October 13, 2026

National CAPACD, along with the undersigned coalition members and partners, write in opposition to the joint Notice of Proposed Rulemaking issued by the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) to amend their regulations implementing the Community Reinvestment Act (CRA) (Docket ID OCC-2026-0694; RIN 1557-AF57; RIN 3064-AG31).

We are a coalition of community-based organizations (CBOs), an intermediary, and the country's leading organization advancing community development and advocating against gentrification and displacement of Asian American and Pacific Islander (AA and PI) communities. We represent and support more than 160 CBOs in advancing their local strategies for housing and economic opportunity, and we back their efforts by advancing national policies.

Reforms to the Community Reinvestment Act (CRA) should focus on its core purpose: to ensure the financial industry serves the credit needs of underinvested and traditionally overlooked communities.

National CAPACD is concerned that the proposed revisions do not prioritize the fundamental purpose of the Community Reinvestment Act (CRA). Congress enacted the CRA in 1977 to establish an affirmative obligation on financial institutions to meet the credit needs of the communities where they do business, including low- and moderate-income (LMI) households, communities of color, and neighborhoods and communities that have historically been underserved by the financial system.

It was in direct response to redlining, the historic practice of denying credit and investment to communities, disproportionately communities of color, based on where they lived rather than their creditworthiness. The statute's core purpose has always included addressing the history of disinvestment in communities of color, and CRA examinations have long served as one of the few regulatory tools requiring banks to demonstrate they are serving these communities rather than excluding them.

The market alone does not ensure equitable access to credit and financial services. Low-income individuals and other underinvested households face barriers to capital and financial services that are shaped by patterns of disinvestment, unequal access to finance and credit, historic and systemic discrimination, and segregation. Equitable access and investment allow these traditionally overlooked families to remain housed, start and grow businesses, build wealth, and create greater financial stability across generations. Although the CRA cannot remedy these longstanding inequities on its own, it remains an important tool for ensuring the banking system contributes to addressing them rather than reinforcing existing patterns of disinvestment.

The proposed rule moves the CRA framework away from this core purpose. Rather than asking whether banks are meaningfully meeting the credit needs of disinvested communities, it reduces the number of banks subject to meaningful community development obligations, reduces scrutiny of branches serving historically overlooked communities, and limits engagement with them. Notably, while the FDIC and OCC consider the proposal's effect on the population of banks subject to CRA obligations, they do not offer a comparable analysis of how these changes are expected to affect the actual volume of lending, investment, and services flowing to LMI communities and communities of color. A reform of this scale, moving the framework away from its statutory core, should provide evidence that the communities the CRA was designed to serve will not be harmed by the changes.

The CRA should preserve a strong, community-centered framework that ensures banks equitably invest in the communities where they operate, with particular attention to those that have historically faced barriers to credit and financial services, such as LMI households and communities of color.

The OCC and FDIC should not increase the asset thresholds or change performance ratings in a manner that reduces meaningful CRA obligations for banks serving underinvested households.

The proposal would significantly raise the asset thresholds that determine which CRA tests apply to specific banks. The small bank threshold would rise from approximately $412 million to under $1 billion, the intermediate bank category would apply to banks with $1-$10 billion in assets, and the large bank threshold would rise to $10 billion from $1.649 billion. This would substantially reduce the number of financial institutions subject to the most rigorous CRA community development obligations, weakening the regulatory incentive for these banks to invest in the communities CRA was intended to benefit.

According to the agencies' own analysis in the proposal, approximately 798 banks currently classified as intermediate small banks and subject to a community development test would become small banks under the proposed threshold and would no longer face any CD requirements, and an additional 376 banks would move from the large-bank category, where they are evaluated on three separately-scored tests, Lending (50 percent), Investments (25 percent), and Services (25 percent), into the intermediate category, which has a single blended community development test (all CD loans, investments, and services examined under the same test). Overall, the agencies estimate that approximately 79.8 percent of all banks subject to the CRA would be classified as small banks under the proposal, meaning more than 75 percent of all banks could be exempt from any community development test.

In addition to the threshold changes, the proposal would remove the current requirement that intermediate banks pass both their lending test and their community development test to receive an overall satisfactory CRA rating. Under this framework, banks could receive an overall satisfactory rating based on lending performance alone, regardless of their performance on the community development test. Intermediate banks that would face reduced community

development obligations under the threshold changes will have even fewer reasons to prioritize community development activity once it is no longer necessary to achieve a passing rating.

Affordable housing developments, small business financing, community facilities, neighborhood revitalization, and other community development activities can involve higher perceived risks, longer time horizons, or might have lower returns than other investment opportunities. CRA helps ensure that these activities remain part of the broader investment strategies that banks adopt. Banks that no longer receive CRA credit for these projects may have less reason to maintain relationships with community development organizations, participate in affordable housing transactions, invest in community development financial institutions (CDFIs), or provide financing for other projects and services that address the needs of LMI communities.

These proposed changes are particularly concerning because the OCC and FDIC have not shown that the communities affected by the proposed changes have less need for community development investment. In fact, LMI communities continue to face significant challenges related to housing affordability, displacement, access to capital, small business development, and neighborhood stabilization.

National CAPACD is especially concerned about the implications for smaller community-based organizations serving low-income households and communities of color. These organizations often lack relationships with, or access to, larger mainstream banks and more robust sources of capital. Community development activity like affordable housing finance and investment in economic revitalization is disproportionately concentrated in low- and moderate-income neighborhoods because of historic redlining and ongoing disinvestment patterns and practices.

When banks have meaningful CRA obligations, community organizations have an important avenue to engage financial institutions around unmet local needs. Weakening those obligations can diminish both the resources available to communities and the leverage community organizations have to advocate for investment.

The OCC and FDIC should preserve strong CRA incentives for bank investment in Community Development Financial Institutions (CDFIs).

Community Development Financial Institutions (CDFIs) are mission-driven entities that serve low-income and underinvested communities that mainstream banks often overlook. Banks receive CRA credit for loans, equity investments, and grants supporting operations and capacity for CDFIs and other mission-driven financial entities. National survey data collected by Opportunity Finance Network found that its members received nearly $6.2 billion in funding from traditional banks in FY 2024, representing approximately 46 percent of total borrowed funding, or around half the financing available to those surveyed.[1]

[1] https://www.ofn.org/blog/2026-proposed-changes-to-the-community-reinvestment-act/ [OFN Annual Member Survey FY24]

In turn, CDFIs invest capital into small businesses, affordable housing, and community facilities in neighborhoods that banks either cannot or will not serve. CDFIs often have the flexibility, relationships, and community knowledge necessary to highlight viable opportunities that banks are unable to identify. This helps direct capital to the disinvested neighborhoods and populations the CRA is created to support in ways that increase the likelihood of project success and lower the investment risk for banks.

The CDFI Fund, which is administered by the U.S. Treasury, describes the CDFI model as financial institutions working on a local level that know their communities the best.[2] It is not uncommon for CDFIs to be headquartered in, staffed, and governed by representatives of the specific neighborhoods and populations they serve, giving them a depth of local knowledge, cultural competency, and trust that traditional banks often lack.

This relationship benefits banks as well. Rather than building this local neighborhood knowledge in-house at significant cost, a bank can invest in or lend to a CDFI and reach the same borrowers indirectly, which they receive CRA credit for under the current framework. CDFI capital is also leveraged, meaning banks' investments often have a multiplier effect that increases impact. Every $1 in public funding invested generates $8 in private investment, leading to much more robust financing and resources for important community development projects and programs that support underinvested communities.[3] Moreover, CDFIs are in demand and have a demonstrated track record of success,[4] and CDFI clients can become future mainstream bank customers as their credit and capacity grow.

The changes to asset thresholds, the investment test, and the new operating grant structure being proposed would result in fewer mission-driven financial institutions like CDFIs receiving the funding and resources they need to serve the under-resourced and overlooked communities they are well-positioned to support. As mentioned earlier, the proposed changes to the asset thresholds mean community development obligations will either disappear or be diluted for a significant number of banks. The proposal also calls for a new definition of “complexity” that disadvantages equity-like investments not paired with an accompanying loan, which is not uncommon for CDFI-supported projects and services. Restrictions on grants and donations (discussed further below) would reduce flexible operational funding for national and regional CDFIs and further limit the impact and reach of these important mission-driven entities.

CDFIs exist to serve markets and borrowers that conventional financial institutions have historically underserved, like small businesses without conventional collateral or credit history, affordable housing developers, and households or neighborhoods that banks disproportionately overlook. This focus aligns well with the core purpose of the CRA. These mission-driven financial institutions have deep-seated knowledge of the communities they support and provide

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[2] https://www.cdfifund.gov/system/files/documents/cdfi_brochure-updated-dec2017.pdf
[3] https://www.ofn.org/us-treasury-cdfi-fund/
[4] https://www.richmondfed.org/region_communities/regional_data_analysis/cdfi_survey/survey_results/cdfi_survey_key_findings_2025

tailored services to meet their unique needs. Mainstream banks benefit from investing in and building relationships with CDFIs, and finalizing a rule that could significantly reduce their reach and impact would be harmful and short-sighted.

The OCC and FDIC should protect the CRA's role in sustaining Low-Income Housing Tax Credit (LIHTC) investment.

The Low-Income Housing Tax Credit (LIHTC) is the primary tool for financing the construction and preservation of affordable rental housing, and the CRA plays a critical role in driving investment into LIHTC-funded projects. The Congressional Research Service confirms that financial institutions and banks are responsible for the majority of LIHTC investment, in part due to the favorable CRA consideration these investments receive.[5] CohnReznick's 2024 LIHTC Equity Market Volume Survey found that bank investors accounted for approximately 80 percent of total LIHTC equity surveyed that year, and one that exists in significant part because CRA credit, not market return alone, makes LIHTC an attractive investment for banks.[6]

As with the impact on investment in CDFIs, the asset threshold shifts and the change in the definition of "complexity" for the Investment Test outlined in the proposal could have a chilling effect on LIHTC-funded affordable housing development. As discussed, a significant number of large banks would be reclassified as intermediate under the proposal and downgraded to a single, blended community development test, rather than the more rigorous three-test examination for large banks. Banks can satisfy CD obligations primarily through lending under the blended test, with little or no LIHTC investment, and still pass. The new definition of "complexity" under the responsiveness assessment, which centralizes loan-based financing, also disadvantages LIHTC development. A meaningful share of LIHTC investment activity consists of standalone equity investments without an accompanying loan component, compounding the harm caused by the proposed asset threshold changes. There are similar concerns about the impact on development financed by New Market Tax Credits (NMTC).

Given the significant shortage of safe, affordable housing, weakening the primary financing mechanism for affordable rental housing is short-sighted. According to the National Low Income Housing Coalition's (NLIHC) most recent annual Gap report, the country is facing a shortage of 7.2 million affordable and available rental homes for extremely low-income renter households, which is only 35 affordable and available homes for every 100 households.[7] Cities and states struggle to provide an adequate supply of affordable rental housing for the lowest-income renters, and nearly three-quarters of extremely low-income renters are severely cost-burdened, spending more than half their income on housing. LIHTC-financed housing takes years to plan, finance, and build, and regulatory choices made now will shape the pipeline of affordable housing available for years to come.

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[5] https://www.congress.gov/crs-product/RS22389#fn21
[6] https://www.cohnreznick.com/insights/2024-lihtc-equity-market-volume-survey
[7] https://nlihc.org/gap

It also does not seem like a sound policy decision to reduce LIHTC financing given the recent enactment of the 21st Century ROAD to Housing Act. This legislation raises the statutory cap on bank investment in public welfare projects such as LIHTC from 15 percent to 20 percent of a bank's capital, a bipartisan legislative choice to unlock additional bank capacity for affordable housing investment and help address the national affordable housing shortage. The public welfare boost will not help to meaningfully address the affordable housing shortage if the CRA is modified to disincentivize LIHTC-funded affordable housing construction.

Our coalition members include affordable housing developers that rely on LIHTC equity to finance new construction and preserve affordable rental housing in the communities we serve. The experience of Asian Community Development Corporation (ACDC), a National CAPACD coalition member, illustrates the high demand for affordable housing and the importance of maintaining a strong LIHTC investment market. In Boston's Chinatown, ACDC is currently developing 55 Hudson Street, a community-driven project that will create 110 affordable homes (66 rental units and 44 homeownership units), along with a permanent Boston Public Library branch. Construction began in September 2025, with completion currently anticipated in 2027. The project will transform a site used as a city-owned parking lot for about two decades into permanently affordable housing and community space.

Demand for these homes is reflected in interest in ACDC's previous affordable housing developments in Chinatown. According to ACDC, earlier rental developments received approximately 4,400 applications for 95 units, while approximately 1,600 applications were submitted for 51 affordable condominium units. This demand illustrates the severe shortage of affordable housing in Chinatown and the need to create more opportunities for safe, affordable housing.

The 55 Hudson project was financed through a LIHTC syndicator that pools equity from multiple bank investors. As a result, ACDC does not know which individual banks invested in the project. ACDC selected the syndicator based on the most favorable pricing available. Bank demand for LIHTC investments helps create competition for credits, which improves the pricing available to affordable housing developers, meaning they receive a more favorable cost-benefit ratio (high value for money).

If the proposal is finalized, it could lead to fewer affordable housing developments like 55 Hudson being built, longer waitlists, and a reduced capacity to preserve existing affordable housing before it is lost to market-rate conversion. This would be a step in the wrong direction, exacerbating, rather than alleviating, the persistent and well-documented shortage of affordable rental housing.

The OCC and FDIC should reject the proposed restrictions on community development grants and donations, which would weaken organizations' capacity to serve low- and moderate-income communities effectively.

The proposal would require CD grants to be "directly used" for a specific program, project, or initiative, and it would cap grant recipients' indirect and administrative costs at 15 percent for large banks. Together, these provisions represent a shift away from flexible, general operating support toward narrowly restricted, project-specific funding. We are concerned this shift reflects an outdated and empirically unsupported view of how effective nonprofits actually operate, and that it will weaken, not strengthen, the ability of community organizations to serve low- and moderate-income communities.

The premise underlying project-based funding has been extensively studied and increasingly abandoned by leading philanthropic institutions in recent years. Research has indicated that the minimum rate associated with financially healthy organizations in the dataset was 29 percent, nearly double the 15 percent ceiling this proposal would impose.[8]

Research summarized by PEAK Grantmaking in 2024 also shows that smaller organizations often have higher indirect costs and less access to unrestricted funding, and they tend to serve communities of color and underserved areas.[9] Given this, a 15 percent cap could particularly harm these small community-anchored organizations that disproportionately serve traditionally underinvested households that the CRA is intended to benefit.

Flexible, general operating support allows organizations to retain and develop staff, maintain the technology and data systems increasingly required by funders and regulators, respond to emerging community needs that cannot be incorporated into a pre-defined project, and weather funding gaps between restricted grants without disrupting services. For small, community-based nonprofits, this flexibility often allows them to remain viable and able to support their communities adequately.

The OCC and FDIC should not allow a rent formula alone to determine whether housing counts as "affordable" for CRA purposes and should not prioritize middle-income housing over lower-income.

The proposal would establish a specific regulatory definition for naturally occurring affordable housing (NOAH), which is housing that is not subsidized by the government. But the specific definition the agencies chose falls short of what is needed to ensure this credit actually reaches low- and moderate-income (LMI) renters.

The proposed regulatory text states that housing qualifies if it is "likely to be inhabited by low- or moderate-income individuals or families as demonstrated by median rents that do not and are not projected at the time of the transaction to exceed 30 percent of 80 percent of the area median income." Under this approach, a rent formula becomes the only evidence required to show that a property is reaching LMI tenants. There is no mandate to verify whether it serves

[8] https://www.macfound.org/about/our-policies/indirect-cost-policy/

[9] https://www.peakgrantmaking.org/insights/rethinking-indirect-cost-rates-to-support-nonprofit-financial-health/

LMI households. This is misaligned with the longstanding "primary purpose" guidance, which cautions against crediting a project based on a rent formula alone.

The 2023 CRA rule coupled the same rent formula with a requirement that the property meet at least one additional criterion: location in an LMI census tract or one where renter income is LMI, development in partnership with an affordable housing nonprofit, or bank-verified documentation that a majority of tenants are LMI. We believe the agencies should adopt this stronger model, rather than finalizing a formula-only standard.

The proposal also includes housing for middle-income renters, or 30 percent of 120 percent of area median income, above the 80 percent threshold definition of moderate income. By definition, 120 percent of area median income is a middle-income standard. We understand the purpose is to support "workforce housing" in high-cost metropolitan areas, but we are concerned that LMI-focused investment could be passed over in favor of middle-income housing. This provision should be structured so that credit for high-cost middle-income housing is available in addition to, not in place of, bank investment in housing affordable to LMI households in the same areas. A bank should not be able to claim CRA credit that prioritizes tenants with more resources than low-income communities and other underinvested households.

The regulators should preserve the requirement that economic development and infrastructure activities create, retain, or strengthen opportunities for LMI residents and businesses.

For community facilities and other neighborhood improvement projects financed under the revitalization and stabilization category, current guidance requires that an activity "help to attract new or retain existing businesses or residents" in an eligible census tract. The proposal would replace this with a broader test that would provide CRA credit for a program or project that "benefits or serves" an LMI census tract or another targeted redevelopment area, with no requirement that the project benefits residents or businesses.

Under this amended standard, an infrastructure or commercial redevelopment project could receive full CRA credit by being located in or near an LMI census tract, even if it creates few permanent jobs for existing residents, drives up rents and property values, and ultimately contributes to the displacement of the LMI households and small businesses our coalition works to keep housed and in business.

It raises concerns similar to the ones associated with the Opportunity Zone program. Eligibility for OZ tax benefits is determined by whether an investment is located within a designated low-income census tract, not by whether the investment actually benefits the low-income residents living there. Investment has flowed disproportionately to tracts that were already gentrifying or economically improving, rather than the most distressed communities the

program was designed to reach.[10] We do not think the CRA, which was enacted specifically to direct capital toward LMI communities, should adopt a similar standard.

Robust small business and community development lending data reporting requirements should be maintained, which are essential tools for identifying credit gaps and holding banks accountable to the communities they serve.

Under the current framework, large banks are required to collect, maintain, and annually report data on small business loans, small farm loans, and community development loans, along with the census tracts that make up their assessment areas. Raising the large-bank threshold from $1.649 billion to $10 billion would remove an estimated 376 banks from this reporting requirement entirely, according to figures cited earlier. Many of the banks that could be downgraded operate across multiple states and communities with meaningful lending volume. Once a bank moves into the intermediate category, it is no longer required to collect small business, small farm, and community development lending data.

Small business, small farm, and community development loan data, broken out by geography and loan size, is one of the few tools available to identify which neighborhoods and borrower categories bank credit reaches (and which they do not). Without this reporting, gaps in lending activity become harder to locate, making it more difficult to direct limited resources to the places that need them most. Funders, policymakers, and community organizations can better target their own investments when they can see where bank credit is being deployed.

This reporting requirement also benefits banks themselves. Banks use their own CRA lending data for strategic planning, to identify underserved markets or lending opportunities within their footprint, and to compare their performance with similarly situated financial institutions and lenders. Data that supports public accountability also informs bank strategy and operations.

National CAPACD, our coalition members, and our partners work with small businesses and communities that have historically faced barriers to credit and financial services. Being able to identify where these gaps exist helps pinpoint the places and populations with the most need, which can inform our programming, technical assistance, and advocacy. Reducing the number of banks required to report small business and community development data makes it harder for organizations to target resources toward the policies, programming, and practices that improve the economic and social well-being of these disinvested communities.

This proposal also coincides with the Consumer Financial Protection Bureau's (CFPB's) recent narrowing of small business lending data collection under Section 1071 of the Dodd-Frank Act. This rule was enacted to bring the same kind of geographic and demographic transparency to small business lending that the Home Mortgage Disclosure Act provides for home mortgages. In 2026, the CFPB significantly narrowed the reporting requirements under Section 1071, including raising the reporting threshold to exclude banks with smaller business loan

[10] https://www.urban.org/projects/opportunity-zones

originations, narrowing the number of businesses that are covered, and removing the mandate to collect and maintain disaggregated data on borrowers' race and ethnicity.

The proposed reporting restrictions for the CRA would be another significant setback for small business data reporting. These two data sources can provide a robust picture of who small business credit serves. Narrowing both through separate rulemakings could substantially diminish the capacity to identify and respond to small business credit gaps. It would also reduce transparency and accountability.

The OCC and FDIC should be coordinating with the Federal Reserve to avoid a CRA framework that is not consistently applied across the banking system.

The OCC and FDIC issued this proposal jointly, without the participation of the Board of Governors of the Federal Reserve System (the Board), the other major federal banking agency responsible for CRA oversight. Unless the Board joins or adopts a similar rule, banks supervised by the Federal Reserve would remain subject to the current 1995 framework while OCC- and FDIC-supervised banks would operate under the narrower standard outlined in this proposal.

A fractured CRA landscape, in which a bank's community development obligations depend on which agency happens to supervise it rather than on communities' credit needs, creates practical confusion for banks, examiners, and the community organizations that rely on consistent CRA standards to advocate on behalf of the communities they serve. It also highlights the lack of interagency consensus among influential and important banking regulators on highly consequential reform. It is troubling that banking reforms with potentially significant consequences would not have support from all the regulators.

Conclusion

The CRA has long been one of the few regulatory tools requiring banks to demonstrate that they are meeting the credit needs of low- and moderate-income households and communities of color. National CAPACD urges the OCC and FDIC to withdraw this proposal. Changes to the CRA framework should strengthen, rather than weaken, the obligations of banks to the historically redlined and disinvested communities this legislation was created to reach. We appreciate the opportunity to comment and welcome the opportunity for further engagement as this rulemaking moves forward.

Sincerely,

National CAPACD

National CAPACD coalition members and partners

Americans for Financial Reform Education Fund
Anamatangi
Asian Community Development Corporation
Asian Law Alliance
Asian Pacific Islander Small Business Collaborative (APISBC)
ASIAN, Inc.
CAPI USA
Center for NYC Neighborhoods
Chhaya CDC
Chinatown Community Development Center
Chinese Community Center
Chinese-American Planning Council (CPC)
Coalition for a Better Chinese American Community (CBCAC)
Culturingua
Empowering Pacific Islander Communities (EPIC)
Fresno Immigrant and Refugee Ministries (FIRM)
Friends of Little Saigon
Georgia AAPI Hub
HANA Center
Hawai'i Alliance for Community-Based Economic Development
Hmong American Partnership; Hmong National Development
Japanese American Citizens League
Laotian American National Alliance (LANA)
Little Manila Rising
Little Tokyo Community Council
Little Tokyo Service Center
Lui Law PLLC
Micronesian Islander Community
Midwest Asian Health Association
Minnesota 8
National Council of Asian Pacific Americans (NCAPA)
National Housing Resource Center
OCA-Asian Pacific American Advocates
OCA-Greater Houston
Our Neighborhoods Capital Fund (ONCF)
Pacific Island Chamber of Commerce
Pacific Island Knowledge 2 Action Resources (PIK2AR)
Pakini Loan Fund
Philadelphia Chinatown Development Corporation
Renaissance Economic Development Corporation
The Seattle Chinatown International District Preservation & Development Authority (SCIDpda)

Sikh American Legal Defense and Education Fund (SALDEF)
Small Business Majority
Song CDC
South Asian Legal Defense Fund
South Asian Network
Southeast Asian Community Alliance
UnidosUS
United Cambodian Community