

NACEDA Policy Paper: Community Reinvestment Act

March 2007

Background

As we all know, financial reinvestment in the communities served by Community Development Corporations (CDCs) is often at the heart of the work that we do. If it weren't for the massive disinvestment that has occurred (and in many cases, continues to occur) in our communities, there wouldn't have been a need for the community development movement in the first place. CDCs have been actively combating neighborhood disinvestment on a local level for decades.

With 5 million Americans entering poverty in just the past 6 years, there is an urgent need for policies that help promote job growth in low-income communities. On the national level, several organizations – such as our former trade association, NCCED, and now NACEDA are among the groups leading the charge to combat disinvestment. NACEDA supports a strong Community Reinvestment Act and monitors others that include fair lending, fair housing, and small business lending laws. Besides supporting these, NACEDA members sponsor programs that are crucial to community groups.

NACEDA Member Priorities:

- **Maintain CRA:** At a bare minimum, NACEDA supports CRA as it exists. CRA provisions have clearly had a very positive impact on the communities we serve and we should work to make sure that these provisions remain intact. This includes providing support for continuation of the Home Mortgage Disclosure Act (HMDA) and its associate reporting requirements.
- **Expand CRA:** However, NACEDA wants to see an expansion to CRA. This would include expanding existing CRA coverage to include credit unions and also non-depository financial institutions (such as insurance companies, mortgage companies, mutual funds, etc.). We would be open to supporting the exclusion of Community Development Credit Unions from CRA coverage.
- **Combat Predatory Lending:** NACEDA supports strong national anti-predatory lending legislation recently introduced in Congress by Representative Frank. We oppose pre-emption of stronger state anti-predatory lending laws.
- **Promote Fair Housing and Fair Lending Legislation:** NACEDA supports the continuing existence of fair housing and fair lending legislation, and supports increased enforcement efforts.
- **Small Business / Micro-Enterprise Protection and Expansion:** NACEDA supports requirements on small business lending that are similar to those covered by HMDA. We also support legislation and programs that increase the availability of loans and technical assistance for small businesses located in low or moderate-income areas, as well as for those businesses owned by women and minorities.

NACEDA Role & Policy Position

There is a great opportunity for much synergy between NACEDA's emerging policy platform in this area and NCRC's policy platform. With this in mind, we pledge our support to NCRC's efforts to advance these policies.