

CDFIs: Investing in Rural America's Future

CDFIs know that place matters. Rural America is 14% of the country's population and covers 74% of its land mass,¹ spanning tribal nations and agricultural hubs. Too often, rural America is treated as a place to leave behind; however, CDFIs see the promise of rural communities and serve as some of the strongest locally based partners for rural economic development.

Challenges in rural communities require partnerships between public, private, and philanthropic sectors. Among these, CDFIs play a critical role as the local partners the government can rely on to reach rural communities and address their unique needs. From 2019 to 2023, CDFIs directed \$4 billion specifically to census tracts considered persistently impoverished, demonstrating their ability to target capital where it is most urgently needed. This role is especially critical as rural communities across the United States face other barriers that limit economic growth and stability, including limited access to credit and fewer job opportunities, which require targeted investments.

The Administration has also shown its commitment to underserved rural housing markets by increasing the capacity of Fannie Mae and Freddie Mac to deploy \$4 billion annually for affordable housing tax credits, with half reserved for difficult-to-serve LIHTC markets and at least 20% of that portion dedicated to Duty to Serve Rural Communities.² This federal commitment aligns with the work of CDFIs, which addresses these challenges by offering much-needed financial resources to small businesses, farms, individuals, and local governments. Impact in rural America can be seen in many ways including:

- **Access to Capital:** Traditional banks are often reluctant to lend in rural areas due to perceived risks and low profitability. CDFIs bridge this gap by offering affordable loans and credit to businesses and individuals who may not qualify for traditional financing. By focusing on underserved areas, CDFIs help reduce the "banking desert" effect, where rural areas have limited access to financial institutions.



Impact of CDFIs in Rural America

From 2019 to 2023, OFN member CDFIs financed

\$14 billion in rural communities, supporting small businesses, housing, agriculture, and community facilities.

This financing created more than

11,800 affordable housing units

and over

233,000 jobs,

including nearly

147,000 in small businesses.

¹ U.S. Department of Agriculture, Economic Research Service, [Rural America at a Glance: 2024 Edition](#), Economic Information Bulletin No. 282, October 2024

² Federal Housing Finance Agency, "[Consistent with the One Big Beautiful Bill, U.S. Federal Housing Expands America's Affordable Housing Supply in Rural and Underserved Communities](#)," FHFA News Release, August 5, 2025.

- **Small Business Support:** Rural economies are heavily dependent on small businesses, and CDFIs help these businesses grow and create jobs by providing working capital, equipment loans, and real estate financing.
- **Job Creation:** CDFIs in rural areas help stimulate job creation by investing in local enterprises. With their assistance, small businesses can expand, hire more workers, and contribute to the local economy.
- **Affordable Housing:** In many rural areas, affordable housing is in short supply. CDFIs are instrumental in financing affordable housing projects, ensuring that rural residents have access to stable homes.
- **Farm and Agricultural Financing:** Rural America is the backbone of the U.S. agricultural industry. As key lenders to small and mid-sized farms, CDFIs offer specialized loan products enabling them to purchase equipment, expand operations, and improve infrastructure.

Policy Recommendations

OFN advocates for targeted programs that address the unique needs of rural communities, such as rural housing initiatives, farm credit programs, and rural broadband expansion.

- **Advance the Road to Housing Act** to expand housing supply and improve federal housing programs, with targeted benefits for rural communities, including **the Rural Housing Service Reform Act**, which preserves USDA multifamily housing, decouples rental assistance, and strengthens USDA's capacity to serve rural areas.
- **Support the Native CDFI Relending Program** to close the homeownership gap in rural and tribal communities where rates are well below the national average. By partnering with Native CDFIs, the USDA pilot has dramatically expanded access to affordable mortgages, with some communities receiving more Section 502 direct loans in two years than in the previous decade.³



MIDDLESBORO, KENTUCKY

In rural Bell County, metal fabrication company Solid Steel Solutions received financing and technical support from Kentucky Highlands Investment Corporation to stabilize and grow its operations. Today, the company supports local jobs, serves coal-dependent communities across eastern Kentucky, and has earned state and national Rural Excellence Awards from the U.S. Small Business Administration.



GIRARD, OHIO

Veteran-owned home healthcare provider Patriot at Home needed financing to renovate its office and expand services in rural Ohio communities where access to quality care can be limited. Valley Economic Development Partners provided the capital needed to move forward, enabling the business to grow its staff and bring high-quality, affordable care closer to home for more rural residents.

³ Enterprise Community Partners, [Advancing Legislative Agendas in Native Communities](#), blog post, November 1, 2023.

- **Strengthen USDA's Support for Rural Development in the Farm Bill** to expand economic opportunity and essential services in rural communities, including maintained funding for programs like the Rural Microentrepreneur Assistance Program and the Intermediary Relending Program, and ensure USDA Rural Development programs have the resources to support housing, infrastructure, and local economic growth.
- **Direct resources to persistent poverty counties** to address decades of disinvestment with at least 10% of federal program funding dedicated to counties with poverty rates of 20% or higher for 30 consecutive years, ensuring rural communities most in need receive targeted investments.



HONOKAA, HI

Native Hawaiian-owned Mokuwai Piko Poi in rural Honokaa, HI, needed financing to expand taro production and strengthen local food access. Feed The Hunger Fund provided flexible capital and support, helping the farm create jobs, rehabilitate traditional taro terraces, and supply healthy, culturally significant food to rural communities across the islands.

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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