

Community Reinvestment Act & Bank Support for Redevelopment



Abbreviations

- CRAct = *Bank* Community Reinvestment Act
- CRArea = *Florida* Community Revelopment Area

BANKS REINVESTING IN COMMUNITIES PROJECTS & PARTNERSHIPS



Affordable Housing

Twin Lakes Estates | Lakeland FL

- A regional bank leveraged **FHLB** membership to obtain \$1.2 million in grant funds for this housing development.
- The project will provide 100 units for LMI seniors.



Community Services to LMI

The Evans Center | Palm Bay Bayfront CRArea

- A bank-supported **CDFI** provided financing to renovate a historic building.
- The project - a new 6,000-sq ft multi-purpose facility that includes a grocery store and a Federally Qualified Health Center.
- Located in a moderate-income area and a USDA-designated Food Desert.



Economic Development

Federal Guarantee Programs

- A regional bank leveraged the **USDA** Business and Industry (B&I) Guaranteed Loan Program to finance a rural business.
- The bank loan with a 70-80% USDA B&I guarantee
- The loan allowed the business to maintain operations; purchase new equipment; retain employees and create new jobs that included jobs for LMI persons.



Revitalization in LMI Areas

East Baltimore Historic Redevelopment Project

- A large bank supported revitalization of an LMI area and affordable housing for LMI.
- The bank provided the construction financing and facilitated the use of historic tax credit equity.



Revitalization in Rural Areas

Bridging the Digital Divide

- A community bank financed a locally-based telecommunications company to expand wireless access in rural Minnesota.
- The financing helped the buildout of high-speed, fiber-optic cable that linked directly to underserved areas, rural homes, schools, and businesses.



Stabilization in Disaster Areas

Florida Keys | Hurricane Irma

- Community foundations provided financial support to launch the Florida Keys Community Land Trust to replace affordable housing for displaced workers in the Florida Keys.
- County Commission approved a \$1 million option to purchase a mobile home park for an additional affordable housing site.
- Opportunity for bank participation.



So...WHAT IS THE COMMUNITY REINVESTMENT ACT?






Understanding CRA Act

- The CRA Act encourages regulated banks to meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods, consistent with safe and sound banking operations.
- Banks engage in a variety of lending, investment and service activities in their communities to respond to credit and community development needs

Understanding CRAAct

- Banks provide their CRAAct activities to regulators to demonstrate responsiveness in meeting those credit needs.
- Regulators evaluate the bank's CRAAct performance, rate their performance and prepare a public CRAAct report for each bank (*"public evaluation"*).
- Regulators will take the bank's CRAAct record into account when reviewing applications for bank corporate activities, like branching and mergers.

Bank Regulators for CRA Act

Regulator		Oversight
Office of the Comptroller of the Currency (OCC)		Nationally chartered banks
Federal Deposit Insurance Corporation (FDIC)		State chartered-NonFRB member banks
Federal Reserve Bank (FRB)		State chartered-FRB member banks; Bank Holding Companies

- **Excludes** credit unions and non-bank financial providers
- To find out the regulator of a financial institution and its insurance status, go to <http://research.fdic.gov/bankfind/>

Evaluating CRA Act Performance

Five Types of CRA Act Evaluations

1. **Small Bank** (assets less than \$326 million)
2. **Intermediate Small Bank** (assets at least \$326 million and less than \$1.305 billion)
3. **Large Bank** (assets at least \$1.305 billion)
4. **Wholesale** or **Limited Purpose Bank**
5. Banks operating under a CRA Act **Strategic Plan**

Community Development in CRAAct

Loans, Qualified Investments & Services for:

- Affordable **housing** for low- or moderate-income (LMI) individuals
- Community **services** for LMI individuals
- Promoting **economic development** by providing financing for small business or farms
- **Revitalize** or **stabilize** certain geographies
LMI Areas ♦ Rural Middle Income Areas ♦ Designated Disaster Areas

Economic Development in CRA Act

- Financing small businesses/farms that support permanent job creation, retention or improvement for LMI persons
- Activities with intermediaries that serve start-ups or new small businesses/farms
- Activities for supportive services for small businesses/farms (shared space, tech, or admin. assistance)
- Activities that support government initiatives for job training or workforce development for LMI persons

Revitalize or Stabilize

LMI Areas ♦ Rural Areas ♦ Disaster Areas

- Low- or moderate-income geographies
 - Designated by the U.S. Census
- Distressed or Underserved non-metropolitan (rural) middle-income geographies
 - Designated annually by the FFIEC
- Designated disaster areas
 - Designated by FEMA



Revitalize or Stabilize

LMI Areas ♦ Rural Areas ♦ Disaster Areas

Activities that:

- Help attract new, or retain existing, residents or businesses
- Consistent with a federal, state, local or tribal plan for revitalization, stabilization or recovery of the area
- Help meet essential community needs in rural middle-income geographies

COMMUNITY DEVELOPMENT EXAMPLES FOR BANK CRACT



Community Development Examples

Loans or Investments to:

- Finance **affordable housing** construction and permanent financing for multi-family
- Finance projects that support the development, rehabilitation, improvement, or maintenance of affordable housing
- Organizations serving LMI housing or other community development needs, such as counseling for credit, homeownership, home maintenance, and other **financial literacy** programs

Community Development Examples

Loans or Investments in:

- Low Income Housing Tax Credits
- New Markets Tax Credits
- Municipal bonds that primarily finance community development projects

Community Development Examples

Loans or Investments to:

- Nonprofit organizations
- Construction or rehab of community facilities
- Local, State or Tribal governments
- Financial intermediaries

Community Development Examples

- Financial intermediaries include:
 - Community Development Financial Institutions (CDFIs)
 - New Markets Tax Credit CDEs
 - Community Development Corporations (CDCs)
 - Minority & Women-Owned Financial Institutions
 - Community Loan Funds
 - Low-Income or Community Development Credit Unions
 - Federal Home Loan Banks

Community Development Examples

Loans or Investments to:

- Facilities that promote CD by providing community services for low- and moderate-income individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to sustain economic development, such as, day care operations, job training programs or workforce development programs

Community Development Examples

Loans or Investments to:

- Finance **environmental clean-up** or redevelopment of an industrial site as part of an effort to revitalize LMI communities
- Finance **renewable energy**, energy-efficient, or water conservation projects that support LMI housing or community facilities
- Finance **community facilities**, such as a health clinic that provides services for low- or moderate income individuals

Examples – Revitalize/Stabilize

LMI Areas ♦ Rural Areas ♦ Disaster Areas

- Loan for an **anchor business** (grocery, pharmacy, etc) that employs or serves LMI residents
- Financing to attract a **major new employer** for long-term job opportunities
- Financing **essential infrastructure** necessary to retain or attract existing or new businesses
- Financing to help **retain businesses** in the area that employ local residents
- Financing to meet **essential community needs**

Examples – Revitalize/Stabilize

LMI Areas ♦ Rural Areas ♦ Disaster Areas

Meeting Essential Community Needs:

- New or expanded **hospital** that serves LMI residents
- **Industrial park** for businesses whose employees include LMI
- New or rehabilitated **sewer line** that serves LMI community residents
- New or renovated **school** that serves LMI children
- Communications infrastructure (**broadband** initiatives)
- **Flood control** measures that serves the community, including LMI areas
- Public Safety needs

These lists are not all-inclusive. Consult regulators for additional guidance.

Community Development Services

- Related to the provision of financial services or bank staff's expertise/banking role
- Serving on the board of directors
- Technical assistance to nonprofit, tribal, or government organizations serving LMI or economic revitalization and development needs;
- Technical assistance to small businesses or community development organizations

Community Development Services

“Technical Assistance” includes:

- Serving on a loan review committee
- Developing loan application and underwriting standards
- Developing loan-processing systems
- Developing secondary market vehicles or programs
- Assisting in marketing financial services, including development of advertising and promotions, publications, workshops and conferences
- Furnishing financial services training for staff and management
- Contributing accounting/bookkeeping services

CASE STUDIES IN BANK SUPPORT FOR FLORIDA REDEVELOPMENT AREAS



Affordable Housing



Lake City CRArea

The Greater Lake City CDC constructed two, 3BR-2BA duplex apartments. The total building cost of this project was estimated at \$171,000 with 75% *financing by a local community bank.*

The CRArea partnered with the CDC to provide \$33,750 as 25% cash equity. The Greater Lake City CDC was also provided assistance with fees related to the construction of this project.

The project brings affordable housing options to the community within the Lake City CRArea. (2015)

Affordable Housing



The Hallandale Beach CRArea First Time Homebuyer Program

Provides up to \$50,000 in down payment assistance for the purchase of a first home in the CRArea district.

Funds are available to affordable housing buyers whose income is between 50 and 120 percent of the Broward County median income guidelines to be used for gap funding and closing costs. (2018)

Economic Development



City of Winter Garden CRArea Micro-Loan Program

Designed to provide small businesses located within the City of Winter Garden an additional borrowing option.

The Program was established through a \$1 million investment by the City, and *administered by a community bank.*

Loans range from \$5,000 to \$25,000.
(2018)

Economic Development



Winter Park CRArea Micro-Loan Program

Teamed up with *a local community bank* to offer microloans to small businesses within the CRArea.

Loans are offered at attractive rates and amounts can range from \$5,000 – \$39,999.

Start-up businesses are referred to other organizations for technical assistance prior to applying. (2008)

Economic Development

Partner Collaboration



Comerica Bank provided grant funds to the CRArea's nonprofit partner, Riviera Beach CDC, to create the Comerica Bank Small Business Resource Center to provide business development training for both new and emerging small businesses located in Riviera Beach.

Paragon Florida, Inc., a small business CDFI will provide a curriculum-guided slate of resources based upon Paragon's Business Readiness Certification Program.

Consolidated Credit Solutions, a nonprofit financial services organization based in Ft. Lauderdale will provide financial literacy/readiness component. (2017-2018)

Revitalization & Econ Dev

Tampa Heights Riverfront CRArea

The Armature Works building, is the new home of The Heights Market Hall and Gathering.

Provides a business incubator and training for 20+ emerging small and micro businesses.

Created over 500 permanent job opportunities generated by small businesses and retail.



Partnerships with local nonprofits will also provide on-site job training, employment counseling and culinary expertise.

Financed via NMTC, a midsize regional bank and a local community bank.

Revitalization & Housing

FineMark National Bank & Trust HFH Lee and Hendry Counties

FineMark will invest \$250,000 in the project over the next three years. Half of the donation will be reimbursed through a tax credit community contribution program.

The project includes the construction of 11 new homes along with critical home repairs on an additional 24 homes in the Harlem Heights Neighborhood of Fort Myers.



Revitalization & Housing

Florida Redevelopment Area & Federal Opportunity Zone

\$40.3 million project

- \$7 million in gap funding from the *Fort Lauderdale Community Redevelopment Agency*
- \$19.3 million construction loan from *City National Bank*
- *Opportunity Zone Fund* equity



CDFIs AS PARTNERS IN REDEVELOPMENT



What are CDFIs?

- CDFI = Community Development Financial Institution
- CDFIs are specialized financial institutions, **certified by the U.S. Treasury Dept.**, that primarily work in markets that are underserved by traditional financial institutions.
- CDFI's provide lending to low-income communities and to people who lack access to traditional bank financing.
- Many CDFIs offer loans that are **more favorable and flexible** than traditional lenders.

Types of CDFIs

- **Banks**—For-profit corporations providing capital to rebuild economically distressed communities through targeted lending and investments
- **Credit Unions**—Member-owned non-profit cooperatives promoting savings, affordable loans, and other financial services
- **Loan Funds**—Typically non-profit organizations providing financing and technical assistance to small businesses, microenterprises, affordable housing developers, and community service organizations
- **Venture Capital Funds**—Organizations providing equity and debt-with-equity services to businesses in distressed communities

CDFIs in Florida

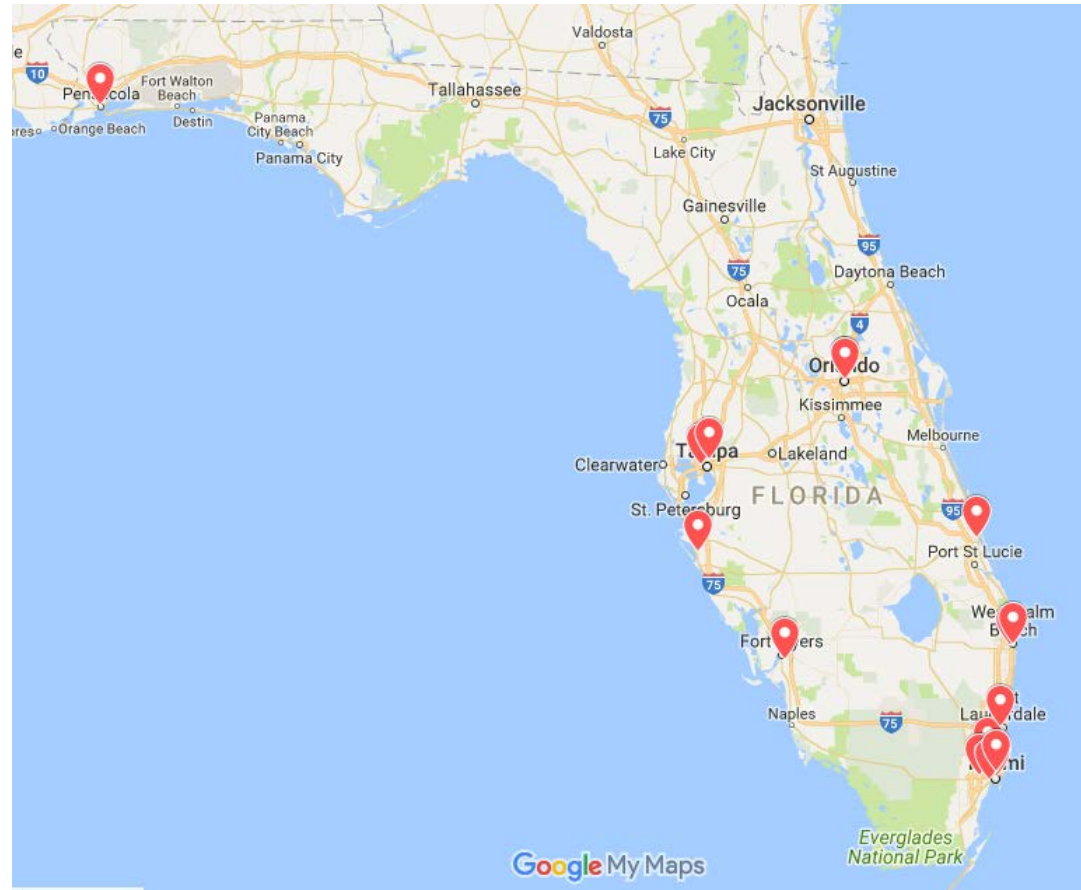
CDFIs in the U.S. 1,122

CDFIs in Florida 36

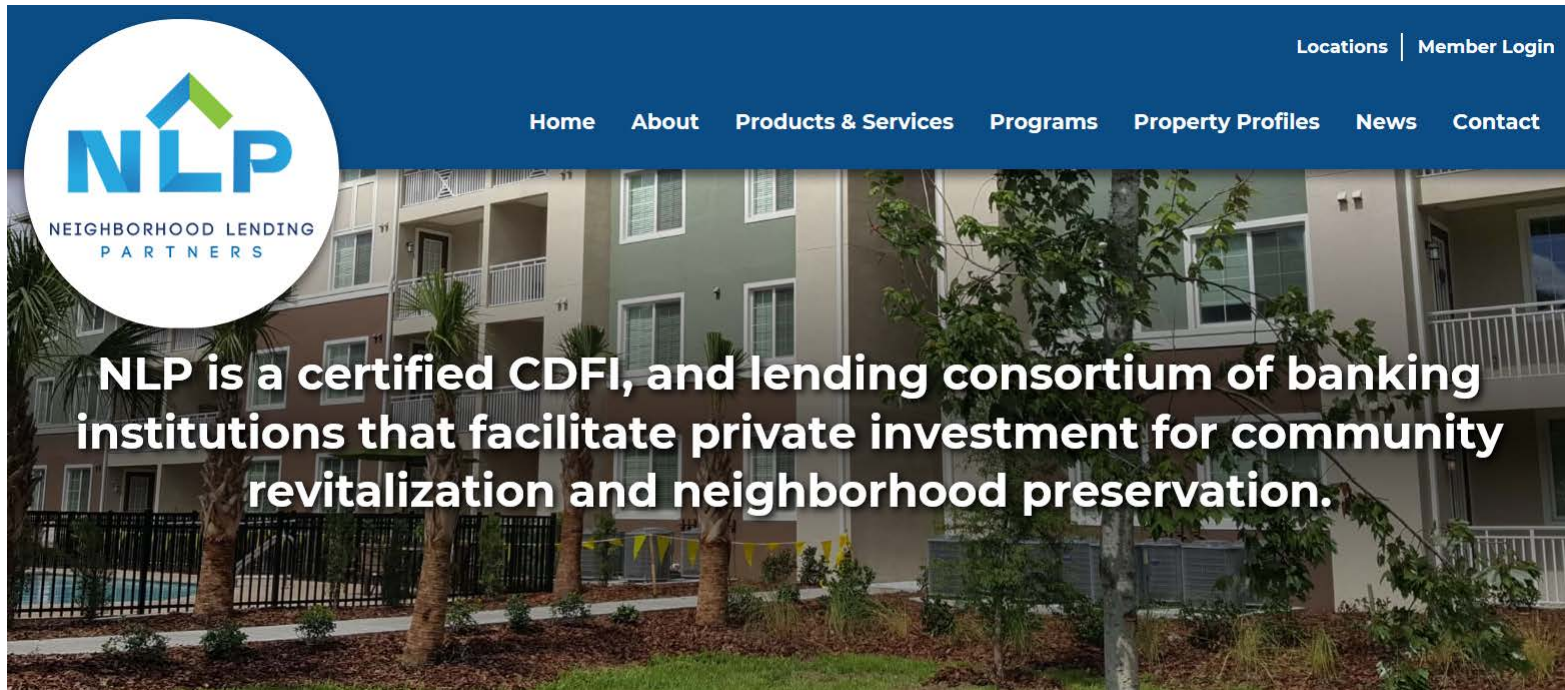
--Loan Funds 14

--Credit Unions 21

www.cdfifund.gov



CDFIs in Florida



The image shows a screenshot of the NLP Neighborhood Lending Partners website. The header is a dark blue bar with the NLP logo on the left, which consists of a stylized house icon above the letters 'NLP' and the text 'NEIGHBORHOOD LENDING PARTNERS' below it. To the right of the logo are navigation links: 'Home', 'About', 'Products & Services', 'Programs', 'Property Profiles', 'News', and 'Contact'. Further right are 'Locations' and 'Member Login'. Below the header is a large photograph of a modern, multi-story apartment building with a swimming pool in the foreground. Overlaid on the bottom half of the photograph is the text: 'NLP is a certified CDFI, and lending consortium of banking institutions that facilitate private investment for community revitalization and neighborhood preservation.'

NLP
NEIGHBORHOOD LENDING
PARTNERS

Locations | Member Login

Home About Products & Services Programs Property Profiles News Contact

NLP is a certified CDFI, and lending consortium of banking institutions that facilitate private investment for community revitalization and neighborhood preservation.

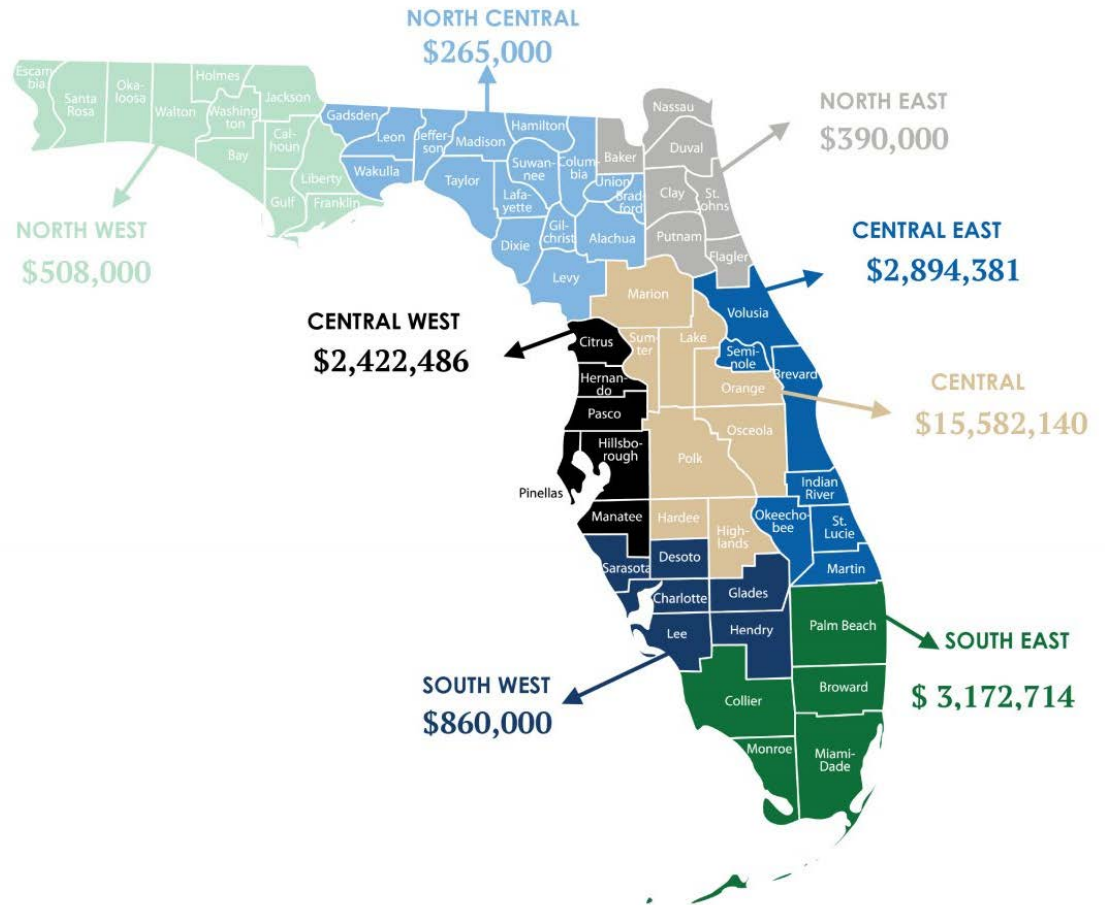
CDFIs in Action

Neighborhood Lending Partners provided a \$625,000 construction to permanent loan to build a 30-unit townhome project called American Way Townhomes located in the City of Macclenny, southwest of Jacksonville, Florida.

The development is located in a rural market area as defined by the United States Department of Agriculture Rural Development (RD).



CDFIs in Florida



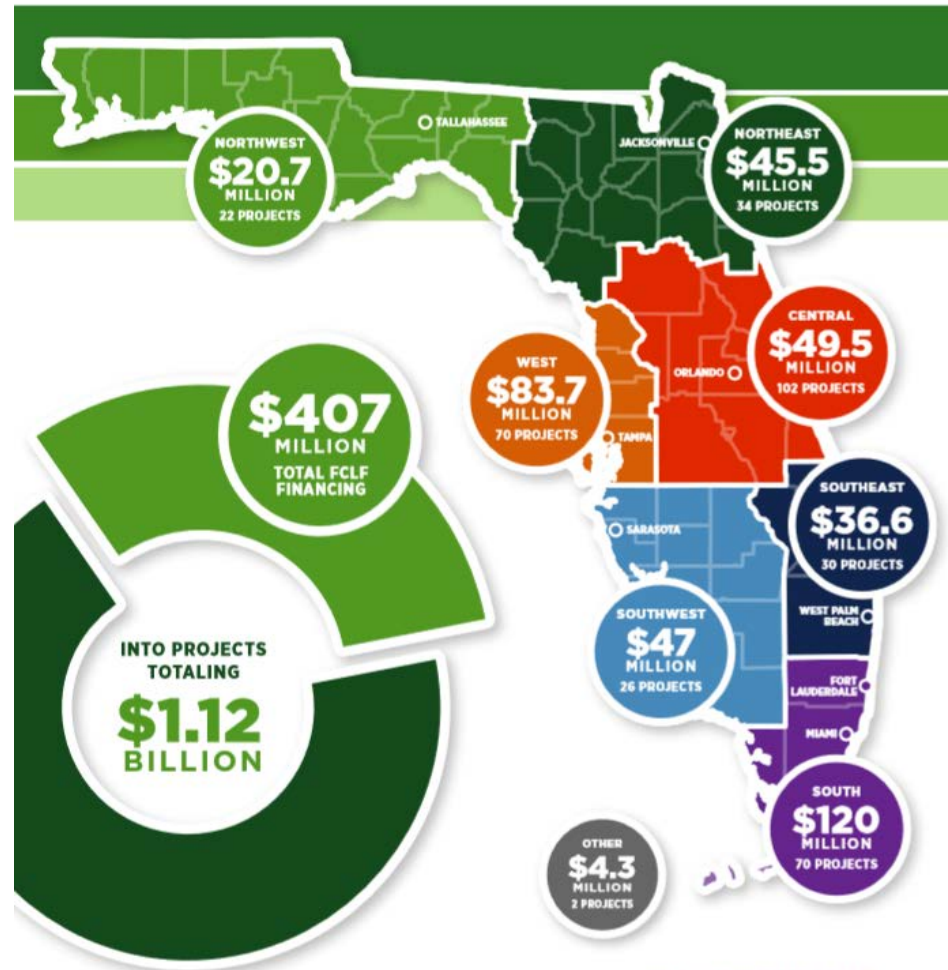
CDFIs in Action

BBIF provided technical assistance and a loan to this nail salon for expansion;

and \$340M loan to a telecommunications company to purchase their business property



CDFIs in Florida



www.FCLF.org • 407 246 0846

CDFIs in Action

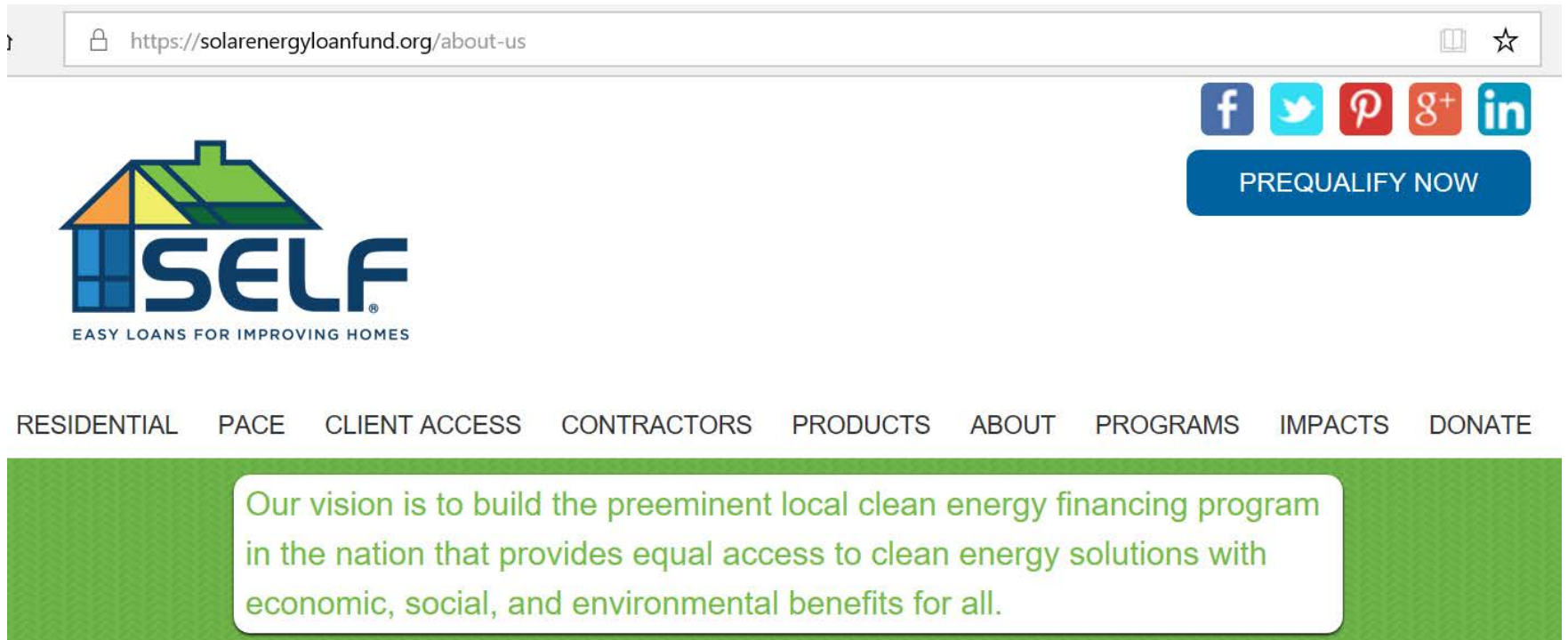
Florida Community Loan Fund provided \$10 million in federal NMTCs to renovate this former train station into a Tech Hub and community collaboratory space.

U.S. Bancorp is NMTC investor.
Whitney-Hancock Bank provided additional financing.

In the Fort Myers CRArea.



CDFIs in Florida



CDFIs in Action

The ***Solar Energy Loan Fund*** has raised over \$12 million in loan capital and grants; developing 6 unique loan programs to promote clean energy, resilience, and other sustainable building practices.

SELF has deployed \$10 million to more than 1,000 homeowners, with over 70% of their lending helping low- and moderate-income homeowners, including seniors and veterans.



OTHER PARTNERS IN REDEVELOPMENT



Other Partners



Other Partners



Other Partners

- Housing and Community Development - Partner Organizations
 - <https://www.tampagov.net/housing-and-community-development/info/partner-organizations>

The screenshot shows the City of Tampa website header with the logo, language options (Español, English), and social media icons. The navigation bar includes links for DEPARTMENTS, RESIDENTS, BUSINESSES, VISITORS, SERVICES, GOVERNMENT, and JOBS. The breadcrumb trail reads: HOME > HOUSING AND COMMUNITY DEVELOPMENT > INFORMATION RESOURCES > PARTNER ORGANIZATIONS. A search bar is located in the top right. The main content area features a blue sidebar with 'HOUSING AND COMMUNITY DEVELOPMENT' and links for 'CONTACT US' and 'AFFORDABLE HOUSING ADVISORY COMMITTEE'. The main heading is 'Housing and Community Development - Partner Organizations', with a 'Share' button to its right.

City of Tampa Florida

Español English

@lert tampa

Twitter Facebook Instagram Home YouTube Messenger

SEARCH

DEPARTMENTS RESIDENTS BUSINESSES VISITORS SERVICES GOVERNMENT JOBS

HOME > HOUSING AND COMMUNITY DEVELOPMENT > INFORMATION RESOURCES > PARTNER ORGANIZATIONS

Share

HOUSING AND COMMUNITY DEVELOPMENT

CONTACT US

AFFORDABLE HOUSING ADVISORY COMMITTEE

Housing and Community Development - Partner Organizations

Bank Partnerships for CRA Areas

- Banks can be key partners in community redevelopment by providing loans, investments and/or technical assistance for such projects
- Bank activities can support affordable housing, community revitalization, promote economic development and support community services
- Revitalizing communities includes LMI areas, rural areas and disaster areas

Bank Partnerships for CRAreas

- CRArea managers should establish a dialogue to aid bank management in understanding the redevelopment plans and bank opportunities
- Be prepared to provide relevant information to bankers on who benefits from the activity
- Banks will focus on the fundamentals—including safety and soundness—of the loan(s) or investment(s) when making financing decisions

Bank Partnerships for CRA Areas

- Bank loans or investments for redevelopment can receive Community Reinvestment Act credit
- For CRA credit, the project must have a primary purpose of community development as defined in the CRA (slide 26)
- Projects without this primary purpose are also of interest to banks and could receive CRA credit depending on the nature of the project.

Resource Summary

- FFIEC | www.ffiec.gov/cra
 - One-stop for CRA ratings, schedules and data
- FDIC | www.fdic.gov
 - *Deposit Insurance/ BankFind*
 - *Industry Analysis/ Deposit Market Share Report*
- OCC | www.occ.gov
 - *Community Affairs Publications*
- Federal Reserve Board
 - [CRA from the Chicago Fed](#)
 - [CRA from the Kansas City Fed](#) – *includes banker tools & resources*
 - www.fedcommunities.org – *FRB system research publications*

thank you

Lisa Mifflin

Lisa.Mifflin@occ.treas.gov

202.230.4664