



Healthy Communities Virginia Partners in prayer and Prevention

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This evening

Healthy Communities Initiative focuses on the Social Determinants of Health and, the Barriers and Promise of Combining Health and Community Development

Community Reinvestment Act is one tool to use for healthy communities

How you can work with banks and other partners

Healthy Communities Initiative



Joint effort between the Federal Reserve
and Robert Wood Johnson Foundation



15 Conferences - 2 national meetings in
Washington, D.C. - 13 regional meetings



More than 2,000 people attended



6,000 watched the live stream online

Healthy Communities Initiative

- ▶ Publications
 - ▶ -Community Development Investment Review,
 - ▶ -Health Affairs,
 - ▶ -Commission to Build a Healthier America Report

<http://www.buildhealthyplaces.org/>

Zip Code vs Genetic Code

The Robert Wood Johnson Foundation Commission to Build a Healthier America successfully brought to the attention of the nation a startling fact: - Your zip code is more important than your genetic code in determining your health.

And as impressive as the Commission's report was, one thing it did not do was explain how to improve zip codes as a means to improve the overall health of the nation.

Social Determinants of Health and Community Development

- ▶ The social determinants of health has given us in the community development field a new intellectual framework to understand the value of cross-sector work.
- ▶ In its simplest form, the upstream, social determinants that affect health stem from wellbeing; and nobody (no entity or institution) “owns” wellbeing.
- ▶ This helps us break down the silos that currently separate health from community development (and from education and public safety, and other essential social services).



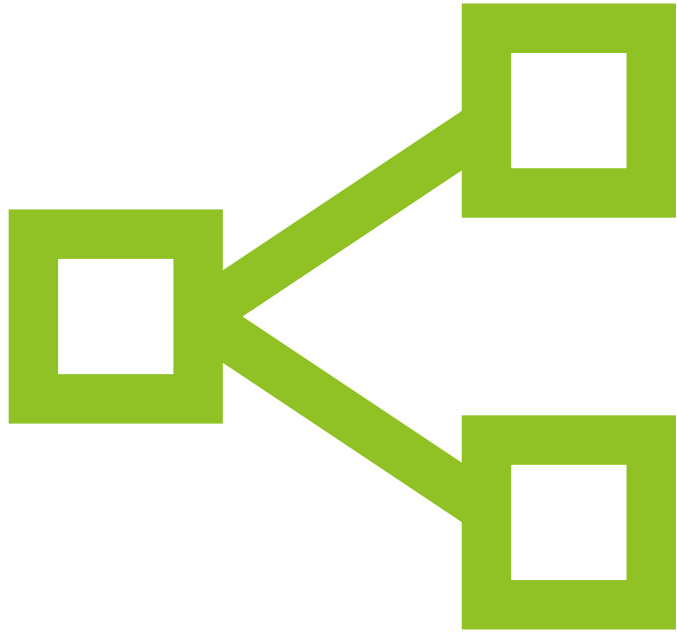
HEALTHY COMMUNITIES: A Framework for Meeting CRA Obligations

“There is a symbiotic relationship between the health and resilience of a country’s economy, and the health and resilience of a country’s people. This publication is important because it provides strategic direction to financial institutions on how to invest in healthy communities, and how to communicate the value of these investments to stakeholders.”

—Richard W. Fisher
President and CEO,
Federal Reserve Bank of Dallas



First, lets
talk about
the CRA

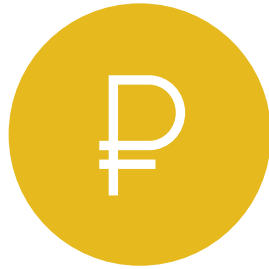


CRA is about
creating
relationships

The Community Reinvestment Act



FEDERAL LAW PASSED IN 1977



ENCOURAGES BANKS TO MEET
THE CREDIT NEEDS OF THE
COMMUNITIES THEY'RE
LICENSED TO SERVE



INCLUDING LOW- AND
MODERATE-INCOME
NEIGHBORHOODS.



CONSISTENT WITH SAFETY
AND SOUNDNESS



Developing Bank Partnerships

Bank Motivation for Partnerships

- ▶ Welfare of the community and the bank
- ▶ Market Share
- ▶ Income
- ▶ Risk Mitigation
- ▶ Reputation
- ▶ Community Reinvestment Act

CRA directs regulators to ...

evaluate how well every bank helps to meet the credit needs of its community and to assign one of these ratings to every bank:

- Outstanding
- Satisfactory
- Needs to Improve
- Substantial Noncompliance



Types of Banks

Large Banks

* least \$1.284 billion as of December 31 of both of the prior two calendar years. Report small business loans annually

Intermediate Small Banks (ISB)

*at least \$321 million as of Dec. 31 of both of the prior two calendar years and less than \$1.284 billion as of Dec. 31 of either of the prior two calendar

Small Banks

*as of Dec. 31 of either of the prior two calendar years, had assets < \$1.284 billion

**effective 1/1/2019: thresholds updated annually.
www.ffiec.gov*

Large Bank CRA Exam

Lending Test Evaluates

- ▶ # and \$ of
 - ▶ Home mortgage
 - ▶ Small business
 - ▶ Small farm loans
 - ▶ Made in its community
- ▶ Income level areas where those loans were made
- ▶ Income levels of borrowers
- ▶ CD loans
- ▶ Flexible and innovative lending practices
- ▶ **50% of rating**

Investment Test

- # and \$ of investments with a CD purpose
- Innovative, complex, responsive and availability otherwise
- **25% of rating**

Service Test

- Retail services provided to people and areas of different income levels
- CD services
- **25% of rating**

Intermediate Small Bank CRA Exam

Lending Test

- # and \$ of
 - Home mortgage
 - Small business
 - Small farm loansMade in the bank's community
- Income level of the areas where the loans were made
- Income levels of borrowers
- Flexible and innovative lending practices

CD Test

- Loans
- Investments
- Services
- Responsiveness an important consideration

The bank must be rated Satisfactory on both tests to be Satisfactory overall

Small Bank CRA Exam

- ▶ Lending Test = 100% of rating
- ▶ Five evaluation criteria:
 - ▶ Loan to deposit ratio
 - ▶ In / out ratio
 - ▶ Borrower distribution
 - ▶ Geographic distribution
 - ▶ Responses to complaints



CRA Basics - Key Terms

Low- and Moderate-Income

- < 80% of area median income

Community Development

- Affordable Housing for LMI
- Community Services for LMI
- Economic Development - job creation for LMI
- Revitalize & Stabilize
 - LMI geographies
 - Distressed or Underserved geographies
 - Neighborhood Stabilization Program Activities

CRA Basics - Key Terms

- ▶ **Assessment Area**
Geographic area in which a bank is evaluated for CRA
- ▶ **Primary Purpose**
Either more than 50% LMI beneficiaries
Or express, bona fide intent
- ▶ **Performance Context**
Local economic conditions and credit and CD needs and the capacity of a bank to meet those needs



Performance Context

Banks are evaluated for CRA based on the needs and economic conditions of their markets and their capacity to meet those needs - i.e., their **Performance Context**.

What can you do?

- Help Banks
 - Maintain awareness of financial services needs
 - Identify opportunities to become involved
 - Target investments and services to LMI
- Help Regulators
 - Identify financial services needs
 - Understand local priorities

Steps to Partnerships

- ▶ Understand CRA
- ▶ Understand the local market
- ▶ Understand local banks
- ▶ Identify your sources of influence
- ▶ Talk with bankers

What Banks Need in a Partner



Understand the bank's financial capacity and legal constraints.



Demonstrate/document how an activity qualifies under the community development definition.



Be proactive rather than reactive.



Keep bank partners informed.

Regulatory Resources on CRA

The following two FDIC webpages are useful for researching banks gathering deposits doing business in your area:

- ▶ FDIC Institution Directory
<https://www5.fdic.gov/idasp/advSearchLandin g.asp>
- ▶ FDIC Summary of Deposits
<https://www5.fdic.gov/sod/sodMarketBank.as p?barItem=2>

- ▶ Comptroller of the Currency Community Affairs (see our publications on a wide variety of community development topics):
<http://www.occ.treas.gov/topics/community -affairs/index-community-affairs.html>

Resources

Videos Resources on the CRA

- ▶ [What is the Community Reinvestment Act?](#)
- ▶ [The Small Bank and Intermediate Small Bank CRA Examination](#)
- ▶ [Leading Practices for Effective CRA Programs](#)
- ▶ [CRA Community Development Defined](#)

https://www.richmondfed.org/community_development/resource_centers/cra#4

The background features a series of overlapping, semi-transparent green geometric shapes, primarily triangles and trapezoids, that create a sense of depth and movement. The colors range from a light, pale green to a vibrant, saturated lime green. The shapes are layered, with some appearing to be in front of others, creating a dynamic, abstract composition. The overall effect is clean, modern, and fresh, consistent with the 'back to health' theme.

Now, back to
health

A Framework for Health and CRA


- ▶ <https://www.dallasfed.org/~media/documents/cd/healthy/CRAframework.pdf>

How does the framework help you ... and the banks

1. a roadmap of best practices in community development,



2. a healthy communities framework that highlights the types of investments that are valuable both to financial institutions and their target communities,



3. a list of CRA reference guides to help ensure that planned CRA activities meet regulatory requirements, and



4. a template for how financial institutions can tell their CRA story.

Best Practices, Identifying Opportunities



Examples



Checklists



Community Health Needs Assessments



Health Initiatives that Focus on Prevention



Healthy Communities Network



References



How to tell your story

Opioid Epidemic

► <https://bsr.stlouisfed.org//connectingcommunities#71/the-opioid-epidemic-what-we-know-and-how-we-connect-community-practices->

► Podcast and Powerpoint

