

U.S. Department of the Treasury's CDFI Fund

The CDFI Fund promotes economic revitalization in low-wealth rural, urban, and Native communities by investing federal dollars in community development financial institutions (CDFIs). Specialized in lending in underserved rural, urban, and Native communities, CDFIs leverage CDFI Fund awards to finance small businesses, affordable housing, community facilities, schools, healthcare centers, and other pillars of thriving communities.

CDFI Fund Grant Programs

- The [CDFI Program](#) is the CDFI Fund's flagship offering. The program offers Financial Assistance and Technical Assistance grants to help CDFIs build capacity, grow net assets, and leverage debt.
- [Native Initiatives](#) grants and trainings help create and expand Native CDFIs, which foster economic self-determination in Native communities.
- [Small Dollar Loan Program](#) grants enable CDFIs to offer low-cost small dollar loans to help unbanked and underbanked populations.
- [Bank Enterprise Awards](#) are for FDIC-insured depository institutions that increase their investments in CDFIs or increase their community development lending, investing, or service activities in the most economically distressed communities.
- The [CDFI Equitable Recovery Program](#) provided grants to CDFIs to expand lending, grant making, and investment activities in low- or moderate-income communities and to borrowers, including minorities, that have significant unmet capital needs.



SMART INVESTMENTS

CDFIs leverage \$8 in private sector investment for every \$1 in public funding.

Other CDFI Fund Programs

- The [New Markets Tax Credit](#) incentivizes community development and economic growth with tax credits for private investment in distressed communities.
- The [CDFI Bond Guarantee Program](#) offers CDFIs access to long-term, low-cost capital to spur economic growth and community revitalization in deeply distressed communities.
- The [Capital Magnet Fund](#) provides competitive grants to CDFIs and qualified nonprofit housing organizations to finance affordable housing and related economic development programs benefiting low-income communities.

Financial Emergency Relief Programs

- The [CDFI Rapid Response Program](#) awarded \$1.25 billion in COVID-19 relief funds to 863 CDFIs to respond to the economic impacts of the COVID-19 pandemic in distressed and underserved communities.

Capital Plus

CDFIs tailor safe, responsible loans to fit people not a credit box and offer training, coaching, and support to help small businesses get off the ground and grow.

CDFI Certification

The CDFI Fund offers U.S. Treasury Department certification to qualified community development banks, credit unions, loan funds, and venture capital funds. Certification tests a CDFI's mission and the organization's accountability to low-income, low-wealth communities, and is an established credential recognized by the federal government and required for participation in numerous federal programs. Private sector investors also look for the designation when investing in CDFIs.

Policy Recommendations

- Support robust funding for the CDFI Fund in the annual appropriations process of at least \$500 million for fiscal year 2024. The CDFI Fund is a valuable source of institutional level grant capital that allows CDFIs to leverage private funds.
- Make the New Markets Tax Credit permanent and index the annual allocation amount to inflation.
- Improve the Bond Guarantee Program:
 - Reassess key collateralization and risk share requirements, especially the need for overcollateralization through the life of the bond, regardless of performance and performance monitoring.
 - Lower the minimum bond issuance from \$100 million to \$25 million to increase eligible CDFI participation.
 - Amend the statute to reduce the federal guarantee below 100% and appropriating funding to cover credit subsidy costs to ease onerous risk management policies.
- Ensure the Federal Housing Finance Agency approves the Government-Sponsored Enterprises annual housing allocations for the Capital Magnet Fund and Housing Trust Fund.
- Support the CDFI Fund's proposed changes to strengthen CDFI certification. Since the CDFI Fund certification process was first implemented in the mid-90s, the financial services landscape has changed dramatically. Certification criteria must be updated to address current conditions, and reforms must keep up with changes in the banking sector.

¹ Opportunity Finance Network Annual Member Survey, FY 2021

To learn more, email OFN's Public Policy team at public.policy@ofn.org or call 202.618.6100.



CDFI IMPACT

Through 2021, OFN members have originated nearly \$100.4 billion in financing in rural, urban, and Native communities, supporting more than:¹

- 2.6 million jobs
- 696,000 businesses and microenterprises
- 2.3 million housing units
- 13,600 community facility projects

ABOUT OPPORTUNITY FINANCE NETWORK (OFN)

Based in Washington, D.C., OFN is a leading national network of more than 390 CDFIs. An intermediary between CDFIs and government agencies, corporations, banks, foundations, and other investors, OFN helps our public and private sector partners invest in CDFIs to catalyze change and create economic opportunity in low-income, low-wealth rural, urban, and Native communities. Visit [OFN.org](https://ofn.org) for more.

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FOR ALL.

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