

EMPOWER COMMUNITIES THROUGH RESPONSIBLE, AFFORDABLE FINANCE

OFN Member Cumulative Impact through 2017:

\$65 billion in financing

1.35 million jobs created or maintained

321,000 loans to businesses and microenterprises

2 million homes and apartments developed

11,000 community facilities financed

Net charge-off ratio of **0.73%**

Source: Opportunity Finance Institutions, Side by Side, FY 2017

WHAT ARE CDFIs?

Community development financial institutions (CDFIs) are private financial institutions that deliver responsible, affordable finance to help underserved people and communities join the economic mainstream.

For more than 30 years, leveraging capital from banks, foundations, corporations, and government, CDFIs have helped move money into rural, urban, and Native communities that mainstream bank financing does not reach.

Today, there are more than 1,000 CDFIs certified by the U.S. Department of the Treasury's CDFI Fund with more than \$150 billion in assets. These organizations create jobs, build affordable housing, support quality education, advance community-based health care, and provide access to banking services across America.

Deep Community Roots

CDFIs operate in every state. They have deep roots in the communities they serve and offer localized solutions to pressing economic problems. CDFIs create on-the-ground, targeted partnerships to build affordable housing and vital community facilities, support small businesses and boost local economies, and help individuals successfully and safely build financial health and well-being.

Counter Cyclical

During the Great Recession, when mainstream finance retracted lending, CDFIs kept capital flowing to businesses and communities. With consistently low loan loss rates—a cumulative 0.73% from 1999-2017 that outperformed the 0.92% loan loss rate of FDIC-insured institutions in that same time period— CDFI lending is effective and successful in all economic conditions for investors and borrowers.

About OFN

Opportunity Finance Network (OFN) is a national association of more than 260 CDFIs investing in opportunities that create affordable housing, vital community services, and entrepreneurial capital in rural, urban, and Native communities. OFN members have cumulatively provided more than \$65 billion in responsible lending to help low-income, low-wealth, and otherwise disinvested individuals and communities nationwide.

Support CDFI Fund in FY 2020

In FY 2020, Congress should provide **\$300 million** for the CDFI Fund with **\$500 million** in guarantee authority for the CDFI Bond Guarantee Program.

CDFI Fund FY 2019

In FY 2019, Congress appropriated **\$250 million** for the CDFI Fund and **\$500 million** in guarantee authority for the CDFI Bond Guarantee Program.

Leveraging for Impact

CDFI Fund financing has been extremely effective: for every **\$1** in CDFI Fund awards, CDFIs generate **\$12** in financing to low-income, low-wealth communities.

THE CDFI FUND IS VITAL TO THE ECONOMY

The CDFI Fund plays an important role in generating economic growth and opportunity in some of our nation's most distressed communities. The CDFI Fund's innovative model invests small amounts of public sector capital alongside private capital to catalyze economic development in underserved communities.

CDFI Fund Capital

Capital provided through CDFI Fund programs builds the capacity of CDFIs to offer loans, investments, business counseling, basic banking products and services, and financial capability services.

The CDFI Program, the CDFI Fund's flagship program and primary federal source of grant funding for CDFIs, provides Financial Assistance and Technical Assistance awards. Funding is awarded competitively to organizations that best demonstrate how they will partner with communities to address specific economic development needs, allowing local decision-making over how funds are deployed. To increase the impact of CDFI Fund investments, the CDFI Fund requires CDFIs receiving Financial Assistance awards to match the award dollar-for-dollar with non-federal funds.

Each year, demand for capital from the CDFI Fund's programs far outstrips available funds. In FY 2018, the CDFI Fund received Financial Assistance applications from 485 CDFIs that requested more than \$504 million in funding, more than double the \$250 million appropriated to the CDFI Fund that year.

The CDFI Fund provides additional federal resources to CDFIs through other valuable programs: the Native American CDFI Assistance, New Markets Tax Credit, Bank Enterprise Award, Capital Magnet Fund, and CDFI Bond Guarantee.

CDFI Fund Certification

The CDFI Fund also offers US Treasury Department certification to qualified community development banks, credit unions, loan funds, and venture capital funds. Certified CDFIs have demonstrated accountability to target markets and community development missions. CDFI certification by the U.S. Treasury is an established credential recognized by the federal government and the private sector. CDFI certification is a precondition for participating in numerous federal programs, not only at the CDFI Fund but at the Small Business Administration, U.S. Department of Agriculture, and U.S. Department of Housing and Urban Development.¹ The Federal Home Loan Bank System requires CDFI certification in considering a CDFI loan fund for membership.

¹ SBA: Community Advantage program, USDA: Rural Development Community Facilities Relending Program, HUD/FHA: Section 542(b) risk share program for multi-family housing