



Planning Department

P. Robert Strong
Planning Director

January 17, 2007

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street NW
Washington, DC 20552

Attention: No. 2006-44

To Whom It May Concern:

As Housing Administrator for the Housing Authority of the City of Green Bay and as a member of the National Association of Housing and Redevelopment Officials, I would like to take this opportunity to comment on the Office of Thrift Supervision's (OTS's) November 24, 2006, notice of proposed rulemaking concerning Community Reinvestment Act (CRA) regulations. While our lending institutions in Green Bay, Wisconsin, have generally been willing partners in local housing and community development activities, I believe that all lenders should be held to the same tests. We support much of the proposed rule because it would once again make both mid-sized and large savings associations (thrifts) accountable for housing- and community development-related investments made in and services provided to low- and moderate-income communities.

The purpose of the CRA is to increase lending, investment, and banking services in lower income areas, both urban and rural. The current regulation employed by the other federal banking agencies rate large lending institutions on CRA compliance, according to a three-part examination that comprises lending, investment, and services tests, thus ensuring that large banks are held to account for the extent to which they invest in and serve low- and moderate-income communities.

There is no such accountability for large thrifts under the current OTS CRA regulation, and thrifts with assets that total less than \$1 billion are subject only to a streamlined lending test. Large thrifts are able to adjust the weighting for the lending component of their CRA exams up to nearly 100 percent of their total rating, making all thrifts in the United States, no matter the size of their individual assets, effectively exempt from the investment and services tests. It is especially troubling that large thrifts currently have the ability to neglect critical community needs without concern, such as the lack of affordable housing.

If lending institutions are not held accountable for their investments in low- and moderate-income communities, the incentives for financing affordable rental housing through the use of Low Income Housing Tax Credits will be eroded. The current OTS regulation also means that thrifts have fewer incentives to finance small businesses via equity investments. Scaling back the level of investment and service provision in low- and moderate-income communities will result in less housing and community development activity and place these areas at a further disadvantage compared to more affluent areas. This is contrary to the very essence of CRA.

[file:///C:/Users/Housing/Hous&CD/BC/CHA/CRA Regs and correspondance/January 17 letter regarding OTS Proposed Rule.doc](file:///C:/Users/Housing/Hous&CD/BC/CHA/CRA%20Regs%20and%20correspondance/January%2017%20letter%20regarding%20OTS%20Proposed%20Rule.doc)

Planning	✦	Neighborhood	✦	Community Development	✦	Housing	✦	Inspection
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I support implementation of the proposed rule. Aligning the OTS's CRA regulation with the regulation employed by the other federal banking agencies will restore the same accountability to thrifts that is currently expected of banks. I ask that OTS eliminate the ability of large thrifts to assign alternative weights to the lending, investments, and services components of the CRA examination. Large thrifts should be subject to the same traditional three-part CRA exam as large banks. Consistency will better allow communities to judge how well all large lending institutions are responding to local housing and community development needs.

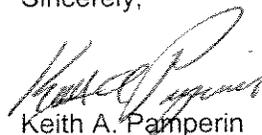
I also request that the OTS implement its proposal to hold mid-sized thrifts to the same CRA standards as mid-sized banks. By rating thrifts with assets between \$250 million and \$1 billion using both a lending test and a community development test, these mid-sized thrifts will once again be responsible for making investments and providing services that support affordable housing and economic development in low- and moderate-income communities. A consistent regulation for both mid-sized thrifts and banks has the potential to lead to increased financing opportunities for affordable housing at a time when our nation faces a shortage of affordable units.

I do not support the provision of the proposal that would adjust the asset thresholds for small and intermediate savings associations for inflation by tying them to the Consumer Price Index. Over time, this practice would exempt more and more large financial institutions from the traditional three-part CRA examination, while also exempting more mid-sized institutions from the community development test.

Finally, I ask that the OTS adopt its proposal regarding the manner in which evidence of discriminatory, illegal, or abusive credit practices adversely impact a financial institution's CRA evaluation. Thrifts engaging in predatory lending and other abusive practices must be penalized for their actions.

Thank you for providing the opportunity to comment on this notice of proposed rulemaking.

Sincerely,


Keith A. Pamperin
Housing Administrator

KAP:cml

cc: Jeff Falcusan, NAHRO
Congressman Steve Kagen
Senator Herb Kohl
Senator Russ Feingold