

Bond Case Briefs

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Court Allows Certain City of Oakland Claims to Proceed Against National Bank.

On June 15, the U.S. District Court for the Northern District of California [granted in part and denied in part](#) a national bank's motion to dismiss an action brought by the City of Oakland, alleging violations of the Fair Housing Act (FHA) and California Fair Employment and Housing Act. In its September 2015 complaint, Oakland alleged that the bank violated the FHA and the California Fair Employment and Housing Act by providing minority borrowers mortgage loans with less favorable terms than similarly situated non-minority borrowers, leading to disproportionate defaults and foreclosures causing reduced property tax revenue for the city. After the 2017 Supreme Court decision in *Bank of America v. City of Miami* (previously covered by a Buckley Sandler [Special Alert](#)), which held that municipal plaintiffs may be "aggrieved persons" authorized to bring suit under the FHA against lenders for injuries allegedly flowing from discriminatory lending practices, Oakland filed an amended complaint. The amended complaint expanded Oakland's alleged injuries to include (i) decreased property tax revenue; (ii) increases in the city's expenditures; and (iii) neutralized spending in Oakland's fair-housing programs. The bank moved to dismiss all of Oakland's claims on the basis that the city had failed to sufficiently allege proximate cause. The court granted the bank's motion without prejudice as to claims based on the second alleged injury to the extent it sought monetary relief and claims based on the third alleged injury entirely. The court allowed the matter to proceed with respect to claims based on the first injury and, to the extent it seeks injunctive and declaratory relief, the second injury.

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