

N A A H L

NATIONAL ASSOCIATION OF AFFORDABLE HOUSING LENDERS

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NAAHL STRONGLY SUPPORTS CHAIRMAN FRANK'S DECISION TO PRESERVE EXISTING CRA ENFORCEMENT SUCCESSFUL COMMUNITY INVESTMENT IS BIG BUSINESS

Washington, July 15, 2009 – The National Association of Affordable Housing Lenders (NAAHL) strongly supports House Financial Services Committee Chairman Barney Frank's decision to preserve existing enforcement of the Community Reinvestment Act (CRA). Chairman Frank introduced H.R. 3126 last week.

Joseph Flatley, NAAHL's former chairman, is scheduled to testify tomorrow at the committee's hearing on the consumer protection legislation. Mr. Flatley is President and CEO of the Massachusetts Housing Investment Corporation (MHIC), a Boston-based private non-profit whose mission is to finance affordable housing and community development.

"CRA is a success story in emerging markets and a very big business. The magnitude of real estate investment from CRA is not well known: banks have invested nearly \$100 billion dollars in Low Income Housing Tax Credits over the past twenty years, and another \$30 billion dollars in New Markets Tax Credits in just eight years. In addition, CRA annually funnels another \$400 billion dollars in loans and investments to low- and moderate-income (LMI) communities, financing affordable rental housing, home purchases, charter schools, daycare facilities, and small business and microenterprise loans," says Mr. Flatley in his testimony.

NAAHL represents America's leaders in moving private capital to those in need, 100 organizations committed to increasing lending and investing private capital in LMI communities. This "who's who" of private sector lenders and investors includes major banks, blue-chip, non-profit lender CDFIs, and others in the vanguard of affordable housing.

The private-public partnership fostered by CRA has evolved and matured over the past 30 years. For-profit and non-profit lenders and investors, developers, community leaders, and government at all levels, have all learned to collaborate as partners in devising new solutions and creative strategies for financing affordable housing and other community development activities.

"We know how to do it right: for example, how to build affordable rental housing and homeownership properties that people are proud to call home, with a mix of incomes, built with the discipline of the private market, using government resources responsibly," Flatley says.

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A new consumer financial protection agency should have the authority needed to put an end to the problem of the “dual mortgage market” that contributed to the mortgage meltdown, according to NAAHL. Since 2001, NAAHL has been a national leader in raising awareness about solutions to predatory lending.

CRA reform should focus on updating current regulation to allow CRA lenders and investors to be even more effective in helping rebuild LMI communities and underserved areas. The regulators should revise the CRA regulation to update rules that discourage bank participation in important community development work that benefits LMI communities.

“Also, any statutory changes to CRA should be carefully considered, practical to implement, and incentivize high-impact community development activities that may fall outside of banks’ normal course of business,” Mr. Flatley says.