Morgan Stanley Private Bank, National Association

CRA Strategic Plan III

July 2019 – December 2023

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I. Executive Summary

Morgan Stanley Private Bank, National Association ("MSPBNA" or the "Bank") is pleased to submit its third Community Reinvestment Act ("CRA") Strategic Plan (or the "Plan") to the Office of the Comptroller of the Currency ("OCC"). CRA Strategic Plan III 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 second 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 (July 1, 2019 – December 31, 2023) MSPBNA proposes to lend or invest at least $1.3Bn and provide at least 6,750 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 firm (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 programing is rooted in the Bank's listening to its communities and responding to critical community development needs. From the Bank's outset, community partners asked Morgan Stanley to not 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:

- Creating a new commitment for 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. Going forward, the Firm and the Bank will work 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 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.

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"). In this way, 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 investments 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 be 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 making a new commitment to the provision of resident services, which support the recovery and viability of distressed residential properties. Additional new initiatives, such as providing capital to emerging developers to address community needs, will also be undertaken under this Plan. 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,[1] 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 VIII and IX.

MSPBNA's current CRA Strategic Plan's term expires on June 30, 2019. The Bank has prepared this new CRA Strategic Plan (the "Plan") for the period July 1, 2019 to December 31, 2023 for the OCC's review and approval.

A. Summary of MSPBNA CRA Strategic Plan Goals

For the Plan cycle, MSPBNA proposes to lend or invest at least **$1.3Bn** and provide at least **6,750** 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 community 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.[2]

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.

[1] MSPBNA operates with only one main office branch and a limited retail bank product set.

[2] 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.

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.[3]

The Plan addresses the three CRA performance categories: lending, investments, and services. Consistent with CRA Strategic Plans I and II, and as permitted by the OCC,[4] 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. A shown in the tables below, the Plan includes goals for both “Satisfactory” and “Outstanding” ratings.[5] Morgan Stanley has set the goals for “Satisfactory” at 66.7 percent of the goals for “Outstanding.”

Annual Community Development Lending and Investment Volume to achieve "Outstanding"				
Year	**Lending (in MM)**	**Investments (in MM)**	**Total (in MM)**	**Service Hours**
July 1, 2019 - December 31, 2019	$ 25	$ 100	$ 125	750
January 1, 2020 -December 31, 2020	$ 56	$ 226	$ 282	1,500
January 1, 2021 - December 31, 2021	$ 58	$ 232	$ 290	1,500
January 1, 2022 - December 31, 2022	$ 60	$ 238	$ 298	1,500
January 1, 2023 - December 31, 2023	$ 61	$ 244	$ 305	1,500
Total	**$ 260**	**$ 1,040**	**$ 1,300**	**6,750**

[3]Federal Register, Vol.81, No. 142, July 25, 2016, “CRA Q&A,” §ll.12(h)—6
[4]See 12 CFR § 25.27(f)(ii).
[5]Numbers may not add due to rounding

Annual Community Development Lending and Investing Volume to achieve "Satisfactory"				
Year	**Lending (in MM)**	**Investments (in MM)**	**Total (in MM)**	**Service Hours**
July 1, 2019 - December 31, 2019	$ 17	$ 68	$ 85	500
January 1, 2020 -December 31, 2020	$ 38	$ 152	$ 190	1,000
January 1, 2021 - December 31, 2021	$ 39	$ 156	$ 195	1,000
January 1, 2022 - December 31, 2022	$ 40	$ 160	$ 200	1,000
January 1, 2023 - December 31, 2023	$ 41	$ 164	$ 205	1,000
Total	**$ 175**	**$ 700**	**$ 875**	**4,500**

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

The critical characteristic of MSPBNA's new CRA Strategic Plan is *how* MSPBNA will meet the measurable goals of the Plan. The Bank will 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."

At the New Impact Capital Convening, discussed in section VI.B, participants agreed that having four walls and a roof for shelter is important, but it is not nearly enough. Participants stressed that capital should be deployed to create communities, not simply "self-storage facilities for people." The Firm has piloted a program to address this need through a unique program that sets aside funds for resident services in buildings financed through Morgan Stanley's New York City Distressed Multi-family Housing Fund. At these properties, residents have benefitted from funding for: a garden manager that helps residents grow and use healthy foods; free financial counseling services, including help filing for the Earned Income Tax Credit; college counseling for high school students; workforce development; and arts and culture programming.

Recognizing the impact of resident services, MSPBNA is making a **new commitment** in this Plan. Residents of the affordable housing projects (or the surrounding communities) that receive investments from a Morgan Stanley proprietary fund, whether Low Income Housing Tax Credits ("LIHTC") or private equity, will receive resident services.[6]

[6]Excludes multi-investor funds where Morgan Stanley is not the sole investor.

In addition to new community development solutions developed and deployed during this Plan, Morgan Stanley intends to continue or expand on the following thematic approaches that rely on Morgan Stanley's areas of 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, both through the use of private equity which is not routinely provided by private investors, as well as 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
- 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

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

MSPBNA commits that all of its activities will support new activity in the Assessment Area, the BSRA and any MDAs. The Bank will not purchase re-traded investment assets[7] 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.

[7]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. Given this 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.

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).[8]

MSPBNA's Assessment Area counties are:

New York City Counties
- Bronx County
- Kings County (Brooklyn)
- New York County (Manhattan)
- Queens County
- Richmond County (Staten Island)

New York Suburban County
- Westchester County

The Bank's Assessment Area is high-cost housing market. As noted in section V.E, Performance Context, high housing costs lead to a large portion of residents being

[8]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.

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").[9]

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.[10]

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 Atlantic Yards (where the residential portion is now known as Pacific Park) in Brooklyn, and Essex Crossing on Manhattan's Lower East Side. Both projects include affordable income "bands" that range from 30 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 (i.e. 30 percent, 40 percent and 50 percent of AMI) 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 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

Under this Plan, MSPBNA defines its BSRA as US Census Region I: Northeast. The US Census Northeast Region I contains the following states: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode

[9]As of February 2018, 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 130 percent AMI), "Mixed Income Program: M^2 Mixed-Middle" (130 percent to 165 percent AMI), and "50/30/20 Mixed Income Program" (up to 165 percent of AMI), https://www1.nyc.gov/site/hpd/developers/term-sheets.page

[10]As of June 2018, 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

Island and Vermont. MSPBNA's Assessment Area is very heavily banked. In contrast, many of the areas within US Census Region I have fewer banks per capita. In addition, in many of these areas, particularly in 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 BSRA in the Bank's Plan will bring new expertise and resources to the community development needs of this region.

The BSRA has significant community development needs. As one example, a large number of 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 USDA to provide affordable rental housing for very low-, low-, and moderate-income families, elderly persons, and persons with disabilities.[11] 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 NYS HCR, 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 institutions. 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.

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 Buffalo, NY, where the U.S. Census poverty estimate is 30 percent, higher even than the 28 percent in the Bronx.[12] The January 2019, U.S. Bureau of Labor Statistics preliminary unemployment rate estimate for Buffalo City was 5.0 percent, well above the national rate of 4.0 percent.[13] 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 $11.6MM LIHTC investment in School 77, a new affordable housing project sponsored by the development arm of People United for Sustainable Housing ("PUSH"), a west-side Buffalo community development organization. The School 77 financing supported the gut rehabilitation and adaptive reuse of a vacant, historically significant school in the West Side neighborhood of Buffalo, New York. The three-story building will contain 30 units of new affordable senior rental housing and 23,000 square feet of usable commercial and Community Facilities Space.

[11]Housing Assistance Council, "Rural Rental Housing (Section 515)",http://www.ruralhome.org/
[12]U.S. Census Bureau, "QuickFacts," https://www.census.gov/quickfacts/buffalocitynewyork
[13]U.S. Bureau of labor Statistics, "Local Area Unemployment Statistics," https://www.bls.gov/eag/eag.ny_buffalo_msa.htm

An example of a need in the BSRA outside of New York State is Newark, NJ. According to Prosperity Now,[14] 70 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.[15] By including Newark in the areas served by MSPBNA, Morgan Stanley will be able to build on the Firm's prior successes. In 2015, Morgan Stanley participated in the redevelopment of the former Hahne's Department Store building in downtown Newark, NJ. The project is a mixed-use development that includes affordable housing, retail space for a grocery store, commercial space, and parking. The project required complex financing, as it included New Market Tax Credits, LIHTC, and Historic Tax Credits.

Another example of an area of need within the BSRA is New Haven, CT. According to the Greater New Haven Community Index of 2016 by DataHaven, the gap between rich and poor in New Haven, CT is widening faster than in all but a few other areas in the United States. Another demonstration of how Morgan Stanley can help and has helped to meet the needs in the BSRA is a past project in New Haven. Morgan Stanley participated in a RAD project to rehabilitate a 57-unit public housing development with the Housing Authority of New Haven. Through a nonprofit partner, the project will include resident services such as youth programs, job training, financial counseling, and employment services.

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.

C. Major Disaster Areas

MSPBNA may seek consideration for community development activities in MDAs, communities designated by federal or state government as major disaster areas MDAs. 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, CA 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.

[14]Prosperity Now is a nonprofit organization that focuses on financial inequality and insecurity in the United States. https:\\www.prosperitynow.org

[15]Prosperity Now, "Building Financial Security in Newark, NJ," November 9, 2015, https://www.prosperitynow.org/blog

V. Performance Context

A. Economic and Demographic Information

As demographic data in the tables below indicate, the majority 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 II remain largely unchanged. Since that Plan was approved, the poverty rate is lower in every county except Richmond within the Assessment Area (see "Poverty" chart in section V.C.), but remains a pressing problem. Median income has increased, but the need for affordable housing within the Assessment Area is still a significant issue.

B. Population

According to the United States Census Bureaus' 2017 Population Estimates, 2017 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 Total Population
Bronx	1,471,160	15.3%
Kings (Brooklyn)	2,648,771	27.6%
New York (Manhattan)	1,664,727	17.3%
Queens	2,358,582	24.6%
Richmond (Staten Island)	479,458	5.0%
Westchester	980,244	10.2%

C. Income

Median Household Income

County	Median Household Income 2013	Median Household Income 2016
Bronx	$33,079	$37,355
Queens	$39,789	$46,829
Kings (Brooklyn)	$47,067	$54,793
Richmond (Staten Island)	$68,621	$75,524
New York (Manhattan)	$71,443	$77,214
Westchester	$83,094	$89,380
Metropolitan Statistical Area*		$75,368

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

There are significant disparities among the income levels of individual counties, with median household income in the Bronx just 42 percent of that in neighboring Westchester County.[16]

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 New York City counties, there are 2,167 census tracts, of which approximately 44 percent are LMI. About 96 percent of the LMI census tracts in the Bank's Assessment Area are located in the New York City counties. Approximately two-thirds of the LMI census tracts are in the Bronx and Kings Counties. Westchester County contains 223 census tracts, of which only 17 percent are LMI.[17]

Census Tract Demographics

County	Census Tracts	Low Income Census Tracts	% Low Income Tracts in the County	Moderate Income Census Tracts	% Moderate Income Tracts in the County	Combined LMI Census Tracts	% Combined LMI Tracts in the county	Middle Income Census Tracts	Middle Income Tracts in the county	Upper Income Census Tracts	Upper Income Tracts in the county	% LMI Tracts of All AA LMI Tracts
Bronx	339	160	47.2%	90	26.5%	250	73.7%	56	16.5%	26	7.7%	25.2%
Kings (Brooklyn)	761	115	15.1%	280	36.8%	395	51.9%	211	27.7%	141	18.5%	39.7%
New York (Manhattan)	288	44	15.3%	51	17.7%	95	33.0%	20	6.9%	158	54.9%	9.6%
Queens	669	24	3.6%	176	26.3%	200	29.9%	308	46.0%	134	20.0%	20.1%
Richmond (Staten Island)	110	4	3.6%	11	10.0%	15	13.6%	36	32.7%	56	50.9%	1.5%
NYC Total	**2,167**	**347**	16.0%	**608**	28.1%	**955**	**44.1%**	**631**	**29.1%**	**515**	**23.8%**	**96.1%**
Westchester	223	7	3.1%	32	14.3%	39	17.5%	45	20.2%	134	60.1%	3.9%
Suburban County Total	**223**	**7**	3.1%	**32**	14.3%	**39**	**17.5%**	**45**	**20.2%**	**134**	**60.1%**	**3.9%**
Grand Total	**2,390**	**354**	14.8%	**640**	26.8%	**994**	**41.6%**	**676**	**28.3%**	**649**	**27.2%**	**100.0%**

A 2018 estimate derived from available U.S. Census data indicates that over 45 percent of families in the Bank's Assessment Area are low- and moderate-income, with the Bronx containing the highest percentage of LMI families (64.4 percent). The majority of the Assessment Area's LMI families are located in NYC counties. Nearly

[16]Federal Reserve Bank of St. Louis, "Economic Research," https://fred.stlouisfed.org/
[17]FFIEC, 2018 Update Based on 2011-2015 American Community Survey Estimate, https://www.ffiec.gov/%5C/census/default.aspx

half of NYC's families are LMI, whereas the majority of Westchester County families are upper income (59.4 percent).[18]

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 in the county	Middle-Income Families	Middle Income Families in the county	Upper-Income Families	Upper Income Families in the county
Bronx	310,610	140,032	45.1%	59,847	19.3%	64.4%	48,247	15.5%	62,484	20.1%
Kings (Brooklyn)	581,345	208,295	35.8%	107,445	18.5%	54.3%	96,278	16.6%	169,327	29.1%
New York (Manhattan)	300,147	83,793	27.9%	37,798	12.6%	40.5%	34,087	11.4%	144,469	48.1%
Queens	527,510	131,909	25.0%	96,386	18.3%	43.3%	104,219	19.8%	194,995	37.0%
Richmond (Staten Island)	122,677	21,524	17.5%	15,999	13.0%	30.6%	22,331	18.2%	62,823	51.2%
NYC Total	**1,842,289**	**585,553**	**31.8%**	**317,475**	**17.2%**	**49.0%**	**305,162**	**16.6%**	**634,098**	**34.4%**
Westchester	237,402	34,897	14.7%	27,403	11.5%	26.2%	34,196	14.4%	140,906	59.4%
Suburban County Total	**237,402**	**34,897**	**14.7%**	**27,403**	**11.5%**	**26.2%**	**34,196**	14.4%	**140,906**	**59.4%**
Grand Total	**2,079,691**	**620,450**	**29.8%**	**344,878**	**16.6%**	**46.4%**	**339,358**	**16.3%**	**775,004**	**37.3%**

With an improved economy, the poverty levels within MSPBNA's Assessment Area have declined. However, poverty levels remain high in some counties, with the highest rates found within Bronx (27.9 percent) and Kings (19.8 percent) counties. As with other indicators, the lowest Assessment Area county poverty rate is 8.5 percent and is in Westchester.[19]

Poverty Level

(% Below Poverty Level)		
County	**2007-2011 American Community Survey**	**2017 Census Bureau Estimates**
Bronx	28.5%	27.9%
Kings (Brooklyn)	22.1%	19.8%
New York (Manhattan)	17.6%	16.3%
Queens	13.7%	12.2%
Richmond (Staten Island)	11.0%	11.9%
Westchester	8.9%	8.5%

[18]RATA Comply, 2018 Estimate Based on Available U.S. Census Data
[19]United States Census Bureau, "Quick Facts," https://www.census.gov/quickfacts

D. Employment

According to the Federal Reserve Bank of St. Louis., as of December 2017, Bronx County (5.6 percent) is among the counties in New York State with an unemployment rate above the national rate of 4.7 percent.[20] Other Assessment Area counties unemployment rates are lower.

Unemployment

County	Unemployment Rates
Bronx	5.6%
Kings (Brooklyn)	4.0%
New York (Manhattan)	3.5%
Queens	3.4%
Richmond (Staten Island)	3.9%
Westchester	4.4%

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 II. As noted by the Association for Neighborhood Housing and Development ("ANHD")[21] in their 2016 report, "The State of Bank Reinvestment in New York City":

> "New York is a city of renters – nearly two-thirds of New Yorkers rent their homes and the majority live in multifamily apartment buildings."[22]

However, as with other measures, there are significant differences between the Counties comprising New York City and Westchester County. As of 2017, about 38.5 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 67.4 percent.[23]

The majority of housing in the Assessment Area is multi-family, with a further majority in New York City. As of 2017, in Westchester County, approximately 32.4 percent of housing is multi-family while in New York City the proportion rises to 60.7 percent.[24]

[20]Federal Reserve Bank of St. Louis, "Economic Research," https://fred.stlouisfed.org/
[21]ANHD is a membership organization comprised of 94 nonprofit neighborhood housing groups serving low- and moderate-income New Yorkers.
[22]ANHD, "The State of Bank Reinvestment in New York City", 2016
[23]United States Census Bureau, "Quick Facts," https://www.census.gov/quickfacts/fact/table/US/PST045218
[24]United States Census Bureau, "2017 American Community Survey," https://www.census.gov/programs-surveys/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. ANHD highlighted the risk in 2013, stating:

> "Much of the affordable housing built with city and federal subsidy is in danger of going market-rate in the next few years."[25]

The risk remains unchanged. In 2018, the New York City's Office of the Comptroller updated a 2014 report to conclude that there continues to be a "substantial shift in the price distribution of rental apartments away from lower-priced units, to more middle- and high-rent units.[26]

Housing

County	Housing Units	Occupied Housing Units	Owner-Occupied Housing Units	Percent Owner-Occupied Units	Renter-Occupied Housing Units	Percent Rental-Occupied Units	Multi-Family Housing Units*	Percent Multi-Family Housing Units
Bronx	528,851	503,985	96,497	19.1%	407,488	80.9%	382,229	72.3%
Kings (Brooklyn)	1,044,287	956,223	290,792	30.4%	665,431	69.6%	550,586	52.7%
New York (Manhattan)	886,384	764,218	188,435	24.7%	575,783	75.3%	840,712	94.8%
Queens	857,250	769,258	340,570	44.3%	428,688	55.7%	358,290	41.8%
Richmond (Staten Island)	180,572	165,990	115,499	69.6%	50,491	30.4%	25,474	14.1%
NYC Total	**3,497,344**	**3,159,674**	**1,031,793**	**32.7%**	**2,127,881**	**67.3%**	**2,157,291**	**61.7%**
Westchester	374,912	350,919	212,819	60.6%	138,100	39.4%	121,975	32.5%
Suburban County Total	**374,912**	**350,919**	**212,819**	**60.6%**	**138,100**	**39.4%**	**121,975**	**32.5%**
Grand Total	**3,872,256**	**3,510,593**	**1,244,612**	**35.5%**	**2,265,981**	**64.5%**	**2,279,266**	**58.9%**

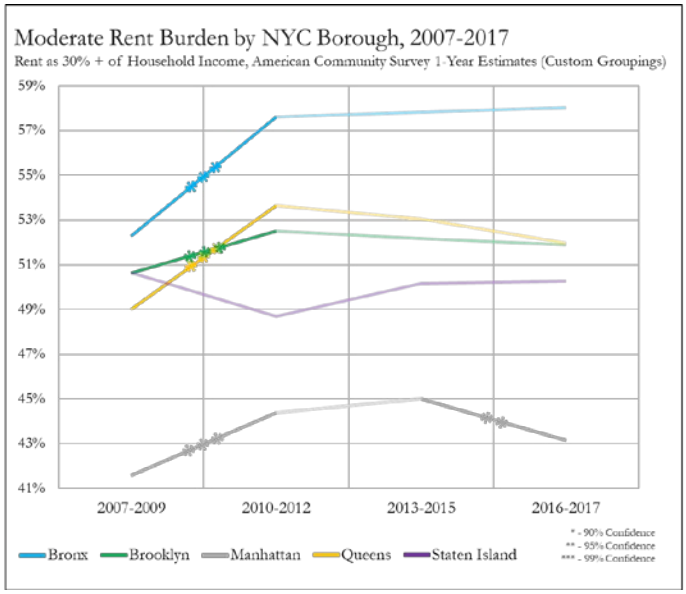
U.S. Census Bureau, American Community Survey 2017 1-Year Estimates

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 2017, the median housing cost for New York City is $538,700. This makes homeownership very challenging 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.[27]

In a 2019 presentation, New York City Housing Preservation and Development ("NYC HPD") noted that, as of 2017, a "typical renter household in NYC" earning $47,200 annually could only afford a maximum rent of $1,180. In contrast, the median monthly rent in New York City has increased to $1,340 while the asking rent of units available for rent is an even higher $1,875.[28] The rising rents have led to significant increases in households that are moderately rent-burdened (rent at 30 percent+ of household income) and severely rent-burdened (rent at 50 percent+ of household income). In the Bronx, Queens, Brooklyn and Staten Island, more than 50

[25]ANHD, "How is Affordable Housing Threatened in Your Neighborhood?" 2013.
[26]Office of the New York City Comptroller, "The Gap is Still Growing: New York City's Continuing Housing Affordability Challenge, (Revised 9/26/2018)"
[27]Over 450 institutions originate HMDA-reportable mortgage loans in MSPBNA's Assessment Area, including the top five mortgage lenders in the country.
[28]NYC Department of Housing Preservation and Development, "Addressing Distress in Multifamily Rental Building", (Presented at the Release of Building Indicator Project ("BIP") data March 8, 2019, Offices of Enterprise Community Partners, NY, NY)

percent of households are moderately rent-burdened. In the Bronx, 1/3 of households are severely rent-burdened.



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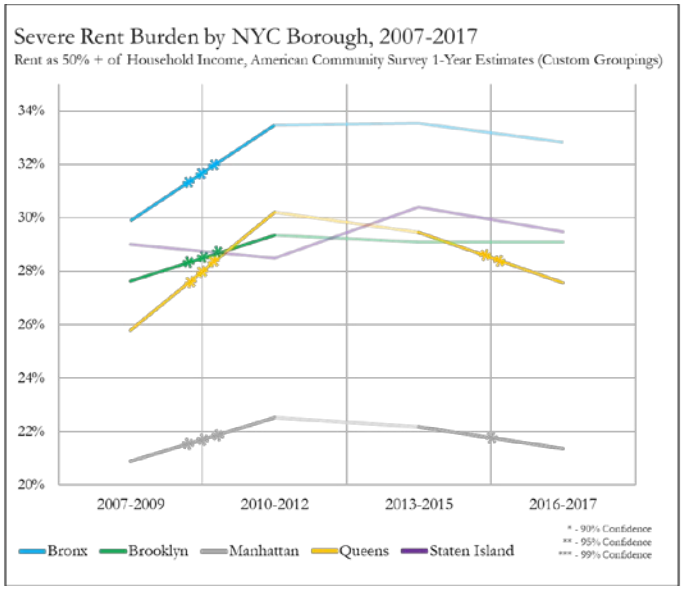

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[29]University Neighborhood Housing Program, "Multifamily Assistance Center Annual Meeting," (Presented at the Release of BIP data March 8, 2019, Offices of Enterprise Community Partners, NY, NY)
[30]University Neighborhood Housing Program, "Multifamily Assistance Center Annual Meeting," (Presented at the Release of BIP data March 8, 2019, Offices of Enterprise Community Partners, NY, NY)

County	Median Household Income 2016	Median Housing Cost	Median Rental Cost
Bronx	$ 37,335	$ 371,800	$ 1,133
Kings (Brooklyn)	$ 54,793	$ 623,900	$ 1,314
New York (Manhattan)	$ 77,214	$ 915,300	$ 1,615
Queens	$ 46,829	$ 481,300	$ 1,456
Richmond (Staten Island)	$ 75,524	$ 460,200	$ 1,229
Westchester	$ 89,380	$ 513,300	$ 1,444

F. Lending, Investment, and Service Opportunities

MSPBNA's Assessment Area is very heavily banked with 2,107 branches representing over 125 banks. New York City's mortgage market is saturated with large, experienced retail banks.

Deposits within the MSA are heavily concentrated, with the top five and top ten institutions holding 58.21 percent and 75.46 percent of all deposits, respectively. MSPBNA's share as of June 2017 is 2.73 percent ($49.56Bn), up from 1.4 percent in June 2014 ($19.56Bn). Although MSPBNA is now the 10th largest bank (up from 12th), it is still dwarfed by the largest banks, with the top five all maintaining deposits above $107.00Bn.

In brief, 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

For the current year and each of the two prior calendar years, the Bank has received no written comments from the public that specifically relate to the Bank's performance in helping to meet community credit needs.

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 in the Bank's BSRA. Examples of these national organizations include Local Initiative Support Corporation/National Equity Fund, Enterprise Community Partners, and 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 throughout MSPBNA's Assessment Area and the BSRA.

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, the Morgan Stanley/Ford Foundation New Impact Capital Convening, ongoing nonprofit board and committee meetings, meetings with community development clients and potential clients, and outreach meetings with identified leaders.

Numerous community leaders noted 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
Michael Bodaken	Past President	National Housing Trust
Ellis Carr	President and CEO	Capital Impact Partners
Rafael Cestero[31]	President and CEO	Community Preservation Corp ("CPC")
Tom Collishaw	President and CEO	Self Help Enterprises
Kimberlee Cornett	Director, Social Investment Practice	Kresge Foundation
Eileen Fitzgerald	President and CEO	Stewards of Affordable Housing for the Future ("SAHF")
Carol Galante	Director	Terner Center for Housing Innovation
Maria Garciaz	Executive Director	NeighborWorks Salt Lake City
Joseph Hagan[32]	President and CEO	National Equity Fund
Ben Hecht[32]	President and CEO	Living Cities
Robin Hughes	President and CEO	Abode Communities
Priya Jayachandran	President	National Housing Trust
Stan Keasling	CEO	Rural Community Assistance Corporation
Hope Knight[31]	President and CEO	Greater Jamaica Development Corporation
Andrea Levere	President	Prosperity Now
Dan Nissenbaum[32]	President and CEO	Low Income Investment Fund
Rey Ramsey	Senior Advisor	Next Sector Capital
Joe Reilly[32]	President and CEO	Community Development Trust
Buzz Roberts	President and CEO	National Association of Affordable Housing Lenders
Deidre Schmidt	President and CEO	CommonBond Communities

B. Morgan Stanley/Ford Foundation New Impact Capital Convening

To augment the Firm's needs assessment process, Morgan Stanley worked with the Ford Foundation to host a New Impact Capital Convening. Moderated by the Affordable Housing Institute, at the Convening Morgan Stanley and the Ford Foundation 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 Morgan Stanley and the Ford Foundation better understand the affordable housing and community development landscape, to illuminate the gaps in capital deployment, and to develop potential solutions.

[31] Represents an organization in the MSPBNA Assessment Area
[32] Represents a national organization with programs in the MSPBNA Assessment Area

Participants included local, regional, and national leaders in affordable housing and community development. Three primary themes ran as undercurrents throughout the two days:

- When it comes to affordable housing, capital should be deployed to create quality living spaces that people are proud to call "home," not simply to finance "self-storage facilities for people." Affordable housing should not be just a bricks and mortar dwelling place; it should also contain features that facilitate access to community and resident services, with diversity and inclusion as values and access to opportunity as goals. Participants noted that residents need access to all of the amenities that make a community.
- Interventions should address not just the consequences of poverty and inequality, but also the root causes; thus, development should be linked to basic needs such as health care, education, and workforce development.
- Scalability is necessary and achievable, but only with collaboration and targeted application of technology to achieve scalability and reap its benefits.

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.

C. Selected Morgan Stanley Board Memberships

Serving on nonprofit boards not only generates CRA credit as a community development service, 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 community needs assessment 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

The community needs assessment did not find that purchase of one-to-four family mortgages made to LMI borrowers and in LMI census tracts to provide liquidity to the market was 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

> "Affordable housing is part of the bedrock of what makes New York City work. It's what underpins the economically diverse neighborhoods New Yorkers want to live in. It's critical to providing financial stability for working families, helping them get ahead and build a better life."[33]
> - Mayor Bill de Blasio

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

[33] New York City Office of the Mayor, "Housing New York, A Five-Borough, Ten-Year Plan", 2014

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 the midst of 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 one organization noted that, as of April 2016, 27,000 units in New York City were considered severely distressed.[34]

Another report, "The State of Bank Reinvestment in New York City," published by the Association for Neighborhood and Housing Development, 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."[35]

[34]University Neighborhood Housing Program, UNHP Building Indicator Project Database, February 2019
[35]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.

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.

Public Housing Improvements and Stabilization through RAD Conversions

> "NYCHA residents need fixes in their homes, and they need them as soon as possible"[36]
> - Former NYCHA Interim Chair and CEO Stanley Brezenoff

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.[37] NYCHA housing is currently in need of over $32Bn in repair.[38] Mayor Bill de Blasio 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; and in some cases, entering into joint ventures with private developers under HUD's RAD program to lease the buildings from NYCHA and run them like a private landlord, while preserving permanent affordability.

[36]New York City Housing Authority, "Fixing NYCHA: Mayor de Blasio Announces Comprehensive Plan to Renovate NYCHA Apartments and Preserve Public Housing," https://www1.nyc.gov/office-of-the-mayor/news/591-18/fixing-nycha-mayor-de-blasio-comprehensive-plan-renovate-nycha-apartments-and#/0
[37]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
[38]Luis Ferre-Sadurni, "New York City's Public Housing Is In Crisis," New York Times, 12/25/2018

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. "The vacancy rates at apartments affordable to workforce households are unlikely to rise anytime soon. . . vacancies at more affordable Class B and C properties should rise to just 5.7 percent and fall to 4.8 percent, respectively, through 2020, which would still leave them below the historical average of 6.0 percent."[39]

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."[40]

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

[39]FannieMae, "Multifamily Market Commentary – February 2019 - 2019 Multifamily Affordable Outlook – An Overwhelming Need for Workforce Housing," February, 2019
[40]ANHD, "The State of Bank Reinvestment in New York City," 2017

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, the New York City Economic Development Corporation frequently designates areas for redevelopment. Morgan Stanley participated in the revitalization of one such area, Essex Crossing Development at Seward Park.

Small Business Lending and Investing

"New York City ranks second, behind Los Angeles, in the number of small businesses. With over 190,445 small businesses, this sector represents a key source of employment for New Yorkers and revenue for the city.[41] Small businesses employ more than half of New York City's private sector workforce.[42] 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.

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 Gotham Gazette used the Federal Reserve Bank of New York's 2014 Small Business Credit Survey to identify credit needs in New York City, noting that 40 percent of local business owners say they are struggling with common problems of finding customers and managing cash flow. Many businesses also said that securing loans was a major issue.[43]

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.

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[41]ANHD, "The State of Bank Reinvestment in New York City," 2012.
[42]City of New York, "Small Business First. Better Government. Stronger Businesses," https://www1.nyc.gov/site/smallbizfirst/download/download-plan.page
[43]Cole Rosengren, "As City Eases Rent Burdens, Access to Capital, Rising Rents Remain Issues for Small Businesses," *Gotham Gazette,* https://www.gothamgazette.com, March 31, 2015

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."[44]

Financial Literacy

Given the low rates of home-ownership 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.[45] New developers, particularly minority-owned developers, are in need of 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."[46] 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 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.

[44]NYC Workforce Development Board, "WIOA Local Plan for New York 2017 to 2020," https://www1.Nyc.gov
[45]Capital Impact Partners, "Helping Minority Developers Shape the Future of Their Communities," https://www.capitalimpact.org
[46]Opportunity Finance Network, "What is a CDFI," https://www.ofn.org/what-cdfi

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 the largest African-American operated bank in the United States. 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.[47] 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.

[47]National Community Investment Fund, "Carver Federal Savings Bank," http://www.ncif.org/search/node/carver

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 $1.3Bn and provide at least 6,750 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 III to focus on the quality and impact of activities under the 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 35 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.[48]

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.

[48]Bryce Covert, "The Deep, Uniquely American Roots of Our Affordable-Housing Crisis," The Nation, https://www.thenation.com, May 24, 2018

Morgan Stanley Signature High Impact Programs

Morgan Stanley has created numerous "Signature Programs" that demonstrate the Firm's leadership in responding to the 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 (new commitment)
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

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

A key addition to the MSPBNA CRA Program is the Firm's new 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 will require 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. Where appropriate or necessary, Morgan Stanley will provide the funding. This expands on the Firm's pilot program, which provided funding for a community garden at 924 Kelly Street, a housing project financed by Morgan Stanley. (Click for link to video.)

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,"[49] 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 for link to 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 making a new commitment that residents of the affordable housing projects (or the surrounding

[49]Prosperity Now, "Gaining Financial Security through Housing," 2017

communities) that receive an investment from a Morgan Stanley proprietary fund will receive resident services.

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 have expressed the need to continue to address the problem of distressed multi-family affordable rental housing.

> "In New York City, many multifamily rental properties, often located in low- and moderate income communities, have difficulty covering normal operating expenses and meeting their mortgage debt payments with their current rental income. As a result, many of these buildings run the risk of falling into disrepair and face mortgage default and foreclosure, becoming a drag on their communities and destabilizing their surrounding neighborhoods."[50]

Addressing this need 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 initial funding to a minority-owned developer, Morgan Stanley will seek to significantly increase available capital and permit these developers to compete on a much larger scale.

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, and Queens. Founded in 1948, Carver is committed to meeting the credit needs of the communities it serves, increasing profitability, and enhancing stockholder value.

[50] OCC, "Community Affairs Year in Review FY 2015", 2015

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 and II, 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 6th year, the program offers nine graduate students in fields such as urban planning or public policy an opportunity to have good-paying job at a New York City community development corporation. Virtually all program alumni have stayed in the community development field – truly creating the next generation of leaders.

Another significant effort within Morgan Stanley's broader grant program is to fund the programs that nonprofits tell us they desperately need, but for which they cannot easily raise other grant funds. Many nonprofits have indicated that they have the most difficulty raising funds to support their own infrastructure needs. Funders often seek to fund projects with more "marketing" appeal, especially direct service programs. Government contracts do not generally provide enough funding to support administrative costs. This has left a number of nonprofits without the ability to invest in their own organization. As an example, many organizations are working with antiquated IT systems that do not permit them to serve clients efficiently or track their own results. Morgan Stanley offers grants to support this critical but often unmet need.

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 participations 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 Manhattan Institute, approximately 49,800 NOAH units—including studios and one- and two-bedroom apartments—are likely available in NYC at any given time.[51] 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[52]

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.

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.

[51]Howard Husock and Alex Armlovich, "Naturally Occurring Affordable Housing in New York: The Surprising Extent of NOAH," The Manhattan Institute, https://www.manhattan-institute.org, October 20, 2015
[52]See section VIII.A for LIHTC with resident services, a signature high impact program.

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 Seven Townhomes in Yonkers, and Ocean Bay in the Rockaways, as well as the project in New Haven.

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. Public housing units across the country need more than $26Bn in repairs. 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 Bill de Blasio, has also made a significant commitment to support New York City's affordable housing efforts. Mayor de Blasio has set priorities for the construction, rehabilitation and maintenance of affordable housing. In January 2014, Mayor de Blasio set a goal to build or preserve 200,000 affordable units by 2022. He increased the goal in 2017 to generate a further 100,000 units by 2026 for a total of 300,000 units. Bonds are a necessary tool to accomplish this goal.

L. Letters of Credit to Support Construction Financing

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

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.

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.[53]

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 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

[53] SBA, "Investment Capital," https://www.sba.gov/funding-programs/investment-capital

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[54]

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 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 no fund, and can seed new, as yet unproven projects.

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 the New Impact Capital convening, 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.

[54]Including programs and projects sponsored by CDFIs

IX. Plan Goals[55]

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 (July 1, 2019 – December 31, 2023) MSPBNA proposes to lend or invest at least $1.3Bn and provide at least 6,750 hours of community development services to earn an "Outstanding" CRA rating. For a "Satisfactory" CRA rating, MSPBNA proposes to lend or invest at least $875MM and provide at least 4,500 hours of community development services.[56]

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 and II, 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. A 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."

[55] Some numbers may not add due to rounding.
[56] If the Bank exceeds a measurable goal in any year, it may apply the excess activity of an annual goal to subsequent Plan years.

Annual Community Development Lending and Investment Volume to achieve "Outstanding"				
Year	**Lending (in MM)**	**Investments (in MM)**	**Total (in MM)**	**Service Hours**
July 1, 2019 - December 31, 2019	$ 25	$ 100	$ 125	750
January 1, 2020 -December 31, 2020	$ 56	$ 226	$ 282	1,500
January 1, 2021 - December 31, 2021	$ 58	$ 232	$ 290	1,500
January 1, 2022 - December 31, 2022	$ 60	$ 238	$ 298	1,500
January 1, 2023 - December 31, 2023	$ 61	$ 244	$ 305	1,500
Total	**$ 260**	**$ 1,040**	**$ 1,300**	**6,750**

Annual Community Development Lending and Investing Volume to achieve "Satisfactory"				
Year	**Lending (in MM)**	**Investments (in MM)**	**Total (in MM)**	**Service Hours**
July 1, 2019 - December 31, 2019	$ 17	$ 68	$ 85	500
January 1, 2020 -December 31, 2020	$ 38	$ 152	$ 190	1,000
January 1, 2021 - December 31, 2021	$ 39	$ 156	$ 195	1,000
January 1, 2022 - December 31, 2022	$ 40	$ 160	$ 200	1,000
January 1, 2023 - December 31, 2023	$ 41	$ 164	$ 205	1,000
Total	**$ 175**	**$ 700**	**$ 875**	**4,500**

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 July 1, 2019.

E. Term of Plan

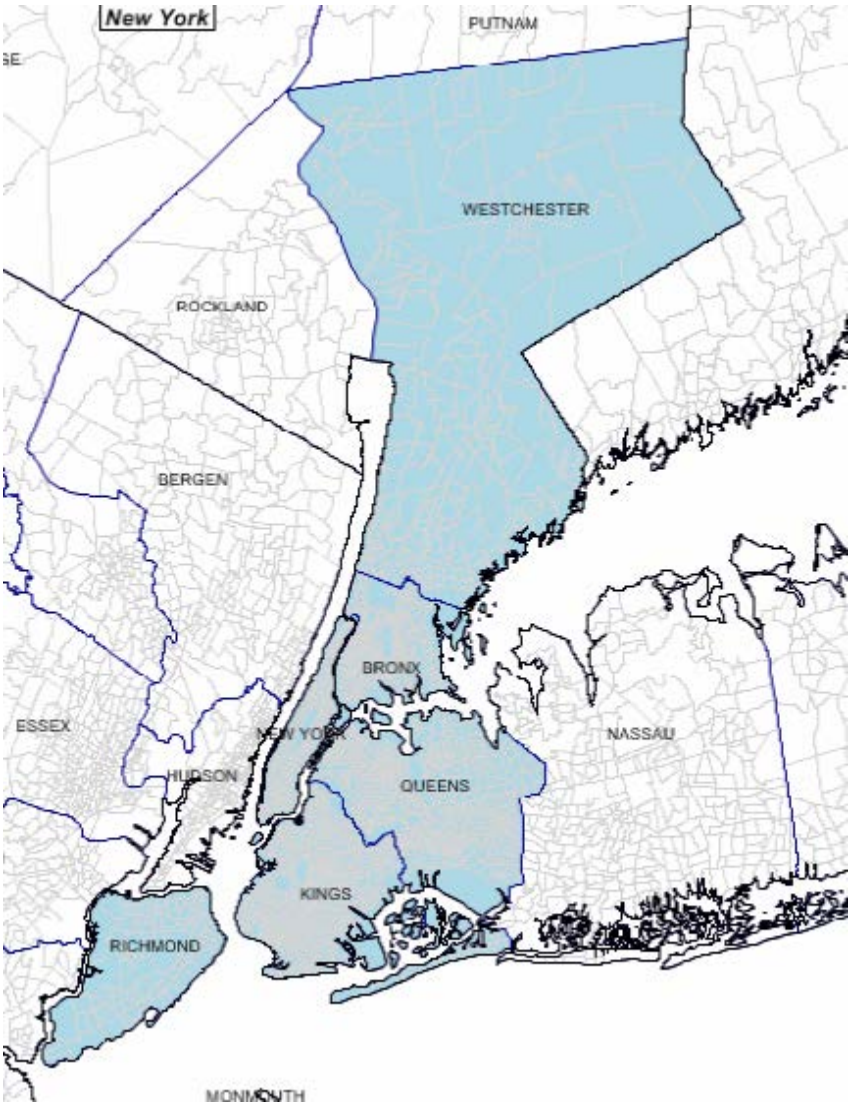
The Strategic Plan Term is from July 1, 2019 – December 31, 2023.

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

A. Appendix A: Maps for Designated CRA Assessment Areas



B. Formal Solicitation of Public Comment

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 email, telephone or mail by contacting the Bank's CRA Officer at cra@morganstanley.com or 1585 Broadway/8th Floor, New York 10036 or 212-761-2446. Copies of the plan will also be made available on site at the Bank's office. All written comments regarding the Strategic Plan should be directed to the Bank's CRA Officer at the address or email listed above. Comments and suggestions will be accepted until April 17, 2019 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.

PROPOSED AMENDMENT TO MSPBNA SP III

Morgan Stanley Private Bank, National Association

Enhancement to CRA Strategic Plan III
July 2019 – December 2023

I. Introduction

Morgan Stanley Private Bank, National Association ("MSPBNA" or the "Bank") is currently operating under a Community Reinvestment Act ("CRA") Strategic Plan (or the "Plan"), effective July 1, 2019 – December 31, 2023, which was approved by the Office of the Comptroller of the Currency ("OCC") on June 24, 2019. Following Morgan Stanley's recent acquisition of E*TRADE Financial Corporation, including its subsidiaries E*TRADE Bank ("ETB") and E*TRADE Savings Bank ("ETSB" and, together with ETB, the "E*TRADE Banks") and the planned merger of the E*TRADE Banks into MSPBNA, we are pleased to set forth recommended enhancements to the remaining two full calendar years, 2022 - 2023, of MSPBNA CRA Strategic Plan III.

The Bank believes this amendment to the Plan is uniquely responsive to community needs and effectively leverages Morgan Stanley's (or the "Firm's") unique strengths as an institution with a strong investment banking heritage. In developing these amended CRA Strategic Plan goals, members of Morgan Stanley's CRA team met with each of E*TRADE's 46 community partners in early 2021. 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 our current MSPBNA Strategic Plan III, 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:

- 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.

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.”

Table 1 – Current Annual Goals to achieve "Outstanding"

Current Annual Community Development Lending and Investing Volume to achieve "Outstanding"				
Year	**Lending (in MM)**	**Investments (in MM)**	**Total (in MM)**	**Service Hours**
July 1, 2019 - December 31, 2019	$ 25	$ 100	$ 125	750
January 1, 2020 -December 31, 2020	$ 56	$ 226	$ 282	1,500
January 1, 2021 - December 31, 2021	$ 58	$ 232	$ 290	1,500
January 1, 2022 - December 31, 2022	$ 60	$ 238	$ 298	1,500
January 1, 2023 - December 31, 2023	$ 61	$ 244	$ 305	1,500
Total	**$ 260**	**$ 1,040**	**$ 1,300**	**6.,750**

Table 2 – Current Annual Goals to achieve "Satisfactory"

Current Annual Community Development Lending and Investing Volume to achieve "Satisfactory"				
Year	**Lending (in MM)**	**Investments (in MM)**	**Total (in MM)**	**Service Hours**
July 1, 2019 - December 31, 2019	$ 17	$ 68	$ 85	700
January 1, 2020 -December 31, 2020	$ 38	$ 152	$ 190	1,000
January 1, 2021 - December 31, 2021	$ 39	$ 156	$ 195	1,000
January 1, 2022 - December 31, 2022	$ 40	$ 160	$ 200	1,000
January 1, 2023 - December 31, 2023	$ 41	$ 164	$ 205	1,000
Total	**$ 175**	**$ 700**	**$ 875**	**4,500**

Table 3 – Proposed Annual Goals to achieve "Outstanding"

Proposed Annual Community Development Lending and Investing Volume to achieve "Outstanding"				
Year	**Lending (in MM)**	**Investments (in MM)**	**Total (in MM)**	**Service Hours**
January 1, 2022 - December 31, 2022	$ 130	$ 519	$ 648	1,900
January 1, 2023 - December 31, 2023	$ 139	$ 557	$ 696	1,900
Total	**$ 269**	**$ 1076**	**$ 1,345**	**3,800**

Table 4 – Proposed Annual Goals to achieve "Satisfactory"

Proposed Annual Community Development Lending and Investing Volume to achieve "Satisfactory"				
Year	**Lending (in MM)**	**Investments (in MM)**	**Total (in MM)**	**Service Hours**
January 1, 2022 - December 31, 2022	$ 86	$ 346	$ 432	1,267
January 1, 2023 - December 31, 2023	$ 93	$ 372	$ 464	1,267
Total	**$ 179**	**$ 717**	**$ 897**	**2,533**

As demonstrated by past performance, the Bank approaches its CRA 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.

To achieve these substantially increased goals, MSPBNA will increase its CRA market areas beyond MSPBNA's current Assessment Area, the six New York City Counties[1] and Westchester County. This proposed market expansion is described in Section III of this amendment.

II. Description of Changes to MSPBNA

Morgan Stanley acquired the E*TRADE Banks in 2020. The E*TRADE Banks are both federal savings associations headquartered in Arlington, Virginia.

The E*TRADE Banks presently operate under a Limited Purpose designations for CRA. The Banks closed their only retail branch location in December 2016 and operate under a branchless business strategy. Deposits are accepted only through the mail or online. The Banks offer a suite of brokerage, investing, and related banking products that are available primarily to brokerage customers. Retail banking products are offered online and include checking and savings accounts, online bill pay, and mobile banking. The Banks shared one CRA Assessment Area, the Washington-Arlington-Alexandria, DC-VA-MD-WV (47900) Metropolitan Statistical Area ("MSA"). This Assessment Area included the following two Metropolitan Divisions ("MD"): the Silver Spring-Frederick-Rockville, MD (23224) and the Washington-Arlington-Alexandria, DC-VA-MD-WV (47894) Metropolitan Divisions ("MD").

III. Performance Geographies - Expanded Broader Statewide and Regional Area ("BSRA")

Under this enhanced Plan, MSPBNA defines its BSRA as US Census Region I: Northeast and US Census Division 5: South Atlantic. The US Census Northeast Region I contains the following states: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont. The US Census Division 5: South Atlantic contains the following states: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, District of Columbia, and West Virginia.

MSPBNA will continue to serve its NYC and Westchester County Assessment Area, but expand its geography to serve the Washington, D.C. MSA markets; however, expanding to full states of that MSA: Maryland, Virginia, West Virginia, and Washington D.C. In recognition of the overbanked nature of both 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,

[1] New York City Counties include Bronx County, Kings County (Brooklyn), New York County (Manhattan), Queens County, and Richmond County (Staten Island).

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.

IV. Performance Context

Throughout the South Atlantic Census Division, affordable housing needs are substantial. Three major jurisdictions in the Washington D.C. MSA—Maryland, Virginia, and the District of Columbia—have 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 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 local residents on many new levels. Federal, state, and local governments programs were in high demand as unemployment skyrocketed and many could not afford rent or mortgage payments.[2] During the year, Federal relief provided some much need 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 for 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. At the time, E*TRADE accelerated all 2020 grants to be paid in early April 2020. These grants are for general operating support and were a critical form of support in the early days of the pandemic. E*TRADE also surveyed all grant recipients to identify any technology needs that could be supported by the bank's work with an organization called Tech Impact. Several local non-profits availed themselves of these hardware and software solutions. Morgan Stanley made a multi-year commitment to increase grant support will increase substantially .in the areas E*TRADE once served.

[2] 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

Morgan Stanley's thematic and impactful strategy to address community needs, as described in our current CRA Strategic Plan, will add great value to this additional market. Morgan Stanley is a substantial investor and lender in these areas and will bring additional resources and a skilled team of community development professionals to address a range of community and economic development issues facing the South Atlantic Census Division.

A. Community Needs Assessment Process Overview

In developing this amended CRA Strategic Plan, members of Morgan Stanley's CRA team met with each of E*TRADE's 46 community partners in early 2021. 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 were 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 our current MSPBNA Strategic Plan III, Section VIII, we reviewed our focus on multi-family affordable housing, including housing that provides services for residents, and investments in Minority-Depository Institutions and Community Development Financial Institutions.

These offerings were met with a great deal of support. Community partners and Morgan Stanley staff found these convenings to be very informative and educational, in addition to bringing networking opportunities resulting in collaboration amongst the community partners. Morgan Stanley consistently holds a variety of ongoing stakeholder convenings to gather information on community needs. Examples follow:

- **<u>The Morgan Stanley Community Development Advisory Board ("CDAB")</u>**

  The CDAB is composed of accomplished, distinguished, and widely respected community development leaders with a strong presence in the Washington, D.C. and New York City areas, and nationally. The CDAB serves as a think tank for Morgan Stanley on community development programs. Morgan Stanley's subsidiary banks engage frequently with the individual board members to learn of and to initiate programs for addressing emerging community needs. The CRA Officer of MSPBNA, together with other members of each of the Banks' respective CRA team, set the meeting agenda and attend all meetings of the CDAB.

Morgan Stanley Community Development Advisory Board Members		
Name	**Title**	**Organization**
Tom Bledsoe	President/CEO	Housing Partnership Network
Michael Bodaken		Formerly National Housing Trust
Ellis Carr	President/CEO	Capital Impact Partners
Rafael Cestero	President/CEO	The Community Preservation Corporation
Tom Collishaw	President/CEO	Self Help Enterprises
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		Formerly Living Cities
Priya Jayachandran	President	National Housing Trust
Stan Keasling		Formerly Rural Community Assistance Corporation
Hope Knight	President/CEO	Greater Jamaica Development Corporation
Christine Looney	Deputy Director	Ford Foundation
Lisa Mensah	President/CEO	Opportunity Finance Network
Dan Nissenbaum	President/CEO	Low Income Investment Fund
Rey Ramsey	CEO	Centri Capital
Joseph Reilly	President/CEO	Community Development Trust
Buzz Roberts	President/CEO	National Association of Affordable Housing Lenders
Deidre Schmidt	President/CEO	Common Bond Communities
Paul Weech	Principal	Innovative Housing Strategies

- **The Ford Foundation: New Impact Capital Convening**

  The Ford Foundation collaborated with Morgan Stanley to host the New Impact Capital Convening to augment Morgan Stanley's needs assessment process. At this program, moderated by the nonprofit Affordable Housing Institute, Morgan Stanley and the Ford Foundation brought together leading affordable housing and community development practitioners. The meeting was designed to generate innovative capital ideas for the affordable housing, community health and workforce development sectors. Learnings from this Convening continues to serve as a blueprint for the Morgan Stanley CRA program.

- **$15 Billion Commitment with National Community Reinvestment Coalition ("NCRC") to Increase Lending and Investments in LMI Communities**

  On September 10, 2020, Morgan Stanley announced a $15 billion, four-year community benefits plan with the NCRC that will increase Morgan Stanley's lending and investments in lower-income communities. The community benefits plan , which was developed in connection with Morgan Stanley's E*TRADE Acquisition, will see Morgan Stanley's lending and investments in LMI communities and diverse communities significantly increase compared to the combined levels of investments made by two organizations prior to the E*TRADE Acquisition. The plan includes CRA activity and non-qualifying CRA activity, including:

  - Grants to organizations that provide critical capital and services during the ongoing COVID-19 pandemic, including CDFI's, loan funds, counseling and technical assistance agencies and community development organizations;

- Grant capital from Morgan Stanley for NCRC to pass through to its CDFI, affordable housing, small business and housing counseling members, with a focus on advancing racial equity and supporting organizations not currently receiving grant funding from Morgan Stanley;

- Community development lending and investments focused on new capital rather than re-traded assets or prior period investments;

- Expansion of Morgan Stanley's Human Capital/Capacity Building program to new cities and regions, including Washington, D.C.

V. Updated Plan Goals

The MSPBNA 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 for innovative and complex programs that meet critical needs in the Banks' assessment area and expanded BSRA.

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, innovative transactions that 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.

Table 5 – Proposed Annual Goals to achieve "Outstanding"

Proposed Annual Community Development Lending and Investing Volume to achieve "Satisfactory"				
Year	**Lending (in MM)**	**Investments (in MM)**	**Total (in MM)**	**Service Hours**
January 1, 2022 - December 31, 2022	$ 130	$ 519	$ 648	1,900
January 1, 2023 - December 31, 2023	$ 139	$ 557	$ 696	1,900
Total	**$ 269**	**$ 1,076**	**$ 1,345**	**3,800**

Table 6 – Proposed Annual Goals to achieve "Satisfactory"

Proposed Annual Community Development Lending and Investing Volume to achieve "Satisfactory"				
Year	**Lending (in MM)**	**Investments (in MM)**	**Total (in MM)**	**Service Hours**
January 1, 2022 - December 31, 2022	$ 86	$ 346	$ 432	1,267
January 1, 2023 - December 31, 2023	$ 93	$ 372	$ 464	1,267
Total	**$ 179**	**$ 717**	**$ 897**	**2,533**

VI. Economic and Demographic Information

Tables below contain 2020 Census data for areas in expanded BSRA and a map of the area.[3]

Table 7 – Census Tract Demographics

2020 Census Bureau Data											
MSA	**Census Tracts**	**Low Income Census Tracts**	**% Low Income Tracts in the AA**	**Moderate Income Census Tracts**	**% Moderate Income Census Tracts in the AA**	**Combined LMI Census Tracts**	**% Combined LMI Tracts**	**Middle Income Census Tracts**	**% Middle Income Census Tracts in the AA**	**Upper Income Census Tracts**	**% Upper Income Census Tracts in the AA**
47900 Washington DC-MD-VA- WV	1361	131	9.63%	303	22.96%	434	32.59%	477	35.05%	431	31.67%

[3] Information collected from CRA Wiz based on 2020 Census

Table 8 – Population

2020 Census Bureau Data	
MSA	**Population**
47900 Washington DC-MD-VA- WV	5,962,550

Table 9 - Median Household Income

MSA	Median Household Income 2016	Median Household Income 2020
47900 Washington DC-MD-VA- WV	$91,519	$98,886

Table 10 - Family Income

2020 Census Bureau Data										
MSA	**Number of Families**	**Low-Income Families**	**% Low-Income Families in the AA**	**Moderate Income Families**	**% Moderate Income Families in the AA**	**% LMI Families**	**Middle Income Families**	**% Middle Income Families in the AA**	**Upper Income Families**	**% Upper Income Families in the AA**
47900 Washington DC-MD-VA- WV	1,411,846	313,663	27%	238,403	18%	45%	287059	20%	572721	35%

Table 11 - Poverty Level

(% Below Poverty Level)		
MSA	**2016 Census Bureau Estimates**	**2020 Census Bureau Estimates**
47900 Washington DC-MD-VA- WV	6.8%	7.67%

Table 12 - Unemployment

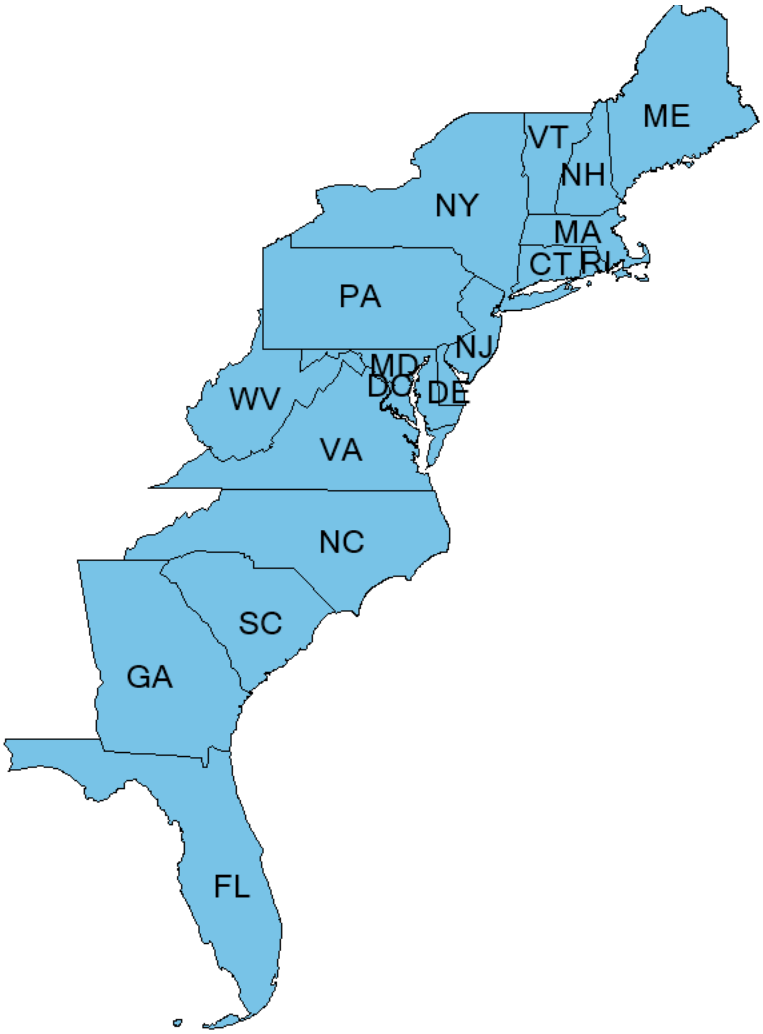
2020 Census Bureau Data	
MSA	**Unemployment Rates %**
47900 Washington DC-MD-VA- WV	4.53%

Table 13 – Housing

2020 Census Bureau Data								
MSA	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
47900 Washington DC-MD-VA-WV	2,290,076	2,140,660	1,355,707	59.20%	784,953	34.28%	681,29.75	29.75%

Table 14 – Additional State Demographics

2020 Census Bureau Data												
State	Population	Census Tracts	Low Income Census Tracts	% Low Income Tracts in the AA	Moderate Income Census Tracts	% Moderate Income Census Tracts in the AA	Combined LMI Census Tracts	% Combined LMI Tracts	Middle Income Census Tracts	% Middle Income Census Tracts in the AA	Upper Income Census Tracts	% Upper Income Census Tracts in the AA
Delaware	926,454	218	9	4.13%	49	22.48%	58	26.61%	106	48.62%	50	22.94%
Florida	19,645,772	4,245	222	5.23%	1,071	25.23%	1,293	30.46%	1,631	38.42%	1,215	28.62%
Georgia	10,006,693	1,969	174	8.84%	475	24.12%	649	32.96%	774	39.31%	525	26.66%
North Carolina	9,845,333	2,195	123	5.60%	497	22.64%	620	28.24	952	43.37%	584	26.61%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