

**Morgan Stanley Private Bank,  
National Association  
CRA Strategic Plan IV  
January 2024 – December 2028**

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Public Version for the Office of the  
Comptroller of the Currency

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## I. Executive Summary

Morgan Stanley Private Bank, National Association (“MSPBNA” or the “Bank”) is pleased to submit its Community Reinvestment Act (“CRA”) Strategic Plan IV (or the “Plan”) to the Office of the Comptroller of the Currency (“OCC”). CRA Strategic Plan IV provides a clear path and measurable goals for MSPBNA to execute its CRA program to achieve a CRA rating of “Outstanding,” based on a strong volume of activity and high quality of community development transactions focusing on innovative and complex lending, investment, and services programs that meet critical needs of the Bank’s Assessment Area and broader communities. The Plan builds on the successes of MSPBNA’s third CRA Strategic Plan and deepens the Bank’s commitment to innovative and impactful community development lending, investment, and services.

During the term of this CRA Strategic Plan (January 1, 2024 – December 31, 2028) MSPBNA proposes to lend or invest at least **\$3.7Bn** and provide at least **9,500** hours of community development services to achieve the Bank’s “Outstanding” CRA rating goals.

As demonstrated by past performance, the Bank approaches its goals as a floor, not a ceiling. If MSPBNA achieves the goals established in this Plan, it will not cease community development activity, but will continue to seek out impactful transactions that innovatively respond to the needs of the Bank’s communities.

Since MSPBNA was established as a part of the Morgan Stanley (the “Firm” or “Morgan Stanley”) financial holding company, MSPBNA has exceeded all OCC-approved measurable goals and earned consistent CRA ratings of “Outstanding.” Both the Bank and Morgan Stanley are proud of these community development achievements and the positive community support for impactful CRA activities this performance has generated.

MSPBNA’s CRA programming is rooted in the Bank listening to its communities and responding to critical community development needs. From the Bank’s outset, community partners asked Morgan Stanley not to simply replicate the CRA activities of existing banks, but to leverage the Firm’s investment banking heritage and expertise to focus on areas of greatest need, including:

- Financing multi-family affordable rental housing;
- Financing mission-oriented developers who can rescue distressed multi-family buildings and create or protect long-term rental housing affordability; and
- Promoting the development of the next generation of community development leaders.

Under this Strategic Plan, MSPBNA will build on the community development success of its current Strategic Plan by:

- Continuing commitment to innovative multi-family housing resident services. This initiative expands upon the successful pilot program, which funded resident services when private equity was used to rescue distressed multi-family properties. Since the pilot program, the Firm and the Bank have worked to ensure that affordable housing projects (or the surrounding communities) that receive an investment from Morgan Stanley proprietary funds will receive funding for resident services. One way this is accomplished is by reducing the yield received by Morgan Stanley on the investment to create a fund for resident services.

- Deploying private equity to quickly acquire buildings at risk of losing long-term affordability restrictions or where affordability restrictions could be added.
- Supporting emerging developers who seek to compete for affordable housing transactions.

In addition, as described in more detail below, MSPBNA will expand the reach of these activities beyond its Assessment Area to low- and moderate-income communities in a Broader Statewide and Regional Area (the “BSRA”) and to Major Disaster Areas (“MDAs”).

This Strategic Plan continues to build on the success and expand the reach of Morgan Stanley’s prior community development initiatives, with strong measurable goals and an industry leading commitment to innovative and impactful responses to critical community development needs.

## II. Introduction

MSPBNA is strongly committed to investing in its communities, including the low- and moderate-income communities of its Assessment Area, the BSRA, and MDAs. The Bank is proud of the positive community support it has generated for its innovative and impactful CRA activities since the Bank's formation in July 2010.

MSPBNA intends to remain a leader in innovative responses to difficult low- and moderate-income ("LMI") credit and community development needs. With the rise in real estate values in many of the Bank's communities, the challenges of affordable housing and distressed multi-family properties have increased. The Bank is committed to understanding these emerging needs and providing innovative financing approaches to address them. Under this Plan, MSPBNA will continue to build on the success of its current Strategic Plan's community development programs and initiatives to address emerging needs. Specifically, the Bank is renewing its commitment to the provision of resident services, which support the recovery and viability of distressed residential properties. Additional new initiatives recently launched will remain in place, such as providing capital to emerging developers to address community needs. In sum, this Strategic Plan is designed to continue to expand and deepen these responsive and high impact results over the duration of the Plan.

In consideration of its nontraditional national bank business model,<sup>1</sup> MSPBNA is electing to have its CRA activities continue to be evaluated under a CRA Strategic Plan because the Bank believes that a Strategic Plan allows the Bank to plan for and generate the highest possible community impact. MSPBNA continues to believe that a strategic plan provides the flexibility for the Bank to bring the most relevant resources of the Firm to bear as it addresses the credit and community development needs of its communities, as described in sections VII and VIII.

MSPBNA's current CRA Strategic Plan's term expires on December 31, 2023. The Bank has prepared this new CRA Strategic Plan IV (the "Plan") for the period January 1, 2024 to December 31, 2028 for the OCC's review and approval. This has also been made available for public comment through an announcement in the New York Times.

### A. Summary of MSPBNA CRA Strategic Plan Goals

For the Plan cycle, MSPBNA proposes to lend or invest at least **\$3.7Bn** and provide at least **9,500** hours of community development service hours to earn an "Outstanding" CRA rating. The volume of forecasted activity to be conducted pursuant to the Plan responds to the critical needs identified by the Bank and its communities in preparing this Plan (see section VII). As required, the Plan includes annual goals. In executing this Plan, MSPBNA intends to submit activities from affiliates for CRA consideration. Any activities considered as part of MSPBNA's CRA evaluation will not be submitted for CRA consideration by any other Firm affiliate.<sup>2</sup>

As demonstrated by past performance, the Bank approaches its goals as a floor, not a ceiling. If MSPBNA achieves the goals established in this Plan, it will not cease

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<sup>1</sup>MSPBNA operates with only one main office branch and a limited retail bank product set

<sup>2</sup>All activities noted in this Plan may be transacted by any affiliate of MSPBNA, e.g., Morgan Stanley Bank, N.A., Morgan Stanley & Co, LLC, Morgan Stanley Community Investments LLC, Morgan Stanley Affordable Housing LLC, and Morgan Stanley Foundation

community development activity, but will continue to seek out impactful transactions that innovatively respond to the needs of the Bank’s communities.

Annual community development goals have been set for both “Outstanding” and “Satisfactory” rated performance levels. These annual goals are derived from allocating the total Plan lending and investment goal over the term of the Plan. However, because the Bank is relying entirely on community development activity to achieve its goals, it is important to recognize that performance may not be spread evenly over each year of the Plan because of the irregular and sometimes unpredictable nature of the community development market. As a result, if the Bank exceeds any of its annual goals for a given year, the Plan allows it to apply excess performance activity over the annual goal to subsequent Plan years.

MSPBNA will not seek credit for prior period investments. As a result, MSPBNA will include all Generally Accepted Accounting Principles (“GAAP”) investments committed during the Plan period, whether funded or unfunded. Since the Bank is not seeking credit for prior period investments, this is the only way to ensure that credit is received for all GAAP committed investments.

In recognition of the overbanked nature of the Assessment Area and a highly competitive community development market, MSPBNA will consider that it has met an annual Plan goal if at least \$100MM of that goal has been achieved in the Bank’s Assessment Area (consistent with PBNA’s SP III as amended), with the remainder of the goal achievable in the Bank’s BSRA or MDAs. Programs, funds, or projects that serve all of New York State will be considered as part of the Assessment Area goal.<sup>3</sup>

The Plan addresses the three CRA performance categories: community development lending, investments, and services. Consistent with CRA Strategic Plans I, II, and III, and as permitted by the OCC,<sup>4</sup> the Bank has chosen to continue to emphasize qualified investments. MSPBNA’s emphasis on investment activity (80% of total goal) allows the Bank to best leverage the Firm’s capacity, product offerings, and business expertise. As shown in the tables below, the Plan includes goals for both “Satisfactory” and “Outstanding” ratings.<sup>5</sup> Morgan Stanley has set the goals for “Satisfactory” at 66.7 percent of the goals for “Outstanding.”

Annual Community Development Lending and Investing Volume to achieve "Outstanding"					
Year	Lending (in MM)	Investment (in MM)	Total (in MM)	Service Hours	
January 1, 2024 - December 31, 2024	\$ 142	\$ 567	\$ 709	1,900	
January 1, 2025 - December 31, 2025	\$ 145	\$ 581	\$ 727	1,900	
January 1, 2026 - December 31, 2026	\$ 149	\$ 596	\$ 745	1,900	
January 1, 2027 - December 31, 2027	\$ 153	\$ 611	\$ 764	1,900	
January 1, 2028 - December 31, 2028	\$ 157	\$ 627	\$ 783	1,900	
<b>Total</b>	<b>\$ 746</b>	<b>\$ 2,982</b>	<b>\$ 3,728</b>	<b>9,500</b>	

<sup>3</sup>Federal Register, Vol.81, No. 142, July 25, 2016, “CRA Q&A,” §II.12(h)—6

<sup>4</sup>See 12 Code of Federal Regulations § 25.27(f)(ii)

<sup>5</sup>Numbers may not add due to rounding

Annual Community Development Lending and Investing Volume to achieve "Satisfactory"					
Year	Lending (in MM)	Investment (in MM)	Total (in MM)	Service Hours	
January 1, 2024 - December 31, 2024	\$ 95	\$ 378	\$ 473	1,267	
January 1, 2025 - December 31, 2025	\$ 97	\$ 388	\$ 485	1,267	
January 1, 2026 - December 31, 2026	\$ 99	\$ 398	\$ 497	1,267	
January 1, 2027 - December 31, 2027	\$ 102	\$ 408	\$ 510	1,267	
January 1, 2028 - December 31, 2028	\$ 104	\$ 418	\$ 522	1,267	
<b>Total</b>	<b>\$ 497</b>	<b>\$ 1,989</b>	<b>\$ 2,487</b>	<b>6,337</b>	

## B. Beyond the Numbers: A Thematic High-Impact Approach

The critical characteristic of MSPBNA's CRA Strategic Plan IV is *how* MSPBNA will meet the measurable goals of the Plan. The Bank will continue to prioritize high-impact community development transactions that are flexible, innovative, and highly responsive to the Bank's communities' most pressing needs, including emerging needs, and will include capital commitments that are not routinely provided by private investors. This type of community development activity is not only more impactful for improving the quality of life and economic opportunity for a community – it is often more time-consuming and simply harder to do than many types of activities that could qualify for CRA recognition.

For example, the National Association of Affordable Housing Lenders has stated "The size of a CD activity is only one measure of its impact. For example, a \$1 million loan to a CDFI may be far more impactful than purchasing a \$1 million GinnieMae mortgage-backed security, but also more complex, time consuming, and capital intensive."<sup>6</sup>

Therefore, Morgan Stanley intends to continue or expand on the following thematic approaches that rely on our financial services strength and expertise:

- Services for residents (and/or the surrounding community) of affordable housing, potentially funded through a unique set-aside by Morgan Stanley in private equity funds
- Preservation of affordable housing at risk of converting to market rate through the use of private equity (which is not routinely provided by private investors) and new LIHTC commitments
- Rescuing properties that are distressed, either due to overleveraged financials or deteriorating physical conditions
- Capital for Rental Assistance Demonstration ("RAD") projects with public housing authority properties
- Debt, letters of credit, and equity, including tax-advantaged equity, for the new construction and rehabilitation of affordable housing, including projects that support aging in place and combating homelessness

<sup>6</sup>National Association of Affordable Housing Lenders



- Assisting small and emerging developers that are building affordable housing, particularly women and minority-owned developers
- Financing for economic development
- Financing to support healthy communities, including primary care clinics, healthy foods, and equitable transit-oriented development
- Expanding access to capital for Community Development Financial Institutions and Minority Depository Institutions
- Grants to nonprofit organizations that support low- and moderate-income people and communities, MDIs, and human capital investment

These high-impact themes are further detailed in section VIII below.

MSPBNA commits that all its activities will support new activity in the Assessment Area, the BSRA, and any MDAs. The Bank will not purchase re-traded investment assets<sup>7</sup> for Plan credit. Consistent with its commitment to high-impact outcomes, the Bank believes that purchasing re-traded investment assets would inflate the Bank's qualifying CRA volume without adding new benefits to its communities. In the same spirit, MSPBNA will not seek to include prior period investments in the Bank's Plan activity. A specific exception to this may be if Morgan Stanley is asked to purchase a community development investment because the investment would otherwise be vulnerable to non-community oriented (potentially predatory) purchasers.

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<sup>7</sup>The term "re-traded investment assets" does not include loan participations, such as the post-closing purchase of a construction loan pre-negotiated with the lead bank

### III. Description of Institution

MSPBNA is a federally chartered bank incorporated as a national association headquartered in Purchase, New York (Westchester County). MSPBNA offers a limited range of deposit and lending products and services primarily for clients of Morgan Stanley's Wealth Management channel and for Morgan Stanley employees through various channels, including Loan and Deposit Production Offices ("LDPOs") located within Morgan Stanley offices, as well as by mail, the telephone, and online. MSPBNA does not have retail bank branches: the LDPOs are not branches and do not make loans, accept deposits or cash checks.

On January 1, 2022, E\*TRADE Bank and E\*TRADE Savings Bank were merged into MSPBNA. The E\*TRADE Banks operated under a branchless business strategy, that offered online retail banking products, such as checking & savings accounts, online bill pay, and mobile banking primarily to brokerage customers. Deposits were accepted only through the mail or online. Given the above business model, a Strategic Plan focused on community development loans and investment both plays to the strengths of the Morgan Stanley Firm and addresses underserved needs.

Morgan Stanley (NYSE: MS) is a leading global financial services firm providing investment banking, securities, wealth management and investment management services. With offices in more than 41 countries, the Firm's employees serve clients worldwide including corporations, governments, institutions, and individuals. For more information about Morgan Stanley, please visit [morganstanley.com](http://morganstanley.com).

### IV. Performance Geographies

Under this Plan, MSPBNA will serve three performance geographies: the Bank's delineated Assessment Area, its BSRA, and any MDAs.

#### A. Assessment Area

Under this Strategic Plan, the MSPBNA Assessment Area will continue to include six New York counties within the New York-Jersey City-White Plains, NY-NJ Metropolitan Division (35614) of the New York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area (35620).<sup>8</sup>

MSPBNA's Assessment Area counties are:

New York City Counties

- Bronx County
- Kings County (Brooklyn)
- New York County (Manhattan)

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<sup>8</sup>The OCC (12 CFR §25.41) requires that a national bank shall delineate one or more Assessment Areas within which the OCC evaluates the bank's record of helping meet the credit needs of its community. The Assessment Area must consist of one or more MSAs or metropolitan divisions or one or more contiguous political subdivisions, such as counties, cities, or towns. It must also include the geographies in which the bank has its main office, its branches, and its deposit-taking ATMs, as well as the surrounding geographies in which the bank has originated or purchased a substantial portion of its loans.

- Queens County
- Richmond County (Staten Island)

#### New York Suburban County

- Westchester County

The Bank’s Assessment Area is a high-cost housing market. As noted in section V, Performance Context, high housing costs lead to a large portion of residents being moderately or severely rent burdened. For example, an LMI family would have difficulty affording the Assessment Area’s median monthly rent.

State and local governments have taken some steps to meet the need through their respective housing agencies to broaden the population served by State and City housing finance programs. For example, the New York City Housing Development Corporation (“NYC HDC”) was created by the New York State Legislature as a supplementary and alternative means of supplying financing for affordable housing. NYC HDC defines its mission as “To increase the supply of multi-family housing, stimulate economic growth and revitalize neighborhoods by financing the creation and preservation of affordable housing for low-, moderate-, and middle-income New Yorkers.” The agency has multiple programs to finance housing for individuals or households with a combined annual income of up to 165 percent of Area Median Income (“AMI”).<sup>9</sup>

At the State level, New York State Homes and Community Renewal (“NYS HCR”) considers a similarly expanded income range to serve this high-cost market, with financing available in a range of affordable housing programs for households earning up to 130 percent AMI.<sup>10</sup>

In addition, recent State- and City-backed large, mixed-use economic development projects have sought to achieve deep affordability (accessibility for households earning 30 percent of AMI) by relying on the cross-subsidy from a middle-income affordability band, as well as market-rate units. Two notable examples in New York City are East Harlem Parcel B West (2019) and 275 Nelson Apartments in Manhattan’s Lower East Side (2018). Both projects include affordable income “bands” that range from 37 percent of AMI up to 165 percent. In both cases, the additional inclusion of market rate housing, as well as an affordability “band” for middle income households, helps the projects reach deeper levels of affordability without additional government subsidy.

To address this critical housing affordability need, under this Plan the Bank’s CRA-eligible financing will include: 1) properties where a federal, state, or local agency has stated that the project’s purpose is community or economic development; or, 2) properties where at least 50 percent of the units address the needs of households

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<sup>9</sup>As of March 2020, these include the following tax-exempt bond programs, where provision for middle-income housing is expressly included in the term-sheet: “Mixed Income Program: Mix and Match” (up to 120 percent AMI), “Mixed Income Program: M<sup>2</sup> Mixed-Middle” (50 percent to 165 percent AMI), and “50/30/20 Mixed Income Program” (up to 165 percent of AMI), <https://www1.nyc.gov/assets/hpd/downloads/pdfs/services/mixed-income-mix-match-term-sheet.pdf>

<sup>10</sup>As of November 2020, these include the following financing programs: “Supportive Housing Opportunity Program: Middle Income Housing Program” (up to 130 percent AMI), “Senior Housing Program: Middle Income Housing Program” (up to 130 percent AMI), and “New Construction Program: Middle Income Housing Program” (up to 130 percent AMI), <https://hcr.ny.gov/multifamily>

with incomes up to 165 percent of AMI in New York City or 130 percent of AMI in Westchester.

## **B. Broader Statewide or Regional Area**

MSPBNA defines its BSRA as US Census Region I: Northeast and Washington D.C., Maryland, Virginia and West Virginia. The US Census Northeast Region I contains the following states: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

In recognition of the overbanked nature of both the NYC Assessment Area and the D.C. MSA target market for community development, as well as the substantial increase in annual goals, MSPBNA will consider that it has met an annual Plan goal if at least \$100MM of that goal has been achieved inside of the Bank's Assessment Area, with the remainder of the goal achievable in the Bank's expanded BSRA. Programs, funds, or projects that serve all of New York State will continue to be considered as part of the Assessment Area goal.

MSPBNA's New York City and Westchester County Assessment Area is very heavily banked. By contrast, in many areas of the proposed BSRA, particularly its smaller and rural markets, there are no large banks with significant community development expertise, and a lesser presence of sophisticated community development organizations. Inclusion of the expanded BSRA in the Bank's CRA Strategic Plan will permit the Bank to bring new expertise and resources to the community development needs of these regions. For this reason, we believe our work there is more critically needed and highly impactful.

The BSRA has significant community development needs. As one example, many USDA Rural Rental Housing Section 515 properties are entering the end of their compliance period for affordability. Section 515 Rural Rental Housing Loans are mortgages made by the USDA to provide affordable rental housing for very low-, low-, and moderate-income families, elderly persons, and persons with disabilities.<sup>11</sup> New York State is within the top ten for the number of Section 515 properties. Morgan Stanley may seek to preserve affordability for these properties, through responses that could include private equity or LIHTC investments, or refinancing loans.

As another example, when meeting with representatives of Community Capital New York (a non-profit lender and CDFI in Westchester and the low-to-mid Hudson Valley), Bank staff heard firsthand about community development needs of upstate New York. Banks are highly concentrated in New York City's competitive CRA market, and the upstate New York area can benefit greatly from high-impact transactions that are flexible, innovative, and highly responsive to some of the community's most pressing needs, which frequently require sophisticated financial solution. MSPBNA will continue to build on its prior successes by expanding its efforts into the BSRA. These include expanding programs such as the provision of services to the residents (or the surrounding communities) of affordable housing projects financed with Morgan Stanley equity.

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<sup>11</sup>Housing Assistance Council, "Rural Rental Housing (Section 515)", <http://www.ruralhome.org/>

In addition to rural communities, there is great need in numerous urban areas within the BSRA.

An example of a BSRA area of need within New York State is Amsterdam, NY (Montgomery County), where the U.S. Census poverty estimate is 25.8 percent<sup>12</sup>, higher even than the 18.81 percent in Brooklyn. The September 2022 St. Louis Fed's FRED Statistics preliminary unemployment rate estimate for Montgomery County was 3.7 percent, which is above the national rate of 3.5 percent.<sup>13</sup> This disparity accompanies a long-term period of economic and population decline for Upstate and Western New York State. An example of Morgan Stanley's commitment to provide impactful capital to these areas is the Firm's 2021, \$15.5MM LIHTC investment in Veddersburg Apartments, a new affordable housing project sponsored by DePaul Properties (a non-profit supportive housing developer in Western NY). The Veddersburg Apartments' financing supported the demolition of an existing building and the new construction of a 62-unit four-story elevator building. The Project includes 62 units at 30%, 50%, and 60% AMI, and 31 of the units are set aside for homeless tenants with serious mental illness.

An example of a need in the BSRA outside of New York State is Newark, NJ. According to Prosperity Now,<sup>14</sup> 61 percent of Newark, NJ households do not have enough savings to live above the poverty level for more than three months should they lose their income.<sup>15</sup> By including Newark and the cities immediately surrounding Newark as areas served by MSPBNA, Morgan Stanley will build on the Firm's prior successes. In 2019, Morgan Stanley participated in the rehabilitation of Vista Village, a 179-unit public housing complex in East Orange, NJ located adjacent to Newark. The project was undertaken in response to the need for such housing among seniors and disabled persons and will offer services for the residents through the Housing Authority's Resident Opportunities and Self-Sufficiency ("ROSS") program to connect residents with local services and assistance (e.g. healthcare, transportation or aging services). The project is a LIHTC investment and the building was approved for HUD's Rental Assistance Demonstration ("RAD") program which will enable the property to take on debt and equity financing to fund its rehabilitation.

To help serve the BSRA, Morgan Stanley may work with our national partner organizations that have robust programs throughout the Northeast, such as Local Initiatives Support Corporation/National Equity Fund, Enterprise Community Partners, and Low Income Investment Fund.

Throughout the District of Columbia, Maryland, Virginia, and West Virginia affordable housing needs are substantial and there are many programs at the state and local level to protect, preserve and create affordable housing. These programs include down payment assistance, first-time homebuyer programs, housing rehabilitation efforts, and funds for utility support. The government programs are leveraged with other

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<sup>12</sup>U.S. Census Bureau, "QuickFacts," <https://www.census.gov/quickfacts/fact/table/amsterdamcitynewyork/PST045221>

<sup>13</sup>U.S. Bureau of Labor Statistics, "Local Area Unemployment Statistics," [https://www.bls.gov/eag/eag.ny\\_buffalo\\_msa.htm](https://www.bls.gov/eag/eag.ny_buffalo_msa.htm)

<sup>14</sup>Prosperity Now is a nonprofit organization that focuses on financial inequality and insecurity in the United States, <https://www.prosperitynow.org>

<sup>15</sup>Prosperity Now, "Local Outcome Report Newark, NJ," September 2021, <https://scorecard.prosperitynow.org/data-by-location#city/3451000>

programs at the federal level, mostly with the United States Department of Housing and Urban Development.

However, in 2020, the COVID-19 pandemic brought into focus the needs of residents on many new levels. Federal, state, and local government's programs were in high demand as unemployment skyrocketed and many could not afford rent or mortgage payments.<sup>16</sup> During the year, Federal relief provided some much-needed eviction protection and rental assistance. For example, Maryland provided \$41.6MM via state and federal rental funding to thousands of households for this purpose. The Maryland Department of Housing and Community Development also helped connect residents to their mortgage companies and instituted a 90-day forbearance agreement with many mortgage lenders and servicers. In the District of Columbia, the Department of Housing and Community Development quickly established several COVID-19 programs including rental assistance, loan servicing relief, mortgage servicing relief and housing counseling services. The Commonwealth of Virginia's Department of Housing and Community Development also provided similar efforts.

At the same time, area non-profits had to pivot to provide new services or additional services to supplement the increased and diverse needs of the clients and communities they serve. For example, one non-profit in Western Virginia, in a primarily rural census tract, had to identify new temporary housing for domestic violence victims as many hotels were closed. Other affordable housing developers in all three jurisdictions found themselves going "above and beyond" to help with internet connectivity and data for virtual schooling, food insecurity, mental health issues, and more. Morgan Stanley made a multi-year commitment to increase grant support in the areas E\*TRADE once served.

Morgan Stanley's thematic and impactful strategy to address community needs, as described in our the CRA Strategic Plan IV, is adding great value to this additional market. Morgan Stanley is a substantial investor and lender in these areas and has brought additional resources and a skilled team of community development professionals to address a range of community and economic development issues facing these areas.

### C. Major Disaster Areas

MSPBNA may seek consideration for community development activities in MDAs, communities designated by federal government as major disaster areas. Morgan Stanley has helped to meet the needs after disasters in many ways, including the Firm's response to the wildfires that severely impacted Sonoma County, California in 2017. Morgan Stanley helped structure a complex transaction for the preservation of naturally occurring affordable housing as a quick response to the devastating wildfire that destroyed over 5,300 homes. The three-phase redevelopment plan called for a new mixed-income community including over 500 units of new affordable senior and market rate apartments. In 2021 and 2022, Morgan Stanley provided a total of \$110.2MM through investments and loans to support these rebuilding efforts. For the 3575 Mendocino Avenue project, (formerly the Journeys' End Mobile Home Park that was leveled by fire), amenities include targeting all units towards low-income seniors

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<sup>16</sup>Joint Center for Housing Studies of Harvard University, "The State of the Nation's Housing 2021", <https://www.jchs.harvard.edu/state-nations-housing-2021>

aged 62+, a resident services coordinator, a community laundry room and an exterior courtyard with seating. Additionally, priority for the new affordable units have been given to residents of the former Journey’s End Mobile Home Park tenants. MSPBNA will seek credit for MDAs within the Bank’s AA or appropriate BSRA.

## V. Performance Context

*All data charts in the following section were created using Wolters Kluwer’s CRA Wiz® software, which references data from the 2022 U.S. Census American Community Survey Update and 2020 Decennial Census (“U.S. Census”).*

### A. Economic and Demographic Information

As demographic data in the tables below indicate, most of the population, LMI individuals, and LMI census tracts of the Assessment Area are concentrated in the five New York City counties. In addition, NYC counties have significantly lower median family income levels and higher rates of individuals living below the poverty line, than the residents of Westchester County.

The data that supported the fundamental needs delineated in the Performance Context section of CRA Strategic Plan III remain largely unchanged. Since that Plan was approved, the poverty rate is lower in every county within the Assessment Area (see “Poverty” chart in section V.C.) but remains a pressing problem. Median income has slightly increased, but the need for multi-family affordable rental housing within the Assessment Area remains a significant issue.

### B. Population

According to the U.S. Census, the area’s population is over 9 million. Approximately 90 percent of the population is concentrated in the five New York City counties.

Population		
County	Population	Percent of Population
Bronx	1,472,654	15%
Kings (Brooklyn)	2,736,074	28%
New York (Manhattan)	1,694,251	17%
Queens	2,405,464	25%
Richmond (Staten Island)	495,747	5%
Westchester	1,004,457	10.2%

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<sup>17</sup>2022 U.S. Census American Community Survey Update and 2020 Decennial Census, <https://www.census.gov/acs/>



## C. Income

### Median Household Income

County	Median Household Income 2015	Median Household Income 2020
Bronx	\$37,592	\$45,630
Kings (Brooklyn)	\$53,053	\$70,857
New York (Manhattan)	\$85,235	\$102,871
Queens	\$60,082	\$74,444
Richmond (Staten Island)	\$73,974	\$87,682
Westchester	\$97,037	\$113,136
Metropolitan Statistical Area*	\$65,764	\$80,704

\*New York - Newark - Jersey City, NY-NJ-PA MSA

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There are significant disparities among the income levels of individual counties, with median household income in the Bronx just 40 percent of that in neighboring Westchester County.<sup>19</sup>

The New York City area has the highest number of LMI census tracts and individuals, both in absolute terms and as a percentage of the Assessment Area. In the Bank's Assessment Area, there are 2,568 census tracts, of which approximately 34.7 percent are LMI. About 96 percent of the LMI census tracts in the Bank's Assessment Area are in the New York City counties. Approximately two-thirds of the LMI census tracts are in the Bronx and Kings Counties. Westchester County contains 241 census tracts, of which only 15 percent are LMI.<sup>20</sup>

### Census Tract Demographics

County	Census Tracts	Low Income Census Tracts	% Low Income Tracts in the County	Moderate Income Census Tracts	% Moderate Income Census Tracts in the County	Combined LMI Census Tracts	% Combined LMI Tracts	Middle Income Census Tracts	% Middle Income Census Tracts in the County	Upper Income Census Tracts	% Upper Income Census Tracts in the County
Bronx	361	129	35.73%	121	33.52%	250	69.25%	65	18.01%	25	6.93%
Kings (Brooklyn)	805	91	11.30%	235	29.19%	326	40.49%	263	32.67%	170	21.12%
New York (Manhattan)	310	36	11.61%	44	14.19%	80	25.80%	32	10.32%	175	56.45%
Queens	725	26	3.59%	157	21.66%	183	25.25%	325	44.83%	165	22.76%
Richmond (Staten Island)	126	3	2.38%	13	10.32%	16	12.70%	42	33.33%	61	48.41%
<b>NYC Total</b>	<b>2327</b>	<b>285</b>	<b>13%</b>	<b>570</b>	<b>21.78%</b>	<b>855</b>	<b>34.70%</b>	<b>727</b>	<b>28%</b>	<b>596</b>	<b>31.13%</b>
Westchester	241	10	4.15%	27	11.20%	37	15.35%	49	20.33%	149	61.83%
<b>Suburban County Total</b>	<b>241</b>	<b>10</b>	<b>4.15%</b>	<b>27</b>	<b>11.20%</b>	<b>37</b>	<b>15.35%</b>	<b>49</b>	<b>20.33%</b>	<b>149</b>	<b>61.83%</b>
<b>Grand Total</b>	<b>2568</b>	<b>295</b>	<b>17%</b>	<b>597</b>	<b>33%</b>	<b>892</b>	<b>50%</b>	<b>776</b>	<b>48%</b>	<b>745</b>	<b>93%</b>

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<sup>18</sup>2022 U.S. Census American Community Survey Update and 2020 Decennial Census, <https://www.census.gov/acs/>

<sup>19</sup>2022 U.S. Census American Community Survey Update and 2020 Decennial Census, <https://www.census.gov/acs/>

<sup>20</sup>2022 U.S. Census American Community Survey Update and 2020 Decennial Census, <https://www.census.gov/acs/>



2020 U.S. Census data indicates that over 51 percent of families in the Bank's Assessment Area are low- and moderate-income, with the Bronx containing the highest percentage of LMI families (76.3 percent). Most of the Assessment Area's LMI families are in NYC counties. Over a third of NYC's families are LMI (39.0 percent), whereas most Westchester County families are upper income (68.13 percent).<sup>22</sup>

#### Family Income

County	Number of Families	Low-Income Families	% Low-Income Families in the County	Moderate Income Families	% Moderate Income Families in the County	% LMI Families	Middle Income Families	% Middle Income Families in the County	Upper Income Families	% Upper Income Families in the County
Bronx	329,504	138,744	42.11%	112,671	34.19%	76.30%	56,382	17.11%	20,451	6.21%
Kings (Brooklyn)	594,423	84,792	14.26%	187,191	31.49%	45.75%	197,832	33.28%	116,643	19.62%
New York (Manhattan)	325,483	48,143	14.79%	56,991	17.51%	32.30%	32,267	9.91%	181,528	55.77%
Queens	530,194	23,153	4.37%	133,316	25.14%	29.51%	252,816	47.68%	118,619	22.37%
Richmond (Staten Island)	123,026	1,464	1.19%	11,366	9.24%	10.43%	42,204	34.30%	67,935	55.22%
<b>NYC Total</b>	<b>1,902,630</b>	<b>296,296</b>	<b>15%</b>	<b>501,535</b>	<b>24%</b>	<b>39%</b>	<b>581,501</b>	<b>28%</b>	<b>505,176</b>	<b>32%</b>
Westchester	242,970	7,812	3.22%	22,450	9.24%	12.46%	45,902	18.89%	165,538	68.13%
<b>Suburban County Total</b>	<b>242,970</b>	<b>7,812</b>	<b>3.22%</b>	<b>22,450</b>	<b>9.24%</b>	<b>12.46%</b>	<b>45,902</b>	<b>18.89%</b>	<b>165,538</b>	<b>68.13%</b>
<b>Grand Total</b>	<b>2,145,600</b>	<b>304,108</b>	<b>19%</b>	<b>523,985</b>	<b>33%</b>	<b>51%</b>	<b>627,403</b>	<b>47%</b>	<b>670,714</b>	<b>99%</b>

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Poverty levels remain persistently high in some counties, with the highest rates found within the Bronx (27.39 percent) and Kings (18.81 percent) counties. As with other indicators, the lowest Assessment Area County poverty rate is 9.21 percent and is in Westchester.<sup>24</sup>

#### Poverty Level

County	2015 Census Bureau Estimates	2020 Census Bureau Estimates
Bronx	30.21%	27.39%
Kings (Brooklyn)	21.97%	18.81%
New York (Manhattan)	15.58%	14.87%
Queens	14.66%	12.06%
Richmond (Staten Island)	12.67%	11.68%
Westchester	9.41%	9.21%

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<sup>22</sup>2022 U.S. Census American Community Survey Update and 2020 Decennial Census, <https://www.census.gov/acs/>

<sup>23</sup>2022 U.S. Census American Community Survey Update and 2020 Decennial Census, <https://www.census.gov/acs/>

<sup>24</sup>United States Census Bureau, "Quick Facts," <https://www.census.gov/quickfacts>

<sup>25</sup>United States Census Bureau, "Quick Facts," <https://www.census.gov/quickfacts>

## D. Employment

Bronx County continues to have the highest unemployment rate (5.95 percent) among the counties in New York City. Other Assessment Area counties unemployment rates are lower.

<b>County</b>	<b>Unemployment Rates %</b>
Bronx	5.95%
Kings (Brooklyn)	4.15%
New York (Manhattan)	3.82%
Queens	3.82%
Richmond (Staten Island)	2.94%
Westchester	3.74%

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## E. Housing

MSPBNA's Assessment Area is a high-cost housing area and is primarily a rental housing market. The portion of renter-occupied housing in the AA remains essentially unchanged since the approval of the CRA Strategic Plan III. As noted by the Association for Neighborhood Housing and Development ("ANHD")<sup>27</sup> in their 2021 article, "New York City's Fair Share":

"...two-thirds of New York City's households rent ...New York City has 63% of all the renters in the state..."<sup>28</sup>

However, as with other measures, there are significant differences between the Counties comprising New York City and Westchester County. As of 2020, about 36.29 percent of the occupied housing units in Westchester County are renter-occupied units, while New York City's percentage of renter-occupied housing units is 57.0 percent.<sup>29</sup>

Most of the housing in the Assessment Area is multi-family, with a further majority in New York City. As of 2020, in Westchester County, approximately 33.76 percent of housing is multi-family while in New York City the proportion rises to 55.0 percent.<sup>30</sup>

<sup>26</sup>2022 U.S. Census American Community Survey Update and 2020 Decennial Census, <https://www.census.gov/acs/>

<sup>27</sup>ANHD is a membership organization comprised of 94 nonprofit neighborhood housing groups serving low- and moderate-income New Yorkers.

<sup>28</sup>ANHD, "New York City's Fair Share", 2021

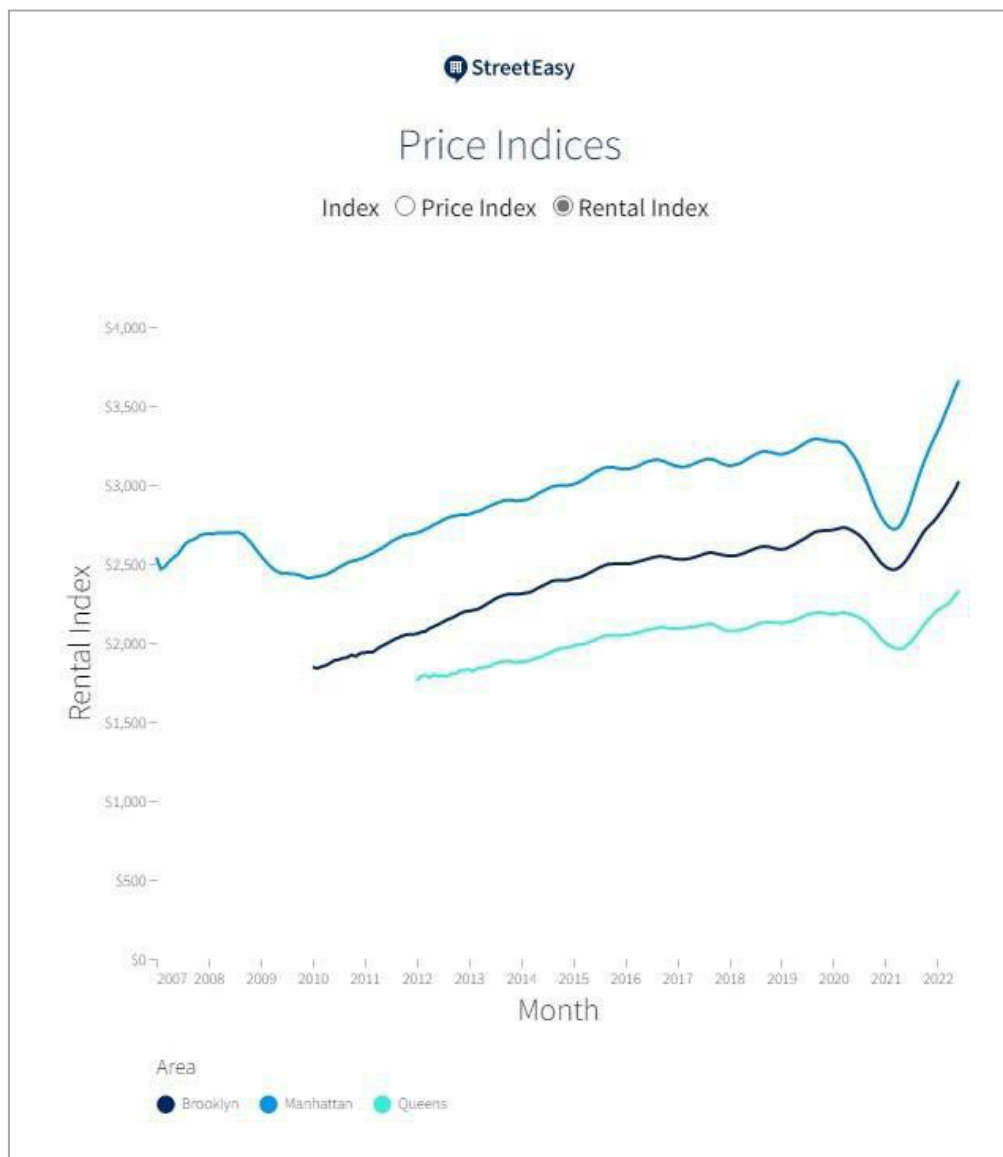
<sup>29</sup>2022 U.S. Census American Community Survey Update and 2020 Decennial Census, <https://www.census.gov/acs/>

<sup>30</sup>2022 U.S. Census American Community Survey Update and 2020 Decennial Census, <https://www.census.gov/acs/>

Affordable housing remains at risk in New York City and is therefore a top priority of community development groups and New York City government – particularly in the wake of the COVID-19 pandemic. ANHD highlighted the risk in 2022, with special emphasis on its impact on communities of color, stating:

“The ten districts with the highest rate of eviction filings are all over 75% people of color, mirroring findings of ANHD’s ongoing research into the disproportionate impact of the pandemic on housing stability for communities of color...”<sup>31</sup>

Additionally in 2022, a Street Easy article noted that “at least a third of available units – over 22,000 apartments – [have been] vacated because of rent increases...” On average, rentals that were listed in 2020 or 2021 and relisted in Q2 2022 showed a 20.4% increase in asking rents per year.<sup>32</sup> This increase is four times higher than tenants would have seen before the COVID-19 pandemic.



<sup>31</sup>ANHD, “How is Affordable Housing Threatened in Your Neighborhood?” 2022.

<sup>32</sup>Street Easy, “As Pandemic-Era Leases Expire, NYC Renters Face Toughest Market in Decade,” July 26, 2022.

## Housing

County	Housing Units	Occupied Housing Units	Owner-Occupied Housing Units	% Owner-Occupied Units	Rental-Occupied Housing Units	% Rental-Occupied Units	Multi-Family Housing Units	% Multi-Family Housing Units
Bronx	533,434	510,135	102,325	19.18%	407,810	76.45%	380,836	71.39%
Kings (Brooklyn)	1,055,660	972,314	295,080	27.95%	677,234	64.15%	555,040	52.58%
New York (Manhattan)	884,828	758,720	182,507	20.63%	576,213	65.12%	841,630	95.12%
Queens	864,790	783,362	353,375	40.86%	429,987	49.72%	356,834	41.26%
Richmond (Staten Island)	180,883	167,160	114,975	63.56%	52,185	28.85%	24,444	13.51%
<b>NYC Total</b>	<b>3,519,595</b>	<b>3,191,691</b>	<b>1,048,262</b>	<b>34%</b>	<b>2,143,429</b>	<b>57%</b>	<b>2,158,784</b>	<b>55%</b>
Westchester	376,315	353,485	216,939	57.65%	136,546	36.29%	127,027	33.76%
<b>Suburban County Total</b>	<b>376,315</b>	<b>353,485</b>	<b>216,939</b>	<b>57.65%</b>	<b>136,546</b>	<b>36.29%</b>	<b>127,027</b>	<b>33.76%</b>
<b>Grand Total</b>	<b>3,895,910</b>	<b>3,545,176</b>	<b>1,265,201</b>	<b>92%</b>	<b>2,279,975</b>	<b>93%</b>	<b>2,285,811</b>	<b>89%</b>

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Both exacerbating and resulting from the affordable housing shortages in New York City are the large number of individuals and families experiencing homelessness, an issue that housing agencies and many community organizations are working to address.

As of 2020, the average median housing cost for all five New York City counties is \$618,350. This makes homeownership essentially out of reach for low- and moderate-income families. LMI borrowers typically represent only 6 percent to 8 percent of one-to-four family HMDA-reportable loans in MSPBNA's Assessment Area. Given the lack of affordable properties for sale in the Assessment Area, and the plethora of bank and non-bank mortgage originators, MSPBNA has continued its focus on multi-family affordable rental housing.<sup>34</sup>

County	Median Household Income 2020	Median Housing Cost	Median Rental Cost
Bronx	\$45,630	\$293,564	\$1,218
Kings (Brooklyn)	\$70,857	\$796,980	\$1,543
New York (Manhattan)	\$102,871	\$899,777	\$1,893
Queens	\$74,444	\$567,678	\$1,627
Richmond (Staten Island)	\$87,682	\$533,751	\$1,314
Westchester	\$113,136	\$539,383	\$1,621

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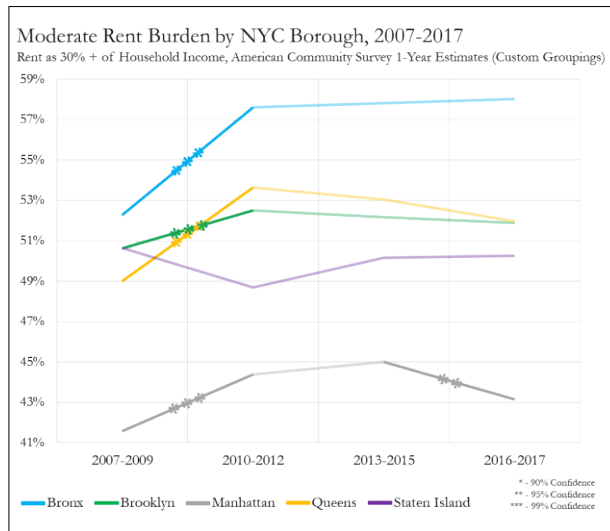
In a 2021 report, New York City Housing Preservation and Development ("NYC HPD") noted that, in order to afford an available apartment at the median rent, the city estimates a household would have to earn \$110,000. Tenants in rent stabilized

<sup>33</sup>2022 U.S. Census American Community Survey Update and 2020 Decennial Census, <https://www.census.gov/acs/>

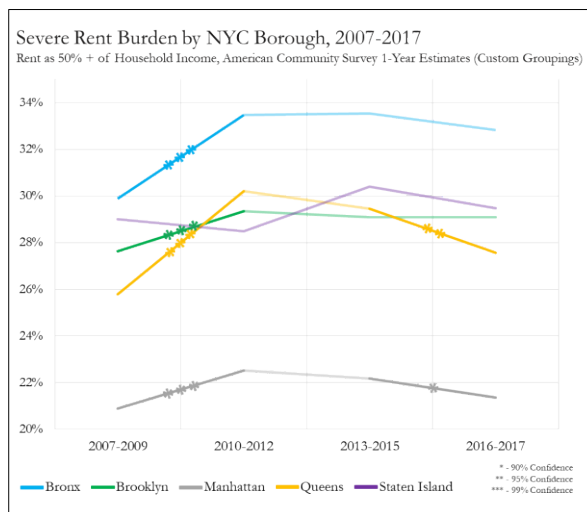
<sup>34</sup>Over 450 institutions originate HMDA-reportable mortgage loans in MSPBNA's Assessment Area, including the top five mortgage lenders in the country.

<sup>35</sup>2022 U.S. Census American Community Survey Update and 2020 Decennial Census, <https://www.census.gov/acs/>

buildings had a median household income of \$47,000.<sup>36</sup> The rising rents have led to significant increases in households that are moderately rent-burdened (rent at more than 30 percent of household income) and severely rent-burdened (rent at more than 50 percent of household income). Across New York City, roughly one-third of renters are currently severely rent-burdened. In the Bronx, Queens, Brooklyn, and Staten Island, more than 50 percent of households are moderately rent-burdened. In the Bronx, 33 percent of households are severely rent-burdened.



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<sup>36</sup>NYC Department of Housing Preservation and Development, "2021 New York City Housing and Vacancy Survey Selected Initial Findings" 2022.

<sup>37</sup>University Neighborhood Housing Program, "Multifamily Assistance Center Annual Meeting," (Presented at the Release of BIP data March 8, 2019, Offices of Enterprise Community Partners, NY, NY)

<sup>38</sup>University Neighborhood Housing Program, "Multifamily Assistance Center Annual Meeting," (Presented at the Release of BIP data March 8, 2019, Offices of Enterprise Community Partners, NY, NY)

## F. Lending, Investment, and Service Opportunities

MSPBNA's Assessment Area is very heavily banked with 1,771 branches representing over 117 banks. New York City's mortgage market is saturated with large, experienced retail banks.<sup>39</sup>

Deposits within the MSA are heavily concentrated, with the top five and top ten institutions holding 69.44 percent and 86.32 percent of all deposits, respectively. MSPBNA's share as of June 2022 is 8.31 percent (\$182.63Bn), up from 4.71 percent in June 2019 (\$67.25Bn)<sup>40</sup>. Although MSPBNA is now the 3<sup>rd</sup> largest bank (up from 7<sup>th</sup>), it is still dwarfed by the largest banks, with the top two banks maintaining deposits above \$259.00Bn in the market.<sup>41</sup>

The MSPBNA Assessment Area is one of great need but is also a very competitive market for certain types of CRA-qualified lending and investments. Therefore, in order to effectively address community needs, MSPBNA has built a CRA program that focuses on programs in which Morgan Stanley utilizes its human capital expertise to create innovative programs, which fill gaps that are not being fully addressed by other firms in the market. The Bank will apply the same considerations in assessing needs and impactful responses in the BSRA.

## G. Institutional Capacity and Constraints

There are no known legal, financial, or other factors that affect the Bank's ability to perform under this Plan and meet the credit and community development needs of its Assessment Area, the BSRA, and MDAs.

## H. Public Comment File/Written Comments Regarding MSPBNA

In 2020, prior to the merger of the E\*TRADE banks, the Bank received comment letters from the public that specifically relate to the Bank's performance in helping meet community credit needs. The letters are available in our CRA Public File.

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<sup>39</sup> FDIC, Offices and Deposits of all FDIC-Insured Institutions, "Deposit Market Share Report", June 30, 2022, <https://www.fdic.gov>

<sup>40</sup> FDIC, Offices and Deposits of all FDIC-Insured Institutions, "Deposit Market Share Report", June 30, 2019, <https://www.fdic.gov>

<sup>41</sup> FDIC, Offices and Deposits of all FDIC-Insured Institutions, "Deposit Market Share Report", June 30, 2022, <https://www.fdic.gov>

## **VI. Community Needs Assessment Process Overview**

The Bank and the Firm maintain a wide and deep network of community partnerships, both in and beyond the Bank's Assessment Area. These include many national organizations with a strong presence and programs across the nation. Examples of these national organizations include Local Initiatives Support Corporation/National Equity Fund, Enterprise Community Partners, and the Low Income Investment Fund. This network of relationships provides vital input and perspective that enables the Bank to understand the most pressing community needs, and to develop and implement programs that can generate effective community impact.

In developing this Strategic Plan, the Bank spoke with numerous community leaders to assess community needs. These contacts included meetings with the Morgan Stanley Community Development Advisory Board at the Centri Tech Foundation Convening, ongoing nonprofit board and committee meetings, meetings with community development clients and potential clients, and outreach meetings with identified leaders. In addition to long-standing partners, we actively engage with over forty grantee partners from the former E\*TRADE footprint.

Numerous community leaders continue to stress that they consider Morgan Stanley a trusted partner to whom they can turn to brainstorm new ideas.

The Bank and the Firm will continue to nurture these partnerships and grow the Bank's network of relationships to maintain the Bank's deep understanding of and connection with the Assessment Area and the BSRA.

### **A. Morgan Stanley Community Development Advisory Board**

The Morgan Stanley Community Development Advisory Board is made up of nationally recognized community development leaders. The Board was formed to help the Bank and the Firm better understand the needs of its communities, and to serve as an informal think-tank for community development. The Bank is in frequent contact with individual board members to get updates on emerging community needs so it can initiate programs designed to address those needs. The full Board meets formally at least twice a year, which allows both the Bank and Board members to draw upon the substantial expertise that is brought together in one place. The MSPBNA CRA Officer sets the meeting agenda and attends all meetings, together with other members of the MSPBNA CRA team.

Below are the current members of the Morgan Stanley Community Development Advisory Board:

Member	Title	Organization
James Bason	President/CEO	TruFund Financial Services, Inc.
Robin Hughes	President/CEO	Housing Partnership Network
Ellis Carr	President/CEO	Capital Impact Partners
Rafael Cestero	President/CEO	The Community Preservation Corporation
Lori Chatman	President	Enterprise Community Partners
Tom Collishaw	President/CEO	Self Help Enterprises
Alex Eaton	CEO	Community Foundation of Utah
Carol Galante	Faculty Director	Terner Center for Housing Innovation UC Berkeley
Maria Garciaz	CEO	NeighborWorks Salt Lake
Joseph Hagan	President/CEO	National Equity Fund
Ben Hecht	Founder & Principal	Reclaiming the Dream
Priya Jayachandran	President	National Housing Trust
Stan Keasling	Retired CEO	Rural Community Assistance Corporation
Christine Looney	Deputy Director	Ford Foundation
Lisa Mensah	Former CEO	Opportunity Finance Network
Dan Nissenbaum	CEO	Low Income Investment Fund
Rey Ramsey	CEO	Centri Tech
Buzz Roberts	President/CEO	National Association of Affordable Housing Lenders
Deidre Schmidt	President/CEO	Common Bond Communities

## B. Community Development Advisory Board Meetings

We have consistently met with our Morgan Stanley Community Development Advisory Board bi-annually as described in section VI.A. Since March 2020 and throughout the pandemic we were forced to meet via videoconference but held our first in-person meeting with the Advisory Board on November 1-2, 2022. Moderated by Centri Tech Foundation (“Centri”), Morgan Stanley brought together leading affordable housing and community development practitioners. The meeting was designed to generate innovative capital ideas for the affordable housing sector. The convening sought to help all parties better understand the affordable housing and community development landscape, to illuminate the gaps in capital deployment, and to develop potential solutions.

Participants included local, regional, and national leaders in affordable housing and community development. Several themes ran as undercurrents throughout the meeting:



- Continued support of new construction and preservation of multi-family affordable rental housing, especially as studies show home prices and rents continuing to rise due to severe constraints on supply and rising housing demand because of strong household growth throughout the pandemic<sup>42</sup>
- Explore opportunities to support and work with public housing authorities to rehabilitate our public housing stock. There is a significant opportunity to identify creative solutions beyond LIHTC for public housing preservation
- Expand support for resident services; resident services are increasingly a requirement for projects to secure LIHTC awards, with stringent guidelines but no identified funding source. This disproportionately impacts smaller non-profits and emerging developers
- Continued need to support workforce development and invest in human capital to build a pipeline of diverse leaders for the community development field
- Continued and impactful investment in diverse intermediaries such as MDIs and CDFIs
- Focus investments on “CRA deserts” rather than continuing to “pile on” to the same crowded markets
- Continued need to address and support disaster recovery financing as well as a focus on disaster “prevention” by making investments into climate change initiatives that impact housing and LMI communities.

There was general agreement that opportunities and funding are not always aligned and that there is a critical need for flexible capital that is quickly accessible. For example, community-oriented small, emerging, and non-profit developers need ready-access to flexible capital to compete with larger developers with deeper pockets whose interests may not be aligned with the community. The community members validated that Morgan Stanley’s high-impact themes remained critically relevant today.

### C. Meetings with former E\*TRADE grantee partners

An important series of meetings occurred in early 2021, following Morgan Stanley’s acquisition of E\*TRADE Financial Corporation, including its subsidiaries E\*TRADE bank (“ETB”) and E\*TRADE Savings Bank (“ETSB”). At that time, members of Morgan Stanley’s CRA team met with each of E\*TRADE’s 46 community partners. These meetings were attended by more than 70 non-profit staff members representing a range of diverse and pressing community issues. The purpose of the meetings was to develop a deeper understanding of community needs by engaging with local leaders, and to explain our community development finance work and product offerings. As identified in Section VIII, we reviewed Morgan Stanley’s approach to address community and economic development needs and highlighted a range of our community development finance products, including:

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<sup>42</sup> Joint Center for Housing Studies of Harvard University, “The State of the National Housing, 2022”, <https://www.jchs.harvard.edu/state-nations-housing-2022>

- Private equity to preserve affordable housing
- Construction and permanent loans for affordable housing (both income restricted and Naturally Occurring Affordable Housing (“NOAH”))
- Tax credit investments
- Resident services
- Purchases of bonds that support affordable housing
- Targeted small business lending and investing activity
- Loans and investments to Community Development Financial Institutions (“CDFIs”)
- Morgan Stanley’s Signature Community Development Service Programs
- Grants to nonprofit partners for infrastructure and capacity building for community development organizations

These offerings were met with a great deal of interest and support.

#### **D. Impact Developer Fund Tour**

Another important community needs touchpoint was a tour the Bank conducted in May 2022, in Harlem, NY. Led by three local, minority-owned developers that have received support through the Impact Developer’s Fund, the tour featured three of their impressive mixed-use, mixed-income developments in Harlem. The principals of Genesis Companies, Lemor Development, and Exact Capital led the tour, which brought CRA staff, Bank senior management and the developers together, and was an opportunity for all to not only see and tour the properties but to understand how important access to flexible, early capital is to help projects get built. The Impact Developers Fund, a \$26 MM Fund created in a partnership of Morgan Stanley, the Ford Foundation and TruFund Financial Services, provided minority and women-owned developers’ equity capital and technical support to help grow their businesses.

#### **E. Community Feedback on Community Need and MSPBNA Role**

Morgan Stanley continues to discuss needs with numerous community groups, as well as potential responses to these needs. During these conversations, the need for quality affordable rental multi-family housing with resident services was consistently identified, together with its corollary – recognition that the Assessment Area has fewer opportunities for affordable single-family housing. It was widely recognized that in New York, bond financing, together with letters of credit to support construction, are key tools for responding to this need. Also noted was the growing need to support the rehabilitation and long-term affordability of the City’s and the region’s Public Housing as well as preserving affordability in properties nearing the end of their initial LIHTC compliance period (Y15).

Across all contacts there was agreement regarding the need for:

- Construction and preservation of multi-family affordable rental housing, including the need to rescue distressed multi-family affordable housing and to support the rehabilitation and stabilization of Public Housing through RAD conversions
- Municipal housing bond underwritings
- Letters of credit for construction financing
- Preservation of affordable rental housing enabled by helping sponsors extend affordability of projects at or near year 15 of tax credit compliance

- Equity or other support for small developers, particularly for development companies owned by traditionally under-served communities
- Technical assistance and financing support for community-based organizations serving the needs of LMI small businesses / businesses in LMI neighborhoods
- Grant support for non-profit organizations, particularly hard to raise support for infrastructure, capacity building and general operating support
- Support for communities in Upstate New York, which do not have access to banks that can provide more complex solutions

Contacts also agreed that while purchasing one-to-four family mortgage loans add liquidity to the market, given the existing volume of originations and purchases by other banks, MSPBNA's purchase of such loans would not fulfill an unmet community need.

## **F. Selected Morgan Stanley Board Memberships**

Serving on nonprofit boards not only generates CRA credit as a community development service, but it also provides our employees with a window into community needs. Morgan Stanley employees serve on nonprofit boards, credit committees, and finance committees of nonprofits whose mission is to address the needs of LMI people and neighborhoods in the Bank's Assessment Area. Many of the nonprofits served by Morgan Stanley employees become the Bank's and the Firm's strategic partners. In addition to providing employee volunteers, the Bank and the Firm provide additional support to its nonprofit partners, including grants, loans and/or investments.

## VII. Identified Needs

Based on the variety of community needs assessments noted above, the construction and preservation of affordable multi-family housing was identified as the most critical need, but with the caveat to build community, not simply housing. Other needs are detailed below. MSPBNA is committed to responding to many of these needs within its Assessment Area and the BSRA, but notes that it may not be feasible to respond to every identified need. Identified needs include support for:

- Multi-family affordable housing, including housing that provides services for residents and access to broader community amenities that make a healthy community, such as quality jobs, public transit, primary health care, healthy foods, and greenspace
- Economic development, including place-based economic development and financing for small businesses
- Small developers, particularly for development companies owned by traditionally under-served populations
- Minority-Depository Institutions (“MDIs”) and Community Development Financial Institutions (“CDFIs”)
- Non-profit organizations, particularly hard to raise grant support for infrastructure, capacity building and general operating support
- Human development for the community development industry and fellowship programs that support people from LMI families and communities

The community needs assessments reaffirmed that the purchase of one-to-four family mortgages made to LMI borrowers and in LMI census tracts to provide liquidity to the market was not a critical community need. Such activity was viewed as having less community impact, with significant numbers of banks already focused on the one-to-four family mortgage market. Accordingly, the Bank will continue to devote its resources towards higher impact projects and programs, particularly those that increase or preserve quality multi-family affordable rental housing.

### A. Multi-family Affordable Rental Housing

“Housing cannot be a privilege. It is the key to living a healthy lifestyle. Safe, stable, and affordable housing is fundamental to our prosperity...”<sup>43</sup>  
- Mayor Eric Adams

Within the broad category of affordable housing, MSPBNA has identified specific needs that include, but are not exclusively limited to, financing for the following community needs:

- New Construction, Preservation and Rehabilitation of Affordable Housing
- Distressed Multi-family Affordable Rental Housing
- Projects Reaching Year 15 of Tax Credit Compliance
- Public housing improvements and stabilization through RAD conversions
- Naturally Occurring Affordable Housing (“NOAH”)
- Mixed-use and/or Mixed-income Projects

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<sup>43</sup>New York City Office of the Mayor, “Housing our Neighbors: A Blueprint for Housing and Homelessness”, 2022

### **New Construction, Preservation and Rehabilitation of Affordable Housing**

Affordable housing continues to be a top priority of community development groups and New York City government. New construction, preservation and rehabilitation of affordable housing are core components of community development in the MSPBNA Assessment Area. New York City is in an affordable housing crisis; requiring both the preservation of existing affordable housing, and new construction to increase supply. More than 50 percent of rental households in the MSPBNA Assessment Area spend more than 30 percent of their household income on rent. Quality multi-family rental housing is a key component to increasing economic opportunity and the preservation and new construction of quality multi-family rental housing is a critical need.

### **Distressed Multi-family Affordable Rental Housing**

Rescuing distressed multi-family affordable housing continues to be among the most significant problems in need of a solution in the multi-family rental housing sector. A research report generated by University Neighborhood Housing Program noted that, as of October 2022, 27,000 units in New York City were considered severely distressed.<sup>44</sup>

Another report, “The State of Bank Reinvestment in New York City,” published by the Association for Neighborhood and Housing Development<sup>45</sup>, recommends that banks with distressed loans in their portfolios should make such loans available for purchase to community-oriented investors who can purchase the buildings to ensure their preservation as affordable rental housing stock. The rescue of such distressed multi-family buildings can powerfully address this critical community need.

Responding to this need requires innovative financing structures and close partnership among tenants’ associations and developers involved in building rescue work. Given the deteriorated state of the buildings, some tenants cease paying rent, which reduces cash flow available to service debt and cover building maintenance. Therefore, addressing these situations, which is amongst the most impactful of community development activities, requires creative financing structures, often involving both qualified investments and community development loans. Equally important to the financing structure is the need to involve community-oriented developers who are enthusiastic about collaborating with tenants’ associations to bring the buildings back into stable operations and safe conditions. After facing significant neglect in their housing situation, tenants in these buildings often need access to additional resident services.

### **Projects Reaching Year 15 of Tax Credit Compliance**

“While the demand for affordable multifamily housing continues to grow, the number of such units at risk of loss or conversion to market-rate units is also growing. The resulting shortage of affordable multi-family housing has created increasing financial hardship for LMI households.”<sup>46</sup>

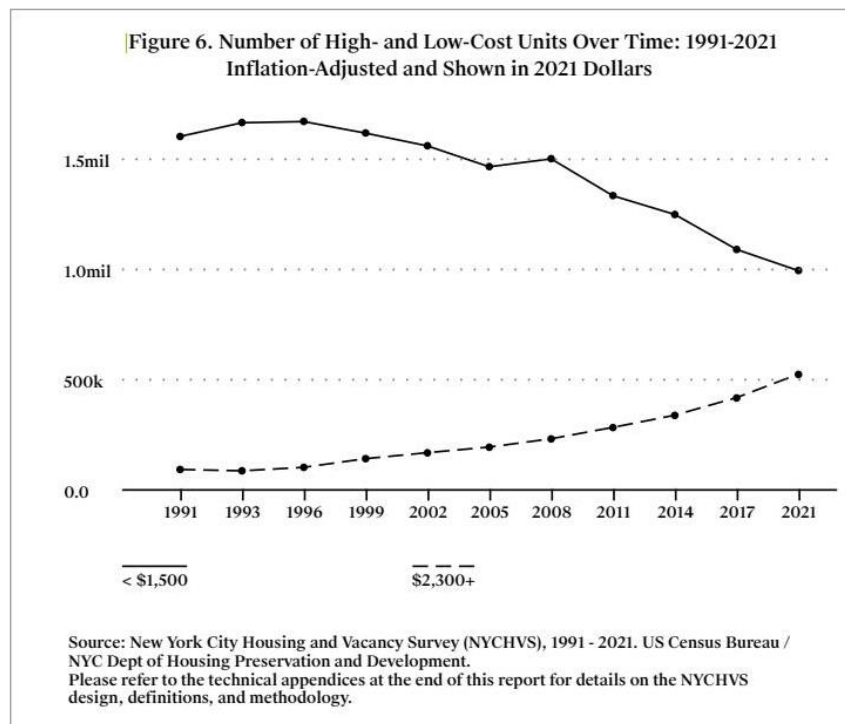
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<sup>44</sup>University Neighborhood Housing Program, UNHP Building Indicator Project Database, October 2022

<sup>45</sup>Association for Neighborhood and Housing Development, State of Bank Reinvestment in NYC Annual Report, 2018, <https://anhd.org/report/state-bank-reinvestment-new-york-city-2018>

<sup>46</sup>OCC, “Community Developments Investments (March 2017),” <https://www.occ.treas.gov/publications/publications-by-type/other-publications-reports/cdi-newsletter/affordable-housing-march-2017/affordable-housing-march-2017-table-of-contents.html>

As noted in the above-referenced issue of Community Development Insights, published by the OCC, “preserving affordable housing is a priority for housing policymakers.” When a LIHTC project reaches the end of the 15-year federal tax credit compliance period (“Y15”), the limited partner typically will seek to exit the partnership because the project will have fulfilled its federal tax credit compliance obligations, and the limited partner will have realized its expected tax benefits. Preservation of these low-cost units is critical. According to the 2021 NYC Housing and Vacancy Survey, “... between 2017 and 2021, there was a net loss of about 96,000 units with rents less than \$1,500...”. Contrastingly, there was “...a net increase of 107,000 units with rent of \$2,300 or more...”<sup>47</sup>



Some LIHTC properties facing the end of their use restrictions lack operating and replacement reserves to ensure proper property maintenance and upkeep. Without sources of capital to invest, properties may deteriorate, leading to increased vacancies, a deepening cycle of budget shortfalls, and resulting inability to operate.

Such properties often require recapitalization to stabilize operations and extend affordability. Both Letters of Credit (“LCs”) and LIHTC investments are important means to maintain viability. Providing LCs, LIHTC, and private equity investments is critical to preserving LIHTC properties and increasing the availability of funds for proper maintenance, continued normal operations, maintenance of adequate replacement reserves, and preserving long-term affordability. Nonprofits can quickly acquire properties and preserve their affordability while smaller, local nonprofits and mission-oriented developers assemble the necessary financing packages.

<sup>47</sup> New York City Housing and Vacancy Survey (NYCHVS), 1991 – 2021, <https://www1.nyc.gov/assets/hpd/downloads/pdfs/services/2021-nychvs-selected-initial-findings.pdf>

## **Public Housing Improvements and Stabilization through RAD Conversions**

“We cannot wait and hope for a windfall of billions of dollars that has been promised for decades without coming. Our neighbors who live in NYCHA buildings have waited long enough and they deserve better.”<sup>48</sup>  
- Jessica Katz, Chief Housing Officer, NYCHA

Founded in 1934, the New York City Housing Authority (“NYCHA”) is the largest public housing authority in North America with more than 400,000 residents.<sup>49</sup> NYCHA housing is currently in need of over \$40Bn in repair.<sup>50</sup> Mayor Eric Adams has made the preservation of NYCHA housing a top priority for his administration.

Residents have complained about uninhabitable conditions due to health and safety concerns. Today, NYCHA is focused on modernizing and rehabilitating its buildings. In some cases, NYCHA properties enter joint ventures with private developers under HUD’s RAD program to lease their buildings and run them like a private landlord, while preserving permanent affordability. Additionally, in June 2022, Governor Kathy Hochul signed new legislation to create the New York City Public Housing Preservation Trust – a new state-created public entity that will cap rents at 30% of income, preserve all resident rights and protections, fix residents’ homes through capital repairs, and maintain a public workforce. To raise the needed capital, the Trust will issue bonds that fund comprehensive building renovations (with input and partnership from residents at the development).

## **Naturally Occurring Affordable Housing**

Affordable housing is recognized as one of the top community development needs in New York City, if not the highest community development need. But the supply of government-supported affordable housing is limited. NOAH is an important component of affordable housing in the Bank’s Assessment Area. Mission-based investors and developers can acquire and preserve this housing stock, make renovations and keep rents affordable.

Across the country, the supply of these properties remains very limited, and rent growth is outpacing wage growth. According to Fannie Mae “... As of December 2021, year-over-year Class B rent growth was a whopping 14.9%, three times as high as the 4.7% wage growth recorded... In 2021, Class C effective rent growth totaled 7.2%, easily outpacing wage growth of 5.8% for production and non-supervisory employees. In addition, inflation of 7.0% year-over-year as of December 2021 likely made renting even less affordable.”<sup>51</sup>

In an effort to combat the dwindling supply, Fannie Mae has created Sponsor-Initiated Affordability (SIA) to incentivize property owners who agree to both rent and income

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<sup>48</sup>New York City Housing Authority, “Transcript: Mayor Adams Speaks in Support of Legislation Authorizing the NYCHA Preservation Trust” <https://www.nyc.gov/office-of-the-mayor/news/326-22/transcript-mayor-eric-adams-speaks-support-legislation-authorizing-nycha-preservation>

<sup>49</sup>New York City Housing Authority; “New York City Housing Authority Public Housing,” <https://www1.nyc.gov/nyc-resources/service/2286/new-york-city-housing-authority-nycha-public-housing>

<sup>50</sup> Transcript: Mayor Adams Speaks in Support of Legislation Authorizing the NYCHA Preservation Trust, <https://www.nyc.gov/office-of-the-mayor/news/326-22/transcript-mayor-eric-adams-speaks-support-legislation-authorizing-nycha-preservation>

<sup>51</sup>FannieMae, “Multifamily Market Commentary – February 2022 - 2022 Outlook for Multifamily Affordability – Erosion in Affordability Unlikely to Be Reversed in 2022,” <https://www.fanniemae.com/media/42891/display>, February 2022.



restrictions for residents of their existing conventional workforce housing with lower borrowing costs. The SIA incentives are offered to borrowers who agree to preserve or create a minimum of 20% of units in a multifamily property affordable to residents earning less than 80% percent of area median income (AMI), adjusted for family size, over the life of a loan with rents not exceeding 30% of AMI.<sup>52</sup> The creation of the SIA program highlights the importance of the preservation of NOAH.

### **Mixed-use and/or Mixed-income Projects**

Because the New York Assessment Area is a high-cost housing market, state and local government agencies sometimes propose major economic development initiatives that include mixed-use and/or mixed-income projects. These projects can transform blighted and underutilized real estate. These projects include efforts to revitalize or stabilize these areas through the development of affordable rental housing, to include households earning up to 165 percent of AMI, a percentage of market rate housing, economic development, and community amenities such as primary healthcare, workforce development, healthy foods, aging in place, and greenspace.

## **B. Economic Development**

“Equitable economic development is about creating the systems and environments to create a stable middle and working-class employment base and workforce that creates a meaningful path to the middle class. It ensures that these systems and opportunities are intentionally extended to the low- and moderate-income and underserved communities that need them most through targeted strategies for quality job creation, small business development, and workforce development and placement.”<sup>53</sup>

In addition to affordable housing, within the Bank’s Assessment Area there is also a need for financing for economic development. This may include, but is not limited to, financing for the following community needs:

- Areas Designated for Revitalization by Government Agencies
- Small Business Lending and Investing
- Workforce Development and Job Creation
- Financial Literacy

### **Areas Designated for Revitalization by Government Agencies**

Areas targeted for redevelopment by Federal, state, local, or tribal governments may require private capital to revitalize or stabilize these areas. In addition to housing, targeted redevelopment needs may include economic development and community amenities such as primary healthcare, workforce development, healthy foods, and greenspace.

For example, at the federal level, Revitalization Areas are HUD-designated geographic areas authorized by Congress under provisions of the National Housing Act intended

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<sup>52</sup> Greystone, “Fannie Mae Aims to Promote Naturally Occurring Affordable Housing”, <https://www.greystone.com/insights/fannie-mae-aims-to-promote-naturally-occurring-affordable-housing/>, April 13,2021.

<sup>53</sup>Association for Neighborhood and Housing Development, State of Bank Reinvestment in NYC Annual Report, 2018, <https://anhd.org/report/state-bank-reinvestment-new-york-city-2018>



to promote "revitalization, through expanded homeownership opportunities." In New York City, Morgan Stanley participated in the revitalization of one such area in 2021, Far Rockaway Village Phase 3, in Far Rockaway, Queens. The project was a new construction of 354 units of affordable housing in Far Rockaway and the third phase of a larger four-phase redevelopment plan that will bring 1,700 affordable units to the area. The master development is the largest residential development planned under the Downtown Far Rockaway neighborhood re-zoning plan; the second major neighborhood re-zoning initiative under the De Blasio mayoral administration. Phase 3 apartments serve a range of household incomes ranging from 30% of AMI to 80% of AMI and there will be a 15% set-aside for homeless families.

### **Small Business Lending and Investing**

New York City is a city of small businesses. With over 220,000 small businesses, this sector represents a key source of employment for New Yorkers and revenue for the city.<sup>54</sup> Small businesses employ more than half of New York City's private sector workforce.<sup>55</sup> Capital enables small business to start and grow so that they may create jobs and establish important community institutions.

One need that small businesses have is for long-term, fixed-rate financing to acquire fixed assets for modernization or expansion— especially in the aftermath of the COVID-19 pandemic. The post-COVID economic recovery holds great potential, but the city continues to face significant changes with more than 26,000 business having closed and many office buildings not at full capacity<sup>56</sup>.

In addition to traditional sources of bank lending, small businesses need access to a variety of capital products including mezzanine debt, venture capital and private equity investments. Venture capital and private equity can be extremely valuable to spur innovative risk-taking to support the creation and retention of jobs and the preservation of important community institutions. The smallest businesses need access to microfinance loans.

The Federal Reserve Bank of New York's 2021 Small Business Credit Survey to identify credit needs in New York City notes that "...almost every firm surveyed (95%) said the pandemic had impacted their business, with a majority (53%) expecting 2020 revenue to drop by more than one-quarter."<sup>57</sup> Additionally, "the number of firms carrying debt increased, as did those with a debt load of more than \$100,000. Most owners whose firms experienced financial challenges in the prior 12 months used personal funds to help their businesses".<sup>58</sup>

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<sup>54</sup>City of New York, "Small Business First. Better Government. Stronger Businesses," <https://www1.nyc.gov/site/smallbizfirst/download/download-plan.page>

<sup>55</sup>City of New York, "Small Business First. Better Government. Stronger Businesses," <https://www1.nyc.gov/site/smallbizfirst/download/download-plan.page>

<sup>56</sup>Mayor Adams to "Rebuild, Renew, Reinvent," Unveils Blueprint for NYC's Economic Recovery", March 10, 2022. <https://www.nyc.gov/office-of-the-mayor/news/119-22/mayor-adams-rebuild-renew-reinvent-blueprint-nyc-s-economic-recovery#0>

<sup>57</sup>Federal Reserve Bank of New York, "Small Business Credit Survey", 2021, <https://www.newyorkfed.org/smallbusiness/small-business-credit-survey-2021>

<sup>58</sup>Federal Reserve Bank of New York, "Small Business Credit Survey", 2021, <https://www.newyorkfed.org/smallbusiness/small-business-credit-survey-2021>

### **Workforce Development and Job Creation**

Critical to any community's long-term economic health is the creation and retention of jobs, which requires both sustainable businesses as well as a trained workforce. Based on community feedback, even small seed capital can be critical to the success of these efforts.

According to the New York City Workforce Development Board, "Many jobseekers lack the skills and experience sought by employers. At the same time, many employers cannot find the skilled talent they need for certain positions."<sup>59</sup>

### **Financial Literacy**

Given the low rates of homeownership in the Assessment Area, many New Yorkers need basic information on the home buying process, as well as basic financial services education.

## **C. Emerging Developers**

New York City Economic Development Corporation ("NYC EDC") found that there is a significant financing gap for emerging developers. Access to capital is a primary obstacle for new developers, especially minority developers.<sup>60</sup> New developers, particularly minority-owned developers, need flexible capital, early and long-term commitment, and technical assistance to build affordable housing. Emerging developers need financial resources to acquire affordable housing land/properties for rehab or development.

## **D. Minority-Depository Institutions and Community Development Financial Institutions**

In the Bank's Assessment Area, MDIs and CDFIs play a critical role stabilizing and revitalizing LMI communities.

### **Support for Community Development Financial Institutions**

Opportunity Finance Network, a non-profit support organization for the CDFI industry defines CDFIs as "[p]rivate financial institutions that are 100 percent dedicated to delivering responsible, affordable lending to help low-income, low-wealth, and other disadvantaged people and communities join the economic mainstream."<sup>61</sup> To be successful, CDFIs need access to bank capital to fulfill their missions, whether the mission is the preservation and development of affordable housing, or the economic development of a community. Members of the Morgan Stanley Community Development Advisory Board have repeatedly urged the Bank to continue to support CDFIs.

The Bank's Assessment Area is home to many CDFIs, including many that are partners of Morgan Stanley, including: AAFE Community Development Fund, ACCION

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<sup>59</sup>NYC Workforce Development Board, "WIOA Local Plan for New York 2017 to 2020," <https://www1.nyc.gov>

<sup>60</sup>Capital Impact Partners, "Helping Minority Developers Shape the Future of Their Communities," <https://www.capitalimpact.org>

<sup>61</sup>Opportunity Finance Network, "What is a CDFI," <https://www.ofn.org/what-cdfi>

East, Carver Federal Savings Bank, Community Capital New York, Community Preservation Corporation, Greater Jamaica Local Development Company, Leviticus, Local Initiatives Support Corporation, Neighborhood Housing Services of New York City, Nonprofit Finance Fund, NYBDC Local Development Corporation, Renaissance Economic Development Corporation and TruFund Financial Services.

### **Support for Minority-Depository Institutions**

In the MSPBNA Assessment Area, Carver Federal Savings Bank, an MDI and CDFI, plays a critical role. Carver was founded in 1948 to serve African American communities whose residents, businesses, and institutions had limited access to mainstream financial services. Today, Carver is one of the top four largest African American operated banks in the United States.<sup>62</sup> According to the National Community Investment Fund (“NCIF”), Carver channels its capital resources into underserved neighborhoods by reinvesting over 80 percent of its deposits into its communities.<sup>63</sup> Helping institutions like Carver is an important component of stabilizing and revitalizing the Bank’s Assessment Area LMI communities.

## **E. Supporting Nonprofit Community Organizations with Grants**

The nonprofit community development sector in MSPBNA’s Assessment Area is vibrant. The area includes some of the oldest community development corporations in the country, and numerous organizations working in LMI communities to develop affordable housing, seed economic development, provide workforce development, and encourage financial literacy. Yet in a time of dwindling resources, these organizations have seen their capacities strained, as all are being asked to do more with less. Providing grants helps to ensure the long-term viability of these critical organizations.

In addition to programmatic support, nonprofit organizations turn to Morgan Stanley for hard-to-raise support for organizational infrastructure, capacity building including technical assistance, new untested programs, and general operating support.

## **VIII. MSPBNA’s Thematic and Impactful Strategy to Address Community Needs**

MSPBNA will leverage the Firm’s expertise to provide a community development program designed to help meet the community development needs of the Bank’s Assessment Area and BSRA. The Firm has expended significant financial and personnel resources to bring together the right mix of financial structuring and community-oriented developers to address community needs. Under this Plan, MSPBNA proposes to lend or invest at least \$3.7Bn and provide at least 9,500 hours of community development services to earn an “Outstanding” CRA rating.

As noted in the Introduction Section – Beyond the Numbers (section II.B), MSPBNA has designed CRA Strategic Plan IV to focus on the quality and impact of activities under the

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<sup>62</sup>SavingsAdvice.com, “Here Are the Top 6 Black Owned Banks and What They Offer,” [https://www.savingsadvice.com/articles/2020/7/17/1074980\\_here-are-the-top-6-black-owned-banks-and-what-they-offer.html](https://www.savingsadvice.com/articles/2020/7/17/1074980_here-are-the-top-6-black-owned-banks-and-what-they-offer.html), July 2020

<sup>63</sup>National Community Investment Fund (“NCIF”), “Carver Federal Savings Bank,” <http://www.ncif.org/search/node/carver>, September 2018

Plan, not just achieving numerical goal thresholds. Under this Strategic Plan, MSPBNA will build on the community development success of its current Strategic Plan by:

- Creating a new commitment to innovative multi-family housing resident services. This initiative expands upon the successful pilot program, which funded resident services whenever private equity was used to rescue distressed multi-family properties. Going forward, the Firm and the Bank will work to ensure that the residents of affordable housing projects (or the surrounding communities) that receive an investment from Morgan Stanley will receive resident services. One way this may be accomplished is by reducing the yield received by Morgan Stanley on the investment to create a fund for resident services.
- Deploying private equity to quickly acquire buildings at risk of losing long-term affordability restrictions or where affordability restrictions could be added.
- Supporting emerging developers who seek to compete for affordable housing transactions.

As of this writing, many of the programs/features noted below are unique to Morgan Stanley, or only rarely offered in the community development marketplace.

Under this Strategic Plan, Morgan Stanley will also bring its significant community development expertise to the BSRA and MDAs. The Bank anticipates that the products and services provided will address a wide range of community needs. In regards to housing, nationwide, there are just 36 affordable and available rental homes for every 100 extremely low-income families — those who either live in poverty or earn less than 30 percent of the median income in their area. It is a problem in every major city and in every state. Nationally, nearly half of renters spend more than 30 percent of their income on housing.<sup>64</sup>

Morgan Stanley will also be able to respond to small business financing needs, particularly through the Morgan Stanley Small Business Administration (“SBA”) 504 program. Morgan Stanley is already working with several national CDFIs that have a presence in the BSRA and expects to continue to build on these partnerships to extend its expertise, innovation and leadership to these additional communities of need.

#### Morgan Stanley Signature High Impact Programs

Morgan Stanley has created numerous “Signature Programs” that demonstrate the Firm’s leadership in responding to critical needs.

- A. Unique Morgan Stanley Set-Aside to Provide Resident Services (expanded commitment)
- B. Private Equity to Preserve Affordable Housing
- C. Rescuing Properties that Are Distressed
- D. Small and Emerging Developers
- E. Morgan Stanley Carver Home Loan Collaboration
- F. Grants for infrastructure and capacity building for community development organizations
- G. Morgan Stanley Signature Community Development Service Programs

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<sup>64</sup>National Low Income Housing Coalition, “The Gap: A Shortage of Affordable Homes”, <https://nlihc.org/gap>, April 2022

## A. Unique Morgan Stanley Set-Aside to Provide Resident Services

A key pillar in the MSPBNA CRA Program is the Firm's commitment to ensure that services are provided for the residents (or the surrounding communities) of projects that receive investments through Morgan Stanley proprietary funds, whether tax credit or private equity. This addresses the need for resident services, a key need identified multiple times during the Bank's needs assessment.

Morgan Stanley requires the General Partner of the Funds to work with the projects' owners or developers to identify programs to support the needs of their residents and the surrounding communities. The funding for these services are provided by monies set aside in the funds upper tier, reducing the yield received by Morgan Stanley. Funds are then distributed to the projects through an application process. Generally the funds are distributed as one-time grants, acting much like seed money for the first year of services and intended to help the service providers get a solid start in the program and then find additional long-term funding. This expands on the Firm's pilot program, which provided funding for a community garden and garden manager at 924 Kelly Street, a housing project financed by Morgan Stanley. Examples of resident services as of 2022 include free tax preparation and financial counseling services, including help filing for the Earned Income Tax Credit, college preparation services, children's extracurricular activities, Spanish interpretation services, food distribution services and an 8-week afterschool program with curriculum developed by the Baseball Hall of Fame for 4<sup>th</sup>-8<sup>th</sup> graders.

## B. Private Equity to Preserve Affordable Housing

Where appropriate, Morgan Stanley will use private equity to stabilize buildings approaching the end of their LIHTC compliance period. This meets the need for a developer to have enough time to assemble longer-term slower-to-assemble financing such as LIHTC. This preserves the housing's long-term affordability as it might otherwise be subject to deep-pocket developers with the ability to quickly convert a project to market rate housing. For more information on Private equity funds, please see "How Private Equity Can Help Low-Income Communities,"<sup>65</sup> an article in which National Equity Fund President & CEO, Joe Hagan, along with Morgan Stanley's Mike Mantle and Ford Foundation's Roy Swan, discuss how private equity can help low-income communities in the midst of a nationwide affordable housing crisis. ([Click here for the article](#))

These private equity transactions are also extremely flexible and innovative. This financing is provided with the understanding and the hope that government subsidies, including LIHTC, will be forthcoming, but before there is certainty. Morgan Stanley assumes this additional risk. As noted above, Morgan Stanley is continuing its commitment to residents of the affordable housing projects (or the surrounding communities) that receive an investment from a Morgan Stanley proprietary fund will receive resident services.

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<sup>65</sup>Prosperity Now, "Gaining Financial Security through Housing," 2017

## C. Rescuing Properties that are Distressed

Morgan Stanley will continue to respond to the need to rescue distressed properties by identifying community-oriented developers who can acquire, rehabilitate, manage, and preserve multi-family affordable rental housing and providing them with innovative, flexible, and complex financing structures. The distressed multi-family affordable rental housing problem is among the most pressing problems in New York City. Leading community groups as well as the OCC have expressed the need to continue to address the problem of distressed multi-family affordable rental housing.

“In distressed neighborhoods, preserving affordable housing can spark the public-private investment needed to catalyze the revitalization of an entire community. Saving decent, affordable housing is a cost-effective means of protecting a critical community asset in rapidly revitalizing and economically healthy communities...”<sup>66</sup>

Addressing the need to preserve distressed properties will require continuing to work in close partnership with numerous government agencies, local mission-oriented nonprofit community partners and building tenant associations.

## D. Small and Emerging Developers

MSPBNA will work to provide emerging developers with the capital they need to acquire properties for affordable housing rehabilitation or development. As noted above, small and emerging developers, particularly those owned by traditionally underserved populations, such as women- and minority-owned developers, frequently lack the capital to compete for development projects. Building on the success generated from The Impact Developers Fund, a \$26 MM fund created by Morgan Stanley, the Ford Foundation and TruFund to invest in women- and minority-owned developers, Morgan Stanley will continue to seek opportunities to significantly increase available capital and permit these developers to compete on a much larger scale. Harvard Business School created a case study, “The Impact Developers Fund”<sup>67</sup>, to highlight the innovation of this fund.

## E. Morgan Stanley Carver Home Loan Collaboration

As part of MSPBNA’s community development lending commitment, Morgan Stanley will continue to originate loans through the Morgan Stanley Carver Home Loan Collaboration (the “Collaboration”).

Carver Federal Savings Bank, an MDI and certified CDFI, and MSPBNA have entered into an agreement that draws on Carver’s insights in the community and allows MSPBNA to market mortgage products and educational services in Carver branches located in Harlem, Brooklyn, Queens and the Bronx. Founded in 1948, Carver is committed to meeting the credit needs of the communities it serves, increasing profitability, and enhancing stockholder value.

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<sup>66</sup>OCC, “Community Developments Investments”, March 2017

<sup>67</sup>Baker, Malcolm, Samuel Gregory Hanson, Jonathan Wallen, and Zach Komes. ["The Impact Developers Fund."](#) Harvard Business School Case 222-046, January 2022.



Through this initiative, MSPBNA markets home loans in designated space in Carver branches. The Bank also offers financial literacy and homeowner education seminars to help homeowners maintain their homes and prospective purchasers better understand what it takes to purchase and maintain a home. As appropriate, these services are tracked as community development services. As a part of the Collaboration, Morgan Stanley provides marketing fees to Carver Federal Savings Bank and advice to clients as necessary.

As with the CRA Strategic Plan I, II and III, retail mortgage lending done through the Carver Home Loan Collaboration will be considered community development lending.

## **F. Grants for Infrastructure and Capacity Building**

Morgan Stanley is addressing the need to develop the next generation of leaders in the community development field. As an example, together with ANHD, Morgan Stanley created the Morgan Stanley/ANHD Community Development Fellowship Program. Now in its 11th year, the program offers graduate students in fields such as urban planning or public policy an opportunity to have a good-paying part-time internship at a New York City community development corporation or community development nonprofit. Virtually all program alumni have stayed in the community development field – truly creating the next generation of leaders.

Given the success of the Morgan Stanley/ANHD Community Development Fellowship Program, we have created similar types of Fellowship programs in Utah and Washington D.C. In Utah, the program launched in 2016 and is led by the Utah Community Foundation. In Washington, D.C., a new Fellowship program was launched with the National Community for Reinvestment Coalition in 2022. In 2024, we plan to continue the progress we have made in human capital capacity building by establishing new Fellowship programs with non-profit partners Centri Tech Foundation and the National Urban League.

In addition, building on the success of our human capital capacity building Fellowship programs, Morgan Stanley launched its signature Historically Black Colleges and Universities (HBCU) Scholars program. The program provides full scholarships for HBCU students at Howard University, Morehouse College and Spelman College and is also designed to support their career skills and readiness to help set them on a life-long path to success. As an initial investment, Morgan Stanley has provided five academic and needs-based four-year scholarships at each institution for students entering college in 2021-2024, with a new class of scholars added each year for a class size of 60 by the fourth year. The scholarships cover the entire cost of attending the institutions for each academic year and will be open to students across disciplines and majors. Additionally, Morgan Stanley will provide a career-readiness program with virtual and on-site components to complement their on-campus curriculum. We plan to continue the program through 2028.

## G. Morgan Stanley Signature Community Development Service Programs

The Firm recognizes that community development services are also key activities to catalyzing the revitalization and stabilization of LMI communities. Morgan Stanley encourages employees to volunteer year-round. These activities generate hundreds of thousands of hours each year. However, only a small fraction is submitted as part of the Bank's CRA activities.

From a CRA perspective, the most impactful activities include providing professionally related services, including the Morgan Stanley Strategy Challenge, Scopeathons, and board and committee service to community development non-profit organizations. In addition, significant and targeted homebuyer counselling service hours are also generated through the Carver Home Loan Collaborative, as discussed in section VII.D. Minority-Depository Institutions and Community Development Financial Institutions.

### Signature Program – The Morgan Stanley Strategy Challenge

Since 2010, one signature effort of Morgan Stanley's community development service program has been Morgan Stanley's Strategy Challenge (the "Challenge"). Since inception, Morgan Stanley has continued to grow this extraordinarily high impact program. The Challenge provides ten weeks of pro-bono consulting focused on answering key strategic questions at selected non-profits. The consulting services are delivered through top-performing Morgan Stanley volunteers who represent a broad range of skills from numerous divisions across the Firm.

When Morgan Stanley surveyed past nonprofit participants, 100 percent indicated that the Firm's volunteers helped them address strategic challenges for their organizations through projects critical to their organization's ability to meet its mission. According to participants, Morgan Stanley teams spent significant time listening and learning about the organizations and brought a different approach to the participants concerns. One participant said, "We needed this work done, and we couldn't have dreamed of a better team churning out higher-quality work." The financial skills and business acumen brought to bear by the Firm's employee volunteers are critical to the Strategy Challenge success stories.

### Broadening Opportunities – "Scopeathons"

More recently, strong interest from employees and nonprofits has led the Firm to expand on the success of the Strategy Challenge program to broaden the opportunities for employees to bring their unique skills to similarly situated organizations. In 2018, the Firm launched the Morgan Stanley Change Makers initiative, a partnership with the Taproot Foundation. With Change Makers, Morgan Stanley makes it easy for employees to give back by providing direct access to a variety of pro bono projects, where employees can be generous with their expertise to make a difference in their communities. A key element of the Changemakers initiative is a series of "Scopeathons," half-day, skills-based consulting events, which, much like the Strategy Challenge, pair teams of Morgan Stanley employees with local nonprofit organizations. Employees assist nonprofit organizations with challenges related to business strategy, financial management, operations/process improvement, data analysis, human resources, technology, and more.



## High Impact Programs

In addition to Morgan Stanley Signature Programs, Morgan Stanley will continue to play a leadership role in the Assessment Area through participation in High Impact Programs, sometimes in partnership with other Financial Institutions.

- H. Construction and Permanent Loans for Affordable Housing (both income restricted and Naturally Occurring Affordable Housing)
- I. Tax Credit Investments
- J. Financing Rental Assistance Demonstration Conversions
- K. Purchases of Bonds that Support Affordable Housing
- L. Letters of Credit to Support Affordable Housing
- M. Targeted Small Business Lending and Investing Activity
- N. Loans and Investments for Economic Development
- O. Loans and Investments to Community Development Financial Institutions
- P. Grants to Nonprofit Partners

### **H. Construction and Permanent Loans for Affordable Housing**

Morgan Stanley will continue to originate and participate in construction and/or permanent lending for affordable housing, both income-restricted and NOAH. Preserving NOAH is a critical need in the Bank's Assessment Area. According to the analysis performed by CoStar, a leading data analytics firm for the commercial real estate industry, and presented in 2016 at a symposium co-sponsored by the Urban Land Institute ("ULI") and the National Association of Affordable Housing Lenders ("NAAHL"), there are 5.5 million units of NOAH across the United States, and in New York City over 28,000 units of Class B or C buildings, examples of unsubsidized, NOAH.<sup>68</sup> Where possible, Morgan Stanley will seek to convert NOAH to government-supported income-restricted housing that will guarantee the long-term affordability of this housing.

### **I. Tax Credit Investments<sup>69</sup>**

Morgan Stanley will continue to provide equity through tax credit investments, such as LIHTC. Morgan Stanley will work with responsible syndicators and developers that are either non-profit or community-oriented - those with a track record and an ongoing commitment to long-term affordability. This is consistent with all recent investments done at both MSPBNA and at our sister institution, Morgan Stanley Bank, NA.

Tax Credit investments remain a critical tool for addressing the community development need for affordable housing. LIHTC investments will include support for new construction as well as support for projects reaching the end of their Y15 compliance period.

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<sup>68</sup>ULI Americas, "New Costar Data Identifies 5.5 million units of Naturally Occurring Affordable Housing in Markets Across the United States", <https://amreicas.uli.org/new-costar-data-identifies-5-5-million-units-naturally-occurring-affordable-housing-markets-across-the-united-states/>, October 17, 2016.

<sup>69</sup>See section VIII.A for LIHTC with resident services, a signature high impact program.

As noted above, residents of the affordable housing projects (or the surrounding communities) that receive investments from a Morgan Stanley proprietary fund will receive resident services.

## **J. Financing Rental Assistance Demonstration Conversions**

Morgan Stanley will address the need to stabilize and repair public housing by providing financing for RAD conversions. This builds on Morgan Stanley's prior experience, such as the financing of two RAD transactions with the Municipal Housing Authority of the City of Yonkers (Seven Townhomes in 2017 and Troy Manor and Kris Kristensen in 2019) and Vista Village (2019) with the East Orange Housing authority in East Orange, NJ.

RAD is a voluntary program of the Department of Housing and Urban Development ("HUD"). RAD seeks to preserve public housing by providing Public Housing Agencies ("PHAs") with access to more stable funding to make needed improvements to properties. NYCHA estimates its apartments currently need a staggering \$40 billion worth of major repairs, or about \$200,000 per unit<sup>70</sup>. RAD provides PHAs with a way to rehabilitate or repair units without depending on additional money from Congress.

To be successful, RAD project financings require significant expertise and creativity.

## **K. Purchases of Bonds that Support Affordable Housing**

Morgan Stanley expects to directly address the Assessment Area need to support state and municipal bonds for affordable housing. This was identified as a critical need by numerous community leaders during our community outreach.

Housing Finance Agencies are government-chartered authorities that are established to help meet the affordable housing needs of local residents. Supporting these agencies through the purchase of state and municipal bonds is a critical means of supporting affordable housing. Bonds provide much needed capital for the construction and preservation of affordable housing in New York City. To accomplish this task, both NYC HDC and NYS HCR issue both tax-exempt and taxable bonds. NYC HDC's ability to issue tax-exempt bonds is especially crucial to this effort because they come with 4 percent as-of-right low-income housing tax credits. The tax credits, which serve as equity capital for affordable rental housing projects, coupled with the low interest rate associated with tax-exempt bonds, support the creation of affordable housing for a broad spectrum of households.

New York City's mayor, Mayor Eric Adams, has also made a significant commitment to support New York City's affordable housing efforts. Mayor Adams has set priorities for the construction, rehabilitation, and maintenance of affordable housing. Bonds are a necessary tool to accomplish this goal.

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<sup>70</sup>Ballard Spahr LLC, "Alternative Project Delivery Methods Authorized for Repairs at NYC Public Housing Units", <https://www.ballardspahr.com>, July 11, 2022

## L. Letters of Credit to Support Construction Financing

To help address the need for affordable housing, the Firm will continue to provide letters of credit (“LCs”) for construction financing. Consistent with the CRA Strategic Plans I, II, and III, all LCs will be counted as part of the bank’s lending commitment.

15 years ago, this was established as a need; it remains so today. In a letter sent to the OCC on April 15, 2008, Shaun Donovan, then Chairperson of NYC HDC, and former United States Secretary for HUD, and Marc Jahr, then President of NYC HDC, stated “Absent the LCs, the process of raising capital for affordable housing projects would be, at best, arduous and unpredictable; more likely it would be impossible.” This opinion was echoed in a letter sent to the OCC on June 6, 2008 by five members of New York City’s Congressional Delegation. More recently, in March 2014, the OCC reaffirmed the importance of LCs by including LCs as one of six important loan products and bank services necessary for successful LIHTC-financed projects.<sup>71</sup>

Because of the importance of the bond markets to financing the development and rehabilitation of affordable housing in New York City, LCs issued by highly rated financial institutions are vitally important to help stimulate demand and lower costs to issuers, thereby facilitating more housing volume. LCs stimulate demand by lowering credit risk, which leads to better pricing for the issuer. Savings generated by better pricing allows government to invest in more affordable housing units.

## M. Targeted Small Business Lending and Investing

Morgan Stanley will support small businesses through more impactful and less widely available means, including investments into SBA Small Business Investment Corporations (“SBICs”), loans and investments through Morgan Stanley Impact SBIC, and SBA 504 loans.

Morgan Stanley Impact SBIC was launched in 2015, licensed under the SBA’s Impact Investment Initiative, and established with a \$25MM commitment with the objective to promote economic development by providing capital to later stage companies in the lower middle market sector. The Impact program targets the education and clean-tech sectors, and low- and moderate-income people and geographies. There are only nine Impact SBICs in the country and the Morgan Stanley Impact SBIC is the only bank-sponsored Impact SBIC.<sup>72</sup>

Another need that small businesses have is for long-term, fixed-rate financing to acquire commercial real estate for modernization or expansion. The SBA 504 program is a key tool to meet this need. A healthy secondary market for SBA 504 loans increases the amount of capital available to small businesses. For example, community banks that provide SBA 504 financing sometimes cannot offer long-term fixed-rate financing or need to increase their liquidity. Morgan Stanley originates and funds the first mortgage loan involved in the SBA 504 loan program while the referring lender originates and funds the bridge loan, which is subsequently taken out by a SBA 504 debenture. Occasionally, the referring lender might originate and fund the first

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<sup>71</sup>OCC, Community Developments Insights, Community Affairs Department, “Low-Income Housing Tax Credits: Affordable Housing Investment Opportunities for Banks”, March 2014 (Revised 2014), (the other five loan products or services are: pre-development and acquisition loans, bridge loans, construction loans, permanent mortgage financing and warehouse lines of credit)

<sup>72</sup>SBA, “Investment Capital,” <https://www.sba.gov/funding-programs/investment-capital>

mortgage loan involved in the SBA 504 loan program and Morgan Stanley will subsequently purchase the loan shortly after it is funded. This normally occurs when the referring lender wants the loan documents in their name. Through this program, Morgan Stanley demonstrates leadership and provides much needed liquidity to community banks. This virtuous cycle allows the community banks to originate more SBA 504 program loans, helping small business owners obtain the long-term financing they need.

## **N. Loans and Investments for Economic Development**

Morgan Stanley will continue to support projects that facilitate economic development. Beyond housing, economic development that provides quality jobs and revitalizes communities is a key need. Because the New York Assessment Area is a high-cost housing market, state and local government agencies sometimes propose major economic development initiatives that include mixed-use and/or mixed-income projects. These projects can transform blighted and underutilized real estate.

When capital is not available, the rate of job growth is slowed down, and wealth creation is impacted.

## **O. Loans and Investments to Community Development Financial Institutions<sup>73</sup>**

Morgan Stanley will continue to work closely with its CDFI partners to understand their needs and respond with capital that is both flexible and responsive.

While not an effort focused on the Assessment Area, the advent of Morgan Stanley's general obligation bond product for CDFI's, such as the \$75MM Preservation of Affordable Housing, Inc ("POAH") bond issued in April 2022, is representative of the Firm's commitment to community development, including extraordinarily flexible and innovative programs that are responsive to new or emerging needs, and that support CDFIs in their day-to-day work of developing and maintaining affordable housing and supporting economic development and job creation.

## **P. Grants to Nonprofit Partners**

Morgan Stanley will continue to provide grants, both small and large. Morgan Stanley funds general operating support and specific programs. Morgan Stanley's grants to organizations that support LMI people and communities include support for affordable housing/neighborhood revitalization, small business/economic development, capacity building, community development services, underbanked/financial education and workforce development. Morgan Stanley will also provide capacity building and technical assistance to our non-profit community development partners.

Grant capital is vital to the success of all nonprofits. Grant capital can fund programs that do not generate enough earned income, can provide support for items that government contracts do not fund, and can seed new, unproven projects.

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<sup>73</sup>Including programs and projects sponsored by CDFIs

In addition, the Firm will address the need for financial education through the provision of grants to organizations that provide access to and education regarding financial services for LMI consumers and thought leaders that work to advance policies to address this need.

The Bank and the Firm anticipate creating other new programs over the course of the Strategic Plan cycle. These include the ideas proposed during bi-annual Community Development Advisory Board meetings, as well as others not yet imagined. Morgan Stanley may participate in other transactions that qualify for consideration under CRA, whether permitted as of the acceptance date of this Plan or permitted based on revisions to the law, regulation, or OCC-approved guidance.

## IX. Plan Goals<sup>74</sup>

This CRA Strategic Plan commits to a high level of community development lending, investment, and services activities to achieve a CRA rating of "Outstanding" with a focus on high quality transactions of innovative and complex programs that meet critical needs in the Bank's Assessment Area, BSRA and MDAs.

During the term of this CRA Strategic Plan (January 1, 2024 – December 31, 2028) MSPBNA proposes to lend or invest at least \$3.7Bn and provide at least 9,500 hours of community development services to earn an "Outstanding" CRA rating. For a "Satisfactory" CRA rating, MSPBNA proposes to lend or invest at least \$2.4Bn and provide at least 6,377 hours of community development services.<sup>75</sup>

As demonstrated by past performance, the Bank approaches its goals as a floor, not a ceiling. If MSPBNA achieves the goals established in this Plan, it will not cease community development activity, but will continue to seek out impactful transactions that innovatively respond to the needs of the Bank's communities.

Annual community development goals have been set for both "Outstanding" and "Satisfactory" rated performance levels. These annual goals are derived from allocating the total Plan lending and investment goal over the term of the Plan. However, because the Bank is relying entirely on community development activity to achieve its goals, it is important to recognize that performance may not be spread evenly over each year of the Plan because of the irregular and sometimes unpredictable nature of the community development market. As a result, if the Bank exceeds any of its annual goals for a given year, the Plan allows it to apply excess performance activity over the annual goal to subsequent Plan years.

MSPBNA will not seek credit for prior period investments. As a result, MSPBNA will include all Generally Accepted Accounting Principles ("GAAP") investments committed during the Plan period, whether funded or unfunded. Since the Bank is not seeking credit for prior period investments, this is the only way to ensure that credit is received for all GAAP committed investments.

In recognition of the overbanked nature of the Assessment Area community development market, within these goals, MSPBNA will consider that it has met an annual Plan goal if at least 33 percent of that goal has been achieved in the Bank's Assessment Area, with the remainder of the goal achievable in the Bank's BSRA or MDAs. Programs, funds or projects that serve all of New York State will be considered as part of the Assessment Area goal.

The Plan addresses the three CRA performance categories: lending, investments, and services. Consistent with CRA Strategic Plans I, II, and III, and as permitted by the OCC, the Bank has chosen to continue to emphasize qualified investments. MSPBNA's emphasis on investment activity allows the Bank to best leverage the Firm's capacity, product offerings, and business expertise. As shown in the tables below, the Plan includes goals for both "Satisfactory" and "Outstanding" ratings. Morgan Stanley has set the goals for "Satisfactory" at 66.7 percent of the goals for "Outstanding."

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<sup>74</sup>Some numbers may not add due to rounding.

<sup>75</sup>If the Bank exceeds a measurable goal in any year, it may apply the excess activity of an annual goal to subsequent Plan years.

<b>Annual Community Development Lending and Investing Volume to achieve "Outstanding"</b>					
<b>Year</b>	<b>Lending (in MM)</b>	<b>Investment (in MM)</b>	<b>Total (in MM)</b>	<b>Service Hours</b>	
January 1, 2024 - December 31, 2024	\$ 142	\$ 567	\$ 709	1,900	
January 1, 2025 - December 31, 2025	\$ 145	\$ 581	\$ 727	1,900	
January 1, 2026 - December 31, 2026	\$ 149	\$ 596	\$ 745	1,900	
January 1, 2027 - December 31, 2027	\$ 153	\$ 611	\$ 764	1,900	
January 1, 2028 - December 31, 2028	\$ 157	\$ 627	\$ 783	1,900	
<b>Total</b>	<b>\$ 746</b>	<b>\$ 2,982</b>	<b>\$ 3,728</b>	<b>9,500</b>	

<b>Annual Community Development Lending and Investing Volume to achieve "Satisfactory"</b>					
<b>Year</b>	<b>Lending (in MM)</b>	<b>Investment (in MM)</b>	<b>Total (in MM)</b>	<b>Service Hours</b>	
January 1, 2024 - December 31, 2024	\$ 95	\$ 378	\$ 473	1,267	
January 1, 2025 - December 31, 2025	\$ 97	\$ 388	\$ 485	1,267	
January 1, 2026 - December 31, 2026	\$ 99	\$ 398	\$ 497	1,267	
January 1, 2027 - December 31, 2027	\$ 102	\$ 408	\$ 510	1,267	
January 1, 2028 - December 31, 2028	\$ 104	\$ 418	\$ 522	1,267	
<b>Total</b>	<b>\$ 497</b>	<b>\$ 1,989</b>	<b>\$ 2,487</b>	<b>6,337</b>	

## **X. Other Information**

### **A. Benefit to LMI Community**

The volume of community development lending, investing, and services, and the flexibility to put such volume to work afforded by the Strategic Plan, will generate a positive impact for the LMI community of the Bank's Assessment area, the Broader Statewide or Regional Area and selected Major Disaster Areas.

### **B. Historical Performance**

MSPBNA currently has a CRA rating of "Outstanding" from the OCC. MSPBNA continues to meet or exceed all goals in its current CRA Strategic Plan.

### **C. Public Comment Period**

MSPBNA has formally solicited public comment on the Plan by publishing notice in at least one newspaper of general circulation in the Assessment Area covered by the Plan (see section XI - Appendix I.B).

### **D. Effective Date of Plan**

The effective date of the Plan is January 1, 2024.

### **E. Term of Plan**

The Strategic Plan Term is from January 1, 2024 – December 31, 2028.

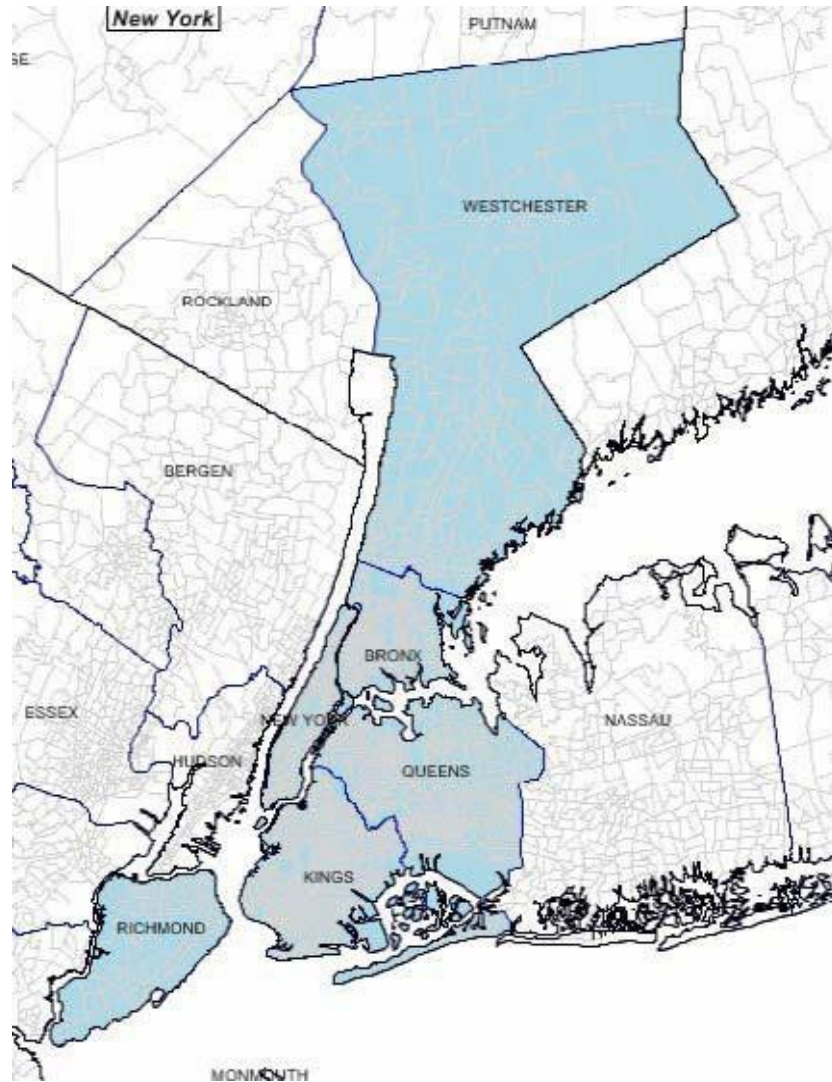
### **F. Election of Alternative Method of Assessment**

MSPBNA and the Firm are committed to the goals set forth in the Plan. Pursuant to 12 CFR § 25.27 (f)(ii)(4) if the Bank fails to meet substantially its Plan goals for a "Satisfactory" rating, the Bank may request that the OCC evaluate the Bank's performance under the Large Retail Bank Test.



**XI. Appendix I – Public Documents**

**A. Appendix A: Maps for Designated CRA Assessment Areas**



## B. Formal Solicitation of Public Comment

This announcement of the availability of the PBNA CRA Strategic Plan IV was placed in the New York Times on December 21, 2022. No comments were received.

**Morgan Stanley Private Bank, National Association  
Community Reinvestment Act Strategic Plan  
(the "Strategic Plan")**

The regulations of the Office of the Comptroller of the Currency ("OCC") require a bank that seeks to implement a Strategic Plan under the Community Reinvestment Act ("CRA") to publish notice of the Strategic Plan and solicit formal written public comment for at least a 30-day period. In conformance with this requirement, Morgan Stanley Private Bank, National Association (the "Bank") hereby provides notice to the public of its plan to submit a CRA Strategic Plan to the OCC. Written comments from the public concerning the Strategic Plan are encouraged. To obtain a copy of the Bank's Strategic Plan at no charge to the requesting party, individuals may request a copy by contacting the Bank's CRA Officer at [cra@morganstanley.com](mailto:cra@morganstanley.com) or by calling 212-761-2448. All written comments regarding the Strategic Plan should be directed to the Bank's CRA Officer at [cra@morganstanley.com](mailto:cra@morganstanley.com). Comments and suggestions will be accepted until January 21, 2023, following which time the Strategic Plan will be submitted for approval to the OCC. The Bank will review all comments and incorporate suggestions to the Strategic Plan at its discretion.