

Congress of the United States
House of Representatives
Washington, DC 20515-3215

September 10, 2026

The Honorable Michelle W. Bowman
Vice Chair for Supervision
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

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

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

Re: Risk-Weighted Capital Treatment of Low-Income Housing Tax Credit Investments

Dear Vice Chair Bowman, Chairman Hill, and Comptroller Gould:

I am writing to respectfully request that the federal banking regulators reduce the risk weight for Low-Income Housing Tax Credit (LIHTC) equity investments, as well as associated loans, from 100% to 20%.

LIHTC is the nation's leading tool for financing the production and preservation of affordable housing. Since 1987, it has financed more than four million affordable homes. With less capital friction, LIHTC could finance millions more.

The United States faces its deepest housing affordability crisis since the Great Depression. Excessive capital requirements artificially constrain the amount of financing available for affordable housing at a time when the nation can least afford self-inflicted scarcity. Basel III presents banking regulators with an opportunity to reexamine the risk weighting that unnecessarily inhibits investment in LIHTC.

The 100% risk weight historically assigned to LIHTC is disproportionate to its actual historical risk. Although structured as equity, LIHTC investments exhibit a risk profile far more stable than

traditional real estate equity. LIHTC has demonstrated near-zero rates of both recapture and foreclosure. From 2008 to 2021, the annual LIHTC recapture rate averaged just 0.08%. From 2000 to 2024, the cumulative LIHTC foreclosure rate by net equity was just 0.19%. There is nothing in the historical risk profile of LIHTC that justifies anything approaching a 100% risk weight.¹

The impact of capital requirements on affordable housing finance cannot be overstated. Banks account for approximately 80% of LIHTC equity investment. Lowering the risk weight for LIHTC to 20% would substantially reduce the capital burden on bank balance sheets, expand investment capacity, and unlock substantial new financing for affordable housing.²

I am not asking banking regulators to treat LIHTC preferentially. Quite the contrary. I am asking for fairness: a risk weight that reflects reality as borne out by history. The verdict of history could not be clearer: LIHTC has an unassailable safety record. The Basel III framework should rate it accordingly.

Sincerely,

A handwritten signature in black ink, appearing to read "Ritchie Torres", followed by a long, sweeping horizontal line.

Ritchie Torres
Member of Congress

¹ [Letter from Affordable Hous. Tax Credit Coal. et al. to Bd. of Governors of the Fed. Rsrv. Sys., Fed. Deposit Ins. Corp. & Off. of the Comptroller of the Currency 3–4 \(June 18, 2026\).](#)

² [Id. at 2.](#)