

From: Sheila Miller [smiller@ci.norfolk.ne.us]  
Sent: Tuesday, January 18, 2005 12:41 PM  
To: Comments, Regs  
Cc: jfalcusan@nahro.org  
Subject: 2004-53 Community Reinvestment Act

To Whom It May Concern:

The Housing Agency of the City of Norfolk Nebraska is opposed to the proposed Community Reinvestment Act (CRA) regulation changes. These changes will allow federally chartered thrifts to water-down CRA exams and invest in wealthy areas with no CRA penalty at the expense of low and moderate income communities.

CRA was designed to increase lending, investment and banking services in lower income areas. Current regulations assess thrifts via a three part examination that comprises lending, investment and services tests. This proposal would allow large thrifts with over \$1 billion in assets to effectively eliminate the investment and service tests and derive nearly their entire grade from the lending test, thus opening the door to the possibility of neglect of critical community needs, such as the lack of affordable housing, without fear of reprisal.

Elimination of the investment test will allow thrifts a substantially reduced incentive to finance the development of affordable rental housing through the use of Low Income Housing Tax Credits, a program newer in my community, but working well. Thrifts will also have fewer incentives to finance small businesses via equity investments. Reducing these investments will result in fewer bank branches and services in low and moderate income communities. Scaling back the number of activities in low and moderate income communities will result in less housing and community development activity and place these areas at a distinct disadvantage compared to more affluent areas. This was never the intent of CRA.

This proposal enables thrifts to earn CRA points by providing community development financing and services in affluent neighborhoods ostensibly to reduce burden and provide greater flexibility. Indeed burden will be reduced if thrifts are no longer required to invest in low and moderate income areas or serve these individuals. However, the reason CRA exists is to ensure that community development lending and investments are made specifically in these areas to benefit lower income people; lending that would otherwise not happen.

As a whole, these proposed regulations will hurt the very communities CRA was enacted to protect. CRA has been the driving force behind increased lending, investment, and banking services in what were underserved communities. Efforts to weaken these protections will turn back the clock on communities like Norfolk that are striving to revitalize neglected neighborhoods. For these reasons, the Norfolk Housing Agency is opposed to this proposal and urges you to withdraw it immediately.

Thank you,

Sincerely,

Sheila Miller  
Executive Director  
Norfolk Housing Agency

cc: Jeff Falcusan, NAHRO