

Support Community Development Financial Institutions (CDFIs) Fund in FY 2020
Deadline: Friday, April 12, 2019

Dear Colleague,

As the Appropriations committee begins to work on the FY 2020 Financial Services and General Government Appropriations bill, I ask you to join me in requesting no less than **\$300 million for the Community Development Financial Institutions (CDFI) Fund for Fiscal Year 2020.**

The CDFI Fund's mission is to expand the capacity of CDFIs to provide credit, capital, and financial services to underserved populations and communities across the country. Housed within the Department of the Treasury, the CDFI Fund spurs investments in local and often underserved communities in rural, urban and Native areas by fostering the creation and expansion of CDFIs, private sector financial institutions that specialize in providing affordable credit, creating jobs, and revitalizing neighborhoods.

Funding appropriated to the CDFI Fund supports three CDFI Grant Programs: Financial Assistance (FA) and Technical Assistance (TA) Grants, the Native American CDFI Assistance (NACA) Program, and the Bank Enterprise Award (BEA) Program. The CDFI Fund is also responsible for administering community development programs like the New Markets Tax Credit (NMTC), the Capital Magnet Fund, and the CDFI Bond Guarantee Program.

If you would like to sign the letter or have any questions, please have your staff contact Keith Roachford at 4-4744 (Keith_Roachford@menendez.senate.gov). **The deadline to sign is COB Friday, April 12, 2019.**

Sincerely,
Senator Robert Menendez

April XX, 2019

The Honorable John Kennedy
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 Kennedy and Ranking Member Coons:

We write in support of appropriations for the Community Development Financial Institutions Fund (CDFI Fund), which administers a range of innovative and effective programs that enable Community Development Financial Institutions (CDFIs) to address the needs of underserved markets. CDFIs help urban, rural, and Native communities reach market sectors that traditional financial institutions cannot. CDFIs provide the flexible, patient capital and financial services

that consumers, small businesses and communities need to grow and thrive.

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. CDFIs use these awards to provide a range of financial products and services aimed at revitalizing communities and increasing economic opportunity.

For Fiscal Year (FY) 2020, we urge the Committee to continue its support for the CDFI Fund by providing an appropriation of at least \$300 million. This will allow the CDFI Fund to meet the exceptionally high demand for these resources, which far outpaces the availability of funding. With CDFIs' demonstrated success, leveraging \$12 in private capital for dollar in federal support, a small increase of \$50 million would leverage some \$600 million providing much-needed capital and services to consumers and small businesses 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 opportunity for persons with disabilities.

One indication of the need for these awards is the applicant demand. In 2018, for all its programs—Financial and Technical Assistance, Healthy Food Financing, Persistent Poverty County awards, and Disability Financial Assistance – the CDFI Fund received over 800 applications totaling \$700 million.

Critically important to the CDFI Fund is the impact it is having in underserved communities. In FY 2018, CDFI program awardees made over 280,000 loans and investments totaling over \$11 billion, including loans to nearly 15,000 small businesses. The average size of each loan or investment was \$39,821. CDFIs' loans and investments included 17,963 microloans totaling \$2.1 billion; 207,657 consumer loans totaling \$3.5 billion; 19,050 home improvement or home purchase loans equaling \$2.1 billion; 33,613 affordable housing units financed; and 343,471 individuals received financial literacy training.¹ CDFIs served both urban and rural communities. In fact, twenty-eight percent of award recipients primarily serve rural areas.

The CDFI Fund also administers the New Market Tax Credit Program, the Capital Magnet Fund, and the CDFI Bond Guarantee Program, each designed to generate lending and investing to promote community revitalization, business development, and job creation in economically distressed communities.

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.

For these reasons, we strongly urge you to continue supporting the work of CDFIs by including

¹ Source: Audit of the CDFI Fund's 2018 and 2017 financial statements by the Treasury Dept. Office of Inspector General

\$300 million for the CDFI Fund in the FY 2020 appropriations bill.

Sincerely,