



August 5, 2022

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 ID OCC-2022-0002; Docket No. R-1769; RIN 7100-AG29; RIN 3064-AF81

Dear Ms. Misback:

Thank you for the opportunity to comment on the joint notice of proposed rulemaking (NPR) to amend regulations implementing the Community Reinvestment Act (CRA). This NPR represents the most significant changes to the CRA regulation and exams in 27 years. Our comment is more narrative in format and does not explicitly respond to specific questions within the NPR. We trust that the agencies will make the appropriate connections to the NPR's numbered questions.

ANDP is a 31-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 ANDP's efforts to expand production to meet our region's severe housing shortage. 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 800 affordable single-family, for-sale homes since the foreclosure crisis. In addition, we are currently operating 543 apartments across five properties with three additional projects totaling 303 units in development.

ANDP appreciates that the agencies recognize the importance of CDFIs as partners to drive credit and capital to underserved markets. CDFIs have demonstrated that expanding credit in underserved areas can transform communities. Today, ANDP, through its Loan Fund and direct non-CDFI equity investments, is the largest investor in small BIPOC (Black, Indigenous, Persons of Color) single-family developers. Over the past eight years, our CDFI has grown from \$3 million to \$16 million. Our separate, single-family, internal, non-CDFI investment fund has grown from \$1 million to \$20 million.

The top deployment need in the metro Atlanta market is capital for BIPOC and nonprofit builders, whose capacity has grown four-fold in the past 5 years but who remain largely underserved by other CDFIs and lenders in our market. Experienced, once-scaled BIPOC



builders must rely on hard money, high-cost loans, which severely limit their production scale. Prior to 2007 and the Great Recession and foreclosure crisis, local home builders thrived in Atlanta's housing market and local Black builders were building starter to mid-entry infill homes and subdivision developments in suburban neighborhoods. Today's market is primarily dominated by national builders with access to institutional capital, whose business models focus on building luxury homes. Bank regulatory restrictions and prior credit issues resulting from project defaults and personal bankruptcies from the foreclosure crisis have further limited access to traditional land acquisition and construction financing for small and local builders. Experienced, once scaled, BIPOC builders must rely on hard money, high-cost loans, which severely limit their production scale.

Extend automatic CRA credit eligibility beyond CDFIs to NeighborWorks organizations and other CHDOs and HUD approved nonprofit organizations.

The nonprofit delivery system for affordable homeownership is crucial to addressing the racial wealth gap. Outside of our CDFI structure, ANDP utilizes pioneering, enterprise-level financing strategies to raise and rotate low-cost capital for single-family development, which eliminates the need for construction financing and lowers costs by \$14,000 per home. This fund has been pivotal to ANDP's increased production and ability to serve low-income families at scale. We partner through small, undercapitalized builders. Four of our five new construction builders are Black-owned. We provide all capital but share risks with our development partners.

Today, ANDP is the largest producer of single-family homes under \$250,000 in metro Atlanta. 77% of our homes were sold to BIPOC families and 60% were sold to families earning below 80% AMI.

The current proposed rule offers an automatic enrollment of activities undertaken with a CDFI as eligible for CRA credit. We recommend that the agencies extend this same CRA credit eligibility treatment to activities undertaken with NeighborWorks America organizations as well as other CHDOs and HUD-approved nonprofits. Like CDFIs, these organizations serve a critical mission to promote community development and provide financial products and services to low- and moderate-income individuals and organizations.

Include race as an explicit factor for CRA evaluations.

With a structure focused on income and not race, CRA has not sufficiently addressed the continuing extraordinary financial disparities that are the direct result of persistent and systemic racial bias. Rates of minority homeownership overall have changed little in the past 25 years, while homeownership rates for African Americans have regressed to levels lower than when the Fair Housing Act was passed in 1968.

Homeownership is one of the largest creators of wealth in America, thus BIPOC Atlantans who do not have access to homeownership opportunities lack the same ability to build

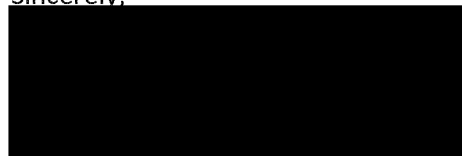


generational wealth and increase their overall assets. In metro Atlanta, 74.5% of white families owned their home compared to a mere 44.1% of Black Families (U.S. Census, 2020). In fact, 30.3% of Black households in metro Atlanta have zero or negative net worth.

ANDP urges the agencies to consider race in all aspects of CRA modernization; looking to address the continued racial wealth gap and the lack of investment in LMI communities including communities of color.

ANDP appreciates the opportunity to provide comment. Thank you for your consideration.

Sincerely,



John O'Callaghan
President & CEO

