The ACTION Campaign

ACTION Talking Points on CRA Proposal

Talking Points on Primary Proposal

The OCC and FDIC primary proposal would raise the CRA large bank threshold from its current level of $1.649 billion to $10 billion and make other changes to banks' CRA obligations.

- The Low-Income Housing Tax Credit (Housing Credit), our nation's most important tool for the production of affordable rental housing, relies heavily on investments from banks subject to the *Community Reinvestment Act* (CRA). In fact, approximately 80 percent of equity investments in the Housing Credit each year come from CRA-motivated bank investors, according to a 2025 study by the accounting firm CohnReznick.

- The Office of the Comptroller of the Currency (OCC) and Federal Deposit Insurance Corporation's (FDIC) propose to raise the large bank asset threshold from $1.649 billion to $10 billion, an increase of more than sixfold. Banks reclassified as intermediate banks instead of large banks would no longer be subject to a separate investment test, substantially weakening the CRA incentive to make equity investments in the Housing Credit.

Taking Action

#1: Use these talking points in your advocacy with Members of Congress from your delegation and other policy makers.

#2: Send a comment letter on behalf of your organization to the OCC and FDIC. ACTION has created a template letter for you to adjust and use to make this easier.

#3: Sign the national sign-on letter being organized by the ACTION Steering Committee member NAAHL by October 6.

- While the proposal still subjects intermediate banks to a community development evaluation, that evaluation does not have separate tests for lending, investment, and services like the full CRA large-bank examination. For various reasons, it is often easier for banks to support community development activities through lending rather than equity investment. Much community development lending is predicated on the presence of equity investments encouraged by CRA exam considerations that are lost below the large bank threshold.

- The CRA proposal undercuts recent congressional action to strengthen and expand the Housing Credit and facilitate more bank investment in the program. The *One Big Beautiful Bill Act* (also known as the *Working Families Tax Cuts Act*) included a substantial increase in Housing Credit authority and expanded the 4 Percent Housing Credit program to increase supply, while the *21st Century ROAD to Housing Act* raised the limit on banks' public welfare investments to allow them to increase their Housing Credit investments. The CRA changes under consideration by the OCC and FDIC could dilute these successes and undercut congressional goals of providing more affordable rental homes.

- The proposal to raise the large bank threshold to $10 billion in assets would be damaging to the Housing Credit, resulting in reduced investment, less competition amongst investors, and lower pricing. According to the National Association of Affordable Housing Lenders (NAAHL), of the 642 banks currently classified as large banks, only 256 would maintain that designation—a decline of over 60 percent. This leaves only six percent of banks in the large bank classification subject to the full CRA exam. Furthermore, six states would see the number of large banks in their state cut by at least half and 29 states would see the number of large banks in their jurisdiction decline by at least one-third.

- Raising the large bank threshold to $10 billion would reduce the amount of equity investment in the Housing Credit. A recent study by the Affordable Housing Tax Credit Coalition (AHTCC) found that the banks captured in their survey with assets ranging between $1.649 billion and $10 billion invested at least $1.6 billion in Housing Credit equity from 2021 to 2025. Extrapolating these results to the full Housing Credit market, banks in this asset range invested up to $2 billion in Housing Credit equity over that five-year period.

- The consequences of changes such as those the regulators are considering would be most damaging to smaller communities that now benefit from being in the assessment area of one or more large banks but may no longer be if the OCC and FDIC change the definition of large bank as proposed. AHTCC finds that approximately one-third of Housing Credit equity invested through syndicators by banks in the $412 million – $10 billion asset range supported rural markets between 2021 and 2024, indicating that these banks play an outsized role in investing in smaller communities. We already have significant differences in the credit pricing for properties in many urban areas—which are more likely to have at least one and often multiple banks competing to invest in Housing Credit developments because of overlapping assessment areas—compared to rural and other smaller communities that are not part of assessment areas for any large banks subject to the investment test.

- The changes the OCC and FDIC propose, while seemingly narrower than some previous proposals, would still substantively restructure the CRA incentive system. Changes like this should be studied extensively before acted upon in order to reduce market disruptions and unintended negative consequences. Organizations like AHTCC and NAAHL worked quickly to provide some data to help inform Housing Credit stakeholders' comments, but more analysis is needed to fully understand the implications of such significant changes to bank classification for CRA purposes.

- The proposed rule also suggests the regulators could broaden eligible community development activities in ways that would reduce the focus and support for low and moderate income (LMI) individuals and communities. For example, under the proposal, financing a small business or small farm would no longer have to be tied to creating or retaining jobs for LMI people or places to qualify as economic development.

- In markets determined to be highly cost-burdened, the proposed rule would expand CRA consideration to include certain middle-income rental housing activities, potentially directing CRA-motivated capital away from LMI people and places at the core of the statute. The proposal would similarly recognize naturally occurring affordable housing (NOAH), but in high-cost areas could include properties with rents broadly affordable to solidly middle-income households. While middle-income households face real housing affordability challenges in many markets, expanding CRA eligibility to these activities could dilute the incentive to finance housing serving LMI households and allow banks to receive CRA consideration for activities already in their existing books of business. CRA should remain focused on addressing the credit and community development needs of LMI people and communities.

- The proposal would also significantly change the treatment of community development grants, potentially curtailing bank support for Community Development Financial Institutions (CDFIs), Community Development Corporations (CDCs), housing counselors, and other community-based organizations. For large banks, the proposal would require documentation that grant recipients do not have overhead costs exceeding 15 percent. However, research summarized by the National Council of Nonprofits finds that effective nonprofits may reasonably incur indirect costs of 20 to 40 percent, with 25 to 35 percent identified as the most realistic range. These costs support staffing, technology, financial management, compliance, and other infrastructure necessary to deliver programs and services. Grants, particularly flexible operating support, also help build the capacity that makes affordable housing and community development financing possible. Rather than imposing an arbitrary overhead threshold, CRA should consider whether a grant advances an eligible community development purpose and responds to an identified community need.

Talking Points on Alternative Proposals

The OCC and FDIC included two alternatives to the primary proposal of setting the large bank threshold at $10 billion. One would raise the asset threshold for large banks to $30 billion, while the other would set it at $3.252 billion.

- Should the regulators set this threshold at $30 billion instead of $10 billion—as is contemplated in the NPR as an alternative proposal—it would be significantly more damaging for affordable housing and other community development investment efforts. NAAHL estimates that, under a $30 billion large bank threshold, 17 states would see the number of large banks with investment requirements cut by half or more. According to AHTCC, banks with assets between $10 billion and $30 billion account for more than twice as much Housing Credit debt and equity investment as banks between $1.65 billion and $10 billion.

- The other alternative proposal under consideration by the OCC and FDIC would align the definition of large banks with the Small Business Administration's (SBA) definition, currently set at $3.252 billion and indexed for inflation. This alternative will still have far-reaching negative consequences, but would be substantially less disruptive to Housing

Credit investment than the primary proposal for a $10 billion large bank threshold, and far less disruptive than the $30 billion alternative threshold. Based on AHTCC survey data, using a $3.252 billion threshold instead of $10 billion would reduce the number of affected Housing Credit investors by approximately 63 percent, from 108 banks to 40 banks. Moreover, the banks that would remain subject to the separate investment test under a $3.252 billion threshold account for approximately 86 percent of the Housing Credit equity investment by OCC- and FDIC-regulated banks captured in AHTCC's survey with assets between $1.65 billion and $10 billion.

References for Statistics Included in these Talking Points

- 2025 Affordable Housing Credit Study, CohnReznick
- Affordable Housing Tax Credit Coalition CRA survey data (coming soon)
- National Association of Affordable Housing Lenders research (coming soon)