



## Rebuilding the Gulf Coast: How Banks Can Help

The OCC developed this fact sheet to assist national banks seeking to address the financial needs in communities affected by the 2005 Gulf Coast hurricanes, though its contents are largely relevant for recovery efforts from more recent disaster events. This fact sheet includes programs, resources, and opportunities available to banks – or to which banks may refer customers – and sources for further information.

### **Community Reinvestment Act**

Under recent revisions to the CRA, the OCC may favorably consider activities that revitalize or stabilize designated disaster areas for three years following the disaster designation. A revised definition of “community development,” which affects banks of all sizes, now includes activities that will benefit specifically designated disaster areas. These revisions to the CRA are contained in Questions and Answers published January 6, 2009 in the Federal Register. (Specifically, see [§ .12\(g\)\(4\)-1 through § .12\(g\)\(4\)\(ii\)-2](#)).

Specific to the recovery effort from hurricanes Katrina and Rita, OCC Bulletin 2008-24 extended the period during which banks may receive positive CRA consideration for recovery efforts for an additional three years. This period now extends until August 29, 2011 for hurricane Katrina and until September 24, 2011 for hurricane Rita.

For additional information, please see [OCC bulletin 2008-24](#).

Additionally, the OCC issued guidance on February 9, 2006 in Bulletin 2006-6, which permits national banks outside of the Gulf Coast to receive positive CRA consideration for activities that help to revitalize and stabilize designated disaster areas, as long as they have adequately addressed the credit needs of their local communities.

For additional information, please see [OCC bulletin 2006-6](#).

### **Public Welfare Investment Authority**

As previously referenced, the 2005 revisions to the CRA modified the definition of “community development” to make bank activities aimed at revitalizing or stabilizing designated disaster areas eligible for CRA consideration. As a result, a national bank may make a public welfare investment under 12 CFR Part 24 for certain community development activities that help to revitalize or stabilize a designated disaster area. The 2008 Housing and Economic Recovery Act (HERA) reaffirmed this 2005 definition.

For further information on public welfare investments, please consult the [Public Welfare Investment Fact Sheet](#).

### **Small Business Administration**

The U.S. Small Business Administration has loan products specifically geared to help households and businesses recover from declared disasters. These “Disaster Loans” include; home disaster loans for homeowners or renters to repair damaged real estate or personal property,

- Business Physical Disaster Loans to help businesses repair or replace property damaged by a declared disaster , and
- Economic Injury Disaster Loans (EIDLs) are working capital loans to help businesses meet ordinary and necessary financial obligation that cannot be met as a direct result of the disaster.

Further information on the Disaster Loan program can be accessed on the [SBA’s Website](#).

### **GO Zone Tax Incentives**

The "Gulf Opportunity Zone Act of 2005," (GO Zone legislation) provides tax incentives to assist recovery and rebuilding in areas affected by Hurricanes Katrina, Rita, and Wilma. GO Zone legislation creates a special class of tax-exempt private activity bonds, called GO Zone Bonds. These bonds will be used to pay for acquisition, construction, and renovation of commercial and residential real property, as well as public utility infrastructure.

For additional information on GO Zone tax-exempt private activity bonds, please contact the appropriate state economic development authority.

- [Louisiana](#)
- [Mississippi](#)
- [Alabama](#)

### **Low-Income Housing Tax Credits**

The GO Zone legislation allows states to allocate additional housing tax credit amounts in 2006 through 2008. Banks investing in LIHTCs will benefit from increased tax credit allocations in the States of Louisiana, Mississippi, Alabama, Texas, and Florida for Years 2006 through 2008. The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 ([Public Law 111-312](#)) extended the “placed in service” deadline for projects funded using GO Zone LIHTCs through December 31, 2011. For additional information on GO Zone low-income housing tax credits, please contact the appropriate state housing finance agency in the eligible states.

- [Louisiana](#)
- [Mississippi](#)
- [Alabama](#)
- [Texas](#)
- [Florida](#)

Further information on LIHTCs can be accessed at the following OCC web pages:

[OCC News Release 2008-10](#)

[Low Income Housing Tax Credit Fact Sheet](#)

Community Developments Investments Spring 2006  
[“Investing in Low-Income Housing Tax Credits: A sound Opportunity for Community Banks.”](#)

### **Federal Historic Tax Credits**

The GO Zone legislation expanded the federal historic tax credit (HTC) from the normal 20 percent to 26 percent for qualified rehabilitation expenditures on projects located within the GO Zone. The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 ([Public Law 111-312](#)) extended this expanded tax credit through December 31, 2011.

### **HUD Community Development Block Grants**

HUD announced on January 25, 2006 the allocation of \$11.5 billion in disaster funding for the five states impacted by the hurricanes. CDBG funds are traditionally used for affordable housing, economic development, and public facilities. Banks are often asked to provide senior debt on projects funded by the CDBG program.

Further information can be viewed at the following links for individual states.

- [Louisiana](#)
- [Mississippi](#)
- [Alabama](#)
- [Florida](#)
- [Texas](#)

### **Lending, Investing, and Service Opportunities**

- [Enterprise Corporation of the Delta/HOPE Community Credit Union](#)

This partnership has developed investment opportunities to help fund small business recovery loans, nonprofit recovery loans, and to provide food, clothing, and shelter for those displaced by the hurricanes in Louisiana and Mississippi.

- **Louisiana Loan Fund**

The Louisiana Loan Fund provides financing to developers of affordable and mixed-income housing. Funds are available to developers who acquire land or buildings for development to replace housing that was lost or severely damaged due to Hurricanes Katrina and Rita. The Fund is jointly managed by Enterprise Community Partners (Enterprise) and the Local Initiatives Support Corporation (LISC), the nation's two largest community development organizations. The fund seeks additional investment partners.

- **Gulf Coast Rebuilding Challenge**

The Gulf Coast Rebuilding Challenge is a collaborative effort that aims to raise \$1 billion in corporate deposits to provide liquidity for community banks financing reconstruction efforts in hurricane-damaged areas along the Gulf Coast. Organized by Promontory Interfinancial Network, the program, which will divide up corporate deposits into increments of less than \$100,000 to ensure Federal Deposit Insurance Corporation (FDIC) protection, will help up to approximately 300 community banks continue lending to homeowners and business owners seeking to rebuild in the storm-affected areas.

Participating banks must have less than \$500 million in assets and be located in areas affected by the storms as designated by the Gulf Opportunity Zone Act. Currently, 35 community banks in the Gulf Coast area are members of the network and eligible to receive deposits. Through Certificate of Deposit Account Registry Service (CDARS), the community bank places the funds in FDIC-insured certificates of deposit issued by multiple banks. The community bank receives matching deposits from other banks, making the full amount available for Gulf-area lending. As deposits grow, the Challenge will create a highly flexible source of liquidity for rebuilding the Gulf Coast.

## **State Hurricane Disaster Recovery Programs**

- **Louisiana Office of Community Development—Disaster Recovery Unit**
- **Mississippi Development Authority**
- **Alabama Department of Economic and Community Affairs**

## **OCC Resources**

The **OCC's District Community Affairs Officers** are available to banks requiring further information.