



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

June 6, 2006

The Honorable Richard C. Shelby
Chairman
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, D.C. 20510

Dear Chairman Shelby:

As Congress approaches the final phase of regulatory relief legislation, I strongly urge you to include language that would increase the authority of banks and thrifts to invest in projects that benefit low- and moderate-income communities throughout the nation.

Different versions of regulatory relief legislation have now passed the Senate and House of Representatives. The House version would increase the authority of federally chartered banks and thrifts to invest in projects that benefit low- and moderate-income communities. Existing authority has already resulted in national banks making more than \$16 billion of investments since the law was enacted in 1992. However, the amount of such investments that any one bank can make is limited to 10 percent of its capital and surplus, and some banks are approaching that limit. The provision in the House bill would increase that limit to 15 percent.

This enhanced authority, which is strongly supported by both the banking industry and community development organizations, has the potential to support as much as \$30 billion in aggregate private investment from national banks to help revitalize communities throughout the nation. For this reason, and because the enhanced authority will be supervised and exercised in a safe and sound manner, I strongly support the inclusion of such enhanced authority for national banks and federal savings associations in any final regulatory relief legislation that passes the Congress. I also support providing the same enhanced authority to state-chartered banks and savings associations.

The investments made by banks under existing authority have provided housing, community services, and jobs. Many of the investments made under this authority have been in Low Income Housing Tax Credit projects, while others qualify for Historic Rehabilitation Tax Credits, and New Markets Tax Credits, or are made in community development-related funds. These investments support critically needed urban revitalization, rural development and job creation. They do so in a manner that is not only beneficial to the communities served, but enjoys a solid track record of profitability and safety and soundness. A brief sampling of the projects supported

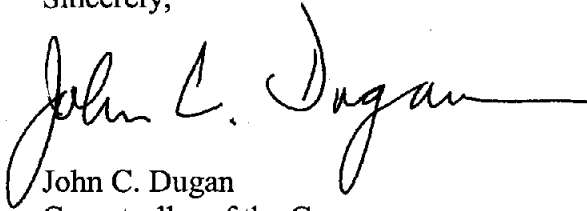
by national bank investments – which covers all 50 states and the District of Columbia – is provided in the enclosure.

Many of the investments national banks make under this authority help them meet their obligations under the Community Reinvestment Act (CRA). In recent years, national banks that have wanted to expand the level of community development investments in their local communities, and to enhance their CRA performance, have been placing these investments on their books at a faster pace than their capital has been growing. This has caused a number of national banks to move closer to, and some to reach, the current 10 percent limit.

This issue is not limited to national banks or to thrifts, however. State member banks supervised by the Federal Reserve Board operate under comparable statutory authority to make investments that are designed primarily to promote the public welfare. In a recent letter, Chairman Bernanke stated that the Federal Reserve Board interprets this authority in the same way as the OCC and supports increasing the statutory limit on the aggregate amount of these public welfare investments that national – and state member – banks may make. We agree and we support provisions to expand such public welfare investment authority for all insured banks and savings associations.

For all these reasons, I strongly support adoption of language that would enhance the flow of critically needed community development investments that benefit our Nation's economically disadvantaged communities and families.

Sincerely,

A handwritten signature in black ink that reads "John C. Dugan". The signature is written in a cursive style with a long horizontal line extending to the right.

John C. Dugan
Comptroller of the Currency

Enclosure

Examples of Bank Investments Made Under the National Bank Public Welfare Investment Authority (12 USC 24 (Eleventh))

Birmingham Community Development Corporation (Birmingham, Alabama) is a certified Community Development Financial Institution that makes loans to and investments in disadvantaged businesses.

Loussac-Sogn Apartments (Anchorage, Alaska) are operated by the Anchorage Neighborhood Housing Services (a member of NeighborWorks® America) and provide single-room occupancy (SRO) housing and support services for low-income individuals.

Arizona MultiBank Community Development Corporation (Phoenix, Arizona) provides financial and technical assistance for affordable housing, small business development, and economic development in **Arizona**.

Little Rock Housing Redevelopment built Madison Heights III in **Little Rock, Arkansas** – a 60 unit mixed income affordable housing project using Low Income Housing Tax Credits. The National Equity Fund, an affiliate of Local Initiatives Support Corporation, syndicated the tax credits through the National Equity Fund 2003.

Bay Area Smart Growth Fund (San Francisco, California) is a commercial real estate equity fund created to invest in 46 low- and moderate-income neighborhoods in the greater **San Francisco Bay Area**. The fund invests in retail, commercial, and industrial development as well as multi- and single-family housing.

Funding Partners for Housing Solutions (Denver, Colorado) is a certified Community Development Financial Institution which helps to provide gap financing for affordable housing development projects serving low- and moderate-income individuals in **Colorado**.

Community Development Trust financed the Park City Residential Care Home which provides affordable assisted living to 50 low- to moderate-income senior citizens. Development of the facility involved the rehabilitation of an historic building located on the west side of **Bridgeport, Connecticut**.

Delaware Community Investment Corporation (DCIC) is a multibank community development corporation that provides permanent financing and investment equity for affordable rental housing and commercial facilities. In addition, DCIC provides bridge loans and site acquisition loans for enterprises that provide services to underserved communities.

CF New Markets Advisors (Washington, DC) is a commercial real estate investment fund using New Markets Tax Credits that will provide debt and equity financing to support the development of urban retail, office, industrial, mixed-use, for-sale housing, and community facility projects.

Black Business Investment Fund is a non-profit CDFI operating in eight **Florida** cities that specializes in aiding minority business owners in building their management capacity and in accessing capital.

Omni Community Development Corporation (Atlanta, GA) acquires and rehabilitates residential properties in low- and moderate-income areas.

Hale Makana o' Waiale Apartments (Maui, Hawaii) -- CRA Fund Advisors purchased municipal bonds financing this rental property that will serve families earning less than 50 percent of area median income.

Tri-County Community Development Corporation (Beardstown, Illinois) is a multi-bank community development corporation that provides equity and debt financing to small businesses.

Great Lakes Capital Fund invests in Low Income Housing Tax Credit funded affordable housing projects in **Indiana, Michigan, and Wisconsin**. Building upon its initial support from the Enterprise Foundation and the Enterprise Social Investment Corporation, the Capital Fund has developed a wide array of technical and financial services including: community and project planning, predevelopment financing, construction and permanent loans, youth leadership programs, and equity investments.

Floyd County Progressive Growth Limited Partnership (Charles City, Iowa) developed a commercial industrial park in a state-sponsored Enterprise Zone to attract manufacturing facilities to this rural community.

Goodland Energy Center (Goodland, Kansas) consists of ethanol and biodiesel refineries located in a declining population area that has been plagued by drought and suffered the loss of railroad service and the closing of a sugar beet processing plant. These refineries will employ 65 people and create an additional 35 transportation and service-related jobs. The projects have the added benefit of increasing demand for locally grown corn, milo, and canola.

Houma-Terrebonne Community Development Corporation (Louisiana) is a multibank CDC formed to build or rehabilitate homes that will be sold to low- and moderate-income families.

Coastal Ventures (Wiscasset, Maine) is a financing arm of Coastal Enterprises -- a CDFI that provides support in the development of job-creating small businesses, natural resource industries, community facilities, and affordable housing.

Lexington Terrace Townhomes (Baltimore, Maryland) were built on the site of a 670-unit public housing project. These 203 affordable rental townhomes utilize Low Income Housing Tax Credits and are helping to revitalize this West Baltimore community.

Parren J. Mitchell Business Center (Baltimore, Maryland) is a commercial office facility in a low-income community co-owned and co-developed by a neighborhood-based community development corporation (CDC) and a national bank-owned CDC.

Massachusetts Housing Investment Corporation (Boston, Massachusetts) provides a broad array of debt and equity financing products to nonprofit and for-profit sponsors of affordable housing and commercial real estate developments located in low-income communities.

Minnesota Investment Network Corporation is a Community Development Financial Institution organized as a community development venture capital fund to provide equity capital and expertise to companies located in **Minnesota**.

Southeast Mississippi Community Investment Corporation is a nonprofit organization dedicated to job creation, business creation, and expansion and support of non-traditional business loan seekers, as well as the expansion of job opportunities for low- and moderate-income individuals.

Nevada Business League Community Development Corporation (Vernon County, Missouri) invested in the renovation of a commercial building in an industrial park as part of a government sponsored economic development initiative.

Equity Fund of Nebraska provides equity for affordable housing projects located in the State of Nebraska using the Low Income Housing Tax Credit. The fund is a subsidiary of the Midwest Housing Equity Group -- non-profit corporation which raises money to invest in affordable housing throughout the states of **Nebraska, Iowa, Oklahoma, and Kansas**.

Community Loan Fund of New Jersey provides financing for community services and businesses, including child care, health care, educational facilities, and social enterprises.

Ammonoosuc Green Limited Partnership (Littleton, New Hampshire) is an affordable housing project using Low Income Housing Tax Credits. This project was sponsored by the nonprofit group, Affordable Housing Education and Development (a member of NeighborWorks® America) and is part of this rural community's downtown revitalization initiative.

ACCION New Mexico is a small business micro-loan program which provides financing to small businesses, particularly minority-owned small businesses and businesses located in economically disadvantaged areas.

Rural Housing Action Corporation built Stanton Meadows Townhomes – a 24-unit affordable housing development in Seneca Falls, New York. The project utilized Low Income Housing Tax Credits which were syndicated by the National Equity Fund, an affiliate of Local Initiatives Support Corporation.

Community Affordable Housing Equity Corporation finances the development of affordable multifamily rental housing using Low-Income Housing Tax Credits in the states of **North Carolina, South Carolina, West Virginia, Tennessee, Kentucky, Maryland, and Virginia**.

Raymond James Native American Tax Credit Fund invests in Low Income Housing Tax Credit-funded affordable housing projects located on or near Native American reservations,

sponsored by Native American tribes or their affiliates. (**Lapwai, Idaho** (Nez Perce); **Browning, Montana** (Blackfeet Nation); **Belcourt, North Dakota** (Turtle Mountain); **Wagner, South Dakota** (Yankton-Sioux Tribe); **Keshena, Wisconsin** (Menominee Indian Tribe of Wisconsin); **Riverton, Wyoming** (Northern Arapaho Tribe of the Wind River Indian Reservation); **Bellingham, Washington** (Lummi Nation); various locations in **Oklahoma** (Cherokee Nation)).

Longwood Plaza Shopping Center (Cleveland, Ohio) is in a low-income community and was renovated by a nonprofit community development corporation using New Markets Tax Credits.

Oregon Equity Fund provides equity for affordable housing projects located in the State of Oregon using the Low Income Housing Tax Credit.

The Reinvestment Fund (Philadelphia, Pennsylvania) provides financing primarily to community organizations for affordable housing development, community facilities, and working capital.

Omni Development Corporation built Waterview Apartments – a 100-unit affordable housing project for senior citizens in **Woonsocket, Rhode Island**. The project utilized Low Income Housing Tax Credits which were syndicated by the National Equity Fund, an affiliate of Local Initiatives Support Corporation.

The Texas Mezzanine Fund is a statewide community development financial institution that provides financing for businesses located in distressed areas, minority-owned businesses, and small businesses that create jobs for low and moderate-income people.

Utah Microenterprise Loan Fund is a non-profit, multibank community development financial institution which provides financing and management support to entrepreneurs in start-up and existing firms that do not have access to traditional funding sources – in particular, those who are socially and economically disadvantaged.

Depot Square Revitalization (Barre, Vermont) used Historic Rehabilitation Tax Credits to renovate a commercial facility on the historic town square in Barre, Vermont. This investment was part of a city-driven initiative to rejuvenate its downtown area.