

Community Reinvestment Act (CRA)

*Consequences for
Community Development Corporations*

Notice of Proposed Rulemaking



www.naceda.org/cra

CRA Modernization & Community Development Corporations

- Community determines its needs
- Primary purpose to serve LMI people and places
- Prioritization and preservation of small-scale, high-impact transactions
- Banks are pushed hard to partner in communities
- Transparency for how organizations use CRA to partner with banks
- Maintain legislative intent and prevent redlining

CRA & CDCs

CDC Priorities

Proposed

Community determines its needs	A 'non-exhaustive' list to include public infrastructure, roads, and stadiums
Primary purpose to serve LMI communities	Primary or partial purpose to serve LMI communities
Small-scale, high-impact	Incentivizes large transactions by use of dollar-volume ratios
Bank-Community Partnerships	Presumptive rating based on adherence to list of eligible activities

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CRA & CDCs (cont'd)

CDC Priorities

Proposed

Clear how to use CRA to partner	Multiple sets of regulations
Legislative intent to prevent redlining	Serve a 'significant portion' of assessment areas (50%?)

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"Call me paranoid, but that sure looks like redlining from here."

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CRA and Consequences for Community Development Corporations

- Community input and performance context minimized
- Washington has the final say about what counts
- Quantity of dollars prioritized over quality
- Large transactions incentivized over smaller, higher impact investments
- Lack of data transparency throughout the rule
- Multiple sets of regulations
- Little indication our concerns will be considered by Comptroller Otting

Consequences for Community Developers

“These presumptive standards (one-ratio) undermine one of the most important benefits of CRA - the incentive for banks to develop partnerships with local community organizations and other stakeholders to address community needs - because the banks can satisfy their CRA obligations by simply hitting the metric.

...the proposal undermines what has been a core strength of CRA for forty years – the encouragement of bank engagement and dialogue with stakeholders in local communities to understand and better serve historically underserved areas.”

- *Martin J. Gruenberg, Member FDIC Board of Directors*
December 12, 2019

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Tactics

- **Maximize number of comments to OCC**
 - ⑩ Link to comment portal at www.naceda.org/cra
- **“CC”: Members of the House and Senate**
 - ⑩ In-district meetings encouraged
 - ⑩ Your federal electeds must have your letter
- **“CC”: State/Regional Association & NACEDA**
 - ⑩ CRA@naceda.org
- **Additional Targeted Outreach from TACDC**

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