A Geospatial Lens on CRA Modernization

February 21, 2025 by PolicyMap Team

Understanding the Community Reinvestment Act

The Community Reinvestment Act (CRA), enacted in 1977 under President Jimmy Carter, was designed to address inequalities in access to credit, particularly for low- and moderate-income (LMI) communities. By mandating that banks meet the credit needs of the communities where they operate, the CRA plays a crucial role in promoting financial inclusion and economic equality. It encourages banks to provide loans, investments, and services to underserved areas, driving local economic development through job creation and community revitalization.

Before now, the most significant overhaul of the CRA occurred in 1995, shifting the focus from lending policies and processes to measurable performance outcomes. This update introduced size-based tests for banks and emphasized tangible results, such as the establishment of bank branches and

Interagency Final CRA Ruling

On October 24, 2023, the Federal Reserve Board, Federal Deposit Insurance Corporation (FDIC), and Office of the Comptroller of the Currency (OCC), frequently referred to as "the agencies," issued a new Final Rule that builds on the CRA's foundation, adapting it to reflect the modern banking landscape. These changes, set to roll out through staggered compliance dates in 2026 and 2027, are significantly broader in scope, aiming to address digital banking, enhance evaluations, and expand support for minority depository institutions and impactful small loans in underserved areas. Compared to the 1995 framework, the new rules represent a comprehensive and ambitious rethinking of the CRA's potential to drive equitable community development.

Overview of Final Rule

Below is an overview of some major alterations made to the CRA, with an overall emphasis on modernization, improved regulation, and improved public engagement.

Asset-Based Thresholds: Small banks have assets under $600M; intermediate banks range from $600M to under $2B; large banks exceed $2B. Limited-purpose banks serve retail customers only incidentally.

Community Development Redefinition: Eleven categories clarify qualifying loans, investments, and services, including affordable housing, economic development, community services, revitalization projects, essential facilities, infrastructure, disaster recovery, climate resiliency, Native Land activities, financial institution partnerships, and financial literacy programs.

Assessment Areas: The new retail lending assessment areas (RLAAs) require large banks to delineate areas based on whole counties, metropolitan statistical areas, or non-metropolitan areas where they originated more than 150 home mortgages or 400 small business loans in each of the prior two years. These RLAAs are evaluated under the Retail Lending Test, which assesses how effectively banks meet the credit needs of LMI communities through home mortgage, multifamily, small business, and small farm loans.

Performance Testing: New evaluation for large banks includes Retail Lending, Retail Services & Products, Community Development Financing, and Community Development Services tests, improving consistency and clarity.

Data Collection and Reporting: Expanded requirements for large banks focus on deposits, digital services, community development, and auto lending. New reporting rules integrate Consumer Financial Protection Bureau and Home Mortgage Disclosure Act data, shifting deadlines to April 1 annually.

For more information about the changes implemented through the Final Rule, visit the report by the Congressional Research Service, which provides an in-depth and expansive analysis of the key changes.

Impact and Responsiveness Review Factors

While the list identifies services that may qualify, it refrains from endorsing specific financial institutions, organizations, or programs. As new activities meet the criteria, they are added to the list, ensuring relevance and adaptability.

To enhance clarity and promote compliance, regulatory agencies have established 12 impact review factors to evaluate the impact and responsiveness of a bank's qualifying activities, particularly in community development financing. These factors assess projects that:

1. Benefit or serve one or more persistent poverty counties;
2. Benefit or serve one or more census tracts with a poverty rate of 40 percent or higher;
3. Benefit or serve one or more geographic areas with low levels of community development financing;
4. Support an MDI, WDI, LICU, or CDFI, excluding certificates of deposit with a term of less than one year;
5. Benefit or serve LMI, families, or households;
6. Supports small businesses or small farms with gross annual revenues of $250,000 or less;
7. Directly facilitates the acquisition, construction, development, preservation, or improvement of affordable housing in High Opportunity Areas;
8. Benefits or serves residents of Native Land Areas;
9. Is a grant or donation;
10. Is an investment in projects financed with low-income housing tax credits (LIHTCs) or New Markets Tax Credits (NMTCs);
11. Reflects bank leadership through multi-faceted or instrumental support; or
12. Is a new community development financing product or service that addresses community development needs for low- or moderate-income individuals, families, or households.

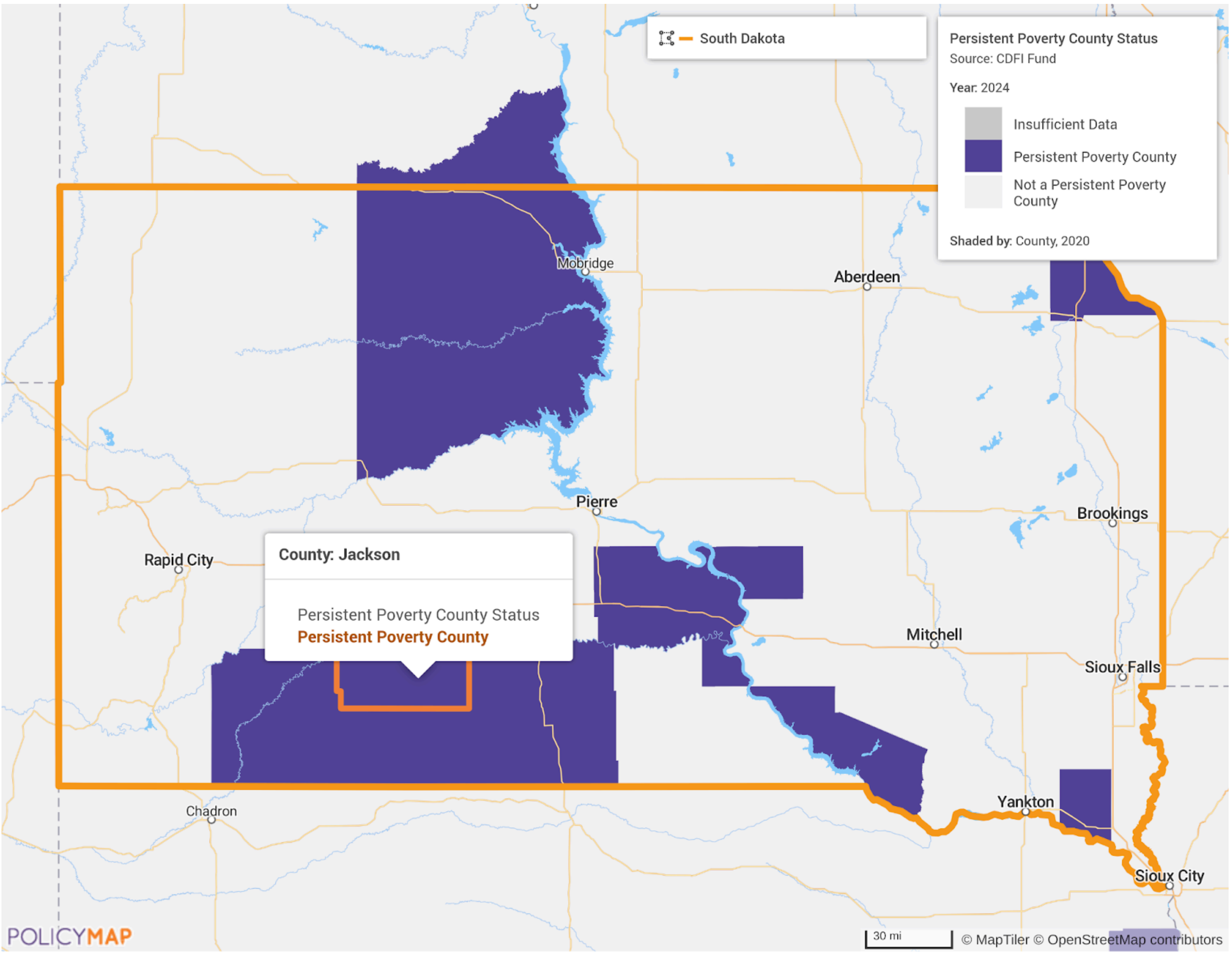
PolicyMap's geospatial analysis and visualization tools effectively address nine of these 12 impact review factors, enabling stakeholders to identify opportunities for impactful community development while ensuring compliance with regulatory standards.

Digging Deeper: Visualizing CRA Review Factors

Mapping Persistent Poverty Counties in South Dakota

The Final Rule of the CRA emphasizes the importance of directing community development efforts toward persistent poverty counties, where economic disparities have been entrenched for extended periods. Using PolicyMap's geospatial analysis tools, financial institutions can visualize and identify

In the map of South Dakota below, the highlighted counties are classified as persistent poverty areas.

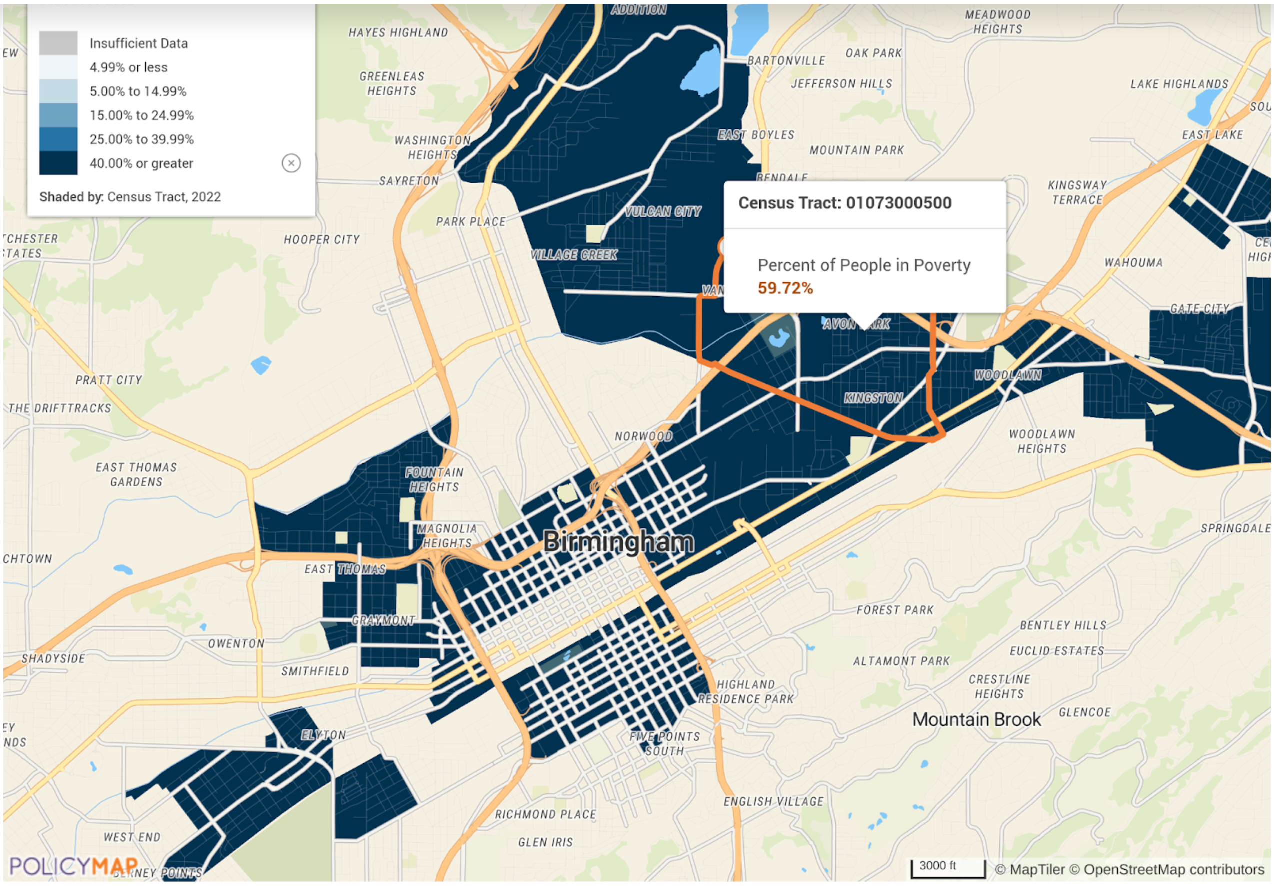


Locating areas facing persistent poverty enables institutions to better align their community development initiatives with CRA impact review factors, ensuring resources are directed to the communities that need them most.

Highlighting Census Tracts with a Poverty Rate of 40% or Higher in Birmingham, AL

The Final Rule of the CRA underscores the critical need to support communities in census tracts with poverty rates of 40% or higher—areas that often face systemic barriers to economic opportunity.

The high-poverty census tracts located in Birmingham, AL, pictured below, reveal concentrated pockets of need, emphasizing the importance of strategic investments in infrastructure, affordable housing, and small business development.

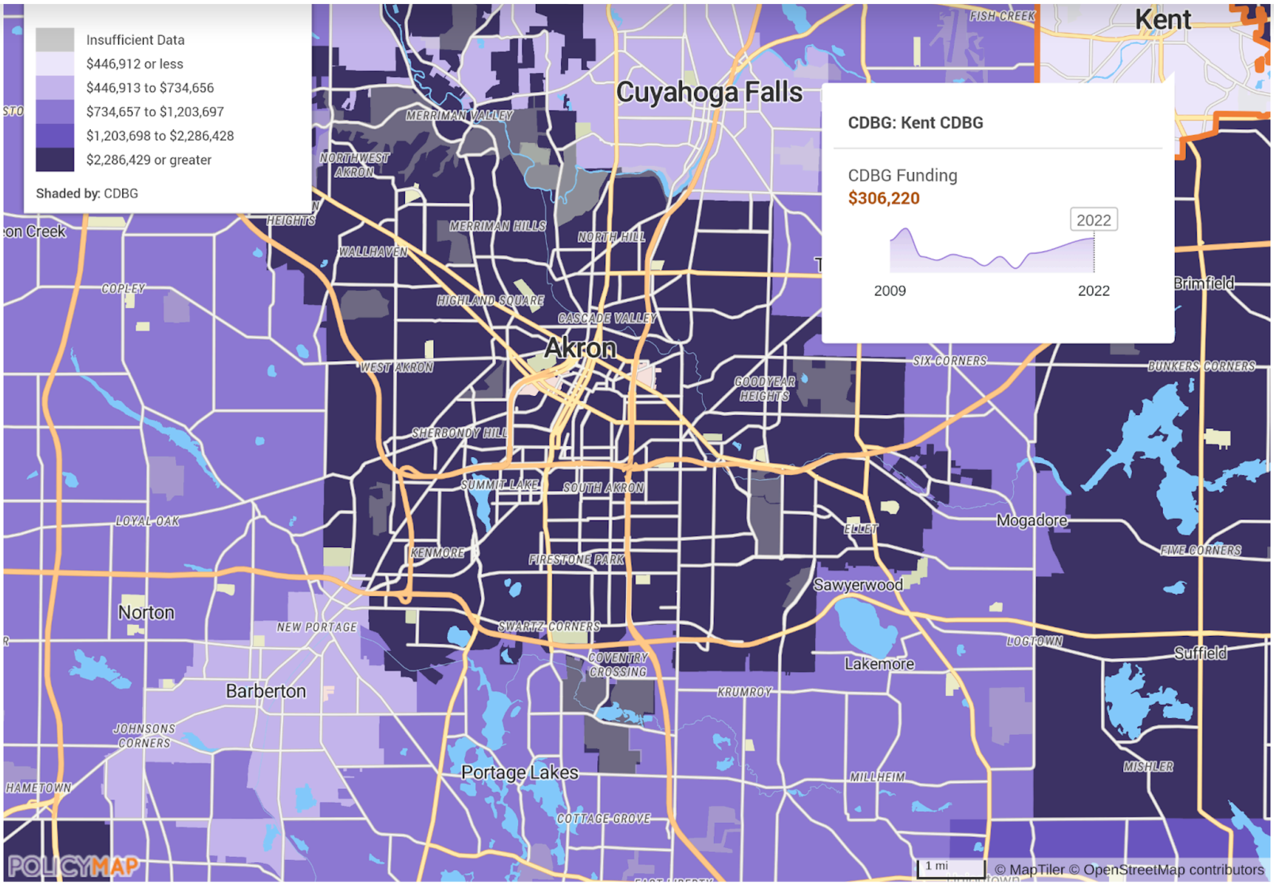


Powered by data from the U.S. Census Bureau, PolicyMap's visualization of these tracts provides financial institutions with actionable insights to identify where their community development financing can have the greatest impact. By prioritizing investments in these underserved areas, institutions fulfill CRA impact review factors and contribute to fostering economic stability and resilience in communities that have historically lacked access to essential resources.

Visualizing Low Community Development Investments in Greater Akron, OH

Serving geographic areas with low levels of community development financing is a key priority under the Final Rule of the CRA. Using HUD's Community Development Block Grant (CDBG) allocations for FY2022, PolicyMap reveals the disparities in funding across Akron, OH, and its surrounding areas.

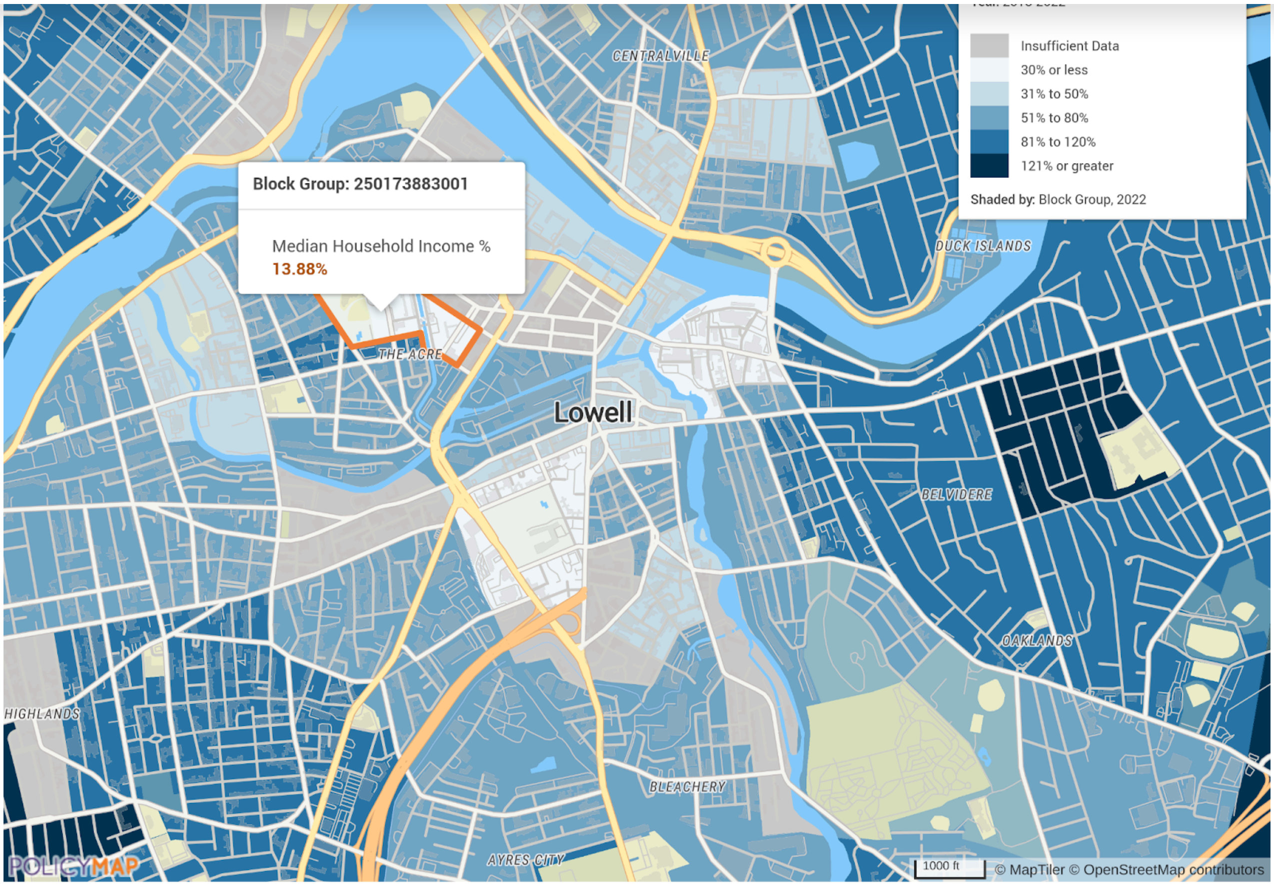
The map below displays a notable example in the small city of Kent, OH. The city received significantly less funding than neighboring census tracts, as indicated by its lightest shading on the map. PolicyMap equips financial institutions with critical insights to pinpoint areas like Kent, where community development initiatives can make a meaningful difference.



This visualization underscores the importance of identifying and addressing funding gaps in underserved communities. By directing resources to these underfunded regions, funders can ensure a more equitable distribution of support while aligning with CRA impact review factors.

Supporting LMI Families in Lowell, MA

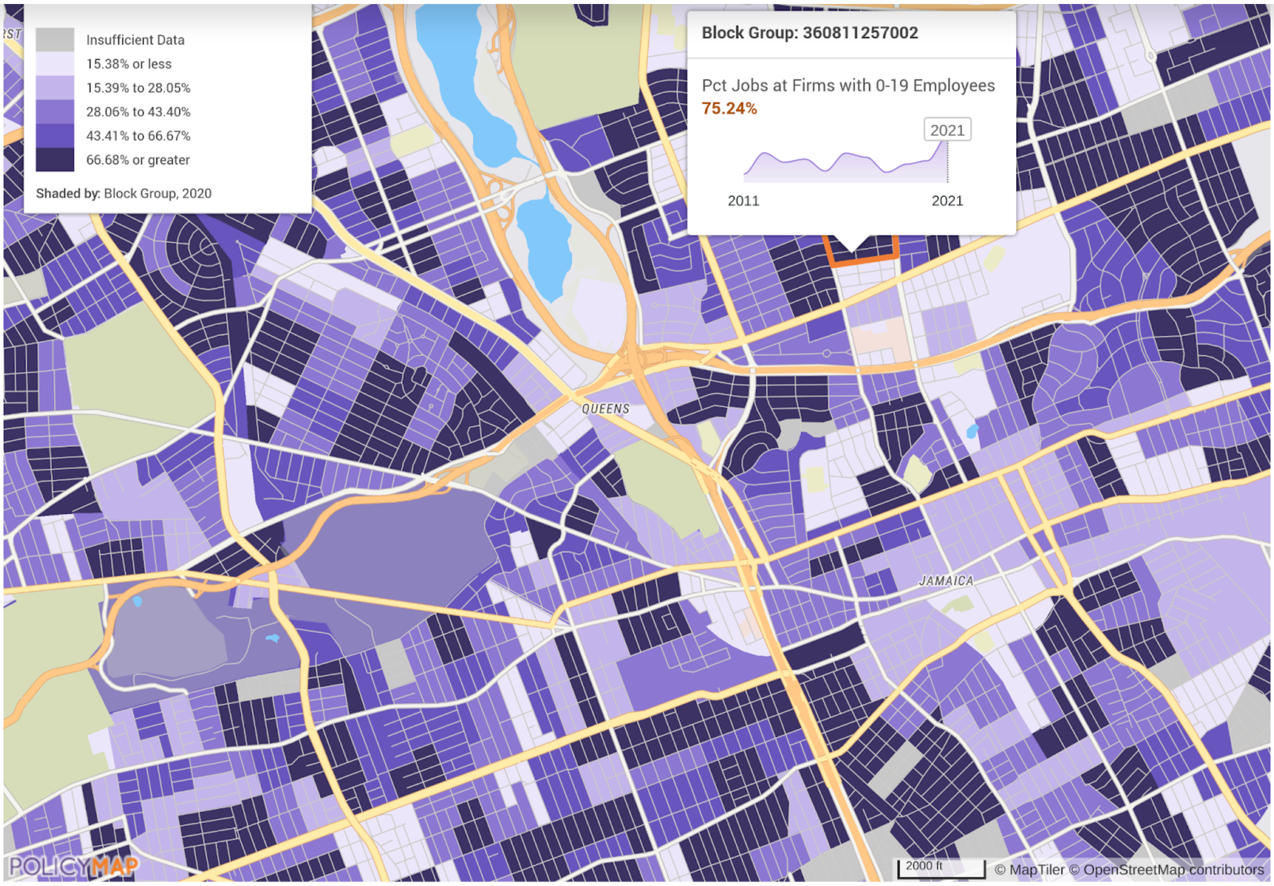
Investing in LMI communities is central to the CRA's mission, and the Final Rule emphasizes the need to benefit LMI families and households as a critical impact review factor. Using data from the ACS and PolicyMap, the map of Lowell, MA highlights census tracts and block groups based on their median household income (MHI) as a share of the area's MHI between 2018-2022. The lightest blue areas represent very-low-income communities with MHIs less than or equal to 30% of the area median, while darker shades indicate progressively higher income levels.



By leveraging PolicyMap's detailed income data, insitutions can better align their initiatives with CRA requirements, foster economic stability, and drive impactful community development for underserved families and households.

Supporting Small Businesses in Queens, NY

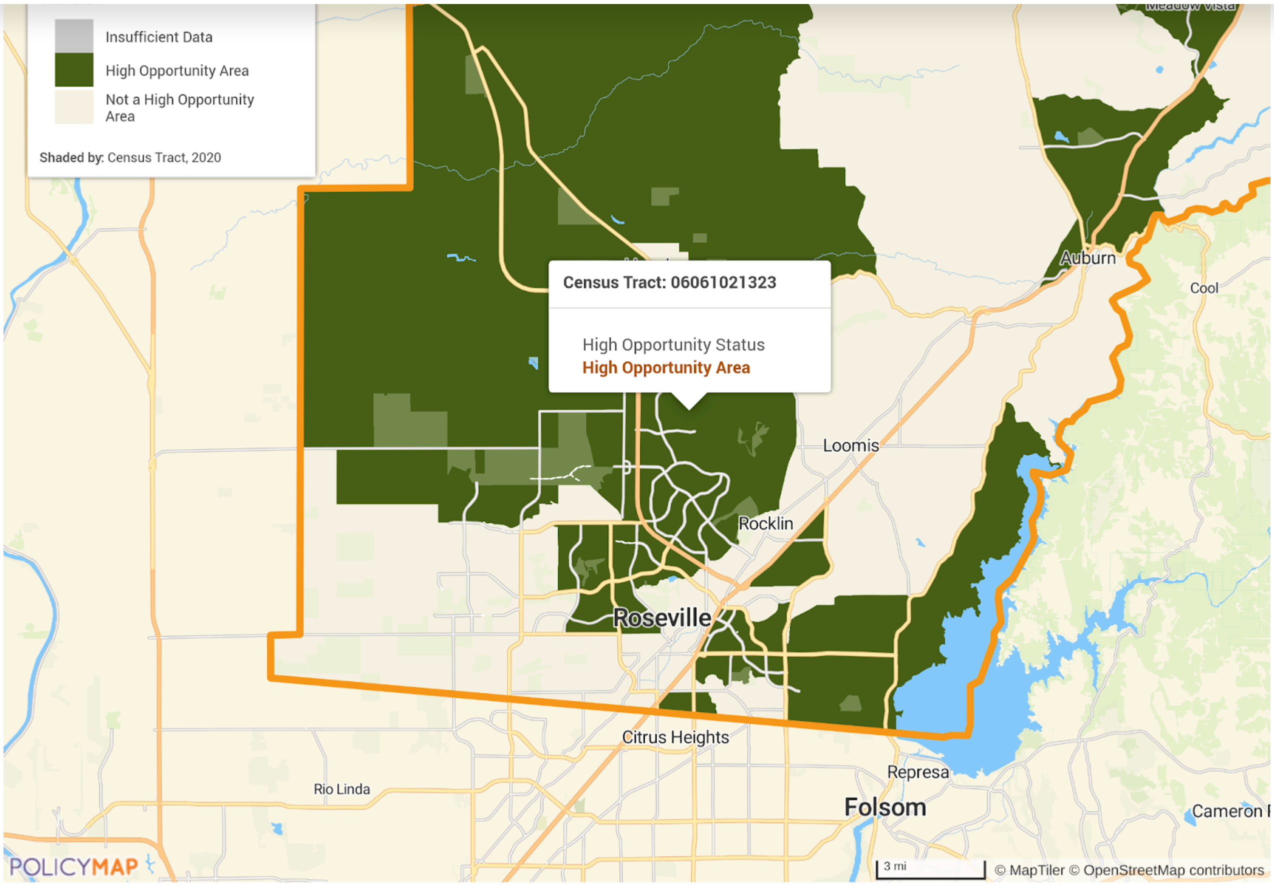
Small businesses are the backbone of local economies, providing jobs and fostering economic resilience in communities. Under the CRA's Final Rule, supporting small businesses with revenues of $250,000 or less is a key impact review factor, making it essential to identify areas where these businesses thrive. The map below uses data from the Longitudinal Employer-Household Dynamics (LEHD) to highlight census tracts in Queens, NY with the highest concentration of jobs at firms with fewer than 20 employees as of 2021.



This geospatial analysis can help financial institutions and policymakers pinpoint areas with significant small business activity, uncovering opportunities to provide tailored financial products, loans, and support services.

Promoting Affordable Housing in High Opportunity Areas: Roseville, CA

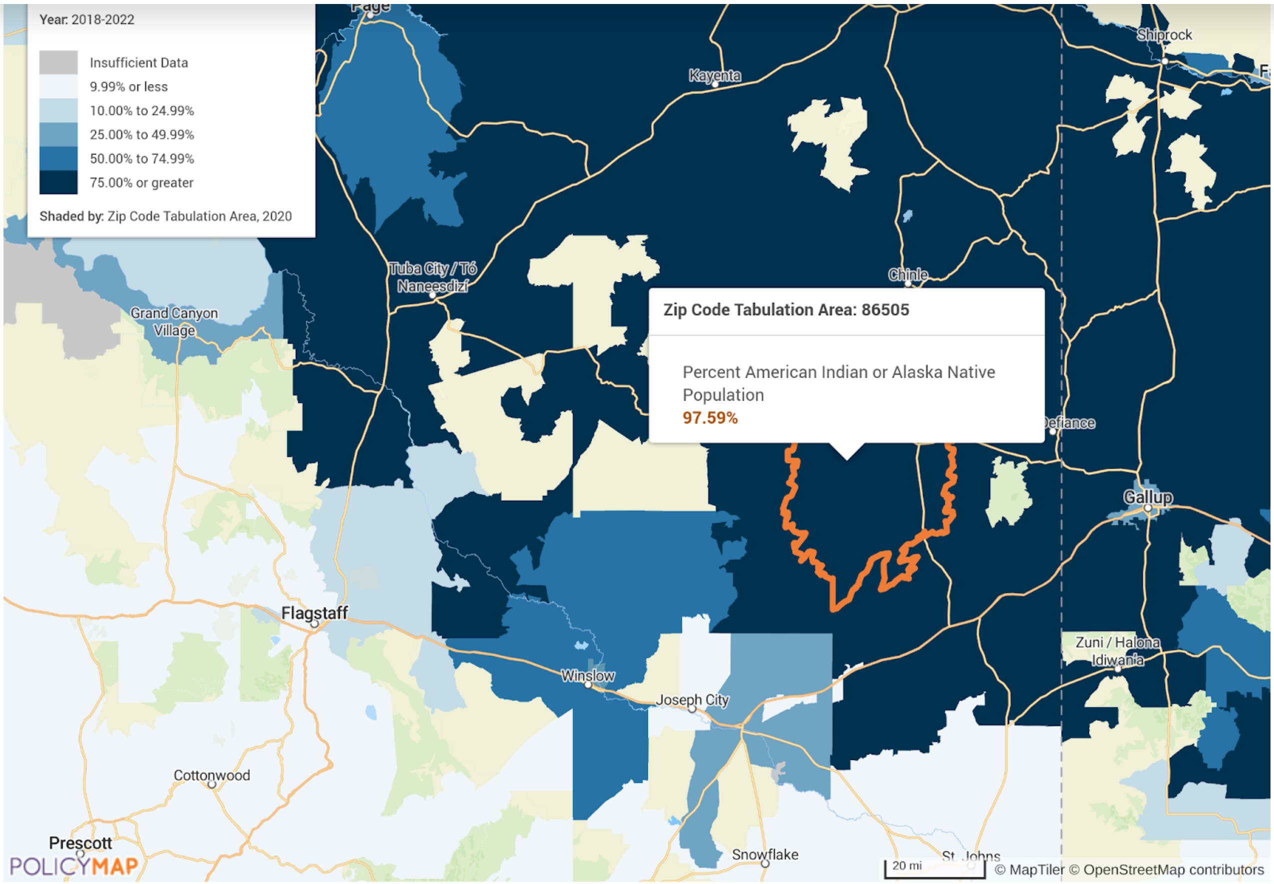
Affordable housing in High Opportunity Areas is vital for fostering equitable access to resources like quality education, healthcare, and employment. The CRA's Final Rule prioritizes activities that directly facilitate the development or preservation of affordable housing in these areas, which are defined by the CDFI Fund as tracts with low poverty rates designated as Difficult Development Areas (DDAs).



PolicyMap's visualization of High Opportunity Areas of Roseville and Greater Placer County, shown in the map above, enables financial institutions to pinpoint DDA tracts and identify opportunities for impactful housing investments. Harnessing this data enables stakeholders to align their initiatives with regulatory impact review factors, ensuring that resources are directed toward expanding affordable housing in areas that offer significant opportunities for residents to thrive.

Supporting Native Land Areas: Navajo Reservation, AZ

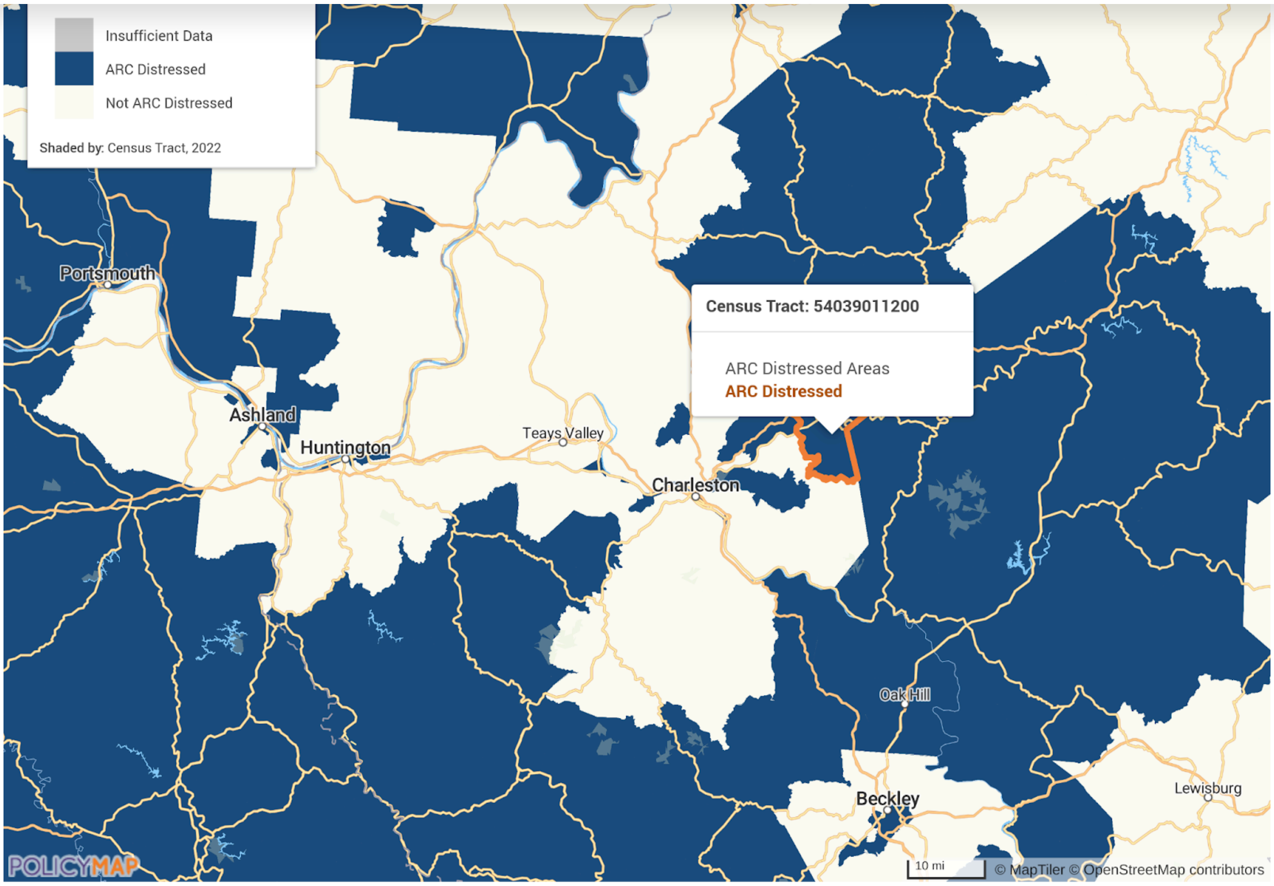
The CRA's Final Rule recognizes the importance of benefiting and serving residents of Native Land Areas, acknowledging the unique challenges faced by Indigenous communities. U.S. Census Bureau demographic data from 2018-2022, visualized in the map below, highlights portions of the Navajo Nation, home to significant populations of Indigenous residents.



This geospatial analysis allows financial institutions to identify and prioritize investments in these areas, aligning their efforts with CRA impact review factors. Contributors can better address the critical need for community development initiatives—such as infrastructure, housing, and economic development—while fostering equitable opportunities for Native populations.

New Markets Tax Credits Eligibility in Appalachia

The Appalachian Regional Commission (ARC) designates certain counties and tracts in Appalachia as “distressed areas” based on economic indicators such as unemployment rates, per capita market incomes, and poverty rates, and compares these metrics to national averages. This data is essential for assessing investments in projects financed by low-income housing tax credits (LIHTCs) or New Markets Tax Credits (NMTCs) as part of regulatory impact review factors.

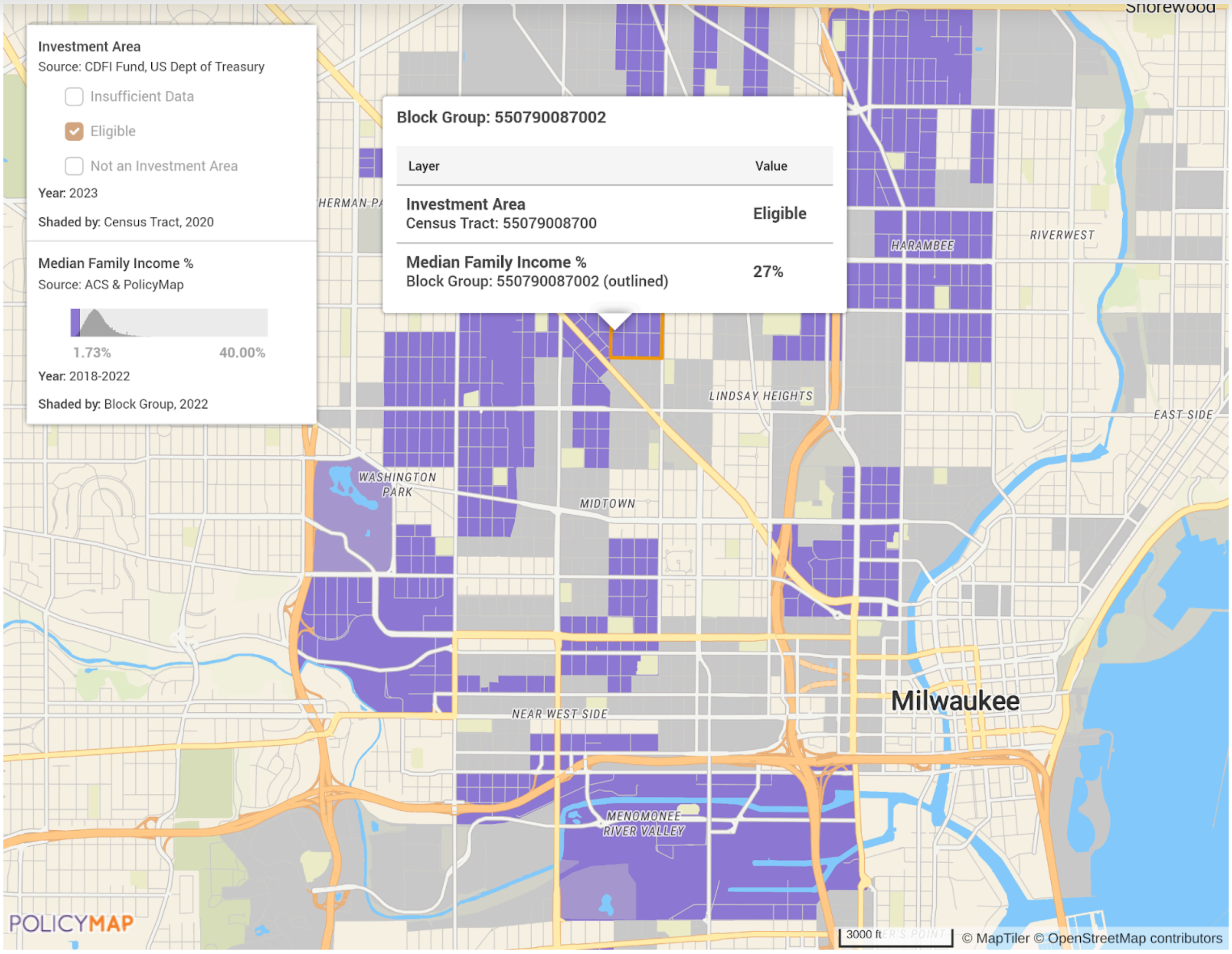


The map above visualizes 2025 data from ARC, highlighting the most distressed areas of Greater Charleston and the Appalachian Region in West Virginia. Access to this data through PolicyMap enables the identification of high-need regions, ensuring that investments are directed toward areas requiring economic revitalization. This approach helps meet CRA requirements and promotes equitable growth and community development.

Identifying High-Need Areas for Community Development in Milwaukee, WI

In Milwaukee, WI, the layered map below visually emphasizes areas most in need of community development financing products and services, particularly for LMI households. The first layer displays Census tracts that qualify as a CDFI Program Investment Area as of 2023, using data from the 2016-2020 American Community Survey. These areas are designated by the CDFI Fund, indicating a higher need for focused investments. The map's shading reveals tracts that meet these criteria, which can include both qualifying and non-qualifying areas, provided the non-qualifying tracts represent no more than 15% of the total Investment Area population. This data is pivotal in identifying regions where new financing products or services can have the greatest impact on low- and moderate-income individuals, families, or households.

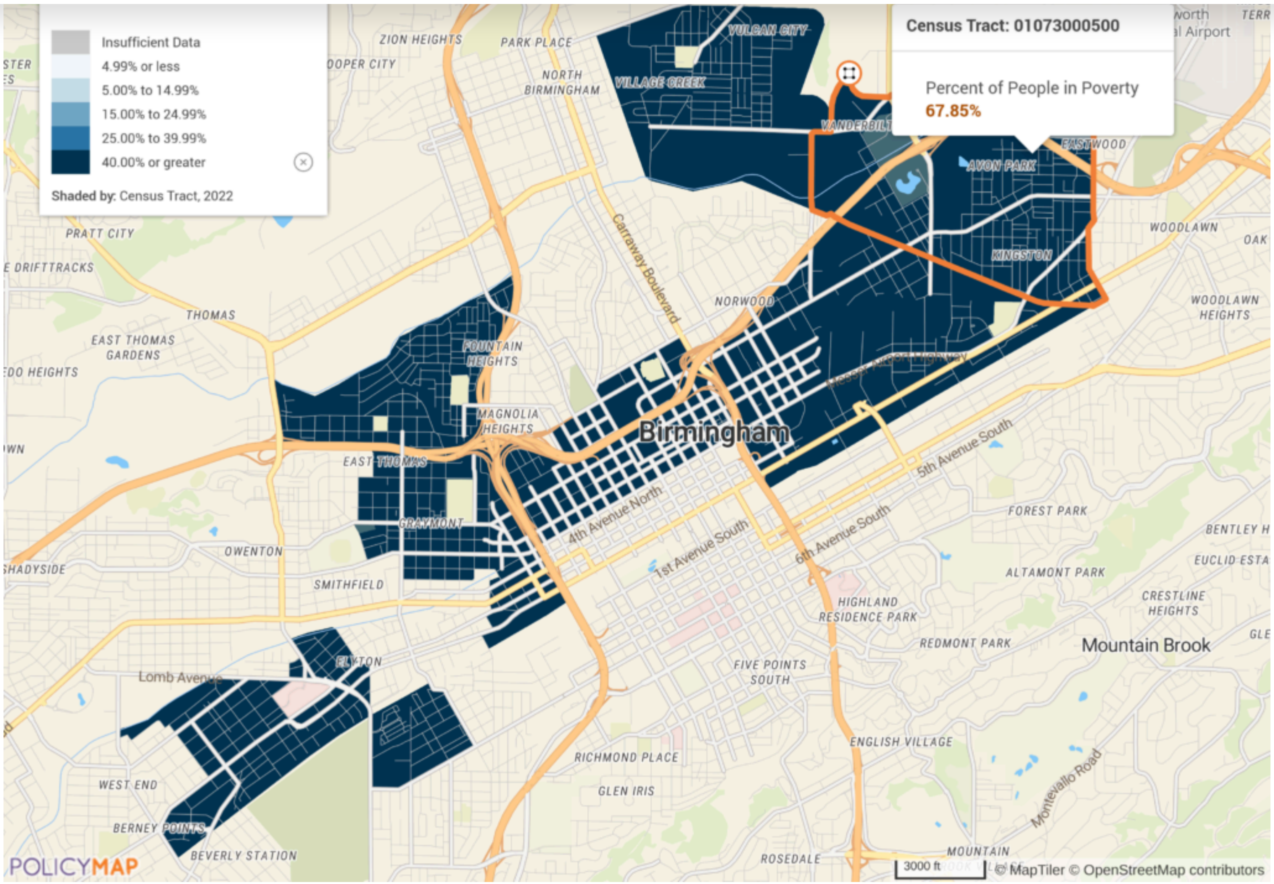
The second layer enhances this analysis by incorporating Local Median Family Income (MFI) as a share of Area Median Family Income (AMFI) from 2018-2022. The map categorizes tracts based on income levels, ranging from very low-income tracts to upper-income areas. The purple highlighted



By overlaying these two datasets, PolicyMap facilitates a nuanced understanding of where community development investments can most effectively address economic challenges. This layered approach ensures investments are strategically directed, fulfilling regulatory impact review factors and fostering inclusive growth in Milwaukee's underserved neighborhoods.

Why PolicyMap?

In 2007, PolicyMap began as a small division of Reinvestment Fund, a Philadelphia-based Community Development Financial Institution (CDFI). While Reinvestment Fund uses capital to drive impact, PolicyMap uses data. Today, PolicyMap's advanced mapping and data visualization tools are an indispensable resource for community development and financial stakeholders working with Community Reinvestment Act incentives and funding.



By providing intuitive, easy-to-navigate mapping capabilities, combined with comprehensive demographic, economic, and lending data, PolicyMap enables users to precisely identify and analyze LMI areas that may be eligible for CRA funding. This capability ensures that financial institutions can effectively qualify their CRA assets, investments, and service activities to enhance compliance with regulations and assess the externalities associated with economic development.

Request More Information

With PolicyMap, institutions gain a powerful tool to make data-driven decisions that align with CRA goals – empowering them to drive meaningful development and promote financial inclusion in the communities they serve.

Name *(Required)*

First Name | Last Name

Email *(Required)*

Corporate Email Address

Phone Number

Industry *(Required)*

Organization *(Required)*

Message

Job Title *(Required)*

Submit

Finance and Lending, Mapchats Blog, Uncategorized   Post link

Join Our Mailing List

Sign up to receive data-driven stories, insights, and updates from the PolicyMap team.

Email *(Required)*

Email Address

Monthly Newsletter

☐ Subscribe

Blog Post Notifications

☐ Subscribe

I'm not a robot

reCAPTCHA
Privacy - Terms

Submit

Join Our Mailing List

Sign up to receive data-driven stories, insights, and updates from the PolicyMap team.

Email

Email Address

Monthly Newsletter

Subscribe

Blog Post Notifications

Subscribe

CAPTCHA

I'm not a robot

Submit

POLICYMAP

Phone 1-866-923-MAPS (6277)

We're available to assist you between 9AM & 5:30PM EST

Locations

Philadelphia

Los Angeles

Baltimore

Toronto

Quick Links

About Us
Our Team
Board of Directors
Careers
Accessibility
Assignment
Blog
Citing Us
Privacy
Cookie Policy
Support
Terms

Follow Us

/policymap
@policymap
/policymap
PolicyMap