

2024 Public Policy Priorities

Community development financial institutions (CDFIs) are specialized lenders that bridge financing gaps in rural, urban, and Native communities. CDFI financing translates into jobs, small businesses, affordable housing, healthcare centers, community facilities, and other elements of thriving communities.

More than 1,400 CDFIs are a critical part of the nation’s financial infrastructure, managing more than \$247 billion and lending in all 50 states. CDFIs are responsible stewards of public sector capital, leveraging small amounts of public capital to generate economic impact. As mission lenders, CDFIs make investment decisions based on community needs. A proven model for change, the CDFI industry must scale to increase opportunity in more underinvested communities.

Policy Priorities

Maximize Federal Grant Funding for CDFIs

Grants are a vital source of capital for CDFIs, which leverage every federal dollar eight times with private and philanthropic sources. In particular, the grant programs offered by the U.S. Department of Treasury’s CDFI Fund provide critical support to CDFIs at the organizational level.

Maximizing the level of appropriations for the CDFI Fund is the best way to create opportunity for American communities that banks don’t reach. CDFIs know their communities best, and CDFI Fund programs invest at the institutional level, enabling the lenders to invest where the needs are greatest.

The federal government must allocate at least \$350 million to the Department of Treasury’s CDFI Fund in Fiscal Year 2025.

Invest in CDFIs to Build an Inclusive Economy

CDFIs leverage \$8 in private-sector investment for every \$1 in public funding, meaning federal policies that build the capital base and capacity of CDFIs will spur additional private investments and economic progress in disinvested communities nationwide.

8:1



CHICAGO, ILLINOIS

Area residents created Pilsen Housing Cooperative to provide long-term, affordable housing to residents in the face of skyrocketing rents, rapid gentrification, and local resident displacement. The limited equity co-op combined capital raised from members with a loan from Shared Capital Cooperative to purchase and transform a six-unit building into homes.

Increase CDFI Access to Federal Lending Programs

CDFIs ensure federal resources are responsibly allocated and reach where they'll make the most impact.

Expanding CDFI access to credit and community development loan programs across the federal government will increase economic opportunity in low-income, low-wealth communities. The federal government must:

- Reform the Department of Treasury's CDFI Bond Guarantee Program. A source of critical long-term capital, the program has yet to realize its full potential. Passing the CDFI Bond Guarantee Program of 2023 (S.869), which lowers the minimum bond issuance size, and providing a credit subsidy would unlock access to this program for more CDFIs.
- Refine the Small Business Administration's entire suite of lending and credit programs to focus on supporting underserved small businesses.
- Support the creation and preservation of affordable housing through initiatives overseen by the Department of Housing and Urban Development and the Federal Housing Finance Agency.
- Expand the role of CDFIs in the U.S. Department of Agriculture's rural development and the Department of Commerce's economic development programs.
- Enhance the role of CDFIs in financing essential community facilities, such as community health centers, childcare centers, and charter schools supported by the Department of Health and Human Services and Department of Education.

Expand the Role of CDFIs in Building Resilient Communities

Low-income communities bear the brunt of rising energy costs and increasingly frequent natural disasters. CDFIs are financial first responders during disasters. They also help small businesses, homeowners, and community organizations lower energy costs through clean energy finance.

The federal government must support robust CDFI participation in all programs that help communities build resiliency, recover from disasters, and create healthy, thriving communities.

Boost Private Investment in CDFIs through Tax Code Changes

Using the tax code, the federal government must incentivize the private sector to invest in underserved communities through CDFIs.

- Pass the New Markets Tax Credit Extension Act of 2023 (S.234/H.R.2539) to make the New Markets Tax Credit permanent and index the allocation level to inflation.
- Pass the Community Development Investment Tax Credit Act (S.2963), the Neighborhood Homes Investment Act (S.657), and the Affordable Housing Credit Improvement Act (S.1557).

SITKA, ALASKA

Caitlin Way (Tlingit) owns Fisheye Coffee, a coffee shop providing wholesome food. The business's growth was initially stifled by a restrictive family loan and an inability to obtain traditional financing. With a small business loan from Native CDFI Spruce Root, Caitlin had the opportunity to invest in her business.



Advance Policies that Promote Consumer Protection and Fair Lending

CDFIs provide responsible and affordable financing, offering consumers and businesses safe alternatives to harmful, predatory lenders. Federal policies must reinforce these values and support efforts to end discriminatory and predatory lending practices. The federal government must:

- Support timely implementation of critical fair lending policies, including the modernized Community Reinvestment Act and Dodd-Frank Section 1071 small business lending data collection rules.
- Promote small business lending policies that combat predatory lending practices.
- Deepen partnerships with fair lending and housing advocacy organizations.

Promote Equitable Access to Capital, Address Challenges, and Safeguard Against Legal Issues

Ensuring fair access to capital is crucial for fostering economic opportunities for all rural, urban, and Native communities. CDFIs exist to tackle historical discrimination and systemic obstacles to capital. Currently, the industry faces challenges and increasing scrutiny on investments that promote economic, social, racial, and environmental equity.

To uphold its commitment to providing equitable access to capital, the CDFI industry must proactively address and defend against potential legal challenges.

Vigilance in monitoring the legal environment is essential to enable CDFIs to respond effectively to any legal issues that may arise.

Mobilize the CDFI Industry through Grassroots Advocacy

The CDFI industry's collective voice is the core of its influence. Building the capacity of CDFIs to shape policy at all levels of government is key to ensuring public resources flow to communities that need them most. As the leading national network of CDFIs, OFN:

- Provides resources, training, and technical assistance to CDFIs to enhance their capacity for advocacy efforts.
- Empowers grassroots advocates to amplify their voices and influence policy outcomes.
- Creates platforms for sharing success stories, best practices, and lessons learned from grassroots advocacy initiatives to inspire and mobilize others.
- Monitors state CDFI policy developments and supports advocacy efforts of state and local CDFI coalitions.



DENVER, COLORADO

An Enterprise Community Loan Fund investment in the Denver Housing Authority (DHA) helped build a 10-acre community solar garden. The solar energy powers DHA housing and reduces energy costs by around 20% for more than 500 homes.

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

ABOUT OPPORTUNITY FINANCE NETWORK (OFN)

Based in Washington, D.C., OFN is a leading national network of more than 410 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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