PROTECT & STRENGTHEN THE COMMUNITY REINVESTMENT ACT!

The Trump Administration has been systematically chipping away at key civil rights laws and is now taking aim at the Community Reinvestment Act (CRA). The CRA was passed in 1977 in response to systematic redlining and discrimination. **It requires banks to lend and provide services equitably and support community development in the communities where they do business.**

Rather than preserve, better enforce, and strengthen the CRA, the Trump Administration is trying to substantially weaken it.

We can't allow that to happen!

The rules proposed for the CRA by two of the three federal bank regulators – the OCC and the FDIC – **threaten the very heart of the law and will reduce lending, investment, and banking services in lower-income communities while doing nothing to combat redlining and discrimination**. The agencies are proceeding without the third bank regulator, the Federal Reserve Board; allowing just 60 days to comment; and providing a carve-out for 85% of all banks.

3 Main Threats to the CRA

1. Adopting a "single-metric" approach that rates banks on their total volume of reinvestment activities as compared to deposits

The new complicated formula **emphasizes quantity over quality**; **minimizes the role of community input and community needs**; **prioritizes larger, simpler deals over smaller and more complex deals** that could be more impactful; **reduces the focus on branches**; **eliminates any analysis of bank products like checking and savings accounts that could increase access to banking**; and **drastically reduces the analysis of where and how home, small business and consumer loans are made**.

What could this mean for your community?

- Less financing for mission-driven nonprofit developers to build and improve deep and permanently affordable housing that our communities can afford
- More large-scale deals with for-profit developers
- Fewer affordable checking and savings accounts, credit building products, and other efforts to increase access to banking for unbanked and underbanked people
- Fewer meaningful bank volunteer hours to increase financial capability and access to credit
- Fewer grants to support neighborhood-based community-based organizations
- Fewer meaningful partnerships with banks and less incentive to strengthen partnerships
- More high-cost loans to lower-income people and people of color
- Less investment in your local community if it's easier to lend or invest elsewhere

2. Expanding what counts for CRA credit, including larger businesses and higher-income families

Banks can reach their target dollar goals with activities that benefit larger businesses and higher-income families and with activities that go beyond the intent of the law. This gets away from what low-income communities and communities of color really need like **bank branches, affordable banking products, quality jobs, and financing for deep and permanently affordable housing**. And there are **still no penalties for financing landlords who harass and displace tenants** or keep buildings in poor condition.

THE COMMUNITY REINVESTMENT ACT IS AT RISK!

What could this mean for your community?

- Financial education and homebuyer classes with no requirement to serve lower-income people
- Luxury housing or an athletic stadium in low-income opportunity zones
- Larger businesses and loans defined as “small businesses”. The revenue size for defining a small business, and the loan size defining a small loan, are each raised from $1 million to $2 million
- Technical assistance and resources to any SBA small businesses regardless of their location, and with no obligation to create or retain jobs. This includes businesses up to $40 million in revenue.
- Financing for a multifamily building with affordable rents, but no evidence that lower-income people live in those apartments, and regardless of incidents of harassment or displacement
- Bank volunteer hours for activities totally unrelated to financial services and access to banking.
- Roads, bridges, and other infrastructure projects that don’t directly benefit lower-income people or communities

3. Expanding where CRA activities count

CRA means banks have a local obligation to assess and meet community credit needs. Today, banks must reinvest within geographic areas called “assessment areas,” or areas around branch locations. **This proposal expands where banks can get credit for investments** and creates so many loopholes that allow investing outside these assessment areas, that it disincentivizes banks from focusing on local community needs and partnerships. **In fact, a bank could fail to meet its reinvestment targets in 50% of its assessment areas and still pass its exam**. In some areas, like in opportunity zones, investment is allowed without any evaluation of the impact of those dollars.

We must fight for the right priorities.

Banks should be evaluated on the quantity, quality, and impact of their activities, and the CRA should penalize banks that finance activities that cause displacement and harm. Community input and needs must be at the heart of the CRA, and the CRA must maintain the place-based commitment banks have to local communities.

MORE ABOUT THE CRA

How do CRA-regulated banks help you & your community?	Why do we need to *preserve* & *strengthen* the CRA?
• Bank branches and affordable, accessible banking products • Affordable mortgages to buy a home or stay in a home • Loans to help small businesses operate and expand • Financing for affordable housing, economic development, and community services – the Low-Income Housing Tax Credit (LIHTC) is just one example • Investments in Community Development Financial Institutions (CDFIs) and credit unions that serve individuals, small businesses, and nonprofit developers • Philanthropic grants to nonprofits that develop, advocate for, and support affordable housing, economic development, financial empowerment, and community services	• Discrimination in lending is still a problem for Black and Brown people. • Speculative multifamily lending and lending to bad acting landlords contributes to harassment and displacement. • Banks continue to close branches and charge high fees for banking. • CRA covered lending is safer and less likely to result in foreclosure than non-CRA covered lending. • Online bank lenders lend nationwide yet are only evaluated on their lending around their headquarters. Non-bank lenders are not covered by the CRA, meaning no regulator evaluates how equitably they are lending, nor do they have any obligation to reinvest locally. • Low-income communities of color have disproportionally fewer bank branches and do not have the products they need to bank, build credit, and build wealth

For more information about CRA reform and how to submit comments,
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Visit our CRA Advocacy page: https://anhd.org/project/community-reinvestment-act-advocacy