



February 16, 2021

Ann E. Misback
Secretary
The Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

RE: Docket No. R-1723 and RIN 7100-AF94

Dear Ms. Misback:

Atlanta Neighborhood Development Partnership (ANDP) appreciates the opportunity to provide feedback on the Advanced Notice of Proposed Rulemaking (ANPR) about proposed changes to the Community Reinvestment Act (CRA) regulations published in the October 19, 2020 *Federal Register*. In addition to the comments provided below, ANDP also participated in a recent CRA listening session hosted by the Federal Reserve Bank of Atlanta with nonprofit colleagues from throughout the Bank's footprint.

ANDP is a 30-year nonprofit organization serving the metro Atlanta region with a mission to develop, finance, and advocate for affordable housing at scale that promotes racial equity and healthy communities where families thrive. CRA-focused capital has been critical to recent mission-related accomplishments highlighted below:

- Since 2009, we have increased our annual production from 6 units to 440 units in development today.
- Leveraging an innovative partnership model, ANDP has developed more than 700 affordable single-family homes since the foreclosure crisis.
- We are currently operating 543 apartments across five properties with three additional projects totaling 303 units in development.
- ANDP's CDFI Loan Fund has doubled in less than five years, and we are leveraging Federal Home Loan Bank funding to provide down payment assistance to low and moderate income homeowners.

The ANPR produced by the Federal Reserve Board provides a thoughtful and balanced framework focused on transparent data analysis and qualitative measures of impact on communities.

The CRA remains as critical as ever as the nation confronts serious challenges associated with racial equity and the COVID-19 pandemic. We must ensure that the CRA is a strong



and effective tool to address ongoing systemic inequities by prompting banks to be not only more active lenders in LMI areas but also important participants in broader efforts to revitalize communities across the country.

In particular, I would like to emphasize three points:

- **CRA reform should incentivize flexible investments that meet high-mission and often under-served market needs.** For example, access to innovative enterprise-level investments allowed ANDP to significantly grow scale and reduce costs. ANDP was one of the first homeownership nonprofit developers to transition from construction-acquisition debt to enterprise-level capital to fund its single-family acquisition rehab and new construction work. This effort reduced borrowing, draw fees and other transaction costs and related staffing costs by \$8,000 per home. ANDP provides homeownership and related wealth building opportunities to below 80% AMI families in predominately Black neighborhoods.
- **The CRA should include strong incentives and/or special scoring for charitable or grant equity.** Charitable grants are the most impactful investments as they offer nonprofits the flexibility to leverage this equity across housing types. ANDP has recently launched an ambitious plan to develop or preserve 2,000 units of affordable housing by 2025. Under the plan, ANDP will leverage \$18 million in charitable grants 24 to 1 to develop \$438 million of affordable housing including 750 single family homes and 1250 apartments.
- **Numeric evaluation of efforts to increase racial equity should be a prominent part of the CRA's assessment.** Addressing systemic racial inequities in the banking system was the core purpose of the CRA legislation. Those systemic inequities are still with us today and as urgent as they were in 1977. ANDP urges the Board to consider race in all aspects of CRA modernization; in particular looking to address the continued racial wealth gap and the lack of investment in LMI communities including communities of color.

ANDP commends the Federal Reserve's balanced, evidence-based approach to CRA modernization. We look forward to serving as a partner in this effort to modernize the Community Reinvestment Act regulations. Please contact me at jocallaghan@andpi.org if you wish to discuss these comments. Thank you for your consideration.

Sincerely,



John O'Callaghan
President & CEO

