

RESOLUTION NO. 17 - 2020

**EXPRESSING** City Council's opposition to the Office of the Comptroller of the Currency's proposed changes to the Community Reinvestment Act which would undercut the Act's purpose of encouraging financial institutions to invest in communities, especially communities of color, that were historically disenfranchised by lack of investment and the egregious practice of redlining.

WHEREAS, the Community Reinvestment Act is a vital civil rights law that requires financial institutions to invest in the communities they serve; and

WHEREAS, the Office of the Comptroller of the Currency has issued proposed rule changes to the Community Reinvestment Act that would weaken its protections for historically disenfranchised communities of color; and

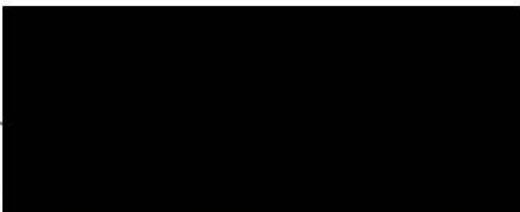
WHEREAS, Mayor Cranley has prepared a comment letter to be submitted to the Office of the Comptroller of the Currency that sets forth the basis for the City's opposition to the proposed rule changes, a copy of which is attached to this resolution and incorporated herein; now, therefore,

BE IT RESOLVED by the Council of the City of Cincinnati, State of Ohio:

Section 1. That the Mayor and this Council hereby express their opposition to the proposed rule changes to the Community Reinvestment Act, which would eliminate the requirements that financial institutions invest in low- to moderate-income neighborhoods and communities that were historically subject to discrimination in the form of redlining.

Section 2. That this resolution be spread upon the minutes of Council.

Passed: March 11, 2020

Attest: 

Clerk



John Cranley, Mayor

Submitted by Mayor John Cranley 



Office of Mayor John Cranley

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Legislative and Regulatory Activities Division  
Office of the Comptroller of the Currency  
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Washington, District of Columbia 20219

**RE: Notice of Proposed Rulemaking, Community Reinvestment Act Regulations  
Docket ID OCC-2018-0008**

To Whom it May Concern:

The City of Cincinnati opposes the proposed changes to the Community Reinvestment Act (CRA) regulations because they would critically weaken this crucial civil rights law. The CRA was enacted to combat the longstanding “redlining” practices of lending institutions, which purposefully and negatively impacted low- to moderate-income (LMI) communities—specifically, communities of color. Since its enactment, the CRA has led to investment and reinvestment in these communities because of its strict requirements on banks to serve the needs of the neighborhoods in which they do business. In Cincinnati, these needs have not diminished but have remained constant or increased. Reducing the CRA’s requirements on lending institutions will only serve to exacerbate the financial and societal divide between our affluent and struggling communities.

In just the past decade, the CRA has resulted in significant investment in the Cincinnati metropolitan area. Based upon publicly available estimates, this investment includes:

- \$20,269,026,480 in mortgages were issued to LMI borrowers/communities
- \$5,579,637,790 in business loans were made to LMI neighborhoods
- \$4,080,206,000 in loans were issued to small businesses

This nearly \$30 billion in direct investment in Cincinnati’s LMI communities would not have been made absent the current CRA requirements.

The changes proposed by the Office of Comptroller of the Currency (OCC) and Federal Deposit Insurance Corporation (FDIC) would severely diminish these investments and would incentivize banks to ignore the people they serve in favor of large-scale capital deals that do not respond the needs of our local, historically redlined, communities of color and will exacerbate our existing

affordable housing crisis. They would further act as barriers to public accountability because they lack clear performance measures. In short, these changes would undercut the essential purpose of the CRA.


At the root of the proposed regulatory change is the imposition of a single measure to assess CRA performance. This reliance on a single metric by which to assess lending institutional CRA compliance severely diminishes the ability to effectively measure banks in the areas of community development investments, lending, and community development services. By allowing banks to invest in large capital deals to meet CRA compliance, the proposed change threatens to significantly reduce banks' investments in the neighborhoods they serve. In Cincinnati, this means that the gains we have made in fighting poverty in our communities of color through CRA investments would cease as banks would be incentivized and rewarded for pursuing investments that are less beneficial to these historically segregated and redlined communities. These are the very communities that continue to struggle while banks continue to thrive. There is no need to alter the CRA to make compliance more convenient for financial institutions.

The proposed changes would:

- Dilute the definition of “affordable housing” for purposes of CRA credit, resulting in a reduction in home ownership by LMI communities;
- Disincentivize banks from investing in Low Income Housing Tax Credits and redirect their efforts in activities that contribute to less public benefit;
- Divert banks' attention from development agencies that seek to improve real estate and promote job creation throughout the country; and
- Reduce the number of bank branches in the country, thereby increasing the difficulty that small businesses face in securing loans.

For these reasons, the City of Cincinnati urges you to uphold the purpose of the CRA by rejecting the proposed changes to ensure that banks continue reinvest where it is needed most.

Sincerely,



John Cranley  
Mayor, City of Cincinnati