KAY JAMES/EVENTS
ts
oberts holding Jack, Amy Roberts holding Flash, and
a pigs to the Lake Delton School. The two guinea pigs
sscots/pets for the school.
JAMES/EVENTS
Zagorski holds Fluffy; Joey
d Tayler Petersen holds Rocket,
School recently.
LAKE DELTON GRA
WISCONSIN DELLS,
1988 A.M. KINDER
MRS. VOIGT, P
MRS. LUKE, T

COMMUNITY OPPORTUNITY ALLIANCE

CRA ADVOCACY BRIEFING

The Proposed 2026 CRA Rule

What communities could lose and what the proposal changes

Community Opportunity Alliance

September 2026

CRA BASICS

CRA asks banks to help meet community credit needs

What it is	A federal law enacted in 1977
Its goal	Banks help meet credit needs across their communities, including LMI neighborhoods
How it works	Regulators examine bank lending, investment, and services and assign a public rating. Larger banks get more scrutiny.
Why banks pay attention	Regulators consider CRA performance when banks seek mergers and other approvals

CRA gives communities leverage to ask banks to respond to local needs.

Sources and facilitation guidance are in the speaker notes.

PROBLEMS LEFT UNSOLVED

The proposal leaves major gaps in CRA accountability

Racial inequity	CRA still would not measure whether banks close racial credit gaps
Online lending	Major lending outside branch footprints would create no new assessment area
Branch-centered coverage	Communities without branches can remain outside full review
Regulator split	The Federal Reserve has not joined the OCC and FDIC proposal

The proposal would weaken CRA without fixing two major gaps: race and online banking.

Sources and facilitation guidance are in the speaker notes.

WHY THIS MATTERS

What communities could lose

Bank investment	Fewer banks would face strong community development requirements
Affordable housing and small business	Less pressure on banks could mean fewer dollars for local projects
Nonprofit support	New grant restrictions could reduce flexible funding
Community influence	Banks could receive CRA credit with less proof that local people benefit

The basic risk is simple: banks could do less and still receive a passing CRA rating.

Sources and facilitation guidance are in the speaker notes.

RURAL AREAS AND SMALLER CITIES

Places with fewer banks could feel the biggest impact

Fewer banking partners	Many smaller markets already depend on a limited number of banks
Weaker local obligations	Higher thresholds would reduce requirements for many local and regional banks
Money can move elsewhere	Broader geographic credit could make it easier to invest outside these communities
Less nonprofit capacity	Small organizations often depend heavily on flexible grants and bank partnerships

When only a few banks serve a place, weaker CRA duties can leave a much bigger hole.

Sources and facilitation guidance are in the speaker notes.

BANK COVERAGE

Higher thresholds mean less accountability

Small banks	The floor rises from $412M to $1B
Intermediate banks	$412M–$1.65B becomes $1B–$10B
Community development	814 banks would lose the CD test
Full scrutiny	417 banks would lose separate investment and service review

Hundreds of banks could face fewer requirements to invest in and serve local communities.

Sources and facilitation guidance are in the speaker notes.

FLORIDA

What the rollback means for Florida

27 banks	lose community-development obligations (18%)
39 banks	lose full large-bank status (39%)
118 branches	in LMI areas lose separate scrutiny (12%)
9.2%	of small-business lending data disappears

A fast-growing state would lose both accountability and visibility into credit gaps.

Sources and facilitation guidance are in the speaker notes.

ELIGIBLE ACTIVITIES

Large projects could receive credit with little LMI benefit

Economic development	No LMI job or LMI-area purpose test would be required
Infrastructure	A large project may count with only incidental LMI benefit
Eligible places	Government incentive and redevelopment areas expand what may count
Geographic mismatch	Assessment areas stay narrow while eligible CD can count broadly

Projects could count even when LMI communities receive only a small share of the benefit.

Sources and facilitation guidance are in the speaker notes.

NONPROFIT GRANTS

Grant rules weaken nonprofit capacity

Restricted purpose	Grant dollars must support a specific project or program
Indirect costs	Large-bank grants face a proposed 15% cap
Operating support	Flexible funding becomes harder for banks to count
Bigger threat	The agencies even ask whether grants should count at all

Nonprofits could lose flexible grants that pay for staff, planning, and community work.

Sources and facilitation guidance are in the speaker notes.

INTERMEDIATE BANKS

A bank could pass with weak community development performance

Who is affected	Banks from $1B to $10B would be intermediate
What remains	They would still receive a community-development test
What changes	The CD test could fall below Satisfactory while the bank still passes overall
Likely incentive	Strong lending can offset weak community-development performance

The lending test would set the minimum. The community development test would not.

Sources and facilitation guidance are in the speaker notes.

REGULATORY POLITICS

The Federal Reserve is missing

Two agencies	Only the OCC and FDIC proposed this rule
One holdout	The Federal Reserve did not join the proposal
Split standards	Same-size banks could face different CRA rules
Public question	Why move ahead without interagency agreement?

Banks could follow different CRA rules depending on which agency regulates them.

Sources and facilitation guidance are in the speaker notes.

PUBLIC COMMENT

Comment letters build the record regulators must answer

Local evidence	Show impacts the proposal does not measure
Distinct examples	Name the bank, place, program, and likely consequence
Legal record	Well-supported comments shape the agency's required response
Future leverage	The record informs oversight, advocacy, and litigation

Comments matter most when they convert national policy into specific, documented harm.

Sources and facilitation guidance are in the speaker notes.

SUBMISSION DETAILS

How to submit a CRA comment letter

Deadline	The OCC and FDIC must receive comments by October 13, 2026
Reference	Community Reinvestment Act Regulations OCC-2026-0694, FDIC RIN 3064-AG31
Submit to OCC	regulations.gov/commenton/OCC-2026-0694-0001
Submit to FDIC	Email comments@fdic.gov and put RIN 3064-AG31 in the subject line

Send the same letter to both agencies. Comments and attachments become public.

Sources and facilitation guidance are in the speaker notes.

Community Opportunity Alliance

Discussion Circle |

21st Century Road to Housing Act

Timeline

House Passage → Senate Amendments → House Concurrence → Enrolled Bill → Presented to President → **Became Law (July 11, 2026)**

December 2025

- The House passed the **21st Century ROAD to Housing Act (H.R. 6644)**, a comprehensive package combining dozens of bipartisan housing bills.

Spring – Summer 2026

- The Senate considered and amended the legislation, incorporating additional bipartisan housing provisions and negotiating a final package.

July 2026

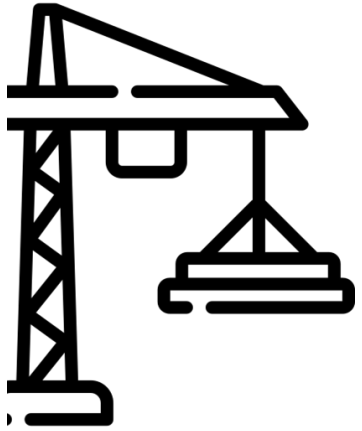
- The House agreed to the Senate amendments, clearing the bill for enrollment.
- The bill became law **without the President's signature**. Under Article I, Section 7 of the U.S. Constitution, a bill automatically becomes law after 10 days (excluding Sundays) if the President neither signs nor vetoes it and Congress remains in session.

Increasing Housing in Opportunity Zones

Section 201

- Allows HUD to prioritize grant applications for projects in Opportunity Zones.
- Provides additional tax subsidies that incentivize affordable housing development in Opportunity Zones.

Potential Concern: Can favor larger developers and crowd out smaller CDBOs.



HOME Investment Partnerships Reauthorization and Reform Act

The HOME program receives its first major reauthorization in decades.

What's new?

- Permanently authorizes the HOME Investment Partnerships Program.
- Modernizes and streamlines many program requirements.
- Makes targeted updates to improve program administration and flexibility.
- Annual funding will continue to be determined through the congressional appropriations process.

Why it matters

HOME remains the federal government's primary flexible affordable housing production program, and permanent authorization provides long-term stability for states, local governments, and nonprofit developers.

HOME Investment Partnerships: CHDO Set-Aside

The bill preserves the set-aside for Community Housing Development Organizations (CHDOs).

Key provisions

- Retains the 15% CHDO set-aside for HOME funds.
- Makes limited statutory updates to the CHDO definition.
- Continues Congress's longstanding commitment to community-based nonprofit housing developers.

Why it matters

Community-based developers remain a cornerstone of the HOME program, ensuring local organizations continue to play a leading role in developing and preserving affordable housing.

Housing Innovation Fund

A new competitive grant program to reward communities that increase housing supply

Funding

- Authorized at $200 million annually
- FY2027–FY2031 (five-year authorization)

Who Can Apply?

- Metropolitan cities
- Urban counties
- Units of local government
- Indian Tribes

Key Eligibility Requirement

- Applicants must demonstrate measurable growth in local housing supply over the previous three years, using HUD-established criteria.

Housing Innovation Fund

Eligible Uses of the Housing Innovation Fund

Grant recipients may use funds to:

- Support CDBG-eligible community development activities
- Fund transportation and infrastructure investments that support housing
- Advance local initiatives that expand the supply of housing

Examples include:

- Zoning and land use reform
- Permitting and regulatory improvements
- Housing strategy implementation
- Community investments that support new housing development
- Other local initiatives that remove barriers to housing production

Reforms to Housing Counseling and Financial Literacy Programs

Section 101. Reforms to Housing Counseling and Financial Literacy Programs

- Counselor Performance Provision (HUD Certified) - Performance reviewed for program compliance
    - Concerns with performance: Continued education, retesting, suspension, etc.
    - Pre Purchase Counseling - “Secretary may consider the performance of the counselor compared to the default rate of all counseled borrowers of a covered mortgage loan in comparable markets and such other factors as the Secretary determines appropriate to further the purposes of this section”
    - Opportunities for Redress: Notice, informal, conference, etc.

- Foreclosure Mitigation Counseling for Borrowers
    - Loans Covered: FHA-insured mortgages
    - Delinquent 30 days or more
    - Paid by Mutual Mortgage Insurance Fund (MMIF)

Zoning

Tier 1 — Direct Zoning & Land-Use Reform

Sec. 107 – Housing Supply Frameworks

- Establishes the bill's national model zoning framework *non binding
- Encourages reforms including ADUs, duplexes, triplexes, fourplexes, by-right development, parking reform, density increases, FAR increases, reduced setbacks and lot sizes, transit-oriented development, impact fee reform, historic preservation coordination, zoning appeals, and affordability preservation strategies.

Sec. 207 – Grants for Planning and Implementation Associated with Affordable Housing

- Creates competitive grants for states, metropolitan cities, urban counties, and regional planning agencies to rewrite zoning codes, modernize permitting, implement housing plans, reduce regulatory barriers, and increase local planning capacity.

Zoning

Tier 2 — Development Form & Housing Typology

- **Sec. 208 – Innovation Fund**
  - Creates competitive funding for jurisdictions implementing innovative housing production strategies. While it does not mandate zoning changes, it financially rewards jurisdictions that pursue regulatory and land-use reforms that increase housing supply.
- **Sec. 209 – Accelerating Home Building Act**
  - Establishes HUD grants for jurisdictions to develop pattern books of pre-approved housing designs. Once adopted locally, these designs can receive by-right or expedited approval, reducing discretionary review for housing types such as ADUs, duplexes, triplexes, fourplexes, townhouses, cottage courts, multiplexes, and other small-scale residential buildings. Also 10% set aside for rural communities.
- **Sec. 210 – Revitalizing Empty Structures Into Desirable Environments (RESIDE) Act** Pilot Program (FY 2027-2031) for Adaptive Reuse
  - Awards grants for jurisdictions to convert vacant and abandoned commercial/industrial buildings into affordable housing. Grants range from $1M–$10M per award in years when $100 million is available. If less, will maximize the number of grants awarded.

Manufactured Housing

The Modular Housing Production Act

- Requires HUD to review FHA construction lending programs and modernize financing standards for factory-built homes.
- Expands access to lower cost homes, boosting affordable housing supply

Potential Concern: Smaller CDBOs may not have the capacity to take advantage of improvements due to capital commitments and factory relationships required for modular housing development

Open Discussion

OHIO

What the rollback means for Ohio

18 banks	lose community-development obligations (21%)
19 banks	lose full large-bank status (43%)
176 branches	in LMI areas lose separate scrutiny (25%)
8.7%	of small-business lending data disappears

The loss of branch scrutiny is especially significant for Ohio communities.

Sources and facilitation guidance are in the speaker notes.

NEW JERSEY

What the rollback means for New Jersey

13 banks	lose community-development obligations (16%)
28 banks	lose full large-bank status (44%)
70 branches	in LMI areas lose separate scrutiny (15%)
7.6%	of small-business lending data disappears

Local advocates would have fewer tests and less data for holding banks accountable.

Sources and facilitation guidance are in the speaker notes.