COMMUNITY REINVESTMENT ACT

NMHC/NAA Viewpoint

The existing CRA rules are outdated, lack transparency and do not reflect the modern-day banking industry. Any updates to the Act should ensure that the borrowing and investment needs of the multifamily industry continue to be served.

In 1977, the Community Reinvestment Act (CRA) was crafted to ensure that banks meet the needs of their local communities, with a particular focus on those with low and moderate income. In October 2023, U.S. banking regulators issued a final rule updating CRA regulations to modernize for changes such as online banking, provide more guidance on what activities qualify for CRA credit and broaden assessment areas beyond physical bank branches. However, these changes did not take effect, as bank regulators released a notice of proposed rulemaking in July 2025 rescinding the October 2023 CRA rule and reinstating the 1995 CRA regulations. This rule intends to restore clarity in the CRA regulatory framework and avoid regulatory uncertainty for financial institutions.

Considering how significantly banking has changed since CRA was first enacted, the 1995 regulations remain outdated in key areas such as evaluation clarity and flexibility, the current assessment areas considered, the overall evaluation process and the limited range of performance incentives available to financial institutions. Banks continue to be evaluated under the 1995/2021 CRA regulation, and bank regulators are not applying any provisions of the 2023 CRA Final Rule.

The banking industry is an important source of debt and investment in multifamily properties.

NMHC/NAA will continue to closely monitor any future updates regarding CRA guidelines and work to ensure multifamily borrowing and investment activities are fairly represented.