

**CITY OF BALTIMORE
COUNCIL BILL 15-0271R
(Resolution)**

Introduced by: Councilmembers Stokes, Scott, Costello, Kraft, Middleton, Clarke, President
Young, Councilmembers Mosby, Curran, Branch, Welch, Reisinger

Introduced and read first time: October 26, 2015

Assigned to: Taxation, Finance and Economic Development Committee

REFERRED TO THE FOLLOWING AGENCIES: Baltimore Development Corporation, Deputy Mayor
for Economic and Neighborhood Development, Mayor's Office of Minority and Women-Owned
Business Development

A RESOLUTION ENTITLED

1 A COUNCIL RESOLUTION concerning

2 **Informational Hearing – Making Microfinance Work for Baltimore**

3 FOR the purpose of calling on microfinance providers, community leaders, and City officials
4 responsible for economic development to appear before the City Council to discuss how to
5 make better use of the potential presented by internationally successful microfinance models
6 to improve low-income community access to much needed lending and other financial
7 products.

8 **Recitals**

9 Microfinance is the provision of financial services to low-income people who lack
10 meaningful access to the traditional banking sector. Seen as a powerful driver of societal change
11 abroad, microfinance principles are increasingly being applied here at home to empower
12 low-income families and communities in the U.S. as well.

13 For many low-income individuals, traditional banking and finance models are simply
14 unworkable. Lack of credit histories, steady income streams, or assets to use as collateral prevent
15 them from getting loans from most large lenders. A shortage of accessible bank branches in
16 disadvantaged neighborhoods, limited internet connectivity, and irregular cash flow can make
17 establishing checking or savings accounts difficult as well. Locked out of the mainstream
18 financial services market, and without the security a substantial regular paycheck provides higher
19 earners, low-income families are forced to rely on costly, risky, and unscrupulous options for
20 their financial needs – further exacerbating their poverty.

21 Microfinance providers seek to step up to fill this gap between the needs of low-income
22 communities and the resources available to them. They provide small, unsecured, low-interest
23 loans to budding entrepreneurs struggling to improve their lives and communities. They also
24 provide reliable savings options, credit building opportunities, and financial education that can
25 have life-changing effects.

EXPLANATION: Underlining indicates matter added by amendment.
~~Strike out~~ indicates matter deleted by amendment.

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1 In New York City hundreds of millions of dollars have been invested through microfinance
2 providers assisting tens of thousands of low-income families and individuals. Other cities as
3 diverse as Chicago, San Francisco, Charlotte, and Omaha have seen thousands of people helped
4 by tens of millions in microfinance investments as well.

5 However, despite the obvious need for these kinds of services here, Baltimore has not yet
6 seen widespread private microfinance investment.

7 Microfinance investment could be an ideal instrument to address many of Baltimore's needs.
8 It could provide the crucial break in the inter-generational cycle of poverty that blights far too
9 many of our neighborhoods by allowing those seeking to improve their situations the opportunity
10 to acquire the tools and support they need to move forward. It is important that the City do
11 everything it can to encourage the spread of empowering microfinance efforts throughout
12 Baltimore.

13 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That the
14 Council calls on microfinance providers, community leaders, and City officials responsible for
15 economic development to appear before it to discuss how to make better use of the potential
16 presented by internationally successful microfinance models to improve low-income community
17 access to much needed lending and other financial products.

18 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Mayor, the
19 President and CEO of the Baltimore Development Corporation, the Deputy Mayor for Economic
20 and Neighborhood Development, the Director of the Mayor's Office of Minority &
21 Women-Owned Business Development, and the Mayor's Legislative Liaison to City Council.