

2023 Public Policy Priorities

Economic opportunity often starts with access to capital through loans. But financing isn't equal nationwide. Vast funding gaps prevent many low-income, low-wealth communities from obtaining the capital they need to move ahead.

Partners in Building an Inclusive Economy

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. Today, more than 1,300 CDFIs are a critical part of the nation's financial infrastructure, managing more than \$222 billion and lending in all 50 states.

CDFIs are the partners the federal government needs to help build a more inclusive economy. A proven model for change, the CDFI industry must scale to increase opportunity in more underinvested communities.



SMART INVESTMENTS

CDFIs leverage \$8 in private sector investment for every \$1 in public funding.

Policy Priorities

Secure \$1 Billion in Grant Funding for CDFIs Across the Federal Government

Grants are a vital source of capital for CDFIs. 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 strengthen and scale the CDFI industry. Congress should support the President's budget request of \$341 million for the CDFI Fund in Fiscal Year 2024.

Increase CDFI Access to Federal Lending Programs

CDFIs helped ensure emergency pandemic funding, like Paycheck Protection Program loans and emergency rental assistance, reached underserved people and places. Further expanding CDFI access to federal credit and community development loan programs across the federal government will increase economic opportunity in low-income, low-wealth communities.

- 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 programs and the Department of Commerce's economic development programs.
- Enhance the role of CDFIs in financing essential community facilities supported by the Departments of Health and Human Services and Education, such as healthcare and childcare centers and charter schools.

Expand the Role of CDFIs in Clean Energy and Climate Resiliency Finance

Clean energy finance is a growing segment of the CDFI industry, which is uniquely positioned to bring low-income communities into a green energy economy. The federal government should support robust CDFI participation in the Greenhouse Gas Reduction Fund and other climate initiatives at the Environmental Protection Agency and Department of Energy.

Boost Private Investment in Communities

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

- Create a new tax incentive for corporations making long-term investments into CDFIs.
- Make the New Markets Tax Credit permanent and index the allocation level to inflation.

Advance Policies that Promote Consumer Protection and Fair Lending

CDFIs offer consumers and businesses safe alternatives to harmful, predatory lenders. Federal policies should support efforts to end discriminatory and predatory lending practices.

- Strengthen the Community Reinvestment Act (CRA):
 - Promote reforms that fulfill the statutory purpose of CRA to combat the impacts of redlining and discrimination in lending in low- and moderate-income communities.
 - Increase investments in and partnerships with CDFIs.
- Ensure timely implementation of Dodd-Frank Section 1071 small business lending data collection.
- Promote small business lending policies and combat predatory lending through coordination and advocacy with the Responsible Business Lenders Coalition.

Modernize the CDFI Fund's Programs and Certification Process

The CDFI industry has matured since the CDFI Fund began operating in the mid-90s. At the same time, the financial services landscape within which CDFIs operate has also changed dramatically. Certification criteria and the CDFI Fund's programs have not kept pace and should be updated.

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 390 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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March 2023