

Dramatic Changes in 2022 Census Tracts Compared to 2021 Tracts

Beware the Dramatic Implications for Every Bank!



GeoDataVision
Changing the Way You View Data

The effect of the switch-over from the census tracts for 2021 (based on the 2010 Census) and the 2022 tracts (based on the 2020 Census) cannot be overstated. Not only was there a very significant increase in the number of tracts (from 74,001 to 85,395 – a 15.4% increase), but tens of thousands of tracts changed their income classifications and their majority-minority status too.

It is imperative that bank risk officers be aware of and study the implications for their bank's CRA responsibilities and Fair Lending implications. Not being aware of these changes may result in regulatory compliance violations, embarrassment and worse.

A simple example of a potential regulatory violation can be seen when a bank fails to update its CRA public file with up-to-date Assessment Area maps. Section §__.41 mandates that banks maintain their public files on a timely basis. Since the new tracts were effective January 1, 2022, the failure to have updated Assessment Area maps in your public file 10 months later will almost certainly be considered to be a regulatory compliance violation.

Failing to maintain an up-to-date public file (as bad as that is) could be the least of your compliance worries. It is certain that many of your assessment area tracts have changed their income status and their minority-designation.

There are now 11,394 new census tracts in 2022 compared to 2021. The number of minority tracts changed from 22,971 to 29,893 – a more than 30% increase!

You may not know it, but your Assessment Area boundaries may be unintentionally “redlining” newly designated minority tracts or low- or moderate-income tracts.

So, it is extremely important that you reexamine how you have delineated your Assessment Area to determine if the changes in census tracts minority status or income class may trigger the appearance of minority tracts or LMI tracts alongside but outside your Assessment Area borders.

With particularly aggressive [redlining](#) enforcement now being practiced by the DOJ in concert with the prudential bank regulators, you may be vulnerable to the appearance of redlining, and you may be shocked to see (in a map) that the new majority-minority tracts may have created a picture that makes it look like your

bank is avoiding them because you didn't pay attention to your community's changing demographics.

So, be smart and get your Assessment Area maps updated as quickly as possible and examine them to see if they create a picture that makes your bank look bad. Don't just commission a map, study it. What you see may surprise you!

If you want to get a preview of the impact of the 2022 census tracts on your CRA assessment area check out our free online dynamic map [here](#).