



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

April 15, 2008

Office of the Comptroller of the Currency
250 E Street, SW, Mail Stop 1-5
Washington, DC 20219
Regs.comments@occ.treas.gov
Docket ID OCC-2007-0012

Mr. Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429
Comments@FDIC.gov
RIN 3064-AC97

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
Regs.comments@federalreserve.gov
Docket No. OP-1290

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552
Regs.comments@ots.treas.gov
ID OTS-2007-0030

Re: Community Reinvestment Act; Interagency Questions and Answers
Regarding Community Reinvestment; Notice: OOC-2007-0012; RIN
3064-AC97; OP-1290; and OTS-2007-0030

Dear Ladies and Gentlemen:

As you may know, in 2005, Mayor Michael Bloomberg announced the most ambitious municipal housing program in the history of the United States. The "New Housing

Marketplace” initiative includes the new construction or preservation of 165,000 units of affordable housing over 10 years. Central to the Mayor’s plan is the ability of the City’s housing bond financing agency, the Housing Development Corporation (“HDC”) to issue tax-exempt and taxable multi-family housing bonds. HDC is being relied upon to finance more than 20% of the projected units in the plan, approximately 42,000 apartments and, to date, is ahead of that goal, having financed approximately 34% of the units produced to date or more than 33,000 apartments.

To accomplish that task, HDC issues both tax-exempt and taxable bonds which are purchased by investors. Its ability to issue tax-exempt bonds is especially crucial to this effort, because they come with 4% as-of-right low income housing tax credits. The tax credits are the source of equity for the housing project. Coupled with the low interest rate associated with tax exempt bonds, the financing supports the creation of affordable housing for a broad spectrum of households. Indispensable to that process is the participation of financial institutions, including commercial banks and GSE’s. While the proceeds of bonds issued by HDC are used to finance affordable housing projects throughout New York City’s neighborhoods, it is the Letters of Credit (“LCs”) issued by highly rated financial institutions that induce investors to buy the bonds.

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. Simply put, the ability of investors to look to the Letter of Credit provider, the credit enhancer, for security allows the process of accessing the capital markets to proceed with ease, since in the event of a default on the real estate, the LC provider must pay-off the bond holders and assume the role of mortgagee responsible for working out the project’s difficulties.

In other words, the provision by a financial institution of an LC to a project is tantamount to lending to the project. Evidence of this fact is the underwriting and credit process undertaken by a lending institution participating in a bond financed development. It is no different than the process they would pursue if they were providing conventional debt to the project. Although the form of extending credit to the project differs, the level of risk remains the same.

Presently, HDC has issued construction bonds for 98 projects with LCs from financial institutions totaling approximately \$1.8 billion. In addition, HDC has 96 projects with permanent LCs amounting to approximately \$2.5 billion which are enhanced by financial institutions. The more than \$4 billion in financing that this represents would have been unattainable without the provision of LCs by approximately 14 financial institutions, including commercial banks such as Bank of America, Citibank and JP Morgan Chase. Moreover, in 2008, we will be relying upon these financial institutions to provide LCs on a pipeline of tax-exempt and taxable bond deals which exceeds \$1 billion.

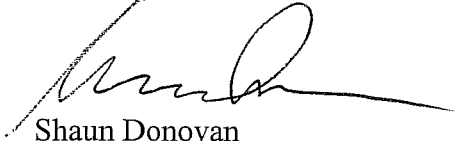
It is critical that Community Reinvestment Act regulations encourage regulated banks to participate in providing these credit enhancements. Our understanding is that the Office of the Comptroller of the Currency (“OCC”) does not weigh LCs as heavily as loans.

April 15, 2008

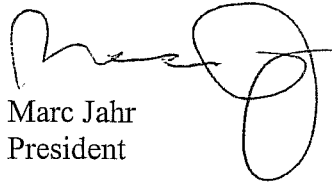
Page 3

Unfortunately, at a time of financial turmoil as well great affordable housing needs, this is having the effect of discouraging regulated banks from participating in our programs. We urge the OCC to remedy this situation immediately by changing its practice to align with the spirit and purpose of CRA.

Sincerely,



Shaun Donovan
Chairperson



Marc Jahr
President

cc: Michael Bylsma: Michael.bylsma@occ.treas.gov
Ann Jaedicke: ann.jaedicke@occ.treas.gov
Barry Wides: barry.wides@occ.treas.gov
Luke Brown: lbrown@fdic.gov
Bob Mooney: rmooney@fdic.gov
Glenn Loney: glenn.loney@frb.gov
Montrice Yakimov: montrice.yakimov@ots.gov
Celeste Anderson: celeste.anderson@ots.gov