



Metropolitan Housing Coalition
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Regulations Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G. Street NW
Washington, DC 20552

Attention: 2004-53 and 2004-54

To Whom It May Concern:

This letter is sent by the Non-profit Housing Alliance, whose 17 members are listed below. The Alliance is committed to the production of affordable housing in all areas of our community and to reclamation of fragile neighborhoods. Non-profit developers and Community Housing Development Organizations are able to do non-traditionally structured development that is necessary for the strong growth of our community. We write today to ask you to reconsider the proposed changes to the CRA.

Our concerns are chiefly that your proposed change reduces effective incentives to large thrifts by allowing large thrifts to eliminate the investment and services test. For example, in our community, there is a growing need for low-cost banking services. Nationally 50% of those getting punitive loans could have qualified for traditional banking products. There is already a disconnect between service and demand. We do not need more payday loans and check cashing services in the Louisville area – we need engaged and ethical banks to provide services to low income neighborhoods as they have done so well under CRA. Weakened services requirements reduce the incentives local banks have to engage in creative partnerships to meet these needs.

The Non-profit Housing Alliance advocates for increased financing for community development. National incentives to invest in fragile neighborhoods

counterbalance immediate self-interest. Yet, the investment that has taken place as a result of CRA requirements has strengthened the overall economy and the local economies. It is in the national interest, as well as local interests, to keep banking establishments participating in all neighborhoods. Allowing large thrifts to reduce or eliminate its investment requirement under the CRA exam weakens what have been very effective incentives.

The proposed changes reduce community conversations between thrifts and with your organization. In our community, many substantive changes have occurred in banking products that have improved opportunities for citizens. Several very difficult topics have been approached in a cooperative manner. It is naïve to think all this would occur without the mandates of CRA, yet they have positive results.

The Community Reinvestment Act is working to create increased investment and services in low-income communities. This investment and these services are critically important – especially as federal support for local community development weakens. The federal government asks community development organizations and advocates to look to the private sector to increase investment. If, at the same time, you reduce that private sector investment you will find communities across America much weaker.

Sincerely,



Cathy Hinko
Program Director

On behalf of:

Bethel Housing Center
Canaan Community Development Corporation
Crane Community Development Corporation
Housing Partnership, Inc.
Louisville Central Community Development Corp.
Metropolitan Housing Coalition
Neighborhood Development Corporation
New Directions Housing Corporation
New Zion Community Development Foundation, Inc.
Norfolk Community Resource Center
PCC Development Corp. & ST/SP Coalition

Shelby Park Neighborhood CHDO
Interdenominational Ministerial Coalition
River City Housing
Urban Development Enterprise Group
Urban League
Wellspring