

Community Development Financial Institutions

An
Introduction

 Enterprise®



CDFIs are mission-driven lenders that support, grow and revitalize underserved communities.

Community Development Financial Institutions (CDFIs) are mission-oriented financial institutions. They share a common goal of expanding economic opportunity in low-income communities by providing access to financial products and services for residents and businesses.

CDFIs are certified by the Community Development Financial Institutions Fund (CDFI Fund), a program of the U.S. Department of the Treasury.

A CDFI may be a community development bank, a community development credit union, a community development loan fund, or a community development venture capital fund.

Approximately 1,440 certified CDFIs are based across the 50 states, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands.

CDFIs are helping families finance their first homes, supporting community residents starting businesses, and investing in local health centers, schools, or community centers. CDFIs strive to foster economic opportunity and revitalize neighborhoods.



CDFIs direct capital into community projects and businesses, resulting in tangible community assets, wealth building opportunities and more, all while generating social and financial returns that can be recycled into future projects.

“Community investing channels investment to low-wealth and underserved communities to provide access to capital, credit and training that these communities would otherwise lack.”

What are the key activities of CDFIs?

- 1. Provide affordable financial products.** CDFIs provide financial products such as small business loans, consumer loans, and loans to real estate developers with flexible terms and below-market interest rates. CDFIs provide catalytic “but for” capital to projects that would not otherwise occur.
- 2. Invest in underserved communities.** CDFIs focus their lending in low-income, rural, tribal and historically marginalized communities. CDFIs provide financing to people and places that have historically been ignored by traditional banks through red-lining and discriminatory lending practices. CDFIs are rooted in communities and do relationship-based lending.
- 3. Support community development.** CDFIs lend to developers of place-based projects that spur community and economic development, including affordable rental housing and homeownership; community facilities such as health centers, early childcare centers, and charter schools; commercial development that will support community revitalization; and renewable energy projects.
- 4. Provide technical assistance and financial education.** CDFIs provide financial coaching and counseling to individuals, small businesses, and emerging real estate developers to prepare for financial success.
- 5. Advocate & innovate.** CDFIs advocate for fair lending policies and public investment in affordable housing and economic development. They pilot new lending models and products. CDFIs are often first responders during crises, such as disaster recovery and pandemic relief.



CDFIs: An Introduction

TARGET UNDERSERVED POPULATIONS

85% low-income, low-wealth or historically disinvested

66% people of color

26% rural

48% women

CREATE TANGIBLE IMPACT

More than **3.4 million** jobs

Approximately **2.49 million** housing units

15,100 community facilities

1.0 million business and microbusinesses

ARE PERFORMANCE ORIENTED

0.96%
delinquency rate >90 days

0.62%
cumulative loan loss rate

0.58%
net charge-offs

EXAMPLES OF CDFI INVESTMENTS

Benn High

Bennington, VT | Rural Revitalization

\$7.0 million in bridge financing to renovate a vacant historic high school property into a 78,000 square foot mixed-use community hub, which will include 25,000 square feet of community space and 22 units of middle-income housing. The property will feature 100% electric power including geothermal and solar sources.



22 WORKFORCE HOUSING UNITS
100 CHILDCARE SEATS
100% ELECTRIC POWER

ROC USA Acquisition Loan Pool

National | Affordable Homeownership

\$47.0 million acquisition loan pool led by ROC USA Capital, which includes investments from two additional CDFIs. The pool will finance the acquisition of manufactured housing communities by resident cooperatives, supporting the preservation of approximately 700 nationally affordable homes across the US.



700
APPROXIMATE NUMBER OF MANUFACTURED HOMES ACHIEVING COOPERATIVE OWNERSHIP