NCRC

OPENING DOORS TO ECONOMIC OPPORTUNITY

WHITE PAPER

CRA Performance Context:

Why it is Important for Community Development and How to Improve it

About NCRC

NCRC and its grassroots member organizations create opportunities for people to build wealth. We work with community leaders, policymakers and financial institutions to champion fairness in banking, housing and business development.

Our members include community reinvestment organizations, community development corporations, local and state government agencies, faith-based institutions, community organizing and civil rights groups, minority and women-owned business associations, and social service providers from across the nation.

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Contents

Introduction

The Community Reinvestment Act (CRA) requires federal regulatory agencies to evaluate banks' performance in meeting low- and moderate-income community needs for credit and assign ratings to banks. Before federal agency examiners start their evaluations, they conduct performance context analysis. Performance context refers to the range of economic and demographic conditions as well as institution-specific capacities and limitations.

Without undertaking performance context analysis, an examiner will not be able to evaluate how well a bank responds to pressing needs. For example, if a community has a growing low-income senior population that is struggling economically, an examiner will not be able to evaluate a bank's responsiveness to the banking needs of this population if the examiner has not undertaken a careful analysis of the demographics and economics of the community.

Ultimately, the ability of CRA exams to accurately rate banks will suffer if performance context analysis is conducted in an uninspiring and uninformative manner. The exams will present enough data analysis of bank lending, investing, and branching in order to reach reasonable conclusions regarding whether the bank passes its CRA evaluation. However, the ability of exams to distinguish "Outstanding" bank performance from "Satisfactory" bank performance overall or in various geographical areas is diminished in many cases because examiners do not conduct insightful performance context analysis.

This is important to community organizations and community residents because their ability to hold banks accountable for meeting continuing and new credit needs will be likewise diminished if CRA exams are not distinguishing between mediocre and outstanding banks in meeting needs. Banks lose incentive to be highly responsive to community needs if CRA examiners do not conduct penetrating performance context analysis and/or incorporate bank and community group input in a meaningful fashion in their performance context analysis.

This white paper explains performance context analysis and explains why it is important from a community perspective. It first discusses the definition of performance context referencing CRA regulatory documents. Second, it reviews current thinking regarding the implementation of performance context analysis. While the thinking has evolved, the federal agency implementation is still centered too much on the banks and not enough on the community perspective. Third, the paper will review examples of both poor and good performance context analysis in CRA exams. Fourth, the paper will offer some examples of data analysis and community group input that provides a foundation for improved performance context analysis.

Performance Context Defined

The interagency Question and Answer (Q&A) document defines performance context as "a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated."[1]

Performance context can be thought of as evaluating factors external to a bank and internal factors that will influence a bank's performance, how well it meets various community needs, and which community needs the bank chooses as its focus. External factors include the economic condition of a community and its demographic composition. A bank, for example, may have more difficultly offering mortgage loans to low- and moderate-income borrowers in metropolitan areas with more expensive housing, rapid population growth, and high demand for housing than a metropolitan area with less expensive housing and a more stable population. Internal factors include a bank's financial condition and business strategy. One straightforward example is if a bank specializes in small business lending, an examiner will not expect it to perform as well in home mortgage lending in low- and moderate-income communities as in small business lending.

The federal agency CRA examination procedure guide advises examiners to assess the economic conditions and demographic composition through analysis of data provided by federal agencies and other sources. Examiners are also instructed to talk to banks and community organizations on how economic conditions and demographic composition provide opportunities and constraints for banks in meeting community needs. Examiners are to review public comments on CRA performance of the bank submitted to the bank's public file and should review CRA evaluations of peer banks in the area to glean information on lending and community development opportunities and constraints. Finally, examiners should review previous CRA exams of the bank, Consolidated Reports of Condition (Call Reports), other federal agency supervisory reports and the bank's annual reports to help understand the bank's ability and capacity to meet community needs with various loans, investments, and services.[2]

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1 *Community Reinvestment Act: Interagency Questions and Answers*, §_.21(b)-1, p. 11654, Federal Register, Thursday, Mach 11, 2010, available via http://www.ffiec.gov/cra/qnadoc.htm.

2 Federal Reserve Board, *Large Institutions Examination Procedures and Sample Format for Public Disclosure of Examination Results*, second page of publication, http://www.federalreserve.gov/boarddocs/supmanual/cch/cra_li.pdf

Implementation of Performance Context Analysis

Prospective or Retrospective by Regulator, Bank or Community Group?

Since the federal agencies revised the CRA regulation and examination procedures in the early to mid-1990s, the agencies have written relatively little about performance context except for the Interagency Q&A document and examination procedure guidelines. The San Francisco Federal Reserve Bank tried to fill the void in 2014 by publishing *Understanding Community Development Needs through the CRA Performance Context*, written by Laura Choi and William Dowling.[3] This publication is a valuable first step in that it attempts to demystify performance context analysis. Yet, it falls into the usual trend of regulatory publications written for banks and less so for community organizations.

For banks, the publication stresses that performance context analysis needs to prospective. In other words, a bank is planning its CRA programs and efforts for the next few years and also needs to assess future economic and demographic conditions for the next few years. Questions need to be answered, such as what will be the trends in the housing market and which demographic groups and/or neighborhoods will have the most difficulties with affordable housing? Given that analysis, what products and/or affordable housing and neighborhood development projects should the bank undertake to address the needs of low- and moderate-income borrowers?

The San Francisco Federal Reserve Bank encourages banks to conduct this forward planning analysis and to also consult community groups. The publication states:

> Banks performance context considerations should be forward looking – what are their plans for the next two or three years, taking economic/demographic considerations and community needs into consideration.
>
> Due to the timing lag that can exist with some data sources (e.g. data from the American Community Survey is always at least a year old), bankers should be creative in the way in which they gather and analyze information. In addition to traditional quantitative analysis, contact with community stakeholders can serve as an invaluable source of qualitative information and help supplement gaps in data.

3 Laura Choi and William Dowling, *Understanding Community Development Needs through the CRA Performance Context*, San Francisco Federal Reserve Bank, December 2014, Working Paper 2014-02, http://www.frbsf.org/community-development/files/Understanding-Community-Development-Needs-through-the-CRA-Performance-Context.pdf

The San Francisco Federal Reserve Bank astutely states that American Community Survey data from the Census reflects past trends and that banks should supplement that information to gain insights on future conditions by discussing future needs with community groups. The shortcoming with the publication, however, is that it is focused on how to make performance context analysis easier for banks and to encourage banks to conduct performance context analysis. It does not once encourage community groups to conduct performance context analysis and to share these analyses with regulators and banks.

The Federal Reserve Bank of San Francisco also accurately pinpoints an inconsistency between the performance context conducted by regulators and banks. It states that banks will be conducting prospective performance context analysis about future economic conditions, demographic composition and needs while CRA examiners will be conducting retrospective performance context analysis of the past two or three years when conducting CRA evaluations. This difference in analysis methodology of banks and CRA exams is not surprising since banks will need to perform a forward-looking performance context analysis if they want to do well on CRA exams while examiners are conducting an analysis of past bank activities and the performance context in which those activities occurred.

The missing link between the performance context analysis of the banks and CRA examiners could be community group organizations. Federal regulatory publications should encourage community organizations to assess future needs and conditions just like banks and to share these analyses with the agencies. The federal agencies and their examiners can judge the quality of the banks' performance context and their CRA efforts in part by comparing the bank performance context analysis to those of the community groups and their own.

An example of this would be if a community organization states that a broad section of the city has a large concentration of minority and low- and moderate-income neighborhoods with low rates of homeownership and relatively affordable home purchase prices. The community groups may also state that the best opportunities will be in the next five years or so to seize upon the affordable home prices and provide home loans to low- and moderate-income buyers in these neighborhoods before a resurgence of the market. Did the banks and the agencies account for these economic and demographic trends in their performance context analyses? This is a multi-year trend that would be captured by both prospective performance context analysis conducted by banks as well as retrospective analysis conducted by the federal agency.

This example illustrates that it is not unrealistic to encourage or expect community groups to conduct their own performance context analyses. While most community groups and nonprofit organizations do not have demographers or economists on staff, they are run and operated by astute practitioners that know their neighborhoods and housing markets intimately, including short- and long-term trends. In addition, community groups that may lack professionals in data analysis can nevertheless borrower these resources by offering internships to enthusiastic graduate or undergraduate students and/or working with university departments on a consistent basis. The omission of the discussion of possible community group involvement in performance context analysis and how to facilitate that involvement is a significant shortcoming of the San Francisco Federal Reserve publication.

Another shortcoming of the San Francisco Federal Reserve publication is a sentence towards the end stating that:

> For a regulation that can often seem rote and procedural, the CRA performance context affords an opportunity to highlight the diversity of needs and opportunities that exist in communities throughout the country.

These sentiments should not appear in a regulatory publication. CRA is not bureaucratic or unimaginative if it is implemented properly. Since the law requires that powerful financial institutions meet the credit needs of communities, the law's implementation must be vibrant, inclusive, creative, and inspirational. There are many bright and dedicated residents and practitioners in communities that desparately seek mutually beneficial conversations with regulatory agencies and banks about community needs and future conditions. Part of the sentence above is correct in that performance context analysis is an opportunity to highlight the diversity of community needs. But this opportunity will be only fully realized if there is substantive dialogue among banks, communities, and regulatory agencies. Performance context analysis is a good starting point for stimulating that dialogue.

Large Banks' Performance Context Analysis

NCRC has a Bankers Community Collaborate Council (BCCC) that consists of representatives from several large banks and community group representatives. The Council meets on a quarterly basis to discuss policy and programmatic developments and to explore possible avenues of collaboration. At a recent BCCC meeting, banks and community group representatives met to discuss performance context in an informal setting and small group discussion. The large banks involved in this discussion indicated that they undertake performance context analysis and that they share these analyses with CRA examiners.

The common elements of these performance context analyses include:

- Assessing needs, conducting surveys, interviewing community groups
- Assessing the market environment and comparisons of product offerings and strategies of peers
- Assessing the capacities of nonprofit organizations and public agencies to engage in housing and community development
- Assessment of the bank's own business strategy
- Telling the bank's own story and developing a narrative of how its activities are responsive to needs and innovative

The bank representatives indicated that there will be needs in common in several assessment areas, such as the need for affordable housing and small business development. However, figuring out how to be particularly responsive to needs also involves figuring out what is unique to an assessment area. For example, it was noted that part of the affordable housing need in New York City is offering new financing and helping to re-structure the financing of multi-family rental properties that are on the precipice of financial disaster due to being overleveraged with debt.

Some of the banks also established community advisory committees or boards that were either national in scope or included community group representatives from the various states in which the banks did business. These committees help the banks identify and respond to needs.

The banks indicate that they perform their most extensive performance context analyses in full scope assessment areas or the geographical areas on CRA exams receiving the most attention for determining the rating of the banks. While they do not spend as much time developing performance context analyses in areas likely to be limited scope assessment areas, some indicated that they still develop a needs inventory for these areas.

The banks indicated that the CRA examiners also tended to focus their performance context analyses on full scope assessment areas. Time constraints usually prevented examiners from developing performance context analyses for limited scope areas. This is a shortcoming for community organizations in smaller cities or rural areas that tend to be limited scope assessment areas. Because performance context analysis is not conducted as often on CRA exams for their areas, CRA exams tend not to hold banks to as high a standard for responding thoughtfully to the needs in limited scope areas. The needs in these areas are often not even discussed on exams.

Performance Context Analyses of Community Groups

It is encouraging that banks have conducted and submitted performance context analyses to CRA examiners. CRA is designed to encourage banks to ascertain community needs and respond to needs. In fact, before the changes to the CRA regulations in 1995, banks were required to submit performance context analyses to CRA examiners.[4] The voluntary nature of performance context analysis currently seems appropriate because not all banks, particularly smaller banks, will have the resources to develop formal performance context analyses. At the very least, however, all banks should have extensive conversations with community groups and residents of communities about needs and how banks can best respond to needs.

4 *NCRC CRA Manual*, 2007, p. 29, http://www.ncrc.org/images/stories/pdf/cra_manual.pdf

Community groups generally do not engage in performance context analysis but they are active in commenting on CRA exams. Community groups will conduct home and/or small business data analysis and compare banks to their peers and demographic benchmarks to determine where banks are leading or lagging their peers in meeting credit needs. Community groups present these data analyses along with observations about particular needs being met or not being met to CRA examiners. It is probably accurate to say, however, that community groups rarely conduct comprehensive performance context analyses and submit these to regulatory agencies.

CRA examiners as part of their evaluations are required to discuss needs and bank performance in meeting these needs with community groups. This is called "community contacts" and summaries of these conversations can be found in the performance context sections of CRA exams. The summaries are often cursory and not informative, however.

The federal agencies should encourage both banks and community groups to offer performance context analyses and/or thoughts about needs so that they obtain a diversity of perspectives and do not run the danger of being unduly influenced by the perspective of one party in meeting needs. Since meeting credit needs is a central and core objective of CRA, CRA examiners need to take care to obtain as much information as possible from a variety of stakeholders so that they can be as thoughtful and objective as possible in assessing banks' success in meeting these needs.

Examples of Performance Context Analysis in CRA Exams

A dialogue among regulators, banks, and community organizations will not be facilitated by poor performance context analysis. When performance context analysis is conducted by an examiner who is merely going through the motions, members of the public and readers of CRA exams will not understand why the analysis is even in a CRA exam or how it contributes to an evaluation of a bank's performance. In contrast, if performance context is conducted in meaningful manner, its contribution to the evaluation of a bank's responsiveness to needs can be clearly discerned.

Poor Performance Context Analysis

Conducted by the Office of the Comptroller of the Currency in early 2014, the CRA exam of Park National Bank, a bank with more than $6 billion in assets and more than 100 branches, contains performance context analysis that does not contribute in any significant manner to evaluating the bank's CRA record.[5] Columbus, Ohio is a full-scope assessment area on the exam, meaning

5 See http://www.occ.gov/static/cra/craeval/sep14/9179.pdf for a copy of the exam.

it is a geographical area receiving a heightened level of scrutiny because a high number of the bank's branches, deposits, and lending are located in that metropolitan area. The reader, however, can sense almost immediately that the performance context analysis of this important geographical area is an after-thought since it is located in the exam's appendix. The "analysis" consists mostly of a recitation of census data on the distribution of census tracts by income.

For example, the performance context in Appendix C states:

> At the 2010 census, the assessment area (AA) contains 362 census tracts of which 17.68 percent are low-income, 26.24 percent are moderate-income, 33.43 percent are middle-income, and 22.10 percent are upper-income. The percentage of low-income census tracts increased significantly from the percentage reported by the 2000 census. The 2012 HUD adjusted median family income for the AA is $67,500. Approximately 14.1 percent of the households fall below the poverty level.

This is one of four paragraphs in the performance context analysis of Columbus and it merely informs the reader that there are low-, moderate-, middle-, and upper-income census tracts or neighborhoods in the Columbus, Ohio metropolitan area. The presence of neighborhoods of varying incomes is not unique to Columbus and certainly does not inform the reader of continuing or new credit needs in low- and moderate-income neighborhoods in Columbus. What is happening to the housing stock, both rental and owner, in modest-income neighborhoods? Is the affordable portion of the stock increasing or decreasing, and how can the bank most effectively provide a loan product or subsidy to address a shortage or some other need in either rental or owner housing?

The next paragraph provides only marginally more insight:

> Economic conditions have been improving as evidenced by declining unemployment. The unemployment rate at November 2013 was 6.1 percent, down from 9.2 percent reported on the previous CRA evaluation. The current unemployment rate is slightly better than the statewide rate of 7.4 percent reported on November 2013 by the Ohio Department of Jobs and Family Services. Columbus' recovery is strengthening. The labor force is expected to increase in the near term, preventing the unemployment rate from improving significantly. Still, the jobless rate is expected to remain around 6% in 2014, better than the 9% seen during the past recession. Professional, financial, and health services will be the primary drivers of growth over the next several years.

It is heartening to read that the unemployment rate has dropped in Columbus and is lower than the statewide rate, but the statewide rate is not good comparison, because while Columbus is a major commerce area, the rest of the state includes rural areas and rust belt industrial cities with higher levels of unemployment. The comparison to the state does not tell the reader as much as a comparison to unemployment levels to either comparable metropolitan areas and/or rates in low- and moderate-income neighborhoods compared to middle- and upper-income neighborhoods. If unemployment were higher in Columbus' low- and moderate-income neighborhoods, for instance, could the bank support increased job training programs that prepare residents of these neighborhoods for jobs (entry level or middle level) in the growing areas of professional, financial, and health services? Alternatively, what about looking at unemployment rates for cities and other jurisdictions within Columbus, including those with higher proportions of modest-income people, and seeing if the bank is providing support for job training efforts in jurisdictions with higher unemployment rates?

The last paragraph of the performance context analysis reports the results of "contacts" with community organization and states:

> We considered information obtained from three affordable housing organizations and a non-profit community services provider. The organizations indicated needs for bank branching in low- and moderate-income communities, financial literacy programs, and credit building products.

This is an unimaginative list of needs, considering that the great majority of low- and moderate-income neighborhoods need bank branches and could benefit from more counseling programs. Building upon the discussion of unemployment rates and growing industrial sectors, the CRA examiner could have approached job training centers and asked whether funding was adequate for programs that trained under-employed people for growing sectors like health care services. Practitioners in job training centers could have likely provided a lengthy and nuanced list of needs and what additional training services they could provide if only they had certain types of additional resources. Likewise, non-profit and for-profit housing developers could have reviewed what obstacles were impeding certain types of needed affordable housing and how banks could help.

In sum, a shallow analysis was ineffective in identifying needs. Thus, the examiner was ill equipped to have informative discussions with community organizations that would have produced a vibrant and varied list of continuing and emerging needs that the bank could address. While it may not be possible to delve in depth into individual assessment areas for a CRA exam of a very large bank with several assessment areas, Park National Bank has only two full scope assessment areas and Columbus is the area receiving the most weight. The examiner could have and should have made more of an effort with performance context analysis.

Better Performance Context Analysis

Performance context analysis improves as the amount of resources devoted to performance context analysis increases. In contrast to the Office of the Comptroller of the Currency, the San Francisco Federal Reserve Bank has devoted specialized expertise to performance context analysis. A full-time researcher from the community development department is devoted to developing performance context analysis for all CRA exams conducted by the Federal Reserve Bank. The researcher maintains close connections with CRA examiners and is also connected to the community affairs officers of the San Francisco Federal Reserve Bank who maintain relationships with community groups.[6]

The CRA exam of Hanmi Bank conducted by the San Francisco Federal Reserve Bank in January of 2015 is an example of one of the better performance context analyses conducted by a federal agency. Yet, the relationship between the performance context analysis and the exam's scrutiny of bank activity could still be improved.

At the time of the exam, Hanmi Bank had $3 billion in assets and specialized in small business lending while also offering a considerable number of multi-family loans (for rental housing of five or more units). The bank was originally founded to serve the Korean community but has since expanded its capacity to reach all major ethnic groups. The Los Angeles-Orange County metropolitan area is the major assessment area for the bank.[7]

Since Hanmi Bank specializes in small business lending, the performance context focuses on reviewing small business lending activity over the last several years. It notes that small business lending levels plummeted during the Great Recession and remains low. It also states that small businesses with revenues under $1 million are the great majority of businesses, foreshadowing the CRA exam's attention to credit needs of these businesses. The influence of this performance context analysis can be seen throughout the evaluation. The lending test comments favorably upon the bank's relatively high percentage of lending in low- and moderate-income tracts in the Los Angeles-Orange County area since businesses overall and in these tracts have experienced less access to credit in recent years. The community development lending section of the lending test also looks favorably upon large loans to finance the major expansion of small businesses in low- and moderate-income tracts that were targeted as Enterprise Zones in significant revitalization initiatives.

Although Hanmi Bank is not a large scale mortgage lender, the CRA exam presents a careful performance context of housing conditions and needs. It presents data on median home prices, housing affordability indices, and foreclosure rates, comparing Los Angeles, Orange County, and the state as a whole. With this type of comparison, the reader can discern which trends are particularly pronounced in Los Angeles/Orange County. Therefore, there is an indication of priority needs. For example, the exam states that Los Angeles and Orange Counties are among the least affordable counties (second and third least affordable counties) in the country for homeownership by median income households. In addition, the exam states that rents are also high. This would suggest that a bank could focus on financing affordable rental housing for

6 See Laura Choi and William Dowling, *Understanding Community Development Needs through the CRA Performance Context*, San Francisco Federal Reserve Bank, p. 6.

7 See http://www.frbsf.org/cra_pes/2014/657365.pdf for a copy of Hanmi's CRA exam.

modest-income households. Also, the foreclosure rate is higher in Los Angeles than the state as a whole, suggesting that foreclosure relief could be a priority in Los Angeles. Moreover, within Los Angeles, the exam highlights neighborhoods with particularly high foreclosure rates, again suggesting geographical areas where banks could intervene with loan modification and other foreclosure relief.

Because Hanmi Bank does not offer high volumes of single family lending and offers a relatively high volume of multi-family lending, the exam pays more attention to multifamily lending. It judges that Hanmi's multi-family lending is responsive to the needs for affordable housing because the bank made a higher percentage of multi-family loans in low- and moderate-income tracts than its peers. The exam states that a lack of data exists for "borrower income" for the multifamily units so it was unable to evaluate this aspect of the multifamily lending. Yet, the exam's analysis would have been improved if it had asked for data from the bank concerning income levels of tenants and had confirmed that a high percentage of the loans financed multifamily housing for low- and moderate-income tenants or that the financing was striving for mixed-income tenants in the units which were in low- and moderate-income census tracts.

The bank's investments consist of a substantial amount of Low-Income Housing Tax Credits (LIHTC), but the vast majority of the investments were outstanding investments done before the time period covered by the exam. The exam is correct to view LIHTC investments financing rental housing as favorable, given the relative scarcity of affordable housing in Los Angeles. However, an unanswered question is why, given the continuing scarcity of affordable housing, the exam does not expect more investments during the current time period. In other words, although the exam appropriately uses performance context to identify a need, it does not explain why it was acceptable for the response to that need to be mostly done during the previous exam time period. It does not explain if the bank does not have capacity, given its asset levels, to make new LIHTC investments because of capital tied up in previous LIHTC investments. A reader is skeptical without further explanation.

Another shortcoming of the performance context and the subsequent exam analysis is that the sections on investments/grants and community development services do not refer back to the performance context analysis of foreclosure and delinquency rates. The performance context analysis mentions higher rates of foreclosure and delinquency in Los Angeles than statewide but it does not mention whether the bank engaged in loan modification or offered other foreclosure prevention services or offered grants to nonprofit organizations that provide these services, particularly in cities with high foreclosures rates mentioned in the exam. If the bank is not active in this area, did the banks' activities address other pressing needs? Some judgments about this would aid the reader to more fully understand the performance context analysis and whether the bank can still earn a good rating if it does not address all the needs in the performance analysis. A fuller explanation by the examiner of how performance context factors into the CRA evaluation would improve the dialogue among the bank, community groups, and the examiner.

NCRC's Suggestions for Performance Context Measures

A method for improving performance context analysis is to select either a uniform number of performance context measures or a range of performance context measures that can be used on exams to more easily compare geographical areas against each other. This section selects three measures of housing conditions and two measures of economic conditions and compares five metropolitan areas. Data came from the Census Bureau's American Community Survey (see the appendix below for a description of various resources).

The metropolitan areas chosen were full scope assessment areas on the most recent CRA exam for Manufacturer's and Traders Trust Company (M&T Bank). The performance context analysis in this paper will be compared against the performance context analysis conducted by the CRA examiner of M&T Bank. The CRA examiner's use of performance context analysis in evaluating the bank's performance will be critiqued, with a focus on how the examiner evaluated the bank's community development lending and investments. M&T had about $77 billion in assets at the time of the exam and was the 30th largest bank in the country. The most recent exam, conducted in the summer of 2012, gave M&T an Outstanding rating. The point of this exercise is not to assess the validity of the rating overall or in the assessment areas reviewed. Rather, the point is to see how an exam of a major bank employed performance context analysis and assess the strengths and weaknesses of the performance context analysis.

As displayed in the table below, the housing condition metrics include the vacancy rate, the cost burden for moderate-income owners and renters, and the cost burden for low-income owners and renters. A cost burden refers to a household spending more than 30 percent of its monthly income on housing and potentially having difficulties paying for other basic necessities. Low vacancy rates combined with a high percentage of cost burdens suggests that the more construction and/or rehabilitation of housing stock should occur in order to increase the housing supply and decrease housing prices and the monthly cost of housing.

The two economic condition metrics chosen include the unemployment rate and poverty rates. Job creation and/or training efforts could focus on the metropolitan areas with high unemployment and poverty rates.

Sample of Performance Context Metrics

Vacancy Rate for Owners and Renters

	Wash DC Metro	Baltimore MD	Buffalo MSA	Harrisburg, PA	Philadelphia
OWNER	1.5%	2.0%	1.6%	1.9%	1.9%
RENTAL	5.4%	6.8%	6.7%	6.4%	7.9%

Cost Burden for Moderate-Income Owners and Renters
(Income $35,000 to $50,000)

	Wash DC Metro	Baltimore MD	Buffalo MSA	Harrisburg, PA	Philadelphia
OWNER	63.0%	50.1%	28 .0%	35.9%	46.2%
RENTAL	73.4%	60.7%	18.7%	24.0%	45.3%

Cost Burden for Lower-Income Owners and Renters
(Income $20,000 to $34,999)

	Wash DC Metro	Baltimore MD	Buffalo MSA	Harrisburg, PA	Philadelphia
OWNER	72.2%	59.6%	45.1%	48.9%	59.0%
RENTAL	89.8%	84.4%	56.5%	67.7%	80.0%

Unemployment Rates

Wash DC Metro	Baltimore MD	Buffalo MSA	Harrisburg, PA	Philadelphia
6.3%	8.3%	8.6%	7.2%	10.3%

Household Poverty Rates

Wash DC Metro	Baltimore MD	Buffalo MSA	Harrisburg, PA	Philadelphia
6.0 %	7.5%	10.7%	7.3%	10.1%

An examination of cost burdens shows that the cost burdens for low-income renters are the most acute. In particular, almost 90 percent of low-income renters in the Washington, DC Metropolitan Statistical Area (MSA) followed by 84 percent of low-income renters in Baltimore MSA pay more than 30 percent of their income for rent. Also, a considerably higher percent of moderate-income renters in the Washington, DC MSA and Baltimore MSA have cost burdens than moderate-income renters in the other MSAs. In addition, the Washington, DC MSA has the lowest rental vacancy rate of 5.4 percent. This performance context analysis suggests that production of new rental housing or rehabilitation of rental housing could be a priority and that perhaps more of rental housing for low-income and moderate-income households should be financed by the bank in Washington, DC and Baltimore MSAs. This does not suggest that rental housing finance in the other metro areas should not be undertaken but that perhaps more lending and investing could be directed towards Washington, DC and Baltimore.

Likewise, a higher percentage of low-income and moderate-income homeowners in Washington, DC and Baltimore MSAs confront cost burdens than the other MSAs, again suggesting that perhaps the plurality of financing for new or rehabilitated owner stock be directed towards Washington, DC and Baltimore. Interestingly, a higher percentage of moderate-income homeowners than renters in Buffalo and Harrisburg have cost burdens. For moderate-income households in these two metro areas, the bank may want to focus more of their financing on expanding the owner stock as opposed to the rental stock.

The economic condition metrics reveal that unemployment and poverty rates are the highest in the Baltimore, Buffalo, and Philadelphia MSAs. This suggests that bank loans, investments, and grants for small business creation, job creation, and job training could be targeted to these three metro areas. Again, this does not mean that the other two areas should receive no funding but that perhaps the three metro areas with the highest levels of poverty and unemployment should receive the plurality.

The analysis of these five metropolitan areas using five performance context metrics is not intended to be definitive or exhaustive but rather suggestive. It illustrates how a comparative analysis could help determine the allocations of housing and economic development financing across five areas. A more comprehensive analysis would include other performance metrics but would still strive to be judicious in the number of metrics so that clear differences among the metro areas are not overwhelmed by vast amounts of data.

The analysis also does not include examinations of separate cities, counties, and neighborhoods within the metro areas. It would be beyond the scope of most CRA exams, particularly for the largest banks, to include several smaller areas in the analysis. However, stakeholders including community groups and universities can provide insight to CRA examiners to focus on particular neighborhoods and/or cities and counties. For example, in the Washington, DC metropolitan area, stakeholders can inform examiners to consult data on foreclosure rates in Prince George's

County, which has high foreclosure rates and is a predominantly African-American county. In addition, the analysis above indicates relatively high cost burdens for moderate-income owners in Buffalo and Harrisburg. Are there particular communities within these two metro areas where foreclosures are a significant issue for moderate-income owners? If so, banks could direct foreclosure prevention efforts to those communities. Overall, if a more comprehensive analysis bears out the tentative conclusions reached above regarding relative needs for rental and homeowner financing and for job creation/training financing, then the responsiveness of the banks to these needs should influence its rating in the relevant states and possibly the overall bank rating, depending on the weight attached to these assessment areas.

Now, the question is how did the CRA examiner use performance context to assess M&T's performance in these five metropolitan areas?[8] And how does the examiner's use of performance context compare with the method presented in this paper?

Buffalo MSA

In the performance context analysis, the examiner notes high vacancy rates and abandonment of housing stock. The examiner also says a significant amount of multifamily rental housing is substandard due to neglect and age. In addition, the examiner cites the exodus of manufacturing jobs as contributing to a high unemployment rate.

On the lending test, the examiner approvingly records a $20 million line of credit for the creation of a manufacturing facility. Community development (CD) lending for the purposes of economic development and revitalizing communities dwarfed CD lending for affordable housing. Interestingly, on the investment test, affordable housing investments in LIHTC for low-income rental housing was much greater than investments for economic development and revitalization initiatives.

On the positive side, the examiner notes the need for rental housing and job creation in the performance context analysis and then follows through in the analysis of CD lending and investing to see if these needs are being addressed by M&T Bank. The reader, however, does not get a sense of whether addressing unemployment or affordable housing is more pressing by reading the performance context analysis and is thus unable to judge the allocations of dollars to affordable housing and economic development. A comparative analysis across metro areas like the one conducted above would help judge the appropriateness of the total allocations of CD loans and investments to housing as opposed to economic development and revitalization.

Since the comparative analysis above revealed that Buffalo had high rates of unemployment and poverty compared to the other five metro areas, more attention by the CRA examiner to job creation would have been warranted. The amount of CD lending for economic

8 See https://www.newyorkfed.org/medialibrary/media/banking/cra_pes/2012/501105.pdf for M&T's CRA exam.

development and job creation was quite high at more than $364 million. However, the job-related investments were small in comparison. If it was not possible to make more investments in job creation activities during the time period covered by the exam, the examiner should have mentioned that and whether M&T was exploring ways to increase job creation-related investments like equity investments in small businesses.

Finally, in the community development services section, the examiner notes that M&T delivered 873 seminars on mortgage education but just 12 small business seminars. Since a significant need exists for expanding the capacity of small businesses and the number of their employees, this record seems imbalanced, but no commentary is offered by the examiner and no recommendation is made to increase the number of seminars for small businesses.

Baltimore MSA

The performance context analysis for Baltimore is not as well developed as Buffalo. For housing, a short description says that homeownership is difficult for moderate-income families and barely possible for low-income families. In the economic condition section, the examiner states that government, health, and education accounts for about half the jobs and that there is a disagreement among community group contacts and economic development officials about whether the employment situation is improving or worsening.

This description of housing and economic conditions provides no assistance in judging the appropriateness of the CD lending and investment allocations to affordable housing, economic development, community services, and neighborhood stabilization and revitalization initiatives. It turns out that considerable amounts of CD lending is allocated to each of these areas but that CD investment is concentrated in affordable housing. The reader does not know if the concentration in housing for CD investments is appropriate or most responsive to needs based on the exam's performance context. However, based on the performance context above in this paper, it seems that more attention should be devoted to job creation with investments, if that is feasible for M&T.

Although Baltimore's neighborhoods have experienced significant housing stock deterioration and job loss over several years as revealed by the Freddie Gray tragedy and subsequent events, the reader does not know enough about neighborhood needs in Baltimore from the exam and whether the banks loans and investments in the neighborhood revitalization category are responding well to the needs for revitalization. More performance context information gleaned from community contacts about neighborhoods would be helpful, like information from community development corporations. Finally, about half the housing stock in moderate-income tracts are owner-occupied and the reader does not know from the exam whether the CD loans and investments are addressing issues with owner housing, which was deemed as difficult for moderate-income households according to the examiner.

Interestingly, the examiner offers a quantitative method for judging the amounts of CD loans. The examiner says that the annualized level of CD loans to deposits placed the bank first among five of its similarly sized peers in Baltimore. While this would suggest commendable performance in CD lending, the missing piece is the extent to which the CD lending was responsive to needs, which is hard to judge using the performance context analysis in the exam. Mysteriously, M&T's investments were judged excellent in Baltimore although its levels of investments compared less favorably to peer banks. What compensated for the lower levels of investment? Was it responsiveness to needs? The reader does not know based on the performance context analysis. Also, the examiner considered 88 percent of the investments as innovative or complex but the examiner does not explain how this calculation was made.

Washington, DC MSA

The examiner's performance context analysis is cursory and disappointing for the Washington, DC metropolitan area. The exam notes the obvious that the federal government is a major employer. The only comparative analysis is the finding that unemployment is higher in the District of Columbia than elsewhere in the metro area.

The housing analysis is also poor, with a median housing value of around $325,000 noted. The examiner also uses the following language, which is almost identical to the language used in the performance context for the other metro areas: "In light of income levels in the area, homeownership is difficult for moderate-income families and barely possible for low-income families. Only 11% of the area's housing is valued under $100,000 and thus could be considered affordable for low-income residents."

Manna, Inc. and a number of other local nonprofits in the Washington, DC metro area have provided homeownership opportunities for thousands of low- and moderate-income homeowners. While providing homeownership for low-income buyers is more difficult, these nonprofits are still engaged in new construction and rehabilitation of homeowner units for low-income families. The examiner did not bother to speak with these nonprofits to see where in the metro area banks can support low- and moderate-income homeownership.

According to Sarah Scruggs, Director of Advocacy and Outreach at Manna, Inc.

> Banks should be positioning themselves to work with every single downpayment assistance program in the metro area, including DC's Home Purchase Assistance Program (HPAP), which offers up to $50,000 in a zero interest second mortgage. It is these kind of programs, in addition to the production of affordable for-sale homes by Manna and others, that make homeownership for low-to-moderate income people possible. Over 200 low-to-moderate income people purchased in DC using HPAP last year, and the program is set to increase its numbers well beyond that number in the current fiscal year, by streamlining administrative processes and raising the max loan

amount to $80,000. Over 30 people in Manna's Homebuyer Club have purchased this year, with many more in contracts.

Finally, the performance context analysis above demonstrated a significant cost burden for lower income renters in the Washington, DC metro area. This issue is not even mentioned by the CRA examiner.

The examiner notes in the review of community development lending that most CD lending is in the District of Columbia. Aside from the higher unemployment rate in the District, the reader does not know if this is appropriate because the reader has no sense of the other needs and conditions in the metro area. Also, by saying "most," the exam does not give the reader any sense of whether most is 51 percent or a much higher percent, again making it impossible for interested stakeholders throughout the metro area to judge if M&T was responsive to needs throughout the metro area.

A useful guide for conducting comparative analyses within a large assessment area like the Washington, DC metro area is a recent report by the San Francisco Federal Reserve Bank entitled *Analysis of Community Development Needs and Opportunities in Los Angeles County*.[9] This report not only discusses housing and economic conditions but also has comparative performance measures for several cities in Los Angeles County including graduation rates, unemployment rates, and percentage of adults without health insurance. An analysis like this can identify areas within large assessment areas with pressing needs and thus helps sharpens an analysis of whether banks are responsive to these needs.

In the investment test for Washington, DC, the examiner records a multimillion dollar purchase of mortgage-backed securities which is not particularly responsive to needs, since a large secondary market exists to purchase mortgage loans from lending institutions. A more responsive investment would be an investment in LIHTC for low-income rentals, which is sorely needed in the Washington, DC metro area as demonstrated above in the paper's performance context analysis. Reading the exam, however, the reader does not know if M&T made a LIHTC investment. Finally, the examiner notes $410,000 in grants to nonprofit organizations but the reader does not know what activities those grants finance and where those activities are, so the reader cannot judge if the grants respond to the most pressing needs.

Philadelphia MSA

Just as the performance context analysis for Washington, DC, the analysis in Philadelphia is cursory. The examiner compares homeownership and unemployment rates for the city of Philadelphia to the surrounding counties, noting a lower homeownership rate and higher unemployment rates in the City. The examiner also notes that small businesses struggle to obtain loans and that universities and hospitals are major employers in the area.

9 See http://www.frbsf.org/community-development/files/Analysis-of-Community-Development-Needs-and-Opportunities-in-Los-Angeles-County.pdf. The paper was released in October of 2015.

The examiner states that the great majority of community development lending occurred in Philadelphia. While this might be appropriate, the reader does not know for sure because other counties are sure to have needs and the cursory analysis does not provide enough information to determine what those needs are. The examiner notes a $3 million line of credit for a nonprofit housing developer, which is an important need based on the experience nonprofit organizations have with uneven cash flows. Also, while the examiner speaks about high unemployment and the difficulties small businesses have in obtaining credit, the examiner does not comment on whether M&T made any CD loans or investments that support small businesses. Finally, are there any opportunities for M&T Bank to partner with the major universities and hospitals to increase employment or financial counseling for low- and moderate-income populations? This is not explored by the examiner.

Harrisburg MSA

Harrisburg is a smaller metro area and the examiner pays less attention to Harrisburg than the other metropolitan areas. The performance context analysis is even more cursory than the analyses of the other areas. The community development lending and investment is lower in Harrisburg and appears to be less responsive to needs than elsewhere. M&T Bank made a $10 million construction loan for an office building. While this may have provided construction jobs for low- and moderate-income people, these jobs may be of a temporary nature. Could a loan of this significant amount have financed a development that provided more permanent work and also more wealth creation opportunities for low- and moderate-income people such as an incubator for small businesses? For investments, the majority was in mortgage-backed securities, which the exam admits are not highly responsive to local needs. Harrisburg is a full-scope assessment area, which should have received more intensive scrutiny. At the very least, more communication with community-based stakeholders could have informed the exam's performance context analysis and conclusions regarding needs.

Recommendations

Recommendations for Regulators

- **Develop interagency performance context analyses for the top 100 metropolitan statistical areas (MSAs) and rural portions of each state.** The basic and uninformative nature of most performance context analyses is due in part to the large number of analyses that a CRA examiner must conduct. It would seem to be much more efficient and effective if specialized research staff collaborate on an interagency level to conduct rigorous yet focused performance context analyses. They could start with the largest 100 MSAs. In addition, they should conduct analyses of rural counties in each state; in other words, one analysis per state looking at needs and conditions within and across rural counties.

- **Address inadequate attention to smaller geographical areas in CRA exams.** The Harrisburg assessment area in the M&T exam above received short shrift in the performance context analysis. Smaller full scope and limited scope assessment areas also tend to receive cursory reviews on CRA exams as discussed above by the banker focus group. As a result, banks tend to make fewer CD loans and investments in these areas on an absolute level and on a per capita or per deposit basis. More insightful performance context analysis of using uniform measures of housing needs and economic conditions can help overcome these limitations. The analysis does not need to be lengthy in order to be effective. The example above used five measures of needs and conditions to provide informative performance context analysis. Moreover, if research specialists on an interagency basis are conducting performance context for the largest MSAs and rural areas of each state, examiners will have more resources and time to conduct performance context analysis for the smaller- and medium-size assessment areas.

- **Vastly improve the number and quality of discussions with community-based organizations.** NCRC regularly asks its 600 member organizations if they have been contacted by CRA examiners and the answer is usually "no." Not only does the number of community contacts need to be increased significantly, but the quality of the communication with community-based organizations needs to improve. Current CRA exam narrative discusses very general observations from community organizations about needs. Community development corporations, counseling agencies, and other community-based organizations have specific insights and expertise about conditions, needs, and types of financing required that are not reflected in CRA exam narrative. Instead of generic lists of the need for more affordable housing or economic development, CRA exams would be much more informative for judging banks' responsiveness to needs if exams listed needs for specific types of financing or other support that community organizations say is lacking.

- **Hold substantive community needs discussions.** The agencies have discussions involving community groups and bankers regarding CRA and community needs, but these discussions tend to be basic, such as PowerPoint presentations on CRA 101. The CRA events NCRC has witnessed do not involve detailed discussions among community groups, bankers, and CRA examiners regarding specific needs and housing and economic conditions. It would be ideal if all three stakeholders – banks, community groups, and regulatory officials – had discussions together to brainstorm but sometimes one or more parties tend to be too cautious in these settings. NCRC has witnessed separate discussions for community groups and bankers, but again these discussions tend not be to a two-way exchange. The agencies tend to ask community organizations for their views about needs but do not encourage the community groups to ask CRA examiners for their views about needs and about how they evaluate bank responsiveness to needs on exams.

- **Create quantitative measures on the community development lending and investment test.** The M&T exam, for example, compares M&T to other banks based on the annualized levels of CD lending and investing divided by the bank deposits in the assessment area.

- **The quantitative measures need to be complemented with rigorous performance context analysis.** A higher ratio of CD loans or investments-to-deposits should not necessarily result in a higher rating if the CD loans and investments are routine and not responsive to needs as revealed by the performance context analysis and discussions with community groups.

- **Reduce the morass of data on current performance context analyses and develop uniform measures or a series of measures of housing needs and economic conditions for CRA exams.** A consistent use of performance context metrics makes it easier to conduct comparative analysis of needs across metropolitan and rural areas and provides an indication of priority needs in the various metropolitan areas.

- **Conduct analysis of needs within assessment areas.** Within assessment areas, additional geographical areas would be counties, cities, and/or neighborhoods. While it may not be possible to comprehensively examine needs in several small geographical areas, discussions with stakeholders will identify particularly large or unmet needs in certain counties, cities, and/or neighborhoods. The analysis of needs within assessment areas reveals areas that could be targeted by community development loans, investments, and grants. CRA exams rarely discuss targeting within assessment areas but such discussions are important for distinguishing Satisfactory from Outstanding responsiveness to needs.

- **Performance context should influence all component tests of the CRA exam.** This report has focused on how performance context analysis should more effectively influence the community development lending part of the lending test and the investment test. However, the performance context analysis should also be used to help form judgments on the innovative and flexible criterion on the lending test and for the community development services section of the service test.

Recommendations for Community Groups

- **Proactively comment to CRA examiners about performance context.** Do not wait for CRA examiners to knock on your door. Community organizations should engage in their own analyses of needs and conditions and should present these analyses to CRA examiners. The analyses can entail data analysis like those described above or can be a detailed list of various needs gleaned from expertise and experience serving low- and moderate-income populations. For example, development officers at housing nonprofit development organizations will have considerable detail on the types of financing for affordable housing that they can obtain and the types of financing that is needed but that banks could do a better job offering. Likewise, small business technical assistance providers will have expertise to offer on which banks provide financing for small businesses and which do not and what types of financing is particularly needed. The quality of performance context analysis will improve significantly if community organizations step up their engagement of CRA examiners.

- **Prepare comments about bank CRA performance.** NCRC member organizations regularly comment on bank merger applications but do not comment as often on CRA exams. CRA exams, however, can significantly influence bank performance. Even when a community group comment does not influence an overall rating for a bank, it can influence conclusions and/or rating on a state level or smaller geographical area. The bank will have incentive to perform better on the next exam. A community organization's comment can review publicly available home and small business data to determine whether a bank performs better or worse than its peers. Or a community organization's comment can assess the extent to which banks are meeting various needs.

- **Partner with universities, NCRC, and seek other resources to produce performance context analysis.** Community organizations do not need to be experts in data analysis to undergo performance context analysis. To supplement their staff's knowledge of needs and conditions, they can ask NCRC for assistance, obtain pro bono assistance from universities, and/or recruit interns.

Recommendations for Bankers

- **Produce performance context analyses and share with examiners and community organizations.** The banks interviewed above conducted performance context analyses and shared them with regulatory agencies. Some of the banks also had advisory committees involving community group representatives. These efforts should be replicated by other banks. Banks and community groups should share their performance context analyses with each other and engage in substantive discussions about these analyses. CRA is intended to stimulate discussion about needs and conditions and the extent to which banks are meeting the needs. There is no better way to do this than for the parties to share their analyses with each other.

- **Develop CRA plans.** In response to needs identified through performance context analysis, banks should develop CRA plans and strategies describing how they will respond to various needs through their products, marketing and outreach, and community engagement and education. A single bank cannot be expected to respond to all of the needs due to particular specializations and/or capacity limitations. However, the bank should describe what needs it has expertise to address and which needs it cannot address at the present time. When a bank seeks to acquire another institution or assets, it should update these plans and provide an opportunity for input from community organizations.

Conclusion

CRA is about dialogue among banks, community organizations, and regulatory agencies. The dialogue is centered around the extent to which banks are meeting credit and capital needs. The performance context analysis is, in turn, central to developing an understanding of needs. Therefore, the foundation of a rigorous CRA exam, particularly for the analyses of community development lending and investment, is rigorous performance context analysis. On most CRA exams, performance context analysis is sorely lacking. This white paper offers several methods for improving performance context analysis. In addition to the data analysis techniques offered, a key way to improve performance context analysis is to improve the frequency and quality of dialogue and communication among community organizations, banks, and regulatory agencies.

Appendix

Resources and Data for Performance Context Analysis

This appendix briefly reviews resources that are helpful for performance context analysis, specifically in determining conditions and needs on metropolitan levels.

New York Federal Reserve Bank–Community Credit: A New Perspective on America's Communities

The Federal Reserve Bank of New York combines demographic data from the U.S. Census with data from one of the credit bureaus, Equifax, to develop credit profiles by state and county. The New York Fed provides statistics on "inclusion," or the percentage of the population with credit scores and revolving credit such as credit cards. The Fed also calculates categories of credit stress ranging from weak to good credit on a state and county level. The web page presentation is very good with interactive maps. This type of data can be used by CRA examiners, community groups, and bankers to determine how to tailor and geographically target financial education and other efforts for improving creditworthiness and participation in the financial mainstream. See http://www.newyorkfed.org/data-and-statistics/data-visualization/community-credit-profiles/#overview.

Federal Deposit Insurance Corporation (FDIC) Survey of Unbanked and Underbanked Households

The FDIC conducts a periodic survey every two years on the number and characteristics of households that are unbanked and underbanked on a national and metropolitan levels. Unbanked refers to not having bank accounts and underbanked refers to having a bank account but also using non-depository financial institutions such as payday lenders or check cashers. In 2013, the most recent survey, 7.7 percent of U.S. households were unbanked and 20 percent were underbanked. The report has tables on a metropolitan level and includes additional detail about use of checking and savings accounts as well as use of alternatives to banks. The metropolitan-level tables allows for comparative analysis in performance context reviews and can help target community development services on a metropolitan level. See https://www.fdic.gov/householdsurvey/.

Atlanta Federal Reserve Bank – Small City Economic Dynamism

The Atlanta Federal Reserve Bank has developed an innovative index that measures the economic growth of smaller metropolitan areas and divides the areas into quartiles based on their level of economic dynamism. The web page features interactive maps as well. The index is based on a series of variables measuring commuting patterns, building permits, educational levels, population growth, per capital GDP growth, income growth, reduction in poverty levels, income inequality, and reduction in poverty. The index includes 277 metropolitan areas with populations of less than 500,000 residents. See https://www.frbatlanta.org/commdev/community-development-finance/small-city-economic-dynamism.

Department of Housing and Urban Development (HUD) – Assessment of Fair Housing Tool

Jurisdictions that receive HUD funding for housing and community development must develop an assessment of fair housing. HUD has created valuable data and mapping tools to assist jurisdictions in their fair housing planning. The data compares race and ethnic composition against concentrations of publicly assisted housing, transit and transportation proximity, housing needs, level of poverty, access to jobs, and environmental health. See https://www.huduser.gov/portal/affht_pt.html#affhassess-tab.

Corporation for Enterprise Development (CFED) – Assets and Opportunity Scorecard

CFED conducts various research and develops performance measures of assets such as business ownership by race and access to the financial mainstream. They produce an annual report called Assets and Opportunity Scorecard that compares states. See http://assetsandopportunity.org/scorecard/.

Census Bureau

The analysis of vacancy rates, housing cost burdens, unemployment rates, and poverty rates presented in this paper used data from the Census Bureau. The main web page of the agency is http://www.census.gov/. In particular, the American Fact Finder leads a user to several tables and also explains the difference between one, three, and five year estimates. See http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml.

Lending Data

Data on home and small business lending is indispensable for commenting on a CRA exam and merger application but is also useful for developing performance context. Above, the report cites examples of how the Federal Reserve Board of San Francisco uses small business loan data to contribute to performance context analysis. On a national level, NCRC conducted a report on small business lending to identify counties that received a relatively high level of small business loans and those that received low levels.[10] It follows that efforts to increase lending and small business technical assistance should focus on counties receiving relatively low levels of small business loans.

The FFIEC web page provides summary and raw data on home lending called Home Mortgage Disclosure Act data. See http://www.ffiec.gov/hmda/default.htm. The web page also provides CRA small business data. See http://www.ffiec.gov/cra/default.htm.

The Consumer Financial Protection Bureau also has a valuable web page explaining HMDA data and also provides the data in various formats to users. See http://www.consumerfinance.gov/hmda/.

10 See http://www.ncrc.org/resources/reports-and-research/item/973-ncrc-analysis-small-business-lending-deserts-and-oases

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