



Neighborhood Housing Services of New York City, Inc.
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Providing Resources to Stabilize Neighborhoods

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May 17, 2013

Office of the Comptroller of the Currency (OCC)
Docket ID OCC-2013-0003
Via email: regs.comments@occ.treas.gov

Federal Reserve Board (FRB)
Docket No. OP-1456
Via email: regs.comments@federalreserve.gov

Federal Deposit Insurance Corporation (FDIC)
Attention: Comments on CRA Interagency Q&A
Via email: comments@fdic.gov

RE: Proposed Changes to Interagency Questions and Answers Regarding Community Reinvestment

Dear Members of the Regulatory Interagencies:

I am writing on behalf of Neighborhood Housing Services of New York City, Inc. to comment on the proposed changes to the CRA Interagency Q&A. The proposed changes are essential toward modernizing CRA and ensuring effective regulations of the financial industry the CRA and promote significant community development activities. Through this process we are hopeful that CRA regulations can be strengthened to bolster the bank's work within our industry to promote sound investments in traditionally disenfranchised neighborhoods and underserved localities.

Neighborhood Housing Services of New York City, Inc. (NHSNYC) has always known that a strong financial foundation is vital to effective decision-making, especially in the area of homeownership. NHSNYC is working to expand key programs in successfully fulfilling this greater demand for our services and overall organizational mission: To

revitalize underserved neighborhoods by creating and preserving affordable housing and providing opportunities for homeownership education, financial assistance and community leadership. Working in partnership with government and business, we are led by local residents and guided by local needs.

Since 1982, NHSNYC has leveraged investments totaling nearly \$1.9 billion within low-and-moderate income communities, while educating 170,300 New York City residents about effective strategies for pursuing homeownership (79,000) and averting a home foreclosure (91,300). We have also successfully rehabilitated 463 properties, including 335 acquired by the City of New York through in-rem foreclosure. Notably, through our StoreWorks initiative, we have rehabilitated 148 mixed-used buildings into local centers of economic activity, with between one and six residential units above a ground-floor commercial space.

Offering low-interest rehabilitation loans was the first program created by NHSNYC in 1982, since banks at the time, were unwilling to provide such financing in low-income communities. During that year, we closed eight loans totaling \$37,341. In 1998, we earned certification as a Community Development Financial Institution and by 2012, had issued more than \$100 million in rehabilitation loans to homeowners throughout New York City. Today, we manage a \$22 million loan portfolio in partnership with a private servicer.

Neighborhood Housing Services of New York City, Inc. (NHSNYC) values its memberships with trade associations such as National NeighborWorks Association and the Association for Neighborhood Housing Developers; two organizations that respectively work on national and local community development and housing issues. These associations submitted separate comments regarding this issue. The National NeighborWorks Association (NNA), which consists of includes over 195 NeighborWorks® non-profit housing and community development organizations in 50 states, Washington, DC and Puerto Rico. NHSNYC is also member of the Association for Neighborhood and Housing Development. (ANHD) ANHD is a not-for-profit coalition comprised of 94 neighborhood-based affordable housing organizations and CDCs with a 30-year track record of engaging in bank reinvestment advocacy on behalf of New York City's low- and moderate-income (LMI) communities.

NHSNYC submits the following points for consideration in response to the agency's proposed revision of questions and answers:

(i) Proposed Revisions to Community Development Activities Outside an Institution's Assessment Areas, Both in the Broader Statewide Or Regional Area That Includes An Institution's Assessment Area(s)

Neighborhood Housing Services of New York City, Inc. (NHSNYC) supports the proposed vision of Q and which seeks to further clarify that community development activities in the broader statewide or regional area that includes an institution's

assessment area(s) will be considered in the evaluation of an institution's CRA performance.

NHSNYC further appreciates the proposed writing to state that community development activities located in the broader statewide or regional area that includes an institution's assessment area(s) but that will not benefit those assessment area(s) “must be performed in a safe and sound manner, consistent with the institution's capacity to oversee those activities and may not be conducted in lieu of, or to the detriment of, activities in the institution's assessment area(s). When evaluating whether community development activities are ***being conducted in lieu of, or to the detriment of,*** activities in the institution's assessment area(s), examiners will consider an institution's performance context, including the community development needs and opportunities in its assessment area(s), its business capacity and focus, and its past performance.”

The clarification is important in the community development and financial banking industry because it has been necessary to determine whether or not financial institutions may receive consideration for investment in statewide or regional areas; and whether it aids in increasing CRA related activities in particular areas that have been previously limited.

As mentioned, NHSNYC is a member of NeighborWorks America and we communicate with and appreciate the perspectives of NeighborWorks organizations that work in rural communities which may have specific needs that differ from an urban context. So, in light of NHSNYC supports further changes in the language to include CRA regulations that would further expand assessment areas to include areas that make up “credit and capital deserts,”. These areas have shown further community development needs, customers of larger institutions (through mortgage lending or internet deposits, for instance); but do not contain physical branch or deposit-taking ATM locations. These regions may still fall outside CRA assessment areas, even using the statewide or new regional area definitions. as supported by NNA’s comments.

These components are important and there are also considerations in urban context and particularly in communities of color that ought to be viewed.

(ii) Proposed Revision to provide on Investments in Nationwide Funds

NHSNYC is supportive of the revision. It is important to identify which type of financial institution would be able make investments nationwide to benefit community-based organizations as well as the financial institution. NHSNYC appreciates the sentiment that the proposed language “to include nationwide funds that are important sources of investments for low- and moderate-income and underserved communities throughout the country and can be an efficient vehicle for institutions in making qualified investments that help meet community development needs.”

In spite of the suggestion to evaluate an institution's performance records to help meet credit needs of assessed areas or broaden its statewide or regional areas; it is important to reinforce the local community development dynamics. The work of local

community based organizations and financial institutions can be symbiotic and have a positive outcome that aids in creating sustainable communities with financial sound resources. Investments in nationwide funds and the investments to spur local community development projects do not have to be mutually exclusive when you consider the original intent and spirit of the CRA.

Furthermore, noting how large banks manage to support community development lending is very important to our preservation work of stabilizing neighborhoods.

However, equally, important is the financial resources that these banks provide on the retail side to low- and moderate-income borrowers. It is important to examine whether these institutions offer responsible and reasonable financial products through their retail banks. ANHD, a member trade association mentioned that “a more rigorous service test which assesses data on bank deposits in addition to bank branches in low- and moderate-income communities is urgently needed. The service test could also measure performance on a variety of metrics, such as services offered, the cost of these services, and the income level of the customers themselves. This too requires a larger consideration to ensure banks are equitably meeting the needs of lower-income consumers.” Putting certain processes such as this in place would aid in potentially curtailing the payday lending and substandard financial practices that occurs in low- and moderate income communities across the nation. As a one of the larger HUD-Approved local housing counseling agencies in our state, we see the direct correlation that sound financial /housing education and informed choices about financial products make to our constituent base. The counseling empowers them information about their readiness for homeownership or the path to improving their financial base or credit.

(iii) Community Services Targeted to Low or Moderate Income Individuals

NHSNYC supports these revisions. Adding language to allow institutions to receive consideration for community services provided to students and their families from a school where the majority of students qualify for free or reduced lunch, and Medicaid recipients are welcome clarifications to the Questions and Answers.

We recognize the significant importance that programs have in ensuring a holistically sustainable community – from

Our national trade association, NNA, aptly suggested adding a further appropriate category of service to low and moderate income families as follows: “The community service is conducted for residents in a housing development which was developed or operated with low income housing government funding including such programs as Low Income Housing Tax Credits, HOME, CDBG, Section 8, USDA 514/516, USDA 515, Section 202, and Section 811.”

(iv) Providing a Community Development Service by Serving on the Board of Directors of A Community Development Organization

Neighborhood Housing Services of New York City supports the modification to this question which includes service on board of directors. Board members and committee member who are committed, remain active and engaged in the mission of the community development organization should be the standard of examination. NHSNYC has board members and committee members that represent several corporate financial institutions. Their expertise concerning our line of business is significant. Several have provided insight around program processes and facilitations. We value their experience. Our board members take it into consideration on our education, community lending and housing development lines of business and willingly volunteer their services with productivity. The level of engagement should yield a tangible outcome.

Thank you for your time and consideration of these comments. Please feel free to contact me for any clarification of these comments. I can be reached at 212-519-2520.

Sincerely,



Bernell K. Grier
Chief Executive Officer

cc:

Association for Neighborhood and Housing Development
National NeighborWorks Association