

Remarks by

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Before

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On behalf of Comptroller Dugan, I would like to thank you for this 2009 Leadership Award. It is an honor to receive it on behalf of the Comptroller and the many other individuals at the OCC who are working to support community and economic development activities of national banks.

I commend the NASLEF and its members for your efforts over the past 15 years to promote financing of affordable housing by state and local equity funds. You have played a key role in the professional development of your member organizations, which has had a positive impact in promoting their efficient use of equity capital for rental housing developments. We salute your mission to promote a greater understanding of the Low Income Housing Tax Credit and the work of your members. Collectively, your members are delivering equity capital to 39 states and your members' funds have created or rehabilitated over 100,000 units of affordable housing. Their cooperative efforts have raised more than \$6.5 billion in equity capital for rental housing developments throughout the United States.

Over the past two decades, the Low-Income Housing Tax Credit (LIHTC) program has financed nearly two million affordable housing units, and attracted billions

of dollars of private investment. Yet, you know too well that the current economic downturn and reduced investment in LIHTCs have created significant financing gaps that have slowed or halted the development of affordable housing in many parts of the country.

As the economy recovers, we are seeing encouraging signs that the market for LIHTCs is returning, and that funding from the American Recovery and Reinvestment Act and other recovery initiatives is addressing many of the gaps in projects where tax credit investors are not available or proceeds are inadequate. Under the Act's Tax Credit Assistance Program, HUD has begun providing grants to housing finance agencies that need additional funding to complete their current tax credit projects. The industry has also begun to receive a boost from the Act's Tax Credit Exchange Program, which provides state housing agencies with the resources to exchange allocated tax credits for cash that can be directly infused into developments. Together these programs will provide approximately \$5 billion to aid tax credit projects across the nation.

Historically, a great deal of LIHTC capital has come from banks who remain major holders of this equity today. When carefully implemented, financing for LIHTC properties provides banks with both economic and regulatory benefits, including positive consideration under the Community Reinvestment Act. If you need more in-depth information about these regulatory benefits, we have written a number of reports describing the risks and regulatory considerations of participating in the LIHTC program. These include our *Insights* report, which contains basic information on LIHTC financing and investments, as well as a description of how these activities would be considered in a Community Reinvestment Act examination. One of our *Community Development* newsletters on LIHTC investing includes an article written by Jim Logue of the Great

Lakes Capital Fund. His article focuses on how state and local equity funds like Great Lakes can play an important role in a bank's CRA compliance strategy.

To provide banks with easy access to information and best practices, the OCC has created a Tax Credit Web Resource Directory on the OCC's Web site which contains quick access to OCC's LIHTC publications, including a basic tax credit presentation, which you can download and deliver to your local audiences.

The OCC also has been holding seminars around the country in conjunction with the other bank regulatory agencies and the Federal Home Loan Banks to educate bankers about the LIHTC program and the new investment opportunities presented by recent legislation and changing market conditions. These events, held in seven locations around the country, and our telephone seminar have reached over 1,000 bankers. We are very appreciative of NASLEF's recognition of this work, and we plan to hold similar sessions with our bankers later this year and into next year. Our next seminar will be in Pittsburgh on October 23 and you can get more information from the Community Affairs page on the OCC's Web site.

The OCC's ten Community Affairs Officers who are stationed throughout the country, are available to answer questions, provide resource materials, and inform you of opportunities to work with our national banks. Please feel free to contact any of us at the numbers provided in our Community Affairs brochure and to pick up any of the other materials we have brought with us today.

In closing, let me thank you again for this award. We value this recognition and look forward to working with you to address our nation's affordable housing needs.