MEMORANDUM OF UNDERSTANDING
REGARDING COMMUNITY INVESTMENT PROGRAMS

I. Purpose

A. Overview

The U.S. Federal government operates numerous programs, at a significant scale, that provide access to responsible capital, credit, or financial services in and to financially underserved communities, including communities of color, rural, and Tribal communities. These programs are run by a range of agencies and offer various types of support, from small business loans to affordable housing finance to grants for state and local governments and community-serving institutions.

Federal policy plays an important role in fulfilling the promise of economic opportunity for millions of people in the United States. However, too many communities and people continue to encounter barriers that inhibit their access to capital, key networks, capacity-building tools, and other financial resources, limiting their economic potential. This has been especially true for underserved communities, including Black, Latino, Asian-American and Pacific Islander (AAPI), and Native communities, where economic disparities, financial insecurity, and infrastructure disinvestment remain persistent. Rural communities face challenges due to globalization and industry consolidation. In a fiercely competitive global economy, it is essential that we work to realize the economic potential of all Americans and the broad-based economic gains that would come with economic empowerment and inclusion of underserved communities.

Therefore, the Department of the Treasury (Treasury),[1] Small Business Administration (SBA), Department of Commerce (Commerce), Department of Transportation (DOT), Department of Housing and Urban Development (HUD), and Department of Agriculture (USDA) (collectively, the Agencies) set forth this memorandum of understanding (MOU) to establish an Interagency Community Investment Committee (ICIC) focused on a set of implementation and operational issues regarding federal programs that facilitate the flow of capital and the provision of financial resources into underserved communities, including communities of color, rural communities, and Tribal communities (collectively, community investment programs). The ICIC and the activities described in this MOU are intended to promote economic conditions and systems that reduce racial disparities and produce stronger economic outcomes for all communities.

This MOU aims to further achieve these objectives by coordinating the implementation, operation, and execution of community investment programs across the Agencies with respect to the areas of focus and activities outlined below. The ICIC will undertake this work in a manner that seeks to incorporate and reflect the following shared principles:

(1) A shared view of community and economic development as an important element of domestic economic policy, rooted in defined principles of equitable development, that seeks to build lasting community wealth, expand access to opportunity, and prevent displacement;
(2) Robust community engagement and strategies that grow local expertise within communities regarding their own economic development needs;

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[1] In addition to administering numerous programs relevant to this MOU, Treasury administers many special tax provisions that were enacted to achieve a wide variety of non-tax economic and social policies. To the extent consistent with the underlying statutes, Treasury will administer these special provisions in a manner guided by the commitments in Section III below.

(3) Deep public-private collaboration; and
(4) Rigorous reporting by federal agencies on program impact and benefits, on appropriate timelines.

B. Areas of Focus

While many policy areas bear on the provision of economic opportunity in this country, the Agencies agree to coordinate their efforts under this MOU, including consideration of appropriate resourcing, with respect to a discrete set of substantive areas—those that strengthen capital and financial product delivery systems, infrastructure investments, and place-based economic development programs to underserved communities and households—and a set of aligned functional activities. These areas of focus may evolve based on information gathered pursuant to the activities outlined in this MOU.

The areas of substantive focus will include:

(1) Strengthening the capacity of localities and community-serving organizations like community development financial institutions (CDFIs), minority depository institutions (MDIs),[2] community development banks, revolving loan funds, and other mission-driven lenders;
(2) Sustaining the growth and promoting the creation of small businesses among underserved communities, especially minority entrepreneurship;
(3) Broadening financial health and inclusion, including the provision of financial products and advisory services among underserved communities and businesses; and
(4) Investing in transformative community infrastructure and facilities that improve access to assets and resources that bolster economic mobility, generate community wealth, increase community resilience, and improve quality of life.

The areas of functional focus will include:

(1) Aligning key program definitions and procedures, where feasible, constructive, and consistent with statutory obligations, including documentation requirements, underwriting, and others;
(2) Coordinating local deployment and use of resources, where feasible and constructive, such as staff, office space, and approaches to working with implementing partners;
(3) Seeking flexibility and complementarity, to the extent feasible, in the requirements governing the deployment of federal funds and other support—including tax credits, loans, loan guarantees, equity, grants, and others—to enhance impact and increase private capital support, including from financial companies, philanthropies, and others; and
(4) Identifying opportunities and areas of priority to enhance the provision of technical assistance and other non-financial resources that support the deployment of capital in underserved communities.

II. Background

Federal community investment programs are those that invest in or otherwise facilitate the provision of financial resources to create economic opportunity in American communities, especially for underserved consumers and communities, including low-income communities and communities of color.

The U.S. Federal government spends tens of billions of dollars every year on community investment programs that direct federal dollars through intermediaries, such as units of state and local government, financial institutions, and nonprofits, with the aim of jumpstarting investments in communities,

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[2] The term "community development financial institution" is defined at 12 U.S.C. 4702(5)(A). The term "minority depository institution" is defined at 12 U.S.C. 1463 Note.

businesses, neighborhoods, and households that are underserved with respect to capital access, the availability of financial services, and other forms of financial tools and resources. In 2021, those expenditures rose into the hundreds of billions, as programs under the American Rescue Plan (ARP), Bipartisan Infrastructure Law (BIL), and Consolidated Appropriations Act, 2021 were implemented to promote economic recovery from the COVID-19 pandemic and address longstanding community infrastructure needs. Many of the pandemic-related programs remain in operation and still have significant funds remaining, while many of the BIL programs are still being designed and implemented.

Whether for one-time emergency programs or for long-term programs that receive appropriations annually, the Agencies recognize that operational design, data collection and assessment, and execution decisions are critically important to whether such programs reach the historically marginalized and those with acute needs, such as communities of color, rural and Tribal communities, areas affected by climate change, and energy-dependent communities. In some cases, too little community engagement and attention paid to operations and execution can inhibit the efficacy of these programs. In others, siloing, where interagency coordination is focused on policy and execution is left to agencies to handle on an individual basis, can also reduce program impact.

Further, some lack of alignment among different federal programs results from the fact that they were established or significantly updated at different times over decades. Today, agencies have an opportunity to assess, within these programs' statutory frameworks, how best to facilitate constructive alignment and mitigate such differences. In addition, both research and practice over the past decade have informed our understanding of how to most effectively advance economic mobility among underserved populations. There is an opportunity to integrate these lessons in a consistent manner across federal programs, as well as offer a framework to guide private sector resources toward areas of greatest need.

These challenges are often shared across programs and agencies but are often addressed separately. This separation can result in unnecessary barriers and burdens for program recipients, such as requiring different documentation for different programs targeted at the same recipients; channeling capital into certain areas or structures to the exclusion of others, in some cases displacing target populations; and otherwise failing to coordinate and streamline operations. In many cases, the effects of this separation fall heavily on the most vulnerable—low-income communities, communities of color, rural communities, Tribal communities, and others who may be the intended recipients of these programs precisely because they are in greatest need of support.

The Agencies collectively recognize the opportunity to meaningfully improve the effectiveness and impact of federal community investment programs through enhanced coordination and cooperation.

III. Scope of Agreement

The Agencies intend to work together, as well as with private sector, social sector, and other organizations working on the areas of focus outlined above, where feasible, and to closely consult with the White House Domestic Policy Council (DPC) and National Economic Council (NEC) to ensure alignment with interagency policy development efforts led by DPC and NEC, in developing and implementing the following actions:

1. Form an Interagency Community Investment Committee with a mission of coordinating interagency consultation and cooperation on the implementation and execution of policies and programs related to community financial flows and community investment programs regarding

the areas of focus outlined above, with guidance from DPC and NEC staff. The ICIC will be chaired on a rotating basis by the Cabinet Member, Deputy Secretary, or their designee from the relevant Cabinet Member or Deputy Secretary's Agency and will provide regular reports on its activities and actions to DPC and NEC.

2. Within 60 days of the execution of this MOU, issue a request for information (RFI) to gather input from communities, advocacy and other stakeholder organizations, the private sector, and others regarding real-world examples of areas where stronger interagency collaboration in the areas of focus could improve the operations and delivery of community investment programs and the specific challenges these stakeholders currently face.

3. Based on the results of the RFI, work collaboratively to develop and prioritize plans for coordination in identified programs, including opportunities, where legally permissible and operationally feasible, to layer capital and align documentation, approval, underwriting, grant administration, reporting, and other operational processes.

4. Identify opportunities and priority actions to cooperatively enhance data collection and other data-focused operations to facilitate reporting of key impact metrics, at the agency and interagency level, including opportunities to align data collection, metrics, and reporting with the private sector in order to promote rigorous reporting and outcome assessment, while also simplifying reporting requirements for underserved communities.

5. Based on the results of the RFI, collaboratively develop plans or other mechanisms to identify, prioritize, and capitalize on opportunities for private sector and community support for identified programs. These plans and other mechanisms should address factors such as which actors are best positioned to enhance the programs' efficacy; what forms of support would be most effective, including financial capital, human capital, technology, and others; and how to incorporate those forms of support into identified programs. The Agencies will work to ensure these mechanisms facilitate collaboration between agencies and with communities, the private sector, and other stakeholders. The Agencies participating do so with the objective of sharing information and best practices in the spirit of cooperation.

6. Coordinate across agencies regarding community engagement with relevant, mission-aligned private and philanthropic sector groups to share ideas and facilitate opportunities for support, especially regarding operational and execution issues, to complement and supplement existing Agency outreach efforts.

IV. Initial Deliverables

This MOU sets out a framework for ongoing interagency collaboration among the Agencies in certain areas of focus regarding community investment programs. In order to prioritize the ICIC's work immediately following its formation, the Agencies intend to work together to develop the following deliverables:

1. A defined approach for how new community investment programs and initiatives within the areas of focus could be most effectively integrated with existing programs and initiatives to leverage ongoing implementation and operational efforts.

2. As part of the defined approach, describe how private, philanthropic, and other sources of non-government capital and support can direct their resources to align and enhance their goals and impacts with federal community investment and place-based programs, including ways to leverage public sector loss-bearing capital, approaches for targeting to areas of greatest need, and ways of augmenting technical assistance and other non-financial support in the areas of focus.

3. An inventory of community investment programs and associated rules and requirements governing their deployment, to be used alongside the results of the RFI described above.

4. A small number of pilot programs or projects from the ARP or BIL and a small number of pilot program place-based localities, with distinct characteristics, that are recipients of ARP or BIL program funds and that offer opportunities to develop and implement, on a targeted basis, the activities outlined in this MOU and further refine approaches to interagency collaboration based on these pilot programs.

V. General Provisions and Limitations

This MOU expresses the good-faith intentions of the Agencies. It is not legally binding, does not create any fiscal obligations, and is not enforceable by any of the Agencies or any other party. It does not create any right or benefit, substantive or procedural, enforceable by law or in equity, by any party, against the United States, the Agencies, any other agency, their officers or employees, or any other person. This MOU does not direct or apply to any person outside of the Agencies.

All commitments made by the Agencies in this MOU are subject to the availability of appropriated funds and budget priorities. Nothing in this MOU obligates the Agencies to expend funds, to enter into any agreement, or to incur financial obligations. Any transfers of funds between the Agencies will be handled in accordance with applicable laws, regulations, and procedures and must be independently authorized by appropriate statutory authority. This MOU does not provide such authority.

Each Agency shall bear its own expenses in connection with the implementation of this MOU. The Agencies shall coordinate in advance on the form, timing, and contents of public statements regarding this MOU.

VI. Administrative Provisions

This MOU shall be effective as of the date of the last signature from among the Agencies. This MOU may be amended or terminated upon the written agreement of each of the parties hereto. This MOU will remain in force for a period of five years, at which time it must be extended by the Agencies.

Any Agency can opt out of this MOU by providing a 60-day written notice to the other Agencies.

Other federal agencies may become parties to this MOU at any time while the MOU is in effect by executing and delivering a signature page to this MOU, provided no Agency objects. A federal agency that becomes party to this MOU under this paragraph shall be considered an "Agency" for all purposes under this MOU.

Each Agency will take all steps reasonably necessary to preserve, protect, and maintain all privileges and claims of confidentiality related to information it receives from other Agencies under this MOU.

This MOU does not modify the ability and responsibility of the Agencies to enforce their respective statutes and regulations.

VI. Signatures

Janet L. Yellen
Secretary of Treasury

7/27/22
Date

Isabel C. Guzman
Administrator of the U.S. Small Business Administration

7/27/22
Date

Gina M. Raimondo
Secretary of Commerce

7/27/2022
Date

Marcia L. Fudge
Secretary of Housing and Urban Development

7/27/2022
Date

Peter Buttigieg
Secretary of Transportation

7/27/22
Date

Thomas J. Vilsack
Secretary of Agriculture

7/27/22
Date