IMPACT Community Action
Serving Columbus and Franklin County

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While we agree The Community Reinvestment Act (CRA) needs a renovation, the solution is not the Trump administration's proposed partial demolition.

Historically banks have been hesitant and, in many cases, completely unwilling to lend money to residents in lower-income neighborhoods, although they have no issues with profiting from deposits taken from these same communities. Since 1977, the Community Reinvestment Act has shone a light on the issue, and required banks to provide mortgages, small-business loans and other services in all communities where they operate.

Under the current system, regulators evaluate the amount of money a bank invests into the community, and separately evaluates the services it provides, such as bank branches, financial education and low-cost checking accounts. The current rules also define eligible areas narrowly, and emphasize the volume of lending in terms of both number and size of loans; currently banks cannot meet the standards by investing large sums in a few projects.

The current federal banking regulators, picked by President Trump, have proposed CRA reform that enables banks to put less money into lower-income communities, while still allowing them to claim credit for lending that does not benefit those who actually live in the affected communities.

Joseph Otting, the Comptroller of the Currency, is pushing the proposed changes, and it appears he has the support of the F.D.I.C. Mr. Otting's proposal will provide each bank with a simple dollar target for community investment and give greater flexibility in the kinds of investments that count toward the target.

For example: Banks could count loans for improvements to development projects that happen to sit in poor neighborhoods. Case in point; under the proposal, it might be possible for the banks that financed the new Behavioral Health Center or the Crew Stadium, to claim credit for investing in low-income communities. This type of investing contributes to gentrification and displacement of low-income people, not at all what the Act was intended to do.

The proposed changes amount to a betrayal of the public interest for the benefit of the banking industry. An industry that has historically discriminated against low-income and minority communities via red lining and subprime lending.

These proposed changes decrease accountability and diminishes the community-based focus of the Act. As an organization that provides Financial Capability training, we have forged strong partnerships with our local banks. We call on our partners to raise a voice against these harmful proposals that undermine our community goal of becoming One Columbus with prosperity for all.

Please feel free to contact me by email at communications@impactca.org if you have any questions.

Sincerely,

Robert E Chilton

Robert 'Bo' Chilton
Chief Executive Officer