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The Honorable Chris Van Hollen The Honorable Bill Hagerty

Chairman Ranking Member

Subcommittee on Financial Services Subcommittee on Financial Services & General Government & General Government

Senate Appropriations Committee Senate Appropriations Committee

The Capitol, S-131 The Capitol, S-131

Washington, D.C. 20510 Washington, D.C. 20510

Dear Chairman Van Hollen and Ranking Member Hagerty:

We write in support of at least $341 million as proposed by the Fiscal Year 2024 Department of the Treasury Budget for the Community Development Financial Institutions Fund (CDFI Fund). The CDFI Fund administers innovative and effective programs that enable Community Development Financial Institutions (CDFIs) to address the needs of underserved urban, rural, and Native communities that traditional financial institutions cannot.

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 CDFIs. CDFIs use these awards to provide a range of financial products and services to revitalize communities and increase economic opportunity. CDFI programs also include the Small Dollar Loan Program and Economic Mobility Corps. The CDFI Fund also administers the New Market Tax Credit Program, the Capital Magnet Fund, and the CDFI Bond Guarantee Program, designed to generate lending and investing in promoting community revitalization, business development, affordable housing, and job creation in economically distressed communities.

There are over 1380 certified CDFIs[1](#_bookmark1). Since 1994, the CDFI Fund has awarded $5.6 billion in total funding to CDFIs, which leverage over $12 in capital from other sources for every dollar of CDFI Fund assistance. According to the most recent CDFI Fund report, in 2021, CDFI program awardees made over 1.4 million loans or investments totaling more than $53 billion. CDFIs also financed some 65,000 affordable housing units.

[1](#_bookmark0) To be eligible for CDFI certification, an organization must be a non-governmental entity (except Tribal governmental entities); with a primary mission of promoting community development; that provides both financial and educational services to one or more defined low-income target markets; and is accountable to the target market it serves—number current as of 12/1/2021.

As the economy recovers, small businesses and entrepreneurs in disadvantaged communities will need the patient, flexible capital available through CDFIs. With CDFIs’ demonstrated success, a robust appropriation would provide much-needed means and services to consumers and small businesses, especially in rural and urban low-income communities.

Communities will put those dollars to work, improving access to healthy food, financing affordable housing, building and repairing community facilities, expanding businesses, and improving opportunities for persons with disabilities.

For these reasons, we strongly urge you to continue supporting the work of CDFIs with an appropriation for the CDFI Fund of $341 million for FY 2024

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