

April 8, 2020

The Community Builders Network of Metro St. Louis (CBN) has concerns with the proposed changes to the Community Reinvestment Act (CRA) because it could result in significantly fewer loans, investments, and services to low- and moderate-communities.

CBN is a coalition of over 70 community building organizations in the St. Louis region, including community-based nonprofits, lenders, private developers, philanthropic organizations, and government actors. We exist to support and build bridges among St. Louis communities and the people who serve them to fulfill our collective vision: a St. Louis region where all people live in safe, economically strong, and vibrant neighborhoods and all community-based organizations are sustainable, supported, and valued. CBN supports place-based member organizations and their partners with capacity building, advocacy, and storytelling.

On February 26, 2020, our members came together to share information, concerns, and a series of priorities they felt CRA reform should address. This conversation—which included representatives of community-based nonprofits, banks, Community Development Financial Institutions (CDFIs), university partners, and local government—unearthed how important CRA is to the work of the St. Louis region’s community building organizations and built consensus about ways to improve CRA in the future.

CBN member organizations identified four (4) priorities for improving the proposed CRA reform:

CRA should consider race. CRA was passed in 1977 to end racial discrimination more commonly known as redlining. It is impossible to detach the role of race and white privilege from both CRA’s history and current inequities in access to housing, financial services, and community credit. However, neither current CRA rules nor the proposed reforms consider race as a factor in evaluating banking performance.

Relationship-building with community organizations should be incentivized. Almost every partner present for our conversation agreed that CRA regulations have the greatest impact when they grow, deepen, and strengthen long-standing relationships between banking institutions and community-based organizations. Only then can partners truly begin to leverage each other’s resources and expertise to understand and serve community needs. Proposed rule changes like the one ratio approach could undermine these goals. Instead, CBN believes CRA should both encourage banking institutions to meet communities where they are and reward banking institutions that successfully create and safeguard trusted partnerships.

CRA needs to provide more incentive for neighborhood-scale, innovative projects. Both the proposed reforms and existing regulations do not put enough emphasis on projects that respond to the unique conditions and assets of each neighborhood. There are fears

among community organizations in St. Louis that proposed CRA reforms, especially the one ratio approach, will incentivize banks to instead support large projects like stadiums or infrastructure improvement. Without the rich, dense networks of relationships that CRA has traditionally supported, there is a risk that new regulations could allow banks to invest in large projects that are geographically located within LMI communities, but are neither designed to benefit the LMI people who live there nor created and operated in collaboration with residents and local businesses.

Existing CRA rules and processes have too much uncertainty. Banking institutions and community partners agreed that there is a lot of confusion around current CRA regulations. This uncertainty includes confusion about which evaluators review banking performance (e.g., regulatory staff based in California reviewing projects in Missouri), what data is needed, and what projects will count for CRA credit. While our members commend efforts to reduce uncertainty with CRA regulations, they also believe the proposed changes to CRA need to address the aforementioned concerns.

We know that there is nuance to the CRA and the proposed reforms, but we firmly believe that any proposal or process can be made stronger when we come together from different sectors to share our knowledge, perspectives, and concerns.

On behalf of our network of more than 70 community building organizations, as well as the low- and moderate-income people and places that these organizations serve in the St. Louis area, CBN asks that the aforementioned priorities be incorporated into any proposed changes to the Community Reinvestment Act. Thank you for considering our concerns.

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