



October 13, 2026

Via electronic submission

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Comptroller of the Currency (OCC)
Office of the Comptroller of the Currency
400 7th Street SW
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Travis Hill, Chairman
Federal Deposit Insurance Corporation (FDIC)
550 17th Street NW
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Re: Comment in Opposition to OCC and FDIC Notice of Proposed Rulemaking on Community Reinvestment Act Regulations [OCC Docket ID OCC-2026-0694; RIN 1557-AF57] [FDIC RIN 3064-AG31]

Dear Comptroller Gould and Chairman Hill:

The Natural Resources Defense Council (NRDC) submits this comment in opposition to the Notice of Proposed Rulemaking referenced above (CRA NPRM) issued by the Office of the Comptroller of Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC).¹ The CRA NPRM would significantly weaken the Community Reinvestment Act (CRA) and should be withdrawn. If the agencies nevertheless continue to consider changes to the CRA regulations, they should, at a minimum, supplement the record with a meaningful assessment of the likely effects on community development financing, affordable housing, small business lending, disaster recovery financing, and other forms of credit that CRA was enacted to encourage, provide the public an opportunity to comment on that assessment before proposing or finalizing any changes, and extend the comment period by an additional 60 days to ensure stakeholders have a meaningful opportunity to review and respond to that assessment.

Congress enacted the Community Reinvestment Act to ensure that regulated financial institutions help meet the credit needs of the communities they serve, including LMI communities. The statute expressly recognizes that insured depository institutions have a "continuing and affirmative obligation" to help meet local credit needs and directs federal banking agencies to use their supervisory authority to encourage such activity.² Accordingly, when revising CRA regulations, the agencies should evaluate not only

¹ Community Reinvestment Regulations, 91 Fed. Reg. 52121 (proposed Aug. 12, 2026).

² Community Reinvestment Act, 1 U.S.C. § 2901(a)-(b)

changes in compliance burden for supervised institutions but also the effect of those changes on the availability of credit, investment, and financial services in underserved communities. The CRA NPRM contains extensive discussion of burden reduction but provides little analysis of how the proposed changes may affect the flow of capital to community development activities that CRA was designed to encourage.

NRDC is an international nonprofit environmental organization with more than 3 million members and online activists. Since 1970, our lawyers, scientists, economists, and other environmental specialists have worked to protect the world's natural resources, people, and environment. NRDC has offices in New York City, Washington D.C., Los Angeles, San Francisco, Chicago, Montana, and Beijing. NRDC's Green Finance and Economic Development Program works at the nexus of climate, finance, and community development, advocating for financing solutions that enable all communities to benefit from the climate transition.

Summary of Comments

Our comments address the failure of the agencies to consider LMI community-level effects in their crafting of the CRA NPRM. We discuss our opposition to the proposed (1) Asset Size Thresholds and (2) definition for Community Development Activities, specifically the changes to community development grantmaking. NRDC strongly opposes these changes because they would reduce LMI communities' access to credit by decreasing capital available to the community development financing ecosystem. In practice, these changes would drastically undermine banks' ability "to meet the credit needs of their communities," which – as the agencies recognize – underpins the CRA. By weakening banks' longstanding obligations under the CRA and, in turn, scaling back the flow of capital to community development, the CRA NPRM would cut off vital funding that facilitates credit access to countless families and small businesses in communities across the country.

Community Development Financial Institutions (CDFIs) provide finance and affordability solutions for redlined, underbanked, and disaster-stricken communities.³ Furthermore, they are one of the primary channels through which CRA capital reaches LMI communities: CRA-obligated banks co-lend or directly invest in CDFIs, enabling them to lend to households, small businesses, and affordable housing projects that private banks otherwise could not reach due to smaller project sizes, inflexible underwriting criteria, and other reasons. In turn, banks receive CRA consideration for their support, which encompasses \$15-\$25 billion in capital annually.⁴ The proposed asset thresholds and restrictions on community development activities will weaken incentives for banks to provide capital to CDFIs, especially capital that enables lending to LMI communities.

³ *Opportunity Finance Network-Opportunity Next 2025 Impact Report*. 2025. Opportunity Finance Network. <https://www.ofn.org/impact/>

⁴ *2026 CDFI Progress Report*. 2026. CDFI Coalition. <https://cdfi.org/wp-content/uploads/2026/03/2026-CDFI-Progress-Report-Final.pdf>

We are concerned that the agencies failed to analyze the full economic impact of the proposed changes on LMI communities in favor of only emphasizing reduced regulatory burden on banks. This oversight is also a failure to adhere to the agencies' own implementing rules, which identify LMI communities as beneficiaries of the CRA.⁵

If the agencies decide to move forward, this oversight will likely reduce lending in LMI communities, with the National Community Reinvestment Coalition estimating a decrease of \$2 billion of community finance each year.⁶ This is directly counter to the agencies' purported view that "a community's credit needs are best and most directly met through activities that involve lending" and undermines the agency's goal to "further encourage this lending."⁷ We urge the agencies to reconsider their proposed changes for these reasons.

The Agencies Have Not Adequately Assessed Community-Level Effects

The CRA NPRM discusses anticipated reductions in regulatory burden but does not provide a corresponding assessment of potential reductions in community development financing. The agencies have not estimated how many fewer community development investments may occur, how CDFI capitalization may be affected, or how changes in CRA incentives could affect affordable housing, small business financing, community facilities, disaster recovery financing, or other activities supported through community development partnerships. Because CRA exists to encourage activity that meets community credit needs, the absence of such analysis represents a significant gap in the CRA NPRM's evidentiary foundation.⁸

CDFIs and How They Support Lending in LMI Communities: CDFIs emerged in the late 1960s and 1970s as vehicles for expanding credit access to underinvested communities. The creation of the CDFI Fund in 1994 and the amended Community Reinvestment Act in 1995 enabled the industry to grow to its current numbers, over 1,300 institutions, across 50 states, filling gaps left by mainstream finance and serving as engines of economic revitalization and community development.⁹

The 1995 amendments to the CRA augmented regulatory enforcement, strengthening incentives for banks to invest in LMI communities. At the same time, the CDFI Fund supported the creation of new CDFIs through capitalization funding. Intentionally timed together, these two policy tools supported the emergence of a local ecosystem of CDFIs that could serve as financial intermediaries for newly motivated CRA investment.¹⁰

⁵ *Community Reinvestment Act and Interstate Deposit Production Regulations*, 12 C.F.R. pt. 25; *Community Reinvestment*, 12 C.F.R. pt. 345.

⁶ *The OCC/FDIC's Proposed Rollback of The CRA*. 2026. NCRC. https://nativecdfi.net/wp-content/uploads/2026/08/NCN-Live_OCC-FDIC-CRA-Rollback_08272026.pdf.

⁷ *Community Reinvestment Regulations*, 91 Fed. Reg. 52119 (proposed Aug. 12, 2026).

⁸ *Community Reinvestment Act*, 12 U.S.C. § 2901(a)-(b)

⁹ Swack, Michael, Hangen, Eric, and Northrup, Jack. 2014. *CDFIs Stepping into the Breach: An Impact Evaluation—Summary Report*. The Carsey School of Public Policy University of New Hampshire. <https://www.cdfifund.gov/system/files/documents/cdfis-stepping-into-the-breach-impact-evaluation-report.pdf>; *CDFI Fund Annual Report*. 2024. US Department of Treasury. https://www.cdfifund.gov/system/files/2025-01/CDFI_Fund_FY_2024_Annual_Report_FINAL_508_Compliant.pdf.

¹⁰ Benjamin, Lehn, Julia Sass Rubin, and Sean Zielenbach. 2004. "Community Development Financial Institutions: Current Issues and Future Prospects." *Journal of Urban Affairs* 26 (2): 177–95. <https://doi.org/10.1111/j.0735-2166.2004.00196.x>.

Since the 1990s, the CDFI industry has grown to hold over \$452 billion in assets.¹¹ The industry's growth has not only cemented the industry's role in connecting capital to underinvested communities, but also as a key partner to banks meeting CRA obligations.

In short, CDFIs are intermediaries through which bank capital is translated into affordable housing finance, small business lending, consumer lending, community facilities financing, disaster recovery lending, and other forms of credit that directly advance CRA objectives. As a result, reducing incentives for investments, deposits, and grants that support CDFIs is likely to reduce lending capacity in the very communities CRA was enacted to serve.

CDFIs channel CRA capital in myriad ways to benefit LMI communities, but they are especially effective at investing in affordability solutions such as sustainable and affordable housing, disaster relief and recovery, and renewable energy.¹²

Affordable Housing

CDFIs are one of the most important stakeholders financing affordable housing development. It is estimated that a subset of these institutions have financed over 3 million units of housing, with 98,451 units being created or rehabilitated in 2024 alone.¹³

CRA-obligated banks, in partnership with CDFIs, facilitate affordable housing development in three key ways: (1) investing in tax credit equity, (2) providing direct loans to projects, and (3) capitalizing CDFIs. At the same time, CDFIs take on financing risks and provide gap-filling finance that enables affordable housing deals, allowing banks to claim those affordable housing deals towards their CRA obligations. This virtuous cycle enabled more than \$168 billion in CRA-motivated affordable housing and community development lending and investment in 2024 alone.¹⁴

Reductions in CRA-driven investment activity could erode credit access thereby increasing financing gaps, reducing housing production, delaying project delivery, and diminishing housing opportunities for LMI households and impacting the overall housing supply-demand imbalance. Given the severity of the nation's affordable housing

¹¹ Scott, Jacob, Rita Carmelita, and Jonathan Kivell. 2026. *Sizing the Community Development Financial Institution Industry: 2011–2025*. Federal Reserve Bank of New York.

https://www.newyorkfed.org/medialibrary/media/newsevents/news/regional_outreach/2023/sizing-the-cdfi-market-understanding-industry-growth

¹² Probst, Curtis, Johnson, Tina Poole, and Vargason, Hannah. 2023. *Practitioners' Guide to Community Lending for a Just and Equitable Energy Transition*. Center for Impact Finance. https://go.lincolnst.edu/CIF-Practitioners_Guide_Community_Lending.pdf.

¹³ Opportunity Finance Network. "CDFI Impact." <https://www.ofn.org/cdfi-impact/>; Opportunity Finance Network. 2026. *CDFI's Critical Role In Curbing the Affordable Housing Crisis*, May. <https://www.ofn.org/blog/cdfis-critical-role-in-curbing-the-affordable-housing-crisis/>.

¹⁴ *Incentive to Impact: How CRA Leverages Private Investments into Affordable Housing, Homeownership, Small Businesses, and Local Economies*. 2026. National Association of Affordable Housing Lenders. https://static1.squarespace.com/static/67dd69627071be10fb7c3fb4/t/6a6296c2f95fab4060bd8828/1784846018733/NAAHL_CRA_Report_072326_V4-Web.pdf.

shortage, the agencies should evaluate these potential consequences before adopting the CRA NPRM.

Disaster Relief and Recovery

CDFIs are “financial first responders” when disaster strikes.¹⁵ As locally-based institutions with a mission-first mandate, CDFIs can deploy flexible dollars to help small businesses and individuals recover from natural disasters, emergencies, and economic crises. This role has been recognized by Congress, which established the Emergency Capital Investment Program (ECIP) and the CDFI Rapid Response Program (RRP) in 2021. These two programs collectively disbursed \$9.82 billion to CDFIs to provide financial services in COVID-19-impacted regions.¹⁶ CDFIs effectively leveraged these dollars into recovery and economic stabilization: CDFIs receiving ECIP disbursements originated over \$58.3 billion in loans between 2022-2023, while CDFI Fund awardees receiving RRP dollars originated over \$85.64 billion in 2022.¹⁷

The CRA incentivizes private banks to provide disaster relief and CDFIs have emerged as an on-the-ground partner for banks in making these types of community investments.¹⁸ Banks provide flexible funding to CDFIs, which then redeploy funding through their direct access with impacted communities. For example, in 2025, a large national bank committed \$10 million to CDFIs to support LA fire recovery efforts.

The role of CDFIs and CRA capital to help communities recover from hurricanes, flooding, and wildfires will become increasingly important as climate change worsens. Scientists have noted that the frequency and severity of these events are becoming worse, and these impacts disproportionately impact LMI communities. A study commissioned by the San Francisco Federal Reserve Bank found that 57% of current disaster-impacted counties have census tracts where banks may receive consideration for CRA credit.¹⁹

If enacted, the proposed changes to CRA requirements would directly weaken local lenders’ capacity to provide financial assistance during and after disasters and undermine the agencies’ own proposed changes to consider recovery and resiliency investments in CRA examinations.²⁰ This would leave families and small businesses in the lurch after unforeseeable crises.

¹⁵ Opportunity Finance Network. “Financial First Responders and Recovery Partners.” <https://www.ofn.org/what-is-a-cdfi/key-priorities/financial-first-response/>.

¹⁶ *Emergency Capital Investment Program: 2023 Investing for Impact Report*, The Department of Treasury, 2024. <https://home.treasury.gov/system/files/136/ECIP-2023-Report-Final-07.12.24.pdf>; ¹⁶ *CDFI/NACA FA and CDFI RRP Program Award Recipients: A Snapshot of FY 2022 Reported Activities*. Department of Treasury: CDFI Fund, 2024. <https://www.cdfifund.gov/media/8016731/download?inline>.

¹⁷ *Ibid.*

¹⁸ Community Reinvestment Act; Interagency Questions and Answers Regarding Community Reinvestment; Guidance, 81 Fed. Reg. 48510 (July 25, 2016).

¹⁹ *The Risks of Climate Change to the United States in the 21st Century*. 2024. Congressional Budget Office. <https://www.cbo.gov/publication/61146>; *Community Resilience: Climate Adaptation and the Community Reinvestment Act (CRA)*. 2021. No. IN11727. Congressional Research Service.

https://www.congress.gov/crs_external_products/IN/PDF/IN11727/IN11727.2.pdf
²⁰ Community Reinvestment Regulations, 91 Fed. Reg. 52136 (proposed Aug. 12, 2026).

Energy Costs

Finally, CDFIs provide financing to expand access to energy efficiency and renewable energy technologies. These products are typically structured with below-market financing and smaller loan amounts than a private bank would issue. These financing products provide much needed relief to households by lowering utility bills during a period of rising energy costs driven by increased energy demand and international conflicts impacting supply.²¹

The flexible capital CDFIs receive from CRA-obligated banks has given CDFIs the fiscal space to develop innovative products that deliver clean and cheap energy, with these products reaching the communities the CRA targets.²²

At a time when energy bills are skyrocketing, local lenders need *more* resources – not less – to help families and small businesses make ends meet. By limiting capital for projects that help communities deploy cost-saving energy technologies, the proposed changes to CRA requirements would undermine these lenders’ ability to address the affordability crisis head-on.

CRA Proposed Changes will Undermine Agencies’ Goals of Meeting Community Credit Needs Through Increased Lending (Questions 1, 9, 10)

Asset Threshold (Question 1)

To better align with agency policies that establish an asset size of less than \$30 billion as a threshold for certain supervisory approaches, such as being considered a community bank or being subject to the continuous examination process, should the agencies consider adjusting the intermediate bank asset size threshold to include all banks with an asset size of less than \$30 billion that do not qualify as small banks? If the agencies establish \$30 billion as the appropriate threshold to delineate between intermediate banks and large banks, should the agencies also adopt a larger threshold for small banks, such as the \$10 billion currently proposed as the intermediate bank threshold?

We strongly oppose the proposed Asset Threshold changes as well as the additional proposed \$30 billion threshold posed in question 1. These changes will reduce the amount of capital that flows to and in coordination with CDFIs, ultimately decreasing lending activity in LMI communities.

²¹ Columbia Center on Energy Policy. *The Effects of Load Growth on Electricity Prices in the United States: A Literature Review*. <https://www.energypolicy.columbia.edu/publications/the-effects-of-load-growth-on-electricity-prices-in-the-united-states-a-literature-review/>; Eggleston, Michael. 2026. *Utility Cost Pressures and Energy Insecurity Differ by Household Income*. Federal Reserve Bank of St. Louis. <https://www.stlouisfed.org/on-the-economy/2026/oct/utility-cost-pressures-energy-insecurity-differ-household-income#authorbox>.

²² Probst, Curtis, Johnson, Tina Poole, and Vargason, Hannah. 2023. *Practitioners’ Guide to Community Lending for a Just and Equitable Energy Transition*. Center for Impact Finance. <https://www.lincolnst.edu/resources/practitioners-guide-community-lending-just-equitable-energy-transition/>

Large Bank Threshold

The proposed large bank threshold is estimated to lead to the reclassification of 417 banks.²³ The proposed \$30 billion threshold would further reduce the number of large banks. As the agencies are aware, these banks would no longer be subject to the separate investment and lending test and would only be evaluated under the combined community development test. In effect, this would incentivize banks moving into the intermediate classification to rely on revenue-generating debt products for community development test compliance.

Downstream, banks will be less likely to extend investments in the form of capital grants and deposits to CDFIs. These investments provide the liquidity and balance sheet strength to CDFIs that enable specialized lending to LMI communities. Ultimately, weakening incentives to provide this capital flow will decrease the pace, scale, and dollar amount of lending that CDFIs typically achieve in CRA census tracts, undermining CRA goals and harming communities.

Furthermore, banks will face weaker incentives to provide direct investment into priority sectors, such as affordable housing. The threats to affordable housing investment are especially urgent: these proposed changes will depress the Low-Income Housing Tax Credit market and subsequently create insurmountable financing gaps in affordable housing projects. By making projects in this sector unbankable, the proposed rulemaking will further depress the amount of lending activity in LMI communities. In the long term, this will reduce housing supply, exacerbating the on-going housing affordability crises.

Intermediate Small Bank Threshold

The proposed intermediate bank threshold eliminates community development testing entirely for 814 banks.²⁴ These banks would no longer have CRA incentives to provide community development investments and community development loans to CDFIs, resulting in negative impacts on LMI communities.

Bank debt supports capitalization for mid-size and small CDFIs, with mid-size CDFIs receiving up to 48.9% of their debt from private banks.²⁵ This debt is structured around a model of revolving capital and allows CDFIs to provide lending for affordability solutions. If a subset of CRA-obligated banks are no longer receiving CRA credit for providing this capital, CDFIs could risk losing a significant percentage of their capital base. Without proper capitalization, CDFIs will be restricted in their ability to provide consumer and small business lending to LMI communities, act as “financial first responders” following disasters, or innovate new affordability solutions, such as clean energy lending.

²³ “NCRC CRA Rollback Interactive Map.” 2026. <https://ncrc.org/cra/>.

²⁴ *Ibid.*

²⁵ *CDFI Loan Fund Capitalization: The Continued Importance of Bank-CDFI Partnerships*. 2023. Aeris Insights. <https://www.aerisinsight.com/2023/01/11/cdfi-loan-fund-capitalization-the-continued-importance-of-bank-cdfi-partnerships/>.

The loss of debt capital could delay or eliminate financing solutions that support LMI communities in absorbing energy price shocks, living in healthier homes, and being more resilient to climate-fueled disasters.²⁶

Community Development Grant Limitation Will Weaken LMI Community Credit Access (Question 9 and 10)

Are there alternative standards the agencies should consider relying on in the context of limiting indirect costs for CD grants? Do the proposed guardrails do enough to ensure the majority of grant and donation funds go directly towards benefiting the bank's assessment area(s)?

As an alternative, should the agencies eliminate all grants and donations from CRA consideration?

We strongly oppose the proposal to narrow CRA consideration for grants or donations. Specifically, we oppose the language that restricts banks from receiving CRA credit for grants that are used for administrative costs. Furthermore, we urge the agencies against outright eliminating grants and donations from CRA consideration.

Grantmaking is a central part of CRA consideration, as CRA regulations expressly recognize community development loans, investments (including grants), and services as relevant elements of CRA performance evaluation.²⁷

In practice, CDFIs are common recipients of unrestricted grants from CRA-obligated banks. The grants help CDFIs build internal capacity, train staff, build internal networks, and free up resources for CDFIs to reach end-use borrowers. By limiting this source of flexible capital, the proposed language will restrict the flexibility of CDFIs to facilitate lending to LMI communities.

CRA grantmaking also benefits Community Benefit Organizations, key players in building project pipelines. Like CDFIs, Community Benefit Organizations rely on administrative grants to provide community development services at the local level. In addition, their proximity to communities makes them effective at identifying priority projects for investment and intermediating between lenders, government, and communities throughout the project development process. Restricting flexible funding to these organizations would not only preclude them from maximizing community impact but would also prevent them from supporting pipeline development by limiting their internal capacity to engage on projects. Ultimately, this would hamper lending in LMI communities through the dwindling of vetted, community-supported projects.

²⁶ Hangen, Eric, Kent, Adam, Duenas, Melanie, and Luk-Li, Jessica. 2026. *Resilient Communities and Affordable Energy: Charting Roles for Community Finance*. Center for Impact Finance and Natural Resources Defense Council. <https://www.lincolnst.edu/resources/resilient-communities-and-affordable-energy/>

²⁷ 12 C.F.R. §25.12; 12 (defining community development investments to include grants); C.F.R. §25.13 (consideration of community development loans, investments and services); 12 C.F.R. §25.15 (impact and responsiveness review); 12 C.F.R. §25.24 (community development financing test)

The agencies have proposed this language as part of their prioritization on CRA lending activity. However, while grants are not lending products, they do mobilize the lending activity of both CRA-obligated banks and CDFIs. By restricting the end-uses of grants, the agencies will, counter to their goal, limit community-level lending.

CRA NPRM Contradicts Agencies' Goals and Agencies Fail to Fully Consider Impact on LMI Communities

It is clear from the agencies' economic analysis that they did not properly consider the impact of the rulemaking on LMI communities. While the agencies acknowledge their proposed changes will induce a "possible shift in CRA-obligated activity... away from certain CD activities," the agencies fail to consider the downstream impacts of the changes in the distribution of CRA capital to LMI communities beyond claiming the "direction and magnitude of...effects are uncertain."²⁸

However, available evidence indicates the impacts of the CRA NPRM: it will harm LMI communities and the families and small businesses within them. While there are multiple mechanisms in which the proposed changes will harm the communities it purports to aid, our letter specifically outlines how the NPRM will disincentivize investment in the community development financial ecosystem, resulting in decreased credit access to communities.

In light of these concerns, we urge the OCC and FDIC to withdraw the proposal. If the agencies elect to continue considering changes to the CRA regulations, they should first assess the likely impact of such changes on community development financing, affordable housing, small business lending, disaster recovery financing, and other activities that CRA was enacted to encourage, provide the public an opportunity to comment on that assessment before proposing or finalizing any changes, and extend the comment period by 60 days following publication of that assessment to ensure stakeholders have a meaningful opportunity to evaluate and respond to the analysis.

Sincerely,

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²⁸ Community Reinvestment Regulations, 91 Fed. Reg. 52156 (proposed Aug. 12, 2026).