

EMPOWER COMMUNITIES THROUGH RESPONSIBLE, AFFORDABLE FINANCE

OFN Member Cumulative Impact Through 2019

\$82.7 billion in financing

1.75 million jobs created or maintained

448,541 businesses and microenterprises financed

2.1 million housing units developed

12,072 community facilities financed

Net charge-off rate of **0.51%**

Source: Opportunity Finance Network Annual Member Survey, 2019

WHAT ARE CDFIs?

Community development financial institutions (CDFIs) are private financial institutions that deliver responsible, affordable finance to help people and communities underserved by mainstream finance join the economic mainstream. CDFIs can be loan funds, banks, bank holding companies, credit unions, or venture capital firms.

For more than 40 years CDFIs have leveraged capital from banks, foundations, corporations, and government to help move money into rural, urban, and Native communities where mainstream bank financing doesn't reach.

Today, there are more than 1,200 CDFIs certified by the U.S. Department of the Treasury's CDFI Fund with more than \$222 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.

In FY 2019 Opportunity Finance Network's members report that their customers are 84 percent low-income, 60 percent people of color, 50 percent women and 28 percent rural.

DEEP COMMUNITY ROOTS

CDFIs operate in every state. We have deep roots in the communities we 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.

ABOUT OFN

The leading national network of CDFIs, Opportunity Finance Network (OFN) seeks to maximize the effectiveness of member and non-member CDFIs through direct financing, learning opportunities, industry events, and advocacy. With our members, investors, and partners, OFN connects communities to capital that creates jobs, supports small business, builds affordable housing, fosters sustainability and resilience, promotes responsible borrowing and lending, and delivers high impact.

Support CDFIs in FY 2022

Congress must support at least \$1 billion in CDFI Fund grants in the FY 22 Appropriations bill.

CDFI Fund in FY 2021

In FY 2021, Congress appropriated **\$272 million** along with a **\$1.25 billion** emergency appropriation for COVID relief related formula grants.

Supporting Recovery

Investing in CDFIs will reach minority communities, helping to address racial inequity 60 percent of OFN members borrowers are people of color.

CURRENT EMERGENCY CONDITIONS

CDFIs are uniquely positioned to assist low-wealth communities hard hit by the concurrent health, economic, and racial justice crises facing our nation. As emergency measures like the Paycheck Protection Program and eviction moratoriums expire, low-wealth communities are struggling. CDFIs are stepping up to help their customers with relief and recovery financing but need sustained CDFI Fund support at an annual appropriation of at least \$1 billion per year. Grant support will enable the CDFI industry to scale to better address the immense needs facing the low-wealth communities where CDFIs operate.

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.

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

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