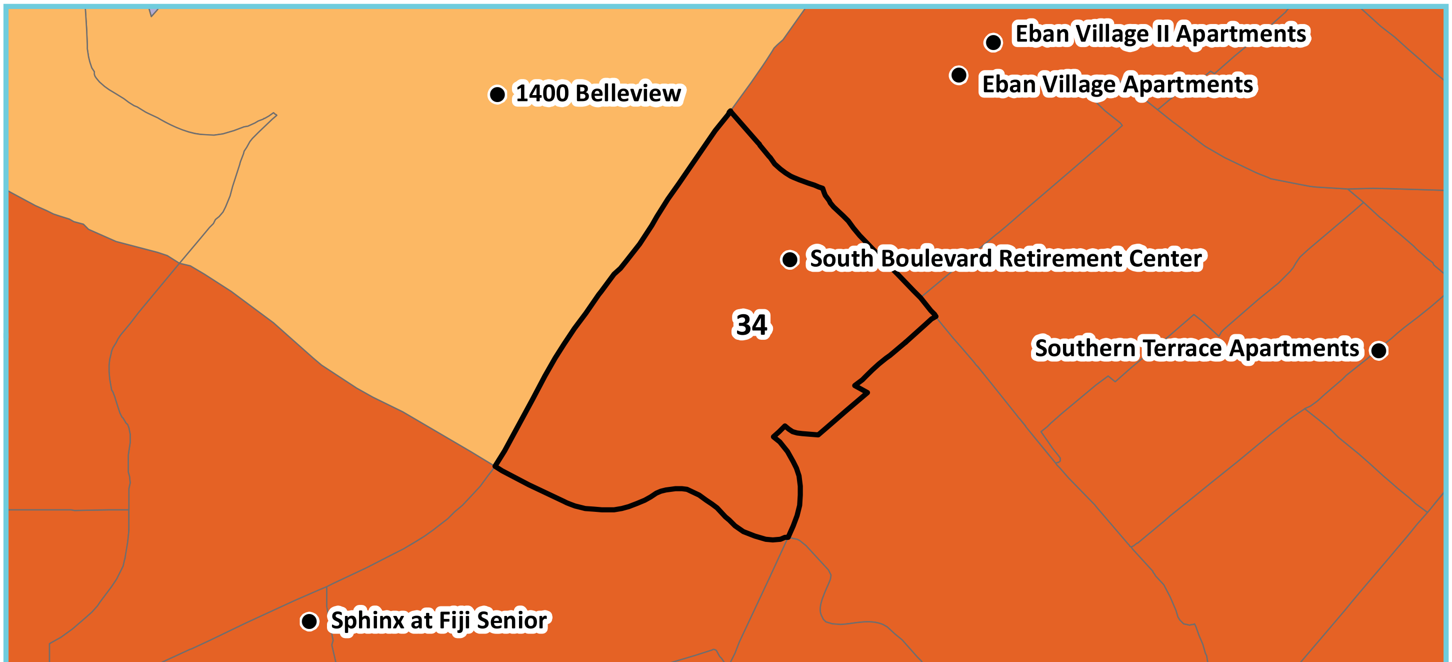
Other low income assisted rental housing

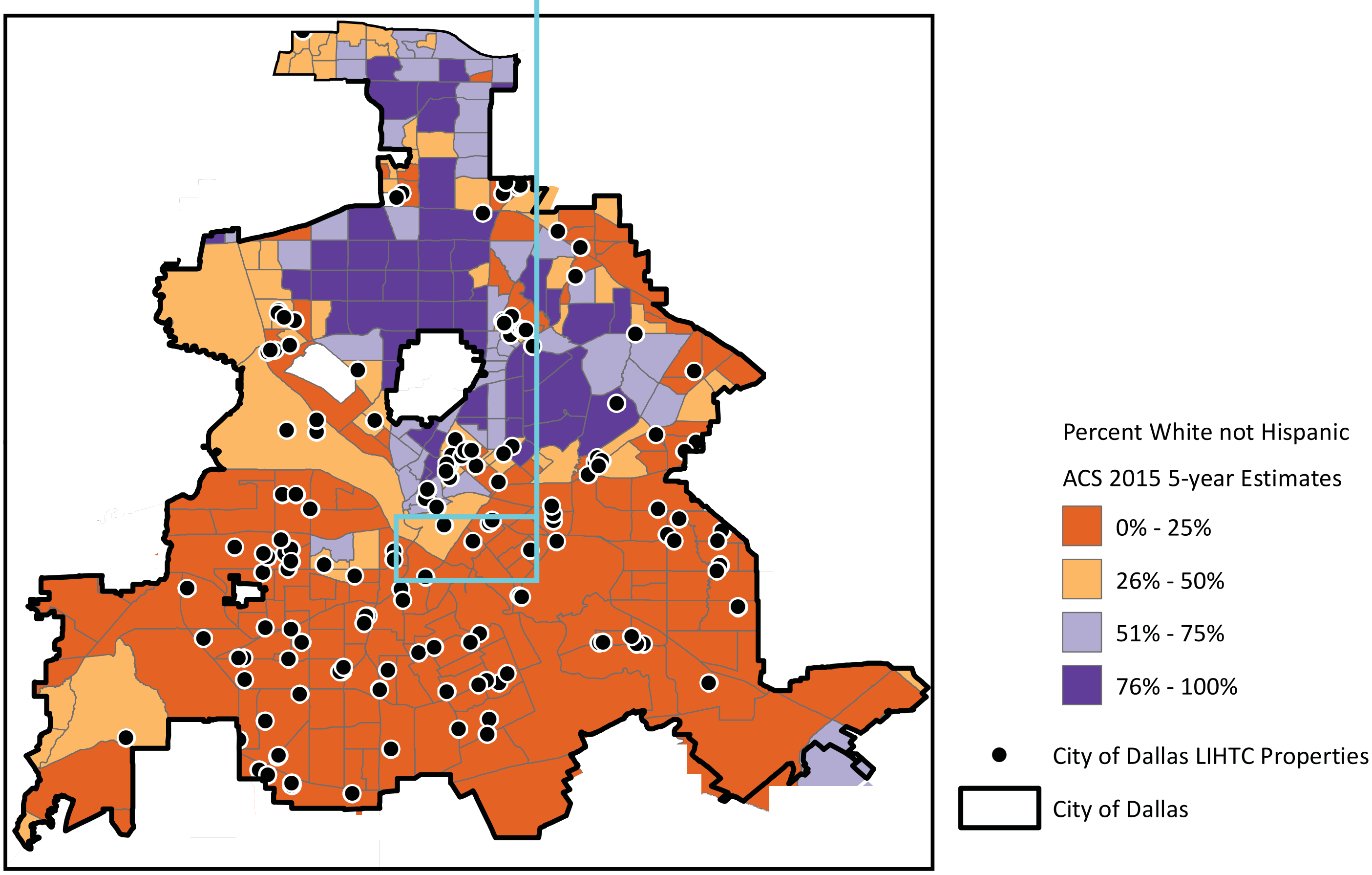
There is a HUD assisted rental project in this census tract. There are 238 total LIHTC and HUD assisted units in the census tract.

The number of housing vouchers in tract 57 has stayed approximately the same. As of 2016 there were 69 vouchers in the tract.

34

City of Dallas Neighborhoods and LIHTCs
Census Tract 34





Census tract 34 in the City of Dallas.

There is one LIHTC projects in this census tract.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
South Boulevard Retirement Center (Edgewood Manor Senior Apartments)		34	1999	30

Race

Tract 34 was majority Black in the 1990, 2000, 2010, and 2015 U.S. Census reports. The tract has a higher percentage of Black population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for tract 34 has ranged from 59% in 1990 to 34% in 2015. The poverty rates for the tract have exceeded the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

14% (9) of children under 5 were below poverty in tract 34 in 2015. 46% (91) of children 5 to 17 were below poverty in tract 34 in 2015. The childhood poverty rates over time have generally exceeded the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The LIHTC project in tract 34 is located in a City of Dallas Police Department Crime Hot

Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 34 as consistently unsafe as measured by the Violent Crime Index. Tract 34 ranks 97.88 on the scale of 0 being the most safe and 100 being the least safe.

Illegal Dumping citations

This project is in Zip Code 75215 which has a significantly higher incidence of 2015 citations for illegal dumping (35.03 per 1,000 persons) than the majority White non-Hispanic Zip Codes in the City of Dallas (1.57) and the majority Minority Zip Codes in the City of Dallas (4.16). Similar disparities exist for 2014.

Registered sex offenders

Registered sex offenders of all races moved to Zip Code 75215 at a 2017 yearly rate that was 33 times the rate of such movers to Dallas County Majority White Zip Codes.

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 34 (79.4) exceeds the rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

The LIHTC project is in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress

Index

Tract 34 is an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area designations. The 2010 Distress Index rated the tract a level 4 distress, the highest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in this census tract per owner occupied units are consistently low and have declined since 2000. The number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division have consistently increased during the same period.

Food Deserts

The census tract has Low Access to a supermarket or large grocery store.

Public school data

This is an elderly LIHTC project.

The public elementary school serving this census tract is 87% or greater economically disadvantaged Black or Hispanic students.

Other low income assisted rental housing

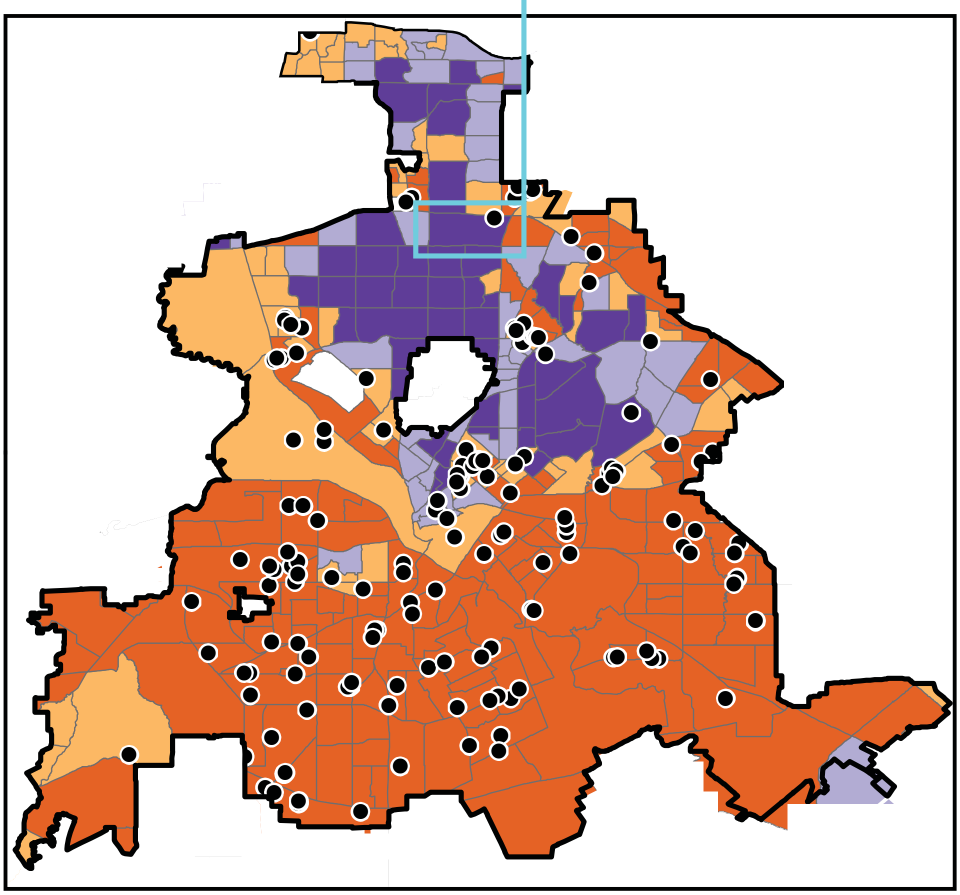
There are 30 total LIHTC assisted units in the census tract.

The number of housing vouchers in tract 34 has increased from 23 in 2000 to 26 in 2016. Many of the vouchers are in the LIHTC project.

The units at the LIHTC project are and have been occupied by a predominantly Black or Hispanic or a combined Black tenant and Hispanic tenant population.

132

City of Dallas Neighborhoods and LIHTCs
Census Tract 132



Percent White not Hispanic

ACS 2015 5-year Estimates

- 0% - 25%
- 26% - 50%
- 51% - 75%
- 76% - 100%

City of Dallas LIHTC Properties

City of Dallas

Census tract 132 in the City of Dallas.

There is one LIHTC project in census tract 132.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Summit Place (Summit Parque)	yes	132	2013	98

Race

Tract 132 has been majority White non-Hispanic since 1990. The tract has a higher percentage of White non-Hispanic population than in the City of Dallas and a higher percentage of combined White non-Hispanic population than in the Dallas PMSA/Metro Division.

Poverty

The poverty rates for the tract have ranged from 1% in 2000 to 10% in 2015. The poverty rates have been lower than the poverty rates for the City of Dallas and lower than the poverty rates in the Dallas PMSA/Metro Division.

Childhood poverty

9% (44) of children under 5 were below poverty in tract 132 in 2015. This rate is lower than the rate for the City of Dallas, 38%, and lower than the rate for the Dallas PMSA/Metro Division, 23%.

26% (129) of children 5 to 17 were below poverty in tract 132 in 2015. This rate is lower than the 5 to 17 childhood poverty rates for the City of Dallas and higher than the 5 to 17 childhood poverty rates for the the Dallas PMSA/Metro Division.

Crime

The tract is located in a City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 132 has the current rank of 65 on the scale of 0 being the most safe and 100 being the least safe. The rank was 33 in 2006 and 52 in 2010.

Illegal Dumping citations

The project is in Zip Code 75251 which has a lower incidence of 2015 citations for illegal dumping , 0, that is lower than the rate in majority White non-Hispanic Zip Codes in the City of Dallas.

Registered sex offenders

The registered sex offenders data for Zip Code 75251 in which this project is located shows that as of 2017, the rate of registered sex offenders of any that had moved to the Zip Code was 0.7. This was higher than the rate for Dallas County Majority White Zip Codes (0.51) and lower than the average rate of all Dallas County Majority Minority Zip Codes (2.3).

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases per 1,000 persons in tract 132 (2.4) is less than the average rate in majority White non-Hispanic census tracts (4.6).

Industrial zoning

The LIHTC project is not in a census tract with areas zoned for industrial use.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 132 is not an economically distressed areas according to the U.S. Treasury's CDFI Investment area eligibility designations. The 2010 Distress Index rated the tract as level 0 distress, the lowest level on the Distress Index

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 132 per owner occupied units for 2015 are higher than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tract 132 has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 132 is majority Hispanic and 77% economically disadvantaged.

Other low income assisted rental housing

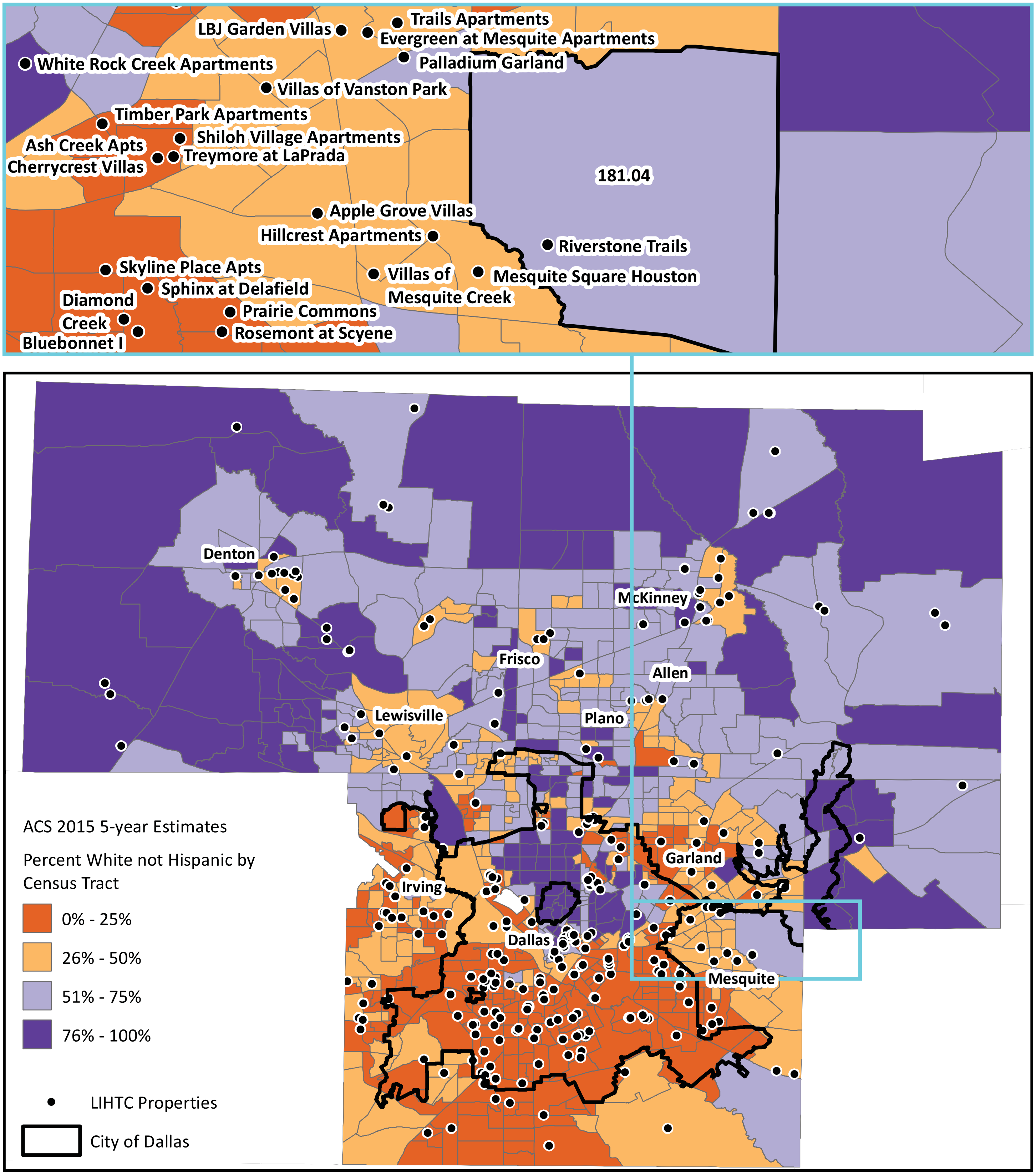
There is one non-LIHTC HUD assisted rental project listed for a location in the census tract with 260 units. There are 358 total LIHTC assisted units in the census tract.

There were 0 housing voucher in the tract in 2000 and 50 in 2016. There was no report showing the number, if any, of vouchers in the LIHTC project in the tract.

There was no report for racial occupancy data for the LIHTC project.

181.04

Collin, Dallas, Denton, and Rockwall Counties Neighborhoods and LIHTCs
Census Tract 181.04



Census tract 181.04 in the City of Sunnyvale.

There is one LIHTC project in census tract 181.04.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
Riverstone Trails	yes	181.04	2012	96

Race

Tract 181.04 was majority White non-Hispanic in the U.S. Census reports for 1990, 2000, 2010, and 2015. The tract has a higher percentage of White non-Hispanic population than in the City of Dallas (29%) and a higher percentage of White non-Hispanic population than the Dallas PMSA/Metro Division (46%).

Poverty

The poverty rate for the tract was 2% in 1990, 4% in 2000, 6% in 2010 and 3% in 2015. The poverty rates for the tract have been substantially lower than the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 181.04 have decreased since 1990 for children under 5. 4% (20) of children under 5 were below poverty in tract 181.04 in 2015. 3% (39) of children 5 to 17 were below poverty in tract 181.04 in 2015. The childhood poverty rates over time for children under 5 and 5 to 17 have generally been substantially less than the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 181.04 has the current rank of 21 on the scale of 0 being the most safe and 100 being the least safe. The rank has decreased from 85 in 2006 to 21 in 2015.

Illegal Dumping citations

The project is not in the City of Dallas. No data is available on illegal dumping citations.

Registered sex offenders

The registered sex offenders data for Zip Code 75182 in which this project is located shows that as of 2017, the rate of registered sex offenders of any race that had moved to the Zip Code was 0.70. This is close to the rate for Dallas County Majority White Zip Codes (0.51) and less than one third of the Dallas County Majority Minority Zip Codes (2.3).

Loose and Roaming Dog Cases

The project is not located in the City of Dallas. There is no data on the number of loose and running dog cases.

Industrial zoning

There is no data on whether there is industrial zoning in this census tract.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 181.04 is not an economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area eligibility designations. The 2010 Distress Index rated the tract as level 0 distress, the lowest level on the Distress Index

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 181.04 per owner occupied units are consistent with the number and amount of home loans per owner occupied unit than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tract 181.04 has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 181.04 is majority White non-Hispanic and less than 14% economically disadvantaged.

Other low income assisted rental housing

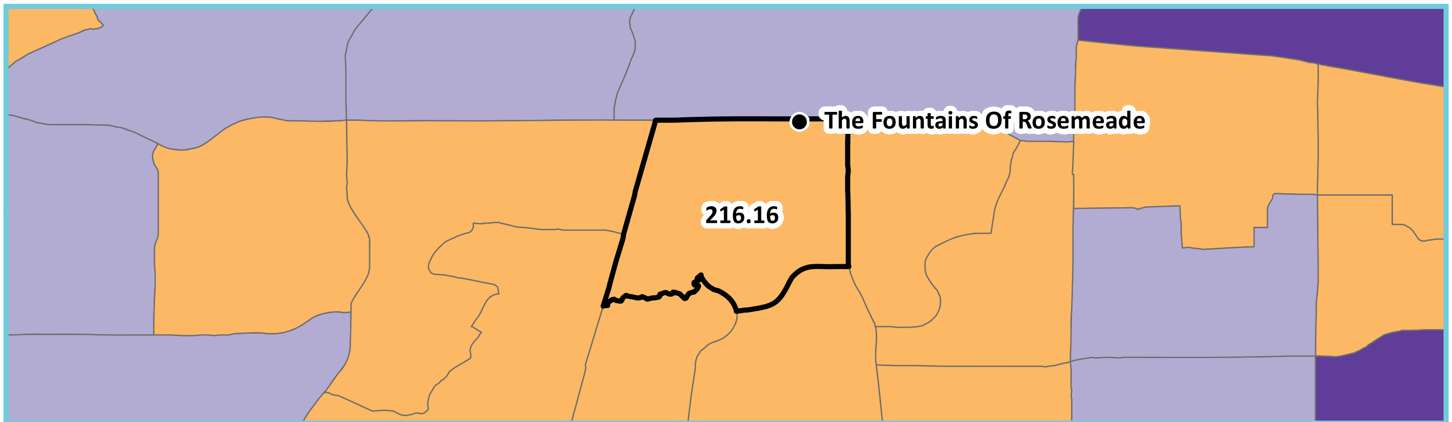
There are no non-LIHTC HUD assisted rental projects for non-elderly in the census tract. There were 96 total LIHTC non-elderly assisted units in the census tract.

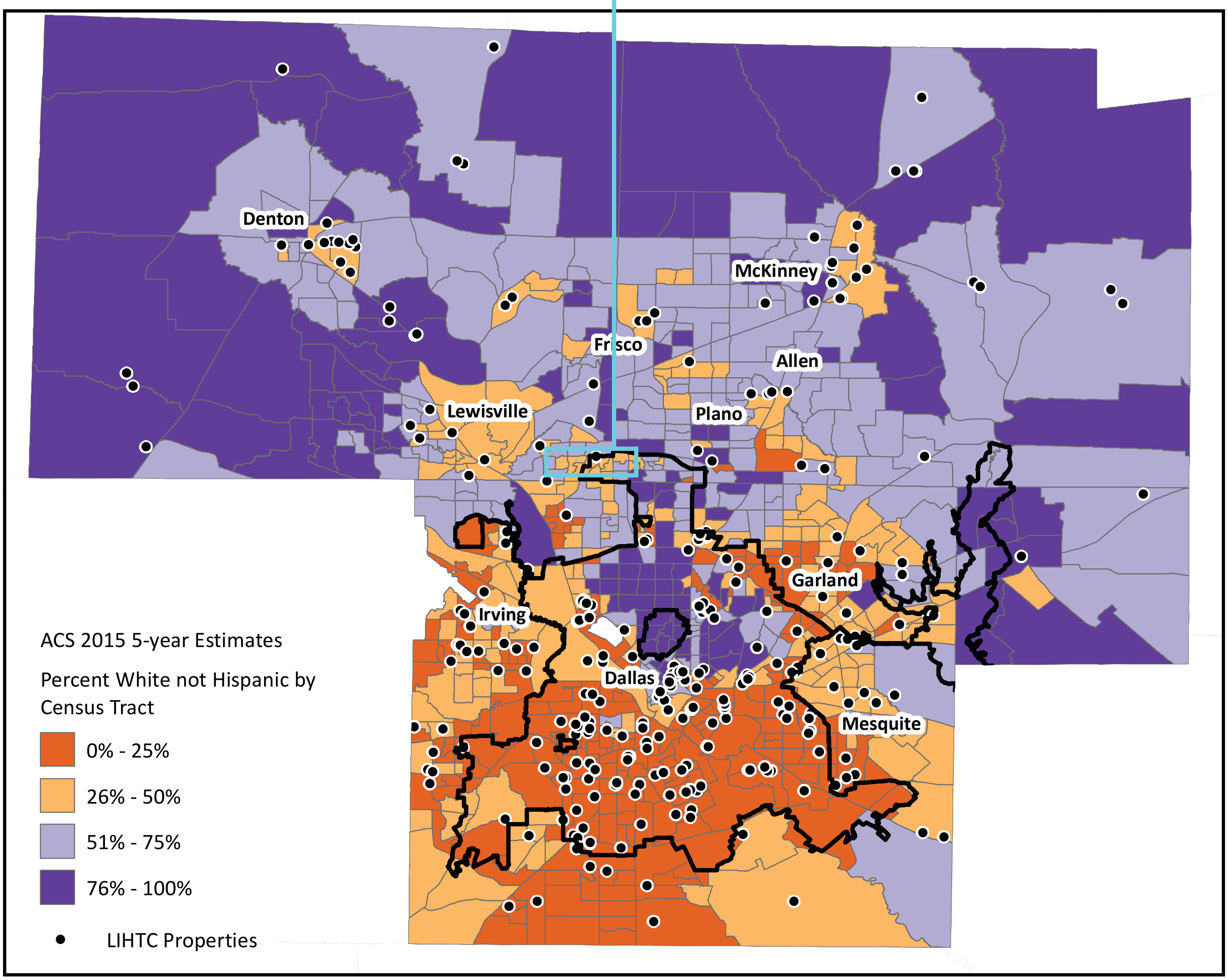
The number of housing vouchers in tract 181.04 has increased from 4 in 2000 to 91 in 2016. 41 of these vouchers were for units the LIHTC project.

The racial occupancy data for the LIHTC project is 83% Black and 11% Hispanic in 2015.

216.16

Collin, Dallas, Denton, and Rockwall Counties Neighborhoods and LIHTCs
Census Tract 216.16





Census tract 216.16 in the City of Dallas.

There is one LIHTC projects in census tract 216.16.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
The Fountains of Rosemeade		216.16	2012	96

Race

Tract 216.16 was majority White non-Hispanic in the U.S. Census reports for 1990, 2000, and 2010. The tract was 40% White non-Hispanic, 27% Black, and 24% Hispanic in the 2015 Census.The tract has a higher percentage of White non-Hispanic population than in the City of Dallas (29%) and a lower percentage of White non-Hispanic population than the Dallas PMSA/Metro Division (46%).

Poverty

The poverty rate for the tract was 4% in 1990, 7% in 2000, 12% in 2010 and 15% in 2015. The poverty rates for the tract have been equal to or lower than the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 216.16 have increased since 1990 for children under 5. 22% (80) of children under 5 were below poverty in tract 216.16 in 2015. 19% (111) of children 5 to 17 were below poverty in tract 216.16 in 2015. The childhood poverty rates over time for children under 5 and 5 to 17 have generally been substantially less than the childhood poverty rates for the City of Dallas but similar to the childhood poverty rates for the Dallas PMSA/Metro Division.

Crime

The tract is located in the City of Dallas Police Department Crime Hot Spot - Target Action Area Grid high crime area.

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 216.16 has the current rank of 67 on the scale of 0 being the most safe and 100 being the least safe. The rank has decreased from 76 in 2010 to 67 in 2015.

Illegal Dumping citations

The project is Zip Code 75007. The 2014 and the 2015 rate of illegal dumping citations is 0. The average rate for the Majority White non-Hispanic Zip Codes all or in part in the City of Dallas was 1.3 in 2014 and 1.57 in 2015.

Registered sex offenders

The registered sex offenders data for Zip Code 75007 in which this project is located shows that as of 2017, the rate of registered sex offenders of any race that had moved to the Zip Code was 0.09. This was less than the rate for Dallas County Majority White Zip Codes (0.51) and less than the Dallas County Majority Minority Zip Codes (2.3).

Loose and Roaming Dog Cases

Loose and roaming dog cases in Southern Dallas present an urgent public safety issue. Loose Dogs in Dallas: Strategic Recommendations to Improve Public Safety, Executive Findings, Briefing to Dallas City Council, August 30, 2016, pdf 9. The rate of loose and roaming dog cases for tract 216.16 was 3.0 This was less than the rate for Dallas County Majority White Zip Codes (4.58) and less than the Dallas County Majority Minority Zip Codes (24.73).

Industrial zoning

There is no industrial zoning in this census tract.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 216.16 is not an economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area eligibility designations. The 2010 Distress Index rated the tract as level 1 distress, the second level on the Distress Index

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 216.16 per owner occupied units are lower per the number and amount of home loans per owner occupied unit than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tract 216.16 has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 216.16 is majority Black and Hispanic and 81% economically disadvantaged.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a low level, 37, on its School Proficiency Index.

Other low income assisted rental housing

There are no non-LIHTC HUD assisted rental projects for non-elderly in the census tract. There were 382 total LIHTC non-elderly assisted units in the census tract.

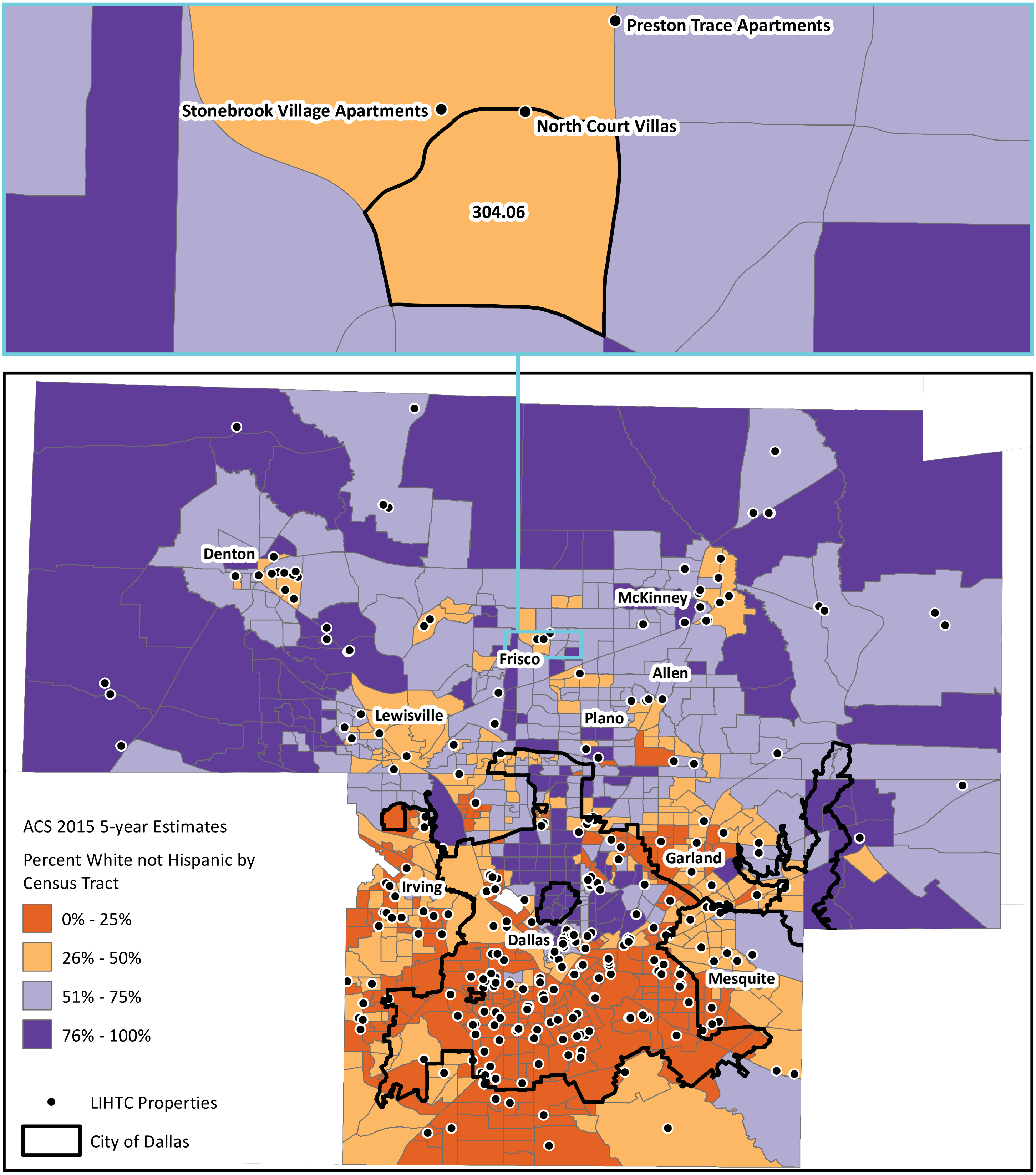
The number of housing vouchers in tract 216.16 has increased from one in 2000 to 141 in 2016. 109 of these vouchers were for units the LIHTC project.

The racial occupancy data for the LIHTC project is 41% Black and 41% Hispanic in 2015.

304.06

Collin, Dallas, Denton, and Rockwall Counties Neighborhoods and LIHTCs

Census Tract 304.06



Census tract 304.06 in the City of Frisco.

There is one LIHTC projects in census tract 304.06.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
North Court Villas		304.06	2010	150

Race

Tract 304.06 was majority White non-Hispanic in the U.S. Census reports for 1990 and 2000. The tract was 43% White non-Hispanic in, 2010 and 45% White non-Hispanic in 2015. The tract has a higher percentage of White non-Hispanic population than in the City of Dallas (29%) and a lower percentage of White non-Hispanic population than the Dallas PMSA/Metro Division (46%).

Poverty

The poverty rate for the tract was 10%1990, 7% in 2000, 19% in 2010 and 9% in 2015. The poverty rates for the tract have been substantially lower than the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 304.06 have increased since 1990 for children under 5. 48% (67) of children under 5 were below poverty in tract 304.06 in 2015. 11% (72) of children 5 to 17 were below poverty in tract 304.06 in 2015. The childhood poverty rates over time for children 5 to 17 have generally been substantially less than the childhood poverty rates for the

City of Dallas and the Dallas PMSA/Metro Division.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 304.06 has the current rank of 35 on the scale of 0 being the most safe and 100 being the least safe. The rank has decreased from 75 in 2010 to 35 in 2015.

Illegal Dumping citations

The project is not in the City of Dallas. No data is available on illegal dumping citations.

Registered sex offenders

There is no registered sex offenders data for Zip Code 75035 in which this project is located.

Loose and Roaming Dog Cases

The project is not located in the City of Dallas. There is no data on the number of loose and roaming dog cases.

Industrial zoning

There is no data on whether there is industrial zoning in this census tract.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 304.06 is not an economically distressed areas according to the U.S. Treasury's CDFI Distress Index or Investment area eligibility designations. The 2010 Distress Index rated the tract as level 1 distress, the second lowest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 304.06 per owner occupied units are consistently higher than the number and amount of home loans per owner occupied unit than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tract 304.06 has Adequate Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 304.06 is majority White non-Hispanic and less than 12% economically disadvantaged.

The U.S. Department of Housing and Urban Development ranks the elementary schools serving the census tract at high level, 85, on its School Proficiency Index.

Other low income assisted rental housing

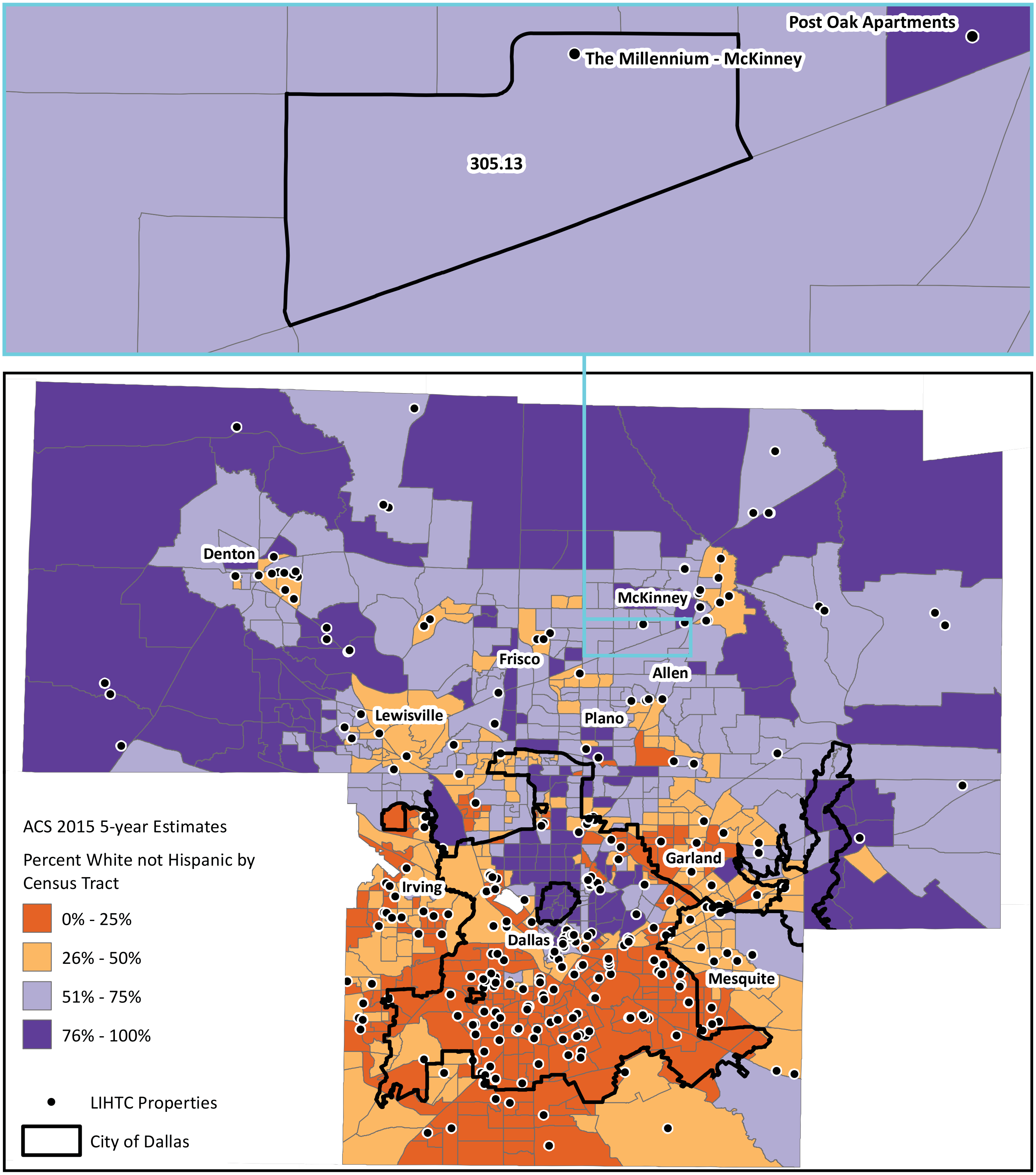
There are no non-LIHTC HUD assisted rental projects for non-elderly in the census tract. There were 150 total LIHTC non-elderly assisted units in the census tract.

The number of housing vouchers in tract 304.06 has increased from 9 in the 2000 tract of which it was a part, 304.02, to 27 in 2016.

The racial occupancy data for the LIHTC project is 47% Black and 29% Hispanic in 2015.

305.13

Collin, Dallas, Denton, and Rockwall Counties Neighborhoods and LIHTCs
Census Tract 305.13



Census tract 305.13 in the City of McKinney.

There is one LIHTC projects in census tract 305.13.

Project Name:	National Bank Investments	Census Tract	LIHTC Allocation Year (from HTC Prop Inventory)	Units
The Millennium - McKinney (Millennium Apartments)		305.13	2013	164

Race

Tract 305.13 was majority White non-Hispanic in the U.S. Census reports for 1990, 2000, 2010, and 2015. The tract has a higher percentage of White non-Hispanic population than in the City of Dallas or the Dallas PMSA/Metro Division.

Poverty

The poverty rate for the tract was 3%1990, 0% in 2000, 12% in 2010 and 3% in 2015. The poverty rates for the tract have been substantially lower than the poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Childhood poverty

The childhood poverty rates in tract 305.13 have not increased since 1990 except for an increase in 2010. The childhood poverty rates continued to decline in 2015.

0% (0) of children under 5 were below poverty in tract 305.13 in 2015. 2% (28) of children 5 to 17 were below poverty in tract 305.13 in 2015. The childhood poverty rates over time have generally been substantially less than the childhood poverty rates for the City of Dallas and the Dallas PMSA/Metro Division.

Crime

The neighborhoodscout.com market compilation of the risks of violent crime generally relied upon by the Texas Department of Housing and Community Affairs, 11 TAC § 11.9(e)(3)(G)(i), reports tract 305.13 has the current rank of 44 on the scale of 0 being the most safe and 100 being the least safe. The rank has increased from 31 in 2010 to 44 in 2015.

Illegal Dumping citations

The project is not in the City of Dallas. No data is available on illegal dumping citations.

Registered sex offenders

There is no registered sex offenders data for Zip Code 75070 in which this project is located.

Loose and Roaming Dog Cases

The project is not located in the City of Dallas. There is no data on the number of loose and roaming dog cases.

Industrial zoning

There is no data on whether there is industrial zoning in this census tract.

U.S. Treasury Community Development Financial Institutions (CDFI) Distress Index

Tract 305.13 is not an economically distressed area according to the U.S. Treasury's CDFI Distress Index or Investment area eligibility designations. The 2010 Distress Index rated the tract as level 0 distress, the lowest level of distress.

Home Mortgage Disclosure Act (HMDA) data

The OCC uses HMDA data in its supervision of financial institutions to determine

whether the institutions are serving the housing credit needs of neighborhoods. Comptroller's Handbook, 2010, page 1, 2.

The number and amount of home loans in census tract 305.13 per owner occupied units are consistently higher than the number and amount of home loans per owner occupied unit than the number and amount of home loans per owner occupied units in the Dallas PMSA/Dallas Metro Division.

Food Deserts

Census tract 305.13 has Low Access to a supermarket or large grocery store.

Public school data

The public elementary school serving census tract 305.13 is majority White non-Hispanic and less than 10% economically disadvantaged.

The U.S. Department of Housing and Urban Development ranks the elementary school serving the census tract at a high level, 91, on its School Proficiency Index.

Other low income assisted rental housing

There are no non-LIHTC HUD assisted rental projects for non-elderly in the census tract. There were 164 total LIHTC non-elderly assisted units in the census tract.

The number of housing vouchers in tract 305.13 has increased from no more than one in the 2000 tract of which it was a part, 305.02, to 63 in 2016.

The racial occupancy data for the LIHTC project is not yet available from TDHCA.

Exhibit 18

Part I

Section 42.—Low-income housing credit

26 CFR 1.42–14: Allocation rules for post-2000 State housing credit ceiling amount.

Rev. Rul. 2016–29

ISSUE

When state housing credit agencies allocate housing credit dollar amounts, does § 42(m)(1)(A)(ii) of the Internal Revenue Code (Code) require or encourage these agencies to reject any proposal that does not obtain the approval of the locality where the project developer proposes to place the project?[1]

[1] Section 147(f) requires public approval for all issuances of proposed qualified private activity bonds, including bonds used to finance qualified residential rental projects. These bond issuances must be approved both (a) by the governmental unit which is to issue the bonds or on behalf of which they are to be issued (issuer approval) and (b) by a governmental unit the geographic jurisdiction of which includes the site of the facility to be financed (host approval). Although the host-approval component of public approval means approval by a governmental unit whose jurisdiction includes the site of the financed facility, "public approval" (including "host approval") does not include "local approval." To illustrate, bonds issued by (or on behalf of) a State may be approved by the State alone in its capacities as issuer and as a host governmental unit whose jurisdiction includes the site of the financed facility. So there is no requirement for local approval by the county or municipality in which the financed facility is to be located. *See* § 5f.103–2(c) of the Temporary Income Tax Regulations Under the Tax Equity and Fiscal Responsibility Act of 1982. Thus, § 42(m)(1)(A)(ii) neither requires nor encourages *local* approval for these bond-financed projects, although § 147 does require *public* approval for issuing the bonds.

FACTS

Agency, a housing credit agency in State *X,* is responsible for allocating housing credit dollar amounts to applicants that seek to develop affordable housing projects that will be eligible to earn low-income housing tax credits (LIHTCs). To guide *Agency* in making these allocations, *Agency* adopted, and the relevant governmental unit approved, a qualified allocation plan (QAP).

This QAP contains provisions that strongly favor applications from affordable housing projects that demonstrate affirmative local support. For example, under the point system that *Agency* uses in judging among applicant projects, points are granted to projects that—

- Manifest quantifiable community participation with respect to the project, especially as evidenced by written statements from neighborhood organizations in the area of the proposed project.
- Receive a commitment of development funding by the local political subdivision.
- Receive community support for the application, as evidenced by a written statement from the state legislator elected from the district in which the project is proposed to be developed.

Agency believes that § 42(m)(1)(A)(ii) requires that allocations be made only to proposals that receive the approval of the locality where the proposed project is to be located. Accordingly, *Agency* will reject an application if evidence of affirmative local support is lacking, and *Agency* uses factors such as the ones in its QAP to determine whether or not that support exists. Requiring local approval empowers jurisdictions to exercise what some call a "local veto."

In State *X*, local approval is much more likely to be secured for proposed LIHTC developments in areas with greater proportions of minority residents and fewer economic opportunities than in higher-opportunity, non-minority communities. *Agency's* practice of requiring local approval has created a pattern of allocating housing credit dollar amounts to projects in the predominantly lower-income or minority areas, with the result of perpetuating residential racial and economic segregation in State *X*.

LAW

If a building is constructed and operated consistent with the requirements of § 42, the building's owners generally receive a 10-year stream of LIHTCs.

Under § 42(h), however, the LIHTCs determined in any year with respect to a building may not exceed the housing credit dollar amount that a State housing credit agency has allocated to the building.

Section 42(m) requires these allocations to be made pursuant to a QAP. Each QAP must contain certain preferences, and selection criteria, specified in the Code, but other factors may be added.

Section 42(m)(1)(A)(ii) prevents a housing credit dollar amount from being allocated to a building unless the allocating "agency notifies the chief executive officer (or the equivalent) of the local jurisdiction within which the building is located of such project and provides such individual a reasonable opportunity to comment on the project."

ANALYSIS

Although *Agency* believes that the local veto provisions in its QAP respond to the requirement in § 42(m)(1)(A)(ii), *Agency* misinterprets this provision. *Agency's* interpretation is inconsistent with (1) the language of § 42(m)(1)(A)(ii) and (2) general Federal fair-housing policy.

1. <u>The Language of Section 42(m)(1)(A)(ii)</u>

The Code requires that each local jurisdiction have a "reasonable opportunity" to comment on any proposal to allocate a housing credit dollar amount to a project within that jurisdiction. This requirement is not the same as requiring the jurisdiction's approval. The clear meaning of "reasonable opportunity to comment" is that the jurisdiction has a chance to weigh in, or even object, but not that every objection will be honored.

Thus, § 42(m)(1)(A)(ii) ensures only the opportunity for local input to the allocation decision. It does not authorize an allocating agency to abandon the responsibility to exercise its own judgment. In particular, it does not require or encourage allocating agencies to bestow veto power over LIHTC projects either on local communities or on local public officials.

2. <u>General Federal Fair-Housing Policy</u>

Agency's practice of requiring local approval has created a pattern of allocating housing credit dollar amounts that has perpetuated residential racial segregation in State *X*. *Agency's* practice, therefore, has a discriminatory effect based on race, which is a protected characteristic under 42 USC 3604. Thus, the practice is inconsistent with at least the policy[2] of the Fair Housing Act of 1968 (the Act), 42 USC 3601–3619.

Nevertheless, *Agency* interprets § 42(m)(1)(A)(ii) as forcing *Agency* to require local approval, despite the discriminatory effect of that practice in State *X*. This interpretation assumes that, in creating LIHTCs, Congress silently reversed well-established, fundamental Federal fair-housing policy. Eighteen years before the 1986 enactment of § 42, the Act had firmly established this policy. *See* 42 USC 3601 ("**Declaration of policy.** It is the policy of the United States to provide, within constitutional limitations, for fair housing throughout the United States."). Without legislative commentary or other persuasive evidence, one cannot conclude that Congress intended to reverse this well-established policy.

In the summer of 2015, the United States Department of Housing and Urban Development (HUD) issued new final regulations regarding obligations under the Act to Affirmatively Further Fair Housing (AFFH). *See* 80 Fed. Reg. 42272 (2015) (issuing HUD's AFFH final rule, which is codified at various locations in 24 CFR Parts 5, 91, 92, 570, 574, 576, and 903). Discussing the many decades during which AFFH had been firmly established Federal policy, HUD states in the preamble, "*From its inception [in 1968]*, the [Act] … has not only prohibited discrimination in housing related activities and transactions but has also provided, through the duty to affirmatively further fair housing … , for meaningful actions to be taken to overcome the legacy of segregation,

[2] The practice may also violate specific nondiscrimination provisions of the Act. *See Tex. Dep't of Hous. & Cmty. Affairs v. Inclusive Cmtys. Project, Inc.,* 135 S. Ct. 2507 (2015).

unequal treatment, and historic lack of access to opportunity in housing." *Id.* at 42272 (emphasis added).

AFFH was firmly established Federal housing policy when § 42 was enacted, and there is no suggestion that Congress intended § 42 to diverge from that policy. Section 42(m)(1)(A)(ii), therefore, does not require or even encourage conduct inconsistent with that policy.

HOLDING

When state housing credit agencies allocate housing credit dollar amounts, § 42(m)(1)(A)(ii) does not require or encourage these agencies to reject all proposals that do not obtain the approval of the locality where the project developer proposes to place the project. That is, it neither requires nor encourages housing credit agencies to honor local vetoes.

DRAFTING INFORMATION

The principal author of this revenue ruling is James W. Rider of the Office of Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding this revenue ruling, please contact Mr. Rider at (202) 317-4137 (not a toll-free call).

Exhibit 19

Remarks by

Thomas J. Curry
Comptroller of the Currency

Before the National Association of Affordable Housing Lenders

Washington, D.C.

February 27, 2013

Thank you for that very kind introduction. I'm delighted to be here with you today to share some thoughts about affordable housing and community development finance. I can't think of a better forum to have that discussion. I have a deep respect for the work that you do, and especially for the dedication and energy that your President, Judy Kennedy, brings to this important effort. I recall participating in a symposium hosted by NAAHL in 2004, where you were an early voice in sounding the alarm about abusive lending practices.

NAAHL is a unique organization because its diverse membership brings bankers together with community development organizations, entrepreneurs, and fund syndicators. By strengthening community, industry, and public sector partnerships, you have developed and implemented sound approaches for meeting critical community needs and serving low- to moderate-income families. I'm drawing from the writer Thomas Friedman here when I say that —the important work you do combines "a business school brain with a social worker's heart."

Let me start by congratulating you as NAAHL celebrates 35 years of successful community investment. As you may know, the OCC is passing a milestone of our own, and just yesterday I had the honor of kicking off our celebration of the agency's 150th anniversary. In 1863, President Lincoln signed the National Currency Act, which established the Office of the Comptroller of the Currency as the regulator of national banks. One of my predecessors, Comptroller James J. Saxon, who served under President John F. Kennedy, framed the OCC's mission in this way: "to release the full energy and initiative of the banking industry in the service of the community and the nation." I think the concept of mobilizing the resources of federal financial institutions in service to the community admirably sums up what we're still trying to do today.

I mention Comptroller Saxon because it was during his tenure in 1963, that the OCC authorized banks, for the first time, to make investments that promote economic and social development in their communities.

As a result, today we can celebrate another key milestone—the 50th anniversary of the public welfare investment authority. The OCC has played an important role in nurturing and administering the public welfare investment authority, from its modest beginnings to its more robust performance today.

That first step permitted investments up to an aggregate limit of 2 percent of a national bank's capital and surplus, opening the door for collaboration on community and economic development projects with community partners. Initially, community development investments were rare. However, the pace of investment began to pick up after 1971, when the OCC increased the investment limit to 5 percent. At that time of social change and urban unrest, banks assumed a deeper sense of civic responsibility. Congressional actions, like adoption of the Community Reinvestment Act, caused banks to think even more seriously about community development.

Support for public welfare investment continued to grow. In 1992, Congress codified the authority of banks to make these investments and simultaneously raised the investment limits to 10 percent of capital and surplus.

It is important to point out that federal savings associations have a similar community development investment authority. Thrifts can make investments in the types of activities that are permitted for national banks. However, the investment caps are different for thrifts than for national banks. The 1995 CRA regulations laid down a new marker by formalizing the large bank Investment Test. Banks started to think more broadly about community development opportunities, and by 2006, some banks were nearing their 10 percent investment limits. The OCC strongly supported Congressional action that year raising the investment ceiling to 15 percent.

Regulators acknowledged the importance of the public welfare investment authority in other ways as well. For example, the Basel II capital rules, issued in 2007, recognized the risk-mitigating aspects of public subsidies often associated with community development projects and provided specialized risk weighting for equity investments made under the public welfare investment authority.

The genius of the public welfare investment authority lies both in its flexibility and its alignment with other public policy objectives. Today, banks have branched out from “plain vanilla” investments to more innovative transactions and complex financing structures. The OCC has approved public welfare investments ranging from transitional housing, charter schools, food kitchens, and drug rehabilitation centers, to small business incubators and manufacturing facilities.

Public welfare investment is also critical to the success of several Federal tax credit programs that support low-income housing, new markets economic development, historic renovation, and renewable energy facilities. In order to receive tax credit benefits a bank must be an owner or leaseholder, which is possible only because the public welfare investment authority allows a bank to invest in and hold real estate—an activity that typically would not be permissible under the National Bank Act.

Job creation is another beneficial result of the public welfare investment authority. Banks and thrifts hold the lion's share of New Markets Tax Credit investments, which help to foster or retain jobs. The public welfare investment authority allows banks to provide equity for small business start-ups or expansion plans and invest in small business-related funds. As the nation emerges from recession, this job creation function is particularly critical for low- and moderate-income individuals and for communities where unemployment rates remain stubbornly high.

Public welfare investment authority also encourages investments that complement initiatives in areas targeted by a governmental entity for redevelopment. These synergies strengthen communities' capacity to undertake and sustain large scale community development projects. For example, I recently toured the Columbia Heights neighborhood just north of here, where a public welfare investment funded renovation of the historic Tivoli theatre. In 1924, when the Tivoli was built, it was one of the most opulent movie palaces in the region and the avenue was lined with fine shops. But the area declined and the theatre closed in 1976. Today, the Gala Hispanic Theatre performs at Tivoli Square, which also serves as the permanent home for the National Center for Latino Performing Arts.

The theatre anchors vibrant redevelopment near a metro stop, and the nearby area is bustling again. The nonprofit Development Corporation of Columbia Heights partnered with developers on large scale projects that revitalized the area, bringing retail and commercial projects as well as condominium housing with a set-aside for affordable units. A grocery and several big box stores surround the square. The D.C. Department of Employment Services and the developers agreed to give neighborhood residents first preference for jobs associated with the project. This stimulus is precisely what the public welfare investment authority is intended to achieve.

In addition to economic development projects a significant portion of public welfare investment is devoted to affordable housing. By some estimates, more than half of all low-income housing tax credit projects are financed, directly or indirectly, through the public welfare investment authority. Across the Anacostia River from the OCC's new headquarters, a bank invested in a low-income housing tax credit project called the Overview at Washington View. That development acted as a catalyst for private investment in nearby neighborhoods—including market-rate housing and a full-service grocery store in a low-income area that had been clamoring for a wider range of nutritious food offerings. Also, the D.C. government provided ancillary services by funding a computer lab and an after-school care program to support residents' needs.

A key advantage of the public welfare investment authority is that it is sufficiently broad to allow banks to shift strategies and respond appropriately to changing needs. For example, the OCC recently allowed a bank to transfer a foreclosed multifamily property to a partnership and then invest in the partnership. This both allowed the bank to manage foreclosed asset and preserved the bank's ability to utilize the tax credits associated with the property.

This broad investment authority allows banks to craft community development strategies that meet their business needs and investment objectives. Larger banks with a dedicated community development staff are able to structure and directly invest in more complex deals, while community banks often prefer investing in qualified funds.

The benefits of the public welfare investment authority are easy enough to list, but these investments must also be profitable and financially sustainable. The risk associated with a particular community development effort is minimized because, if it is appropriately structured, a bank is liable only for the amount of its investment.

A critical aspect of the OCC's role in administering this authority is to review each of these investments to ensure they are made in a safe and sound manner. To expedite the approval process, banks that meet certain criteria are able to do their own due diligence, make an investment, and notify the OCC after-the-fact. A bank may also ask the OCC to approve an investment before it is made—either because the bank does not meet the regulatory criteria for the after-the-fact notice or to make sure that a particular investment meets the public welfare and investment limit requirements.

We strive to make the program as easy as possible to use. There is an efficient on-line process for submitting approval requests and after-the-fact notices. We believe our administrative review process provides timely decisions and appropriately balances the need to evaluate safety and soundness considerations with a bank's desire to move forward with its investment strategy. As part of our implementation of the Dodd-Frank

Act, the OCC is currently working on a project to harmonize the investment approval procedures for banks and thrifts.

For our part, the OCC's Community Affairs Department devotes a good deal of energy to providing the information that bankers need to use the program successfully. The OCC's Public Welfare Investments resource web page offers numerous reference tools to help bankers, including a section of Frequently Asked Questions, along with detailed information on compliance and investment guidelines. Summaries of our investment approvals are posted on our "At-A-Glance" chart each quarter so bankers can see what others are doing. We maintain a list of investments by banks in national and regional funds and our publications describe best practices for a wide range of public welfare investments. The OCC also posts precedent letters when we approve an innovative public welfare investment to build awareness of new trends and investment types.

The fact that banks have embraced public welfare investment is borne out by the numbers. Despite the economic downturn, public welfare investments are growing steadily. By the end of 2012, cumulative investments totaled $68 billion. Last year alone, banks made $9.6 billion in public welfare investments.

The public welfare investment authority has attracted a significant amount of private capital to address social and economic problems in our communities. Banks and thrifts have used the authority to foster innovation and complement other programs designed to spur certain types of development, such as tax credits. Public welfare investments have a proven track record of sustainability and profitability. The OCC administers this program with an eye toward efficiency and with the goal of allowing capital to flow smoothly to meet these public needs. However, I'd like to solicit your views about any steps we could take to improve the public welfare investment authority. Are there substantive changes to the public welfare investment authority that would increase its effectiveness as a tool to spur housing and economic development in our communities? Your input for improving the investment approval process is also welcome. I feel strongly that banking regulators benefit tremendously by listening to your ideas about how you as bankers and practitioners can best serve community needs.

With that, I'll conclude and I'd be happy to take your questions.

Exhibit 20

Office of the
Comptroller of the Currency
Washington, DC 20219

Community Developments

MARCH 2014 [Revised APRIL 2014]
COMMUNITY AFFAIRS DEPARTMENT

Insights

Low-Income Housing Tax Credits: Affordable Housing Investment Opportunities for Banks

Abstract

The Low-Income Housing Tax Credit (LIHTC) is the federal government's primary program for encouraging the investment of private equity in the development of affordable rental housing for low-income households. Since its creation in 1986, the LIHTC has helped to finance more than 2.4 million affordable rental-housing units for low-income households.[1] This Insights report describes how LIHTCs are used to finance the development of affordable housing and how national banks and federal savings associations (collectively, banks) can participate as investors and lenders in LIHTC-financed projects. The report outlines the risks and regulatory considerations of LIHTC investments, including the considerations these investments receive in Community Reinvestment Act (CRA) examinations.

The Office of the Comptroller of the Currency (OCC) obtained the information for this report from a variety of sources, including banks, nonsupervised financial intermediaries, investment fund advisers, and other parties actively using LIHTCs to finance affordable housing. The information and examples offered are typical of LIHTC-financed projects. The report includes an overview of U.S. federal income tax laws and regulations applicable to the LIHTC program; however, the information in this report does not constitute tax advice, and investors should consult tax advisers about tax treatments for LIHTC investments.

Case studies of LIHTC-related financing are discussed in appendix A, B, C, and D. Appendix E lists abbreviations used in this report. Appendix F provides LIHTC resources.

I. What Is the LIHTC?

The LIHTC program was established as part of the Tax Reform Act of 1986 and is commonly referred to as section 42, the applicable section of the Internal Revenue Code (IRC). The LIHTC program provides tax incentives to encourage individual

[1] *What Happens to Low-Income Housing Tax Credit Properties at Year 15 and Beyond?,* U.S. Department of Housing and Urban Development (HUD), August 2012. The authors note that 2.2 million LIHTC-financed properties were placed in service from 1987 through 2009, the last year for which they had data. The authors estimate the total in 2011 was 2.4 million.

and corporate investors to invest in the development, acquisition, and rehabilitation of affordable rental housing.[2] The LIHTC is an indirect federal subsidy that finances low-income housing. This allows investors to claim tax credits on their federal income tax returns. The tax credit is calculated as a percentage of costs incurred in developing the affordable housing property, and is claimed annually over a 10-year period. Some investors[3] may garner additional tax benefits[4] by making LIHTC investments.[5]

The equity raised with LIHTCs can be used for newly constructed and substantially rehabilitated and affordable rental-housing properties for low-income households, and for the acquisition of such properties in acquisition/rehabilitation deals. LIHTCs provide equity equal to the present value of either 30 percent (referred to in this report as the 4 percent credit) or 70 percent (referred to as the 9 percent credit) of the eligible costs of a low-income housing project, depending in part on whether tax-exempt bonds are used to finance the project.

To qualify for the credit, a project must meet the requirements of a qualified low-income project. Project sponsors/developers (project sponsors) are required to set aside at least 40 percent of the units for renters earning no more than 60 percent of the area's median income (the 40/60 test) *or* 20 percent of the units for renters earning 50 percent or less of the area's median income (the 20/50 test).[6] These units are subject to rent restrictions such that the maximum permissible gross rent, including an allowance for utilities, must be less than 30 percent of *imputed* income based on an area's median income.[7]

State selection procedures for tax credit allocations often encourage project sponsors to provide more than the minimum number of affordable units and greater than the minimum level of affordability. Because these credits are available only for affordable rental units, many applications designate 100 percent of units in properties as affordable and reserve some units for renters earning well below 50 percent of the area median income.[8]

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[2] Tax Reform Act of 1986, Public Law 99-514, 100 Stat 2085, HR 3838, 99th Congress, 2nd Session, October 22, 1986. For the LIHTC provisions, see UL26 IRC 42. Because LIHTCs are commonly known as housing tax credits or tax credits, these terms are used interchangeably in this report. The LIHTC program became permanent under the Omnibus Budget Reconciliation Act of 1993.

[3] *Low-Income Housing Tax Credit Handbook*, Novogradac & Co., sections 2.1 and 2.17, 2011.The number of taxpayers who can benefit from LIHTCs is limited by passive activity and alternative minimum tax rules. Widely held corporations are not subject to the passive loss rules and, as such, are, according to the author, ideal investors in low-income housing tax credit projects.

[4] The return on the LIHTC investment can include (1) the stream of LIHTCs, (2) periodic distributions of funds from operations, (3) distribution upon sale of the project, and (4) periodic allocations of gains and losses from the project, including depreciation deductions, operating gains or losses, and gains or losses attributed to a capital event. See Hykan, Wayne H., "Pricing the Equity of a Tax Credit Project," Journal of Affordable Housing and Community Development Law, vol. 5, no. 4, 1996.

[5] For buildings placed in service after 2007, LIHTCs may be used to offset both ordinary taxes and the alternative minimum tax. See 26 IRC 38(c)(4).

[6] In New York City, a special 25/60 test is used in lieu of the 40/60 test. See 26 IRC 42(g)(4) and 142(d)(6).

[7] The calculation of rents for tax credit units is complicated because the imputed number of people per bedroom (i.e., 1.5 people) and the number of bedrooms in a unit are included. For more information on income limits, see www.huduser.org/portal/datasets/il.html. For LIHTC calculators, see www.novoco.com/products/rentincome.php and www.danter.com/TAXCREDIT/getrents.HTML.

[8] For information on HUD's LIHTC eligibility, see www.hud.gov/offices/cpd/affordablehousing/training/web/lihtc/basics/eligibility.cfm.

The LIHTC program works as follows. The Internal Revenue Service (IRS) allocates federal tax credits to state housing credit agencies (HCA) based on each state's population. In the case of 9 percent credits, project sponsors (who hold general partner interests in the final ownership entities of developments) of proposed low-income housing projects apply through a competitive process for allocations of tax credits from state HCAs. The state agencies award LIHTCs for qualified affordable housing projects based on point systems reflecting each state's priorities for the desired type, location, and ownership of affordable housing. Project sponsors use the tax credits to raise equity from private investors. The equity investment reduces the debt burden on the tax credit property, making it financially feasible to offer lower, more affordable rents. Often institutional investors such as banks use the tax credits and real estate losses to lower their federal tax liabilities.

Once a property is placed into service, the tax credits are claimed annually over a 10-year period; however, the project must satisfy specific low-income housing compliance rules for the full 15-year compliance period. If the project fails to comply with LIHTC program rules during the 15-year compliance period, the IRS may recapture previously claimed credits. The property must remain affordable for at least 30 years; however, after the initial 15-year compliance period ends, the IRS may not recapture the tax credits.[9] Investors may exit the partnership at any time and not face recapture of tax credits as long as the property continues to operate as affordable housing through the end of year 15. Most often, investors exit between year 11 and 16, having collected tax credits for 10 years or more.

Project sponsors structure LIHTC projects as limited partnerships or limited liability companies[10] to limit financial risk exposure for investors. This structure allows tax credit benefits and real estate losses to pass through to investors.[11] The investment in an LIHTC-financed project occurs in one of two ways: by a direct investment in a single project through a partnership, as shown in figure 1, or by an investment in a syndicated LIHTC-equity fund, as shown in figure 2.

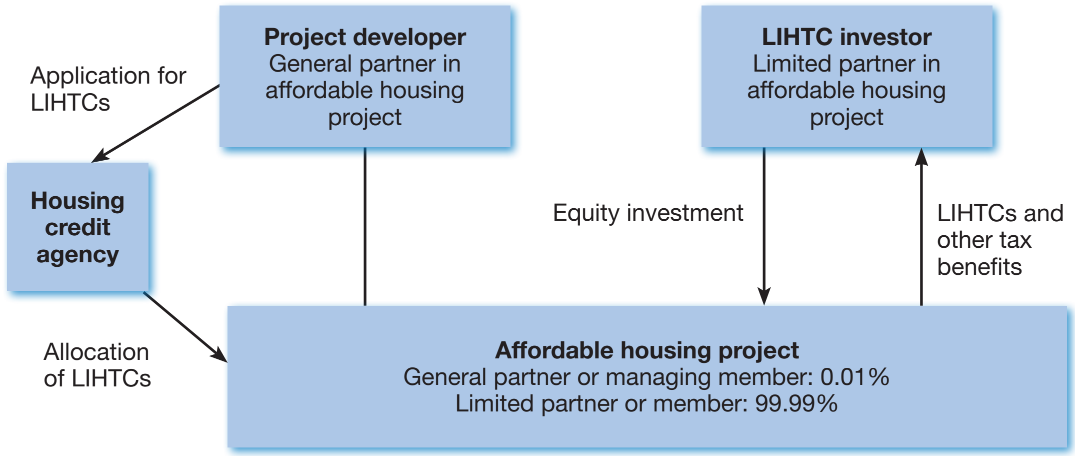
Figure 1 illustrates the typical legal structure for a direct investment in an LIHTC-financed project. The project sponsor/developer applies to a state HCA for an LIHTC allocation for a specific affordable housing project. If approved, the tax credits are allocated to the affordable housing project. The tax credits provide an incentive for equity investors. The project sponsor offers investors an ownership interest in the affordable housing project. When making a direct investment, an investor acquires all or a portion of the 99.99 percent ownership in the partnership. While having an ownership interest, the investor has no management authority. The direct investor receives tax credits and real estate losses through the partnership in proportion to the investor's ownership interest in the project.

[9] For more information on noncompliance and the possible recapture of tax credits, see 26 IRC 42(j). There are no consequences for an original investor after the 15-year compliance period; however, the owner of the property is subject to legal action by the HCA in the event of noncompliance issues.

[10] The term "partnership" refers to limited partnerships (LP) and limited liability companies (LLC).

[11] Under federal income tax law, LIHTCs may be claimed only by property owners who have the benefits and burdens of ownership. This includes all partnerships (LPs, LLCs, and other equity investors) in the properties. For example, if a bank holds a 99.99 percent interest in a partnership, it receives 99.99 percent of the tax credits and real estate losses, which include, but are not limited to, depreciation and interest expenses.

Figure 1: Typical Legal Structure for Direct Investment in LIHTC-Financed Project

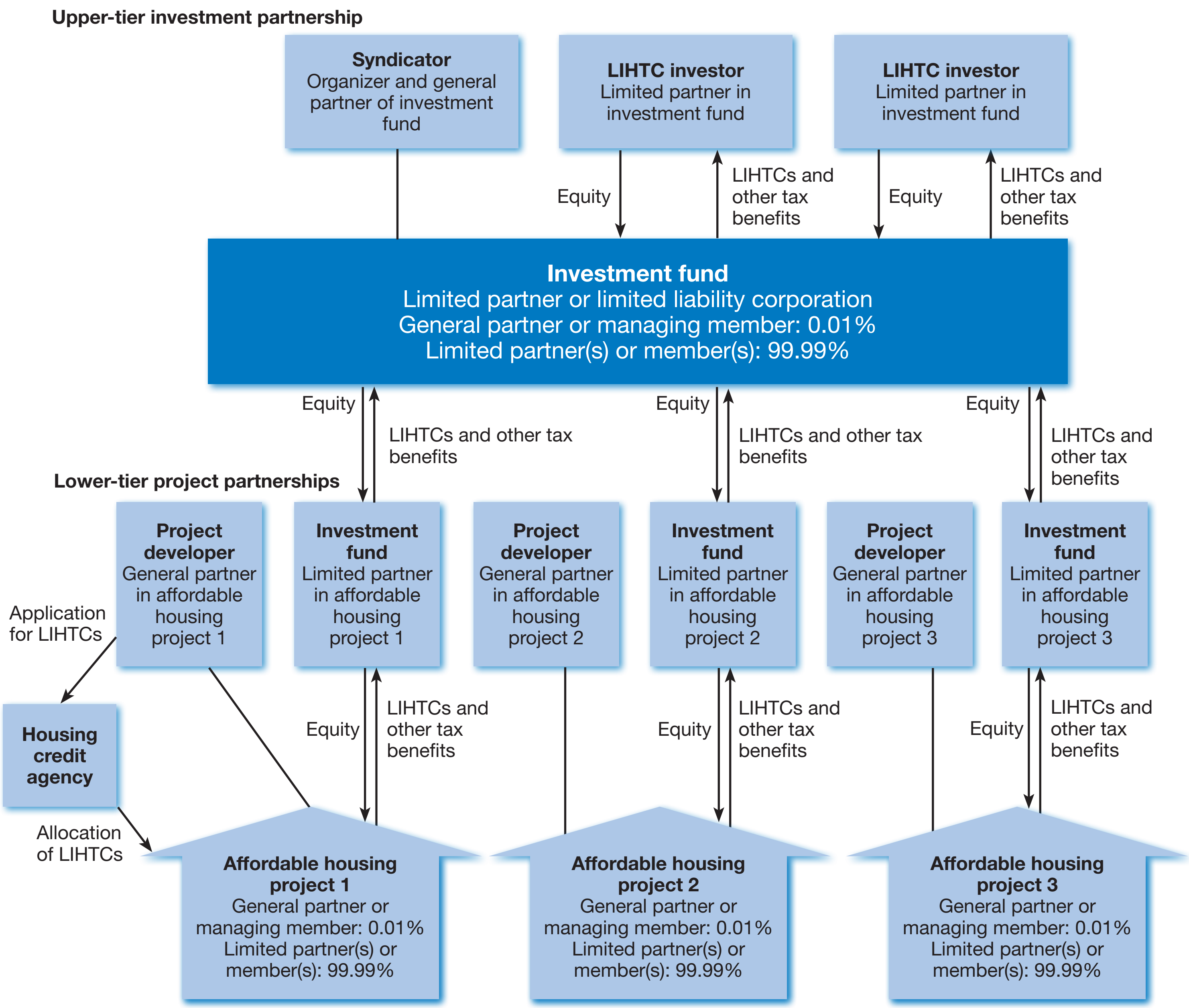


Source: OCC

Figure 2 illustrates the typical legal structure for an investment in a syndicated LIHTC-equity fund. The syndicator organizes one or more investors and forms an investment fund, and the fund invests in one or more affordable housing projects. Thus, a two-tier partnership structure is created with funds from investors combining in the upper-tier investment partnership and funds from pooled equity financing multiple, lower-tier property partnerships. Investors hold 99.99 percent ownership of the investment fund; the syndicator, as general partner or managing member, holds 0.01 percent ownership.

Figure 2 illustrates the investment fund's investment in three lower-tier property partnerships (projects AHP 1, AHP 2, and AHP 3). Each property partnership receives an LIHTC allocation from a state HCA and then uses those credits to attract investors. As a result of its investment, the fund holds 99.99 percent ownership in each project; the developer/general partner of each property holds 0.01 percent ownership. The tax credits flow from the lower-tier partnerships to the upper-tier partnership, where investors share the credits based on their ownership proportion in the fund.

Figure 2: Typical Legal Structure for Investment in a Syndicated LIHTC-Equity Fund



Source: OCC

Equity funds offer LIHTC investors lower barriers of entry because syndicators often set minimum investment amounts lower than the minimums required for direct investments. In multi-investor funds, minimum investments start at about $1 million, while regional funds focused on community banks and smaller corporations may have lower investment minimums. Across the nation, national, state, and regional LIHTC funds are available to investors.[12] Equity funds offer investors different risk/reward profiles in terms of pooled investments, portfolio diversity, the syndicator's expertise in finding and financing quality projects, and lower administrative overhead. Section IV discusses the risks of LIHTC investments.

II. Why Are LIHTCs of Interest to Banks?

Banks choose to invest in and lend to LIHTC-financed projects because this helps them in

- meeting the credit needs of their communities.
- receiving CRA consideration.
- earning competitive rates of return on investments.
- gaining opportunities to diversify into other credit products and services.
- providing a platform to leverage other tax credit investments.

Meeting Community Credit Needs

The National Association of Home Builders published a report that found that more than 19.4 million households, or 49 percent of total households renting homes in 2010, were "rent-burdened," or paying more than 30 percent of household income for rent.[13] They found the LIHTC to be an important program for financing housing that addresses this community need.

According to two other industry-sponsored reports, the private capital and market discipline provided by LIHTC investors, lenders, and developers have made LIHTC-financed housing among the most successful affordable rental housing production programs offered by the federal government.[14] Decisions to develop and finance affordable housing using LIHTCs are based on local needs for housing and community development. The projects are often initiated by a community-based sponsor. All projects must have sufficient local demand to meet cash flow projections. Tax credit allocations must be consistent with state housing priorities.

Banks can participate in affordable housing developments as investors using LIHTCs, providing equity in exchange for the tax credits—or as lenders, providing short- or long-term financing. Because they are experienced in housing development and commercial real estate finance and are responsible for meeting the credit needs of their communities, banks are the primary investors in LIHTCs for affordable housing development.

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[12] One such example is the National Equity Fund, a syndicator of LIHTC and other tax credits. For more information, see www.nefinc.org. Across the nation, there are at least 30 local and state equity funds LIHTC-qualified to provide equity capital for rental housing developments. For information on these funds, visit the National Association of State and Local Equity Funds at www.naslef.org.

[13] Data are from the American Community Survey, *Census Data Reveal Geography of Rent Burdened Families*, National Association of Home Builders, October 25, 2011. See http://eyeonhousing.wordpress.com/2011/10/25/census-data-reveal-geography-of-rent-burdened-families.

[14] *The Low Income Housing Tax Credit: The Most Successful Affordable Rental Housing Production Program in Our Nation's History,* National Association of Home Builders, October 26, 2011, www.nahb.org/fileUpload_details.aspx?contentID=151606. See also *Low-Income Housing Tax Credit: Assessment of Program Performance & Comparison to Other Federal Affordable Rental Housing Subsidies*, Novogradac, May 2011, www.novoco.com/products/special_report_lihtc.php.

Receiving CRA Consideration

An important incentive for banks investing in LIHTCs is the CRA consideration they may receive for making these investments. A bank may receive CRA consideration for community development activities related to LIHTC projects and funds, provided the activities benefit a bank's assessment area or a broader statewide or regional area that includes the bank's assessment area(s) (AA). The bank's AA(s) need not receive an immediate or direct benefit from the bank's participation in the activity, provided the purpose, mandate, or function of the activity includes serving geographies or individuals located within the institution's AA(s). Examiners consider these activities even if they do not benefit the bank's AA(s), as long as the bank has been responsive to community development needs and opportunities in its AA(s).[15]

Examples of activities that may be eligible for CRA consideration include direct investments in LIHTC projects, predevelopment financing or construction/permanent financing to LIHTC projects, investments in funds that specialize in funding and managing LIHTC projects, and technical assistance to nonprofit organizations that help identify and counsel potential low- or moderate-income residents. Investments in state and municipal obligations, such as revenue bonds that specifically support affordable housing (including 4 percent LIHTC projects), also meet the CRA definition of qualified investments.

In addition, a bank may receive CRA consideration for activities that revitalize or stabilize designated disaster areas and designated distressed or underserved nonmetropolitan middle-income geographies. Activities in these specially designated areas must benefit the bank's AA(s), or a broader statewide or regional area that includes the bank's AA(s), in order to receive CRA consideration. In limited and specific instances, as determined by the federal financial regulatory agencies, a bank can make qualified investments in disaster areas that are outside these areas, provided the bank has adequately been responsive to needs in its AA(s).[16]

Earning Financial Returns

A bank's return on an LIHTC investment depends on a number of factors, including the bank's underwriting and management of the investment. As an asset class, historic returns on investments and loans in LIHTC projects have been competitive with similar alternative investment opportunities. Figure 3 illustrates the after-tax yield on LIHTC investments as compared with the after-tax 10-year U.S. Treasury yields from 1991 through 2013.[17]

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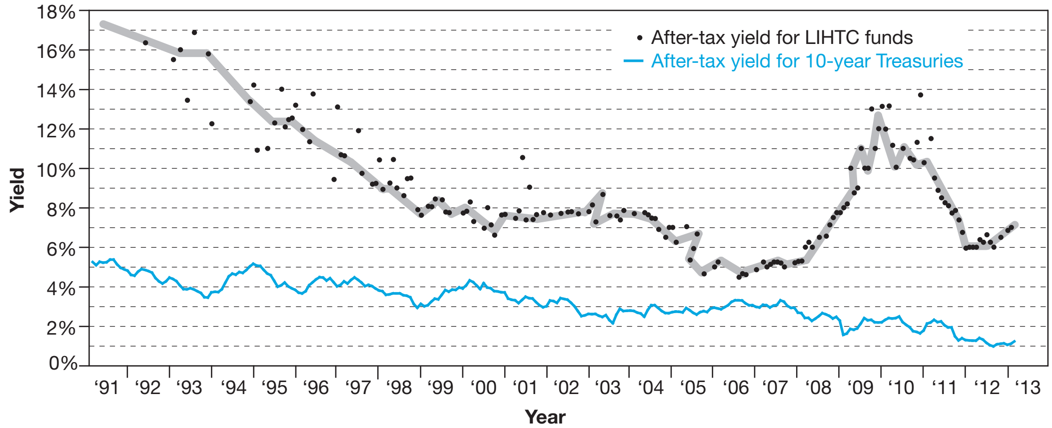
[15] "Community Reinvestment Act; Interagency Questions and Answers Regarding Community Reinvestment; Notice," Fed. Reg., no. 2013-27738, pages 69671–69680, November 20, 2013. There may be several ways to demonstrate that the financial institution's investment in a nationwide investment fund meets the geographic requirements, and the agencies will employ appropriate flexibility in this regard in reviewing information the institution provides that reasonably supports this determination. In making this determination, the agencies will consider any information provided by a financial institution that reasonably demonstrates that the purpose, mandate, or function of the fund includes serving geographies or individuals located within the institution's assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s). Typically, information about where a fund's investments are expected to be made or targeted will be found in the fund's prospectus, or other documents provided by the fund prior to or at the time of the institution's investment, and the institution, at its option, may provide such documentation with its CRA evaluation.

[16] See "Interagency Questions and Answers Regarding Community Reinvestment," 75 Fed. Reg. 11642, __.12(g)(4)(ii)-1, March 11, 2010. See also OCC Bulletin 2012-8, "Community Reinvestment Act Consideration for Gulf Coast Disaster Area Activities: Extension of Deadline," February 27, 2012; and the OCC's *Community Developments Fact Sheet: Designated Disaster Areas and Consideration Under the Community Reinvestment Act*, October 2012, www.occ.gov/topics/community-affairs/publications/fact-sheets/fact-sheet-designated-disaster-areas-cra.pdf.

[17] From Treasury Department and industry survey data compiled by Richard Floreani, Carlisle Tax Credit Partners, June 2011.

Figure 3: After-Tax Yield Trends for LIHTCs and 10-Year Treasuries, 1991-2013

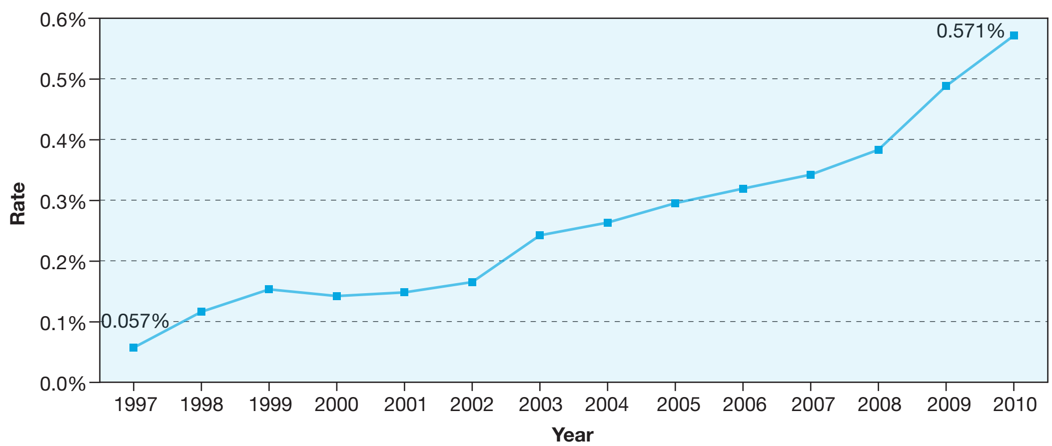


Source: Carlisle Tax Credit Advisors, 2013

Note: Tax credits are shown by month where one or more multi-investor funds were available. Treasury bond data are plotted monthly.

Foreclosures of LIHTC projects have been relatively rare, according to a CohnReznick study of participating syndicators who reported a 0.57 percent cumulative foreclosure rate of LIHTC properties placed into service from 1997 through 2010.[18] This compares favorably to the foreclosure rate of market-rate multifamily properties and other real estate asset groups.[19]

Figure 4: Cumulative Foreclosure Rate Less Than One Percent for LIHTC-Financed Properties, 1997-2010



Source: CohnReznick

[18] See *The Low-Income Tax Credit Program at Year 25: An Expanded Look at its Performance*, CohnReznick, December 2012, www.cohnreznick.com/insights/low-income-housing-study. The report suggests the number of foreclosures has been underreported as a result of incomplete data, for example, nonresponders to survey, missing data from inactive firms, cases of cured defaults, debt restructure strategies, or where additional capital calls may have been undertaken in lieu of foreclosure.

[19] See the *Low Income Housing Tax Credit Program at Year 25: A Current Look at Its Performance*, CohnReznick, August 2011, www.cohnreznick.com/sites/default/files/reznickgroup_lihtc_survey_2011.pdf. The authors note that "while the number and rate of foreclosures increased incrementally from 2008 through 2010, the incidence of foreclosures in housing tax credit properties continues to compare very favorably with the foreclosure rate of market-rate multifamily properties and other real estate asset groups."

Gaining Additional Commercial Lending Opportunities

Participating in LIHTC projects provides banks with opportunities to expand existing customer relationships and to develop new customer relationships. LIHTC-financed projects often require additional loan products and bank services, including

- pre-development and acquisition loans.
- bridge loans.[20]
- construction loans.
- permanent mortgage financing.
- letters of credit.[21]
- warehouse lines of credit.[22]

Leveraging Other Tax Credit Investments

Depending on the age and location of the properties, LIHTCs may be combined with historic tax credits (HTC)[23] or renewable energy tax credits (RETC).[24] Projects using multiple types of credit, referred to as "twinned" transactions, are popular with some project sponsors/developers and bank investors. Additionally, some states have established housing tax credit programs, and these state credits may be twinned with LIHTCs. Blending federal LIHTCs with HTCs, RETCs, or state housing tax credits can improve the internal rates of return on these transactions for investors.

III. How Does the LIHTC Program Work?

Financing the Project

Affordable housing properties are financed with two kinds of LIHTCs: the 9 percent credit and the 4 percent credit. Projects using conventional debt without federal subsidies[25] are eligible for the 9 percent credit. An allocation of 9 percent credits yields tax credits over a 10-year period with a present value of 70 percent of eligible costs to construct the low-income units (qualified basis).[26] The 4 percent credit is used in projects financed with tax-exempt bonds. An allocation of 4 percent credits yields tax credits over a 10-year period with a present value of 30 percent of eligible costs to construct the low-

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[20] Bridge loans are short-term credit facilities provided by banks to tax credit investors to cover their capital calls during construction periods. Also known as subscription obligation financing, these credit facilities are typically secured by the unconditional commitment of investors. These credit facilities are used by syndicators to generate higher internal rates of return required to attract investors as well as to better manage the capital call process.

[21] Banks can enhance the credit ratings of state HCA-issued tax-exempt bonds by providing letters of credit. on bonds. Tax-exempt bonds are often used to finance 4 percent LIHTC transactions.

[22] Banks provide warehouse lines of credit to syndicators to finance the acquisition of LIHTC properties. The repayment source is equity from fund investors.

[23] The Federal Historic Preservation Tax Incentives program is jointly administered by the IRS and the National Park Service. For more information, see www.nps.gov/tps/.

[24] *Investing in Solar Energy Using the Public Welfare Investment Authority*, OCC *Community Developments Investments*, July 2011, www.occ.gov/static/community-affairs/community-developments-investments/solar11/2011-solar-cdezine-final.pdf. See also "Rural Housing Initiatives at Work," OCC *Community Developments*, 2003, www.occ.gov/static/community-affairs/2003spring03.pdf.

[25] As defined in 26 IRC 42(i)(2).

[26] The amount of credits that a project owner may claim with respect to a building is based on the percentage of the building that is occupied by low-income tenants. The qualified basis is generally equal to the product of the low-income occupancy percentage and the eligible basis (e.g., construction costs less land cost, disproportionate standard costs, commercial property, permanent loan costs, syndication costs, and the cost of tenant facilities if additional charges for use).

income units (qualified basis).[27] In addition, properties located in federally designated areas of high development costs or poverty levels may be eligible for a larger allocation, or “boost,” of LIHTCs than would normally be available.

9 Percent Tax Credit

A newly constructed building or the substantial rehabilitation of an existing building is eligible for the 9 percent credit, unless the building is financed with tax-exempt bonds. If other federal subsidies are used in the financing, the partnership may elect to exclude the federal subsidies from the eligible basis and still claim the 9 percent credits. The definition of “federally subsidized” has made it easier for buildings placed in service after July 30, 2008, to receive 9 percent credits.[28]

The pool of 9 percent credits in any given year is limited. For each state, the annual volume cap for 9 percent tax credits is measured as the product of a fixed per capita rate multiplied by the state’s population. The credits are allocated by state HCAs through a competitive process.

Federal law requires each state HCA to have a qualified allocation plan (QAP), which sets out the state’s priorities and eligibility criteria for awarding 9 percent tax credits as well as state tax-exempt private activity bonds.[29] The QAP gives preference to projects that

- serve the lowest-income residents.
- serve income-eligible residents for the longest time frame.
- are located in qualified census tracts, tracts with a poverty rate of 25 percent, or tracts in which 50 percent of the households have incomes below 60 percent of the area median income and contribute to a community’s revitalization plan.

A state’s QAP may give bonus points to projects with specific goals and set aside a percentage of credits (targeted tax credit allocations) for projects that serve specific populations or locations.[30]

HCAs consider project readiness a primary consideration in evaluating tax credit applications. If an LIHTC project receiving an allocation of 9 percent credits is not placed in service by the end of the calendar year in which it received its allocation, the project must meet a minimum level of completion referred to as the 10 percent test. The 10 percent test requires the owner to demonstrate that it has incurred at least 10 percent of

[27] For existing properties acquired and rehabilitated without tax-exempt bonds, the 4 percent credit applies to the acquisition cost of the property and the 9 percent credit applies to the rehabilitation of the property.

[28] A federal subsidy is any debt obligation the interest of which is exempt from tax under 26 IRC 103, or a direct or indirect federal loan, if the interest rate on such loan is below the applicable federal rate (AFR) in effect as of the date the loan was made. Pursuant to the Housing and Economic Recovery Act of 2008 (HERA), “any below market federal loan(s)” were removed as one of the ways a building could become classified as federally subsidized. This effectively changes the definition of federally subsidized to only mean tax-exempt bonds. These new laws are effective for buildings that are placed in service after July 30, 2008. See *Low-Income Housing Tax Credit Handbook*, Novogradac, 2011.

[29] See 26 IRC 42(m), which sets forth the QAP requirements for HCAs. For a detailed discussion of QAPs by the National Low Income Housing Coalition, see http://nlihc.org/issues/other/lihtc.

[30] The HCA’s selection criteria must address the following: location, housing needs, public housing waiting lists, individuals with children, special needs populations, whether a project includes the use of existing housing as part of the community revitalization plan, project sponsor characteristics, and projects intended for eventual tenant ownership. Because these criteria are minimums, states can adopt more rigorous criteria aimed at meeting specific housing needs in the state. See 26 IRC 42(m)(1)(C).

the project's reasonably expected basis[31] within 12 months of the date of allocation. Once the project has met the 10 percent test, the project must be placed in service by the end of the second calendar year following the year of allocation.[32] Failure to adequately satisfy the 10 percent test can cause a project to lose its tax credit allocation and the ability to market the tax credits for sale to investors.[33]

4 Percent Tax Credit

If 50 percent or more of the project's eligible costs are financed with tax-exempt private activity bonds,[34] the project sponsor/developer may claim a 4 percent LIHTC without having to obtain a credit allocation from the HCA.[35] Although the process to obtain bonds is competitive and requires the project sponsor/developer to submit an application, once the HCA decides to issue the bonds, the project sponsor/developer is not required to compete separately for a tax credit allocation.

The 4 percent credits are roughly equal to 30 percent of the qualified basis of a newly constructed building or the cost of the acquisition and substantial rehabilitation of an existing building.[36] Because the 4 percent credit is much shallower than the 9 percent credit, project sponsors/developers of 4 percent tax credit projects often seek additional funding through numerous sources, including but not limited to such federal programs as the HOME Investment Partnership Program (HOME),[37] the Federal Home Loan Bank Affordable Housing Program, and the Community Development Block Grant Program. Other sources may include state agency loans and private foundation grants. Appendix B illustrates an example of a 4 percent LIHTC project.

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[31] Terence Kimm, *10 Percent Test Not Graded On A Curve*, Affordable Housing Finance, April 1, 2008, www.housingfinance.com/accounting/10-percent-test-not-graded-on-curve.aspx. The 10 percent test is a fraction calculated as follows. The numerator is the taxpayer's adjusted basis in land and depreciable property that is reasonably expected to be part of the project as of the measurement date determined by the HCA. The denominator is the taxpayer's adjusted basis in land and depreciable property that is reasonably expected to be part of the project as of the close of the second year following the year of allocation. Note that the description of neither the numerator nor the denominator mentions eligible basis. Therefore, costs related to any commercial component of the project are includable in both. Additionally, any basis boost as a result of the project being located in a qualified census tract or difficult development area is ignored. Stated more simply, the numerator is the taxpayer's basis in land and depreciable property incurred as of the measurement date, and the denominator is the taxpayer's expected basis in land and depreciable property at completion of construction.

[32] See 26 IRC 42(h)(1)(E), as amended by H.R. 3221, HERA, 3004(b).

[33] *Low-Income Housing Tax Credit Handbook,* Novogradac, section 3:172, 2011.

[34] For buildings placed in service on or before July 30, 2008, a new or substantially rehabilitated building that receives a federal subsidy is not eligible for the 9 percent credit. Instead, it is eligible for the 4 percent credit. HERA removed the phrase "any below-market federal loan" as one of the ways a building can become classified as federally subsidized. For buildings placed in service after July 30, 2008, the definition of federally subsidized means only those projects financed with tax-exempt bonds.

[35] The actual tax rate is not exactly 4 percent. This rate, commonly referred to as the applicable federal rate (AFR), is indexed to 10-year U.S. Treasury bond yields. Monthly AFRs are available in table 4 at www.irs.gov/app/picklist/list/federalRates.html.

[36] State HCAs may delegate authority to local HCAs to issue state tax-exempt private activity bonds or local HCAs may issue local tax-exempt private activity bonds for financing eligible projects following the state HCA's underwriting criteria. The project sponsor/developer receiving the tax-exempt bond allocation would apply to the state HCA to receive 4 percent tax credits.

[37] The HOME program, authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act, regulated under 24 CFR 92, provides federal block grants to state and local governments to create affordable housing for low-income households.

The benefit of combining tax-exempt bond financing with 4 percent LIHTCs is that these tax credits are not in competition with projects seeking the 9 percent tax credit allocations.

Difficult Development Areas and Qualified Census Tracts

If a project is located in a difficult development area (DDA) or a qualified census tract (QCT), the eligible basis[38] of the project can be increased by 30 percent. This allowable increase is commonly referred to as a basis boost.[39] DDAs are locations that have high construction, land, and utility costs relative to the area median gross income. QCTs are tracts with a poverty rate of at least 25 percent, or tracts where 50 percent of the households have incomes below 60 percent of the area median income.[40] For properties placed into service after July 30, 2008, HCAs have the authority to select specific buildings not already in DDAs or QCTs to receive the 30 percent basis boost.[41] This building-specific designation is not available for projects financed with tax-exempt bonds. Appendix A illustrates how a 30 percent basis boost is applied.

Claiming the Credit and Project Compliance

LIHTC investors can begin claiming tax credits only after the buildings are placed in service and are occupied by qualified tenants and proper filings have been made with the state HCA and the IRS.[42] The rental units must be leased to income-eligible households, and the rents must be within allowable limits. Although tax credits are claimed annually over 10 years, the investment compliance period continues until the end of the 15th year, and the project must remain affordable for at least 30 years. Corporate and eligible individual investors can benefit from the partnership's pass-through of real estate losses, such as depreciation and interest expense, associated with income-producing real estate.

Table 1 illustrates the combined benefits of a sample 9 percent transaction. If the qualified basis for an LIHTC project is $10 million, then 9 percent credits produce an annual tax credit of $900,000, totaling $9 million for the investor over 10 years.[43] The table shows an additional estimated $2,205,294 generated through various real estate losses—such as depreciation and interest expense—that are passed through to investors. The combined tax benefit is $11,205,294 over the life of the investment.

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[38] The eligible basis refers to the construction costs that can be included in the LIHTC calculations. The eligible basis includes most hard costs, such as construction costs, and most depreciable soft costs. Excluded are land, commercial space, and any portion of professional fees (such as consulting or developer fees) that are above state-determined limits. For an expanded discussion on eligible basis, see *Low-Income Housing Tax Credit Handbook*, Novogradac, section 3:59, 2011.

[39] A basis boost increases the eligible basis (eligible project development costs) used to calculate the annual tax credit by up to 30 percent. 26 IRC 42(d)(5).

[40] In 2004, HUD designated DDAs and QCTs for purposes of the LIHTC program under 26 IRC 42. See "Statutorily Mandated Designation of Difficult Development Areas" for section 42, IRC, 1986, 69 Fed. Reg. 69,731, November 30, 2004. For current listings, see www.huduser.org/portal/datasets/qct.html.

[41] See 26 IRC 42(d)(5)(B) as amended by H.R. 3221, HERA, 3003(g)(s).

[42] The taxpayer may elect to have the credit period begin in the succeeding taxable year. For more information, see 26 IRC 42(f)(1) and 42(h)(1)(B).

[43] The annual 9 percent housing tax credit calculation is based on the flat 9 percent rate.

Table 1: Hypothetical LIHTC Project Benefit Schedule, 9 Percent Tax Credits

	Tax credits using an AFR[a] =9% ($)	Total real estate losses (Depreciation, interest expense, etc.) ($)	Income derived from real estate tax losses[b] ($)	Combined benefit ($)
Qualified basis[c]	10,000,000			
Annual housing tax credits (Qualified basis multiplied by applicable AFR)	900,000			
Year 1	900,000	(568,948)	199,132	1,099,132
Year 2	900,000	(685,198)	239,819	1,139,819
Year 3	900,000	(595,005)	208,252	1,108,252
Year 4	900,000	(531,175)	185,911	1,085,911
Year 5	900,000	(506,163)	177,157	1,077,157
Year 6	900,000	(452,570)	158,400	1,058,400
Year 7	900,000	(403,646)	141,276	1,041,276
Year 8	900,000	(387,536)	135,638	1,035,638
Year 9	900,000	(370,583)	129,704	1,029,704
Year 10	900,000	(352,275)	123,296	1,023,296
Year 11	0	(333,146)	116,601	116,601
Year 12	0	(312,529)	109,385	109,385
Year 13	0	(290,949)	101,832	101,832
Year 14	0	(267,729)	93,705	93,705
Year 15	0	(243,387)	85,185	85,185
Year 16 (disposition)	0			
Total	**$9,000,000**		**$2,205,294**	**$11,205,294**

Source: OCC

[a] The applicable federal rate (AFR) represents the IRS method of calculating the present value of the credits to investors. In accordance with section 42 (b)(2), the IRS publishes monthly AFRs for the LIHTC program. The AFRs are indexed to 10-year U.S. Treasury bond yields. ERA established a floor of 9 percent on the credit for non-federally subsidized rehabilitation and new construction buildings placed in service after July 30, 2008, with respect to housing credit dollar amount allocations made before January 1, 2014.

[b] The tax losses an investor may receive on a property are based on the amount of equity contributed to the project. In this example, $7.2 million ($0.80 per credit) was contributed as equity. Real estate losses in each year are calculated assuming an annual corporate tax rate of 35 percent. At disposition, any remaining tax capital is lowered by distributions of remaining cash or losses from sale, so that the amount of cash and losses equals the original investment. For the $7.2 million equity investment, total net tax benefits from real estate losses are $2,205,294. This example assumes no cash distributions.

The amount of real estate losses varies by year. In this table, the year 1 tax benefit of $199,132 is equal to $568,948 (year 1 losses) multiplied by the corporate tax rate or 35 percent. The project becomes operational, creating a somewhat higher tax deduction in year 2. Accelerated depreciation of the underlying assets (principally site improvements and personal property) results in a declining balance of tax deductions through year 15. The residual property value in this table is zero.

[c] The qualified basis is defined as the product of the eligible basis multiplied by the proportion of the project's affordable housing units (applicable fraction). The eligible basis refers to the construction costs that can be included in the LIHTC calculations. The eligible basis includes most hard costs, such as construction costs, and most depreciable soft costs. Excluded are land, commercial space, and any portion of professional fees (such as consultant or developer fees) that are above state-determined limits.

Asset Management

Most large investors and syndicators maintain extensive asset management and compliance departments. They are particularly diligent during the construction and lease-up period, when the project is most at risk. Investors receive at least quarterly reports on the performance of the projects and review performance metrics such as occupancy levels, debt coverage ratios, cash flows, and compliance levels. Asset management teams perform regular site visits to review the physical properties and the project sponsor's compliance documentation. Portfolio investors and syndicators maintain a watch list of problem properties and institute workout strategies for those that are not performing to industry standards.[58]

Public Welfare Investments

National banks: Under the OCC's public welfare investment (PWI) authority, national banks may make investments in federal LIHTCs and other community and economic development entities and projects that are designed primarily to promote the public welfare, as specified in 12 USC 24(Eleventh) and federal regulation 12 CFR 24. Regulation 12 CFR 24 specifies that a national bank or national bank subsidiary may invest directly or indirectly if the investment primarily benefits low- and moderate-income (LMI) individuals, LMI areas, or other areas targeted by a governmental entity for redevelopment, or if the investment would receive consideration as a "qualified investment" under 12 CFR 25.23 of the CRA. Because LIHTC investments generally meet these criteria, they are considered eligible investments pursuant to PWI regulations.

The regulation prohibits a bank's aggregate PWIs and outstanding commitments, including the proposed investment, from exceeding 15 percent of its capital and surplus. A bank needs written OCC permission, however, if its aggregate investments exceed 5 percent of capital and surplus. Furthermore, a bank's LIHTC and other PWIs under 12 CFR 24 may not expose the bank to unlimited liability.[59]

The regulation requires banks to notify the OCC either through an after-the-fact notification or prior approval request process. The bank completes the CD-1–National Bank Community Development (Part 24) Investments[60] form to provide information about its PWI investment and submits this information to the OCC's Community Affairs Department.[61]

Federal savings associations (FSA): FSAs may make investments in LIHTCs under PWI authorities separate but similar to those of banks.[62]

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[58] The Affordable Housing Investors Council has published criteria in an effort to establish generally accepted performance standards for the LIHTC industry. Standards have been established for debt coverage ratio, vacancy levels, delinquency rates, and more than 20 other categories. See www.ahic.org/tools-resources/.

[59] 12 CFR 24.4(b).

[60] See www.occ.gov/tools-forms/tools/community-affairs/national-bank-part24-investments-pdf.pdf.

[61] Each national bank making a PWI under 12 CFR 24 is required to maintain in its files information adequate to demonstrate that its investments meet the public welfare beneficiary standards and investment limit requirements.

[62] FSAs are permitted to make PWIs, although FSAs are subject to different investment standards and limits than national banks, 12 CFR 160.36 and 12 CFR 559; see Office of Thrift Supervision, *Community Development Investment Authority: A Guide to the Federal Laws and Regulations Governing Community Development Activities of Savings Associations,* December 1998, www.occ.gov/topics/community-affairs/resource-directories/public-welfare-investments/federal-savings-association-investment-authorities.html.

The LIHTC program was designed to encourage and direct private resources to develop affordable rental housing and to do so sustainably and at scale.

While the LIHTC program was created by federal legislation, a decentralized group of public and private organizations plans, administers, develops, and manages the housing.[69] While the roles of the participants have been discussed in this report, this section offers additional information.

HCAs

HCAs are state-chartered authorities established to help meet the affordable housing needs of the state's residents. HCAs administer a wide range of affordable housing and community development programs, including tax-exempt housing bonds (mortgage revenue bonds and multifamily housing bonds) and the LIHTC, both of which use federal incentives to leverage private capital for affordable housing. In each state, an HCA administers the LIHTC program and creates a QAP to evaluate project plans and tax credit applications submitted by project sponsors/developers seeking tax credit allocations.[70] State HCAs may delegate LIHTC allocation authority to local HCAs.

HCAs have responsibilities beyond allocating LIHTCs. Once an LIHTC project is completed and placed in service, the HCA reviews an audited cost certification of project development costs and determines the final eligible basis amount on which LIHTCs may be calculated. The partnership executes a regulatory agreement with the HCA, binding the partnership to the rental restrictions associated with the LIHTC program. The HCA monitors the LIHTC projects over the compliance period, with a particular focus on tenant income eligibility, rents charged, and the condition of the units.

Project Sponsors

Project sponsors identify potential affordable housing projects, put together development teams, gain site control and financing commitments, and apply to local HCAs for allocation of LIHTCs or tax-exempt bond volume caps. Project sponsors serve as general partners or managing members that develop, own, and manage LIHTC projects.

Project sponsors include national, regional, and local real estate development organizations. They can be for-profit or nonprofit organizations. Under all state QAPs, a minimum of 10 percent of tax credit allocations is set aside for nonprofit developers.[71]

Investors

As discussed in detail in previous sections of the report, LIHTC investors can be either individuals or corporations, although because of the tax treatment for passive losses,

[69] The federal government has adjusted its regulations and guidance implementing the LIHTC program in response to concerns with issues affecting the operation of the program. The IRS has been heavily involved in efforts to improve the program's efficiency and the strength of the market for LIHTCs. During the financial crisis of 2008, HUD initiated a number of measures to stabilize the market for credits. HUD also provides rental subsidies that help make LIHTC housing in reach of households with very low incomes.

[70] State HCAs may delegate authority to local HCAs to issue tax credits, subject to the state's annual per capita cap.

[71] 26 IRC 42(h)(5).

most tax credit investors are widely held C-corporations.[72] Industry experts estimate that 85 percent of the $9.5 billion in equity from corporate investors used to finance LIHTC projects in 2012 came from the banking sector.[73]

Syndicators

Syndicators perform a critical role in bringing together investors and project sponsors. They often act as intermediaries and provide additional financing tools and technical assistance to project sponsors. Syndicators use pooled funds to invest in numerous LIHTC projects. They perform the necessary due diligence to identify affordable housing investment opportunities, and they monitor the construction and oversee ongoing compliance of the properties on behalf of the investors. Before investing, banks should carefully underwrite syndicators to ensure that the syndicators' activities are conducted in a safe and sound manner and in accordance with all applicable laws. A bank's relationship with a syndicator should be guided by the same risk management, security, privacy, and other consumer protection policies the bank uses when conducting activities directly.

There is a robust market of LIHTC syndicators. Some are nonprofit organizations, including national nonprofits, such as the National Equity Fund or Enterprise Community Investment, or regional funds, such as those that are members of the National Association of State and Local Equity Funds. Other syndicators are for-profit organizations. See appendix F for more information on LIHTC investors.

Lenders

In addition to the tax credit equity, LIHTC projects often require debt financing. Loans can be conventional or government-insured (Federal Housing Administration) products,[74] or "gap financing" provided by state and local governments or other third parties. This gap financing goes into a project as "soft loans," for which payment is due only when there is sufficient cash flow. Appendixes A and B contain hypothetical transactions that illustrate how debt and tax credit equity are used to finance affordable housing projects.

LIHTC projects often require specialized financial products. Because much of the equity is invested after the properties are placed in service, bridge and construction loans are required through the construction period. Banks may provide letters of credit to enhance the creditworthiness of the tax-exempt private activity bonds used in 4 percent LIHTC transactions. They may also underwrite and market the tax-exempt private bond activity issues.

In some markets, lenders have formed consortia to provide debt financing for LIHTC projects. Funds from multiple banks are pooled and then lent to various LIHTC projects. This structure allows smaller lenders to participate in the transactions and reduces the risk for any individual investor. Some of these lending consortia have developed through state banking associations.[75]

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[72] Generally, S corporations are not subject to tax at the corporate level. Instead, the tax credits and other tax benefits are passed through to the shareholders and are taxed at the individual shareholder level. When marketing LIHTC projects to S corporations, project owners must look through to the shareholders and assess whether they can use the LIHTC. *Low-Income Housing Tax Credit Handbook*, Novogradac, section 2:14, 2011.

[73] *The Community Reinvestment Act and Its Effect on Housing Tax Credit Pricing*, CohnReznick, May 2013.

[74] For information on the FHA Housing Tax Credit Pilot Program, see http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/map/maphome/taxcredit. It is intended to streamline FHA processing of mortgage insurance applications for projects with equity from the LIHTC program.

[75] For more information, please see the Center for Community Lending, www.centercommunitylending.org, or the Association for Reinvestment Consortia for Housing.

Size of Investments

Minimum investment amounts for LIHTC funds often start at about $1 million for multi-investor funds. Minimum amounts for direct investments can be much higher. This can be a barrier for smaller community banks, especially those with limited federal tax liabilities. Some regional LIHTC equity funds have lowered their minimum investment to $250,000 and have been very successful in attracting new investors, especially community banks.

Market Transparency

The market for LIHTC investments is not well publicized. Housing financed with LIHTCs tends to attract sophisticated investors with a strong understanding of real estate development. Because of the complexity of the benefits, it can be difficult to compare how different investors are pricing risks and rewards.

Transaction Complexity

The LIHTC is an important program for addressing the nation's affordable housing needs; however, the transactions can be quite complex with regard to substantial regulatory, financial, and tax issues. While a direct investment into an LIHTC project can be challenging for a new investor, investments in multi-investor equity funds can often be a more appropriate starting point, especially for smaller banks. In addition, as the industry has developed, there are now a considerable number of public- and private-sector organizations that can assist new investors. While each transaction is unique, each transaction is structured on a foundation of industry standardization and experience.

VIII. Conclusion

The LIHTC is an important resource in the development of affordable rental housing. Since 1987, when the LIHTC program was first authorized, more than 2.4 million affordable rental housing units have been developed using the tax credits. Banks can invest in LIHTCs either directly or through syndicated funds. In addition, banks can participate as lenders with short- or long-term financing products.

Since 1987, the LIHTC industry has developed a sophisticated array of resources to help new and experienced participants effectively identify and manage the risks inherent in project financing. National, regional, and community banks have made important investments in their communities using LIHTC. By investing in or lending to LIHTC-financed projects, banks have met the needs of their customers and communities. In the process, banks have earned competitive rates of return and favorable CRA consideration.

Exhibit 21

to give equal rights to all—including both housing and employment," Shafer said.

"I am hopeful that this entire package of bills will receive immediate approval in the Senate and can become law at the earliest possible moment."

OTHER BILLS APPROVED

There was only a sprinkling of opposition—mostly from Republicans—to the rest of the bills, which were approved without debate. These measures would:

—Extend the coverage of the Fair Employment Act to employers of one or more persons and to agricultural employes, except to workers who live in the personal residence of their employers. Exempt would be domestic employes. Presently, the act applies only to employers of four or more. (The vote was 175–16).

SPEEDY COURT RELIEF

—Provide for speedy court relief in cases of housing discrimination by requiring the issuance of an injunction within 30 days against disposing of a property which is the subject of a complaint. (The vote was 188–3).

—Authorize the State Human Relations Commission to initiate investigations without formal complaints, of situations which could result in racial tension or rioting, providing the majority of the commissioners agree, and providing that an enforceable order can be written only if there is a formal complaint. (The vote was 176–16).

PENALTIES FOR BIAS

Provide strict penalties for discrimination by real estate brokers or real estate agents. (The vote was 176–15).

—Provide a procedure for reporting cases of discrimination in professions licensed by the Commonwealth to the appropriate licensing board or commission. (The vote was 182–10).

Prior to the voting on the bills, Rep. Freeman Hankins (D., Phila.) called upon the House to pass the measures without hesitation.

MUST MEET CHALLENGE

"The course of this summer's events have driven this House to center stage—we must rise to a clear and urgent challenge," Hankins said.

Hankins drew a stinging reply from Rep. Jules Filo (D., Allegheny)—who then proceeded to vote for all the civil rights bills anyway.

"The main issue is not legislation, but jobs for those who want to work," Filo said. "Not one of our Negro colleagues has risen to condemn Stokely Carmichael or H. Rap Brown or Dick Gregory.

"The colored people have got to lift themselves up—we cannot do it in the halls of this House."

ON PAR WITH MARYLAND

Dager told the House that his amendment to the open housing bill would put Pennsylvania on a par with Maryland's new law, and that "the reservoir" of housing available to minority groups would grow as new homes are built.

The Democratic whip, Rep. K. Leroy Irvis, of Allegheny, said Dager was saying in effect, "permit us our discrimination now and by the year 2000 or 2500, all will be fair and just."

"Well, I don't want to wait until the year 2000 for the promised land," Irvis said.

JOINS IN OPPOSITION

Irvis was joined by majority leader Lee A. Donaldson (R., Allegheny), who also asked the House to reject Dager's amendment.

"Certainly, it would put us on a par with Maryland," Donaldson said. "But we are, and will remain, ahead of Maryland."

After the votes were taken, Donaldson rose to compliment the House on the "momentous" action.

"I concur with the majority leader," Irvis, the ranking Negro in the General Assembly, replied.

"You have strengthened the hands of those of us who stand for law and order. I congratulate those who voted against the bills, for they were showing the courage of convictions."

HOUSE SPEEDS RIGHTS PACKAGE TO PASSAGE TODAY

HARRISBURG, August 8.—The House gave second reading Tuesday to six civil rights bills—including the highly controversial open housing legislation—and put them in position for final passage on Wednesday.

Majority Leader Lee A. Donaldson (R., Allegheny) said the Republicans would caucus on the bills once again after the House convenes at 10 A.M. The bulk of the votes is expected to come from the Democratic side of the aisle, however.

Minority Whip K. Leroy Irvis, a Negro Democrat from Pittsburgh who has served as floor manager for the measures even though three of them are Administration-inspired, said he was optimistic "if they run the bills on Wednesday."

On three of the bills, there were technical amendments Tuesday—none of which was contested or debated. The others were given their second reading.

Besides the open housing legislation, which extends antidiscrimination coverage to all individual residences, the measures would:

Extend antidiscrimination provisions to employers of one or more persons and to agricultural employes, except when the employe lives in the personal residence of the employer.

Require the issuing, within 30 days, of an injunction against disposing of a property which is the subject of a discrimination complaint.

Give the human relations commission the power to initiate investigations of racially tense situations on its own motion. Irvis considers this one of the key measures in the package.

Require the human relations commission to notify state licensing authorities of actions by licensees which are found to be in violation of the law.

Impose penalties on real estate dealers who offer to maintain discriminatory conditions of sale.

Meanwhile, two State-wide organizations with different aims got together and issued a statement calling the civil rights package "totally worthless to the people of Pennsylvania in present form."

The Pennsylvania Equal Rights Council, through Mrs. Marguerite I. Hofer, of Pittsburgh, its president, contended most of the measures "have been reduced to an empty gesture."

And Herbert M. Packer, Jr., executive vice president of the Pennsylvania Home Builders Association, insisted the same treatment should be given those dealing in new homes as those renting used ones.

Mr. CASE. Mr. President, will the Senator yield?

Mr. MONDALE. I yield.

Mr. CASE. Mr. President, I commend my colleague from Minnesota on his statement. I am glad to join with him and other colleagues to urge enactment of meaningful legislation to insure both fair and open housing for all Americans. There can be no doubt that unequal housing, resulting from discriminatory and closed housing policies, contributes to the intolerable conditions of life in many of this Nation's greatest urban areas. The impacted racial ghetto, with its segregated overcrowded living conditions, inherently unequal schools, unemployment and underemployment, appalling mortality and health statistics, inevitably gives rise to hopelessness, bitterness, and, yes, even open rebellion of those imprisoned within its confines. Surrounded by affluent suburbia, is it any wonder the ghettos of our cities seethe with explosive discontent, racial alienation, and tension?

It is an ironic and bitter fact that the Federal Government has helped to build our urban ghettos, both directly and indirectly.

In some cases, Federal financing of public housing, coupled with nonenforcement of Executive Order No. 11063, has brought increased segregation in so-called vertical slums.

In other cases, urban renewal projects have displaced hundreds and thousands of persons and left them no choice but to crowd into already overcrowded slums.

It is not lack of money alone that prevents the ghetto resident from moving out. Time and time again, it has been demonstrated that he is likely to pay a disproportionate rent for a squalid dwelling place. Rather, it is a bar based on color alone that, regardless of other factors, makes it so difficult for the Negro to secure decent housing.

Some of the States already have open housing legislation. In my own State of New Jersey our statutes trace back to 1950. But progress is still agonizingly slow. It proceeds on a case-by-case basis and puts upon the member of the minority group a heavy burden of proof.

For example, if I may at this point, I ask unanimous consent to insert in the RECORD an article from the New York Times of August 16 which relates the story of two Negro sisters who have been thwarted 3 years in efforts to buy a house. This is in a State which has what is regarded as a more modern fair housing law.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TWO NEGRO SISTERS THWARTED 3 YEARS IN EFFORTS TO BUY HOUSE

(By Edith Evans Asbury)

Two Negro sisters—a welfare supervisor and a registered nurse—are still "camping out" among packing boxes and crates after trying for nearly three years to buy a house in an all-white neighborhood in Brooklyn.

"We have tried every legal means; we have been thwarted at every turn; we simply cannot believe this is happening—but it is," Mrs. John Braithewaite declared yesterday in an interview in their crowded apartment.

Mrs. Braithewaite, who is employed by the city's Department of Social Services, is the wife of a merchant mariner and the mother of two boys. And, she said, she is "sick and tired of being cramped in this small place in Bedford-Stuyvesant."

Her sisted, Mrs. Ellen Creasey, is a registered nurse who was formerly assistant supervisor of nurses at Coney Island Hospital. Together they undertook to buy a new house in 1964.

They found a two-family new house in the Canarsie section of Brooklyn in November, 1964, priced at $38,490, and they offered to buy it.

"It suited all our requirements," Mrs. Braithewaite recalled yesterday, in her apartment at 209 Hancock Street. "A large apartment for my family, a small one for my sister; a garage for her; near good schools for may issue such supplemental orders as he considers appropriate to encourage compliance with such order. Supplemental orders may include an order to forfeit not more than $50 for each day during which the person found to have disobeyed an order continues to disobey it. Moneys so forfeited shall be paid into the Treasury of the United States.

"(b) At any time after he has issued an order the Secretary may petition a court for its enforcement. Within thirty days after the Secretary has given notice to all respondents and persons aggrieved of his decision on the last appeal to him which is available with respect to a final order isued under subsection (c) of section 11, or within five days after he has given such notice with respect to a temporary order issued under subsection (d) of section 11 or a supplemental order issued under subsection (a) of this section, a respondent or person aggrieved may petition a court for review of any such order. The filing of a petition for enforcement or review shall not in itself operate to stay an order. Petitions for enforcement or review of final orders, other than final orders based on voluntary settlements, shall be to the United States court of appeals for the circuit in which the discriminatory housing practice occurred or in which the respondent resides or transacts business. Petitions for enforcement or review of voluntary settlements, of temporary orders issued under subsection (d) of section 11 or of supplemental orders issued under subsection (a) of this section shall be to the United States district court for the district in which the discriminatory housing practice occurred or in which the respondent resides or transacts business; except that when enforcement or review is sought concurrently both for orders that should be brought before a district court and for orders that should be brought before a court of appeals, the petition with respect to all such orders shall be to the appropriate court of appeals.

"(c) Promptly after he petitions for enforcement or after he receives notice that a petition for review has been filed, the Secretary shall file in the court a copy or the original of the portions of the record which are material to the petition for enforcement or review. Upon the filing of a petition the court shall conduct further proceedings in conformity with sections 701 to 706 of title 5 of the United States Code, shall cause notice of the filing to be served upon all parties and persons aggrieved and shall thereupon have exclusive jurisdiction of the proceedings. It shall have power to grant such stays, temporary relief or restraining orders as it deems proper, to affirm, modify, or set aside the findings or orders of the Secretary in whole or in part, or to remand the case to the Secretary for further proceedings. The findings of fact of the Secretary shall be conclusive if supported by substantial evidence. Enforcement or review shall be upon the record which the order was based, except that the court may, in its discretion, take additional evidence upon a showing that it was offered to and improperly excluded by the Secretary or could not reasonably have been produced before him or was not available.

"(d) The Attorney General shall conduct all litigation to which the Secretary is a party pursuant to this Act.

"EFFECT ON STATE LAWS

"SEC. 15. Nothing in this Act shall be construed to invalidate or limit any law of a State or political subdivision of a State, or of any other jurisdiction in which this Act shall be effective, that grants, guarantees, or protects the same rights as are granted by this Act; but any law of a State, a political subdivision, or other such jurisdiction that purports to require or permit any action that would be a discriminatory housing practice under this Act shall to that extent be invalid.

"COOPERATION WITH STATE AND LOCAL AGENCIES ADMINISTERING FAIR HOUSING LAWS

"SEC. 16. The Secretary may cooperate with State and local agencies charged with the administration of State and local fair housing laws and, with the consent of such agencies, utilize the services of such agencies and their employees and, notwithstanding any other provision of law, may reimburse such agencies and their employees for services rendered to assist him in carrying out this Act. In furtherance of such cooperative efforts, the Secretary may enter into written agreements with such State or local agencies, and such agreements may include provisions under which the Secretary shall refrain from issuing complaints in any class of cases specified in such agreements. The Secretary shall terminate any such agreement whenever he determines that it no longer serves the interest of effective enforcement of this Act. All agreements and terminations thereof shall be published in the Federal Register.

"APPROPRIATIONS

"SEC. 17. There are hereby authorized to be appropriated such sums as are necessary to carry out the purposes of this Act.

"SEPARABILITY OF PROVISIONS

"SEC. 18. If any provisions of this Act or the application thereof to any person or circumstances is held invalid, the remainder of the Act and the application of the provision to other persons not similarly situated or to other circumstances shall not be affected thereby."

Mr. MONDALE. Mr. President, the Senator from Massachusetts [Mr. BROOKE] and I jointly submit this amendment for ourselves, Mr. PROXMIRE——

Mr. STENNIS. Mr. President, may we have order so that Senators may hear?

The VICE PRESIDENT. The Senate will be in order. Attachés will please take their seats. The Senator will withhold until order is restored.

The Senator from Minnesota may proceed.

Mr. MONDALE. Mr. President, the Senator from Massachusetts [Mr. BROOKE] and I jointly submit this amendment for ourselves, Mr. CASE, Mr. PROXMIRE, Mr. MUSKIE, Mr. WILLIAMS of New Jersey, Mr. LONG of Missouri, Mr. MCGEE, Mr. NELSON, and possibly other members of the Committee on Banking and Currency.

Mr. President, I ask unanimous consent to have printed in the RECORD a summary of the proposed amendment, questions and answers describing the proposed fair housing amendment, with the exception of the Mrs. Murphy exception, and a summary of the constitutional arguments which establish, in my opinion beyond doubt, the constitutionality of the Fair Housing Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MONDALE. I thank the Presiding Officer.

There being no objection, the items requested ordered to be printed in the RECORD, as follows:

THE PROPOSED FAIR HOUSING ACT OF 1967: SUMMARY

The Act would gradually prohibit discrimination on account of race, color, religion or national origin in the sale or rental of housing. Housing already subject to the President's Order on Equal Opportunity in Housing would be covered immediately. Housing held for sale or rent by someone other than its occupant and housing for five or more families would be covered from and after January 1, 1968. All housing other than exempted housing of religious institutions would be covered from and after January 1, 1969, with the exception of the "Mrs. Murphy" provision.

The Act would also prohibit "blockbusting," discrimination in the financing of housing, discrimination in the provision of services or admission to membership by real estate organizations, and interference with or threats against persons enjoying or attempting to enjoy any of the rights which the Act grants or protects.

Responsibility for administration and enforcement would rest with the Secretary of Housing and Urban Development. He would use the time during which the enforcement provisions gradually went into effect to consult with housing industry leaders and state and local officials and otherwise carry on educational and consultation activities.

The Secretary would be required to seek a voluntary solution in every case. If his attempt was unsuccessful, he would be authorized to issue a complaint, hold hearings and, if the evidence disclosed that discriminatory acts had occurred, issue orders granting appropriate relief. All orders of the Secretary would be subject to judicial review.

A person who believed that he had been injured by a discriminatory housing practice could file a charge with the Secretary. The Secretary would not be required to conciliate or to issue a complaint on the basis of every charge so filed, but if he did not, the person filing the charge could commence an action himself in any court of competent jurisdiction.

The Attorney General would be empowered to initiate suits in United States district courts to eliminate patterns or practices of housing discrimination. The Secretary could cede his jurisdiction to state or local fair housing agencies in appropriate cases or cooperate with them without ceding his jurisdiction.

QUESTIONS AND ANSWERS ON THE PROPOSED FAIR HOUSING ACT OF 1967

1. *Who will be covered?*

The Act will cover brokers, property owners, managers and anyone else who participates in the sale, rental or financing of housing.

2. *What are the stages of coverage?*

The first stage is federally assisted housing—essentially, housing with FHA or VA-guaranteed mortgages or public housing. This is the same housing which is already covered by the President's Order on Equal Opportunity in Housing of November 20, 1962 (Exec. Ord. 11063). (The implementation of that Order by federal agencies, however, has not been quite as broad as the Order itself. In particular, because they lacked sufficient enforcement personnel, the agencies exempted owner-occupied one- and two-family homes.)

The second stage, from and after January 1, 1968, is housing held for sale or rent by someone other than its occupant and housing for five or more families, whether or not one of its occupants is its owner.

The third stage, from and after January 1, 1969, is all housing. (But religious institutions could continue to give preference in housing to persons of their own religion.)

The Act's prohibitions against discrimination in the financing of housing, and in membership in, or obtaining the services of, real estate organizations will *not* become effective in stages. They go completely into effect on and after January 1, 1968. To have put them into effect in stages would not have made sense. For example, how can a real estate organization not discriminate as to membership only with respect to five-family homes?

The Act's provision against threats or coercion of persons who exercise the rights it grants or protects becomes effective imme-

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diately. Thus, as the previous rights become effective, in stages or from and after January 1, 1968, this provision will come into effect to protect persons in their exercise of them.

3. *Why does the Act go into effect only gradually?*

Responsibility for enforcement of the Act will rest with the Department of Housing and Urban Development, which already has the responsibility for enforcing the President's Order on Equal Opportunity in Housing. Thus, the Department can begin the first stage of enforcement with very little "tooling up," because the first stage of coverage is identical to the coverage of the President's Order. The next two stages of coverage are timed to coincide, roughly, with the time it will take the Department to hire and train its new personnel and establish its operational procedures.

The delay will also permit the Department of Housing and Urban Development to carry on educational and consultation activities, to acquaint the housing industry and the country generally with the provisions of the Act before it goes into effect.

4. *What exemptions does the Act have?*

There is an exemption to permit religious institutions or schools, etc., affiliated with them, to give preference in housing to persons of their own religion despite the Act. But religions whose membership is limited to persons of particular races, colors or national origin are not permitted to make use of this exemption.

There is a "Mrs. Murphy" exemption. And, insofar as a homeowner honestly chooses a roomer on the basis of personal friendship, or because he is a relative, for example, he would not violate the Act. The act forbids refusals only on the basis of "race, color, religion or national origin."

5. *How will the Act be enforced?*

Primary responsibility for enforcement is vested in the Department of Housing and Urban Development. It will establish local offices throughout the country for this purpose as needed. The Department will employ hearing examiners, who will be appointed and will serve in accordance with the Administrative Procedure Act.

Persons who believe they have been discriminated against may file a charge with the Department. If the Department decides to process the charge, it will so notify the person. If it decides not to, or fails to give notice within 30 days, the person can bring his own action in any court of competent jurisdiction.

The Department must always first try to settle a charge voluntarily, by conciliation and agreement. Only if that fails can it issue a complaint and hold hearings.

The Attorney General will also be empowered to enforce the Act, but only when a "pattern or practice" of resistance to its provisions is found to exist.

6. *Will persons who disagree with the Department of Housing and Urban Development's interpretation of the Act have any recourse?*

All orders of the Department will be subject to review by the Federal courts. In addition, the Department will be subject to the provisions of the Administrative Procedure Act in all its operations under the Fair Housing Act.

7. *What effect will the Act have on State or local fair housing laws?*

None. It will leave them in effect. In appropriate cases, the Department of Housing and Urban Development may even cede its jurisdiction to State or local agencies, or cooperate with them in joint operations.

8. *What effect would the Act have on the President's Order on Equal Opportunity in Housing (Exec. Ord. 11063)?*

None. It will leave it in effect. However, once the Act becomes fully effective, the Order will no longer be necessary, because the Act will cover everything which it covers, and more. The President will then presumably rescind the Order.

9. *Does Congress have the constitutional power to prohibit discrimination in housing?*

Yes. Supreme Court decisions clearly state that Congress has this power both under the Fourteenth Amendment and the Commerce Clause. A summary of these decisions has been prepared and is available.

10. *Will the Act prohibit "blockbusting"?*

Yes. Section 4(e) prohibits blockbusting.

11. *Will the Act make it a crime to discriminate in housing?*

No. All its enforcement provisions are civil in nature. An individual who disobeys the Act and refuses voluntarily to correct the harm he has done may be ordered by the Department of Urban Development (or, if necessary, by a court) to take appropriate action, but such orders cannot include fines, imprisonment or other criminal punishment.

12. *Why does the Act cover religious as well as racial, color, and national-origin discrimination?*

Although discrimination on religious grounds is not a major problem in housing, it nevertheless exists and is appropriately dealt with along with the other forms of discrimination.

13. *Will not the passage of a Fair Housing Act lower property values?*

No. Careful, well documented studies have shown that in the overwhelming majority of cases property values in unsegregated neighborhoods actually rise slightly faster than property values in all-white neighborhoods. The only general exception is when panic selling occurs, and even then the drop is temporary. The Act deals with this exception, too, by prohibiting "blockbusting"—the practice of frightening homeowners into selling at a low price by telling them that their neighborhood is, or is about to be, integrated.

State and local fair housing laws have been in existence for several years, and in no area have there been reports that property values have fallen on that account.

14. *Would the Act prohibit a person from refusing to sell or rent for any reason other than race, color, religion or national origin?*

No. Other reasons for refusing would continue to be as valid as they are now. For example, property owners will continue to be free to refuse to sell or rent to people who cannot meet the price, who have bad credit ratings, who fail to provide adequate character or financial references, etc.

15. *Will a person against whom a complaint of discrimination is issued have to prove that he did not discriminate?*

No. The burden of proof rests on the Department of Housing and Urban Development, or the complaining person, to prove that the defending person *did* discriminate on the basis of race, color, religion or national origin.

FAIR HOUSING ACT OF 1967

SUMMARY OF CONSTITUTIONAL BASES

The Constitution provides two independent bases of support for Federal fair-housing legislation: the Fourteenth Amendment and the Commerce Clause.

THE 14TH AMENDMENT

Section 1 of the Fourteenth Amendment includes the Equal Protection Clause, which forbids a State to deny to any person within its jurisdiction the equal protection of the laws, and Section 5 of the Amendment reads:

"The Congress shall have power to enforce, by appropriate legislation, the provisions of this article [*i.e.*, of this Amendment.]"

One kind of law which Congress may validly enact to enforce the Equal Protection Clause is a law to remove obstacles in the way of persons' securing the equal benefits of government—benefits which a State could not discriminatorily deny them without violating the Clause itself. *Katzenbach* v. *Morgan*, 384 U.S. 641. A law prohibiting discrimination in housing on account of race, color, religion or national origin is such a law because discrimination in housing forces its victims to live in segregated areas, or "ghettoes," and the benefits of government are less available in ghettoes.

That the benefits of government are less available in ghettoes can be amply documented. The ghetto child is more likely to go to an inferior school. His parents are more likely to lack adequate public transportation facilities to commute to and from places of work, and so will miss employment opportunities. Local building and housing laws are not, or cannot be, effectively enforced in ghettoes. Federal subsidies for private housing bypass the ghetto and flow instead to the suburbs. Freeways are typically routed through ghettoes, because land there is cheaper and their inhabitants less able to organize politically to oppose them. Most significantly of all, law enforcement is least effective in the ghetto, although it is there that it is needed most. The slum inhabitant must take for granted that he and his children live in continual danger of physical attack.

It is no objection to its validity that Federal fair housing legislation would prohibit private acts of discrimination in housing as well as discrimination by State or local governments. The objection arises from a false analogy between judicial enforcement and congressional enforcement of the Equal Protection Clause. The power of a court to enforce the Clause arises directly from the Clause itself, which speaks only of what States are forbidden to do. Hence, the courts can only forbid action by States (or their local subdivisions). But the power of Congress to enforce the Clause arises from Section 5 of the Fourteenth Amendment (quoted *supra*), from which grants a legislative power, and legislative powers are exercisable in accordance with the Necessary and Proper Clause. That Clause grants Congress the power, "To make all Laws which shall be necessary and proper for carrying into Execution . . . all . . . Powers vested by this Constitution in the Government of the United States, . . ." (The Constitution, Article I, Section 8, Clause 18.)

The scope of the Necessary and Proper Clause has been settled at least since Chief Justice Marshall formulated it in 1819 (*McCulloch* v. *Maryland*, 4 Wheat. 316). It is amply broad enough to include laws affecting private conduct as well as laws forbidding actions by State or local governments. *Katzenbach* v. *Morgan*, *supra*, 384 U.S. at 648–51; *United States* v. *Guest*, 383 U.S. 745, 762, 782–84.

THE COMMERCE CLAUSE

Housing is one of America's principal industries. In 1965, it added $27.6 billion of new investment to the economy—more, for example, than the $22.9 billion contributed that same year by all American agriculture. And a large part of the housing industry is interstate. Forty-one million tons of lumber and finished wood stock were shipped in the United States in 1963, and forty-three per cent of it was shipped 500 miles or more. About one out of six residential mortgages are on property located in a different state from that of the mortgage lender. Every year more than two million people move their place of residence from one state to another.

The meaning of these statistics was illustrated by the testimony last year of Mr. William J. Levitt to Subcommittee No. 5 of the House Judiciary Committee. Mr. Levitt is the President of Levitt & Sons, Inc., a major builder of homes, and is a supporter of fair housing legislation. He testified:

"Perhaps 80 per cent of the materials that go into our houses come from across state lines."

"With the possible exception of the New York Community that we are building now every other community in which we build receives its financing from a state other than the one in which it is located."

"75 to 80 per cent" of Levitt & Sons' advertising is interstate.

"Out-of-state purchasers run from about 35 to 40 per cent, on the low side, to some 70 per cent, on the high side."

Discrimination in housing affects this commerce in several ways. The confinement of Negroes and other minority groups to older homes in ghettoes restricts the number of new homes which are built and consequently reduces the amount of building materials and residential financing which moves across state lines. Negroes, especially those in the professions or in business, are less likely to change their place of residence to another state in order to obtain better employment positions when housing discrimination would force them to move their families into ghettoes. The result is both to reduce the interstate movement of individuals and to hinder the efficient allocation of labor among the interstate components of the economy.

The Commerce Clause grants Congress the power to protect interstate commerce from adverse effects such as these. *Katzenbach* v. *McClung*, 379 U.S. 294. Its power to do so is not restricted to goods actually in transit. *Labor Board* v. *Jones & Laughlin Steel Corp.*, 301 U.S. 1, 36–37. Nor does it matter that when Congress exercises its powers, its motive is not solely to protect commerce. It can as validly act for moral reasons. *Heart of Atlanta Motel* v. *United States*, 379 U.S. 241, 257. And it does not matter that the effects against which Congress legislates may be minor or that, taken individually, they are insignificant. The constitutional basis is present so long as the effects on commerce, taken as a whole, are present in measurable amounts. *Wickard* v. *Filburn*, 317 U.S. 111, 125 (Agricultural Adjustment Act of 1938 applied to a farmer who sowed only 23 acres of wheat and sold none of it in interstate commerce, because it nevertheless affected how much other wheat would be shipped in interstate commerce.) *Mabee* v. *White Plains Publishing Co.*, 327 U.S. 178. (Fair Labor Standards Act applied to a newspaper whose circulation of 9000 copies included only 45 copies mailed to another state.)

Mr. MONDALE. Mr. President, we submit it as an amendment to H.R. 2516, the pending bill, to protect civil rights workers. The amendment is title IV of the Civil Rights Act. It would extend the principle of fair housing to the sale and rental of real estate in our country.

It is very clear at this point that this will be our only opportunity for Senate consideration of civil rights legislation in this session. It is also clear that there simply will not be time for the Senate Banking and Currency Committee to act on S. 1358, the proposed Fair Housing Act, so that it might be considered and acted upon during this debate.

Senator BROOKE and I have therefore prepared S. 1358 as an amendment to H.R. 2516, and offer it with but one change. We have included the so-called Mrs. Murphy amendment which was contained in the Civil Rights Act of 1966, as passed by the House in 1966. This would exempt from coverage the sale or rental of owner-occupied dwellings of up to four units—approximately 2.3 million dwellings in our country. In doing so, we are aware that the Banking and Currency Committee has not had executive sessions on the bill, but I am pleased to announce that a majority of the members of that committee support the proposal.

The Banking Committee sponsors of the amendment are myself, the Senator from Massachusetts [Mr. BROOKE], the Senator from Wisconsin [Mr. PROXMIRE], the Senator from Maine [Mr. MUSKIE], the Senator from New Jersey [Mr. WILLIAMS], the Senator from Missouri [Mr. LONG], the Senator from Wyoming [Mr. MCGEE], and the Senator from Illinois [Mr. PERCY].

It is a clear majority of the membership of the Banking and Currency Committee that joins me in sponsoring a fair housing amendment.

Mr. SYMINGTON. Mr. President, I cannot hear the speaker.

The PRESIDING OFFICER. (Mr. YOUNG of Ohio in the chair). Let there be order in the Chamber.

Mr. MONDALE. Mr. President, we are most hopeful that the Senate will give careful and thorough consideration to this fair housing amendment, because in our judgment the case for it is compelling.

There is no doubt that national fair housing legislation is a controversial issue, but the grave urgency of the urban crisis requires immediate congressional action. The barriers of housing discrimination stifle hope and achievement, and promote rage and despair; they tell the Negro citizen trapped in an urban slum there is no escape, that even were he able to get a decent education and a good job, he would still not have the freedom other Americans enjoy to choose where he and his family will live.

Outlawing discrimination in the sale or rental of housing will not free those trapped in ghetto squalor, but it is an absolutely essential first step which must be taken—and taken soon. For fair housing legislation is a basic keystone to any solution of our present urban crisis. Forced ghetto housing, which amounts to the confinement of minority group Americans to "ghetto jails" condemns to failure every single program designed to relieve the fantastic pressures on our cities. No amount of education aid will repair the inherent weakness of segregated schools, whether de jure or de facto. No amount of money spent on manpower training or jobs will eliminate ghetto unemployment when the jobs are moving to the suburbs. Declining tax base, poor sanitation, loss of jobs, inadequate educational opportunity, and urban squalor will persist as long as discrimination forces millions to live in the rotting cores of central cities.

Even more important, our failure to abolish the ghetto will reinforce the growing alienation of white and black America. It will insure two separate Americas constantly at war with one another, increasingly unable to come to terms on any issue.

There is a critical debate now underway in the ghetto. The issue is quite simple—whether there is any basic decency in white America and whether white America ever really intends to permit equality and full opportunity to black Americans, with all that that equality and opportunity involves. We believe that our continuing failure to put an end to segregated housing lends a powerful argument to the black separatists and black racists, and can only speed the process of separation and alienation.

Finally, there are two new and hopeful trends which are worthy of special attention. There is growing evidence of changing attitudes on the part of both the public and the real estate industry. Twenty-two States have adopted fair housing laws, five of them during 1967. In addition, 84 cities, villages, and counties, together with the District of Columbia, have adopted fair housing ordinances. Forty-three of these were adopted during 1967. Most of these laws and ordinances have serious shortcomings in coverage and enforcement, and may even be tokenistic frauds, they are important in informing the Congress that local communities recognize the need and desirability of taking a stand on fair housing.

This community acceptance does affect housing policies. The Department of Defense testified, in respect to its efforts to promote desegregated off-base housing, that the existence of a State law or local ordinance created a better climate of cooperation on the part of the local community and landlords in the community. With this important shift in public understanding of the issue, the Congress should proceed to pass an adequate, comprehensive law which provides equal coverage for all areas of the country.

Representatives of significant segments of the real estate industry indicated during hearings last summer that the viewpoint of the industry may be changing, and that many realtors no longer accept the myths about fair housing, and are arguing for a change in national policy. They emphasized with equal vigor that fair housing legislation must be national and uniform in coverage.

It is our hope that we will be able to discuss this amendment fully and completely, and after that time, proceed to a vote on its merits. In 1966, a majority of the Senate voted for cloture on a bill containing fair housing legislation, and we believe that a majority of the Senate would approve this measure in a vote on its merits.

Mr. President, while it is true that the Banking and Currency Committee has not had an opportunity to act formally on the proposal which I offer with the sponsorship of the Senator from Massachusetts [Mr. BROOKE] and others—a majority of that committee—to the Senate today, we did have sweeping, impressive, and thorough hearings before that committee.

Those hearings have been printed and are available to the Members of the Senate. The hearings were held on August 21, 22, and 23, of last year.

The record made at those hearings, in my opinion, represents the final and complete argument in favor of the adoption of the amendment which we propose today. The hearings brought together, under one cover, a host of new evidence and information that showed the importance of this proposal, its necessity, and its workability.

The hearings established several points.

The first point established is that fair housing is an essential and indispensable ingredient if we are going to solve the problems of American cities.

Witness after witness, from Roy Wilkings to leaders in the real estate industry, increased in 85 percent of the relevant cases. If there is any truth to this myth at all, it is rooted in the unequal access which Negroes have had to housing; this inequality has made possible the worst forms of price gouging on the one hand and blockbusting on the other. Where the entire housing stock is open to all Americans, it is wholly reasonable to expect a neutral impact on housing prices.

There are also some few who raise the claim that the Government is already moving rapidly enough in this field. True enough, between 1950 and today the Federal Government has completely reversed its racial policy, moving from officially sanctioned housing discrimination to a Presidential order in 1962 nominally eliminating discrimination in federally assisted housing. Yet the effect of these moves has been minimal. In 1962 nearly 80 percent of federally subsidized housing remained occupied by one race. And today the Executive order covers only a fraction of the total housing stock. Secretary Weaver estimates that only 40 percent of the stock has been subjected to Federal nondiscrimination rules. We are all familiar with the dreary cycle of the middle-class exodus to the suburbs and the rapid deterioration of the central city. I firmly believe that nothing is so essential to breaking this cycle than prompt action on fair housing legislation.

As the exodus has progressed, more and more jobs and businesses have followed the middle class to the suburbs. The tax base on which adequate public services, and especially adequate public education, subsists has fled the city, leaving poverty and despair as the general condition of the ghetto dwellers. We cannot immediately recreate adequate services in the central city, but we must move toward that goal. At the same time we can and should make it possible for those who can to move to where the better schools and services, the decent homes and jobs are most plentiful. That is the simple purpose of this bill.

Fair housing legislation has been labeled "forced" housing. I believe that the true "forced" housing is exactly that situation in which the ghetto dwellers find themselves—trapped in the slums because they can go nowhere else. The States are concerned that the Federal Government is attempting a further usurpation of their power. But if the States are not inclined to follow the doctrine of the 14th amendment surely the Federal Government has the duty to insure that they can no longer ignore it.

Mr. President, finally, some are worried that this legislation will both invade their privacy and tamper with their right to sell their homes to whom they please. On the contrary, this bill is aimed not at privacy but at commercial transactions. It will prevent no one from selling his house to whomever he chooses so long as it is personal choice and not discrimination which affects his action.

With the enactment of the Civil Rights Act of 1964 there came a gradual but basic shift in attitude toward discrimination in public accommodations. It is my hope and my prayer that the American people will respond to the passage of open housing legislation in the same spirit. The job that faces us is one that must be done.

Mr. President, Negroes in big cities usually pay rent just as high as most whites, but receive much less for their money. Moreover, since they have lower income, paying equal rents works a greater hardship on them. These conclusions can be demonstrated by data from the 1960 census for Chicago.

There both whites and nonwhites paid median rents of $88, and proportions paying rents below that median were almost identical. However, units rented by nonwhites were typically smaller and in worse condition; 30.7 percent of all nonwhite units were in deteriorated or dilapidated areas as against 11.6 percent for whites. They contained more people.

The median household size was 3.53 for nonwhites against 2.88 for whites.

Authoritative figures prove conclusively that Negroes paid significant extra housing costs in 1960 as a result of racial discrimination against them by whites.

The major mechanism through which this took was housing. Prior to 1948, direct exclusion of Negroes from white residential areas was legally enforceable by means of restrictive covenants incorporated in property deeds. After the Supreme Court declared this unconstitutional there was a shift to other means of discrimination. The two principal means are a conspiracy by white realtors to refuse to sell or rent to Negroes in all-white areas, and withdrawal of whites in areas where Negroes begin to live in sizable numbers.

Many States have now outlawed racial discrimination by realtors in the sale or rental of housing, though such laws do not always cover all forms of housing. These laws have, as yet, had no measurable effect in breaking down patterns of racial segregation.

A recent exhaustive study of such segregation reveals its presence to a very high degree in every single large city in America. Minor variations exist between North and South, suburbs and central cities, and cities with large and small Negro populations. But in every case Negroes are highly segregated, more so than Puerto Ricans, orientals, Mexican Americans, or any specific nationality group. In fact, Negroes are by far the most residentially segregated group in recent American history.

The authors of one study devised an index to measure overall segregation. The values indicate the percentage of nonwhites who would have to shift from the block where they live to some other block in order to provde a perfectly proportional, unsegregated distribution of population by block in that city. The mean segregation index for 207 of the largest U.S. cities was 86.2 in 1960. Index values were somewhat high in the South, a mean of 90.9, than in the Northeast, with a mean of 79.2, the North-Central, with a mean of 87.7, or in the West, with a mean of 79.3. But only eight cities have values below 70, whereas over 50 have values above 91.7.

Two additional findings from that study are extremely significant.

First, this nearly universal pattern of residential segregation cannot be explained as resulting from economic discrimination against all low-income groups. Careful analysis of 15 cities indicates that white upper and middle-income households are far more segregated from Negro upper- and middle-income households than some white lower-income households.

Thus, racial discrimination appears to be the key factor underlying housing segregation patterns.

Second, the degree of racial segregation rose significantly in all parts of the country from 1940 to 1950, but declined slightly in all parts, except the South, from 1950 to 1960.

The average segregation index value for all 207 cities was 85.2 in 1940; 87.3 in 1950, and 86.2 in 1960.

From 1950 to 1960, only 15.6 percent of all cities in the North and West experienced segregation index increases as compared to 77.8 percent in the South. This shift in the North and West was undoubtedly affected by the outlawing of racially restrictive covenants in 1948, plus the end of the general U.S. housing shortage in the mid-1950's.

Nevertheless, the decline in segregation even in the North and West was relatively small. From 1950 to 1960, regional average index scores dropped 4.7 points in the Northeast, 1.5 percent in the North Central, and 6.5 points in the West.

These figures indicate that any really large reduction of residential segregation through "natural" developments in the near future is extremely unlikely.

Mr. President, many expect a ruling from the Supreme Court on the Jones against Mayer case to take some action on fair housing. But are we to wait until the Court acts? If Congress waited in the area of segregated education, surely Congress should speak forthrightly on this matter and not wait for the Court to lead where the elected representatives should be in the vanguard.

Mr. President, already we can see that the fair housing principles are being accepted in many States and localities. The National Committee to End Discrimination in Housing estimates that 60 percent of the American population is already covered by some form of fair housing legislation. These statutes are far from uniform and are very uneven in coverage and enforcement. But they reflect, in my opinion, receptivity to action in this field which should end congressional timidity once and for all.

Mr. President, I now refer to a statement concerning the Fair Housing Act of 1967, in the hearings before the Subcommittee on Housing and Urban Affairs of the Committee on Banking and Currency, U.S. Senate, 90th Congress, first session, under the paragraph heading "The Ghetto and the Master Builder."

The words are these:

> We make two general assertions: (1) that American cities and suburbs suffer from galloping segregation, a malady so widespread and so deeply imbedded in the national psyche that many Americans, Negroes as well as whites, have come to regard it as a natural condition; and (2) that the prime carrier of galloping segregation has been the Federal Government. First it built the ghettos; then it locked the gates; now it appears to be fumbling for the key.
>
> Nearly everything the Government touches turns to segregation, and the Government touches nearly everything. The billions of dollars it spends on housing, highways, hos-

pitals and other community facilities are dollars that buy ghettos. Ditto for the billions the Government has given to American cities and suburbs in the name of community planning—money which made it simple for planners to draw their two-color maps and to plot the precise locations of Watts, Hough, Hunter's Point and ten-thousand other ghettos across the land.

* * * * *

At present the Federal example is murky; it has an Alice-in-Wonderland quality that defies easy summation. On the one hand, the Government is officially committed to fighting segregation on all relevant fronts; on the other, it seems temperamentally committed to doing business as usual—which, given our current social climate, means more segregation. It hires many intergroup relations specialists—HUD has forty-seven—but deprives them of the power and prestige to achieve meaningful integration. Similarly, it cranks out hundreds of inter-office memoranda on how best to promote open occupancy, but it fails to develop follow-up procedures tough enough to persuade bureaucrats to take these missives seriously. The Federal files are bulging with such memoranda—and our racial ghettos are expanding almost as quickly.

The road to segregation is paved with weak intentions—which is a reasonably accurate description of the Federal establishment today. Its sin is not bigotry (though there are still cases of bald discrimination by Federal officials) but blandness; not a lack of goodwill, but a lack of will. The Federal failure to come to grips with segregation manifests itself in all kinds of oversights. For example, a recent FHA pamphlet for house-buyers includes an italicized explanation of Federal antidiscrimination rules and regulations. Good. It also includes a photograph of a house in a suburban subdivision which had won an FHA "Award of Merit" for community development. Bad—because the subdivision was all-white, and its builders, according to a state human relations official, "discouraged Negro families from buying." Nobody checked this out before publishing the pamphlet because nobody cared enough to ask the right questions.

What adds to the murk is officialdom's apparent belief in its own sincerity. Today's Federal housing official commonly inveighs against the evils of ghetto life even as he pushes buttons that ratify their triumph—even as he ok's public housing sites in the heart of Negro slums, releases planning and urban renewal funds to cities dead-set against integration, and approves the financing of suburban subdivisions from which Negroes will be barred. These and similar acts are committed daily by officials who say they are unalterably opposed to segregation, and have the memos to prove it.

The words have lost their meaning. Many housing administrators in Washington have on their office wall a framed reproduction of a statement President Johnson made to his Cabinet on April 25, 1965: "The Federal service must never be either the active or passive ally of any who flout the Constitution of the United States. Regional custom, local traditions, personal prejudices or predilection are no excuses, no justification, no defense in this regard." But when you ask one of these gentlemen why, despite the 1962 fair housing Order, most public housing is still segregated, he invariably blames it on regional custom, local traditions, personal prejudices of municipal housing officials.

The upshot of all this is a Federal attitude of amiable apartheid, in which there are no villains, only "good guys"; a world in which everyone possesses "the truth" (in the files, on the walls), but nearly everyone seems to lack a sense of consequences. In such a milieu, the first steps toward a genuinely affirmative policy of desegregation in housing are endlessly delayed, because no one is prepared to admit they have not already been taken.

"The rule is," said the Queen to Alice, "jam tomorrow, and jam yesterday—but never jam today."

In other words, our Government, unfortunately, has been sanctioning discrimiation in housing throughout this Nation. The purpose of this bill, as well stated by my able colleague from Minnesota, is not to force Negroes upon whites. It is to give black Americans an opportunity to live in decent housing in this country.

In the summer of 1966 and the summer of 1967 our Nation witnessed its greatest shame. If we are to avoid a recurrence of this unsightly, unconscionable bitterness between white and black Americans, it is encumbent upon our Government to act, and to act now. The most important action that we can take is to enable black Americans to live in decent housing; and this amendment is intended to do exactly that.

The fears and myths I have spoken about have been aired time and time again. Whenever there was a debate on open occupancy, whenever there was an attempt by the Federal Government to move against discrimination and segregation, these same myths, these same fears, have been argued in debate.

Mr. MONDALE. Mr. President, will the Senator yield?

Mr. BROOKE. Yes; I yield to the Senator from Minnesota.

Mr. MONDALE. First, I would like to express my personal appreciation to the distinguished Senator from Massachusetts for his characteristic courage and strength of leadership on this issue. The Senator from Massachusetts terminated a very important study trip through Africa and flew several thousand miles to assist me as cosponsor of this measure and be ready this afternoon with his proposal. In addition to that, he prepared the most impressive remarks by which we have just been benefited.

In each of our comments, we emphasized many of the material aspects of this problem, whether it is the quality of housing or the quality of education, the availability of decent employment, the environment in terms of water, air, and transportaiton, law enforcement, playgrounds, and all the other aspects of a desirable community; but I wonder if perhaps more important than any of those is the psychological insult and the impact of that insult upon the ghetto dweller.

I asked these questions of Mr. Algernon Black, who testified on behalf of the American Civil Liberties Union. The questions and answers appear on page 178 and 179 of the hearings. I think this is one of the most brilliant expressions of this aspect of the problem. I said to Mr. Black:

I particularly liked the sentence in your testimony that goes as follows:

"Deeper than the material and physical deprivation is the humilitation and rejection and what this does to human beings.".

This past Sunday in the New York Times supplement there was an article by a Negro sociologist talking about the impact of conditions of oppression on the mental outlook of the Negro male. And it points out in effect we have given traditionally in the United States the Negro the option of risking his life or losing his manhood.

And while that ancient option that was once true in the South is no longer as much true as it was, in the North we have this kind of repression in housing and living conditions by which we crowd Negro America into the rotting cores of our central cities. And it is today's grace from a material standpoint, but its cost in terms of the impact that flows from the humilitation and the insult of segregation is an incalculable cost that perhaps is even greater.

This was his response. He said:

I am also former chairman of the New York State Committee Against Discrimination in Housing, the first State committee of its kind to pioneer with State legislation and from which was born the National Committee Against Discrimination, whose representatives and officers you will hear this afternoon. I am chairman of its board of directors.

This is the point he made, which I thought was powerful and unanswerable. He said:

The real evil in the ghetto effects is the rejection and humiliation of human beings. As former chairman of the Police Complaint Review Board of New York City, I found that the most humiliating and injurious thing that police can do is not physical but psychological and spiritual, when they humiliate a man in the presence of his wife or his children. This is the enraging and destructive thing to a man's soul—and the injury it does to a child's psyche—because the man, who is supposed to protect the family, to make the home, and is made to feel that he is nothing by one who represents the authority of society.

This sense of humiliation goes all through the ghetto. It is the primary cause of the frustration and rage in the youth which has acted with such violence in the recent riots. In the ghetto no matter what they do, what they become, they don't get anywhere. They feel they are in a cage. And this is why this bill is of crucial importance now.

I think that is one of the most remarkable and unanswerable arguments I have heard for the importance and the immediacy of this measure. It is hard to quantify and make tangible this psychological problem; and yet, when I go into the ghettos, as I have, and talk to ghetto residents, they seem to be trying to express something different from the physical problem, although that is important, and I believe that Mr. Black expressed the result of the humiliation of segregation better than I have heard it expressed by anyone else.

Mr. BROOKE. I certainly concur in the statement of the distinguished Senator from Minnesota, and I am very grateful for his generous remarks. I assure him that I am deeply proud to be associated with him in the sponsorship of this important amendment.

I wholeheartedly agree with what Mr. Black said in testimony before the Senator's committee. The psychological impact is a great impact. It is a profound one. I can testify from personal experience, having lived in the ghetto, what it does to the inside of a man to live in such shameful conditions, to be in an area which has been marked for second-class citizens, in an area which few are able to escape.

Oh, I must confess that I was one of the lucky ones, that I did escape from the ghetto, that my parents were able istration of the statute which have been adopted by the commission. But it also results from a general acceptance in Massachusetts that the broad fair-housing law represents a justified extension of fundamental constitutional rights to all of the Commonwealth's citizens.

The Massachusetts experience belies the fears of those who believe that the institution of open-housing policies will wreak havoc with long established suburban living patterns. Integration of the Massachusettes suburbs has proceeded, for the most part, on the basis of free choice of both buyers and sellers; it has not been compelled by legislative or administrative fiat. The Massachusetts statute has attacked primarily those areas in which the problem is most acute. It has focused upon the fringes of the ghetto, the areas to which Negro citizens might well be able to move were they able to secure housing freely. As barriers have been removed in these sections, the mobility of the Negro out of the worst ghetto areas has been greatly increased, and the entire central city has been the beneficiary.

As I indicated yesterday, I do not claim that the adoption of a Federal open-housing law will be an ultimate answer. Indeed, it will not strike at the heart of the problems in the ghetto. Only a complete American commitment to the eradication of the social, economic, and psychological evils which constitute the ghetto can eventually lead to success. But this is a first step. It is a step which my own State has taken. It has proved acceptable to the public. It has proved that it need not be accompanied by interference with private rights. It has proved that it works.

Mr. President, returning from Africa, as I just have, I find myself reflecting on the contrasts and similarities between those countries I have visited and our own United States. The comparison is both instructive and highly relevant to the proposal which the distinguished junior Senator from Minnesota and I have introduced.

Many of Africa's most promising political leaders look to the United States as the democratic model.

I will not for a moment argue that the Senate should approve this amendment because of what foreign observers will think of us if we fail to act. We ought to pass this bill because it is the right thing for America to do.

But it is also true that our foreign friends expect us to do the right thing and their disappointment is genuine and deepseated when our actions call into question our fidelity to the principles and aims of our professed democratic philosophy.

Time and again in my discussions with African leaders, it was apparent that their vision of America as the land best approximating the ideals of human equality has been blurred by their perception of discrimination in the United States. Hidden beneath their continued admiration for the American model was a grave concern that we might yet fail in our noble experiment, a fear that we would founder on the treacherous shoals of racial enmity, an apprehension that the United States might be headed toward a rigid and hateful social policy comparable to that found in South Africa.

Mr. President, I do not believe that such a fate is in store for our beloved country, and I made clear to these African leaders my own confidence that we would weather the present domestic storms and build a more open society in America. But I could not always convince them; not because they did not wish to be convinced. On the contrary, they want to see America succeed and earnestly desire to believe that we will. But they are especially troubled by the dissonant image of most American Negroes in ghettos and most American whites in suburbs.

They may well wonder if America really is different from South Africa.

On this score, as well, I find myself drawn to the conclusion that fair housing legislation is necessary and appropriate to America's social responsibilities at home and its obligations to provide moral leadership for all nations. I devoutly believe that the United States has a mission in the world and that our action on this matter will have an important bearing on our capacity to provide such leadership.

Can we state the proposition any more clearly? America's future must lie in the successful integration of all our many minorities, or there will be no future worthy of America. That future does not require imposed residential and social integration; it does require the elimination of compulsory segregation in housing, education, and employment.

It does not require that government dictate some master plan for massive resettlement of our population; it does require that government meet its responsibilities to assure equal opportunity for all citizens to acquire the goods and necessities of life.

It does not require that government interfere with the legitimate personal preferences of individuals; it does require that government protect the freedom of individuals to choose where they wish to live.

It does not require government to provide some special advantage to a privileged minority; it requires only that government insure that no minority be forever condemned against its will to live apart in a status inferior to that of their fellow citizens.

This measure, as we have said so often before, will not tear down the ghetto. It will merely unlock the door for those who are able and choose to leave. I cannot imagine a step so modest, yet so significant, as the proposal now before the Senate.

Mr. President, I refer now to a study prepared by the Legislative Reference Service. This paper, prepared by Mr. Thomas F. Lord, is both informative and useful for our present discussion, and I shall call attention to several relevant portions of the study.

(At this point Mr. McGOVERN assumed the chair.)

Mr. GRIFFIN. Mr. President, will the junior Senator from Massachusetts yield to me at this point?

Mr. BROOKE. I am glad to yield to the distinguished Senator from Michigan.

Mr. GRIFFIN. Mr. President, I wish to associate myself generally with the eloquent remarks the distinguished Senator has made up to this point in his statement, and I commend him for indicating and displaying, once again, very brilliant leadership. In a very short time in the Senate, he has distinguished himself in a number of ways and in a number of legislative areas. Certainly, in the area of race relations his leadership has been particularly significant and valuable, not only to the Members of the Senate, but also to the Nation at large.

In speaking to the measure now before the Senate, he has again demonstrated to all a very keen ability to analyze and to articulate. Today, as on other days, his voice has been not only an effective voice, but also a voice of perception, of moderation, and, most of all, of common sense.

So I congratulate the distinguished junior Senator from Massachusetts for the excellent statement he has made on this subject.

Mr. BROOKE. I thank the distinguished Senator from Michigan for his generous remarks.

Mr. President, I read from a study prepared by the Legislative Reference Service, to which I referred before, the section entitled "Negro Housing Problems":

A prominent housing expert, Charles Abrams, recently wrote of Negro housing problems:

"The housing available to Negroes is inferior in quality compared to the housing of whites; both the housing and neighborhoods in which he lives show signs of greater deterioration; there are fewer amenities; mortgages are more difficult to obtain; there is little or no private investment in new buildings for Negroes; tax arrears are higher in their neighborhoods and public interest in maintenance is lower; real estate values are lower in relation to net income; overcrowding is more intense; schools, hospitals, and recreation are inferior; and the Negro usually gets less housing per dollar he pays."

A glance at the 1960 Census will graphically verify Mr. Abrams' observations. Forty-four percent of all non-white occupied units were substandard, compared to 13 percent of all white occupied units. 155,000 non-white families had to share single dwelling units with other families. That is 4.8 percent of the total number of non-white families—only 2.1 percent of the total number of white families lived in such a condition.

Perhaps the really significant figures are those which illustrate the central city concentration of Negroes. For it is especially within the old, deteriorating inner cities where slums and inferior community facilities abound. The non-white population of central cities increased 63.3 percent between 1950 and 1960—from 6.3 million to 10.3 million persons. At the same time the white population of the central cities was increasing at a rate of 13.3 percent—42.0 million to 47.6 million persons. This influx of 9.6 million persons must be measured against the 3.7 million housing units added in the same period. Herein lies the reason for the crowded slums.

During the same decade the white population in the urban fringe—the suburbs—leaped forward at a rate of 81.8 percent—16.2 million whites moved there—only 700,000 Negroes accompanied them.

The configuration to which these figures point often has been described—America's large cities filled at the center with Negroes occupying run-down housing and surrounded by a suburban ring of middle-class white neighborhoods.

It might be suggested that the configuration thus described is inevitable in light of the low incomes of the Negroes in the central cities. It is true that in 1960 the median family income of Negro families was only $3,711—63 percent of the median income of $5,893 for whites. But a 1963 study by the U.S. Housing and Home Finance Agency found that there has been a "spectacular rise" in the incomes of Negroes in urban areas and a corresponding growth in the demand for middle-income housing—such as is available in the suburbs. The study collected data on 17 metropolitan areas and compared the home buying patterns of white and nonwhite families in the $7,000 to $10,000 income bracket. If Negroes in this category had bought homes valued at $15,000 in the same ratio as whites in this same income bracket, there would be an immediate potential market among nonwhites in these 17 areas for some 45,000 units. On the basis of the investigation HHFA concluded that:

> While the study cites a number of related factors inhibiting home ownership among non-whites, it points particularly to racial restrictions as an important deterrent to the availability for new housing for this group.

It would appear then that the configuration of black central cities encircled by white suburbs is not a "natural" phenomenon; the coerciveness of discrimination is involved, and the white suburban circle is what former Philadelphia Mayor Richardson Dilworth called a "white noose."

What are the forces behind this discrimination? The Commission on Civil Rights attempted an answer in its 1961 report:

> They begin with the prejudice of private persons, but they involve large segments of the organized business world. In addition, Government on all levels bears a measure of responsibility—for it supports and indeed to a great extent it created the machinery through which housing discrimination operates.

First, discrimination is sometimes practiced by the owner of a house who refuses to sell or rent to a person of another race. This attitude has often led to alliances of owners who enter into covenents restricting a neighborhood to whites only. In 1948, the Supreme Court in Shelley against Kraemer ruled that such covenants are judicially unenforceable, on the grounds that a State would be denying to certain citizens equal protection of the laws. Nevertheless, restrictive covenants prevail in many places even though they are not legally enforceable.

Second, lenders often discriminate against Negroes, using the argument that a homogeneous neighborhood makes a loan economically more sound. The Commission on Civil Rights "found evidence of racially discriminatory practices by mortgage lending institutions throughout the country." Also some builders join in with these views about "homogeneous" neighborhoods and sell only to white persons. Underlying the view that neighborhood stability will be destroyed is the belief that property values fall when Negroes move into an area. This happens, of course, if there is "panic" selling by whites. But a research study of 10,000 real estate sales over a 12-year period in seven cities contradicts the belief that property values invariably decline. Forty-one percent of the homes in interracial neighborhoods did not change in price; 44 percent increased 5 to 26 percent; 15 percent dropped 5 to 9 percent.

The third discriminatory factor mentioned by the Commission in 1961 was the Government—especially the Federal Government. The major cause for such an indictment is that FHA actively encouraged racial discrimination during the years 1934–1950. Its Underwriting Manual of 1938 suggested that properties "continue to be occupied by the same social and racial groups." The Shelley against Kraemer decision had an effect on FHA policy, however, and it withdrew its support for racially exclusive policies. President Kennedy's Executive Order 11063 of 1962 required FHA and other Federal agencies to pursue affirmative policies with respect to equal opportunity in housing.

But the Civil Rights Commission's criticism of the Government is also based on the fact that most financial institutions are dependent to a great extent on Federal regulation and sponsorship. A large number of saving and loan associations are chartered by the Federal Home Loan Bank Board. Many of them are recipients of the benefits of the Federal Home Loan Bank System. Most commercial banks are regulated by the Federal Reserve System, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. Yet none of these private institutions are covered by the existing Executive order, and thus, are free to discriminate without Government interference.

Although low income is an obstacle to many Negroes in acquiring adequate housing, a large number of Negroes have moved up to middle-class levels of income, and many of these Negroes who have the money want to live in a suitable environment. As a Negro wife in Boston put it:

> I don't think that too many people start out by saying, "I want to move into a white neighborhood." They want to move to a neighborhood that has modern housing, good schools, that has close shopping centers, that has a plot of grass around it; where people don't go through the street and drop paper; they want something clean.

But often the Negro cannot realize this aim because he is surrounded by a pattern of discrimination based on individual prejudice, often institutionalized by business and industry, and Government practice.

Certainly the provision of good housing will not solve all social and personal problems. Yet the upgrading of housing conditions, as compared for example to the tasks of education and improvement of health, may well be the most immediately practical solution available. Further, the attack of educational inequality, on juvenile delinquency, and on ill health will surely fail without a fundamental attack on the slums. But that attack cannot succeed—indeed it cannot commence—without the obliteration of the discriminatory obstacles which condemn the Negro to certain areas, to substandard housing, and to poverty in general.

The Federal Government has begun to recognize this basic fact and has tried to insure equal opportunity in housing to all Americans. If the national goal set forth by the Congress of a "decent home and a suitable living environment for every American family" is to be realized, equal opportunity is essential.

The most effective attempt by the Federal Government thus far to insure equal opportunity in housing was the signing of Executive Order 11063 by President Kennedy on November 20, 1962.

As two legal authorities have pointed out:

> The issuance of the Executive Order was hardly a precipitous action. Twenty-eight years had elapsed since passage of the original National Housing Act, before the Federal government took this basic step to assure equal access to the benefit of its housing programs.

The Executive order directed all Federal agencies which administer housing programs to prevent discrimination. Section 101, which sanctions this antidiscriminatory activity, relates to housing and other facilities provided by Federal aid agreements executed after November 20, 1962. Therefore, the order did not touch the millions of FHA- and VA-assisted homes built before 1962.

Section 102 of the order does apply to all housing ever aided by a Federal program—but this section merely directs Federal agencies to "use their good offices" to promote the abandonment of discriminatory practices.

The order also established the President's Committee on Equal Opportunity in Housing. Each executive department and agency is directed to cooperate with the committee by furnishing it with information and assistance and to report to the committee at certain intervals with respect to its procedures for obtaining compliance.

The primary agency which the order affects is the Federal Housing Administration.

Since the date of the order, nearly 700,000 housing units have been constructed with FHA loan insurance. As of March 31, 1966, 90 complaints had been received by FHA under section 101 of the order. In 30 cases, the complainants prevailed and secured the housing unit sought. In 19 others, the complainant prevailed but did not follow through on securing the housing. Eight cases were decided in favor of the respondent. In five cases, the complainant did not meet standard eligibility requirements for FHA insurance. Nine cases were dismissed because FHA did not have jurisdiction. Six cases were closed when the respondent was placed on FHA's ineligible list. Six cases are pending, and eight were disposed of in "miscellaneous" ways.

FHA has also received complaints under section 102 which directs Federal agencies to use their "good offices" to eradicate discrimination. Since these cases apply to housing built before the order, FHA's authority is limited. As of March 31, 1966, 34 complaints had been received under section 102. Of significance here is the fact that in 19 cases negotiations on behalf of the complainant were unsuccessful. In two cases the respondent prevailed. In seven others, the complainant prevailed. Five cases were dismissed for lack of FHA jurisdiction. One case is pending.

The record for the main agency affected by the Executive order, FHA, shows that no great changes are being wrought in the housing patterns of American neighborhoods. Only 30 instances have been clearcut cases, as a result of which discrimination was eliminated. And the results of "good offices" have been, as the Secretary of Housing and Urban Development, Robert C. Weaver, said recently, "minimal." He stated:

> The larger tract developers and the owners of multifamily projects generally resisted what they considered to be a retroactive reform, applying only to those who had received earlier aid. They insisted that the adoption of an open-occupancy policy was not practical unless competing developers and owners also adopted non-discrimination practices.

It may be just as important to cite what the order has not done. Many persons, especially the National Association of Home Builders, predicted that the order would cause a severe decline in the housing industry. In 1963, the first year after the order, nonfarm housing starts totaled 1,613,400—140,000 over 1962. The nonfarm housing starts in 1964 and 1965 have been declining, but not precipately, and economic factors such as higher interest rates and labor costs play an important part in this decline.

Furthermore, none of the Federal programs affected by the order have shrunk in size, either in terms of the expenditure of funds and effort, or in terms of the demand for them by States and localities.

And although few positive signs of breaking down segregated residential patterns can be cited, a general support of the order by industry representatives suggests that the order has had an influence on their policy.

Since the order covers only new construction assisted by FHA and VA after November 20, 1962, its effectiveness is limited to about 750,000 housing units. For example in 1965, of the 1.5 million housing starts, FHA- and VA-assisted units totaled about 250,000.

The fact is that conventional loans financed by commercial banks, savings and loan associations, insurance companies, and other private lending institutions now account for over 80 percent of home financing in the United States. None of these are covered by the order, or by title VI of the Civil Rights Act of 1964.

The extent of activity of the mortgage lending institutions which are not covered by the Executive order is an important indicator of the limitation of the order. In 1964 savings and loan associations held 37 percent of the nonfarm mortgage recordings of $20,000 or less. The amount of the mortgages was $15.8 billion, of a total of $37 billion.

Commercial banks were the second largest mortgage lender, accounting for 19 percent of the mortgages of $20,000 or less recorded in 1964. Individuals, trust funds, credit unions and miscellaneous other sources accounted for 36 percent of such mortgages. Mutual savings banks and insurance companies make up the other significant holders of these mortgages.

Not all these mortgages are free from the order's authority—in 1964, 18 percent of them were insured by FHA or guaranteed by VA, but 82 percent were conventional loans.

As pointed out in part I, most of these institutions are supervised and aided to some degree by the Federal Government. The deposits in commercial banks are insured by the Federal Deposit Insurance Corporation. The share accounts in savings and loan associations are insured by the Federal Savings and Loan Insurance Corporation.

> These benefits help account for the spectacular growth of these institutions from their relatively small beginnings to their present dominant position in the savings and loan industry.

Because of these Federal benefits to lending institutions not now covered by the Executive order, many persons and organizations have argued that the order should be extended. They point out that the present partial application is a positive hindrance to equal opportunity since builders are provided with an incentive to use conventional financing. It is interesting to note that many persons expected as a matter of course that the Executive order would cover the major lending institutions. An editorial in House and Home in October 1962 confidently stated, "Big escape hatches will probably not exist." The editorial went on to describe what many people knew would occur if there were escape hatches—"such an order would merely erase FHA and VA from the picture, solving none of the discrimination problems." House and Home, along with most other housing organizations and interests, believed that "the order is expected to cover not only S & L's but federally insured banks."

Perhaps the prediction was extreme, but in substance it has proved to be correct, as has been shown above. Legal scholars were quick to point out that the same decisions and arguments which could be used to justify nondiscrimination in FHA and VA programs applied to other Federal activities with respect to lending operations. First, the Supreme Court and the Congress have declared a policy supporting equal housing opportunity. Now it has been shown that this goal cannot be achieved without equal access to the sources of home financing. And since federally supervised lending institutions are the major source of mortgage funds, these institutions should be expected to follow nondiscriminatory practices. The Federal Deposit Insurance Corporation and the Federal Home Loan Bank Board were created to facilitate community credit in general and housing credit in particular. Both of these agencies of the executive branch are empowered to set regulations to carry out the purposes of the enabling acts. They, therefore, are in the position to, and many feel should, use these powers to further the national policy of equal opportunity stated by the Court, the Congress, and the President.

If the order were extended to cover federally insured banks and savings and loan associations, perhaps 65 to 85 percent of the mortgages recorded each year would be covered. The important point is not the precise percentage, as long as a majority of the total mortgages is covered. In such a situation, other institutions would be under pressure to conform.

If the Executive order, for example, in 1964 had covered federally insured banks and savings and loan associations alone, 60 percent of the total amount of mortgage funds would have been affected. FHA insurance and VA guarantees of other types of loans would have brought the percentage up further. In such a situation, the housing market would be substantially free from the effects of overt discrimination.

The Federal mandate to stop segregation is perfectly clear and remarkably strong. Historically, it rests on the Bill of Rights, the 13th and 14th amendments and the Nation's first fair housing law, passed in 1866, which guarantees:

> All citizens of the United States shall have the *same* right in every State and Territory as is enjoyed by white citizens . . . to inherit, purchase, lease, sell, hold and convey real and personal property.

In recent years the Federal obligation to guarantee freedom of housing to all citizens has been twice reaffirmed: first by the 1962 Executive Housing Order and then by Congress in 1964. The Executive order barring discrimination in all federally assisted housing was a major breakthrough—the fruits of a 10-year campaign launched and piloted by NCDH.

Two years later Congress passed a civil rights bill and included the following stipulation under title VI:

> No person in the United States shall, on the ground of race, color or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any programs or activity receiving Federal financial assistance.

This is the same paragraph the U.S. Office of Education invokes in its affirmative program to desegregate the Nation's public schools, especially in the South. Thirty-seven school districts have had Federal funds cut off, and another 185 districts have had funds deferred, because they were violating title VI. As a result of USOE's relatively firm stand, the proportion of Negro children attending schools with white children in the Deep South jumped this year from 6 percent to almost 17 percent—a small but measurable achievement, especially when one considers that to reach only 6 percent compliance with the Supreme Court's 1954 desegregation ruling, the South took 12 years.

Nothing remotely resembling this modest success has occurred in housing. Rarely does HUD withhold funds or defer action in the name of desegregation. In fact, if it were not for all the printed guidelines the housing agencies have issued since 1964, one would scarcely know a Civil Rights Act had been passed.

It is clear that HUD has determined to speak loudly and carry a small stick. The results of this policy have been a cynical subversion of title VI, along with a thumb-twiddling complacency that has permeated all major agencies—the Housing Assistance Administration—public housing—Renewal Assistance Administration and FHA. Here is a brief summary of their practices.

The Housing Assistance Administration—HAA—is responsible for 633,000 dwelling units in some 2,000 cities. Estimates of the degree of segregation in public housing projects reach upward of 90 percent, and even HAA officials peg the figure as high as 70 percent. Moreover, their definition of "integrated" is so liberal as to include projects that are 99$^{44}/_{100}$ percent white—or black. In any case, it is safe to say that an overwhelming proportion of public housing—the only kind of housing in the United States directly built, financed and supervised by the Federal Government—is racially segregated.

Mr. DODD. Mr. President, will the Senator from Massachusetts yield?

Mr. BROOKE. I yield.

Mr. DODD. Mr. President, I had the privilege of presiding during most of the remarks of the Senator from Massachusetts. I have seldom heard a more eloquent or clear explanation of this great problem which confronts us, and I congratulate him on his presentation. I wish that every Member of the Senate could have heard it, and I hope they will read it. I wholly agree with the statement of the Senator.

It is a touching, moving, brilliant, concise argument, and the Senator deserves great credit for making it.

Mr. BROOKE. I thank the distinguished Senator from Connecticut for his very kind remarks.

Mr. TYDINGS. Mr. President, I ask unanimous consent that the Senator from Massachusetts may yield to me for the purpose of making some remarks without losing his right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TYDINGS. Mr. President, I am pleased to add my voice and my observations to those of my distinguished colleagues on the Senate Banking and Currency Committee—I might note a majority of that committee—who have offered this fair housing amendment. I am pleased, too, to join the other Members of this body who have or will speak out on behalf of fair and equal treatment of prospective buyers and renters of housing in this country.

Just a year ago, in this Chamber, Mr. President, I made the observation that—

> Purposeful exclusion from residential neighborhoods, particularly on grounds of race, is the rule rather than the exception in many parts of our country.

That statement, unfortunately, remains true today.

There are an estimated 6 million fewer decent homes in the urban housing inventory of this Nation than there are urban families in need of homes. So it is inevitable that 6 million urban families will have to live crowded into substandard living units. Most of these 6 million victims of the urban housing shortage are poor, and a disproportionate number of the very poor are nonwhite.

One partial answer to this problem, as Secretary Weaver and various Members of Congress have emphasized on numerous occasions, is to build enough good housing so there will be a good home available for everyone. Some of this new housing will have to include new low-rent units; the rest will have to be met by maintaining existing housing facilities and by moving families now housed in substandard units into used housing of acceptable quality.

With today's land costs, today's building trades wages, and today's code and labor restrictions, private enterprise cannot hope to build good enough new homes cheaply enough for poor people to buy or rent without large subsidies. I feel that high priority must be placed on the construction of new low-cost housing and the purchase and resale of sound used dwellings to ease the overall shortage of housing in this Nation.

But more good housing—new and used—is only a small part of the problem we face.

Negroes in this country need freedom to move out of their racial ghettos and live closer to available jobs. Negroes in this country must have freedom to live where they can afford to live, irrespective of race. The proven fact that housing of nonwhite families is consistently of poorer quality than that of white households in the same income levels is due, in large part, to the related fact that the nonwhite families in this Nation do not have freedom of choice in the selection of their homes. In 1960, 44 percent of all nonwhites lived in substandard housing as compared to 13 percent of the white families. Sixty-two percent of the nonwhite households rented as compared to 36 percent of the white households. Three times as large a proportion of nonwhite families lived in crowded homes as did white households.

It is important to note that this overcrowding of our nonwhite population is not related to income. Studies have indicated that overcrowding and substandard living conditions plague our nonwhite citizens at all income levels. For example, of nonwhite families with incomes of $6,000 or more, 25 percent lived in overcrowded conditions. This compares with only 9 percent for whites in the same income class.

In recent hearings before the Subcommittee on Business and Commerce of the Senate District of Columbia Committee, of which I am chairman, it has become abundantly clear that the "poor pay more" for the goods and services they buy. The same is true in housing. The poor—many of whom are nonwhite—pay more for housing. In fact, a long list of careful studies in areas throughout the country show that nonwhites—whatever their income—pay higher prices for lower quality housing than white families.

Mr. President, in 1966 and 1967, as chairman of the Subcommittee on Business and Commerce of the Committee on the District of Columbia, I held rather lengthy hearings on the problem of slum housing and ghettos in the District of Columbia.

Washington, D.C., is not different from other great cities in the country as regards the conditions in which the poor, particularly the nonwhite poor, live in the center city. I not only held hearings in the committee room, but I went out into the inner city of the District of Columbia to personally inspect some of the many tragic conditions which had been brought to my attention.

I recall one instance, Mr. President—and this was by no means exceptional—where a nonwhite family was renting 4½ rooms in a deplorable, substandard house, for a monthly rental of some $130, plus $65 a month for utilities. This particular slum dwelling had been cited time and again for health department violations. The heating facilities did not work, and never had operated properly. The toilet facilities failed to work more often than they did work. There was no hot water. The roof leaked. There was a serious rat problem in the house.

Had that family, Mr. President, been fortunate enough to have a different color skin, they could have purchased a nice house in almost any area of this country, for a far lower monthly payment than they were making to their present slum landlord.

I could not help thinking, as I went through the four and one-half rooms of the house, how impossible it would be to hold together a family that had to live in such an environment. Not only had their efforts to get code enforcement been unsuccessful, but the last time they sought it, it was made very apparent to them by the landlord that they would be evicted as a retaliation if they once mentioned the fact that the housing deficiencies had not been corrected.

The average American has no idea of the conditions that exist in the inner sections of our great urban centers. I know he does not.

I am satisfied that if the average American knew the facts, he would right these wrongs.

One clear first step to correct these injustices, Mr. President, is to enact the pending legislation so that Negroes are given the freedom which all other Americans now possess—to live in any neighborhood which their income permits. Today this is not possible for Negro Americans.

Let me read a number of excerpts from articles on this question. I refer, first, to an article entitled "Potential Housing Demand of Nonwhite Population in Selected Metropolitan Areas." It was prepared by Marian Yankauer, under the auspices of the Housing and Home Finance Agency in April 1963.

Among the findings of this study of 17 standard metropolitan areas, and based upon the 1950 and 1960 censuses of population and housing, was the following:

> It might be assumed that the disadvantage of all nonwhite families with respect to condition, age, and value of housing is a reflec-

ther chaos and bloodshed in its urban centers and the denial of equality implicit in the maintenance of racial ghettos in those centers.

Contrary to the views of the organized real estate industry, Congress announced its power to legislate against discrimination in private housing one hundred and one years ago, when it enacted the Nation's first Civil Rights Act. The 1866 Act was intended to implement the Thirteenth Amendment guarantee against human slavery and all previously existing incidents of slavery. Pre-eminent among these incidents of slavery following the close of the Civil War was the failure of Southern legal systems to establish the freed man's rights to purchase and lease real and personal property despite widespread limitations on that right. Clearly these restrictions would have helped restore the *status quo ante bellum* by limiting the freed Negroes to the role of propertyless peasants. To prevent subversion of the Thirteenth Amendment's purpose, the 1866 Civil Rights Act provided: "All citizens of the United States shall have the same right as is enjoyed by white citizens thereof to inherit, purchase, lease, sell, hold and convey real and personal property." This section of the Act was reenacted as part of the Civil Rights Act of 1870 and is today Section 1982 of Title 42 of the United States Code. And that legislation as well as current proposals to adopt such legislation with specific provisions for federal enforcement of that right is clearly constitutional.

In the view of the sponsors of this pamphlet such legislation must be brought into play in the critical campaign to eliminate discrimination and segregation from American life, to break down the walls of our spreading racial ghettos. Since the issue of the need for effective federal fair housing legislation will not disappear until Negroes and other minority groups are able to purchase the best housing they can afford on the open market without discrimination, it is likely that proposals will be introduced, in this and in future Congresses, that seek to establish the kind of formal administrative enforcement mechanisms absent from the 1866 statute. The purpose of this pamphlet is to show that the power of Congress to enact such legislation can no longer be doubted.

Anti-discrimination legislation is essential in combating practices of discrimination emanating from racial prejudices, but the enactment of such legislation will not discharge the Federal government from its responsibility for administering these laws affirmatively and effectively to bring about genuine open occupancy. The fact is the Federal government has been unduly hesitant in enforcing existing laws and regulations against housing discrimination. President Kennedy's Executive Order on Equal Opportunity in Housing, Executive Order 11063, and Title VI of the Civil Rights Act, prohibiting the expenditure of Federal funds to advance segregation, constitute potentially useful weapons against bigotry and ignorance on the part of state and local officials. Yet these weapons go unused because the Executive Branch has been too slow to use these weapons with resolution to eliminate segregation in the housing market.

The crisis in the racial ghettos is so explosive and so urgent that further delay cannot be tolerated. Action must be taken on every front to prevent the spread of racial ghettos and of exclusive white suburbs. As we embark upon major ghetto rehabilitation programs, of which Model Cities program is the focal point, major efforts to break down the walls of exclusion and discrimination that hem in our racial ghettos must be carried out if these new programs are not to serve only to indurate existing racial and social patterns of housing segregation in our metropolitan areas.

President Johnson has said, "The ghettos of our major cities, North and South, East and West, represent fully as severe a denial of freedom and the fruits of American citizenship as more obvious injustices. So long as the color of a man's skin determines his choice of housing, no amount of physical rebuilding of our cities will free the men and women living there."

Let us all move forward speedily toward the elimination of these injustices.

EDWARD RUTLEDGE.
JACK E. WOOD, Jr.

The contents of this pamphlet have been approved by the Legal Committee of the National Committee Against Discrimination who are listed below:

Chairman: Mr. Sol Rabkin, Anti-Defamation League of B'nai B'rith.

Mrs. Shirley Adelson Siegel, Housing and Development Admn.

Mr. Charles Abrams.

Professor Curtis J. Berger.

Berl I. Bernhard, Vernier, Liipfert & Bernhard.

Mr. Robert L. Carter, General Counsel, National Association for the Advancement of Colored People.

Adrian DeWind, Paul Weiss, Rifkind, Wharton & Garrison.

Mr. Jefferson B. Fordham, Dean, University of Pennsylvania Law School.

Mr. Jack Greenberg, NAACP Legal Defense and Educational Fund.

Professor Robert Harris.

Professor Harold W. Horowitz.

Mr. Edwin J. Lukas, The American Jewish Committee.

Mr. Carl Rachlin, Scholarship, Education and Defense Fund for Racial Equality.

Mr. Joseph B. Robison, American Jewish Congress.

Mr. Melvin L. Wulf, American Civil Liberties Union.

Mr. John Denton, University of California Extension.

The memorandum has also been submitted to a group of legal scholars concerned with the problem it discusses. Set out below is a list of these scholars who have indicated their agreement with the views espoused herein.

Nathaniel S. Colley, Colley and McGhee, 1617—10th Street, Sacramento, California.

Vern Countryman, Law School of Harvard University, Cambridge 38, Mass.

Norman Dorsen, Arthur Garfield Hays Civil Liberties Program, New York University School of Law, Washington Square, New York, N.Y. 10003.

Robert F. Drinan, S.J., Dean, Boston College Law School.

Harold C. Havighurst, Howard University, Washington, D.C. 20001.

Thomas P. Lewis, University of Minnesota Law School, Minneapolis, Minnesota 55455.

Bruce A. Miller, Zwerdling, Miller, Klimist & Maurer, Attorneys at Law, 3426 Cadillac Tower, Detroit, Michigan 48226.

Fred Okrand, Wirin, Rissman, Okrand & Posner, 257 South Spring Street, Los Angeles, California 90012.

John de L. Pemberton, Jr., American Civil Liberties Union, 156 Fifth Avenue, New York, N.Y. 10010.

William J. Pierce, Legislative Research Center, The University of Michigan Law School, Ann Arbor, Michigan 48104.

Daniel H. Pollitt, The University of North Carolina School of Law, Chapel Hill, N.C.

Arnold M. Rose, Department of Sociology, University of Minnesota, Minneapolis, Minnesota 55455.

Theodore Sachs, Rothe, Marston, Mazey, Sachs & O'Connell, Attorneys and Counselors at Law, 3610 Cadillac Tower, Detroit, Michigan 48226.

Terrance Sandalow, The University of Michigan Law School, Legal Research Building, Ann Arbor, Michigan 48104.

I. CONGRESS HAS POWER UNDER THE COMMERCE CLAUSE TO PROHIBIT DISCRIMINATION IN HOUSING

Decisions of the United States Supreme Court in the last 30 or 40 years have made it clear that Congress has, under the Commerce Clause of the Constitution, broad, even plenary, power. Thus in *Wickard v. Filburn*, 317 U.S. 111 (1942) the Court held that the mere fact that a particular farmer's contribution to the demand for wheat was trivial in itself was not enough to remove him from the scope of federal regulations where his contribution, when taken together with that of many others similarly situated, was far from trivial. The extent of Congressional power in this field has been summed up recently by the Supreme Court in *Katzenbach v. McClung*, 379 U.S. 294 (1964) in which the Court said at page 305, "The power of Congress in this field is broad and sweeping; where it keeps within its sphere and violates no express constitutional limitation it has been the rule of this Court, going back almost to the founding days of the Republic, not to interfere."

In exercising its power under the Commerce Clause, Congress is not limited to the promotion of commerce or even the mere avoidance of interference with commerce. Thus, the Court said in *Heart of Atlanta Motel, Inc. v. United States*, 379 U.S. 241 (1964) 257, "That Congress was legislating against moral wrongs in many of these areas rendered its enactment no less valid."

It is also well settled that the power of Congress under the Commerce Clause extends to activities which are ordinarily considered local and which seem to have at most a very slight impact on interstate commerce. In *Wickard* v. *Filburn, supra*, the Congressional authority was upheld to adopt legislation under the Commerce Clause even when that legislation was applied to a farmer who had sown only 23 acres of wheat and whose impact on interstate commerce was therefore minute. The Supreme Court took cognizance of the fact that his contribution, when coupled with that of large numbers of others similarly situated, did have substantial impact on interstate commerce. The same reasoning applies equally to individual home owners in a community all of whom refuse to sell to Negroes and thus, collectively, affect the rights of the millions of Negroes in this country to employment, to move in interstate commerce, and to find a place to live.

Although much is made of the local nature of housing, the fact is that the national housing market is a major segment of our economy and its operations involve broad and multitudinous aspects of interstate commerce. There is no need to spell out in detail the interstate aspects of the home finance industry. Home mortgage lending today is largely affected with interstate lending by finance institutions. As far back as 1952 a study undertaken by the Division of Research Statistics of the Federal Reserve System found:

"The data nevertheless suggest that an appreciable part of the funds for financing real estate in the Richmond, Atlanta, St. Louis, Kansas City, and Dallas districts comes from the financial districts such as Boston and New York, and from Chicago and San Francisco . . . the movement of funds from one part of the country to another has been encouraged by investors seeking outlets for large amounts of funds. Both institutional and non-institutional registrants participate in this movement of funds. Insurance companies and other institutional lenders hold large amounts of loans on real estate located at a distance and in many instances, have them serviced by non-institutional lenders close to the properties." (Real Estate Loans of Registrants under Regulation X, 38 Fed. Res. Bull. 620 (1952), 620, 627, 621.)

aim, rather, should be to achieve complete freedom of choice in place of residence without respect to racial barriers. Within this framework of unconstrained choice, some substantial concentrations of Negro families would doubtless persist, just as Jews have remained in certain neighborhoods even after obstacles to their residing elsewhere have largely been eliminated. But the present monolithic character of the Negro ghettos, their inexorable growth, and the social evils they encourage would be broken.

The following are some specific measures which would help achieve the goal. The list is not all-inclusive; doubtless many readers will think of others which would be of value:

A central federal agency possessing the competence to plan comprehensively for all phases of urban development and the authority to translate plans into effective action. This agency must have the power to draw together federal operations in such diverse areas as housing, urban renewal, highways, transportation, and community facilities and to guide them toward a set of common objectives. The newly created Department of Housing and Urban Development can be such an instrument—if it can overcome the handicap of its origin in the Housing and Home Finance Agency, a loosely knit combination of essentially independent agencies, and achieve better coordination of individually powerful organizations than has the similarly amalgamated Department of Health, Education, and Welfare. This will not be easy.

A total strategy for desegregation. The segregation problem is too complex to be solved without a total approach which recognized all the manifold forces which brought it to its present magnitude and threaten to enlarge it further. This approach must take maximum strategic advantage of all available resources and knowledge. It must be adaptable to varying local conditions and flexible enough to permit changes as "feedback" from early applications dictates. But it must be directed always to a clear and unwavering set of goals.

Broadened federal incentives for effective action by local governments and private entrepreneurs. Incentive programs have proved one of the most acceptable means of applying governmental leverage in a democratic system, for they do not involve compulsion and do not infringe upon freedom of choice. In housing, for example, incentives have promoted urban renewal (through grants to local authorities to clear slum land for redevelopment) and the construction of specific types of housing (through liberal mortgage insurance). Incentives must now be used to encourage comprehensive planning and action toward social goals. For example, suitable incentives can encourage private builders to construct balanced communities serving all population groups, can attract and assist low-income minority families to move to such communities, can stimulate existing neighborhoods to self-renewal and racial stabilization, can encourage local governments to attack segregation in the comprehensive manner it requires by cooperation throughout the metropolitan areas.

Imaginative new forms of subsidy for low-income families. Traditionally, housing subsidies have been available almost exclusively for units built by local nonprofit authorities— chiefly in the form of multi-unit public "projects," which stood apart from their surroundings and amassed the social ills associated with poverty in much the same fashion as did older and less solidly constructed ghettos. More recently, various localities have experimented with methods for widening the range of choice and location in subsidized housing. The Housing Act of 1965 contains provisions which can make subsidies a much more valuable tool in combatting segregation. But their operation toward this end cannot be left to chance; it will require vigorous and imaginative guidance.

Comprehensive measures to increase minority incomes: Any measure which increases the purchasing power of racial minorities will bring a corresponding reduction in the critically important economic barriers to desegregation. Minimum wage floors must be raised; present ones are actually below the level defined by the federal government as "poverty." Federal resources must be directed toward expanding the number of jobs available, particularly for those of limited education. The most important need of the minority poor is for decent jobs at decent pay. Economic measures can and should be tied to housing. For example, low-income minority persons should be trained for the specific kinds of jobs which will be made available in the new, comprehensively planned communities on the outskirts of metropolitan areas. Housing should be planned for them close to these new job opportunities. Similarly, relocation from urban renewal areas should be coupled with a range of services, including training and assistance in finding employment, to help assure that displaced families improve not only their housing conditions but their economic situation as well.

Intensive efforts to improve the attractiveness of central cities: To date, urban renewal, in its efforts to draw middle- and upper-income families back to the urban cores, has focused mainly upon the physical aspects of decay. It is increasingly obvious that social renewal is required also—that many of the economically more capable families, Negro as well as white and especially those with children, will not be persuaded to return to the central areas until they are assured of protection from the social pathology of the ghetto. City schools, for example, must be drastically improved; yet there is growing evidence that this will require not merely replacement of individual buildings and teaching staffs but also comprehensive restructuring of entire school systems. Crime and violence are among the greatest deterrents to affluent families who prefer to live in central areas, and the cities will be at a disadvantage until they prove that they can control both the chronically lawless and those driven to crime by frustration and economic need.

Vigorous enforcement of anti-discrimination laws and affirmative measures to promote equal opportunity: As noted earlier, anti-discrimination laws in themselves are unable to solve a problem which stems from much broader causes. But, if vigorously enforced, they can prove a most important weapon in the arsenal of measures against segregation. Further, as many of the more effective law-enforcement agencies already recognize, it is not sufficient merely to remain passive and wait for a minority conditioned by generations of segregation to recognize and claim its newly guaranteed rights. Affirmative measures are necessary to promote awareness of the law both among those it protects and those who offend against it.

Expanded support for "grass-roots" citizen efforts. While the efforts of spontaneous, citizen-led groups have had impressive success in helping change attitudes, practices, and laws across the nation, these groups have been severely handicapped by their meager resources. A few have been fortunate enough to receive substantial support, usually from local foundations. Where funds have permitted hiring full-time staff, the increase in effectiveness has often been dramatic. Compared to the many millions spent annually by philanthropic organizations on problems of comparable or even lesser importance, the few thousands devoted to housing segregation have been infinitesimal. This is still another way in which available resources must be redirected if the problem is to be solved.

A national educational campaign: For the first time in American history, the majority of the white public appears aware that discrimination and segregation defeat the goals of democracy. But it is a long step forward from this recognition to a vigorous and affirmative effort equal to the need. This will require a type and degree of comprehension and commitment, by majority and minority peoples alike, which are still far from achievement.

National consensus is most readily achieved through full information about the problem and stimulation of public debate on the means of solution. A full-scale campaign to arouse and inform the American people must begin immediately if public understanding and support are to reach the necessary levels before segregation grows so much larger that it appears insoluble to many. The turning point may well come with the 1970 Census. If some tangible progress has not been made—or at least a plan of action proposed—before its statistics appear, discouragement may rule.

The core of organized citizen support necessary to mount such a campaign already exists—in such national organizations as the American Friends Service Committee, the Anti-Defamation League of B'nai B'rith, and the National Committee Against Discrimination in Housing and in the hundreds of citizen fair housing groups across the country. But their efforts must be focused, coordinated, and, above all, adequately financed. And they must be brought into the context of related activities such as urban planning and the war on poverty.

The task of eliminating segregation rests ultimately with the American people as a whole—led, as in every major struggle in their history, by a small group of devoted citizens. If they do not succeed, the result will almost certainly be the continued spread of Negro ghettos; large-scale physical blight generated by population pressures and exploitation; economic loss to many citizens of both races; persistent social disorder; and spreading racial tensions which strike at the very foundations of a free and democratic society. The choice is not merely between segregation and desegregation, but between wholesale destruction of property and human values and the continued growth and security of American society itself.

Mr. BYRD of West Virginia. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MONDALE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. JORDAN of North Carolina in the chair). Without objection, it is so ordered.

Mr. MONDALE. Mr. President, the fair housing bill now before us would establish, once and for all, the principle that in housing all Americans are equal. For white Americans, that principle is older than the Nation itself. What we can do by enacting H.R. 2516, as amended, is to make the principle closer to a practical reality by placing behind it the force of law.

I think that most real estate brokers, tract developers, and owners and operators of apartment houses have no strong personal prejudice. Today the great majority of them feel compelled by business pressures to maintain the existing patterns of race and color in housing, no matter what they may personally believe. They think—in my opinion, wrongly—that to break the pattern would be to risk financial loss or ruin.

Mr. BYRD of West Virginia. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CASE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CASE. Mr. President, I have joined in sponsoring the fair housing amendment because I am convinced that residential segregation on a racial basis is a basic inequality that underlies and stimulates other forms of discrimination. For the Congress to refuse to deal with this most blatant form of discrimination in the pending bill to protect constitutional rights seems to me unthinkable.

More than a decade ago, the Supreme Court ruled out segregation in education, pointing out that "separate but equal" is in fact "inherently unequal." The same principle applies in the field of housing. Indeed, I believe there is even less justification to assert equality in separation.

It has been pointed out many times that housing is the only commodity that is not available in the open market according to a man's ability to pay. Yet housing is a basic necessity, a commodity which no family can do without. And it bears importantly on all major aspects of living—health, education, employment, and recreation among them.

Restricted access to the whole housing market because of race has been a major cause of the concentration of nonwhite population in our cities. In 1910, it is estimated that 73 percent of the Negro population lived in rural areas. Today that same percentage, 73 percent, lives in urban areas, mostly in ghettos. To our shame, the Federal Government has helped to build these ghettos.

The Federal responsibility here appears to be little known. But it is great, as the National Committee Against Housing Discrimination showed in its report, "How the Federal Government Builds Ghettos." A powerful indictment of Federal policies and practices in the housing field, the report, issued in February 1967, warned:

> The ghetto system, nurtured both directly and indirectly by Federal power, has created racial alienation and tensions so explosive that the crisis in our cities now borders on catastrophe. It has excommunicated Negro and other minority-group citizens from membership in the American community. It has isolated the white majority inside a world of conscious and subconscious racism.
>
> Housing segregation is at the root of the ghetto way of life and all of its attendant evils and turmoil. Witness the intolerable conditions of life in the impacted racial ghetto, and the inevitable hopelessness, bitterness and rebellion of those who are imprisoned within its confines. Witness mounting strife over segregated, overcrowded, inherently unequal schools. Witness unemployment and under-employment of millions of nonwhites in the midst of unprecedented affluence among whites. Witness the appalling disparity in mortality and health statistics between the privileged and the discriminated-against. Witness the widening breach between white suburbia and the inner city. Witness the deterioration and decay of the nation's cities, with their shrinking tax bases and expanding costs for essential services.

The report points out that from the time the Government entered the housing field in the late thirties, it has shunned any real responsibility for affirmative action to assure equal housing opportunity. In its earliest days, the Federal Housing Administration actually urged use of restrictive covenants to keep out "inharmonious racial groups." Up until a few years ago the Federal Home Loan Bank and the Home Owners Loan Corporation recommended racial segregation in residential neighborhoods as a means of protecting the stability and values of the area. And all along the line, the financing agencies have, again and again, protested their powerlessness to take positive action to root out the evil of racial discrimination.

One result has been, according to the NCDH, that while the FHA and the Veterans' Administration have together financed more than $120 billion worth of new housing since World War II, less than 2 percent of this has been available to nonwhite families, and much of that only on a strictly segregated basis.

I know from personal experience the apathy and lack of interest within the agencies to establish, much less promote, programs to open the housing market to all citizens on an equal basis. For example, some years ago I sought executive action against a builder who stated publicly that he would not sell to Negroes in a burgeoning subdivision in southern New Jersey. But the HHFA insisted that it was unable to halt the flow of Federal assistance which enabled him to continue with construction of the development.

We all recall the "stroke of the pen" so much talked about in the 1960 campaign. It was not until 1962 that the Executive order was finally signed and, according to the testimony of Secretary Weaver before the Senate Committee on Banking and Currency this year, the order is an ineffective instrument. Indeed, this is the basis on which the Secretary supported the fair housing bill before the committee.

The absence of any strong effective push for integrated housing has also been noted by the American Friends Service Committee. In its report to the President in May 1967, it stated:

> Executive Order 11063 is being widely and flagrantly violated by builders, brokers and lenders who participate in FHA and VA programs. We are struck by the disparity between the stated policies of President Johnson and the actions of federal agencies charged with the execution of these policies.

The committee's report stated further:

> More disturbing and more harmful than the industry's disregard to the imperatives of the Executive order have been the inertia, obstruction and lack of sympathy the American Friends Service Committee has found in the two Federal agencies charged with primary responsibility for enforcing the nondiscrimination and equal opportunity requirements in federally assisted housing.

The story with respect to public housing is an equally dismal tale. Again, let me cite an example from my own State. In July 1966, I wrote to the Department of Housing and Urban Development with regard to testimony before the New Jersey Advisory Committee to the U.S. Civil Rights Commission which indicated that public housing in the city of Newark was becoming more rather than less segregated and that policies of the local housing authority were in large part responsible.

It took 6 months before HUD replied and its reply, I regret to say, was misleading to say the least. I was totally unable to discern in it any real concern for the central problem. Rather, its whole thrust was to present the housing authority in a creditable light, emphasizing its good intentions and deemphasizing, indeed omitting, many salient facts. Since then, many of these facts have been made plain in the ugly riots that occurred in Newark last summer and in the report just released of the Governor's commission to inquire into the causes of the riot.

The letter I received from HUD reads, in part, as follows:

> Our New York office made a special review of the Newark Housing Authority's compliance with Title VI of the 1964 Civil Rights Act and we have analyzed their findings as well as other data available to us. Our New York office has concluded, and we concur, that the Newark Housing Authority is fully aware of its responsibilities under Title VI; and that it is attempting to make progress toward achieving open occupancy and racially balanced tenancy despite difficulties occasioned by population shifts, traditional biases and social behavior patterns and problems. We do not mean to represent or imply that the racial distribution of the Newark Housing Authority tenant body leaves nothing to be desired. There are five projects in Newark's Central Ward which are over 90 percent Negro-occupied. There are five projects in other parts of the City which are less than 10 percent Negro-occupied. The racial distribution of tenants in the Authority's other seven projects shows more racially balanced proportions. The reasons for this distribution appear to be related to factors which have little to do with the Housing Authority's tenant selection practices or with changes in its regulations. We are enclosing with this letter a summary of the Newark program which serves as a substantiation for our conclusions.

When I submitted this report to the chairman of the New Jersey Advisory Committee hearing, I was advised that—

> No progress has been made in achieving racial balance in the last four years, since the U.S. Commission hearings in September 1962, in Newark. At that time there were 14 projects in Newark under the authority—four of them over 90% white and 2 over 90% non-white. At that time the announced policy for integration, as stated on page 127 of the Commission hearings, was this: ". . . if an apartment adjacent to a Negro family were offered to a white family and it was refused on that ground, or vice versa, the refusing family should not be accorded the opportunity to choose another apartment, if such were available."
>
> Now, we have 17 projects under the Newark Authority. 5 are over 90% white, 5 are over 90% non-white. In July 1966, at the public meeting of the N.J. Advisory Committee to the U.S. Commisison on Civil Rights, reference was made by a Committee member to the policy described above (Page 213 et seq.) and this was the answer (page 216): "Our policy on integrating the projects from 1950 for a number of years thereafter was the policy you have read. We haven't that policy of compulsion any more."

And, page 217, "If they were to refuse and we exercised the policy by not giving them—that would be a denial to them of public housing at all." (transcript of Committee meeting.)

Another excerpt from the HUD report:

The Housing Authority has developed five additional projects in various sections of the city. These projects show varying proportions of Negro occupancy, ranging from 21 to 81 percent.

The comment from the Advisory Committee chairman:

This paragraph is misleading. Five projects were not mentioned. It should have read, "There are 9 other projects—5 over 90% white, one 79% and 3 over 60%."

At the time that I inquired as to the Authority's practices, I also submitted a long list of allegations with regard to the maintenance and administration of the buildings. They included serious charges of corruption and failure to provide police protection to residents. Since July 1966, I have been in repeated touch with HUD to ascertain the results of its investigation. Finally, in January 1967, I received this reply:

We have just received from the Inspection Division, HUD, a closed Report of Investigation regarding activities of the Housing Authority of the City of Newark, New Jersey, which is being reviewed by our New York Regional Office. As soon as we receive a final Disposition Report from that office we will be glad to report to you on the matter.

I have had no word since, despite continuing efforts to secure the report promised. Perhaps now that the Governor's Commission has recommended a grand jury or other appropriate official investigation into similar charges, the Department can be stirred to interest itself in the matter.

For their guidance, they could well use the outline of his testimony presented to the 1966 hearing of the New Jersey Advisory Committee by the pastor of an Abyssinian Baptist Church in Newark. It reads:

OUTLINE

I. CLEANLINESS

A. More and better Janitorial Services are needed.

B. More and better Janitorial equipment.

C. More and better personnel.

II. POLICE PROTECTION

A. Population density—demands it.

B. Senior Citizens and ordinary adults male and female are afraid to go out at night.

III. LAW ENFORCEMENT

A. Because of population density—projects become cesspool for breeding crime.

B. Curtailment of dope traffic, rapings; muggings, robbings, break-ins, etc.

IV. ACCULTURATION

A. Housing vs. herding.

B. Landscaping, etc.—"Beautiful City." Adequate recreation for Children.

V. ADEQUATE RECREATION FOR CHILDREN

A. To satisfy cravings for adventure, i.e. (Boy on carnival track).

B. To give exercise to muscles and experience to growing brain cells; i.e., the new will occupy time and burn up energy—thus "rock-throwing" will be minimized or interest in or time for such acts reduced.

VI. LAWS AND REGULATIONS ARE NEEDED

Also penalties to occupants (and even ejections) who persist in vandalizing public property and who litter.

VII

A. Federal Housing is too expensive to be permitted to set any example but the ideal ones. Federal housing should demonstrate what housing should be.

B. Federal Slums are no more desirable than private Slums.

C. Federal Slums are more easily recognized than private slums—they are usually larger.

VIII

Children grow up in these conditions who will be either our soldiers or our criminals, builders or destroyers, scholars or delinquents, civil servants or wards of welfare.

Even the existence of a good open housing law in the State of New Jersey cannot mend situations like that of Newark public housing. Our law, most recently revised in 1966, prohibits discrimination in all private housing transactions except for the rental of rooms in a single-family dwelling by the occupant thereof and the rental of a portion of an owner-occupied, two-family dwelling. Provision is made for enforcement through the division of civil rights in the department of law and public safety. Further, New Jersey law forbids discriminatory advertising and requires that posters mentioning individual rights under the fair housing law be shown in real estate offices and wherever houses are offered for sale or rent.

The implementation of the law is far from perfect, but it is ironic that a chief offender against the law should be the Federal Government.

The administration professes deep concern with resolution of the racial problems that embroil our cities. It is difficult to square its expressions of concern with its lack of support for an amendment which would give it the authority it claims to lack to enlist the full resources of the U.S. Government in a struggle against prejudice that the Nation must win if we are to survive as a civilized democratic society.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, I believe it is essential that all our citizens have genuine equality of opportunity so that they may fully participate in America's political, economic, and cultural life. This requires the elimination of artificial barriers to the exercise of free choice by individuals.

One of the major barriers to the exercise of such free choice is in the realm of housing. The open-housing amendment proposed by the Senator from Minnesota [Mr. MONDALE], the Senator from Massachusetts [Mr. BROOKE], and a number of other Senators to H.R. 2516, an act to prescribe penalties for certain acts of violence or intimidation, and for other purposes, seeks to remove this housing barrier. I am pleased to join as a cosponsor of the fair housing amendment.

I am proud of the State of Oregon's record of progress in intergroup relations, and I believe that out of this experience we can see certain basic evidence which could be helpful to us in the consideration of the legislation now before the Senate, on the Federal level. In the great federal system, the States have oftentimes been able to provide, through experimentation, the direction for progress, the models for action that the Federal Government can take, and thereby share with all the other parts of the Union.

The modern march of progress in improvement of intergroup relations in Oregon started with the enactment of Oregon's Fair Employment Practice Act, in 1949. The State bureau of labor began administering this act on July 16, 1949.

I believe it is pertinent at this point to review, in quick succession, the measures which have been recognized as the great civil rights legislation in the State of Oregon.

First, in 1949, we enacted the Fair Employment Practice Act, which guarantees to each individual in our State equal employment opportunities, without distinction as to race, religion, color, or national origin.

Then, in 1951, we enacted what is called the vocational schools law. This law prohibits discrimination in vocational, professional, or trade schools in Oregon.

In 1951 we progressed further and built upon the record of the past by repealing the law prohibiting interracial marriages.

We repealed the prohibition with respect to selling liquor to Indians.

We repealed the statute requiring a census of sanitation and thrift habits of Japanese and Chinese residents.

We had a Governor's executive order directing the National Guard to pursue a strict policy of nondiscrimination.

A Governor's executive order was issued establishing a State council on Indian affairs, to further guarantee their rights as citizens in all the procedures and laws and also the customs, of our State.

In the same year, 1951, the State insurance commissioner issued an order to insurance companies in Oregon requiring the elimination of surcharges formerly levied against nonwhite drivers.

In 1953, we moved on with a further foundation leading to our own Housing Act, with the public accommodation law. This law in the State of Oregon prohibits discrimination in places of public accommodation, resorts, or amusement places, and establishes the rights of all persons to equal facilities.

We also amended the constitution of the State of Oregon by deleting the word "white" with respect to a reapportionment of population, which was based previously on the white population.

In 1957, we strengthened the Fair Employment Practice Act, the vocational schools law, and the public accommodations law by amendments.

In 1957, we enacted our first Housing Act. This is similar to the proposal which we are discussing and debating

FAIR HOUSING ACT OF 1967

HEARINGS

BEFORE THE

SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS

OF THE

COMMITTEE ON BANKING AND CURRENCY

UNITED STATES SENATE

NINETIETH CONGRESS

FIRST SESSION

ON

S. 1358, S. 2114, and S. 2280

RELATING TO CIVIL RIGHTS AND HOUSING

AUGUST 21, 22, AND 23, 1967

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HOW THE FEDERAL GOVERNMENT BUILDS GHETTOS

NATIONAL COMMITTEE AGAINST DISCRIMINATION IN HOUSING

Today, in the very eye of the storm of the Negro revolution the ghetto stands—largely unassailed—as the rock upon which rests segregated living patterns which pervade and vitiate almost every phase of Negro life and Negro-white relationships.

—from "A Housing Program for All Americans," the NCDH ten-year plan, adopted October 6, 1964.

WRITERS: Richard and Diane Margolis
DESIGNER: George T. Resch,
Inter/Media Systems

QUANTITY RATE

Copies of this report are available at 25¢ each; quantities of 100 or more at 20¢ each. Please include advance payment with orders of $5.00 or less. Order from: National Committee Against Discrimination in Housing—(NCDH), 323 Lexington Avenue, New York, N. Y. 10016

INTRODUCTION

This pamphlet constitutes a charge by the National Committee Against Discrimination in Housing (NCDH) that the Federal Government builds ghettos. It is primarily responsible for undergirding a ghetto system that dominates, distorts and despoils every aspect of life in the United States today.

The ghetto system, nurtured both directly and indirectly by Federal power, has created racial alienation and tensions so explosive that the crisis in our cities now borders on catastrophe. It has excommunicated Negro and other minority-group citizens from membership in the American community. It has isolated the white majority inside a world of conscious and subconscious racism.

Housing segregation is at the root of the ghetto way of life and all of its attendant evils and turmoil. Witness the intolerable conditions of life in the impacted racial ghetto, and the inevitable hopelessness, bitterness and rebellion of those who are imprisoned within its confines. Witness mounting strife over segregated, overcrowded, inherently unequal schools. Witness unemployment and under-employment of millions of nonwhites in the midst of unprecedented affluence among whites. Witness the appalling disparity in mortality and health statistics between the privileged and the discriminated-against. Witness the widening breach between white suburbia and the inner city. Witness the deterioration and decay of the nation's cities, with their shrinking tax bases and expanding costs for essential services.

Every day Federal money and power are used to build racial ghettos. Federal benefits are creating community patterns and conditions in the housing supply which *build in* segregation. Federal agencies allow municipalities to select sites for federally-aided low-cost housing in areas where segregation is foreordained. FHA continues doing business with discriminatory builders, lenders and real estate brokers. Urban renewal and highway projects destroy integrated neighborhoods and swell the ghettos. Federal loans and grants are poured into restricted white suburban communities for schools, hospitals, water and sewer systems and other facilities. Government installations and plants with Federal contracts locate in areas where employment opportunities are cancelled out by racial barriers to housing.

The nation is now entering a crucial period as it embarks on the Model Cities Program aimed at revitalizing huge areas of slums and blight. This landmark program will either be used to repeat for generations to come the cycle of ghettoization that has brought us to our present crisis, or it will chart a new course toward desegregation and the development of democratic community patterns throughout metropolitan areas. It is imperative that the entire body politic—from conservatives to liberals—accept the fact that we cannot have it both ways.

Those who are deeply concerned with dollar values must face the truth that keeping segregation in any form or condition will ultimately cost far more than getting rid of it. The summer soldiers, who in defeat and frustration are prepared to make their peace with apartheid and to rebuild the ghettos *as ghettos,* must face the stark reality that "separate but equal" is not only constitutionally and morally wrong, but that as a practical matter it simply won't work.

NCDH has demanded Federal reform for many years. After a series of conferences at the White House during the early months of 1966, it was suggested that NCDH submit a Bill of Particulars. We complied with the White House request on April 22, 1966. Many months have passed; the White House remains silent; the NCDH charges and recommendations are still unanswered. The Bill of Particulars, which concentrated on the policies and practices of the Department of Housing and Urban Development, immediately follows this opening statement.

To lay this indictment before the American people in a meaningful context, NCDH commissioned Richard and Diane Margolis, nationally-recognized writers in the housing/civil rights field, to examine how the Federal Government builds ghettos and the price we pay. Their report, which begins on page 14 of this pamphlet, is a factual and dramatic interpretation of the Bill of Particulars.

We urge the American people to join NCDH in demanding that President Lyndon Baines Johnson exercise his constitutional authority and responsibility by directing the Department of Housing and Urban Development and all other Government agencies to stop this misuse of Federal funds and powers and to throw the vast resources of this nation behind the creation of a genuinely open housing market—the base of any Great Society.

As the President himself has stated: "As long as the color of a man's skin determines his choice of housing, no investment in the physical rebuilding of our cities will free the men and women living there."

The key to this freedom rests in the President's hand.

EDWARD RUTLEDGE
Executive Director

JACK E. WOOD, JR.
Associate Executive Director

NATIONAL COMMITTEE AGAINST DISCRIMINATION IN HOUSING

NCDH BILL OF PARTICULARS SUBMITTED TO THE WHITE HOUSE April 22, 1966

CHARGE 1

The programs and operations of the Department of Housing and Urban Development (HUD) in the area of civil rights and equal opportunity are not based on a policy of affirmative action designed to bring about desegregation of the racially impacted ghettos and to affirmatively advance patterns of racial and economic integration.

Recommendation

The Secretary of HUD should issue a public policy statement to the heads of all operating agencies and all public and private bodies that are benefited by Federal Government activities, directly or indirectly, declaring it to be the intent of the Department to administer all programs affirmatively, to secure compliance with the laws, orders, and constitutional provisions requiring nondiscrimination in all federally-assisted programs.

The statement should make clear that the heads of each agency and the Regional Administrators will be held responsible for implementation of the Department's policy of affirmative action throughout their program efforts. The statement should assign to them responsibilities for developing and operating policies and programs to accelerate agency compliance. Appropriate records and documentation should be maintained by each agency, and regular progress reports should be sent to the Office of the Secretary.

CHARGE 2

HUD's present efforts in the areas of intergroup relations, civil rights, and equal opportunity are administratively unworkable, self-defeating, ineffectual, and understaffed; and compliance efforts have low priority in the Department's budgeting and programming operations.

Recommendation

The Secretary of HUD should establish within the Department a Division of Civil Rights, headed by a Special Assistant, responsible directly to the Secretary. The Division should combine and extend the functions and responsibilities now shared by the Office of Intergroup Relations and by the Office of Equal Opportunity Standards and Regulations. These offices should now become bureaus within a unified Division of Civil Rights.

The purview of the Division should extend to all questions of equal opportunity in housing and related employment, to all matters of intergroup relations, and to all questions of enforcement and compliance.

The Division of Civil Rights should be located in the Office of the Secretary and provided with sufficient staff in Washington and in the regional and local offices to effectively and affirmatively implement existing laws, Executive orders, and constitutional requirements mandating equal opportunity in housing and related programs.

The Division's staff in the regional offices should function as auditors, surveying and evaluating all HUD programs in the region. The Division's staff must be given the power to review all projects processed by HUD and its constituent agencies in the region. No action contrary to their recommendation should be taken by Regional Administrators without the express approval of the Special Assistant for Civil Rights and of the Secretary of the Department.

CHARGE 3

The Department of Housing and Urban Development, from its central office to its regional and local offices, is replete with officials who are out of sympathy with the nondiscrimination policy and objectives of the Administration, and who are unwilling to implement the responsibilities imposed upon them by Executive Order 11063 and Title VI of the Civil Rights Act of 1964.

Recommendation

Fire them.

CHARGE 4

The Department of Housing and Urban Development continues to approve the construction of public housing projects on sites and in areas which reinforce and perpetuate segregated living patterns.

Recommendation

The Department of Housing and Urban Development should promulgate criteria for selecting sites for public housing that will lead to racial integration in all projects. The Department should offer the services of the Division of Civil Rights to any municipality or agency planning public housing projects so that appropriate sites can be selected. The Bureau of Compliance and Enforcement of the Division of Civil Rights, through its field staff, should have full authority to withhold approval of any site which, in its opinion, will result in extending racially-segregated housing patterns.

CHARGE 5

Contrary to Executive Order 11063, the Public Housing Administration [now the Housing Assistance Administration] has taken no meaningful action to desegregate existing public housing projects.

Recommendation

HUD should require every local public housing authority to work with regional representatives of the Division of Civil Rights in developing and executing plans for the desegregation of all presently segregated public housing projects in the United States. Approval of additional public housing units should be conditioned on the local public housing authority's implementation of desegregation plans, as determined by the Division of Civil Rights.

CHARGE 6

Urban renewal programs throughout the United States have consistently violated the rights of Negro Americans and other minorities by forcing their continuous upheaval and relocation in racially segregated areas to accommodate local community prejudices.

Recommendation

In line with the policy of affirmative action, no urban renewal grants for planning or program should issue to communities that fail to come up with an overall plan for desegregation. An eighth element should be added to the Workable Program for Community Improvement to require all communities seeking Federal funds for urban renewal and related purposes to develop plans for the desegregation of the community's total housing supply.

Second, no grants under the urban renewal program should be given to communities whose Citizens Advisory Committees are not representative of all racial, ethnic, and income groups in the population. HUD should require that these committees be involved in drawing up community-wide desegregation plans, in selection of urban renewal sites, and in planning city-wide urban renewal programs.

Third, local public bodies and Community Renewal programs should not be permitted, through a policy of omission, to fail to plan for development of a substantial supply of low- and moderate-cost housing units to meet the needs of low-income families.

CHARGE 7

Loans and grants under the Community Facilities and related programs are being made to communities which use these funds to perpetuate and extend racial and economic exclusion, fastening even more tightly the so-called white noose surrounding the black necks of our central cities.

Recommendation

All applicants for public facility loans and planning advances for sewer, water, highway, and related purposes should be required to provide formal assurance of nondiscrimination in the use of Federal funds. Additionally, applicants should be required to demonstrate that these funds will be used to further the community's overall plan for desegregation, discussed above.

A matter of major concern is the effectuation of nondiscrimination and affirmative action to insure it in employment opportunities generated by public facilities programs. The Division of Civil Rights of HUD should develop reporting and inspection procedures for effective implementation of Executive Order 11426, mandating equal opportunity in employment in all federally-assisted building programs.

CHARGE 8

Implementation of Section 102 of the Executive Housing Order, calling for use of the agency's "good offices," has been aborted. No agency within HUD or its predecessor has met its responsibilities to use its "good offices" to bring about desegregation of housing programs affected by Federal action in compliance with the letter and spirit of the Order. In particular, the Federal Housing Administration has never invoked Section 102 of the Order to bring about the desegregation of the millions of units of rental and sales housing under its jurisdiction.

Recommendation

HUD should use the facilities, experiences, and good offices of its Division of Civil Rights in effecting voluntary compliance with the Federal policy of nondiscrimination in the use of Federal funds. Affirmative action by the Federal Housing Administration in desegregating rental and sales housing and apartments under the 608 Program, for example, would provide more moderate-cost units in one year's time for Negro Americans, Mexican-Americans, and other minorities, than the entire Rent Supplement Program.

Additionally, every effort should be made to inform communities, developers, and local housing and renewal officials, through public meetings and forums, of the Department's policy of effecting voluntary affirmative action to secure equal opportunity in housing.

CHARGE 9

Immediately after the signing of Executive Order 11063, the Federal Housing Administration arbitrarily exempted existing FHA-aided housing —one- and two-family homes—from the nondiscrimination requirements of the Order.

Recommendation

This exemption should be revoked immediately and all FHA-insured units made subject to the Housing Order.

CHARGE 10

The Federal Housing Administration awaits complaints by homeseekers before investigating the practices of local builders and developers in the area of equal opportunity in housing. Additionally, FHA approves developments without requiring affirmative commitments for open occupancy by the sponsoring organizations and individuals.

Recommendation

FHA should seek out and initiate complaints against builders and developers whose employment, sales, and advertising policies discriminate against Negroes and other racial and ethnic minority groups.

Builders and developers using FHA facilities should be required to make an affirmative commitment to open occupancy before receiving FHA mortgage approval; further, all builders and developers should be required to file regular and detailed reports of occupancy, by race and color, with FHA.

CHARGE 11

The Department of Housing and Urban Development continues to approve grants and loans to municipalities where equality of opportunity in housing has been denied by law to Negroes, Mexican-Americans, or other racial and ethnic minorities.

Recommendation

In compliance with Title VI of the 1964 Civil Rights Act, HUD should withhold funds from all governmental jurisdictions which attempt to deny by law equal opportunity in housing to Negroes and other minority groups.

CHARGE 12

The President's Committee on Equal Opportunity in Housing has not fulfilled its purpose in achieving the goals of Executive Order 11063. Its recommendations to extend the Order have been rejected by the Administration. It has been grossly understaffed and underbudgeted. It is top-heavy with governmental agency representation. It has been ineffectual in exercising control or review over Federal housing, urban renewal, and financing activities. It has been ignored by the agencies responsible for these programs.

Recommendation

The Committee should either be abolished or reconstituted as an independent agency, composed only of public members with power to review and issue regulations; or else strengthened and given the prestige the former President's Committee on Equal Opportunity in Employment enjoyed when President Johnson (then Vice President Johnson) was Chairman of that Committee.

CHARGE 13

Federal administrative agencies participating, directly or indirectly, in mortgage or home financing programs continue to contravene the national goals of the Administration by restricting the housing opportunities of Negro Americans and other minority families. These agencies, including the Home Loan Bank Board, Federal Reserve Board, Federal Deposit Insurance Corporation, Federal Savings and Loan Corporation, and the Office of the Comptroller of Currency, have failed to promote among their member lending and financing institutions affirmative programs to eliminate discriminatory policies and practices.

Recommendation

Federal agencies administering programs affecting lending and financing institutions should be directed to coordinate their policies and operations with those of the Department of Housing and Urban Development and its constituent agencies to promote affirmative programs and to advance open occupancy in housing.

These agencies should be directed to promote among their member institutions programs and practices to eliminate discrimination in lending and mortgage-financing activities.

CHARGE 14

Federal agencies administering programs resulting in housing dislocation fail to assist nonwhite relocatees in finding housing accommodations free from racial restrictions. Nonwhites displaced by urban renewal and highway construction activities, by site acquisition, Open Space, and Community Facilities, and other federally-assisted programs, are forced to relocate in racially impacted ghettos, contrary to Title VI of the Civil Rights Act of 1964.

Exhibit 22

Federal Civil Rights Enforcement Effort

A Report of
The United States
Commission on
Civil Rights
1971

a series of meetings with representatives of the Department of Justice and this Commission to discuss both aspects of the Commission's memorandum—action to prevent discrimination by mortgage lending institutions and action to require mortgage lending institutions to impose nondiscrimination requirements on builders and developers with whom they deal. HUD also held separate meetings with representatives of the four financial regulatory agencies. The only concrete result of the meetings with the regulatory agencies was the issuance of letters by the banking agencies advising banks of the requirements of section 805.

In June 1969, HUD convened an interagency task force consisting of representatives of the Department of Justice, this Commission, and the four financial regulatory agencies. HUD prepared a list of specific recommendations for an affirmative program by the regulatory agencies to assure compliance with the requirements of section 805.

Among the recommendations made by HUD were:

1. The issuance of regulations or binding instructions, requiring that each institution keep on file all loan applications, indicating the race or color of the applicant, together with other relevant information, such as the character and location of the neighborhood in which the property involved is located, and if the application is disapproved the reason why.
2. A requirement that each lending institution post a notice in its lobby stating that the institution does not discriminate in mortgage lending and informing the public that such discrimination is in violation of section 805.
3. The development of a special form of examining documents for use by examiners in checking on discriminatory lending practices covered by Title VIII.
4. Development of a data collection system designed to reveal patterns or practices of discrimination in home mortgage lending operations covered by Title VIII.[221]

There were no recommendations, however, concerning the Commission's second suggestion.

The regulatory agencies, agreeing to incorporate into their examinations procedures for detecting discrimination in mortgage lending, were opposed to requiring the lending institutions to maintain racial and ethnic data on loan applications. Absent such data collection, however, it was difficult to see how examiners would be in a position to detect patterns or practices of discrimination. Finally, a compromise was reached whereby the regulatory agencies agreed to send a questionnaire to all member institutions for the purpose of determining their current policies in making loans available to minorities and gauging whether discrimination was a serious problem. As of June 1970, the questionnaire was in the process of review by the Bureau of the Budget.

E. Staff Resources and Potential Use

Each of the four agencies employs a large number of examiners who visit member lending institutions on a regular and systematic basis to determine compliance with various laws affecting them. The Federal Home Loan Bank Board, for example, employs 600 examiners to examine its 4,800 member institutions. The Comptroller of the Currency employs 1,700 examiners to examine its 4,700 national banks. The Board of Governors of the Federal Reserve System employs 300 examiners to examine its 1,200 State member banks. The Federal Deposit Insurance Corporation employs nearly 1,000 examiners to examine its 7,500 State-chartered, nonmember, insured banks.

Through this network of examiners, these agencies maintain close supervision over the activities of their member institutions. As one administrative law authority has observed: "The regulation of banking may be more intensive than the regulation of any other industry. . . ."[222]

These examiners also represent a potential source of civil rights compliance officers. Through them, the regulatory agencies have the capacity for conducting intensive and complete compliance reviews. The examiners, however, are not being utilized to carry out the agencies' responsibilities under Title VIII.

[221] HUD Proposals for Affirmative Action by Federal Financial Regulatory Agencies Under Title VIII (Fair Housing) of the Civil Rights Act of 1968, June 1969.

[222] Davis, *Administrative Law Treatise*, sec. 4.04, at 247 (1958).

Exhibit
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JOURNAL|72

In This Issue

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January 1972
Volume 5, No. 1

FHLBB ISSUES ANTI-DISCRIMINATION REGULATIONS

by William T. Nachbaur, Attorney
Office of the General Counsel

On Monday, December 20, 1971, Preston Martin, Chairman of the FHLBB announced that the Board would issue proposed regulations concerning discrimination in lending and employment. The Board will receive comments from the public before adopting the regulations in final form. The regulations are designed to implement the 1968 Federal Fair Housing Act, which provides that it is unlawful for any bank or Federal building and loan association to deny a loan or to otherwise discriminate in the setting of loan terms because of race, color, religion, or national origin. The Fair Housing Act requires the Federal Home Loan Bank Board and other Federal agencies "to administer their programs and activities relating to housing and urban development in a manner affirmatively to further" the national policy of providing fair housing throughout the United States.

For this reason, the Board has met several times over the past year with the Department of Housing and Urban Development, the U.S. Commission on Civil Rights, and with the Federal banking agencies to develop regulations to implement the Act. The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency also announced on December 20 that they are considering the issuance of regulations concerning discrimination.

The Board's new regulations will also implement the Equal Employment Opportunity provisions of the Civil Rights Act of 1964, which prohibits discriminatory employment practices based on sex, race, color, religion, or national origin.

The issuance of these regulations is not intended by the Board to indicate that there has been widespread discrimination in the savings and loan industry. On the contrary, the industry has long been on record in opposition to discriminatory practices. The regulations are intended to notify the general public that savings and loan associations are required by law not to discriminate in the making of loans or the provision of other services. The effect of the regulations is expected to be an increase in the number of loan applications and job applications by minority group members who might previously have thought that they would not receive equal treatment. The savings and loan industry has made substantial progress in the areas of lending to and employing minority Americans in 1971. The Board's regulations are intended to build upon this solid foundation.

The proposed regulations will cover recordkeeping concerning applicants and applications in order to permit the association's management and the Board to evaluate the association's minority lending activities. The regulations will prohibit advertising which implies a policy of racial discrimination. To the extent feasible, advertising will be required to include an equal opportunity logotype accompanied by the words "An Equal Opportunity Lender."

Under the proposed regulations, member associations will also display posters in the lobby of each facility, explaining the public's right to nondiscriminatory treatment in lending.

When the new regulations are released in final form after the comment period, the Office of Examinations and Supervision will issue a memorandum to all savings and loan examiners with specific guidelines for implementation of the regulations. The Office has been working for several months on the development of appropriate procedures.

On the same day that Chairman Martin announced the new regulations, the Board issued a policy statement setting forth the requirements of the Fair Housing law. The policy statement, which has been published in the Federal Register, incorporates some portions of the proposed regulations. It is designed to notify the industry and the public that the requirements of the new nondiscrimination regulations will be effective after March , 1972.

In addition to these regulations on lending and employment, the Board intends to adopt regulations regarding discrimination in any program of Federal financial assistance administered by the Board. These additional regulations, which are required under the Civil Rights Act of 1964, will apply to the Housing Opportunity Allowance Program (HOAP) which provides assistance for a 5-year period to families otherwise unable to afford the payments on a conventional mortgage loan. ■

Exhibit 24

The Public Papers of the Presidents of The United States

The Public Papers of the Presidents of the United States contains material that was compiled and published by the Office of the Federal Register, National Archives and Records Administration. It includes volumes covering the administrations of Presidents Hoover, Roosevelt, Truman, Eisenhower, Kennedy, Johnson, Nixon, Ford, Carter, Reagan, Bush, and Clinton. As subsequent volumes are published, they will be added online.

Each Public Papers volume contains the papers and speeches of the President of the United States that were issued by the Office of the Press Secretary during the specified time period. The material is presented in chronological order, and the dates shown in the headings are the dates of the documents or events. In instances when the release date differs from the date of the document itself, that fact is shown in the textnote. To ensure accuracy, remarks have been checked against a tape recording and signed documents have been checked against the original, unless otherwise noted. Textnotes and cross references have been provided by the editors for purposes of identification or clarity. Speeches were delivered inWashington, DC, unless indicated. The times noted are local times.

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to meet these housings needs—an effort which is both private and governmental—federally assisted housing is being built at a rate approaching 3/4 of a million units a year. These units are needed. They are being built. And they must be built someplace. The question is where.

If all the federally assisted units are packed together in one type of community or one kind of location, we will only exacerbate the social and, in all probability, the racial isolation of our people from each other.

If we build federally assisted instant ghettos, we fail both our communities and the people we are trying to help.

If we impact or tip the balance of an established community with a flood of low-income families, we do a disservice to all concerned.

The answers to these practical considerations are not simple—but they are of great importance.

Based on a careful review of the legislative history of the 1964 and 1968 Civil Rights Acts, and also of the program context within which the law has developed, I interpret the "affirmative action" mandate of the 1968 act to mean that the administrator of a housing program should include, among the various criteria by which applications for assistance are judged, the extent to which a proposed project, or the overall development plan of which it is a part, will in fact open up new, nonsegregated housing opportunities that will contribute to decreasing the effects of past housing discrimination. This does not mean that no federally assisted low- and moderate-income housing may be built within areas of minority concentration. It does not mean that housing officials in Federal agencies should dictate local land use policies. It does mean that in choosing among the various applications for Federal aid, consideration should be given to their impact on patterns of racial concentration.

In furtherance of this policy, not only the Department of Housing and Urban Development but also the other departments and agencies administering housing programs—the Veterans Administration, the Farmers Home Administration, and the Department of Defense—will administer their programs in a way which will advance equal housing opportunity for people of all income levels on a metropolitan areawide basis.

This Administration will not attempt to impose federally assisted housing upon any community.

We will encourage communities to discharge their responsibility for helping to provide decent housing opportunities to the Americans of low- and moderate-income who live or work within their boundaries.

We will encourage communities to seek and accept well-conceived, well-designed, well-managed housing developments—always within the community's capacity to assimilate the families who will live in them.

We will carry out our programs in a way that will be as helpful as possible to communities which are receptive to the expansion of housing opportunities for all of our people.

In these efforts we will be aided by a change that already is taking place in the way subsidized low- and moderate-income housing is planned, built, and managed: In terms of new construction, the old-style, massively concentrated high-rise public housing project is largely a thing of the past; the trend now is strongly toward low-rise dwellings, many of them

Exhibit 25

This Agreement between Plaintiffs National Urban League, et al., (hereinafter "Plaintiffs") and defendants Office of the Comptroller of the Currency and John G. Heimann, Comptroller of the Currency (hereinafter "Comptroller") is made to resolve, as to the parties hereto, without adjudication of any issue of law or fact, litigation presently pending between Plaintiffs, the OCC and the Comptroller in the United States District Court for the District of Columbia entitled National Urban League, et al. v. Office of the Comptroller of the Currency, et al., (Civil Action No. 76-0718) (hereinafter "the lawsuit"). In executing this Agreement, none of the parties hereto makes any admission whatsoever as to any issue of law or fact raised in the lawsuit or which might be raised in the lawsuit. The OCC has entered this Agreement not only to settle the lawsuit, but also to further its existing commitment to effective enforcement of its nondiscrimination policies.

I. Section 1. OCC's Enforcement Program.

The OCC has implemented and will continue in effect special training and examination procedures related to consumer protection statutes and regulations, including fair housing lending, and a Consumer Affairs Division and system of trained Regional Consumer Specialists both with advisory and supervisory responsibilities in the area of fair housing lending. However, the OCC agrees that it will take the following additional actions in connection with its supervision and enforcement of fair housing lending practices of national banks as governed by Title VIII of the Civil Rights Act of 1968, 42 U.S.C. §3601, et seq. and Title VII of the Consumer Credit Protection Act, 15 U.S.C. §1591, et seq., as they relate to home mortgage lending (hereinafter the "home mortgage lending laws"):

A. The OCC will establish a data collection and analysis system (the "OCC system") in Washington which will apply to written applications for loans to finance the purchase of one to four unit residential buildings in which the applicant intends to occupy one unit as a residence. The OCC system will make use of race/sex identification information voluntarily given by the applicant and collected by the bank pursuant to Federal Reserve Board Regulation B, and additional financial information on the applicant and the loan terms. All of the financial information to be required is now included in the mortgage application forms approved by FNMA or FHLMC and widely used by mortgage lenders, or the form approved by the Federal Reserve Board in Regulation B. If the Regulation B is modified to not require race/sex data, the OCC will continue to require such data unless such requirement is prohibited by law.

The data collection and analysis system will consist of the following: Information from all applications which have been acted upon will be collected concerning the characteristics of the requested loan, the economic characteristics of the applicant and co-applicant, the race, sex, marital status and age of the applicant, and the loan disposition, which would include whether or not the loan was granted, and if granted, on what terms. The personal and certain financial information on each of these forms will be forwarded to the OCC's Washington Office for transcription to a computer based data file for analysis. The data collected will be analyzed in Washington by generally accepted statistical techniques to evaluate race, sex, marital status or age as factors in the bank's lending decisions. The objective of this analysis will not be to establish the actual existence of discrimination but rather to identify institutions which warrant further investigation. The analysis will not only focus on the acceptance or rejection of the loan, but also upon the terms given to the borrower. If personal characteristics such as race or sex appear to be a factor in the decision, a more detailed investigation will be made by specially trained examiners. A by-product of the statistical analysis will be the generation of data on applications broken down by race, sex, marital status, age and geographical location and on both approval/rejection rates and adverse action. These data should permit observation of trends over time and comparison of geographic areas such as SMSA's. This system will be in effect for a minimum of three years but is subject to change if the methodology does not prove to provide reliable data.

Exhibit 26

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

The Inclusive Communities Project, Inc.,	*	
Plaintiff,	*	
	*	Civil Action No. 3:14-3013-D
v.	*	
	*	
The United States Department of	*	
Treasury and	*	
Office of Comptroller of the Currency,	*	
Defendants.	*	

DECLARATION OF ANN LOTT

My name is Ann Lott. I am the Executive Director of the Inclusive Communities Housing Development Corporation (ICHDC), a wholly owned subsidiary of the Inclusive Communities Project, Inc. (ICP). ICHDC is a non-profit organization established in 2008 by the Inclusive Communities Project ("ICP"). Our organizations work for the creation and maintenance of racially and economically inclusive communities, expansion of fair and affordable housing opportunities for low-income families, and redress for policies and practices that perpetuate the harmful effects of discrimination and segregation in North Texas. ICHDC accomplishes its mission by working with private developers to expand the supply of affordable rental housing in areas that offer low incomefamilies access to well-resourced communities.

I have experience providing affordable housing to low income families.

From 02/01 to 07/08 I was the President/CEO of the Housing Authority of the City of Dallas. Under the general direction of the Board of Commissioners, I was responsible for the oversight, administration, and professional work involved in the planning, directing and coordinating of housing assistance programs for approximately 23,000 public housing and

Section 8 families. I directed and managed the efforts of approximately 430 employees and an annual operating budget of $200 million. I presented operating budgets, housing plans and professional proposals, concerning public and assisted housing to the Board of Commissioners, Mayor, City Council, and State and Federal Agencies. I was DHA's designated representative for testimony in District Court and in appearances before various boards, groups, committees, public officials, and private citizens. I addressed community action groups, professional organizations and others concerning the activities of the Dallas Housing Authority.

From 06/98 to 02/01 I was Senior Vice President/ COO for the Dallas Housing Authority. Under the direction of the president and CEO, I was responsible for the day-to-day management of approximately 11,000 Section 8 vouchers. I planned, organized and directed the activities of 130 employees in the Leased Housing, Client Services, Information Services, Housing Opportunity Programs and Compliance Departments.

From 03/98 to 06/98 I was the Vice President of Housing Opportunity Programs for the Dallas Housing Authority. Under the general direction of the president and CEO, I provided direction for 30 employees. I developed departmental goals and budgets. Part of my work involved restructuring the department to ensure all inspections, rent surveys, and special claims were completed in a timely manner and to ensured that clients were afforded the opportunity to participate in all housing programs mandated by a desegregation court order. I prepared reports for presentation to Board of Commissioners, Federal Court, and HUD.

From 07/94 to 03/98 I was the Director of Housing Opportunity Programs for Dallas Housing Authority. Under the general supervision of the president & CEO, planned, directed and assisted the activity of eleven employees. I developed procedures to enable Section 8 families to locate housing in the non-racially impacted areas of Dallas County and an outreach program designed to help low-income families integrate into suburban communities. I prepared reports for the Board of Commissioners, Federal Court and HUD. I provided court testimony affirming the compliance of the department in meeting the remedial order of the District Court. I developed and implemented social service programs to serve Section 8 clients.

As part of ICP's mission, ICP also uses its funds and other resources to encourage the development of LIHTC units for its clients' use in non-minority concentrated areas free from the adverse effects of slum, blight, and distress. ICHDC is responsible for the implementation of this program.

In order to encourage development of LIHTC units in non-minority concentrated census tracts, ICP has made $1,110,000 in loans to LIHTC developers since August 22, 2008. All but $50,000 has been repaid.

I do not keep time and activity logs. However, a significant amount of my time is spent working with private developers, housing authorities, and municipalities to expand the availability of LIHTC housing in non-minority concentrated, low poverty areas with high performing schools and access to employment and services. The assessment of time incurred is based on my day to day experience. The description of the various activities by me and the period of time over which the activity was conducted is set out in the exhibit " Activity to Encourage LIHTC Development. " The supporting documents were produced to Defendants in discovery.

ICP employees Elizabeth K. Julian and Demetria L. McCain also worked to encourage developers, housing authorities, and municipalities to support the development of LIHTC units for its clients' use in non-minority concentrated areas free from the adverse effects of slum, blight, and distress.

The LIHTC applications in non-minority concentrated areas for which ICHDC provided support and which were rejected by TDHCA includes applications rejected because of the requirements for municipal and state representative support. The 9% LIHTC applications could not accumulate enough selection criteria points to win an allocation of LIHTCs. Municipal approval provides the highest number of selection criteria points of all the selection criteria in the Texas Qualified Allocation Plans. Developers who could not obtain the municipal or legislative support at the pre-application stage will frequently not file a full application because of the inability to get the municipal and state representative support. This saves the them the costs associated with a full application.

The 9% LIHTC applications that are approved for an allocation have received the selection criteria points for municipal support and usually for state legislator support. The 9% applications that do not obtain the municipal or state legislator support are located in White non-Hispanic areas with few exceptions. The 4% LIHTC applications are usually for units in predominantly minority areas and these applications do obtain the required municipal approval to file an application with TDHCA.

Each application rejected in non-minority concentrated areas perpetuates racial segregation and eliminates housing opportunities for ICP's clients. The time spent working on the rejected applications is an expenditure of ICP resources that cannot be recovered.

During my tenure at DHA I knew the location and number of units in DHA's public housing projects. In 1994, of DHA's approximately 6,400 public housing units, 6,100 were in minority areas and 300 were in predominantly white areas. An additional 75 units were under construction and completed in a predominantly white area (Frankford & Marsh project).

I declare under penalty of perjury that the statements in this declaration are true and correct.

Dated: April 10, 2018

Ann Lott
Executive Director
Inclusive Communities Housing Development Corporation.

ICHDC SUMMARY **Activity to Encourage Development of LIHTC Units**

Year	City	County	Developer/Entity	Description of Activities	Development Name	Census Tract	HOA Y/N	Final Result	Time
2014	Addison	Dallas	Megan Lasch, Pinnacle Housing	Worked with developer to identify sites for LIHTC deals	–	–	–	Unable to locate acceptable site for new construction	1 month
2014	Allen	Collin	Megan Lasch, Pinnacle Housing	Worked with developer to identify sites for LIHTC deals	–	315.05 315.08 314.05	Y	Identified seven potential sites zoned for multi-family use. No city support. No application filed	1 month
2015-2016	Allen	Collin	Megan Lasch, Pinnacle Housing	Worked with developer to identify sites and secure local government support for LIHTC deals	Marigold Flats #16296	314.05	Y	No city support for family deal. Pinnacle moved forward wtih application for senior deal in hopes of receiving city approval. City and state rep declined to support. Application not competitive w/o local government support	6 months
2015	Allen	Collin	Lora Myrick, Housing Lab By Betco	Conferenced with developer regarding city's refusal to support LIHTC for "work force housing"	–	314.05	Y	No application filed	–
2016	Arlington	Tarrant	David Zapposodi, Authority Housing Authority	Conferences with City of Arlington and Arlington Housing Authority officials regarding siting of LIHTC and Section 8 units and City's refusal to support LIHTC in HOA for families	–	–	–	Zapposodi agreed to be the point of contact for LIHTC developers. (City supported two LIHTC for Elderly site in 2017. Neither in HOA)	2 months
2014	Bedford	Tarrant	Megan Lasch, Pinnacle Housing	Worked with developer to secure city support for 2015 LIHTC Round	The Arteca #15176	1136.24	Y	Preapplication submitted. City declined to support. No full application submitted	1 month
2015	Benbrook	Tarrant	Megan Lasch, Pinnacle Housing	Worked with developer to secure city support for 2016 LIHTC Round	–	1109.01	Y	Site located near Canyon Road and Plata Lane. No application submitted	> 1 month
2012	Crowley	Tarrant	Manish Verma, Versa Development	Reviewed proposal submitted under 2012 Housing Initiative to develop LIHTC in High Opportunity Areas	Silverado Ranch #12700	1110.08	Y	Application not selected by ICHDC. Pre-application submitted. No full application.	> 1 month
2013	Dallas	Dallas	Megan Lasch, Pinnacle Housing	Provided letter of support. Worked with developer to secure local government support, financing with BOK, and project-based vouchers from DHA	Summit Place #12340	132.00	Y	Secured local government support from DHA. 8 Project-base units	7 months

ICHDC SUMMARY **Activity to Encourage Development of LIHTC Units**

Year	City	County	Developer/Entity	Description of Activities	Development Name	Census Tract	HOA Y/N	Final Result	Time
2014-2015	Dallas	Dallas	Megan Lasch, Pinnacle Housing	Worked with developer to respond to City NOFA. secure local government support and project-based vouchers	Preston Vue #15158	136.17	Y	Submitted pre-application in 2015 Round. Unable to secure city or congressional support. Developer w/d project	6 months
2015-2016	Dallas	Dallas	Megan Lasch, Pinnacle Housing	Work with developer to affirmatively market units and lease project-based units to DHA families	Summit Place #12340	132.00	Y	Construction completed December 2015. Project-based units leased by June 2016	5 months
2017	Dallas	Dallas	Claire Palmer	Currently working with developer to secure local government support and project-based vouchers	–	17.01	Y	Proposed site - 2400 Bryan Street, 75201	Ongoing
2014	Denton	Denton	Megan Lasch, Pinnacle Housing	Worked with developer to secure local government support	Art of Elysium #14228	213.03	Y	Preapplication and full application submitted. City declined to support. Project not awarded HTC.	6 months
2017	Denton	Denton	MV Residential Development	Provided letter of support	Reserve at Sherman #17367	205.06	Y	Preapplication and full application submitted. Not reached for LIHTC	> 1 month
2015	Fairview	Collin	Megan Lasch, Pinnacle Housing	Worked with developer to secure local government support	The Warrington #15166	314.06	Y	Support from local government, but letter of opposition from state representative, Jodie Laubenberg. Project not reached on waiting list	2 months
2015	Flower Mound	Collin	Megan Lasch, Pinnacle Housing	Worked with developer to secure local government support	–		Y	No application filed	> 1 month
2013	Forney	Kaufman	Stacy Kaplowitz, Herman & Kittle Properties, Inc.	Provided letter of support	The Village at Forney #13184	502.01	Y	Application not reached	1 month
2009	Frisco	Collin	City of Frisco	Worked with Frisco staff to prepare and distribute funding announcement to LIHTC developers for 2010 Round	–	–	Y	Funding Announcement sent to 60 LIHTC professionals in July 2009	7 months
2010	Frisco	Collin	City of Frisco; Manish Verma, Versa Development	Reviewed developer proposal	Residences at Frisco #10168	304.03	HOA	Developer submitted a proposal	2 months
2010-2013	Frisco	Collin	Cherno Njie	Worked with developer in various activities to address barriers and ensure development of multi-family housing in Frisco	North Court Villas #10045/11004	304.06	WTA	Forward Commitment of HTC for North Court Villas - 150 units for General Population	3 years
2015-2017	Frisco	Collin	Terri Anderson	Conferences with developer regarding city's refusal to provide water to the site	Westridge Villas #15195	305.23	Y	Water provided June 2017	2 years

Year	City	County	Developer/Entity	Description of Activities	Development Name	Census Tract	HOA Y/N	Final Result	Time
2015	Ft. Worth	Tarrant	Megan Lasch, Pinnacle Housing	Worked with developer to identify sites for LIHTC deals	No application filed	1233.00 1028.00	WTA	No application filed	1 month
2017	Ft. Worth	Tarrant	Chris Applequist	Provided letter of support, and sought out non-profit support for the project	Silver Creek #17293	1142.07	Y	Pre-application and full application submitted. Not reached for LIHTC	> 1 month
2012	Glenn Heights	Ellis	NRP	Reviewed application for funding under 2012 Housing Initiative	Glenn Heights Apartments #12351	602.04	Y	Application not funded under ICHDC 2012 Housing Initiative	> 1 month
2015	Grapevine	Tarrant	Megan Lasch, Pinnacle Housing	Discussions with broker for potential site for LIHTC housing	3650 Grapevine Mills Parkway	1137.03	WTA	City was not supportive; No application filed	1 month
2015	Hickory Creek	Denton	Megan Lasch, Pinnacle Housing	Worked with developer to locate and secure sites for LIHTC	970-974 Main; Sycamore Bend Rd; 34	214.03	Y	Located four parcels of land, no application filed	> 1 month
2009-2010	Irving	Dallas	Rob Sherman, SBG Development Services, LP	Worked with developer interested in rehabing an exising property	Cooper's Crossing	143.11	WTA	ICP approved loan request of $370,000. Developer encountered problems and elected not to move forward with rehab	6 months
2014	Justin	Denton	Stacy Kaplowitz, Herman & Kittle Properties, Inc.	Provided letter of support	Bishop Gardens #14158	203.09	Y	Received 9% HTC to build 72 units for General Population	> 1 month
2015	Keller	Tarrant	Megan Lasch, Pinnacle Housing	Worked with developer to locate and secure sites for LIHTC	–	–	–	No sites zoned for multi-family development	> 1 month
2017	Kennedale	Tarrant	Deepak Sulakhe	Developer unable to receive city support for 2017 Round. Worked with developer to secure local government support for	Village at Hammack Creek	1114.04	Y	Ongoing	Ongoing
2012	Mansfield	Tarrant	Manish Verma, Versa Development	Reviewed application for funding under 2012 Housing Initiative	Riverstone Ranch #12389	1113.13	Y	Full application funded under ICHDC 2012 Housing Initiative. No legislator support. Not reached for LIHTC	6 months
2014-2015	Mansfield	Tarrant	Megan Lasch, Pinnacle Housing	Worked with developer to locate sites and secure local government support for LIHTC	Palladio Plaza #15171	1113.12	Y	Pre-application and full application filed but no city or state rep support and application failed.	4 months
2010-2014	McKinney	Collin	McKinney Housing Authority	Worked with MHA to create request for proposals from developers as outlined in Consent Decree between ICP and MHA	–	303.00 305.02 305.03 306.01	Y	Two LIHTC projects built: The Millennium and Post Oak	4 years
2011	McKinney	Collin	Brandon Bolin, GroundFloor Dev	Responded to ICHDC/MHA funding proposal	The Millennium #11262	305.02	Y	No pre-application filed. Full application not competitive in LIHTC Round	2 months
2013	McKinney	Collin	Brandon Bolin, GroundFloor Dev	Responded to ICHDC/MHA funding proposal. Worked with developer to secure additional financing needed	The Millennium #13259	305.02	Y	Awarded LIHTC	4 years

Activity to Encourage Development of LIHTC Units

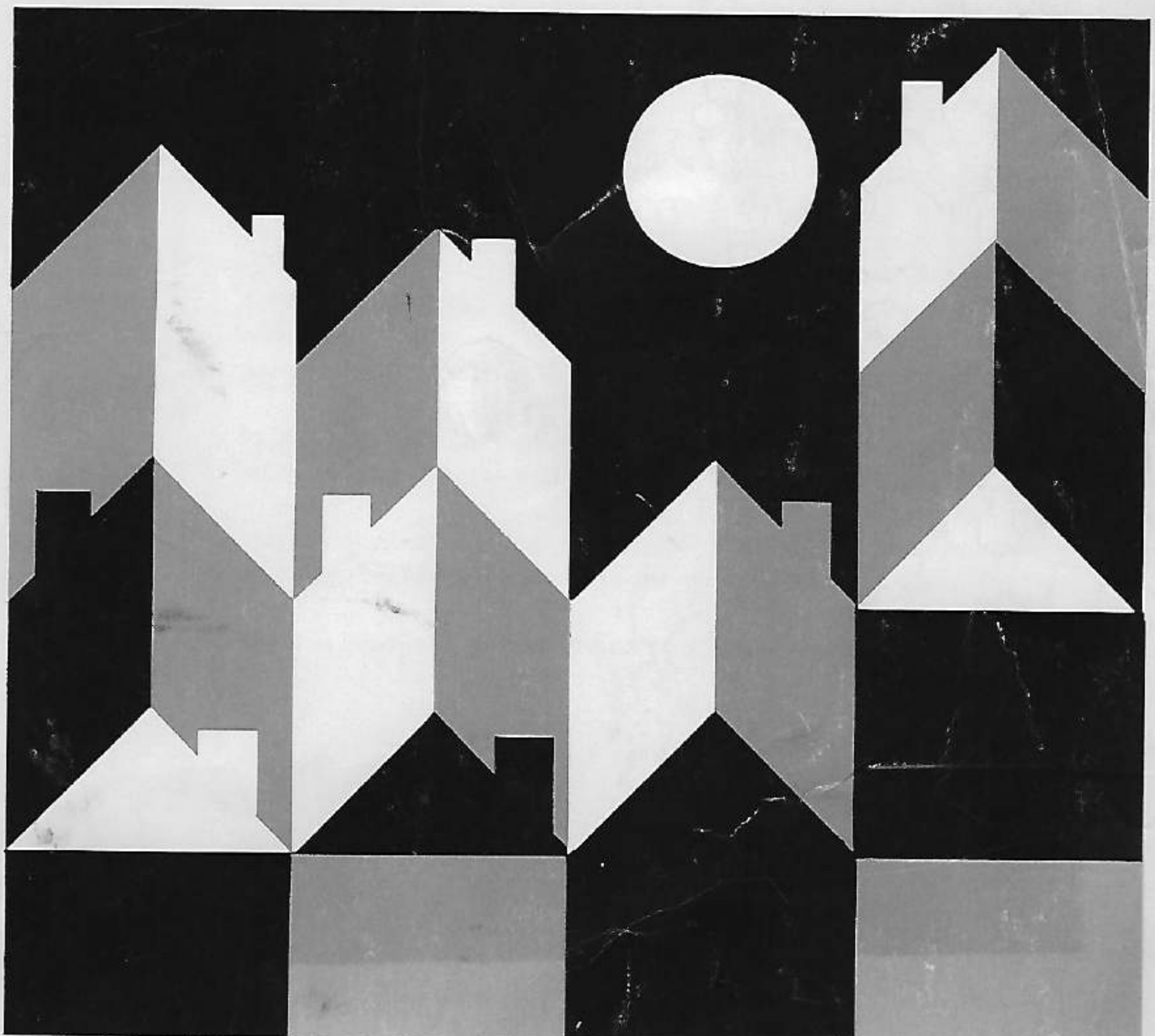
Year	City	County	Developer/Entity	Description of Activities	Development Name	Census Tract	HOA Y/N	Final Result	Time
2014	McKinney	Collin	Brandon Bolin, GroundFloor Dev	Responded to ICHDC/MHA funding proposal	M2 Apartments (Post Oaks) #14295	306.01	Y	Awarded LIHTC	4 years
2014	Melissa	Collin	John Palmer, Gardner Capital	Worked with developer to secure local politcal support	Fitzhugh Creek Villas #14160	302.01	Y	Proposed project not supported by city council	2 months
2012	Northlake	Denton	Tony Sisk, Churchill Residential	Worked with developer to secure local politcal support	Churchill at Northlake #12113	203.06	Y	Proposed project not supported by city council	6 months
2014	Plano	Collin	Megan Lasch, Pinnacle Housing	Worked with developer to locate potential sites for LIHTC	–	316.32	Y	Several sites considered. Land contract for 6 acres - The Plaza at Chase Oaks. No application filed	6 months
2015	Plano	Denton	Megan Lasch, Pinnacle Housing	Worked with developer to identify sites, secure community support, local political support and PBV from Plano Housing Authority	The Astonia #15149	216.26	Y	Preapplication and full application submitted. Proposed project supported by city council but not supported by state representative	6 months
2016	Plano	Collin	Megan Lasch, Pinnacle Housing	Worked with developer to identify sites, secure community support, local political support and PBV from Plano Housing Authority	Orchard Landing #16136	316.32	Y	Preapplication and full application submitted. Proposed project not supported by city council or state representative	6 months
2016	Plano	Collin	Megan Lasch, Pinnacle Housing	Worked with developer to identify sites, secure community support, local political support and PBV	Maddox Square #16156	316.22	Y	Preapplication filed.Developer did not file full application	6 months
2014	Princeton	Collin	Megan Lasch, Pinnacle Housing	Worked with developer to locate potential sites for LIHTC	–	–	–	Unable to locate acceptable site	> 1 month
2014	Prosper	Collin	Megan Lasch, Pinnacle Housing	Worked with developer to locate potential sites for LIHTC	–	–	–	Unable to locate acceptable site	> 1 month
2013	Rockwall	Rockwall	Saadia Sheikh, The Heloise Munson Foundation	Worked with consultant to secure local politcal support for potential LIHTC deal	–	–	–	Political officials ignored request for meetings	2 months
2013	Rockwall	Rockwall	Nurock; Rockwall Housing Authority	Worked to secure local politcal support for proposed LIHTC deal	Residences at Williams/Residences at Caruth Lake #13090	402.00	Y	Political officials refused to meet; Rockwall HA pulled out of deal. State Rep killed the project with letter of opposition	1 month

Activity to Encourage Development of LIHTC Units

Year	City	County	Developer/Entity	Description of Activities	Development Name	Census Tract	HOA Y/N	Final Result	Time
2016	Rowlett	Dallas	Brandon Bolin, GroundFloor	Worked to secure local political support and DHA support for LIHTC deal	Blue Line Lofts #16317	181.33	Y	City and State Rep supported 9% LIHTC application, but not competitive; City did not support bond application because of S8 PBV	2 months
2017	Rowlett	Dallas	Jean Latasha, Pedcor	Worked to secure local politcal support for proposed zoning change	Residences at Long Branch #17363	181.33	Y	City and State Rep supported HTC application, but city failed to consider zoning request before HTC commitment expired. TDHCA refused to grant extension of HTC commitment	3 months
2010	Sunnyvale	Dallas	Anderson Capital, LLC	Worked with consultant to build performance models for development of affordable housing property owned by Dews Dell, an entity of ICP/ICHDC	–	178.14	Y	Consultant produced performance models	2 months
2010-2013	Sunnyvale	Dallas	Manish Verma, Versa Development	Worked with developer to build LIHTC on property owned by Dews Dell, an entity of ICP/ICHDC	–	178.14	Y	City rejected development proposal. Supported LIHTC application Riverstone Trails #12221	3 years
2014	Sunnyvale	Dallas	VCZ	ICP assists with the marketing and leasing of Riverstone Trails #12221	Riverstone Trails #12221	181.04	Y	Project leased	4 months
2014	Wylie	Collin	Jay Oji, Sphinx Development Co	Worked with developer to secure local support for proposed LIHTC housing	Sphinx at Country Club Villas #14125	313.15	Y	No city or state rep support. City claimed support withheld because the site was not zoned for mult-family	2 years
2016	Wylie	Collin	Deepak Sulakhe. OM Housing, LLC	Worked with developer to secure local support for proposed LIHTC housing	Villas at Alanis Crossing #16308	313.11	Y	No city or state rep support. Site was properly zoned.	2 years
2014	DFW	DFW	Mike Eastland, North Texas Council of Governments	Worked to secure COG support of developments in High Opportunity Areas	–	–	–	COG offered no support	7 months

Exhibit 27

THE FEDERAL FAIR HOUSING ENFORCEMENT EFFORT



A Report of the United States Commission on Civil Rights March 1979

B. Regulations

1. Existing Regulations and Guidelines

As of May 1978, three of the four financial regulatory agencies had issued regulations affecting fair housing, pursuant to one or more of the statutes which give them fair housing responsibilities. FRB had promulgated Regulation B,[45] in response to the statutory directive in the ECOA, and Regulation C,[46] in order to comply with the mandate of HMDA. FRB had not, however, issued Title VI or Title VIII regulations.

FHLBB has issued regulations pursuant to Title VI.[47] Moreover, since 1972, FHLBB has had regulations pursuant to Title VIII.[48] In 1978, due in part to a suit brought in 1976 by several civil rights organizations, including the National Urban League and the National Committee Against Discrimination in Housing, which charged that the regulatory agencies had failed to take action to end discriminatory mortgage lending practices by their regulatees,[49] FHLBB issued a regulation combining instructions on Title VIII, ECOA, and CRA. A final version, which amends and revises FHLBB's Title VIII regulation, was issued in May 1978.[50]

FDIC, as the result of the *National Urban League* suit, has also issued a regulation combining instructions on Title VIII and ECOA.[51] Although FDIC has proposed and considered Title VIII regulations for well over 5 years,[52] this regulation as finalized will be FDIC's first regulatory interpretation of fair housing law.

The COC has neither issued nor proposed any fair housing regulations. COC has stated:

> [T]he Comptroller of the Currency is not required to issue regulations or base an enforcement effort on other fair housing regulations in order to use statutory enforcement authority against national banks. The statutory power of enforcement vested in this Office are found in Section 8 of the Federal Deposit Insurance Act, as amended by the Financial Institutions Supervisory Act of 1966. [12 U.S.C. Section 1818.b]. Accordingly, the Comptroller may issue a cease and desist order where there is reasonable cause to believe that a national bank has violated, is violating, or is about to violate any law, rule or regulation. Therefore, this Office could issue such an order based simply upon a violation of Title VIII of the Civil Rights Act of 1968 since it would be a violation of law.[53]

Although this statement may represent an accurate description of COC's authority, it does not constitute a rationale for COC's failure to issue regulations. The issuance of substantive and/or procedural regulations is a valid exercise of administrative power vested in the agencies,[54] and the financial regulatory agencies have a responsibility to use that authority effectively. Regulations and guidelines serve as the principal means by which agencies interpret and clarify substantive provisions of law, while at the same time advising regulatees and the general public as to how the law will be procedurally enforced.[55]

[45] 12 C.F.R. § 202 (1977), as amended by 42 Fed. Reg. 1242–1263 (1977).
[46] 12 C.F.R. § 203 (1977).
[47] 12 C.F.R. § 529 (1977).
[48] 12 C.F.R. § 528 (1977).
[49] National Urban League, *et al.* v. OCC, *et al.*, CA No. 76–0718, (D.D.C.).
[50] The proposed regulation appears in 42 Fed. Reg. 58,182 (1977). The final version of the regulation is at 43 Fed. Reg. 22,332 (1978).
In response to a draft version of this report, FHLBB remarked that in addition: "the Federal Register Document for 12 CFR 528. . .refers to the close relationship between the Fair Housing Act and the Community Reinvestment Act. CRA will be implemented in a separate regulation." Lucy Griffin, Director, Consumer Division, Office of Community Investment, FHLBB, letter to Cynthia N. Graae, Assistant Staff Director for Federal Evaluation, U.S. Commission on Civil Rights, Aug. 15, 1978 (hereafter referred to as FHLBB comments).
[51] 43 Fed. Reg. 11,563–11,568 (1978) (to be codified in 12 C.F.R. Part 338).
[52] 37 Fed. Reg. 19,385–19,386 (1972). See *To Provide. . .for Fair Housing*, pp. 151–58 for a discussion of past FDIC regulatory proposals.
[53] John G. Heimann, Comptroller of the Currency, letter to Arthur S. Flemming, Chairman, U.S. Commission on Civil Rights, Nov. 8, 1977, p. 11 (hereafter cited as Heimann letter).
[54] See, for example, the discussion of this point in Laufman v. Oakley Building and Loan, 408 F. Supp. 489 (S.D. Ohio 1976); Federal Crop Ins. Corp. v. Merrill, 332 U.S. 380, 384 (1947); and Griggs v. Duke Power Co., 401 U.S. 424, 433–34 (1971).
[55] COC has stated:

> We agree with the concept that regulations and guidelines can serve a useful purpose, as the report states, to "interpret and clarify substantive provisions of the law, while at the same time advising regulatees and the general public as to how the law will be procedurally enforced." The Commission should be aware of the possible adverse impact of government regulations on the cost of housing. The OCC has taken measures which, in effect, provide guidelines for compliance for national banks. Indeed this Office has never issued regulations for the sake of regulation, particularly in the instant case when there is nothing substantive which could be issued in addition to the provisions of Regulation B. The Federal Reserve has not issued Title VIII regulations. The referenced FDIC regulations are limited to basically addressing the data collection and analysis system. As noted above, the OCC will soon be adopting our own such system. The FHLBB has issued substantive Title VIII regulations, but the main element they contain which goes beyond Regulation B involves interpretation of the "effects test." The "effects test," which arose from court decisions, is a very complicated area. It is the OCC's present belief that until the courts have addressed the matter in further decisions relating to credit, it should remain a judicial doctrine, rather than administrative. We have addressed this issue in our examination procedures and instructions (copies attached), and are considering additional ways of addressing this problem. The "overwhelming" body of opinion that favored the issuance of Title VIII regulations did so before the issuance of Regulation B and its attendant enforcement procedures. COC comments, pp. 2 and 3.

The Commission believes that the data collection references in FDIC's

An overwhelming body of opinion has favored issuance of Title VIII regulations by Federal financial regulatory agencies. As early as 1969, HUD suggested to the agencies that they develop regulations or instructions binding on the institutions they regulate.[56] Similar recommendations were made by the Department of Justice in 1976 during equal lending hearings before the Senate Committee on Banking, Housing, and Urban Affairs. The Assistant Attorney General for Civil Rights, J. Stanley Pottinger, made the following statement before the Committee: "I believe that Congress specifically contemplated vigorous enforcement activity by the bank regulatory agencies when considering passage of the Fair Housing Act [Title VIII]." Mr. Pottinger remarked that enforcement activity under the Fair Housing Act by the regulatory agencies should be divided into five discrete areas, one of which was the promulgation of regulations for interpreting that title.[57]

In a report of these hearings, the Senate Committee on Banking, Housing, and Urban Affairs made a number of findings and conclusions. The Committee stated that there had been a "generally unsatisfactory history of enforcement activities by all four agencies."[58] Among the deficiencies which the Committee cited was the failure of the three bank regulatory agencies to issue regulations on fair lending.[59] The *National Urban League* suit, however, has perhaps served as the greatest impetus for the issuance of Title VIII regulations by the agencies, as well as other improvements in their fair housing enforcement programs.[60]

regulations and the "effects test" principle in FHLBB's regulation and guidelines constitute critically important provisions which should be reflected in COC regulations. This Commission concurs with COC that excessive regulation can be damaging, but believes that the absence of comprehensive nondiscrimination regulations places a heavy burden upon those minorities and women who meet with discrimination when they apply for mortgage loans.

[56] See U.S. Commission on Civil Rights, *The Federal Civil Rights Enforcement Effort* (1971), p. 169.

[57] J. Stanley Pottinger, Assistant Attorney General for Civil Rights (statement before the Committee on Banking, Housing, and Urban Affairs, United States Senate, Concerning Enforcement of the Fair Lending Provisions of Title VIII of the Civil Rights Act of 1968, Mar. 12, 1976), p. 9.

[58] S. Rep. No. 94-930, 94th Cong., 2d sess. (June 3, 1976).

[59] Ibid.

[60] National Urban League *et al.* v. OCC, *et al.*, CA No. 76-0718, (D.D.C.) Among the other improvements which the plaintiffs sought, and achieved with FHLBB, FDIC, and COC, with whom they settled out of court, are: increased racial, ethnic, and sex data collection activities and additional fair housing personnel. See National Urban League v. FHLBB, No. 76-0718 (D.D.C. Mar. 22, 1977) (Settlement agreement), National Urban League v. FDIC, No. 76-0718 (D.D.C. May 13, 1977) (Settlement agreement); and National Urban League v. OCC, no. 76-0718 (D.D.C. Nov. 30, 1977) (Settlement agreement). The suit against FRB was dismissed on May 3, 1978, without a decision on the merits, based on the lack of standing of the plaintiffs.

2. Evaluation of Fair Housing Regulations

Regulation B

Regulation B, issued by FRB pursuant to the ECOA, pertains to discrimination in all areas of credit access, including but not limited to transactions related to fair housing. In addition to its data collection provisions,[61] Regulation B represents a positive development in a number of respects:

- The regulation prohibits discriminatory conduct designed to discourage potential applicants as well as direct discrimination in the application process itself.[62]
- Pursuant to the ECOA requirement that creditors notify applicants of the reason for denials of credit, the regulation gives reasonably comprehensive examples of the types of specific reasons which must be included in creditor notification.[63]
- The regulation offers specific guidance on requirements imposed on creditors who release credit history information to third parties.[64]
- The regulation specifically prohibits a number of discriminatory or potentially discriminatory inquiries by creditors in connection with credit applications, including questions relating to an applicant's spouse (except where a spouse or the spouse's property may be subject to liability resulting from credit transactions), an applicant's birth control practices, or an applicant's race, color, sex, religion, or national origin.[65]

There are, however, a number of areas in which Regulation B is deficient.[66] One of the more serious is the regulation's failure to include clear guidance on how Federal agencies should proceed with enforcement actions based on violations of the ECOA or Regulation B. The regulation merely

[61] 42 Fed. Reg. 1242, 1261 (1977) (to be codified in 12 C.F.R. § 202.13). Issues related to regulatory data collection requirements and their use are discussed in section III of this chapter.

[62] 12 C.F.R. § 202.5(a) (1977).

[63] 12 C.F.R. § 202.9(b)(2) (1977). These reasons include, for example, insufficient credit references, excessive obligations, inadequate collateral, and length of employment.

[64] 12 C.F.R. § 202.10 (1977).

[65] 42 Fed. Reg. 1242, 1254–1260 (1977) (to be codified in 12 C.F.R. §§ 202.5(a), (d)(3)-(d)(5), 202.9, 202.10). However, as discussed in section III A, creditors are required by Regulation B to collect information on race, national origin, sex, marital status, and age for monitoring compliance with 42 Fed. Reg. 1242, 1261 (1977) (to be codified in 12 C.F.R. § 202.13(a)(1)).

[66] The deficiencies of the regulation's data collection requirements are discussed in section III of this chapter.

Exhibit 28

O

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

March 14, 2013

Michael M. Daniel
3301 Elm Street
Dallas, TX 75226

Dear Mr. Daniel:

This is in response to your letter dated February 7, 2013, which was received in my office on February 7, 2013 for processing under the Freedom of Information Act, 5 U.S.C. 552.

You requested the following:

1. The "CD-1 National Bank Community Development (Part 24) Investments" forms and attachments to those forms or equivalent forms and attachments submitted in each instance in which national banks or national bank subsidiaries have sought approval for an investment in a low income housing tax credit (26 U.S.C. § 42) development in the Dallas metropolitan area (Dallas County, Collin County, Denton County, Rockwall County, Kaufman County, and Ellis County) under the public welfare investment criteria pursuant to 12 CFR § 24.3 and 12 CFR § 24.6(a)(4).

   *A list of the banks that have submitted forms since 1997 is available on our website at www.occ.gov/pwi, under **National Bank Public Welfare Investment "At - A – Glance"Charts.** The submissions made by the banks are not public pursuant to 5 U.S.C. 552(b)(4) and 12 C.F.R. 4.12(b)(4), relating to a record that is privileged or contains trade secrets, or commercial financial information, furnished in confidence, that relates to the business, personal, or financial affairs of any person.*

2. All records containing information that an investment in Low Income Housing Tax Credit developments in the Dallas metropolitan area referred to in item one above has been approved or disapproved under the public welfare requirement.

   All such investments since January 1, 2000 were approved.

3. All records containing the information used in the review of each investment in Low Income Housing Tax Credit developments in the Dallas metropolitan area referred to in No.1 under the public welfare requirement.

Michael M. Daniel
March 14, 2013
Page 2

The criteria used to review investments is contained in 12 CFR 24 found at http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&sid=bdb70bfe65124247afc1d75c52bf0192&rgn=div5&view=text&node=12:1.0.1.1.22&idno=12

4. The records containing the information about all remedial action required for any bank or bank subsidiary found by the OCC to be in violation of the public welfare investment for investments for Low Income Housing Tax Credit developments in the Dallas metropolitan area.

   There have been no remedial actions taken since January 1, 2000.

5. All records containing information that an investment in Low Income Housing Tax Credit developments in the Dallas metropolitan area referred to in item one above has been approved or disapproved as a Community Reinvestment Act qualified investment.

   In general, Low Income Housing Tax Credit (LIHTC) projects meet the definition of community development within the CRA. As such, banks would receive consideration for the investment during the CRA performance evaluation. The OCC does not maintain records regarding specific LIHTC projects or other types of community development investments. CRA performance evaluations are bank-specific and analyze a bank's activities during a set evaluation period. Information regarding aggregate qualified investments is contained within a bank's public CRA Performance Evaluation. The CRA Performance Evaluations can be obtained either directly from the bank, or on the FFIEC website. The OCC does not keep records regarding LIHTC projects that were provided CRA consideration.

If you consider any of the above to be an improper denial of your request, you may appeal such denial to the Comptroller of the Currency. The appeal should be filed within 35 days of the date of this letter, should state the circumstances and reasons or arguments in support of the appeal, and be submitted via our online FOIA application at https://foia-pal.occ.gov/ or be mailed to Office of the Comptroller of the Currency, ATTN: Manager, Disclosure Services & Freedom of Information Act Officer, Communications Division, Suite 3E-218, Mailstop 6W-11, Washington, DC 20219.

Sincerely yours,

Frank D. Vance, Jr.

Frank D. Vance, Jr.
Manager, Disclosure Services &
Freedom of Information Act Officer
Communications Division

Exhibit 29

Notre Dame Law Review

Volume 48 | Issue 1 Article 5

10-1-1972

HUD's Project Selection Criteria - A Cure for Impermissible Color Blindness

David O. Maxwell

HUD'S PROJECT SELECTION CRITERIA—A CURE FOR "IMPERMISSIBLE COLOR BLINDNESS"?

*David O. Maxwell**

The Department of Housing and Urban Development (HUD) does not plan, select sites for or build any housing. Public and private sponsors submit proposals for federal housing assistance to HUD based on their own plans for building on sites they select. HUD's function is to react to their initiatives in accordance with constitutional and statutory limitations. Decisions to approve or reject proposals for federally subsidized housing[1] frequently involve HUD's administrators in civil rights issues.

Federally subsidized housing is intended for occupancy by persons of low and moderate income. Much of it, especially public housing, has been built in central cities where there are high concentrations of low-income residents. The correlation in residential patterns between race and socioeconomic class is too well established to argue. A large portion of the center city populace are members of minority groups while the suburbs remain predominantly white. Every additional low-income project HUD approves for financial assistance in central cities inevitably reinforces segregated housing patterns. Conversely, projects outside central cities potentially break down segregation. Projects in both sectors are needed to provide decent housing for the poor. There are those who maintain that decent housing is more needed in our deteriorating central cities, since that is where low-income minorities live—and want to live. And, of course, there are those outside central cities who do not want federally subsidized projects in their neighborhoods irrespective of need.

On February 7, 1972, HUD initiated by far its most ambitious effort to deal with the social conflicts inherent in its responsibilities by establishing for the guidance of its local offices a set of standards for judging the desirability of subsidized housing proposals. These rules are known as "Project Selection Criteria."[2] They govern the evaluation of applications for funding of housing projects under sections 235(i) and 236 of the National Housing Act[3] and rent supplement projects[4] and low-rent housing assistance applications under the

* General Counsel, Department of Housing and Urban Development; B.A., 1952, Yale; J.D., 1955, Harvard. Opinions expressed in this article are those of the author and do not necessarily reflect the views of the Department.

1 In the field of housing, terms like "subsidized" and "assisted" are weighty with special meanings accumulated over the years and often understood only by the initiated. For the purposes of this article, I will use "federally subsidized housing" consistently to describe as a group those programs covered by the Project Selection Criteria.

2 37 Fed. Reg. 203-09 (1972).

3 12 U.S.C. §§ 1715z-1715z-1. Section 235 covers single-family housing and Section 236 multifamily housing. Under both sections, HUD makes interest reduction payments in the amount of the difference between the monthly payment for principal, if any, interest, fees and charges that the mortgagor is obligated to pay under the actual mortgage and the monthly payment for principal, if any, and interest that the mortgagor would be obligated to pay if the mortgage were to bear interest at 1%. This interest subsidy results in lower mortgage payments by the homeowner and lower rental payments by the renter. Basic eligibility for the programs is defined in terms of family income no greater than 135% of public housing initial occupancy income limits in the area.

4 12 U.S.C. § 1701s *et seq.* The Secretary may pay rent supplements up to an amount by which the fair market rental of a unit exceeds 25% of the income of a qualifying low-income family.

U.S. Housing Act of 1937.[5] There are seven criteria for both single and multifamily applications covering the following considerations: "Need for Low Income Housing," "Minority Housing Opportunities," "Improved Location for Low Income Families," "Relationship to Orderly Growth and Development," "Relationship of Proposed Project to Physical Environment," "Ability to Perform," and "Project Potential for Creating Minority Employment and Business Opportunities." The eighth criterion, "Provision for Sound Housing Management," applies solely to multifamily proposals. Each proposal is rated "superior," "adequate" or "poor" by the standards set forth in each criterion. HUD gives priority to funding of projects with the highest ratings. A "poor" rating on any criterion disqualifies a project.

One would have expected HUD's implementation of these criteria in February, 1972, to come as no shock to housing experts and civil rights activists. The Department had put the first version of them out for comment on June 17, 1971.[6] The volume and detail of comments received led to changes significant enough to persuade the Department to publish them once again for comment on October 2, 1971.[7] They were published in their final form on January 7, 1972, a month before they became effective.

Despite this extraordinary solicitude for public opinion—really an unprecedented provision for citizen participation in the rule-making process by a federal agency—some people who should (and probably do) know better reacted as if HUD's management had produced the criteria like a rabbit from a hat. They appeared to view this as an act of nefarious prestidigitation, the outward manifestation of a clandestine plot to cripple HUD's housing programs with complications or to end them altogether in the inner city. Other critics spoke of the criteria as if they were as evanescent as a cloud, a bureaucrat's dream without legal justification, much less imperatives:[8]

> On the assumption that the goal of housing policy should be racial integration, and given the theory of permanent income difference between the races, the conclusion drawn by the federal government was irresistible—government policy must seek to obliterate the significance of income to housing location. On this syllogistic base, mandating an attack on the class structure of American cities, the federal government founded the scattersite housing policy embodied in the new HUD guidelines.

That Criterion (2), "Minority Housing Opportunities," has been the lightning rod for most attacks on the criteria is hardly surprising.[9] In this Criterion, HUD has tried to resolve the conflict of residential segregation with housing need in consonance with applicable law and sound public policy. To

5 42 U.S.C. § 1401 *et seq.* Low-rent housing is often called public housing.
6 36 Fed. Reg. 12032-038 (1971).
7 36 Fed. Reg. 19316-320 (1971).
8 Roger Starr, *The Lesson of Forest Hills,* COMMENTARY, June, 1972, at 13.
9 Initial criticism of Criterion (3), "Improved Location for Low(er) Income Families," has largely abated since HUD made clear that proposals in Urban Renewal or Model Cities areas which are required to fulfill the official plan for those areas will receive at least an "adequate" rating on this Criterion. Such proposals will, of course, be separately rated on the other criteria, including Criterion (2).

review the essential elements of this law and policy is the purpose of this article. Criterion (2) reads:

2. *Minority Housing Opportunities*

( ) Superior ( ) Adequate ( ) Poor

Objectives:

To provide minority families with opportunities for housing in a wide range of locations.

To open up nonsegregated housing opportunities that will contribute to decreasing the effects of past housing discrimination.

(A) A *superior* rating shall be given if the proposed project will be located:

(1) So that, within the housing market area, it will provide opportunities for minorities for housing outside existing areas of minority concentration and outside areas which are already substantially racially mixed; *or*, ...

(2) In an area of minority concentration, but the area is part of an official State or local agency development plan, and sufficient, comparable opportunities exist for housing for minority families, in the income range to be served by the proposed project, outside areas of minority concentration. . . .

(B) An *adequate* rating shall be given if the proposed project will be located:

(1) Outside an area of minority concentration, but the area is racially mixed, and the proposed project will not cause a significant increase in the proportion of minority to nonminority residents in the area; *or*, ...

(2) In an area of minority concentration and sufficient, comparable opportunities exist for housing for minority families, in the income range to be served by the proposed project, outside areas of minority concentration; *or*, ...

(3) In an area of minority concentration, but is necessary to meet overriding housing needs which cannot otherwise feasibly be met in that housing market area. (An "overriding need" may not serve as the basis for an "adequate" rating if the only reason the need cannot otherwise feasibly be met is that discrimination on the basis of race, color or national origin renders sites outside areas of minority concentration unavailable); *or*, ...

(4) In a housing market area with few or no minority group residents. . . .

All "superior" and "adequate" ratings shall be accompanied by documented findings based upon relevant racial, socioeconomic, and other data and information.

(C) A *poor* rating shall be given if the proposed project does not satisfy any of the above conditions, *e.g.*, will cause a significant increase in

> the proportion of minority residents in an area which is not one of minority concentration, but which is racially mixed. . . .[10]

Like any private loan officer, HUD has to assess the economic feasibility of every project. For many years after the federal government first got into the housing business in the 1930's, that was all the Department and its predecessors did. In fact, prior to 1967, instructions regarding approval of low-rent housing sites did little more than pay vague lip service to racial considerations. In February, 1967, HUD issued site approval rules which did clearly cover the question of racial segregation in the low-rent housing programs.[11] Based on Title VI of the 1964 Civil Rights Act and the Department's regulations under that Act, these rules defined as *prima facie* unacceptable any application which would contribute to additional racial concentration—and thus perpetuate housing segregation—within the jurisdiction of the local housing authority. The authority could overcome the presumption against acceptability only by showing that there were an equivalent number of units of low-rent housing outside areas of minority concentration within its jurisdiction.

After George Romney became Secretary of HUD in 1969, he directed its lawyers and housing administrators to begin work on regulations which would require departmental officials to consider, as part of the processing of an application for subsidy under the sections 235 and 236 private housing programs, a proposal's impact on patterns of residential segregation in the community. Several drafts of such regulations circulated within the Department—and elsewhere in the federal establishment—during 1970, but the fine tuners were still at work on December 30 of that year when the Third Circuit Court of Appeals announced its landmark decision in *Shannon v. United States Dept. of Housing & Urban Dev.*[12] Here is a case which commands detailed attention because of the impact of its legal reasoning and conclusions on not only other federal courts subsequently confronted with similar issues but also upon the drafters of the Project Selection Criteria.

Maurice Shannon was one of several individual and institutional plaintiffs that sued in their own right and as class representatives of others similarly situated to enjoin the Department and its officials from insuring and paying rent supplements on Fairmount Manor, a multifamily project sponsored in their neighborhood in the East Poplar Urban Renewal Area of Philadelphia by a nonprofit corporation. The court in its opinion succinctly stated their complaints:[13]

> The essential substantive complaint is that the location of this type of project on the site chosen will have the effect of increasing the already high concentration of low income black residents in the East Poplar Urban Renewal Area. The essential procedural complaint preserved on appeal is that in reviewing and approving this type of project for the site chosen, HUD had no procedures for consideration of and in fact did not consider

10 37 Fed. Reg. 206 (1972).
11 *HUD Low-Rent Housing Manual,* ¶ 4(g) (1967).
12 436 F.2d 809 (3d Cir. 1970).
13 *Id.* at 811-12.

its effect on racial concentration in that neighborhood or in the City of Philadelphia as a whole.

The urban renewal plan for the East Poplar Urban Renewal Area, as amended five times between 1958 and 1964, provided for redevelopment of the Fairmount Manor area primarily with single-family owner-occupied homes. For a variety of reasons not uncommon in the urban renewal program, progress in carrying out the plan had been minimal when in 1967 and 1968 HUD approved a change from single-family homes to the 221(d)(3)[14] rent supplement[15] project known as Fairmount Manor. Regarding the change as minor, HUD's Philadelphia office required no public hearing or other procedures to determine its social impact prior to approving it. The court held that HUD's action failed to meet the requirements of the 1949 Housing Act[16] and the 1964[17] and 1968[18] Civil Rights Acts.

The court reasoned from two propositions in reaching the result in *Shannon*. The first is that the change in the urban renewal plan was major, not minor. While single-family homeownership "would tend to create a more stable and racially balanced environment," a 221(d)(3) rent supplement project like Fairmount Manor is the "functional equivalent of a low rent public housing project." As such, it would serve the "same socioeconomic group" resident in the many proximate low-rent housing projects and thus inevitably contribute to racial concentration in Philadelphia.

The second proposition supporting the result was the court's reading of congressional intent. In authorizing federal financial assistance for urban renewal in the Housing Act of 1949, Congress expressed its intention to eliminate slums and urban blight by requiring localities receiving funds to develop a "workable program" for this purpose.[19] In the 1964 Civil Rights Act, Congress outlawed discrimination on grounds of race, color or national origin in programs or activities—including urban renewal—receiving federal assistance.[20] In the 1968 Civil Rights Act, Congress mandated the Secretary of Housing and Urban Development to administer the programs under his jurisdiction "affirmatively" to further the declared policy of the United States in favor of fair housing.[21]

The key to the court's reasoning on this point is that these Acts must be "read together" as national housing policy. Together, they "show a progression in the thinking of Congress as to what factors significantly contributed to urban blight and what steps must be taken to reverse the trend or to prevent the recurrence of such blight."[22] Racial concentration is one such factor. Therefore, the court concludes:

14 12 U.S.C. § 1715l.
15 12 U.S.C. § 1701s.
16 42 U.S.C. § 1450 *et seq.*
17 42 U.S.C. § 2000a *et seq.*
18 42 U.S.C. § 3601 *et seq.*
19 42 U.S.C. § 1450 *et seq.*
20 42 U.S.C. § 2000a *et seq.*
21 42 U.S.C. § 3601 *et seq.*
22 436 F.2d at 816.

> Possibly before 1964 the administrators of the federal housing programs could . . . remain blind to the very real effect that racial concentration has had in the development of urban blight. Today such color blindness is impermissible. Increase or maintenance of racial concentration is prima facie likely to lead to urban blight and is thus prima facie at variance with the national policy. Approval of Fairmount Manor under [HUD's abbreviated] procedure produced a decision which failed to consider that policy.[23]

The court then directly hits the target of its reasoning—not Fairmount Manor *per se*, but, rather, HUD's failure to exercise its expertise to determine the socioeconomic desirability of this type of housing proposal before approving it:

> We hold . . . that the Agency must utilize some institutionalized method whereby, in considering site selection or type selection, it has before it the relevant racial and socio-economic information necessary for compliance with its duties under the 1964 and 1968 Civil Rights Acts.[24]

Observing that desegregation is not the only goal of the national housing policy, the court leaves room for HUD to approve proposals which iterate or add to racial concentration in "instances where a pressing case may be made for the rebuilding of a racial ghetto."[25] But HUD may not do so without weighing the socioeconomic implications:

> We hold only that the agency's judgment must be an informed one; one which weighs the alternatives and finds that the need for physical rehabilitation or additional minority housing at the site in question clearly outweighs the disadvantage of increasing or perpetuating racial concentration.[26]

The court of appeals remanded *Shannon* to the district court for the entry of an injunction against further federal financial assistance to the project, except payment of rent supplements to tenants, until HUD could determine whether the location would "enhance or impede a workable program for community improvement in conformity with the Civil Rights Acts of 1964 and 1968."[27] Several months later, in the summer of 1971, HUD informed the district court that Fairmount Manor failed this test.[28]

Criterion (2) is based not only on the law of *Shannon*[29] but also on the

23 *Id.* at 820-21. *See* Hicks v. Weaver, 302 F. Supp. 619 (E.D. La. 1969).
24 436 F.2d at 821.
25 *Id.* at 822.
26 *Id.* at 822.
27 *Id.* at 822-23.
28 After the district court had dismissed the plaintiffs' complaint on October 7, 1969, the project was built; it was fully occupied, although HUD had not insured a permanent mortgage, by the time the court of appeals decided the case. At this writing, the question of appropriate relief remains unsettled.
29 It should be noticed that *Shannon* speaks in terms of *racial* concentration, while Criterion (2) regulates *minority* concentration. HUD considered minorities other than racial groups to be subject to housing discrimination. Support for this view can be found in the opinion of the Fifth Circuit Court of Appeals in Cisneros v. Corpus Christi Independent School Dist., 324 F. Supp. 599 and 330 F. Supp. 1377, *aff'd in part, modified in part and remanded*, — F.2d —, *appeal docketed* No. 71-2397 5th Cir., August 2, 1972, holding *inter alia* that segregation of Mexican-Americans is constitutionally impermissible.

policy of the President's statement on equal opportunity in housing, issued June 11, 1971.[30] Many months in preparation and the subject of widespread speculation before its issuance, this statement is a forthright articulation of the Administration's views on the proper federal role in the effort to achieve equal housing opportunity. It is regrettable that its strictures against so-called forced integration ("we will not seek to impose economic integration upon an existing local jurisdiction")[31] have been so widely publicized as to overshadow its passages on the costs of racial separation.

On the question of approval of sites for federally subsidized housing, the statement provides the following policy guidance:

> Based on a careful review of the legislative history of the 1964 and 1968 Civil Rights Acts, and also of the program context within which the law has developed, I interpret the "affirmative action" mandate of the 1968 act to mean that the administrator of a housing program should include, among the various criteria by which applications for assistance are judged, the extent to which a proposed project, or the overall development plan of which it is a part, will in fact open up new, nonsegregated housing opportunities that will contribute to decreasing the effects of past housing discrimination. This does not mean that no federally assisted low- and moderate-income housing may be built within areas of minority concentration. It does not mean that housing officials in Federal agencies should dictate local land use policies. It does mean that in choosing among the various applications for Federal aid, consideration should be given to their impact on patterns of racial concentration.
>
> In furtherance of this policy, not only the Department of Housing and Urban Development but also the other departments and agencies administering housing programs—the Veterans Administration, the Farmers Home Administration and the Department of Defense—will administer their programs in a way which will advance equal housing opportunity for people of all income levels on a metropolitan areawide basis.[32]

The publication of the first version of the Project Selection Criteria followed by three days the President's policy statement. While that version was still pending, another significant event occurred. On September 10, 1971, the U.S. Court of Appeals for the Seventh Circuit announced its decision in *Gautreaux v. Romney*.[33]

This is one of a long—indeed lengthening—series of *Gautreaux* decisions. Dorothy Gautreaux and her co-plaintiffs, all black tenants of or applicants for public housing in the City of Chicago, brought companion cases in the U.S. District Court for the Northern District of Illinois against the Chicago Housing Authority (CHA) and the Secretary of HUD seeking relief from alleged racially discriminatory housing policies of the Authority assisted by HUD. The lower court deferred the case against the Secretary pending a determination of the action against the Authority.

30 7 *Weekly Compilation of Presidential Documents* 892 (1971).
31 *Id.* at 900.
32 *Id.* at 901.
33 448 F.2d 731 (7th Cir. 1971).

The district court did find the Authority's role in the construction of public housing to have been racially discriminatory[34] and enjoined further construction on a segregated basis.[35] These decisions were upheld on appeal.[36] Thereafter, the lower court decided that the Secretary was not liable for assisting the Authority's discriminatory conduct. The Seventh Circuit disagreed.

The court in its opinion acknowledged that HUD's heart was in the right place. The agency had funded Chicago's segregated public housing program only after having made numerous and consistent efforts to persuade the Authority to locate low-rent housing projects in white neighborhoods. "Moreover, given the acknowledged desperate need for public housing in Chicago, HUD's decision was that it was better to fund a segregated housing system than to deny housing altogether to the thousands of needy Negro families of that city."[37]

Thus, HUD had funded urgently needed housing only after failing to persuade the Authority to change its segregationist policies. Not enough, said the court. The fact that HUD continued to fund CHA's housing program knowing it was discriminatory constituted a violation of "either the Due Process Clause of the Fifth Amendment or Section 601 of the Civil Rights Act of 1964."[38] Neither the harshness of HUD's alternative course of action (no housing at all) nor the source of CHA's discriminatory conduct (community resistance to public housing in white areas) excused the violation:

> [I]t is apparent that the "dilemma" with which the Secretary no doubt was faced and with which we are fully sympathetic, nevertheless cannot bear upon the question before us. For example, we have been advised that any further HUD pressure on CHA would have meant cutting off funds and thus stopping the flow of new housing altogether. Taking this assertion as true, still the basis of the "dilemma" boils down to community and local governmental resistance to the only constitutionally permissible state policy . . . a factor which, as discussed above, has not yet been accepted as a viable excuse for a segregated result. So, even though we fully understand the Secretary's position and do not, in any way, wish to limit the exercise of his discretion in housing related matters, still we do not feel free to carve out a wholly new exception to a firmly established general rule which, for at least the last sixteen years, has governed the standards of assessing liability for discrimination on the basis of race.[39]

The court of appeals carefully and clearly repeated that its holding was limited to liability and remanded the case to the district court where the determination of appropriate relief remains a lively issue.[40]

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34 Gautreaux v. Chicago Housing Authority, 296 F. Supp. 907 (N.D. Ill., 1969).

35 Gautreaux v. Chicago Housing Authority, 304 F. Supp. 736 (1969).

36 Gautreaux v. Chicago Housing Authority, 436 F.2d 306 (7th Cir. 1970), *cert. denied*, 402 U.S. 922, 91 S. Ct. 1378, 28 L. Ed. 2d 661 (1971).

37 448 F.2d at 737.

38 *Id.* at 737. Note that the *Shannon* court did not find it necessary to reach constitutional issues raised by plaintiffs in that case.

39 *Id.* at 738-39.

40 The district court entered an order prohibiting HUD from paying Model Cities funds to the City of Chicago until the CHA complied with that court's orders regarding low-rent housing. 332 F. Supp. 366 (1971). The court of appeals held this order to be inappropriate relief for the Secretary's discriminatory conduct. 457 F.2d 124 (1972). Until a final order is entered and upheld on appeal (or accepted), the Government has reserved decision on whether

From *Shannon, Gautreaux,* and the Presidential policy statement, one can distill certain fundamental principles governing HUD's site approval decisions:

1. HUD must have an institutionalized method to weigh socioeconomic factors in considering housing proposals.

2. HUD should include, among the various criteria by which applications for housing assistance are judged, the extent to which a proposed project, or the overall development plan of which it is a part, will in fact open up new, nonsegregated housing opportunities that will contribute to decreasing the effects of past housing discrimination. This means that HUD should consider the impact of proposals on patterns of racial concentration.

3. Involuntary racial concentration leads to urban blight; it is therefore contrary to national housing policy for HUD to reinforce racial concentration in making its housing site decisions.

4. HUD may approve housing proposals in areas of racial concentration when its informed judgment is that the need for physical rehabilitation or additional minority housing at the site in question clearly outweighs the disadvantage of increasing or perpetuating racial concentration.

5. HUD may not knowingly acquiesce in a racially discriminatory housing program or proposal.

6. Community opposition to sites outside areas of minority concentration does not justify HUD's funding of a racially discriminatory housing program or proposal.

HUD believes that the Project Selection Criteria meet the *Shannon* requirement of an institutionalized[41] method for weighing socioeconomic factors in considering subsidized housing proposals. In Criterion (2), the Department has tried to formulate a rule which will as simply as possible conform to the principles relating to racial concentration set forth above.

Under Criterion (2), proposals which will provide housing opportunities for minorities outside areas of minority concentration are entitled to a "superior" rating.[42] In connection with this provision, one must take into account HUD's far-reaching Affirmative Marketing Regulations which became effective on February 25, 1972, and which apply to both unsubsidized and subsidized single

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to appeal the seventh circuit's decision holding the Secretary liable. 448 F.2d 731 (1971). Even if the Government does eventually appeal on the question of liability, the election to do so will undoubtedly relate strongly to the form of relief. The decision will remain in any event a good one for showing the *expectations* courts have of HUD's administration of federal housing programs.

41 For discussion of the meaning of "institutionalized" in this context, see Coffey v. Romney, C-44-G-71 (U.S.D.C., M.D. N.C., filed May 11, 1972).

42 Project Selection Criteria 2(A)(1). Text accompanying note 10 *supra.*

and multifamily housing proposals.[43] Clearly, the availability of low- and moderate-income housing outside an area of minority concentration means nothing to residents of that area who never learn of it. These Regulations mandate various techniques to insure adequate communication to the center city residents.

Proposals within areas of minority concentration rate "superior" if the area is subject to an official state or local development plan and "adequate" if it is not, provided that sufficient comparable opportunities exist for housing for minority families, in the income range to be served by the proposed project, outside areas of minority concentration.[44] The basis for this formulation is apparent, although execution requires care and sound judgment. If in fact minorities do have a choice of housing they can afford outside segregated areas, there is no reason for declining to approve additional housing within such areas. While this will not be of much practical effect as to low-rent or rent supplement housing for some time to come, it does permit construction of 235 and 236 housing in those central cities where, as is frequently the case, a significant amount of such housing is being built in the suburbs.

Proposals within areas of minority concentration can also receive an "adequate" rating if they are necessary to meet housing needs which cannot otherwise feasibly be met in that housing market area.[45] This tracks the *Shannon* dictum. The exception, emphasized in *Gautreaux,* arises when discrimination is the only reason why the need cannot be met outside areas of minority concentration.

The President in his policy statement made the point that to "impact or tip the balance of an established community with a flood of low-income families [does a] disservice to all concerned."[46] This language provided guidance to the drafters of the Project Selection Criteria in dealing with the difficult question of how to handle proposals for subsidized housing in areas which are already substantially racially mixed. It made no sense to ignore the fact that a large subsidized project could well destroy one of those all too rare integrated communities that are functioning well in this country today. The solution was cautious. A proposal can receive an "adequate" rating in a racially mixed area if it will not cause a significant increase in the proportion of minority to nonminority residents in the area.[47] It will not be easy to determine in all cases what constitutes a "significant increase." Indeed, all the provisions of Criterion (2), and the other criteria as well, require a high order of judgment and discretion on the part of program administrators in HUD's local offices, who are charged with the responsibility of making final decisions on housing proposals.

From the moment the criteria became effective, a chorus of Cassandras has repeatedly charged that the new rules would bar approval of subsidized housing in central cities. Secretary Romney addressed himself to this question in his testimony before the House Banking and Currency Committee on February 22, 1972:

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43 37 Fed. Reg. 75 (1972).
44 Project Selection Criteria 2(A)(2), 2(B)(2). Text accompanying note 10, *supra.*
45 Project Selection Criteria 2(B)(3). Text accompanying note 10, *supra.*
46 7 *Weekly Compilation of Presidential Documents* 892, at 901.
47 Project Selection Criteria 2(B)(1). Text accompanying note 10, *supra.*

> Let me put to rest right here and now an unfortunate misunderstanding of the criteria. There are those who say that this project selection system will halt construction of HUD-assisted housing in the inner city.
>
> There are two reasons for this misunderstanding. First, people say that Criterion No. 2 does not permit approval of projects in areas of minority concentration. That this is not correct ought to be clear from the text of Criterion No. 2, which specifically permits approval of projects in areas of minority concentration under certain circumstances; for example, an overriding need which cannot otherwise feasibly be met in that housing market area.
>
> Second, many people who have criticized the criteria have focused their attention solely on Criterion No. 2 and overlooked the fact that inner-city projects will likely rate "superior" on several of the remaining six or seven criteria.
>
> Projects proposed for the inner city will usually rate "superior" on Criterion No. 1, because the need for housing there is generally great. Inner-city areas often are part of land-use or Urban Renewal plans, with housing elements, so that proposals there can receive a "superior" on Criterion No. 4. Projects proposed for inner-city areas will often rate "superior" on Criterion No. 7, because minority businesses and employees may more easily participate in building inner-city projects.
>
> Preliminary reports from our Area Offices confirm that applications for projects to be located in the central city are receiving a sufficient number of "superior" ratings to be funded. At the same time, we will continue to comply with court decisions which do not permit confinement of our assisted housing to areas of minority concentration.[48]

Nevertheless, despite the Secretary's specific assurances and in the face of actual approvals of central-city projects under the criteria, some critics have persisted in this line of attack. Among them have been some of the very Community Legal Services lawyers who worked on or at least abetted the *Shannon* litigation.[49]

Some seem to believe the Department should approve all central-city, low-income proposals, regardless of racial concentration, because the people there need housing which the suburbs will not accept. This HUD clearly may not do, as we have seen. Conversely, Congress has given HUD no authority to force any community to accept low-income housing. This has led to an unfortunate stalemate in housing development in some metropolitan areas. *Item*: the Chicago Housing Authority has built no new public housing since the first *Gautreaux* decision in 1969. *Item*: the white community's and the city government's resistance to federally subsidized low- and even moderate-income housing outside areas

48 *Hearings on H. R. 13337 Before the Subcommittee on Housing of the House Banking and Currency Committee,* 92d Cong., 2nd Sess., pt. 1, at 39 (1972).

49 Indeed, there are rumors, as this is written, that there may soon be a suit against HUD for refusal to approve a central-city project under the Project Selection Criteria. This prospect tends to induce a weary, "you-can't-win" frame of mind in HUD's management, but actually it might not be a bad idea to test HUD's policy in court from the opposite viewpoint of the *Shannon* plaintiffs.

of minority concentration in Philadelphia is fast closing down federally subsidized housing programs in that city.

There is no question in the minds of many knowledgeable students of this sad dilemma that one solution lies in housing plans which would provide a "fair share" distribution of low- and moderate-income housing among the communities making up a metropolitan area. Secretary Romney has frequently spoken favorably of this approach. Congressman Patman and some of his colleagues proposed legislation in the 1971-72 session which would have required allocation of federal housing funds on this basis.[50] The Housing Subcommittee of the House Banking and Currency Committee rejected this proposal by a narrow margin. It is bound to appear again in the next Congress.

Meanwhile, HUD must work with the tools at hand, including the Project Selection Criteria. Three recent court decisions have buttressed confidence in the criteria, and specifically Criterion (2). In *Banks v. Perk,*[51] a case which bears a strong resemblance to *Gautreaux,* the U.S. District Court for the Northern District of Ohio held *inter alia* that "the failure of the housing authority to include any racial criteria in determining site selection constitutes a violation of the Fourteenth Amendment"[52] and ordered the authority not to approve any additional sites in areas of racial concentration in the City of Cleveland.

In *Croskey Street Concerned Citizens v. Romney,*[53] the Third Circuit Court of Appeals upheld the refusal of the district court to enjoin construction of a low-income housing project for the elderly in an area of racial concentration in Philadelphia. The court's language shows that *Croskey* is not intended to give HUD *carte blanche* to approve central-city sites:

> Admittedly low rent housing for the elderly is badly needed in the areas involved and in Philadelphia generally. The theory advanced in the contention offered against this new construction is that it will increase the already heavy black population of the Croskey Street neighborhood. Actually in the H.U.D. plan the first four buildings comprise a total of 313 units which will be occupied largely by low income elderly persons and located in an area predominated by blacks. The fifth structure "Washington Square West" will have 360 units in what is predominately a white or racially mixed area. The approval by H.U.D. of all this related housing is based upon what H.U.D. contends is a carefully balanced program fair to all of the Philadelphia citizens concerned, with H.U.D. recognizing the importance of the whole project to those people. H.U.D. argues and represents that it has been and is a fundamental H.U.D. policy to make sure that this practice is fully performed by the Philadelphia Housing Authority and that through meticulous checking and rechecking, H.U.D. is satisfied that Philadelphia will live up to its commitment in this instance. Were it otherwise H.U.D.'s policy would be to cut off all further funds until an acceptable balancing project is built.
>
> It should be noted here that H.U.D. says plainly that it accepts and is in

50 H.R. 9688, 92d Cong. (*Housing and Urban Development Act of 1971, Title V*).
51 Civil No. C-72-115 (U.S.D.C., N.D. Ohio, May 2, 1972).
52 *Id.* at 14.
53 459 F.2d 109 (3d Cir. 1972).

> full accord as far as it is relevant with the decision of this court in Shannon v. H.U.D., 436 F. 2d 809 (1970). H.U.D. submits that its judgment in this litigation shows itself to be an informed one and that it thoroughly understands the area needs of low cost housing for the elderly. It realizes that the prime necessity for that might ordinarily outweigh the disadvantage of increasing racial concentration. But even so, it has lived up to its own regulations in insisting that the housing before us provides a balanced racial distribution.[54]

Clearly, the court felt that HUD's insistence on a "carefully balanced program fair to all of the Philadelphia citizens concerned" provided the basis for approval of the project at issue in *Croskey*. This is the very kind of program the criteria are designed to achieve.

Coffey v. Romney[55] involved a 236 project in Greensboro, North Carolina. Plaintiffs, residents in the neighborhood of the proposed project, sought to enjoin its approval by HUD primarily on the ground that HUD "did not use 'adequate institutionalized means' for finding the facts necessary to a determination of whether the [project site] could be selected for federally financed housing in compliance with the Department's duties under the Constitution and Civil Rights Acts of 1964 and 1968."[56] The court decided that HUD had properly weighed socio-economic factors, particularly race, in approving the site. The aspect of this case most worth noting is the unquestioning acceptance by all concerned of the *Shannon* doctrine.

HUD's Project Selection Criteria provide a rational method for allocating federally subsidized housing on a sound legal basis. As we gain experience with these criteria,[57] we should also continue to seek an even fairer way to accommodate the housing needs and civil rights of our citizens.

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54 *Id.* at 110.
55 Civil No. C-44-G-71 (U.S.D.C., M.D. N.C., May 11, 1972).
56 *Id.* at 2.
57 HUD is in fact conducting an extensive study, the results of which the Department will make public, of the effect of the criteria from February 7 to June 30, 1972. In one early report, the Director of HUD's Hartford Area Office announced on June 6, 1972, that the criteria are working well in Connecticut. Individuals and groups outside HUD, *e.g.*, The Center for National Policy Review at the School of Law of the Catholic University of America, are also planning to monitor the operation of the criteria.

Exhibit 30

Comptroller of the Currency
Administrator of National Banks

CD-1 – National Bank Community Development (Part 24) Investments

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OMB Number
1557-0194

A national bank or national bank subsidiary may make an investment directly or indirectly designed primarily to promote the public welfare under the community development investment authority in 12 USC 24(Eleventh) and its implementing regulation 12 CFR 24 (Part 24). Part 24 contains the OCC standards for determining whether an investment is designed to promote the public welfare and procedures that apply to those investments. National banks must submit the completed form to provide an after-the-fact notice or to request prior approval of a public welfare investment to the Community Affairs Department, Office of the Comptroller of the Currency, Washington, DC 20219. Please contact the Community Affairs Department at (202) 649-6420 or CommunityAffairs@occ.treas.gov for more information.

PLEASE PROVIDE THE FOLLOWING INFORMATION ABOUT THE INVESTING BANK.

Bank name:	Mailing address *(street or P.O. box):*
Bank charter number:	City, State, ZIP Code:
Telephone number:	Fax number:
E-mail address:	URL:

CONTACT FOR INFORMATION:

Name of bank contact responsible for form's information:	Name of bank contact responsible for CD investment (if different):
Mailing address *(street or P.O. box):*	Mailing address *(street or P.O. box)*:
City, State, ZIP Code:	City, State, ZIP Code:
Telephone number:	Telephone number:
Fax number:	Fax number:
E-mail address:	E-mail address:

PLEASE INDICATE THE PROCESS THE BANK REQUESTS BY CHECKING THE APPROPRIATE BOX, BELOW.

After-the-fact notice (12 CFR 24.5(a)) - complete sections 1 and 2. ☐

Prior approval (12 CFR 24.5(b)) - complete section 2. ☐

Section 1 – After-The-Fact Notice Only (12 CFR 24.5(a))

A bank may provide an after-the-fact notice of its Part 24 investment if the bank responds affirmatively to all of the following requirements.

The bank is "well-capitalized," as defined in 12 CFR 24.2(i). Yes ☐ No ☐

The bank has a composite rating of 1 or 2 under the Uniform Financial Institutions Rating System. Yes ☐ No ☐

The bank's most recent Community Reinvestment Act rating is satisfactory or outstanding. Yes ☐ No ☐

The bank is not under a cease and desist order, consent order, formal written agreement, or Prompt Corrective Action directive.

Yes ☐ No ☐

Including this investment, the bank's aggregate outstanding investments and commitments under Part 24 do not exceed 5 percent of its capital and surplus, unless the OCC has provided written approval of a written request by the bank allowing the bank to provide after-the-fact notices for investments that would raise the aggregate amount of the bank's Part 24 investments beyond 5 percent of its capital and surplus.

Yes ☐ No ☐

The investment does not involve properties carried on the bank's books as "other real estate owned." Yes ☐ No ☐

The OCC has not determined, in published guidance, that the investment is inappropriate for the after-the-fact notification.

Yes ☐ No ☐

Has the bank responded affirmatively to all of the above requirements in order to provide an after-the-fact notice of its Part 24 investment? [The OCC may have provided written notification that the bank may submit Part 24 after-the-fact notices. If so, please provide the date or a copy of the OCC's written notification.]

Yes ☐ (The bank may make an investment authorized by 12 USC 24(Eleventh) and this part and notify the OCC within 10 working days by submitting a completed after-the-fact notice.)

No ☐ (The bank must seek prior OCC approval of its investment and submit a completed investment proposal before making the investment.)

(To complete the after-the-fact notice process or to request prior OCC approval, please proceed to section 2 of this form.)

Section 2 — All Requests

1. Please indicate how the bank's investment is consistent with Part 24 requirements for public welfare investments, under 12 CFR 24.3.

a. Check at least one of the following that applies to the bank's investment:

The investment primarily benefits low- and moderate-income individuals. ☐

The investment primarily benefits low- and moderate-income areas. ☐

The investment primarily benefits other areas targeted by a governmental entity for redevelopment. ☐

The investment would receive consideration under 12 CFR 25.23 as a "qualified investment" for purposes of the Community Reinvestment Act. ☐

2. Please indicate how the bank's investment is consistent with Part 24 requirements for investment limits under 12 CFR 24.4 by responding to the following questions.

a. Dollar amount of the bank's investment that is the subject of this submission: _____

b. Percentage of the bank's capital and surplus represented by the bank's investment that is the subject of this submission: _____%.

c. Percentage of the bank's capital and surplus represented by the aggregate outstanding Part 24 investments and commitments, including this investment: _____%.

d. Does this investment expose the bank to unlimited liability?

Yes ☐ (This investment cannot be made under Part 24.)

No ☐

3. Please attach a brief description of the bank's investment. (*See* 12 CFR 24.5(a)(3)(i) and (b)(2)(i)). Include the following information in the description.

a. The name of the community and economic development entity (CEDE) into which the bank's investment has been (or will be) made.

b. The type of bank investment (equity, debt, or other).

c. The activity or activities of the CEDE in which the bank has invested (or will invest). (*See* examples of qualifying investment activities described in 12 CFR 24.6 (a), (b), (c), and (d).)

d. How the investment is structured so that it does not expose the bank to unlimited liability, such as by describing the structure of the CEDE (*e.g.*, CDC subsidiary, multi-bank CDC, multi-investor CDC, limited partnership, limited liability company, community development bank, community development financial institution, community development entity, community development venture capital fund, community development lending consortia, community development closed-end mutual funds, non-diversified closed-end investment companies, or any other CEDE) and by providing any other relevant information.

e. The geographic area served by the CEDE.

f. The total funding or other support by community development partners involved in the project (*e.g.*, government or public agencies, nonprofits, other investors), if known.

g. Supplemental information (*e.g.*, prospectus, annual report, Web address that contains information about the CEDE in which the investment is or will be made), if available.

4. Evidence of qualification is readily available for examination purposes.

The bank maintains information concerning this investment in a form readily accessible and available for examination that supports the certifications contained in this form and demonstrates that the investment meets the standards set out in 12 CFR 24.3, including, where applicable, the criteria of 12 CFR 25.23.

Yes ☐ No ☐

5. Certification

The undersigned hereby certifies that the foregoing information in this form is accurate and complete. It is further certified that the undersigned is authorized to file this form on Part 24 investments for the bank.

Name: ______________________________

Title: ______________________________

Signature: ______________________________

Date: ______________________________

<u>THE SPACE BELOW MAY BE USED TO DESCRIBE THE BANK'S CD INVESTMENT AS REQUESTED IN SECTION 2. QUESTION 3.</u>

Exhibit 31

Community Reinvestment Act

The Community Reinvestment Act (CRA) was enacted in 1977 to prevent redlining[1] and to encourage banks and savings associations (collectively, banks) to help meet the credit needs of all segments of their communities, including low- and moderate-income neighborhoods and individuals. The CRA extended and clarified the long-standing expectation that banks will serve the convenience and needs of their local communities.

Today, CRA and its implementing regulations require Federal financial institution regulators to assess the record of each bank in fulfilling its obligation to the community and to consider that record in evaluating and approving applications for charters, bank mergers, acquisitions, and branch openings. The Federal financial institution regulators are: the Office of the Comptroller of the Currency (OCC)[2]; the Board of Governors of the Federal Reserve System; and the Federal Deposit Insurance Corporation (FDIC).

Neither the CRA nor its implementing regulations prescribe ratios or benchmarks regulators must use in the evaluation or application processes.

[1] "Redlining" refers to the practice whereby lending institutions refused to offer home loans in certain neighborhoods, based on the income, racial or ethnic composition of the area. The term "*redlining*" stems from some lenders' practice of using a red pencil to outline such areas.

[2] The OCC supervises national banks and federal savings associations (collectively, banks).

Nor does CRA require banks to make high risk loans that jeopardize their financial stability. To the contrary, the law makes it clear that a bank's CRA activities must be consistent with the safe and sound operations conducted by the bank.

CRA is designed to encourage banks to help rebuild and revitalize communities through sound lending and good business judgment that benefits the banks and the communities they serve.

Further, CRA provides a framework for depository institutions and community organizations to work together to promote the availability of credit and other banking services in low- and moderate-income communities and for low- and moderate-income individuals.

CRA has encouraged banks to open new branches, provide expanded services, and make a variety of community development loans and investments. In addition, CRA has encouraged banks to provide substantial commitments to state and local governments and community development organizations to increase lending to underserved segments of local economies and populations.

Institutions Covered by CRA

CRA applies to FDIC-insured depository institutions, such as national banks, savings associations, and state-chartered commercial and savings banks. CRA does not apply to credit unions insured by the National Credit Union Share Insurance Fund (NCUSIF) or nonbank entities supervised by the Consumer Financial Protection Bureau (CFPB).

OCC's CRA Responsibilities

The OCC evaluates a bank's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations. The statute and the OCC's CRA regulations (for national banks, 12 CFR 25, and for federal savings associations, 12 CFR 195) also mandate that the OCC consider this record when evaluating a bank's application for: new charters; new branches or relocation of an existing branch; bank mergers and consolidations; and other similar corporate activities.

The CRA regulations provide regulators with different evaluation methods that consider basic differences in the size and operations of banks and other institutions. The regulations provide:

- Small banks[3] that are not intermediate small banks are assessed under a streamlined method that focuses generally on their lending performance.
- Intermediate small banks[4] (ISBs) are assessed under the small bank lending test and a community development test that evaluates community development lending, qualified investments, and the community development services they provide to their communities.
- Large retail banks[5] are evaluated under three tests. All lending activity, including community development loans, is evaluated under the lending test. Qualified investments are evaluated under the investment test. Retail and community development services are evaluated under the service test.
- Wholesale and limited-purpose institutions are assessed solely on their community development activities.

CRA regulations also allow any institution, regardless of size or business strategy, the option to be evaluated under a strategic plan. This option provides some flexibility for institutions to create a performance plan, with community input, tailored to their respective business approaches.

The OCC evaluates a bank's activities under CRA based on information about both:

1. The institution – its capacity, constraints, business strategies, competitors, and peers; and
2. The community served – its demographic and economic data, and lending, investment, and service opportunities.

The OCC assigns one of four CRA ratings to a bank:

- Outstanding
- Satisfactory
- Needs to Improve, or
- Substantial Noncompliance.

The OCC prepares a written performance evaluation of the bank's CRA activities, including the CRA rating, at the end of each CRA evaluation. The written evaluation is available to the public. The CRA performance evaluation generally includes a description of the institution and its assessment area(s), its CRA rating, and the facts, data, and analyses supporting the rating. Public performance evaluations can be obtained from banks and are also available on the OCC's Web site.

In general, the OCC conducts a CRA evaluation of a bank every three years. However, section

[3] For purposes of CRA, a "small bank" currently refers to a financial institution with assets of less than $1.202 billion. Asset thresholds are adjusted annually based on the Consumer Price Index.

[4] For purposes of CRA, an "intermediate small bank", a subset of "small bank," currently refers to a financial institution with assets of at least $300 million, but less than $1.202 billion. Asset thresholds are adjusted annually based on the Consumer Price Index.

[5] For purposes of CRA, a "large bank" currently refers to a financial institution with assets of $1.202 billion or more. Asset thresholds are adjusted annually based on the Consumer Price Index.

712 of the Gramm-Leach-Bliley Act[6] mandated that small banks may be evaluated less frequently. A bank with current assets of $250 million or less that received an overall CRA rating of outstanding or satisfactory at its last CRA evaluation may be evaluated not more than once every 60 months or 48 months, respectively. The OCC may conduct a CRA evaluation sooner for reasonable cause or when reviewing the bank's application for a depository facility such as through bank mergers, acquisitions, and branch openings.

The OCC publishes an advance notice of scheduled CRA evaluations to inform and allow community and civic organizations, government, and other members of the public to express their views about the CRA performance of banks. The OCC gives banks the opportunity to address any community concerns and takes the public's concerns into account when evaluating the CRA records of banks and reaching conclusions about their performance ratings.

The OCC considers all public comments received before the close of a CRA evaluation. Comments may be submitted to individual banks or with the appropriate OCC supervisory offices. In addition, the OCC considers public comments when reviewing corporate applications covered by the CRA.

CRA Public Information

Under CRA regulations, a depository institution is required to maintain a public file containing specific information, including all written, public comments received for the current year and for the previous two calendar years specifically relating to the bank's performance in helping to meet community credit needs. The file must also contain any bank responses made to the public comments[7]. Depository institutions must also place an appropriate notice in the lobby of their main office and in each of their branches that states where the CRA public file is located. The institution must provide copies of public-file information upon request, but may charge a reasonable fee not exceeding the cost of copying and mailing.

The OCC maintains a list of banks that are to be examined for CRA compliance. The OCC also provides a search option for the public to seek CRA ratings and performance evaluations for particular banks. This information is located on our website.

Where to Get Additional Information

General information about the CRA
Publicly available data

CRA regulation applicable to national banks (12 CFR 25)

CRA regulation applicable to Federal savings associations (12 CFR 195)

OCC public performance evaluations

Copy of disclosure reports

Copy of aggregate reports

CRA ratings

OCC supervisory offices

[6] Pub. L 106-102, 113 Stat. 1338, codified at 12 U.S.C. 2908.
[7] The institution is not required to include comments or responses to the public comment letters if they contain statements that reflect adversely on the good name or reputation of any persons other than the bank or if their publication would violate specific provisions of law.

Exhibit 32

Census tracts in City of Dallas with LIHTC projects and few home loans

2010 Tract	2015 Perc White not Hispanic	Program Type	Year	Development Name	Project City	Total Units	Population Served	Summary FHA Conv Refi Home Imp Number of loans in 2015
27.01	0%	9% HTC	2004	Frazier Fellowship	Dallas	76	General	5
		9% HTC	2007	Frazier Fellowship	Dallas	0	General	
		4% HTC	2006	Mill City Parc Apartments	Dallas	116	General	
		9% HTC	2005	Wahoo Frazier Townhomes	Dallas	118	General	
		9% HTC	2008	Wahoo Frazier Townhomes	Dallas	0	General	
39.01	2%	4% HTC	2003	Southern Terrace Apartments	Dallas	264	General	1
49	2%	9% HTC	2001	Ewing Villas	Dallas	80	General	10
		9% HTC	2008	Sphinx at Fiji Senior	Dallas	130	Elderly	
57	2%	9% HTC	2014	Serenity Place Apartments	Dallas	45	Supportive	9
72.01	24%	9% HTC	1991	Lakeridge Apartments	Dallas	66	General	3
		9% HTC	1993	Primavera Apartments	Dallas	137	General	
		9% HTC	1992	Starlight Apartments	Dallas	71	General	
86.04	2%	4% HTC	2002	Southern Oaks Apartments	Dallas	256	General	3
87.01	1%	9% HTC	1999	Oakwood Place Apartments	Dallas	206	General	5
		9% HTC	1996	The Villas Of Sorrento	Dallas	245	General	
87.04	2%	4% HTC	2001	Rosemont of Oak Hollow	Dallas	153	General	7
88.02	2%	4%HTC	2016	Peoples El Shaddai Village	Dallas	100	General	11
		4%HTC	2016	Saint James Manor	Dallas	100	General	
93.04	2%	4% HTC	2004	Grove Village	Dallas	232	General	16
		9% HTC	1996	Las Lomas Apartments	Dallas	230	General	
		4% HTC	2004	Pleasant Village	Dallas	200	General	
		4% HTC	2001	Rosemont at Pemberton Hill	Dallas	236	General	

Census tracts in City of Dallas with LIHTC projects and few home loans

2010 Tract	2015 Perc White not Hispanic	Program Type	Year	Development Name	Project City	Total Units	Population Served	Summary FHA Conv Refi Home Imp Number of loans in 2015
98.04	26%	9% HTC	1992	Cornerstone Chase Apartments	Dallas	165	General	2
		9% HTC	1990	Manor On The Park	Dallas	108	General	
		9% HTC	1993	The Trails Apartments	Dallas	302	General	
99	28%	9% HTC	2007	Evergreen at Farmers Branch	Farmers Branch	90	Elderly	0
101.01	9%	9% HTC	2003	Arbor Woods	Dallas	151	General	12
107.01	9%	4% HTC	2004	Churchill at Pinnacle Park	Dallas	200	General	4
		9% HTC	2010	Hillside West Seniors	Dallas	130		
		9% HTC	2009	Taylor Farms	Dallas	160		
108.04	4%	9% HTC	1993	Oakridge Apartments	Dallas	46	General	12
		4% HTC	2002	Potter's House at Primrose	Dallas	280	General	
		4% HTC	2000	The Oaks at Hampton	Dallas	250	Elderly	
114.01	3%	4% HTC	2004	Homes of Pecan Grove	Dallas	250	General	10
		9% HTC	1998	Homes of Persimmon	Dallas	180	General	
		4%HTC	2013	Pecan Grove Townhomes	Dallas	0	General	
115	1%	4%HTC	2011	Buckeye Trail Commons	Dallas	207	General	8
		4%HTC	2011	Buckeye Trail Commons II	Dallas	116	General	
		9% HTC	1992	Southdale Apartments	Dallas	188	General	
116.01	3%	4% HTC	2002	Sphinx @ Murdeaux	Dallas	240	General	11
		9% HTC	1996	Courtyards @ Kirnwood	Desoto	198	Elderly	
		4% HTC	1998	Greens of Hickory Trail Apartments	Dallas	250	General	
		4% HTC	2004	Hickory Manor Apartments	DeSoto	188	Elderly	

Census tracts in City of Dallas with LIHTC projects and few home loans

2010 Tract	2015 Perc White not Hispanic	Program Type	Year	Development Name	Project City	Total Units	Population Served	Summary FHA Conv Refi Home Imp Number of loans in 2015
166.05	10%	4% HTC	2002	Hickory Trace	Dallas	180	General	9
		4% HTC	2000	Parks at Rolling Hills	Desoto	250	Elderly	
		4% HTC	2002	Rose Court at Thorntree	Dallas	280	General	
		9% HTC	2001	Rosemont at Timbercreek	Dallas	100	General	
		4% HTC	2003	West Virginia Apartments	Dallas	202	General	
166.07	4%	9% HTC	1991	Cedar Ridge Apartments	Dallas	192	General	0
192.13	23%	9% HTC	1993	Amber Dawn Apartments (fka Amber Tree)	Dallas	157	General	2
		9% HTC	1997	The Tuscany at Goldmark	Dallas	184	Elderly	
		9% HTC	1995	The Waterford At Goldmark	Dallas	220	General	
203	9%	9% HTC	1995	Eban Village I Apartments	Dallas	110	General	14
		9% HTC	1999	Eban Village II Apartments	Dallas	220	General	
205	7%	4% HTC	2000	Lakewest Community Townhomes	Dallas	152	General	10
		4% HTC	2008	Village at Lakewest Apartments I	Dallas	180	Elderly	
		4% HTC	2008	Village at Lakewest Apartments II	Dallas	180	Elderly	

Exhibit 33

INVESTIGATES

‘You’re only crippling us’: Banks own many of Dallas' low-income, high-crime apartments — and they're rewarded for it

Banks are required to lend to low-income borrowers. But, instead of loans, regulators incentivize banks to invest in housing built in areas of crime and blight.

Banking Below 30: Banks own many of Dallas' low-income,…

Author: **David Schechter, Jason Trahan, Chance Horner**
Published: **5:00 PM CST February 28, 2021**
Updated: **9:55 AM CST March 1, 2021**

DALLAS — Many banks choose not to make home loans to residents in low-income areas, government statistics show, even though federal law prevents discrimination in lending. But that doesn't mean bank money isn't flowing into these same neighborhoods. It is – but in the form of low-income apartment complexes built in areas of slum and blight.

A WFAA investigation found that banks own, or have owned, at least 50 low-income housing developments in Dallas. They buy into these projects in order to get billions of dollars in government tax credits on them and to prove to bank regulators that they are reinvesting in low-income communities.

Our investigation also found that regulators are failing to enforce laws that require these apartment complexes to provide a safe, affordable place for families to live, rather than merely be a tax boon for their owners.

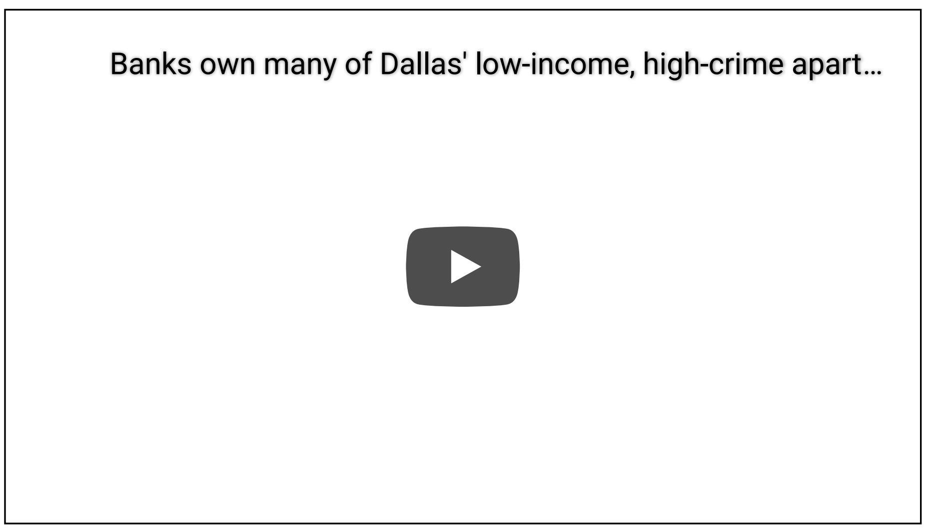
A need for housing

Like most American cities, Dallas has a shortage of housing that lower-income families can afford.

When affordable housing does get built, it's generally apartment complexes. And too often, developers construct them in high-crime, high-poverty neighborhoods located below Interstate 30.

Last year, we showed you how I-30 divides Dallas' wealthier and whiter neighborhoods to the north from the largely Black and Hispanic residents to the south, and how many banks continue to "redline," or purposely underserve, southern Dallas.

So, who's the money behind all these low-income apartment complexes?



Sterlingshire

Let's look at one – Sterlingshire, formerly called the Bruton Road Apartments. It's at Bruton Road and North St. Augustine Drive in the heart of Dallas' Pleasant Grove neighborhood.

From the outside, they're nice. Residents we talked to said they're also nice on the inside.

But crime is high, according to residents. The complex is inside one of the Dallas Police Department's "Targeted Area Action Grids." These TAAG areas, as they're known, get extra police attention because of high crime, and are scattered mostly in southern Dallas.

RELATED: City of Dallas ends 2020 with highest number of murders in more than 15 years

Sterlingshire "should never have been [built] there to begin with," said Terrance Perkins, a community activist and pastor of the nearby Abundance Grace Church.

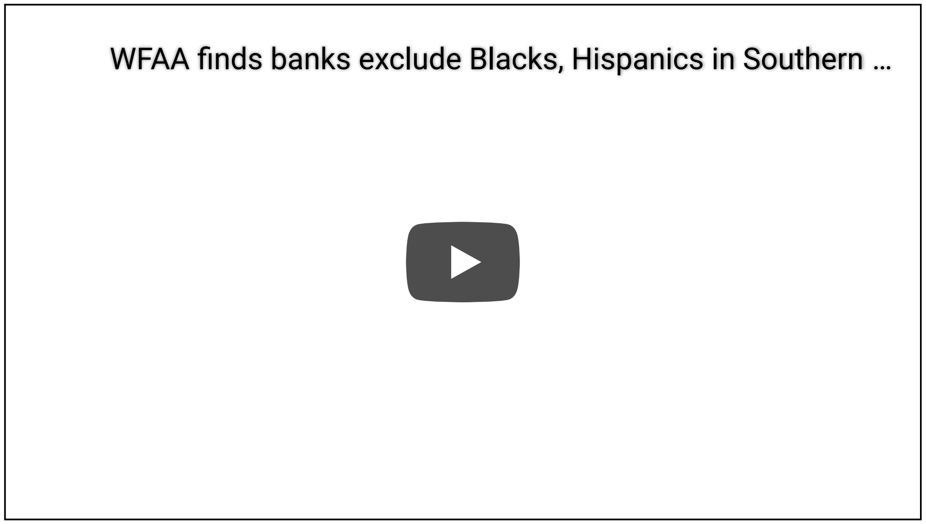
Credit: WFAA

Terrance Perkins

“We need affordable housing,” he said. “But apartment complexes [are] something we need less of, especially here in Southeast Dallas. When you take a population of people and put them in one place, and no resources, you lead them to a dead end.”

So, who owns Sterlingshire? WFAA research of court filings, state housing records and public corporate documents shows that Bank of America owns 99.9% of the corporate entity that owns the complex.

And it’s not alone.



Too much crime, too many apartments

We've identified 50 affordable-housing apartment complexes in Dallas that are owned, or have been owned, by big national banks. In addition to Bank of America, these include American Express, Chase, Truist and Wells Fargo

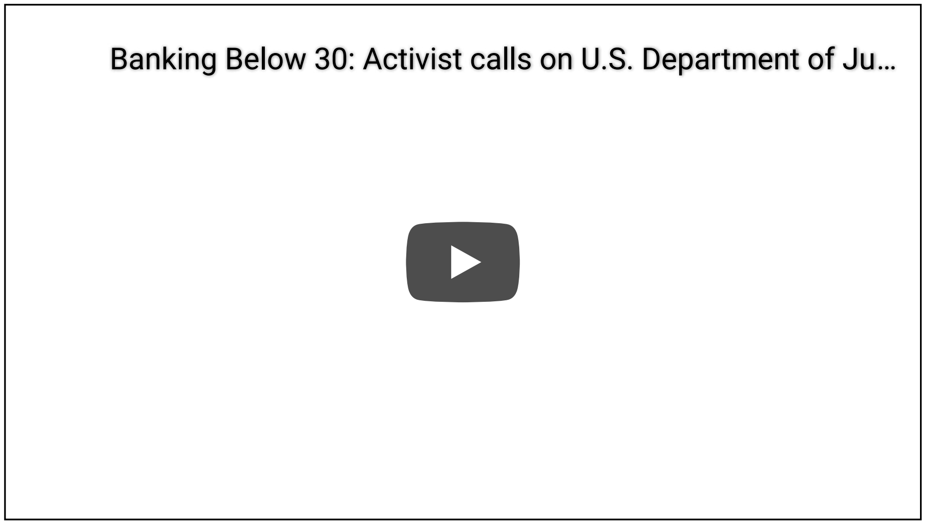
We reached out to all of them. Those that responded said they are proud to invest in housing that serves low-income and minority families. But none wanted to be interviewed about it.

A roof over your head is, indeed, a good thing, housing advocates say. But if you look closer, frequently, these buildings are clustered together in the poorest parts of the city. They are in deserts with few jobs, under-performing schools, lacking retail, fresh groceries, or reliable transportation.

FROM 2019: New center brings fresh food options to southern Dallas community

Half of the bank-financed apartments we're talking about are located inside DPD's TAAG areas, or crime hotspots.

State law says a neighborhood shouldn't have more than 20% of its housing – apartment units or single-family homes – be government-subsidized rental properties. In other words, no clusters of low-income housing.



But we found several groupings of low-income housing complexes. One is near Southwest Center Mall, formerly known as Red Bird Mall, where we found banks own or have owned three apartment buildings. The concentration of subsidized housing there is 63%.

Farther east near C.F. Hawn Freeway and Great Trinity Forest Way is another high-crime, high-poverty, low-opportunity neighborhood. There you will find three apartment complexes, including Rosemont at Pemberton Hill, which was formerly owned by Chase Bank. The concentration of subsidized housing there is 43%.

In a statement, Chase Bank said: “We believe affordable housing is a critical need in our communities.”

“Where you live really matters,” said Ann Lott, a fair housing advocate at the Inclusive Communities Project in Dallas.

Credit: WFAA

Ann Lott

Her nonprofit has sued suburban communities over their refusal to allow affordable housing. Those refusals are one reason housing is continually built in the same inner-city neighborhoods. “We have to stop a system that consistently puts poor people in areas where they cannot thrive," she said.

RELATED: **Lawmaker: Financial Services Committee to take up banking discrimination after WFAA 'Banking Below 30' story**

“The people that live in the community need access to credit," she said. "They need access to loans so they can buy their homes. Banks are contributing to the slum and blight of the communities and one could argue that they have become the new slumlord.”

Bank report cards

So, why do national banks invest hundreds of millions of dollars in apartments in high-crime, high-poverty neighborhoods? That’s a two-part answer.

The first part has to do with bank exams.

First, a little history.

For decades, through a practice called redlining, banks denied loans to the Black and Hispanic communities.

To address the problem, Congress passed The Community Reinvestment Act in 1977, also known as the CRA. Every few years, the government grades banks on how well they follow the CRA; in other words, how good a job they are doing loaning money directly to lower-income businesses and homebuyers.

RELATED: **Congressional hearings planned over failure by banks and regulators to provide access to loans in minority communities of Dallas**

By the ’80s and ’90s, though, regulators changed the rules so banks don’t just get credit for making loans directly to individuals. They also give them what you might call "extra credit" for investments in affordable housing.

Today, the CRA "motivates the vast majority of these investments," according to the Affordable Housing Tax Credit Coalition trade group.

Consider the CRA exam for Bank of America for its operations in North Texas. It says "...the bank has an excellent level of community development investments" totaling $813.9 million around Dallas-Fort Worth. That includes a $15.5 million dollar investment in Sterlingshire.

Corporate records show Bank of America is a 99.9% "silent partner" in Sterlingshire. That means the bank is a majority corporate owner but doesn't make decisions about where an apartment complex is built, and it doesn't run day-to-day operations.

In addition to Sterlingshire, Bank of America is also the 99.9% corporate owner of a low-income apartment complex across the street, and another two miles to the north.

In all, we found Bank of America has current or past investments in 13 low-income complexes in Dallas. All generate positive CRA scores for the bank.

Using public records, we estimate Bank of America has invested $50 million in the area around Sterlingshire alone.

But how much money is the bank lending to homebuyers in this same neighborhood? The government tracks that, and analysis provided by the advocacy group the National Community Reinvestment Coalition, or NCRC, shows Bank of America made two mortgage loans in that area in 2019.

We reached out to Bank of America about our findings.

"There is a tremendous need for affordable housing nationwide," said Bill Halldin, Bank of America spokesperson, in a written statement.

"Bank of America is committed to supporting our clients and communities by providing upfront financing that is a critical component for organizations to be able to expand housing opportunities," Halldin said.

Bank of America is not alone in its lending patterns.

Further analysis of government lending data by the NCRC shows that banks make a lot of loans north of I-30. To the south, banks make very few loans – but have invested hundreds of millions of dollars in affordable housing apartment complexes, helping them get passing grades on their CRA exams.

What does all this say about the effectiveness of the CRA?

“To allow tax credit housing to substitute for real loans, home loans -- it’s perverted the entire meaning of the Community Reinvestment Act," said Laura Beshara, a Dallas civil rights lawyer. She along with law partner Michael Daniel have filed a number of lawsuits over affordable housing policy, including for the Inclusive Communities Project, whose case went all the way to the Supreme Court.

Credit: WFAA

Laura Beshara

"It’s furthered the racial concentration of the area, its furthered the poverty concentration," she said. "It’s added more residents to an area of high crime that didn’t need to be there. And, at the same time, they’re not making any loans to the people that live there.”

Tax credits

Aside from favorable CRA bank exam ratings, another reason banks buy into low-income apartment complexes is tax credits.

The government says, "Hey, Bank, if you buy in with $15 million to cover the cost of building XYZ apartments, the United States promises to pay you back." The bank then claims the tax credit over a 10-year period until it gets all its money back.

We're not talking about hundreds or thousands of dollars of these low-income housing tax credits. Each year, the United States gives about $8 billion in tax breaks to the corporate owners of these apartment complexes. And almost all of those tax breaks go to banks.

For the banks, “it’s a no-fail system,” Beshara said. With government support, she said these apartment investments generate a steady return for banks with almost no risk.

“It’s very safe from an investment point of view, and a sure thing,” she said,

But there are rules. To get that tax credit the government says a project has to be part of a “concerted community revitalization plan.” What does that mean?

It means to be eligible for a tax credit, apartments have to be located in parts of town where there is a focused plan to improve struggling neighborhoods. Typically, that means they have to be accompanied by things like health clinics, community centers, infrastructure, educational and economic opportunities.

Dallas has designated revitalization plans in five neighborhoods. All of them are south of I-30 and one is in West Dallas. Banks have financed a total of six affordable housing projects inside those zones. All of them get tax breaks.

But we found 44 apartment complexes in Dallas that were all built *outside* revitalization areas. And they got tax breaks, too.

“I don’t think they should be eligible for the tax credit,” Beshara said.

So, who’s letting this happen? First off, it is developers who conceive of the projects, pick the location, and get all the state and local approvals. Developers get fees from the projects and other revenue. Banks then buy into the projects as “limited partners,” and usually become 99.9% corporate owners.

By law, banks typically cannot own property, so they have to get special permission from the government to do so. That permission is granted by the Office of the Comptroller of the Currency, or OCC. They regulate banks, among other things, and give them permission to own a controlling interest in these apartment complexes. They also grade big national banks on how well they comply with the CRA.

We asked the OCC about its own rules that allow banks to buy into these low-income housing tax credit projects, or LIHTCs, only if they are “designed primarily to promote public welfare," and whether what we found is of concern to them.

"The OCC’s CRA rule does not require a (low-income housing tax credit) project to be in a revitalization area to receive CRA credit," said Bryan Hubbard, an OCC spokesman. "The OCC doesn’t regulate all individuals nor entities that may invest in LIHTC projects, and isn’t involved in selecting which projects receive LIHTCs."

Banks we contacted bristled at being called “owner” of these apartment complexes. They point out that they do not select the sites where they’re built, and do not run any of the day-to-day operations. All of which is true.

But federal law says they have to be an owner in order to use the tax credits to lower their tax bill.

“Under federal income tax law, (low-income housing tax credits) may be claimed only by property owners who have the benefits and burdens of ownership,” according to a 2014 OCC information sheet outlining how the program works. “This includes all partnerships (LPs, LLCs, and other equity investors) in the properties. For example, if a bank holds a 99.99 percent interest in a partnership, it receives 99.99 percent of the tax credits and real estate losses, which include, but are not limited to, depreciation and interest expenses.”

The tax credits themselves are granted by the Internal Revenue Service. But government investigations have found that the IRS does a poor job of overseeing the program.

In 2015, the U.S. General Accounting Office found "IRS oversight… has been minimal" and records "were not sufficiently reliable to determine if basic requirements for the LIHTC program were being achieved."

"They don't care where these projects go – at all," Beshara said. "And they don't care who it affects."

We asked the IRS why it gives banks tax breaks on apartments that are outside revitalization areas. "Since your story involves a specific group of taxpayers in a certain area, the IRS will decline any comment due to disclosure laws and regulations," a spokesperson replied in an email.

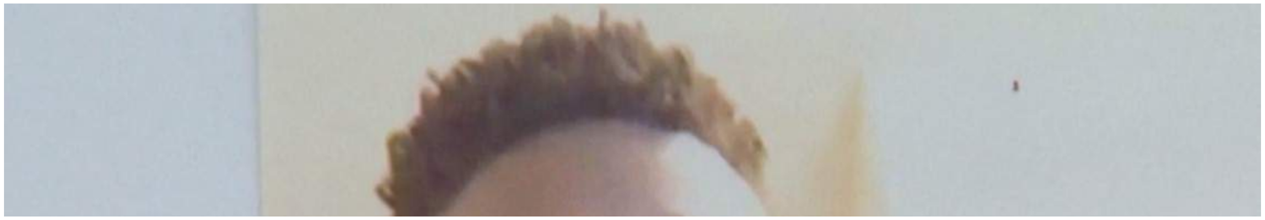
"The program has operated for over 30 years without any requirements of where the housing should be located," Beshara said. "As a result, the housing has become concentrated in high minority areas of high poverty. Many of them with very distressed neighborhood conditions with high crime."

Sterlingshire revisited

In 2015, before Sterlingshire was built, Beshara and her law partner sent a warning letter to regulators. They said Sterlingshire's paperwork "failed to disclose" that there was "significant criminal activity" in the area and that the project should not be eligible for tax breaks.

"This false representation can be the subject of a suit by any future tenants of the project for the consequences, including harm from the high crime in the area," they wrote.

That harm came in 2019. In June, 13-year-old Malik Tyler, a resident of Sterlingshire, was walking near his home when he was shot and killed in a drive-by shooting.



Credit: WFAA

Malik Tyler

The company that manages Sterlingshire declined to talk to us for this story.

Not far from where Malik was killed, across the street from Sterlingshire, neighbors later noticed activity on a large, vacant lot. When Terrance Perkins inquired, he learned what developers had planned for the site – another low-income housing complex.

He gathered neighbors for a fight. They won that battle – at least for now. But another neighborhood might not be so lucky.

"What the builders end up doing, or the investors, they'll come to a community that's not going to fight it and put the apartment complex there," Perkins said. "And then [they'll] say, 'Hey look, we've done something great.' But in reality, you're only crippling us."

Got a story tip? Email dschechter@wfaa.com.