CDFI COALITION OF COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

FY 2017 and 2018 Programmatic Appropriations Request

$250 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 CDFI Fund administers a range of innovative and effective programs that enable 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 2017 and FY 2018, the CDFI Coalition urges Congress to continue its bipartisan support for CDFIs by providing $250 million, along the lines of H.R. 5485, which was passed by the House in July 2016. These funds should provide $184 million for Financial Assistance (FA) and Technical Assistance (TA) grants, which may be used to finance a variety of projects, including Healthy Foods businesses. We support appropriations of at least $16 million for Native Initiatives and $23 million for the Bank Enterprise Awards. We also support efforts to assist persons with disabilities and provide adequate administrative funding for the CDFI Fund. We also urge Congress to extend the CDFI Bond Guarantee program at the authorized level. H.R. 5485 also included provisions to waive matching requirements for small and emerging CDFIs and Native Americans programs, which the Coalition supports.

Final FY 2016 Appropriations

	FY 2016 *(in millions)*
CDFI Fund Appropriation	$233.5
CDFI Program (FA/TA)	153.4
Healthy Foods	22
Small Dollar Loan Fund	N/A
Native Initiatives	15.5
Bank Enterprise Award	19
Admin Expenses	23
CDFI Bond Program	750

Program Description

The Community Development Financial Institutions Fund (CDFI Fund) was established within the U.S. Department of Treasury in 1994 to promote community and economic development in distressed urban and rural communities by investing in and growing Community Development Financial Institutions (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.**

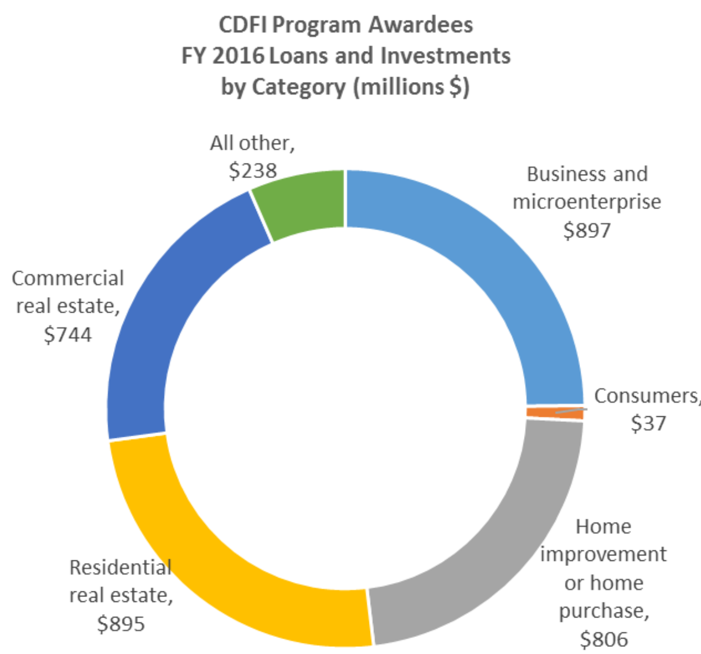
CDFIs are mission-driven financial institutions specialized in delivering affordable credit, development services, capital, and financial services to residents and businesses in capital-starved communities. CDFIs fill a vital niche in the nation's financial services delivery system by serving communities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

CDFIs work in low-wealth communities in all 50 states and the District of Columbia. 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 $2.4 billion on a competitive basis to CDFIs, including Native American CDFIs, small and emerging CDFIs and financial institutions through the BEA Program. In FY 2016, CDFIs made over 39,000 loans or investments totaling over $3.6 billion, and financed over 11,000 small businesses. The average loan size was $91,700. CDFIs also financed over 33,000 affordable housing units. Some of the details of this activity include:

- 13,300 microloans totaling $897 million;
- 11,000 consumer loans totaling $37 million; and
- 11,600 home improvement or home purchase loans equaling $806 million.



The University of Virginia Darden School of Business found that despite serving predominately low-income markets, CDFI banks and credit unions had virtually the same level of performance as mainstream financial institutions. According to a Brooking Institution study of 81 CDFIs managing $1.8 billion in assets, the CDFIs provided more than $2.9 billion in financing with a 1.8 percent cumulative loss rate, consistently low delinquencies, and no losses of investor principle.

In addition to financing housing and businesses, CDFIs are providing essential financial services to low-income individuals in underserved markets. According to data from the National Federation of Community Development Credit Unions, CDFI Credit Unions made $17.1 billion in consumer loans in 2015, or 65 percent of their activity. CDFI Credit Unions made 2.84 million loans totaling $25 billion in 2015.

Through the BEA Program, the CDFI Fund provides awards to FDIC-insured depository institutions for investing in CDFIs and in economically distressed communities. To date, BEA program awards have spurred $124.3 million additional investments in certified CDFIs loans, $1.2 billion new investments in distressed communities and $66.7 million in financial services.

CDFIs Poised to Make Big Impacts in America's Hard-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. Before the recession, 27 percent of CDFI investments were located in these "severely distressed" communities. By 2013, that number had risen to 44 percent. CDFIs' geographic coverage has increased significantly between 2003 and 2013. The percentage of counties receiving at least one loan or investment increased from 23 percent to 48 percent.