

Remarks by
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Not too long ago, I jumped into a cab at La Guardia and told the driver, a fairly young man, to take me downtown. After a few minutes he began to talk and it soon became evident that this guy knew a good deal about banking and finance and economics in general. It turned out that he had been a government economist in his native country before he came to the United States two years before. I asked him why he immigrated. He answered that America is the land of opportunity.

He may have grown up 8,000 miles away, but in his heart this young man was a New Yorker.

New Yorkers will use imagination, creativity and courage to seek out opportunity wherever it exists. Where there is the will, a New Yorker will find the way. It has been that way for at least two centuries -- since Alexander Hamilton purportedly operated a bank under the cover of a company chartered to supply water to the city.

For 15 years, Neighborhood Housing Services of New York City has been finding ways to bring opportunity to the community -- the opportunity to rebuild and revitalize neighborhoods -- by furnishing credit and training to people who lack access to basic housing finance. By linking people in all five boroughs of the City with commercial and government capital, NHS of New York itself acts as a financial intermediary. It is living proof that a partnership of community organizations and the private sector can work -- and can work well.

Since its creation, NHS of New York City has assisted more than 52,000 city residents. It has rehabilitated more than 3,000 units, conducted about 1,000 home-maintenance workshops, and made some 20,000 home inspections. Financially, it has packaged or referred about \$53 million in first-mortgage loans. In total, NHS of New York City has facilitated \$890 million in private and public reinvestment.

Last year alone, NHS facilitated and originated \$39.5 million in first-mortgage and housing rehabilitation loans. It counseled 2,900 home buyers about first-time home ownership, and it held more than 220 educational classes and workshops to teach people how to assume the responsibilities of home ownership -- how to maintain their properties, do basic home repair, and increase their home safety and security. Moreover, NHS demonstrates to primary lenders the creditworthiness of lower income borrowers by referring and pre-qualifying large numbers of credit applicants -- 500 last year alone. In addition, NHS last year rehabilitated 200 buildings.

Without the partnership with banks, thrifts, insurance companies and other private sector organizations, however, very little of the good work that NHS of New York does could be accomplished.

I, for one, doubt that the financial center of the world can long prosper within a community that does not prosper. Encouraging and promoting neighborhood self-reliance and educating people to help themselves are among the many things that NHS of New York, and other organizations like it, do. Without such efforts, this city would be a poorer place -- and not just in material terms. Support for the programs of NHS of New York and similar organizations reverberates throughout the city.

When The Dime Savings Bank donated space in its building for the NHS Homeownership Center, it improved the quality of life in New York.

When The East New York Savings Bank worked with NHS to develop and initiate an emergency home repair loan program for homeowners in the East New York section of Brooklyn -- and provided a grant to pay the salary of an NHS staffer for this program -- it improved the quality of life in New York.

This building houses Marine Midland Bank's New York Headquarters. Fran Justa told me that -- along with many other initiatives -- Marine Midland assigned one of its loan executives to work with NHS for the first three months of 1996. In assigning that officer to work with NHS, Marine Midland improved the quality of life in New York.

Currently, 43 banks and thrifts provide loans and lines of credit to NHS. Through its lending programs, NHS re-lends these funds to rehabilitate the housing in low- and moderate-income neighborhoods. Five institutions each provide loans or lines-of-credit of a million dollars or more: Marine Midland Bank; IBJ Schroder Bank & Trust Company; The Dime Savings Bank; The Bank of New York; and National Westminster Bank USA, now Fleet Bank. Working through NHS, all of these institutions improved the quality of life in New York. They saw the need, but they saw something more -- they saw opportunity. Through NHS, they made an investment in the community -- an investment that will bring financial rewards to the community and to

themselves as financial institutions that benefit from individual initiatives that increase their pools of customers and increase the financial well-being of the community.

Beckoning opportunity drew millions of people to New York City over the decades. This city is a monument to what people can accomplish when they are allowed free use of their imaginations and creativity.

In the new Community Reinvestment Act regulations, federal bank and thrift supervisors made it easier for lenders to bring their imagination and creativity to good use in community development, eliminating the most burdensome of CRA reporting requirements while assuring that safety and soundness standards are met. The regulations open up new possibilities to banks and thrifts in creating partnerships to promote home ownership and to revitalize communities.

That fact has not been lost on Fran Justa. I am sure that it will not surprise any of you that Fran says she has been thinking about how to make the partnership between NHS and private institutions work even better.

As Fran mentioned earlier, NHS has two new consortium programs that creatively address housing needs in the city. One targets multi-family buildings of between five and twenty units -- like the majority of housing units in New York City. Much of this housing stock is old and in need of rehabilitation. Small multi-family buildings are refinanced and rehabilitated through the new NHS Multi-Purpose Loan Program. Fran tells me that eight banks have already told her that they are committed to participating in this consortium: Emigrant Savings Bank, European American Bank, Citibank, Bank of China, Chase Manhattan, Fleet Bank, The Bank of New York, and Republic National Bank.

The second consortium is the CASH II Program. CASH stands for Closing Cost Assistance for Homebuyers. The program pools funds from local banks to provide loans for closing costs and down payment assistance to help people otherwise eligible for mortgage credit buy a home. In an earlier CASH program, five banks each contributed \$100,000. The pool was depleted quickly. In the CASH II program, 10 banks invested \$200,000 each, for a total pool of \$2 million. Those banks were Bankers Trust Company; The Bank of Tokyo Trust Company, New York; Delta National Bank and Trust Company of New York; J.P. Morgan Community Development Corporation; Marine Midland Bank; Bank Leumi Trust Company; Commercial Bank of New York; the East New York Savings Bank; LTCB Trust Company, and the United States Trust Company.

As a partner, NHS can bring expertise to the table. It can help banks generate quality lending in low- and moderate-income neighborhoods. It can stimulate reinvestment in communities that will be profitable.

Partnerships of organizations like NHS and the financial institutions with which they work bring business judgment into the process of community development. In doing so, these partnerships help people learn to help themselves -- and that is good for everyone: for the community and for business. I want to applaud the NHS's many accomplishments -- but more important, I want to express my hope that NHS -- and other organizations like it -- will continue to serve this community for many years to come. Where there is the will, organizations like NHS of New York City will find a way of assuring that the vitality of the City of New York continues to benefit all Americans.

Thank you.

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