

United States Senate

WASHINGTON, DC 20510

April 20, 2018

The Honorable James Lankford
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 Lankford and Ranking Member Coons:

We write to request that the Financial Services and General Government Appropriations Act for Fiscal Year (FY) 2019 provide \$275 million for the Community Development Financial Institutions Fund. This is a 10 percent increase over the FY 2018 level, which would allow the CDFI Fund to better meet the exceptionally high demand for these resources, which far outpace the availability of funding. With Community Development Financial Institutions' (CDFIs) demonstrated success in leveraging federal dollars, this small increase of \$25 million would leverage some \$300 million, providing much-needed capital and services to consumers and small businesses in rural and urban low-income communities.

The Community Development Financial Institutions Fund (CDFI Fund) was established within the U.S. Department of Treasury in 1994 to promote community development in economically distressed urban and rural areas by investing in mission-driven financial institutions, known as community development financial institutions. CDFIs provide the flexible, patient capital and financial services that consumers, small businesses and communities need to grow and thrive. CDFIs serve urban and rural communities and reach market sectors that traditional financial institutions cannot. Ultimately, the goal of a CDFI is to transition their customers into the mainstream economy as bank customers, home owners and/or entrepreneurs.

CDFIs use these competitively awarded federal dollars to help fill the gap when traditional banking services do not reach certain low-income communities. Moreover, the CDFI Fund estimates that CDFIs leverage over \$12 in private capital to every \$1 in federal support, helping address the credit gap encountered in many communities, creating jobs, improving housing and community facilities, and creating economic opportunity. In FY 2017 alone, CDFI program awardees made over 120,000 loans or investments totaling over \$5 billion to more than 12,000 small businesses. The average size of each loan or investment was \$41,744. CDFIs also financed over 27,962 affordable housing units.

There are 1,110 CDFIs, including 73 Native CDFIs, working in low-wealth communities and low-income populations across the country. The CDFI Fund provides resources for a range of innovative and effective programs that enable CDFIs to address the needs of their target markets. 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; Healthy Food Financing Initiative (HFFI) to expand financing for healthy food options in underserved urban and rural communities; the Bank Enterprise Awards (BEA) program providing monetary awards to FDIC-insured banks that invest in low-income communities and/or CDFIs and a new small dollar loan program.

The CDFI Fund also administers the New Market Tax Credit Program and the CDFI Bond Guarantee Program, both 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. However, CDFIs need access to capital now more than ever. This is evidenced by the application demand, nearly 4 times the availability of resources. For example, the CDFI Fund received Financial Assistance applications from 375 community organizations throughout the United States, requesting nearly \$560 million in funding in the FY 2017 Round. In the end, the CDFI Fund awarded \$166.3 million to 224 organizations.

We strongly urge you to continue supporting the work of CDFIs by including \$275 million for the CDFI Fund in the FY 2019 appropriations bill.

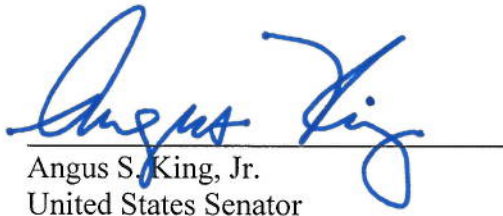
Sincerely,




Robert Menendez
United States Senator



Jeanne Shaheen
United States Senator



Angus S. King, Jr.
United States Senator



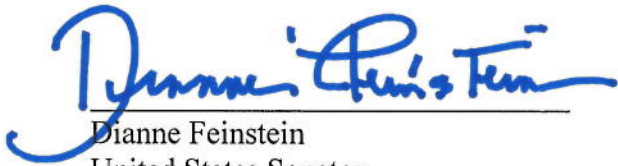
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United States Senator





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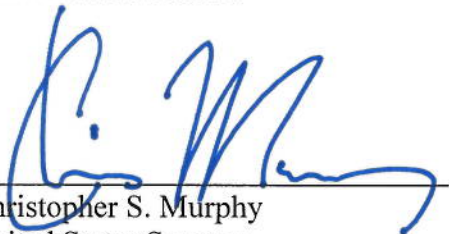

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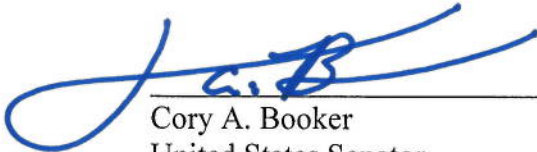

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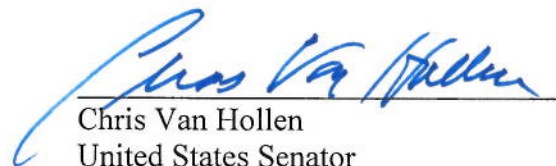
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United States Senator



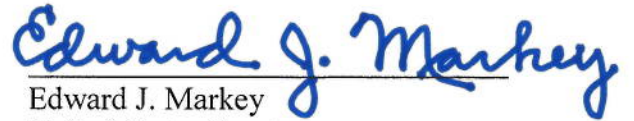
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