

**ADVANCED TOPICS IN HOUSING
FINANCE:
A SEMINAR FOR HABITAT AFFILAITES**



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CRA OVERVIEW



- **Community Reinvestment Act was passed by Congress in 1977 to Discourage Redlining**
- **Mandates Bank Be Evaluated by Federal Banking Agencies**
- **Determine if Banks Offer Credit In All Communities**

CRA OVERVIEW



- **Federal Banking Agencies Evaluate CRA Performance**
- **CRA Evaluations Based on Size and Operation**
- **Evaluated Using One of Five CRA Performance Test**

CRA OVERVIEW



- Streamlined (asset less than \$280M), Intermediate Small Bank (\$280 to less than 1.122B), Lending Test (assets in excess of \$1.122B), Community Development (Wholesale/Limited-Purpose) and Strategic Plan
- Ratings= Outstanding, Satisfactory, Needs to Improve or Substantial Noncompliance
- CRA Public Evaluations
(<http://www.ffiec.gov/cra/>)

CRA PARTNERSHIPS



- **Free Mortgage Servicing**
- **Homeownership Counseling**
- **Serving on Local Habitat Boards**
- **Loans for Land Acquisition or Construction**
- **Grants to Address Capital**
- **Funding Early-Stage Financing**

CRA PARTNERSHIPS



- **Affordable Housing for Low or Moderate Income Individuals**
- **Community Services targeted to Low and Moderate Income Individuals**
- **Activities that Promote Economic Development by Financing Small Business or Small Farms**
- **Activities that Revitalize or Stabilize :**
 - **Low or Moderate Income Geographies**
 - **Designated Disaster Areas or**
 - **Distressed or Underserved Nonmetropolitan Geographies**

Neighborhood Stabilization Program



- Final rule published by agencies on December 15, 2010 (75 FR 79278)
- Revises the term “community development” to include loans, investments, and services that support, enable or facilitate projects or activities that
 - meet the “eligible uses” criteria in the Housing and Economic Recovery Act of 2008 (HERA); and
 - Are conducted in designated target areas identified in NSP plans approved by HUD

Neighborhood Stabilization Program



- **Donation of OREO Properties to Non-profit Organizations Located in Low and Moderate Income Geographies, as well as Eligible Middle-Income**
- **Financing for the Purchase and Rehabilitation of Foreclosed, Abandoned, or Vacant Properties**
- **Loans, Investments and Services that Support Redevelopment of Demolished or Vacant Properties in NSP Designated Areas**

Neighborhood Stabilization Program



- **Need to Provide Housing-Related Assistance to Stabilize Communities Affected by Foreclosures**
 - Congress Recognized Need By Funding Neighborhood Stabilization Efforts
 - Agencies Interested in Leveraging Federal Programs
- **Public Comments on the Proposed Rule Showed Support for Expansion of CRA**

Neighborhood Stabilization Program



- **Demonstrate Commitment to Addressing Foreclosures**
- **Provide Regulatory Clarity**
- **Ensure Financial Institutions Engagement**
- **Modernizing CRA**

Neighborhood Stabilization Program



- **Discounting Foreclosed Homes or Donating Foreclosed Properties to Non-Profits**
- **Donation of Vacant Foreclosed Properties to the City and Non-Profit Organizations for Reuse, Redevelopment and Neighborhood Revitalization.**
- **\$8 million dollar NSP Project Targeting 6 Neighborhoods in Cleveland: to Consist of Redeveloping 121 Vacant Homes for Sell and Demolishment of 100 Vacant Homes**

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QUESTIONS????