

**Testimony of Michelle Neugebauer, Executive Director, Cypress Hills Local  
Development Corporation to State Banking Department regarding the  
Banking Development District Program**

Good afternoon esteemed staff of the State Banking Department, my name is Michelle Neugebauer and I am executive director of the Cypress Hills Local development Corporation (CHLDC), a well-respected, comprehensive not-for-profit community development organization that serves the Cypress Hills/East New York community in north east Brooklyn currently served by a Banking Development District "BDD," sponsored by City National Bank of New Jersey and one proposed by M & T Bank. Cypress Hills and the northern end of East New York are low and moderate income, predominately Latino small homes neighborhoods of 50,000+ residents. In the late 1970s and early 1980s our neighborhood was devastated by redlining, housing abandonment and store closings. CHLDC's mission is community revitalization and promoting positive bank reinvestment in homeownership and small business has been a key strategy for rebuilding the area. Our organization builds and manages affordable housing, serves 8,000 residents a year through varied housing counseling and social service programs, educates 300 prospective home buyers annually on all facets of homeownership, packages affordable first-time mortgage loans through the New York Mortgage Coalition and assists over 400 small business along the Fulton Street, Liberty, Glenmore and Pitkin Avenues commercial strips.

For the past 15 years CHLDC has monitored reinvestment and banking trends in our community and hence, we are very familiar with the BDD in our neighborhood and the proposed one. We urge the Banking Department to work with the lending institutions applying for BDD designation to assess the credit, affordable housing and economic development needs of the proposed districts by not only analyzing Census, Home Mortgage Disclosure Act (HMDA), housing market and other publicly available population, income, economic and reinvestment data but by also engaging community members, leaders and institutions in the assessment. This engagement at a minimum should take the form of documentation discussions with community development and community-based housing preservation and economic development groups, Community Boards and churches in the BDDs. Homeownership is the backbone of our neighborhood and we desperately need access to affordable mortgage, home repair and refinance products and flexible underwriting for the low and moderate-income households whom live in our community or who seek to purchase in Cypress Hills and East New York. Our residents need no or low cost checking and savings products and for local bankers to speak their languages and to make sincere efforts to re-engage residents back in the traditional banking system as opposed to the ever-present checking cashing shops that abound in our community. We need micro-lending opportunities for home-based and smaller Mom and Pop businesses along our commercial strips and all sectors of the community need financial literacy education and training. We feel that this thorough assessment of each BDD's unique credit and community needs should be mandatory of all applicants and that the planning process should be an on-going one that is updated on an annual basis with Banking Department oversight.

In Cypress Hills/East New York the current BDD sponsored by City National has not addressed the community's credit needs, which I have just outlined. In the past 4 years, City National Bank of New Jersey has **not** made any home loans in our community. This total lack of home loan investment in all forms in our community is simply unacceptable, even more so now, when credit has tightened and overall home lending had declined precipitously in homeownership in low and moderate income neighborhoods. We urge the State Banking Department to use whatever means possible to reverse this lack of investment. City National has opened their branch for home buyer and financial education, tried to launch a business loan fund which had disappointing results and gave to charitable causes in the neighborhood - - but these efforts are not enough when Cypress Hills and East New York are suffering from the sub-prime lending crisis, have been victimized by one-stop shops and are crying out for reinvestment in affordable housing and small business development. Charity and good intentions must be coupled with direct lending in BDDs. We have yet to see the benefits of the BDD in our area and urge you to take an active monitoring, enforcement and reform role in the future.

We are hopeful that the BDD proposed by M & T Bank will be more productive and beneficial to the community and see no problem if their district should overlap with the existing one, given the intensity of the neighborhood's need. M & T Bank has invested in many of the vehicles that created wealth in our area and brought new affordable housing opportunities to Cypress Hills and East New York. They are members of the New York Mortgage Coalition, which has resulted in responsible, flexible and affordable mortgage and refinance loans in the community. They are also supporters of the Neighborhood Opportunities Fund and the Local Initiatives Support Corporation, which have made the financing of our affordable housing projects possible. M & T has given generously to our agency's housing preservation and community organizing work and opened their branch up regularly for our homebuyer education seminar series. We are confident that M & T's leadership is listening to community residents and what their credit needs are and we trust that in the years ahead they will ramp up their lending. This direct lending is essential in both the small homes and community development arenas. M & T Bank has proven they can make major investments in mortgage and refinance lending in the area through their partnership with East Brooklyn Congregations. We urge the State Banking Department to work with M & T to replicate those successes in other sections of East New York and Brownsville.

I thank you for your time and attention to the concerns of the residents of Cypress Hills and East New York.