

## OCC'S CRA MODERNIZATION ANPR

On August 28, 2018, the Office of the Comptroller of the Currency (OCC) issued an Advance Notice of Proposed Rulemaking (ANPR) for the Community Reinvestment Act (CRA). The OCC issued the ANPR without the other two banking regulators (FDIC and Federal Reserve), saying that its goal for issuing the ANPR is “to obtain additional public input on how to revise the CRA regulations to encourage more local and nationwide community and economic development—and thus promote economic opportunity—by encouraging banks to lend more to low-to-moderate (LMI) areas, small businesses, and other communities in need of financial services.”<sup>1</sup>

The ANPR had 31 questions, with the OCC inviting comments from stakeholders in the following six areas:

1. Transforming the current approach to performance evaluations;
2. Developing a metric-based framework;
3. Redefining how “communities” and “assessment areas” are defined;
4. Expanding CRA-qualifying activities;
5. Enhancing recordkeeping and reporting; and
6. “Other ways” to improve the CRA regulatory framework.

The deadline for comments was November 19, 2018. Given our history and experience in working with banks, specifically in ways related to **question 18** (see side panel), we conducted our own analysis of the comments to this question and have summarized our findings below:

1. There were over 1,500 comments to the ANPR (see **Figure 1**)
2. There were approximately 115 comments on question 18, of which 94 comment letters were supportive of loan-backed or mortgage-backed securities

(MBS) as community development activities (see **Figure 2**)

3. We were pleased to see over 50 respondents to the ANPR included current shareholders in the CRA Qualified Investment Fund
4. Respondents across all organization types, including the banking community, to ANPR question 18 were not supportive of limiting or excluding activities that might otherwise qualify as community development. Banks, bank trade associations, community groups, individuals, and other respondents opposed limiting or excluding loan-backed or mortgage-backed securities in the investment and community development tests and were supportive of the benefits these securities provide including the increased supply of affordable housing

Given the beneficial role that loan-backed securities have on affordable housing and small business lending nationwide, we at CCM have voiced our strong opposition to any blanket exclusion of loan-backed securities from the CRA. The securitization market provides many benefits to banks as loan originators, borrowers, and investors, as well as substantial benefit to low- and moderate-income communities. By making financial assets tradable, securitization helps to reduce agency costs, thereby making the financial markets more efficient. It also improves liquidity for the underlying financial claims, thereby reducing liquidity risk in the financial system. CRA-qualifying loan-backed securities take many forms, but in general they help increase the supply of financing for affordable housing, small businesses, and other activities that benefit low- and moderate-income neighborhoods. While we continue to wait and see what the next step will be for CRA modernization, we will be sure to keep you updated as any new information becomes available.

**Question 18:** Should consideration for certain activities that might otherwise qualify as community development be limited or excluded? For example, how should investments in loan-backed securities be considered?

**Figure 1:** Total Responses to ANPR

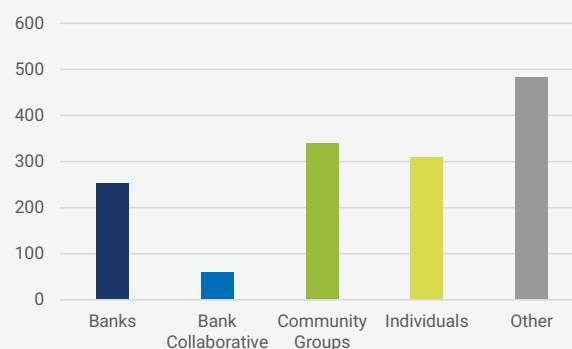


Chart includes data for respondents where we could classify their organization type; otherwise, if no data was provided, they were omitted from this chart.

**Figure 2:** Question 18 Responses

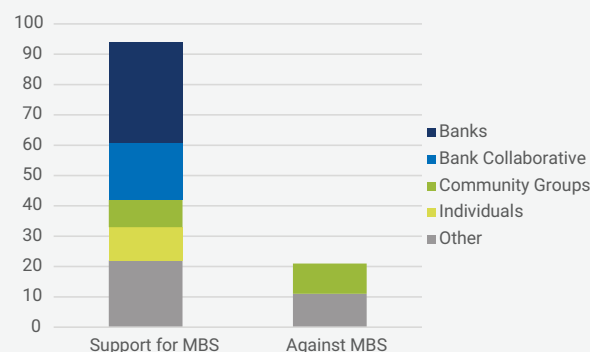


Chart includes data for respondents where we could collect information related to their response on question 18.

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<sup>1</sup> <http://www.wolterskluwerfs.com/article/a-look-at-the-occs-cra-modernization-anpr.aspx>

# CCM'S 2018 ANNUAL IMPACT REPORT & WEBINAR REPLAY



Now in its sixth year of publication, we are thrilled to make our 2018 Annual Impact Report available, demonstrating our commitment to, and the ongoing advancement of, the impact/ESG investing arena. We are proud of our contributions to the field, including investing approximately \$9.2 billion since inception in impact/ESG initiatives on behalf of clients into vital economic developments such as affordable housing, disaster recovery, environmental sustainability, healthy communities, neighborhood revitalization, and transit-oriented development, to name just a few. Looking back on 2018, there were many noteworthy events that took place at our firm and we are excited to share those in the Annual Impact Report. To download a copy, please [click here](#).

We are also excited to share a replay of our webinar reviewing the report and sharing more detailed information on our impact metrics, outcomes, and customization capabilities. Webinar speakers David Sand, chief impact strategist, and Jessica Botelho, director of CRA and impact research, discussed our alignment to the United Nations' Sustainable Development Goals (SDGs), reviewed case studies of impact/ESG investments, and shared details of potential changes to the field in 2019. To listen to the replay, please [click here](#).

## NEW CRA INVESTING VIDEO

We are excited to share with you a new CRA investing video explaining how the CRA Qualified Investment Fund works for banks – from both a CRA and financial perspective. Over the years, we have heard from many of you that it would be helpful to see a video explaining our CRA investing process. We listened and the video is now available at [www.ccminvests.com/videos](http://www.ccminvests.com/videos). If you have any questions, please email Jamie Horwitz at [jhorwitz@ccminvests.com](mailto:jhorwitz@ccminvests.com).



## CRA & FAIR LENDING COLLOQUIUM

It's hard to believe it's already been five months since the CRA & Fair Lending Colloquium and we are already gearing up for this year's event. We had a great time seeing many of you in Hollywood, Florida and especially enjoyed our relaxing cocktail reception on Tuesday evening. We hope to see you again in Orlando later this year and look forward to hosting another get together.





# CRA INVESTMENTS WITH A FOCUS ON RESIDENT AMENITIES AND PROGRAMS

## Grace West Manor Apartments Newark, New Jersey

Grace West Manor Apartments is an affordable rental property that has 429 units, all of which receive Section 8 assistance. The property consists of a 12-story tower with 324 units designated for senior citizens and 21 townhomes with 105 units designed for families. The property is located at the southern edge of Newark's central business district, with easy access to transit, services, and downtown amenities. The property is located in a low-income, high-minority, and high-poverty census tract. The majority of the population residing in this census tract are minority households (99 percent) and 50 percent of the population lives below the poverty line.

The property is undergoing renovations, with expected completion in 2020. Improvements will be made to upgrade community spaces and units, enhance the safety and security of residents, and reduce the property's carbon impact. Common area improvements will include new furniture and finishes, a new fitness room, enhanced community and game rooms, lounge, computer workstation, and a medical exam room. The landscaping, irrigation, and outdoor areas will also be improved. Unit upgrades will include new

kitchen counters and cabinets, Energy Star refrigerators and ranges, LED lighting, and low-flow faucets.

Additional funds will be used to further expand the property's social and recreational programs such as Zumba, art and exercise classes, senior wellness and game days, children's programming, a community choir, holiday parties, and Black and Hispanic History month activities. Residents will have access to enhanced educational and awareness programs such as senior safety, fraud prevention, disaster preparation, breast cancer, lung cancer, and stroke awareness programs, health and vision screenings, and nutritional programs.

Grace West Manor Apartments has a **Walk Score** of 78 from [walkscore.com](https://www.walkscore.com), which is considered very walkable, where most errands can be accomplished on foot. Walk Score's mission is to promote walkable neighborhoods. Walkable neighborhoods are one of the simplest and best solutions for the environment, overall health, and the economy. Per a study in the American Journal of Preventative Medicine, people in walkable places weigh six to ten pounds less than those in less walkable places.



**Walk Score** measures the walkability of any address using a patented system. For each address, Walk Score analyzes hundreds of walking routes to nearby amenities. Points are awarded based on the distance to amenities in each category. For more information, visit <https://www.walkscore.com/methodology.shtml>.



## Eden Palms San Jose, California

Eden Palms is a Low-Income Housing Tax Credit Property consisting of 45 two-bedroom, 57 three-bedroom, and 43 four-bedroom townhouses across 28 buildings. In connection with the Low Income Housing Tax Credit allocation, the Borrower executed a regulatory agreement restricting all of the 143 residential townhouses to tenants earning at or below 60 percent of Area Median Income (AMI). Two townhouses are reserved for property managers. Further, at least 58 townhouses must be reserved for tenants earning at or below 50 percent of AMI for a 55-year compliance period. The property is located in a low-income, high-minority, and high-poverty census tract. In this census tract, 90 percent of the population are minority households and 21 percent of the population lives below the poverty line.

Each townhouse features a fully-equipped

kitchen, in-unit washer and dryer, and private entrance. The community offers educational and social services such as adult drop-in hours for the computer lab, after-school computer assistance, community events, culturally relevant events, financial literacy programs, homework club programs, self-enrichment activities for seniors and the disabled, summer programs, tax assistance, and voter registration assistance.

Residents have access to an 8,000 square foot community building which includes an auditorium, teen room, computer center, day care facility, library, and management office. The landscaped outdoor space includes a basketball court, five tot lots, expansive lawn, garden area, and a playground for the day care center. The larger community fosters a small community feel as small clusters of the townhouse units surround the community "town center," with each cluster having its own private yard.

# THE WOMEN OF CCM

The asset management industry has one of the lowest levels of representation among women. At CCM, we are proud to report as of this writing that 46 percent of CCM's team are women and 21 percent of the firm is owned by women.

Our new overview, The Women of Community Capital Management, highlights the backgrounds and experience of the women of CCM. Their broad and impressive skill sets, combined with their passion and commitment, have shaped our investment strategies, improved our marketing and communications efforts, and inspired our business to thrive in unprecedented ways. To download a copy, please [click here](#).



## CCM SPRING/SUMMER 2019 EVENT SCHEDULE

CCM will be at the following conferences this spring/summer:

### NCRC Annual Conference

March 11-12 | Washington, DC

### Lynn University Social Impact Forum

March 25 | Boca Raton, FL

### Bond Buyer National Municipal Bond Summit

March 25-27 | Nashville, TN

### National Association of Affordable Housing Lenders (NAAHL) Conference

June 5 | Washington, DC



## VISIT [CCMINVESTS.COM](http://CCMINVESTS.COM) TO:

- ✓ Watch our new CRA investing video
- ✓ Read our 2018 CRA investing survey
- ✓ Download our 2018 Annual Impact Report

## CRA FUND HIGHLIGHTS

### OVERALL:

Extensive documentation on each investment purchased  
New investments identified, purchased, and earmarked to a bank per CRA exam cycle  
Ongoing dialogue with examiners/regulators  
Easy way to accomplish your CRA investment goals

### FINANCIAL:

Daily liquidity  
Monthly dividends  
Competitive financial performance  
Investing in high credit quality fixed income securities

Community Capital Management, Inc. is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Investing involves risk, including possible loss of principal. Bonds and bond funds are subject to interest rate risk and will decline in value as interest rates rise. The Fund is non-diversified. Current and future holdings are subject to risk.

The CRA Qualified Investment Fund is distributed by SEI Investments Distribution Co. (SIDCO), which is not affiliated with Community Capital Management, Inc. Carefully consider the risks, investment objectives, and charges and expenses of the Fund before investing. This and other information can be found in the Fund's prospectus which can be obtained by calling 866-202-3573. Please read the prospectus carefully before investing.



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