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CONNECTICUT HOUSING COALITION

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October 19, 2004

Robert E. Feldman
Executive Secretary
Attention: Comments / Legal ESS
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, D.C. 20429

Comments to FDIC Proposed Changes to the Community Reinvestment Act (Subject: RIN 3064-AC50)

To Whom It May Concern:

The Connecticut Housing Coalition represents the broad, vibrant network of community-based, affordable housing activity across the state. Our more than 250 member organizations include nonprofit housing developers, resident associations, human service agencies and diverse other housing advocates and practitioners. The Coalition promotes access to decent, affordable housing options for individuals and families at the lower end of the economic scale. We focus on the new production and rehabilitation of low-cost housing; eliminating discriminatory barriers to housing; public housing resident empowerment; and, preserving existing affordable housing units and subsidies.

We are writing to ask that the FDIC withdraw its August 20 proposed changes to the Community Reinvestment Act (CRA). As an organization whose members represent a long and deep record of community-based development activity, it is our experience that the CRA is a most effective tool in promoting quality solutions to affordable housing needs. Since the CRA was instituted in 1977, it has been a crucial part of our nation's private investment in low- income rental housing and creating affordable single family homeownership opportunity. The changes proposed by the FDIC would drastically reduce valuable bank assets invested in neighborhoods that are in desperate need of dependable financial commitments in the form of lending, retail services and investment.

If the FDIC does increase the asset threshold under which banks are defined as "small" from $250 million to $1 billion, the proposed change eliminates 96% of FDIC-regulated banks from having to perform in defined areas of activity. Banks' investing in, and providing services to low- and moderate-income constituencies, will be severely curtailed. We understand that the one area within the proposed changes where there would be continued CRA accountability would be in the area of lending. However, we believe the asset threshold increase to $1 billion subjects "small" banks to a much less rigorous lending examination, which we fear will result in fewer affordable housing loans.

In today's tough world of affordable housing financing, virtually all publicly-subsidized low-income housing programs require some level of private investment. The CRA helps ensure that this private financing is at the table. Without the strong CRA tests of today, applicable to *all* mid-size banks, once successful public/private partnerships will likely end up without essential private investment and the units they could produce will be lost.

Examples of the successful federal housing programs that will be adversely affected, include: the Low Income Housing Tax Credit; Section 202 housing for the elderly; Section 811 housing for disabled people; the HOME program; project-based Section 8 housing in need of capital reinvestment; and, aging public housing in need of revitalization.

We urge the FDIC to take the numerous concerns raised by community-based advocates and organizations into account and reconsider proposed changes to the CRA. We caution against adopting regulatory policies that will result in the loss of essential public/private partnerships and investments in low-income communities.

Thank you for your consideration of our comments.

Sincerely,

Jeffrey Freiser
Executive Director