CDFI COALITION OF COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

Transition Paper for the Trump Administration

EXECUTIVE SUMMARY

Coalition of Community Development Financial Institutions (CDFI Coalition), the unified voice for CDFIs, makes the following recommendations for the Trump Administration:

- **Maintain Funding for the CDFI Fund:** We recommend $354 million in appropriations for the CDFI Fund in FY 25, as approved on a bipartisan basis by the Senate Appropriation Committee. We urge the Trump Administration to continue its support for CDFIs by maintaining funding in its FY 26 budget. The CDFI Fund is the principal federal agency for meeting the needs of credit-starved, economically distressed urban neighborhoods, rural and tribal communities. CDFIs put federal resources in America's forgotten communities, leveraging 12 dollars for every dollar of federal funding.
- **Make the New Markets Tax Credit (NMTC) permanent:** The NMTC, which has delivered nearly $140 billion in resources to hard hit communities, expires at the end of 2025. The program compliments the Opportunity Zone initiative and has consistently received bipartisan support, including strong support from Chairman Crapo (R-ID) and Smith (R-MO).
- **Enhance the CDFI Bond Guarantee Program:** Strengthen the program by (1) reducing the minimum bond issuance from $100 million to $25 million, (2) increasing program efficiency and consistency by granting the BGP permanent authority, and (3) providing a small appropriation to cover the cost of the program.
- **Enact a CDFI Tax Credit:** A persistent challenge for CDFIs is their inability to access long-term credit. To help address this challenge, Sens. Wicker (R-MS) and Warner (D-VA) introduced to create a Community Development Investment Tax Credit that would help unlock more equity and long-term financial capital for CDFIs.
- **Enact the Scaling Community Lenders Act:** Bipartisan legislation that would expand CDFIs' access to capital through secondary markets.
- **Preserve Community Reinvestment Act regulations supporting CDFIs:** If amendments are made to the current proposed CRA rule, we urge the Administration to preserve regulations supporting bank investment in CDFIs.

Other Key Points:

- **CDFIs serve as important partners in the Opportunity Zone (OZ) initiative**: Because of their expertise, mission-driven approach, and established relationships with underserved communities, CDFIs play a crucial role in ensuring the success of the OZ program. CDFIs have experience structuring complex development projects, including affordable housing, small business lending, and infrastructure improvements. CDFIs can combine Opportunity Zone investments with other sources of capital to amplify the impact of projects.
- **CDFIs disproportionately provide critical support to rural America**: In FY2023, recipients of CDFI Program, Native Assistance, and Rapid Response awards made 25.5% of their loans

and investments in rural America[1], far more than the roughly 20 percent of the population that resides in rural communities. According to the Federal Reserve's 2023 CDFI Survey, 25 percent of CDFIs serve rural areas either primarily or exclusively.

[1] CDIF Coalition analysis of CDFI Transaction Level Data, FY23. Rural is defined as any census tract with a Rural Urban Community Code between 4 and 10 according to the U.S. Department of Agriculture.

INTRODUCTION

The following paper was prepared by the Coalition of Community Development Financial Institutions (CDFI Coalition), the unified voice for CDFIs. The CDFI Coalition was formed in 1992 by nonprofit organizations, community development professionals, and activists who were deeply concerned about the persistent and pervasive lack of financing capital available in distressed urban neighborhoods and poor rural communities. For more than three decades, these organizations—including loan funds, community development banks, community development corporations, venture funds, microlenders, and community development credit unions—have been working on the ground to finance and invest in affordable housing, small businesses, and community facilities, as well as offering consumer financial services, including a variety of services targeted to unbanked and underbanked businesses and individuals.

Over the course of the CDFI Fund's existence, it has expanded its program offerings to address market failures in access to capital. Following the establishment of the CDFI Fund's Bank Enterprise Awards, Financial, and Technical Assistance Programs, Congress established the New Markets Tax Credit Program in 2000 and added programs to support Native communities in 2001. In a little over a decade, the CDFI Fund has been further tasked with administering the Capital Magnet Fund Program, the CDFI Bond Guarantee Program, Small Dollar Loan Program, Bank Enterprise Award Program, and Healthy Food Financing Initiative. During this period, Congress has increased appropriations, but the CDFI Fund is still only meeting a fraction of the need in underserved markets.

CDFIs, as unique and mission-driven financial institutions, play a pivotal role in delivering affordable credit, development services, capital, and financial services to residents and businesses in capital-starved communities. They occupy a crucial niche in the nation's financial services delivery system, serving communities and market sectors that conventional lenders cannot. Their ultimate goal is to integrate CDFI customers into the mainstream economy as bank and credit union customers, homeowners, and entrepreneurs, thereby significantly contributing to these communities' economic growth and development.

With a track record of success, over 1,400 Treasury-certified CDFIs are actively working in low-wealth communities across all 50 states, the District of Columbia, and the U.S. territories. Since its establishment in 1994, the CDFI Fund has awarded over $8 billion in total funding to CDFIs. This funding has been instrumental in leveraging over $12 in capital from other sources for every $1 of CDFI Fund assistance, demonstrating the Fund's effectiveness and the potential impact of the requested funding. The CDFI Fund administers the following core programs and each program awards funds annually through an independent and competitive application process, including the *Financial Assistance (FA), Technical Assistance (TA) Awards, The Native American CDFI Assistance (NACA) Program, The Bank Enterprise Award (BEA) Program, New Markets Tax Credit (NMTC)*

Program, Capital Magnet Fund, the CDFI Bond Guarantee Program, Economic Mobility Corps, and Small Dollar Loan Program.

In 2020, President Trump signed legislation providing the largest ever investment in Community Development Financial Institutions, which included $12 billion in funding for CDFIs and MDIs to address the economic effects of the pandemic. In his second term, CDFIs can again serve a critical role in helping the President achieve his economic policy agenda by bringing down housing costs and expanding opportunity in underserved communities.

RECOMMENDATIONS

RECOMMENDATION: MAINTAIN FUNDING FOR THE CDFI FUND IN YOUR ANNUAL BUDGET

A strong CDFI Fund means more access to capital in areas underserved by conventional lenders. We urge President Trump to continue to grow the Fund to meet the needs of underserved communities.

CDFIs represent a paradigm shift for federal community development policy. With a relatively minor federal investment, CDFIs leverage private funding and experience to enable the people who know best – neighbors, entrepreneurs, local elected officials and community leaders, many of whom serve on CDFI boards and help to guide the organizations, to develop businesses and projects, request financing, and determine the community development priorities in their area.

In Fiscal Year 2024, the appropriation for the CDFI Fund totaled $324 million. While this amount represents a substantial investment, the CDFI Fund has increasingly become the principal federal agency for stimulating private sector investment in America's forgotten communities. As noted, CDFIs are operating in some of the most economically distressed communities in America and working with some of the nation's most disadvantaged populations. By leveraging over $12 in private capital to every $1 in federal support, CDFIs are filling the yawning credit gap encountered in many communities, creating jobs improving housing and community facilities and creating economic opportunity.

The CDFI Fund has enjoyed bipartisan support. In the House in 2024, Representatives Bacon (R-NE) and Lee (D-CA) circulated a letter to the Appropriations Committee, and over 90 Members signed in support of $341 million for the Fund. In the Senate, 48 senators from both parties signed a letter in support of CDFI Fund appropriations. The Senate Financial Services and General Government Subcommittee of the Appropriations Committee approved $354 million in appropriations for the CDFI Fund.

The CDFI Fund accomplishes its mission with very little funding and a small federal workforce. As stated earlier, the CDFI Fund represents a paradigm shift in federal funding – utilizing scarce federal resources to leverage significant private capital. The Fund has operated in an incredibly streamlined manner and utilizes the CDFIs, community development entities, affordable housing developers and their bank and financial partners to make the funding and investment decisions on the ground. The CDFI Fund must provide responsible and appropriate oversight, administer funding competitions, and ensure that the Administration's and Congress' priorities are being met.

The CDFI Fund's programmatic responsibilities include the NMTC ($5 billion), Financial and Technical Assistance Awards ($290 million), Bond Guarantee program ($500 million in annual authority), the Capital Magnet Fund ($246 million), and several other programs totaling more than $100 million. The CDFI Fund also certifies all CDFIs and CDEs. The FY 24 administrative budget for the CDFI Fund was $35 million.

RECOMMENDATION: MAKE THE NEW MARKETS TAX CREDIT PERMANENT

The New Markets Tax Credit (NMTC), administered by the CDFI Fund, was established in the Community Renewal Tax Relief Act of 2000 (PL 106-554) and has been extended by Congress eight times since its original authorization in 2000. These extensions, along with the original NMTC legislation, have been supported by both political parties. The current authorization, enacted in the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (PL-116-260), extended the NMTC for 2021-2025 at $5 billion in annual allocation authority.

NMTC provides a 7-year, 39 percent credit against federal income taxes. The purpose of the NMTC is to leverage private sector capital in low-income communities, defined as census tracts with poverty rates of at least 20 percent or median incomes at or below 80 percent of the area median income. The CDFI Fund conducts an annual competition for NMTC allocation. In the most recent competition, the Fund received over $14 billion in applications for $5 billion in allocation. Over 50 percent of awarded applicants were affiliated with a CDFI.

In the 118th Congress, the New Markets Tax Credit Extension Act of 2023 (HR 2539 and S. 234) was sponsored by some 150 Members of Congress from both political parties. In the 119th, Reps, Claudia Tenney (R, NY) and Terri Sewell (D, AL) and Sens. Steve Daines (R, MT) and Mark Warner (D, VA) will soon introduce the NMTC Extension of 2025. That bill provides a permanent extension of the Credit, $5 billion in annual allocation authority with inflation adjustments in the out years, and an exception from the Alternative Minimum Tax for NMTC investments.

NMTC Allocation by Organization-Type

Controlling Entity Type	2016	2017	2018	2019	2020	2021	2022	2023
Banks	9.6%	9.0%	8.9%	12.3%	9.3%	9.4%	10.1%	5.8%
CDFIs*	45.1%	52.1%	45.1%	47.3%	48.4%	43.6%	44.7%	50.2%
Other For-Profits	23.9%	21.4%	27.7%	24.9%	29.3%	25.4%	23.4%	27.3%
Government-Affiliated	16.4%	11.1%	13.9%	11.0%	12.4%	14.9%	15.4%	10.6%
Other Nonprofits	5.0%	6.3%	4.4%	4.5%	0.6%	6.8%	6.4%	6.1%

*CDEs with CDFI controlling entities or CDFI affiliates

The NMTC expires on December 31, 2025. Making the program permanent would boost efficiency by providing certainty to businesses and community leaders, delivering more capital to low-income communities.

RECOMMENDATION: IMPROVE THE CDFI FUND BOND GUARANTEE PROGRAM

The CDFI Bond Guarantee Program (BGP) provides long-term, fixed-rate capital for a wide range of projects in low-income urban, rural, and Native communities nationwide. Despite the unique benefits of the BGP, the program has not realized its full potential. Only 26 CDFIs have participated in the bond program, and as Qualified Issuers, many CDFIs, particularly smaller organizations, cannot access this valuable source of long-term, fixed-rate financing. The CDFI Coalition recommends strengthening the program by (1) reducing the minimum bond issuance from $100 million to $25 million, (2) increasing program efficiency and consistency by granting the BGP permanent authority, and (3) providing a small appropriation to cover the cost of the program.

RECOMMENDATION: ENACT A CDFI INVESTMENT TAX CREDIT

A persistent challenge for CDFIs is their inability to access long-term credit. To help address this challenge, Senators Wicker (R-MS) and Warner (D-VA) introduced legislation to create a Community Development Investment Tax Credit that would help unlock more equity and long-term financial capital for CDFIs. The legislation would provide a tax credit to private sector investors that make equity, equity-equivalent investments, or long-term patient capital available to CDFIs. The bill would support CDFIs of all types including banks, credit unions, venture capital CDFIs, and loan funds, while providing institutions with the maximum flexibility and financial support they need to increase wealth in low- and moderate-income communities.

RECOMMENDATION: ENACT THE SCALING COMMUNITY LENDERS ACT OF 2023

The Bipartisan Scaling Community Lenders Act would authorize new resources to activate and fund the CDFI liquidity enhancement program, Section 113 of the Riegle Act of 1994. The legislation also authorizes the CDFI Fund to finance organizations to purchase or participate in loans made by CDFIs, provide guarantees, loan loss reserves, and other credit enhancements to CDFIs, and to take measures to improve the liquidity of CDFIs.

The Scaling Community Lenders Act further authorizes awards to qualified organizations, with the principal purpose of promoting community development, to carry out the liquidity enhancement program. Priority is given to organizations with a track record of purchasing or participating in loans from CDFIs, the ability to leverage federal funds, and organizations with either a wide geographic coverage area or serve borrowers with unmet capital or financial service needs. A portion of these authorized funds must be used to complete a study on other liquidity and secondary market opportunities by the Treasury Department.

RECOMMENDATION: MAINTAIN CONSIDERATION OF SUPPORT FOR CDFIS IN CRA REGULATIONS

The CRA regulations proposed in 2020 and the current rewrite both recognized the important role CDFIs play in helping banks meet their CRA obligations. Banks and FDIC-insured depository institutions often look to CDFIs when they seek to meet the requirements of the CRA. Banks help capitalize CDFIs, and funds managed by CDFIs with grants and equity as shareholders and provide them with deposits, loans, and investments. In return, banks receive CRA consideration for serving borrowers outside their typical customer profiles through a responsible CDFI partner.

CDFIs rely on CRA to secure capital from private financial institutions. CDFI Program Award recipients raise 21 percent of their capital from financial institutions, according to the latest data from the CDFI Fund. Without CRA, the CDFI industry today would be a fraction of its current size, and the scale of its lending, investing, and impact correspondingly reduced. Communities count on CDFIs, and CDFIs count on CRA to secure capital.

AGENCY RECOMMENDATIONS

MAINTAIN STRONG CDFI CERTIFICATION STANDARDS

The CDFI Fund recently overhauled its CDFI certification process to ensure that CDFIs are responsibly providing financial products and services to low-income communities. The new administration should maintain strong certification standards to ensure that its resources are directed to the institutions that most effectively serve underrepresented and economically distressed communities. The CDFI Fund's newly implemented certification application will ensure that certified CDFIs are genuinely mission-driven, with a proven ability to offer responsible and affordable financial products to individuals and businesses in areas where traditional financial services may be inaccessible. Strong certification criteria also help to preserve the integrity of the program, prevent fraud, and guarantee that taxpayer dollars are used efficiently. By maintaining rigorous standards, the CDFI Fund can support institutions that are truly dedicated to promoting financial inclusion, fostering economic growth, and closing the gap of financial inequality in the communities that need it most.

BACKGROUND: THE CONTINUED NEED FOR CAPITAL IN RURAL AMERICA

Small towns and farming communities also continue to be underserved by conventional lenders. Consistent investment in CDFIs will help build a strong foundation for sustainable economic growth in distressed, rural communities.

Several trends have put the squeeze on rural America. For instance, the number of community banks in the United States has declined by an average of 300 per year over the past 40 years. According to data from the Federal Reserve, the number of community banks declined from 14,000 to only about 4,000. While there is poverty in both urban and rural counties, persistent poverty is far more likely to be seen in rural counties.

CDFIs are helping fill the gap in many rural communities. According to the Federal Reserve's 2023 CDFI Survey, 25 percent of CDFIs serve rural areas either primarily or exclusively. An analysis of CDFI Fund Transaction Level data backs this up, showing that $18.7 billion (25.5 percent of FY2023 investments by recipients of CDFI Fund awards) reached rural America. In many rural communities, including Eastern Kentucky, CDFIs are the only source of capital to grow businesses, support homeownership, and rebuild community infrastructure.

Residents of Native Communities also face significant challenges in securing home loans, consumer credit, and commercial credit, including substantially longer distances from brick-and-mortar financial institutions and poor and limited internet for mobile or online banking. These challenges are compounded by a lack of equity resources to invest in small businesses and housing production as well as limited credit history for potential entrepreneurs and homeowners. Additionally, many Native entrepreneurs have found it difficult to secure commercial bank financing, especially given misperceptions and a lack of understanding about Indian Country. According to a 2024 survey of indigenous adults, only 17% of respondents said neither they nor anyone in their household own a bank account, which is nearly quadruple the national estimate of 4.5% of all households, according to the FDIC. CDFIs are also helping fill this gap. There are 66 Native CDFIs dedicated to Native Communities, a number that continues to grow.

BACKGROUND: CDFIS HELP BANKS REACH NEW MARKETS AND CUSTOMERS

Because CDFIs and banks share a market-based approach to serving communities, CDFIs often work in partnership with banks to develop innovative ways to deliver loans, investments, and financial services to distressed communities. CDFIs can help banks reach and serve the needs of underserved populations and communities because they have access to and expertise in serving these populations and geographies, or because they offer customized products that meet unique needs.

In addition, banks with a significant footprint in underserved communities can seek CDFI certification. CDFI Banks must have a primary mission of promoting community development and targeting at least 60% of their financing activities to underserved populations or areas. In FY 23, CDFI Banks $44.5 billion in loans and investments in underserved target markets.

There are 356 certified CDFI Banks, and most (295 or 83%) serve 11 states representing the deep south, Appalachia, and the mid-south (Alabama, Arkansas, Georgia, Louisiana, Missouri, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, and Texas). Furthermore, 312 CDFI Banks (88%) are located in states won by President-elect Trump in the 2024 election.

Bank Partnerships with CDFIs

"Bank of America is currently the largest private investor in CDFIs with more than $2 billion in loans, deposits, capital grants and equity investments across its over 250 CDFI partners. CDFIs – typically non-profit loan funds – provide capital, mentoring and financial advice supporting small businesses, affordable housing, fresh food supermarkets, healthcare centers and nonprofit organizations operating in lower income communities."

-Bank of America, discussing their investments into CDFIs

"Capital One recognizes CDFIs as proven, highly effective organizations for delivering capital to underserved communities and connecting consumers to financial products and services. The commitment includes:

$600 million in capital to nonprofit CDFIs focused on affordable housing, small business, and consumer lending."

-Capital One in 2024, announcing a new initiative to invest additional funds into CDFIs.

BACKGROUND: CDFI CREDIT UNIONS REDUCE COSTS FOR FAMILIES AND SMALL BUSINESSES

CDFI credit unions play a crucial role in providing safe and affordable financial services and loans to low- and moderate-income communities, as well as communities often excluded from mainstream financial systems. By doing so, they help people take charge of their financial futures, reducing reliance on government assistance and fostering personal responsibility.

Owned and governed by their members, CDFI credit unions ensure that local deposits are reinvested into the community. These investments support small and worker-owned businesses, promote both traditional and cooperative homeownership, and invest in new equipment and systems to help reduce Americans' electricity bills.

CDFI credit unions also provide an alternative to predatory lenders who often charge exorbitant interest rates that trap borrowers in cycles of debt. In contrast, CDFI credit unions offer loans with significantly lower interest rates. Borrowers are fully informed about loan terms, repayment schedules, and any associated costs.

BACKGROUND: CDFIS ARE IMPORTANT PARTNERS IN THE OPPORTUNITY ZONES PROGRAM

CDFIs are crucial partners in the Opportunity Zone Program because of their expertise, mission-driven approach, and established relationships with underserved communities. CDFIs have experience structuring complex development projects, including affordable housing, small business lending, and infrastructure improvements. CDFIs can combine Opportunity Zone investments with other sources of capital, such as grants, New Markets Tax Credits (NMTC), and Low-Income Housing Tax Credits (LIHTC), to amplify the impact of projects.

> "CDFIs have a deep knowledge of the communities they work in. CDFIs are aware of local project pipelines and how they interface with larger community goals. Many of these projects are years in the making and require long-term commitments, key relationships with state and local government, and diligent work on the part of CDFIs to help developers and organizations secure the funding they need. This means that CDFIs are well positioned to provide the link between impact-focused OZ investors and on-the-ground projects that could benefit from equity capital."
>
> - "Opportunity Zones Revisited: The Role of CDFIs in Driving Equitable OZ Impact (2021)." Summit.

EXAMPLES OF CDFI OPPORTUNITY ZONE INVESTMENTS & PARTNERSHIPS

- Enterprise Community Partners established an Opportunity Zones fund and provided $4.5 million toward the construction on Reserve at Towpath Trail, an 88-unit multifamily development in Schenectady, N.Y. that provides workforce housing in a market with limited affordable options.
- Clearinghouse CDFI's Opportunity Fund supported the newly redeveloped Mary Hammond Center, a 2.7-acre site consisting of a 32,000 sq. ft. shopping center divided into six commercial spaces. City and state officials welcomed CCDFI's partnership to redevelop the space to serve the local community, including Benedict College, Allen College, local hospitals, and several single-family neighborhoods.
- LISC Strategic Investments manages the $2.4 million Opportunity Zone Pipeline Seed Grants - Community Accelerator program to build capacity and pipeline of investment projects in six cities across the United States. LISC provides grants and technical support to developers and business owners getting them from design/concept to an attractive project for investors to invest in, moving these projects into development and construction.

BACKGROUND: EXAMPLES OF CDFI FUND PROGRAMS AT WORK IN COMMUNITIES

In 2024, the CDFI Coalition published a report outlining the history of the program and its success since the group formed and held its first CDFI Institute in 1994. In the publication, which also marked the 30th anniversary of the creation of the CDFI Fund, there are 70 examples of CDFIs' work in communities across the country.

CDFIS AS ECONOMIC STABILIZERS: CDFIS SAVED SMALL BUSINESSES DURING THE PANDEMIC

When small businesses and distressed communities faced economic challenges, the first Trump Administration looked to CDFIs.

CDFIs are well-positioned to serve as shock absorbers during economic tumult. In fact, CDFIs provided a wide variety of financial services to support the recovery of underserved markets under siege from during the COVID-19 pandemic and the ensuing economic fallout. In addition to stabilizing businesses, CDFIs finance initiatives to expand access to healthy food, health centers and hospitals, affordable housing, shelters, treatment centers, and other businesses and community facilities on the front lines of the pandemic.

The Trump Administration made a substantial investment in CDFIs through both new appropriations and the Paycheck Protection Program.

RAPID RESPONSE PROGRAM

Recognizing the critical role played by CDFIs in rural and urban communities across the country, President Trump signed the Consolidated Appropriations Act, 2021 (PL 116-260), which provided $1.25

billion for CDFIs to provide technical and financial services to communities and businesses hard hit by the COVID-19 pandemic. In February 2021, the CDFI Fund released the application for the Rapid Response Program (RRP), and in June 2021, it awarded grants to 850 certified CDFIs. In 2022, RRP recipients reported making 413,0000 loans and investments, totaling $14.8 billion, including $5.5 billion in consumer loans, $3.1 billion in home improvement and purchase loans, $2.1 billion in small business and microenterprise loans, and $1.3 billion in residential real estate financing. RRP recipients also financed approximately 11,500 units of affordable housing.

ERP PROGRAM

Congress also provided $1.75 billion for the ERP Program for CDFIs and Minority Depository Institutions (MDIs) to increase lending and investment activity targeted to low-income and minority communities and populations. On April 10, 2023, the CDFI Fund awarded $1.73 billion in grants to 604 CDFIs across the country. The award recipients committed to devote their awards in the following ways:

- 222 Recipients of ERP awards committed to serve low- or moderate-income Majority Minority Census Tracts received a total of $705.6 million in awards;
- 179 Recipients committed to serve minority individuals or minority-owned or controlled businesses received a total of $420.6 million in awards;
- 134 Recipients committed to serve Persistent Poverty Counties, Native Areas and/or U.S. Territories received a total of $441.5 million in awards;
- 40 Recipients committed to serve small businesses and farms received a total of $99.7 million in awards; and
- 29 Recipients committed to increasing the dollar volume of Financial Products closed and grants made by their organizations in ERP-eligible geographies received a total of $71.4 million in awards.

EMERGENCY CAPITAL INVESTMENT PROGRAM

In addition, the Treasury Department appropriated $9 billion for the Emergency Capital Investment Program (ECIP). ECIP was designed to provide capital to depository institutions that are certified CDFI or MDIs. Treasury reports that ECIP participants originated approximately $26 billion in loans over six months in 2022. Approximately 75%, or $19.4 billion, went to LMI borrowers, borrowers in rural communities, and other categories of Qualified Lending. Approximately one-third of the total originations, or $8.6 billion, were Deep Impact loans (a subset of Qualified Lending) made to the hardest-to-serve borrowers, including those that are low-income, residents on Tribal lands and in U.S. Territories, and owners of very small businesses.

PAYCHECK PROTECTION PROGRAM (PP)

President Trump also signed legislation to provide a set-aside for Community Development Institutions (including CDFIs) through PPP. CDFIs performed more efficiently and effectively than convention lenders in delivering emergency PPP funding. According to Small Business Administration (SBA) data, CDFIs, and other mission lenders, Community Financial Institutions (CFIs) made 1.38 million PPP loans totaling approximately $30 billion, twice the statutory set-aside. The average size of CFI loans was $21,650, compared to $41,560 for all lenders. SBA reported that over 77 percent of CFI loans were less than $150,000; almost 40 percent were provided to low-moderate income communities, and 15.7 percent to rural areas.

CDFIS PROVIDE BILLIONS IN CAPITAL TO TARGET MARKETS EVERY YEAR

The CDFI Fund's core programs help CDFIs generate economic growth and opportunity for underserved communities and populations. The agency's tailored resources and innovative programs use federal dollars to leverage private sector capital, generating significant impacts in economically disadvantaged communities.

CDFI PROGRAM FINANCIAL ASSISTANCE (FA) AWARDS

The CDFI Fund makes FA awards to both large and small certified CDFIs. CDFIs use FA awards for lending capital, loan loss or capital reserves, operations, or development services. Award recipients must match their FA award dollar-for-dollar with non-federal funds.

The CDFI Program includes several set-asides and sub-accounts, including:

- **Disability Funds-Financial Assistance (DF-FA)** awards provide technical and financial assistance to CDFIs that fund projects to help individuals with disabilities.
- **Persistent Poverty County Financial Assistance (PPC-FA) awards:** Starting in FY 2019, appropriators required that 10% of the funds awarded by the CDFI Fund under the appropriation should support investments that serve populations living in persistent poverty counties, where 20% or more of the population has lived in poverty over the past 30 years. A majority of persistent poverty counties are located in the rural south.

In FY 2023, CDFI Program awardees:

- Financed more than 126,000 businesses;
- Financed more than 77,000 affordable homes; and
- Originated more than $57 billion in loans and investments.

CDFI PROGRAM TECHNICAL ASSISTANCE (TA) AWARDS

The CDFI Fund awards up to $150,000 to certified CDFIs and emerging CDFIs to support efforts to expand the organizations' success and sustainability. There is no match requirement for TA awards, and funds can be used to support a variety of capacity-building activities, including hiring consultants or contract services and training staff or board members.

HEALTHY FOOD FINANCING INITIATIVE (HFFI)

The HFFI supports a wide range of activities that expand access to healthy foods in low-income communities. HFHI awards can be used to make loans and investments and to provide development services that promote and increase access to nutritious food options in low-income communities. The awards enable Certified CDFIs to invest in businesses that offer healthy food options, such as grocery stores, farmers markets, bodegas, food co-ops, and urban farms.

Through FY 2023, HFFI recipients have financed 687 grocery stores, markets, and fresh food projects totaling over 4.1 million sq. ft. of retail space - ranging from small greengrocers to supermarkets serving low-income, low-access census tracts. HFFI recipients also financed 18.3 million sq. ft. of non-retail healthy food space – including food banks, farmers markets, and other initiatives tackling food insecurity, all while creating thousands of new jobs.

NATIVE INITIATIVES (NACA) PROGRAM

The NACA Program was launched in 2001 to encourage investing in Native Communities by supporting the creation and expansion of Native CDFIs, which in turn help create jobs, create or improve affordable housing, and provide appropriate financial services and counseling to community residents. The number of Native CDFIs has increased from 14 in 2001 to 63 in 2024.

In FY 2023, NACA award recipients originated $331.2 million in loans and investments, providing more than 6,100 loans and investments in support of Native communities, including $84 million in business and microenterprise loans, $46.6 million in home improvement and purchase loans, and $98 million in consumer loans.

THE BANK ENTERPRISE AWARD (BEA) PROGRAM

The BEA Program provides monetary awards to FDIC-insured banks and thrifts that have increased investment activity in communities with high poverty and unemployment rates. The size of a BEA award is based on how much the bank or thrift has increased its investment in low-income communities or CDFIs. All BEA funds awarded must be reinvested into a distressed community or a CDFI. From the program launch in 1994 through 2023, the CDFI Fund has awarded nearly $598 million in BEA grants. During the past seven rounds of the BEA program from FY 2016- FY 2023, BEA award recipients increased their lending and direct investments in distressed communities by more than $4.1 billion and increased the provision of financial services in distressed communities by $258 million.

THE SMALL DOLLAR LOAN PROGRAM (SDL)

The SDL Program was created to help Certified CDFIs address the issue of expanding consumer access to mainstream financial institutions and provide alternatives to high-cost, small-dollar loans. Since the inaugural funding round of the SDL Program in 2021, in total, the CDFI Fund has completed two funding rounds and awarded more than $22.2 million through 118 grants to a mix of credit unions, loan funds, and CDFI banks. This funding allowed CDFIs to increase their capacity to provide fair and affordable loans in their communities and to help unbanked and underbanked borrowers build their credit.

THE CDFI BOND GUARANTEE PROGRAM (BGP)

The BGP has provided long-term, fixed-rate capital for a wide range of projects in low-income urban, rural, and Native communities nationwide. Since the inception of the BGP in 2010, the CDFI Fund has completed ten rounds of the program and has guaranteed nearly $3 billion in bonds. CDFIs have up to five years to deploy committed funds. Through September 30, 2023, participating CDFIs have deployed approximately $1.5 billion in loans. The most popular use of funds is for charter schools, healthcare, and other community facilities (over $920 million), followed by housing (nearly $520 million), commercial real estate (over $370 million) and small business financing (nearly $70 million). For example, more than $400 million has gone to construct or improve charter school facilities.

CONCLUSION

The work of CDFIs is integral to the future success of the Opportunity Zones program, reducing the cost of home mortgages, and expanding small businesses. We hope the Trump Administration to continue serving as a champion for small businesses and opportunity by supporting the CDFI Fund and CDFIs.