



May 18, 2018

The Honorable Richard Shelby  
Chairman, Committee on Appropriations  
U.S. Senate  
Washington, DC 20510

The Honorable Patrick J. Leahy  
Vice Chairman, Committee on Appropriations  
U.S. Senate  
Washington, DC 20510

The Honorable James Lankford  
Chairman,  
Financial Services & General Government  
Subcommittee  
Committee on Appropriations  
U.S. Senate  
Washington, DC 20510

The Honorable Christopher A. Coons  
Ranking Member,  
Financial Services & General Government  
Subcommittee  
Committee on Appropriations  
U.S. Senate Washington, DC 20510

Dear Chairmen Shelby and Lankford, and Ranking Members Leahy and Coons:

We, the undersigned organizations, write to express our opposition to the provision included in H.R. 3 that rescind \$22.78 million from Bank Enterprise Awards (BEA) and \$141.76 million in funding for the Capital Magnet Fund (CMF). Both programs are administered by the Community Development Financial Institutions Fund of the Treasury Department. Both rescissions were also proposed by the Administration.

Despite widespread support for CDFI Fund Programs, including the passage of the FY 2017 and FY 2018 appropriations bills, H.R. 3 rescinds funding for community development programs that have a long history of bipartisan support. The rescission proposal would claw back \$22,787,358 from Fiscal Year 2017 for Bank Enterprise Awards (BEA), and \$141,716,839 from Capital Magnet Fund (CMF) authorized by the Housing and Economic Recovery Act (HERA) of 2008 (Public Law 110-289) for FY 2018. The funds on hand at CMF and proposed for rescission are not federal funds. HERA authorized transfers from Government Sponsored Entities (GSEs) to CMF.

The BEA program has awarded grants totaling more than \$447 million to many small banks, especially those operating in underserved rural and urban markets. BEA has provided the resources to enable many of these financial institutions to increase and sustain their activities in some of the most economically distressed communities and markets that have been increasingly abandoned by large banks.

According to analysis done by the Community Development Bankers Association, in 2016: 20 percent of awardees were Minority Depository Institutions (MDIs); 92 percent of BEA award dollars went to banks with a total asset size of less than \$1 billion; 35 percent of BEA award dollars went to banks with a total asset size of less than \$250 million; and 92 percent of BEA award dollars went to certified CDFI banks.



Moreover, this is a highly competitive and in-demand resource, with only \$1 in BEA funding available for every \$7.82 in requests.<sup>1</sup>

CDFI Fund data<sup>2</sup> shows that the BEA Program awardees have:

- Increased their loans, deposits, and technical assistance to CDFIs by \$41 million
- Increased their equity and equity-like loans and grants to CDFIs by \$8.8 million
- Increased their loans and investments in distressed communities by \$308.2 million; and
- Increased their provision of financial services in distressed communities by \$3.5 million.

The CMF program has also made a significant impact in low-income communities. CDFI Fund data released this year on the FY 2010 funding round of CMF shows that the 23 awardees have used the \$80 million in grants to attract \$1.8 billion in other investment by the public and private sector (a 22:1 ratio); have produced 13,325 affordable homes for families, seniors, veterans, the homeless, and the disabled; and have created or retained 16,000 jobs across America.<sup>3</sup>

The 2017 funding round of \$120 million will enable 40 grantees to serve 41 states and the District of Columbia. Those 40 organizations are projected to create approximately 17,000 additional jobs, produce 21,000 affordable homes and attract more than \$3.2 billion in additional investment in both rural and urban areas. Of that investment, 78% (\$2.5 billion) is expected to come from the private sector.<sup>4</sup>

The CMF is an essential resource in efforts to combat the lack of affordable housing in the United States. In fact, the number of renter households considered severely cost burdened—that pay more than half of their income in rent—is near an all-time high of 11.4 million families, 3.7 million more than in 2001 and one in four of all renters in the United States.<sup>5</sup>

These programs have been successfully serving the financial needs of economically distressed rural communities and urban neighborhoods nationwide. CDFIs generate \$12 in capital for every dollar in CDFI grants, which are deployed in communities and with people left out of the economic mainstream.

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<sup>1</sup> 2016 Data from the CDFI Fund's BEA Award Book and the FDIC website analyzed by *Community Development Bankers Association*; BEA 2016 Award Book: <https://www.cdfifund.gov/Documents/REVISED%20FINAL%202016%20BEA%20Award%20Book%20%20updated%20091817.pdf> and FDIC: <https://research.fdic.gov/bankfind/>

<sup>2</sup> *Bank Enterprise Award Program*, CDFI Fund Fact Sheet available at: [https://www.cdfifund.gov/Documents/CDFI7205\\_FS\\_BEA\\_updatedFeb2018.pdf](https://www.cdfifund.gov/Documents/CDFI7205_FS_BEA_updatedFeb2018.pdf)

<sup>3</sup> *Capital Magnet Fund*, CDFI Fund Fact Sheet available at [https://www.cdfifund.gov/Documents/CMF%20Fact%20Sheet%20Apr2017\\_vfinal2.pdf](https://www.cdfifund.gov/Documents/CMF%20Fact%20Sheet%20Apr2017_vfinal2.pdf)

<sup>4</sup> The 2017 funding round was the third set of CMF awards: The CDFI Fund estimates that the 32 awardees of \$91.5 million in funding are on track to provide 17,000 affordable homes, leverage over \$3 billion in public and private sector capital, and create or retain over 17,000 jobs—figures which, like the FY 2010 round, will only increase as awardees recycle CMF loans that have been repaid.

<sup>5</sup> Harvard University Joint Center for Housing Studies (JCHS), “The State of the Nation’s Housing, 2017” [http://jchs.harvard.edu/research/state\\_nations\\_housing](http://jchs.harvard.edu/research/state_nations_housing)



While it is true that CDFIs have succeeded in building up businesses, creating jobs and expanding housing opportunity in communities dealing with downturned economies and a lack of investment, there is still more work to be done and CMF and BEA are a part of the solution.

Sincerely,

Chicanos Por La Causa	Arizona
FBT Bank & Mortgage	Arkansas
Clearinghouse CDFI	California
Self-Help Enterprises	California
TELACU	California
Colorado Enterprise Fund	Colorado
Mercy Loan Fund	Colorado
Carver State Bank	Georgia
SunTrust	Georgia
Idaho-Nevada CDFI	Idaho
FUND Consulting	Illinois
National Community Investment Fund	Illinois
Fahe	Kentucky
Metro Bank	Kentucky
Northern Maine Development Commission	Maine
The Genesis Fund	Maine
Coastal Enterprises, Inc.	Maine
New Hope Community Capital, Inc.	Massachusetts
Midwest Minnesota Community Development Corporation	Minnesota
Community Reinvestment Fund, USA,	Minnesota
Cleveland State Bank	Mississippi
Renaissance Community Loan Fund	Mississippi
Leviticus Fund	New York
Local Initiatives Support Corporation (LISC)	New York
Washington Heights and Inwood Development Corporation	New York
Community Development Venture Capital Alliance	New York
National Federation of Community Development Credit Unions	New York
Self-Help Ventures Fund	North Carolina
Anchor Financial Services	Ohio
Citizen Potawatomi	Oklahoma
MetaFund	Oklahoma
Reinvestment Fund	Pennsylvania
West Philadelphia Financial Services Institution	Pennsylvania
Opportunity Finance Network	Pennsylvania



Security Federal Bank	South Carolina
Wilson Consulting Associates	South Carolina
South Carolina Community Bank	South Carolina
Homes Are Possible, Inc.	South Dakota
Pathway Lending	Tennessee
Home Sweet Home Community Redevelopment	Texas
Rio Grande Valley Multibank	Texas
GECU	Texas
Housing Vermont	Vermont
Capital Impact Partners	Virginia
Impact Capital	Washington
Northwest Native Development Fund	Washington
CDFI Coalition	Washington, DC
Enterprise Community Partners	Washington, DC
Low Income Investment Fund	Washington, DC
The Binnick Group	Washington, DC
Association for Enterprise Opportunity	Washington, DC
Community Development Bankers Association	Washington, DC
National Cooperative Bank, Washington, DC	Washington, DC
New Markets Tax Credit Coalition	Washington, DC
Partners for the Common Good	Washington, DC
Natural Capital Investment Fund	West Virginia
Urban Economic Development Association of Wisconsin, Inc. (UEDA)	Wisconsin