

LEVERAGE CDFIS TO REBUILD AMERICA'S INFRASTRUCTURE

Community Development Financial Institutions (CDFIs) are a critical avenue for reaching marginalized entrepreneurs and communities throughout our country. CDFIs are specialized lenders with decades of experience providing essential financing to Black, Latinx, Native, rural, and other communities.

To improve the physical and financial infrastructure in low-income and minority communities, support small businesses, and ensure every community has quality, affordable housing and state-of-the-art community facilities, Congress must continue to invest in CDFIs. Including an appropriation of \$500 million for the CDFI Fund in the infrastructure package is a strong down payment toward bridging the gap caused by decades of underinvestment. The Biden Administration's American Jobs Plan and other infrastructure bills proposed by Members of Congress touch on several CDFI areas of focus. Outlined below are priority items for CDFIs included in existing infrastructure proposals.

HOUSING

Capital Magnet Fund

Allocate \$12 billion for the Capital Magnet Fund (CMF), allocating \$2.4 billion a year over the next five years. The Capital Magnet Fund provides flexible grant capital that supports affordable housing and economic development activities.

- o CMF awardees have leveraged \$18.6 billion over the past five rounds, over three times the requirement.
- o Completed projects funded through CMF awards have funded 28,100 affordable units, including 4,500 homeownership units.¹

Neighborhood Homes Investment Act

Pass the Neighborhood Homes Investment Act (NHIA), a new federal tax credit to encourage equity investments in the development and renovation of small multifamily housing in distressed communities.

Offering \$20 billion worth of NHIA tax credits over the next five years will result in approximately 500,000 homes built or rehabilitated, creating a pathway for more families to buy a home and start building wealth.

- o CDFIs are experienced in the complicated financing stack required for the type of projects that would be supported by the NHIA.

Housing Trust Fund

Increase funding to \$45 billion for the Housing Trust Fund to support the building, rehabilitating, preserving, and operating of rental housing for extremely low-income people.

This funding should include a set aside for permanent supportive housing for people experiencing homelessness.

HOME Investment Partnerships Program

Increase funding for the HOME Program to \$35 billion. The HOME program provides flexible resources to help states and localities respond to their affordable housing challenges, both rental and homeownership.

¹ CDFI Fund FY 2020 CMF Award Book https://www.cdfifund.gov/sites/cdfi/files/2021-04/FY_2020_CMF_Award_Book_022221.pdf

COMMUNITY AND ECONOMIC DEVELOPMENT

Community Revitalization Fund

Provide \$10 billion for the creation of a new Community Revitalization Fund (CRF) at the Department of Housing and Urban Development (HUD), administered in partnership with CDFIs.

CRF awards should be made to non-profit certified CDFI loan funds on a competitive basis to finance non-housing community development (ex. childcare, small business incubator, health care, etc.) activities.

New Markets Tax Credit

Make the New Markets Tax Credit (NMTC) permanent. Index the annual allocation to inflation.

- Through 2019, the NMTC has created more than 1 million jobs. ²

Building Child Care for a Better Future

Provide \$5 billion to increase access to affordable childcare with at least 5 percent of the total funding set aside for acquisition, renovation, and construction of childcare facilities.

Clean Energy and Sustainability Accelerator

Include CDFIs in the definition of green banks to ensure funding reaches disinvested communities.

Establish and fund a Clean Energy Sustainability Accelerator to bring clean energy investment to the communities most impacted by climate change.

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.

² NMTC Coalition: New Markets Tax Credit 20th Anniversary Report <https://nmtccoalition.org/new-markets-tax-credit-20th-anniversary-report/>