

City of Cleveland Community Reinvestment Initiative

***Aisha Weeks
Bank Relations Manager
City of Cleveland
Department of Community Development
Prepared for City Council Budget Hearings February
20201***

Bank Relations Policy Tools

Federal Regulations

Community Reinvestment Act

- ▶ Enacted in 1977, requires federal regulators to encourage financial institutions to help meet the credit needs of the communities in which they take deposits, specifically low- and moderate income (LMI) communities.

Bank Mergers & Community Benefit Agreements

- ▶ The City of Cleveland participated in recent CBA agreement negotiations which resulted in National Community Benefit Agreements totaling:

Local Ordinance

Responsible Banking Ordinance (RBO)

- ▶ Seeks to leverage responsible loans, investments, and services from financial institutions receiving municipal deposits and other city business.

Community Reinvestment Initiative

- ▶ The City of Cleveland Ordinance Chapter 178.05 requires eligible depository institutions to execute Community Reinvestment Initiative Agreements with the Dept. of Community Development.

Community Development Bank Reinvestment Engagement Process



Community Reinvestment Plan of the Future>>>

Listening Tour

▶ Partners Engaged in Reinvestment Planning Process

1. *Huntington Bank*
2. *Dollar Bank*
3. *PNC Bank*
4. *Key Bank*
5. *Fifth Third Bank*
6. *First National Bank of PA*
7. *Citizens Bank*
8. *Third Federal Savings and Loans*
9. *US Bank*
10. *First Federal of Lakewood*
11. *Famicos Foundation*
12. *Cleveland Neighborhood Progress*
13. *Village Capital Corporation*
14. *YMCA-A Place for Me*
15. *CHN Housing Partners*
16. *Federal Reserve Bank of Cleveland*
17. *National Community Reinvestment Coalition (NCRC)*
18. *Cities for Financial Empowerment Fund (CFE)*

New Approach Community

Reinvestment Planning

An effective Community

Reinvestment Plan highlights

community needs; aligns with

Mayoral and Departmental priorities

and incorporates input from local

community partners.

Inequitable Lending Practices: Cleveland vs. Cuyahoga County

Lending Targets based on FDIC Deposit Market Share

2019	ACTUAL			LENDING TARGET	
Cleveland Share (%) of Cuyahoga Deposits (average for top five banks)	Home Purchase Lending (\$000) COUNTY (2017)	Home Purchase Lending (\$000) CLEVELAND (2017)	Cleveland share of County lending %	LENDING LEVEL (\$) based on Cle % of County market share	Diff between Actual & Target (Lending Gap)
73.73%	\$609,817	\$ 66,608	10.9%	\$ 430,351.64	\$(363,743.64)

2020-2023 Community Reinvestment Initiative Priorities >>>

- ▶ Priority #1-Banking institutions shall work to affirmatively close the lending gap experienced by many Cleveland neighborhoods and many Cleveland demographic cohorts
 - ▶ Racial Equity and Financial Inclusion: [Bank On CLE Coalition Launched](#)
- ▶ Priority #2- Participate in key Community Development and Economic Development projects throughout the City
- ▶ Priority #3- Increase Small Business lending, especially in low and moderate income census tracts and communities of color.
- ▶ Priority #4- City of Cleveland encourages formal coordinated efforts that can measure success with financial institutions.

Community Reinvestment 2020 Survey and Bank Engagement Discussion

# Banks Surveyed/Responses	16 banks received survey (Top 14 Banks-FDIC Market Share Report (plus two new to market))
	10 Banks completed survey; over 15 one-on-one reinvestment meetings held
Survey Focus	Assess mortgage lending, internal bank processes and provision of affordable banking services
	COVID-19 Response: How are banks helping residents with financial challenges faced due to the pandemic?
Salient Takeaways from Discussions	Pandemic as catalyst: banks seek to address racial inequities as demonstrated by billion dollar commitments.
	Banks seek partnership with the City and others, willing to engage long term to address longstanding challenges; particularly interested in solving for the appraisal gap.

Community Reinvestment Initiative of the Future>>>

- ▶ In conclusion, the City of Cleveland has at its disposal policy tools, both federal and local, that aid in advancing community reinvestment efforts.
- ▶ Our new approach seeks to engage all deposit taking financial institutions around our CRI Priority Recommendations with the goal of increasing lending and access to safe and affordable banking services for all Cleveland residents.