

FY 2018 and FY 2019 Programmatic Appropriations Request

\$248 Million

Community Development Financial Institutions (CDFI) Fund

| Appropriations Subcommittee | Agency | Accounts |
|---|------------------------|--|
| Financial Services & General Government | Department of Treasury | Community Development Financial Institutions Program Account |

Programmatic Funding Request for CDFI Fund

The Community Development Financial Institutions Fund (CDFI Fund) administers a range of innovative and effective programs that enable Community Development Financial Institutions (CDFIs) to address the needs of their target markets. CDFI Fund programs include: Financial Assistance (FA) and Technical Assistance (TA) awards to small and emerging CDFIs as well as established CDFIs, the Native American CDFI Assistance (NACA) Program aimed at increasing the number and capacity of CDFIs serving Native communities; and the Bank Enterprise Awards (BEA) program providing monetary awards to FDIC-insured banks that invest in low income communities and/or CDFIs.

For FY 2018 and FY 2019, the CDFI Coalition urges Congress to continue its bipartisan support for CDFIs by providing \$248 million, the same level included in the FY 2017 omnibus and along the lines of that proposed by the Senate for FY 2018. These funds provide \$181.5 million for Financial Assistance (FA) and Technical Assistance (TA), which may be used to finance a variety of projects, including Healthy Foods businesses. We also urge Congress to extend the CDFI Bond Guarantee program at the authorized level, provide CDFI Fund assistance for persons with disabilities and continue to include provisions to waive matching requirements for small and emerging CDFIs and Native Americans programs, which the Coalition supports.

| Treasury Programs | FY 17 Final | FY 18 Budget | FY 18 House | FY 18 Senate | FY 18 Final | FY 19 Budget |
|-----------------------------------|-------------|--------------|-------------|--------------|-------------|--------------|
| CDFI Fund | 248 | 14 | 190 | 248 | | 14 |
| CDFI FA/TA Grant Programs | 161.5 | 0 | 137 | 181.5 | | 0 |
| Native Initiative | 15.5 | 0 | 15 | 15.5 | | 0 |
| Healthy Food Financing Initiative | 22 | 0 | 0 | 0 | | 0 |
| Bank Enterprise Award | 23 | 0 | 15 | 25 | | 0 |
| Capital Magnet Fund* | | - | | | | - |
| Admin and Research | 26 | 14 | 23 | 26 | | 14 |
| Disabilities Fund** | 3 | | 3 | | | |
| Bond Program | 500 | 500 | 500 | 500 | | 500 |

* mandatory account authorized under the Housing and Economic Recovery Act of 2008 and proposed for repeal in 2018

** set-aside from the FA/TA appropriations

Program Description

The CDFI Fund, established within the U.S. Department of Treasury in 1994, promotes community and economic development in distressed urban and rural communities by investing in and growing CDFIs across the country. **CDFIs significantly leverage CDFI Fund resources in communities and with people left out of the economic mainstream, generating \$12 in private capital for every dollar in CDFI grants.**

CDFIs are mission-driven financial institutions specialized in delivering affordable credit, development services, capital, and financial services to residents and businesses in capital-starved communities. CDFIs fill a vital niche in the nation's financial services delivery system by serving communities and market sectors conventional lenders cannot - with the ultimate goal of bringing CDFI customers into the mainstream economy as bank customers, homeowners and/or entrepreneurs.

CDFIs work in low-wealth communities in all 50 states and the District of Columbia, and the U.S. territories. CDFI Fund programs include: Financial Assistance (FA) awards to certified CDFIs and Technical Assistance (TA) grants to certified or emerging CDFIs; the Native American CDFI Assistance (NACA) Program aimed at increasing the number and capacity of CDFIs serving Native communities; and the Bank Enterprise Award (BEA) Program providing monetary awards to FDIC-insured banks that invest in low-income communities and/or in CDFIs.

Program Outcomes and Justification

Since 1994, the CDFI Fund has awarded more than \$2.8 billion on a competitive basis to CDFIs, including Native American CDFIs, small and emerging CDFIs and financial institutions through the BEA Program. The great need for this financing for low-income communities continues, as evidenced by the demand in the FY 2017 CDFI Program round, which included 437 applications requesting nearly \$564 million, the largest number of applications and amount requested ever submitted for a single round of the program.

In FY 2017, the CDFI fund used a revised application, designed to allow CDFIs of all types to demonstrate their impact as a financial institution. The CDFI Fund notes that as a result of these changes, “the percentage of the 224 CDFIs that received CDFI Program Financial Assistance awards in the FY 2017 round closely mirrored the percentage of institution types that applied.” In all, there were 303 awards for the CDFI and NACA programs, which includes 50 organizations receiving their first-ever financial Assistance award.

In FY 2017, CDFIs program awardees made over 120,000 loans or investments totaling over \$5 billion to over 12,000 small businesses. The average size of each loan or investment was \$41,744. CDFIs also financed over 27,962 affordable housing units. Some of the details of this activity include:

- 14,736 microloans totaling \$1 billion;
- 86,985 consumer loans totaling \$842 million; and
- 14,648 home improvement or home purchase loans equaling \$1.2 billion.

CDFIs Make Big Impacts in America’s Hardest Hit Rural Communities and Urban Neighborhoods

CDFIs are increasingly investing in some of the poorest communities in America – where poverty is over 30 percent or median incomes are under 60 percent of the area median. Further compounding issues of poverty, these areas typically lack access to affordable financial services. CDFIs are making a difference in rural communities and areas of persistent poverty that have been left outside the economic mainstream. In the FY 2017 round, 29 percent of the awardees primarily serve rural target markets, with approximately 14 percent of the country living in rural communities.