

August 5, 2022

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Re: Interagency Notice of Proposed Rulemaking on the Community Reinvestment Act (FDIC RIN 3064-AF81; Federal Reserve Board Docket No. R-1769 and RIN 7100-AG29; OCC-2022-0002-0001)

To Whom It May Concern:

The undersigned organizations write in response to the Notice of Proposed Rulemaking (“NPRM”) put forth by the Federal Reserve Board, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency (“regulators” or “the agencies”) to reform the Community Reinvestment Act (“CRA”) regulatory framework.

The signatories of this letter represent businesses, investors, nonprofits and community lenders, all of whom are dedicated to achieving inclusive and equitable economic growth. In particular, we support public and private sector action that will lead to the creation of generational wealth and economic opportunities in Black, Brown, Tribal, rural and other underserved communities. The CRA is core to that vision, providing the bedrock of the broader community development finance ecosystem and catalyzing private sector investments in small businesses, affordable housing and local economic development.

We are broadly supportive of the direction of the NPRM as the most robust, productive reform effort in nearly 30 years. The country, the financial services industry and the needs of communities and borrowers have rapidly evolved since the last reform effort, and the NPRM represents an important step toward a strengthened, modernized CRA. We also appreciate the rigorous approach taken by the regulators throughout this process to ensure alignment across the three agencies, which is critical for the stability and consistency of the CRA ecosystem.

This rulemaking presents an opportunity to rectify a longstanding flaw within the CRA - the failure of the policy to directly address racial disparities in lending. Stemming from the civil rights movement, the CRA

became law with the intent to reverse the racist practice of redlining, or the deliberate disinvestment by banks out of low-income, Black and Brown communities.

While the CRA has been catalytic in building the modern community development finance ecosystem, it has failed to rectify the impacts of redlining and other practices that have perpetuated the racial wealth and opportunity gap for generations. In fact, the Black-White wealth divide has worsened in recent decades, and according to economists, “in the absence of policy interventions or other forces leading to improvements in the relative wealth-accumulating conditions of Black Americans, wealth convergence is not only a distant scenario, but an impossible one.”<sup>1</sup> Failing to address these glaring disparities would also leave a great deal of economic growth on the table - \$8 trillion in GDP over the next few decades, according to one study.<sup>2</sup>

The signatories - bolstered by the thoughtful analysis of CRA experts<sup>3</sup> - urge regulators to ensure that a modernized and strengthened CRA includes specific improvements to help bridge this significant wealth gap. Community development finance experts have offered a number of approaches, such as improved collection of race-conscious data incorporated into strengthened CRA exams or special consideration for lending to predominantly minority low-to-moderate income (“LMI”) neighborhoods.<sup>4</sup>

To briefly conclude, we appreciate the regulators’ thoughtful consideration of a policy that is critical to ensuring underserved small businesses, families and communities have access to credit and financial services. We are encouraged by the NRPM, which we believe will be greatly improved by a more direct approach to addressing racial disparities.

Thank you for the opportunity to provide comment.

Sincerely,

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B Lab US & Canada

Blended Value Group

Coalition for Inclusive Capitalism

Common Future

Florida For Good

Impact Capital Managers, Inc.

Imperative 21

National Community Investment Fund

Nonprofit Finance Fund

Pacific Community Ventures

PolicyLink

The Predistribution Initiative

Project Equity

U.S. Impact Investing Alliance

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<sup>1</sup> [Black-White Wealth Gap Getting Worse](#), 160 Years of US Data Show, Catarina Saraiva, Bloomberg, June 2022.

<sup>2</sup> [The Business Case for Racial Equity: A Strategy for Growth](#), Anti Turner, Altarum, W.K. Kellogg Foundation, 2018.

<sup>3</sup> [Adding Robust Consideration Of Race To Community Reinvestment Act Regulations: An Essential And Constitutional Proposal](#), National Community Reinvestment Coalition, September 2021.

<sup>4</sup> *Ibid*; [Ensuring the Community Reinvestment Act addresses the racial wealth gap, as intended](#), Bulbul Gupta And Lenwood Long, ImpactAlpha, June 2022; [Should the Community Reinvestment Act Consider Race](#), Urban Institute, January 2022.