

CRA AT FORTY

What CRA Means to Me:

A Lifelong Passion

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I started my banking career in the late 80's as a New Accounts Representative. Despite many years in retail banking, including serving as a Branch Manager for over 10 years at three different institutions, I had never heard of the Community Reinvestment Act. This is hard to believe! I had direct contact with customers; provided and cross-sold services; engaged with different community organizations; and was charged with bringing in new consumer, residential and commercial loans. Yet I was never trained on a key factor affecting the bank's performance relative to all these areas.

So when I started working at the Federal Home Loan Bank of Atlanta ("FHLBA") in 2000 as a Senior Relationship Manager for the state of Florida, I was surprised to hear about CRA, which, amongst other things, encouraged banks to meet the needs of low- and moderate-income ("LMI") residents and geographic areas. I learned that the FHLBA provided several products to help member banks meet their CRA goals and objectives, including the First Time Homebuyer Program, which provides down payment assistance for LMI borrowers; the Affordable Housing Program, which provides subsidies to assist in financing the acquisition, construction, rehabilitation and development of affordable housing; and community investment advances, which offer reduced rate funding that provides critical support for affordable housing and economic development projects. I was excited to learn about all the resources available to help disadvantaged communities.

During a meeting with some of the FHLBA member banks in South Florida, there was discussion of putting together a consortium of banks to finance larger affordable housing projects. Although community banks wanted to participate in these larger deals, specifically Low-Income Housing Tax Credit ("LIHTC") transactions, they didn't feel comfortable with the associated complexities and risk. By partnering with other banks, the risk would be shared and all the participating banks would receive CRA credit. We immediately contacted Neighborhood Lending Partners ("NLP"), an established multi-bank lending consortium located in Tampa, to discuss the possibility of their organization expanding into Southeast Florida. This expansion would eliminate spending the time, energy and money to put together a brand new entity requiring all new infrastructure, policies, procedures, underwriting guidelines, etc.

After months of discussion, attorney's fees and negotiations, Neighborhood Lending Partners of South Florida was created! Since I had been involved in putting together the organization from the beginning, I was selected to become the Executive Director of the new affiliate. Leaving the FHLBA after only two years to join an unknown entity was difficult, but I knew that I had found my life's purpose in this new endeavor. This is when my interest in CRA developed and drove me to ensure NLPSF succeeded so that it would be easier for affordable housing to be created in South Florida.

For those who are not familiar with banking consortia, the member banks make a capital contribution (for which they receive CRA investment credit) which helps to fund the administration of the organization; commit a certain dollar amount to the loan pool (CRA lending credit) which provides the funds to finance the projects; and serve on the organization's board and/or committees (CRA service credit); banks can receive credit for all three CRA performance tests with just one organization. NLPSF was a nonprofit 501(c)3 Community Development Financial Institution ("CDFI"). The loans were made to affordable housing developers from the combined loan pool while NLP's back office in Tampa provided underwriting, servicing, compliance and other administrative functions. It's a bit complicated, but it worked!

This was the most challenging position I had ever held. I was responsible for bringing banks into the consortium to increase our pool, marketing NLPSF to affordable housing developers so we could utilize the pool funds, partnering with community organizations and meeting with government officials who managed local, state and federal housing subsidies, all while managing a budget, a local board made up of the member banks and a relationship with the team at the main office in Tampa. I had to learn all about Low-Income Housing Tax Credits, including how Florida allocated and awarded the Credits, as well as other products and resources that helped fund affordable housing. By attending numerous meetings, conferences and workshops, while reading every document ever created about the subject matter, I eventually became an "expert" in the world of affordable housing finance. I was fortunate to eventually be asked to write articles, speak at events and serve on related boards. Within a short period of time, NLPSF became a great success, attracting over 40 member banks and helping to finance over a thousand units of affordable housing in less than four years. Banks who participated not only received CRA credit, but also received "complex and innovative" consideration for participating in this new collaboration, which provided a creative way to offer affordable housing finance options in South Florida.

The most rewarding part of the whole learning experience was how CRA affected families and neighborhoods. During this time, a housing bubble had created a huge affordable housing crisis in South Florida. The cost of homes was increasing at a rate of up to 20 percent per year in certain areas, while wages remained the same. Miami was rated as one of the cities with the worst "housing cost burden," since the percentage of households paying more than 30 percent of their income for housing costs had exceeded 50 percent of the residents. As many of us in the business know, according to the Department of Housing and Urban Development, households that spend more than 30 percent of their income on rent are "housing-cost burdened." And the heavier that burden gets, the more difficult it is to afford food, utilities and other necessary living expenses.

So it was enlightening to find out that thousands of families in our communities couldn't afford to live here. Having grown up in Miami in the working class neighborhood of Little Havana, from immigrant parents, this idea of "affordable housing" affected me on a personal level. I never knew how much my parents struggled to provide a safe, clean living environment for my brothers and me. I know that they didn't take advantage of any housing

programs, but mainly because they were unaware. It was important to me that I help spread information about local housing subsidy programs to everyone who needed them!

This was how CRA became my passion. Serving on several nonprofit boards, and later as Chair of Miami-Dade County's Affordable Housing Advisory Board, I learned so much about the housing needs in our community and how to address them. I met several families who had been awarded apartments at the LIHTC communities we financed who were so grateful to finally have an affordable place to live. Many had been on "waiting lists" for Section 8 and other programs for years. This was a dream come true for them (and me!). While providing financial literacy classes, I met people from all walks of life who had no idea what a mortgage was, how to budget for housing-related expenses or how to save for future needs. It was very rewarding to use my experience in banking, and my knowledge in affordable housing, to help those most in need. All this can be credited to CRA.

Since my years at NLPSF I've led the CRA and Community Development efforts of a community bank for over seven years and now serve as a consultant to help banks meet their CRA requirements. I continue to serve on boards and provide pro bono advice to nonprofit organizations that want to take advantage of CRA regulations to help them meet philanthropic goals. And, I haven't lost the passion for learning, growing and continuing to help the community through the Community Reinvestment Act!

ABOUT THE AUTHOR

ERBI BLANCO-TRUE is a banking professional with over 30 years of experience in financial services. She currently serves as a CRA Advisor to Gibraltar Private Bank & Trust, specializing in the areas of Community Reinvestment Act compliance, community development, corporate social responsibility and nonprofit outreach. Prior to this, she served as Senior Vice President, Director of CRA & Community Development at Great Florida Bank for over seven years. Erbi also served as Market President of Neighborhood Lending Partners, a multi-bank lending consortium providing financing for affordable housing developments in South Florida. Erbi obtained her Master of Business Administration degree from Florida International University and her Bachelor of Professional Studies degree from Barry University.

ABOUT THE BOOK

This article first appeared in **CRA at 40: Views on the Present and Future of Community Reinvestment**, published by findCRA in November 2017. The book was created in celebration of the 40th anniversary of the Community Reinvestment Act. It tells the stories of community development, from the perspective of those working in our communities who bring their knowledge and passion to bear every day in confronting the most critical problems facing communities in need. The book is about real-world experiences told in plain language by those who live them to provide a lens for readers to see CRA at work, ideas for its future and most importantly, what it means in people's lives. To access the full text or order copies of the book, please visit www.findCRA.com/CRAat40.