



Broadband and the Community Reinvestment Act (CRA)

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April 19, 2018

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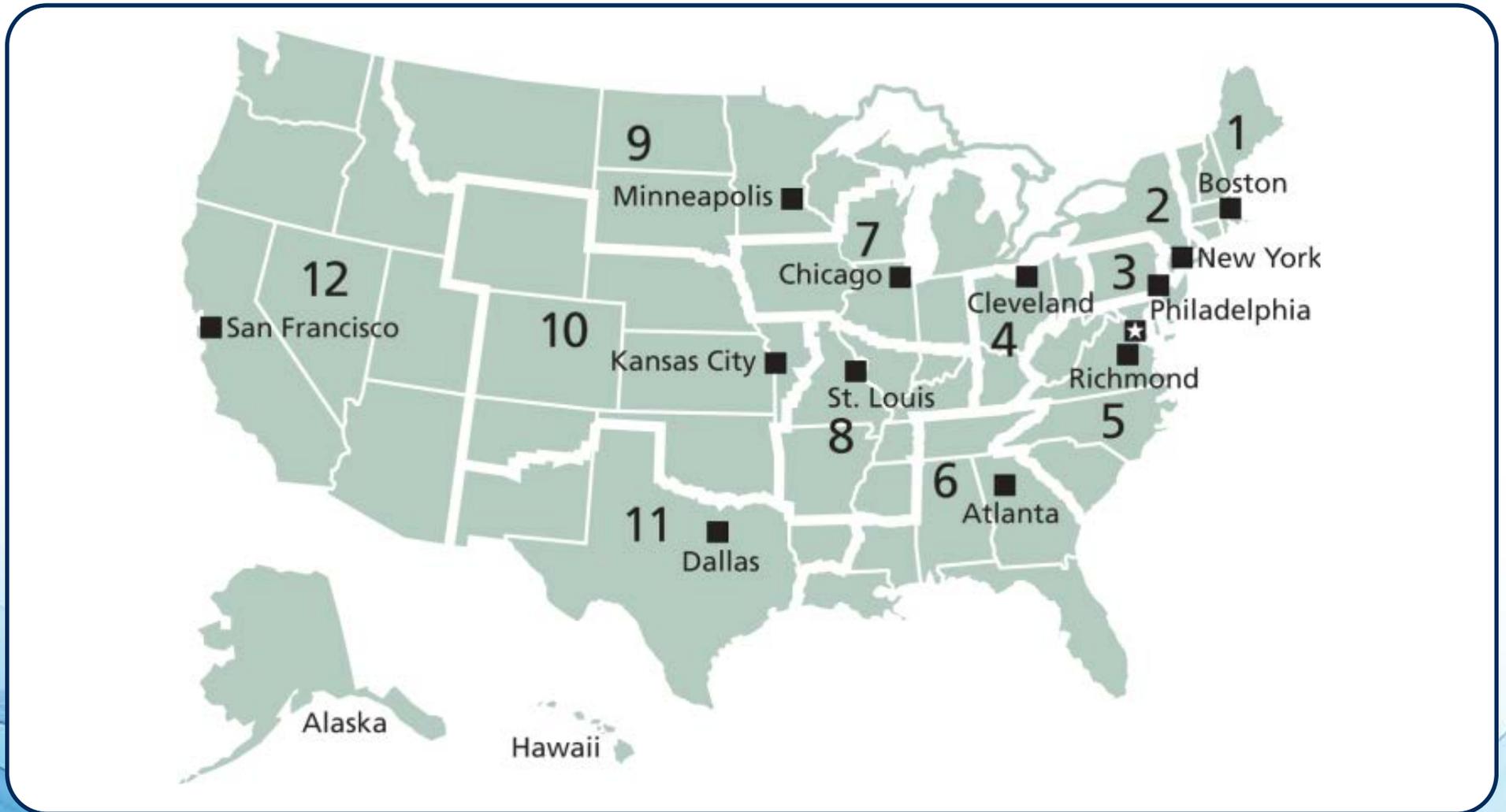
Community Development in the Federal Reserve

The Community Development (CD) function at each of the twelve Federal Reserve Banks as well as at the Board of Governors promotes economic growth and financial stability for low- and moderate-income (LMI) and underserved communities through a range of activities, including:

- Convening stakeholders, including practitioners, financial institutions, nonprofits, governmental agencies, and the philanthropic and private sectors,
- Conducting and sharing research to examine economic challenges facing low- and moderate-income communities and attendant policy implications; and,
- Identifying emerging issues.



Twelve Reserve Banks and the Board of Governors





Today, we will discuss

- The Community Reinvestment Act (CRA) and broadband as an infrastructure investment
- Access to broadband is essential in community development
- Broadband access lags in many population segments, including low-income and rural communities
- Opportunities for financial institutions to meet the requirements of CRA and take advantage of new opportunities to help close the digital divide across communities and improve economic stability
- Resources and Leading Practices to help you strategically prepare
- What your community needs to know





The CRA

- The Community Reinvestment Act (CRA)
- Federal law passed in 1977
- Encourages banks to meet the credit needs of the communities they're licensed to serve
- Including low- and moderate-income neighborhoods
- Consistent with safety and soundness
- **Collaborative, innovative, relational**

2016 Interagency Question and Answer

- Broadband is included as a form of infrastructure investment—an essential community service
- The CRA service test— banks should show evidence that “alternative delivery systems” using online banking and financial technology are being adopted and are effective in providing services to LMI individuals
- Economic development:
 - Workforce development was included in the CRA; added workforce development/job training examples
 - Small business development was included in the CRA; added an example to include supporting technical assistance for businesses in the use of technology

Who has broadband access?

- Generally, metropolitan households are more likely to have broadband access than households in rural areas
- There is a relationship between income and access

North Carolina ... Who has it; who needs it?

- North Carolina's population is 10,270,000
- 170 internet providers
- 585,000 people in North Carolina without access to a wired connection capable of 25mbps download speeds
- 1.1 million people in North Carolina have access to only one wired provider
- 145,000 people in North Carolina don't have any wired internet providers available where they live
- 12 percent of North Carolinians have access to less than two providers
- [Coverage by County](#)

Source: NC Broadband Office



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Some thoughts about Community Planning and Broadband

- Banks can layer the types of investments they make in broadband
- Measure the outcomes
- Digital inclusion programs need to consider the barriers to adoption people experience
- Training programs should cover Internet safety and security
- Communities should promote the Internet speed that will meet their economic development, tele-health, small business development goals
- Local governments should create digital inclusion plans as part of their economic development plans
 - Digital Inclusion Alliances

Source: Federal Reserve Bank of Dallas Community Development, "A Framework for Closing the Digital Divide"

Resource: A Case Study on Closing the Digital Divide Federal Reserve Bank of New York



Investing in Our Communities: A Case Study on Closing the Digital Divide

The case study follows the events in New Amsterdam, a fictional urban area that has suffered economic hardship.

Source: Federal Reserve Bank of New York Community Development

Resource: The Playbook

North Carolina Broadband Office

North Carolina's Broadband Office Releases a [Community Playbook](#)



“This resource is presented as a guide to help communities create incentives and favorable policies, enabling them to build new partnerships with broadband providers and to increase broadband access throughout their communities.”

Source: NC Broadband Office

Resource: FedCommunities and FFIEC



FedCommunities.org
Federal Reserve community development resources promoting
people, place, policy and practice, and small business

You can find a variety of additional resources on this topic, available at www.fedcommunities.org. It provides an array of practical resources to help you in your role as a community development professional, whether your work involves supporting people, places, the policy and practice of community development, or small business development.

www.ffiec.gov



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What Communities Need to Know about CRA

- Financially safe and sound strategic partnerships
- Reputation soundness
- Plans with measurable milestones, how mission “qualifies” for credit under the CRA, actual programming
- Articulate how funds will be used, the benefit/impact to the financial institution, the organization, as specifically LMI persons or geographies.
- Promote concept as something that can be integrated into the institution’s short- and long-term business plan



What Communities Need to Know about CRA

- Explore needs of the least-served areas, where opportunities may be greatest and the competition is least
- Use government programs as resources to enhance opportunities to manage and mitigate risk
- Compare and contrast products and services offered to the needs of the area
- Become a strategic partner
- Target loans, investments, and services to benefit LMI individuals or geographies
- Fulfill community development goals and objectives