NYC HDC

NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

May 15, 2013

OCC: Docket ID OCC-2013-0003
Federal Reserve: Docket No. OP-1456
FDIC: Attention: Comments on CRA Interagency Q&A

Re: **Community Reinvestment Act**
Interagency Questions and Answers Regarding Community Reinvestment

To Whom It May Concern:

The New York City Housing Development Corporation ("HDC") respectfully submits our comments to the proposed changes to the Community Reinvestment Act ("CRA") Interagency Questions and Answers. We recognize the critical role that the CRA has played in spurring community development in communities in need of affordable housing, commercial revitalization, and economic development. We appreciate this opportunity to provide specific recommendations as to how that impact could be further enhanced.

HDC is a quasi-public corporation which has the authority to issue bonds, both taxable and tax-exempt, for the purposes of financing the creation and/or preservation of affordable housing (www.nychdc.com). Since 2003, under Mayor Bloomberg's New Housing Marketplace Plan, HDC has issued over $7 Billion in new bonds and devoted over $1.2 Billion of its corporate reserves to support the creation or preservation of approximately 90,000 affordable housing units. This has been done in partnership with the New York City Department of Housing Preservation and Development; overall under the Plan, more than 140,000 units have been newly constructed or preserved over the past decade.

HDC's most crucial concern, and one that we know is shared by other housing finance agencies which rely heavily on the issuance of tax-exempt bonds, along with as-of-right 4% low-income housing tax credits, to finance affordable housing, is the need to unambiguously deem Letters of Credit ("LOCs") as being CRA-eligible. LOCs are issued by banks during the construction, stabilization, and, at times, permanent periods to back the bonds issued by agencies like HDC. These LOCs are underwritten to the same stringent standards as loans. The issuing banks should receive credit as a source of direct lending because they bear all of the same risks associated with lending to developments during construction, rent-up and beyond. They are viewed by financial institutions as being tantamount to loans and are subject to the same, if not more stringent, reserve requirements as loans.

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Letters of Credit have been critical to investment in building and preserving tens of thousands of affordable housing units in CRA eligible communities throughout New York and other cities. Without them, HDC and HPD could not have pursued the ambitious housing and community development agendas they've pursued.

We strongly contend that these activities are clearly consistent with the mission of the CRA. We therefore ask that the Question & Answer guidance be revised to specifically include the LOC financial instrument as a CRA-eligible activity equivalent to direct lending and eligible for the same score on a bank's lending test rating.

Thank you for your continued commitment to the CRA, and for your consideration of this request.

Sincerely,

Mathew Wambua
Chairman, New York City Housing Development Corporation
Commissioner, New York City Department of Housing Preservation & Development

Marc Jahr
President, New York City Housing Development Corporation