

United States Senate

WASHINGTON, DC 20510

March 18, 2016

The Honorable John Boozman
Chairman
Subcommittee on Financial Services
& General Government
Senate Appropriations Committee
The Capitol, S-131
Washington, D.C. 20510

The Honorable Chris Coons
Ranking Member
Subcommittee on Financial Services
& General Government
Senate Appropriations Committee
The Capitol, S-131
Washington, D.C. 20510

Dear Chairman Boozman and Ranking Member Coons:

We are writing to request that the Financial Services and General Government Appropriations Act for fiscal year 2017 provide \$245.9 million for the Community Development Financial Institutions Fund.

The Community Development Financial Institutions Fund (CDFI Fund) was established within the U.S. Department of Treasury in 1994¹ to promote community development in economically distressed urban and rural areas by investing in mission-driven financial institutions, known as community development financial institutions (CDFIs).

There are now 954 certified CDFIs working in low-wealth communities across the country – including 510 CDFI loan funds, 251 CDFI credit unions, 170 depository institution holding companies, banks or thrifts and 14 CDFI venture capital funds - all providing the flexible, market-driven products and services that consumers and small business owners need to grow and thrive. CDFIs are able to serve urban and rural communities and reach market sectors that traditional financial institutions cannot and the ultimate goal of a CDFI is to transition their customers into the mainstream economy as bank customers, home owners and/or entrepreneurs.

Additionally, since 1994, the CDFI Fund has awarded more than \$2.3 billion on a competitive basis to CDFIs and these federal dollars have effectively been leveraged, loaned and invested in urban and rural communities across the country where they are creating jobs and strengthening local economies. Last year, CDFIs originated 41,000 loans or investments totaling \$3 billion and financed 10,000 small businesses, and 25,000 affordable housing units. The CDFI Fund also administers the New Market Tax Credit Program and the CDFI Bond Guarantee Program, both designed to generate lending and investing to promote community revitalization, business development, and job creation in economically distressed communities¹.

The CDFI Fund provides resources for 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; Healthy Food Financing Initiative (HFFI) to expand financing for healthy food options in underserved urban and rural communities; the Bank Enterprise Awards (BEA) program providing monetary awards to FDIC-

¹The CDFI Fund was authorized as part of the *Riegle Community Development and Regulatory Improvement Act (PL 103-325)*.

insured banks that invest in low income communities and/or CDFIs and a new small dollar loan program.

We appreciate the important work that CDFIs do in our home states financing new and growing businesses, delivering financial services to distressed urban neighborhoods and remote rural areas, and facilitating the development of strong economically vibrant communities.

We strongly urge you to continue supporting the work of CDFIs by including \$245.9 million for the CDFI Fund in the FY 2017 appropriations bill.

Sincerely,

Robert Menendez

Ben Card

Maria Cantwell

Jeanne Shaheen

Dianne Feinstein

Mazie Hirono

Chuck Sch

Elizabeth Warren

Jeffrey A. Merkley

Jon Tester

Al Franken

Bob Sanders

J. B.

Samudra Brown

Duck Decker

Daryl Cox

Debbie Starnow

Amy Klobuchar

August King

Patrick Leahy

Lon Wypen

Joe Donnelly

Brian Eckert

John Reed

Robert Frost

Lin Munn

Kirsten Hillibrand

¹ The New Markets Tax Credit, the CDFI Bond Program and the Capital Magnet Fund do not require an appropriation other than funds requested to cover administrative costs associated with the programs.