

CDFI Coalition Praises Biden Administration and Congress for Release of Rapid Release Funding for CDFIs.



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The **CDFI Coalition** applauds the release of \$1.25 billion in emergency funding for Community Development Financial Institutions (CDFIs), which will use these new resources to provide patient capital and technical assistance to businesses and projects in low-income rural and urban communities.

“Our mission is to encourage fair access to financial resources for America’s underserved people and communities,” said John Holdsclaw IV, President of the CDFI Coalition and Executive Vice President of the National Cooperative Bank. “The hard work and efforts of our CDFI Coalition members have forged an achievement today that will pay dividends across underserved, hard-hit communities and businesses. I’m proud that our voices brought action at the highest levels of government to the needs that exist.”

Over the last 18 months, as the coronavirus was upending small community businesses, the CDFI Coalition worked with Congress to support and enhance the work of CDFIs in low- and moderate-income communities and communities of color. Congress ultimately provided new resources for CDFIs through a Paycheck Protection Act (PPP) set-aside and \$12 billion in new funding for the CDFI Fund.

The idea to significantly boost support for CDFIs originated in the House Appropriations Committee in 2020. HR 6800, The HEROS Act, included \$1 billion in financial assistance for CDFIs to support businesses and communities impacted by the coronavirus pandemic.

Later, in the December 2020 coronavirus relief package, the House provision grew to \$1.25 billion in financial assistance for CDFIs, which was awarded Tuesday by the Treasury Department through the Rapid Response Program. The December 2020 legislation also included \$1.75 billion through the Emergency Support and Minority Lending Program to support financial services in communities of color, as well as an additional \$9 billion for the Emergency Capital Investment Program to support capital and services in low- and moderate-income, historically disadvantaged communities impacted by COVID-19. In total, Congress provided a record \$12 billion to the CDFI Fund.

These resources will significantly enhance the work CDFIs are already doing in low-income communities. In FY 2020, CDFI Fund financial assistance recipients made over 1,000,000 loans or investments totaling more than \$25.4 billion.^[1] The average size of each loan or investment was under \$25,000. CDFIs also financed over 41,000 affordable housing units. CDFI loans and

investments include \$10 billion for consumer loans, \$6.5 billion for home improvement and purchase loans, \$3.9 billion for business and microenterprise loans, and \$2.2 billion for residential real estate transactions.

CDFIs also helped ensure PPP resources reached underserved communities, but not without some changes to the program. The initial round of PPP left many economically distressed communities behind. In April 2020, the Coalition led the way to establish a set-aside for CDFIs and other mission-driven lenders – Community Financial Institutions (CFIs).

Newly armed with a PPP set-aside, CFIs went to work. According to data from the Small Business Administration (SBA), as of May 31, 2021, CFIs had made 1.6 million PPP loans (21% of all PPP loans) for \$34 billion in PPP funds (11% of PPP loan funds offered). Loans made through CFI lenders had an average PPP loan size of \$21,254, compared to \$41,560 across all lender classes, demonstrating the focus of CFI lending to small and micro-businesses. In addition, nearly 40% of CFIs' loans reached businesses in low and moderate-income communities, compared to 28% across all lending sources.

Both the Rapid Response Program and the PPP set-aside helped CDFIs expand their reach in communities hardest hit by the coronavirus. CDFIs are using these resources to promote job creation, business opportunities in low-income, minority, rural and tribal communities across America.

[1] Audit of the CDFI Fund's 2020 financial statements by the Treasury Dept. Office of Inspector General

About the CDFI Coalition

The CDFI Coalition is the unified national voice of community development financial institutions. Formed in 1992 as an ad-hoc policy development and advocacy initiative, the Coalition of Community Development Financial Institutions (CDFI Coalition) is the lead national organization in the United States promoting the work of community development financial institutions (CDFIs). Through its 150+ member organizations, the Coalition represents CDFIs working in all 50 states and the District of Columbia and includes community development loan funds, community development banks, community development credit unions, microenterprise lenders, community development corporations and community development venture capital funds. The CDFI Coalition coordinates industry-wide initiatives to increase the availability of capital, credit, and financial services to low-income communities across the nation. Read more at cdfi.org.

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