

Department of the Treasury  
Community Development  
Financial Institutions Fund

Congressional Budget  
Justification and Annual  
Performance Plan and Report

FY 2023

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## **Section I – Budget Request**

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### **A – Mission Statement**

To expand economic opportunity for underserved people and communities by supporting the growth and capacity of a national network of community development lenders, investors and financial service providers.

### **B – Summary of the Request**

The Community Development Financial Institutions Fund (CDFI Fund) requests the following for fiscal year (FY) 2023:

- \$215.4 million for the Community Development Financial Institutions Program (CDFI Program) to provide Financial Assistance (FA) and Technical Assistance (TA) awards, training and technical assistance. Through the CDFI Program, the CDFI Fund makes awards to invest in and build the capacity of Community Development Financial Institutions (CDFIs) to serve low-income communities lacking adequate access to affordable financial products and services. Increased investment in the CDFI Program supports the need for greater capital flow to communities and geographies where access to capital is least efficient and most needed, including rural areas and persistent poverty counties, and to CDFIs seeking to build both capital and capacity to deploy resources. The proposed budget supports FA and TA awards to CDFIs to further goals that include, among others:
  - Economic development (job creation, small business lending, and commercial real estate development);
  - Affordable housing development (housing development and homeownership);
  - Provision of financial services (such as basic banking services to underserved communities); and
  - Provision of development services (such as financial literacy or homebuyer counseling and education).
- \$2 million for the AmeriCorps CDFI Economic Mobility Corps, to be operated in conjunction with Corporation for National and Community Service (CNCS) to place national service members at Certified CDFI's to strengthen the capacity of CDFI's to perform activities related to financial literacy, financial planning, and other financial counseling activities, giving priority to positions in rural areas and to veterans.
- \$26 million for the Bank Enterprise Award Program (BEA Program), which incentivizes insured banks and thrifts to invest in Certified CDFIs and increase their lending and financial services in economically distressed communities.
- \$21.5 million for FA and TA awards for the Native CDFI Assistance Program (NACA Program), which provides awards and training to CDFIs that primarily serve Native Communities and to entities proposing to become or create Native CDFIs. These awards will increase access to credit, capital, and financial services in Native Communities.

- \$35 million in administrative funding to support a variety of purposes, including:
  - Staffing and resource demands created by significant growth across all programs, including the NMTC Program and the CDFI Bond Guarantee Program (BG Program);
  - Administration of non-monetary programs and activities, including compliance monitoring and CDFI Certification;
  - Enhancement of the Awards Management Information System (AMIS) including automation of key elements of the compliance, certification, program administration, research, reporting systems, and continuing improvements for operational efficiency and effectiveness; and
  - Continued refinement of the CDFI Program Assessment and Risk Management (ARM) Framework - a suite of tools that the CDFI Fund uses to assess the financial and programmatic risk of CDFI Program applicants and award recipients, enhance data-driven decision-making, and mitigate post-award compliance reporting risks.
- \$23 million for Healthy Food Financing Initiative (HFFI) awards to CDFIs to expand financing for healthy food options in underserved urban and rural communities.
- \$8.5 million for the Small Dollar Loan Program (SDL Program) to provide grants for Loan Loss Reserves and Technical Assistance to Certified CDFIs to establish and maintain small dollar loan programs. The SDL Program funding is intended to expand consumer access to mainstream financial institutions by providing alternatives to high cost small dollar lending. The SDL Program funding is also intended to help unbanked and underbanked populations build credit, access affordable capital, and allow greater access into the mainstream financial system.

## 1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2021		FY 2022		FY 2023		FY 2022 to FY 2023	
	Operating Plan		Annualized CR		Request		% Change	
New Appropriated Resources	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Community Development Financial Institutions Fund Program	0	\$165,000	0	\$165,000	0	\$215,383	NA	30.5%
Economic Mobility Corps	0	\$2,000	0	\$2,000	0	\$2,000	NA	0.0%
Bank Enterprise Award Program	0	\$26,000	0	\$26,000	0	\$26,000	NA	0.0%
Native American CDFI Assistance Program	0	\$16,500	0	\$16,500	0	\$21,500	NA	30.3%
Administrative	67	\$29,000	82	\$29,000	89	\$35,037	8.5%	20.8%
Healthy Food Financing Initiative	0	\$23,000	0	\$23,000	0	\$23,000	NA	0.0%
Small Dollar Loan Program	0	\$8,500	0	\$8,500	0	\$8,500	NA	0.0%
<b>Subtotal New Appropriated Resources</b>	<b>67</b>	<b>\$270,000</b>	<b>82</b>	<b>\$270,000</b>	<b>89</b>	<b>\$331,420</b>	<b>0.0%</b>	<b>22.7%</b>
<b>Other Resources</b>								
User Fees	0	\$1,186	0	\$1,250	0	\$1,350	NA	8.0%
Recoveries from Prior Years	0	\$405	0	\$500	0	\$500	NA	0.0%
Unobligated Balances from Prior Years	0	\$13,569	0	\$218,045	0	\$28,000	NA	-87.2%
<b>Subtotal Other Resources</b>	<b>0</b>	<b>\$15,160</b>	<b>0</b>	<b>\$219,795</b>	<b>0</b>	<b>\$29,850</b>	<b>NA</b>	<b>-86.4%</b>
<b>Total Budgetary Resources</b>	<b>67</b>	<b>285,160</b>	<b>82</b>	<b>\$489,795</b>	<b>89</b>	<b>\$361,270</b>	<b>8.5%</b>	<b>-26.2%</b>

FY 2021 Other Resources and Full-time Equivalents (FTE) reflect actuals.

## 1.2 – Budget Adjustment Table

Dollars in Thousands

	FTE	Amount
<b>FY 2022 Annualized CR</b>	<b>82</b>	<b>\$270,000</b>
Program Changes:		
Program Increases:	7	\$61,420
CDFI Program	0	\$50,383
Native American CDFI Assistance (NACA) Program	0	\$5,000
Administration	7	\$6,037
<b>FY 2023 President's Budget Request</b>	<b>89</b>	<b>\$331,420</b>

### C – Budget Increases and Decreases Description

**Program Increases** .....+\$61,420,000/ +7 FTE

CDFI Program +\$50,383,000 / +0 FTE

The CDFI Fund will increase the amount of Financial FA and TA awards. An increase of \$50.4 million to the CDFI Program will result in larger FA awards to increase the number of business and microenterprise loans, home improvement and purchase loans, residential real estate transactions, and other consumer loans and products offered by CDFI awardees. This increase would also support Small and/or Emerging Community Development Financial Assistance applicants and provide more funding for capacity building grants through the technical assistance component.

NACA Program +\$5,000,000 / +0 FTE

The CDFI Fund will increase the NACA Program by \$5 million, which will result in larger FA awards to increase the number of business and microenterprise loans, home improvement and purchase loans, residential real estate transactions, and other consumer loans and products in Native Communities. It will also be used to increase participation by Native communities by improving technical assistance and capacity building for Native CDFIs.

Administration +\$6,037,000 / +7 FTE

An increase of \$6 million in administration funding will support the hiring of seven new staff for program, compliance, certification, performance reporting and data collection, and IT system development and enhancements. It will support research on the growth and self-sufficiency of the CDFI Sector and its impact on underserved communities, minorities and economic inequality. In addition, it will enable the CDFI Fund to prepare for updating all its program eligibility data based on the forthcoming Decennial Census data, and update the CDFI Information Mapping System (CIMS) used for compliance and performance reporting across programs. Finally, it will provide more support for IT contracts related to system enhancement and development, especially new program applications and improved efficiency and automation of compliance and certification validation processes.

### 1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	9,279	10,319	11,687
<b>11.9 - Personnel Compensation (Total)</b>	<b>9,279</b>	<b>10,319</b>	<b>11,687</b>
12.0 - Personnel benefits	3,193	3,489	3,994
<b>Total Personnel and Compensation Benefits</b>	<b>\$12,472</b>	<b>\$13,808</b>	<b>\$15,681</b>
21.0 - Travel and transportation of persons	-	70	70
24.0 - Printing and reproduction	9	2	5
25.1 - Advisory and assistance services	4,983	1,743	3,700
25.2 - Other services from non-Federal sources	33	150	135
25.3 - Other goods and services from Federal sources	7,598	12,159	10,400
25.7 - Operation and maintenance of equipment	113	2,600	3,850
26.0 - Supplies and materials	23	45	50
31.0 – Equipment	4,530	6,494	3,923
41.0 - Grants, subsidies, and contributions	53,175	446,000	322,000
<b>Total Non-Personnel</b>	<b>\$70,464</b>	<b>\$469,263</b>	<b>\$344,133</b>
<b>New Budgetary Resources</b>	<b>\$82,936</b>	<b>\$483,071</b>	<b>\$359,814</b>
<b>Full-time Equivalents (FTE)</b>	<b>67</b>	<b>82</b>	<b>89</b>

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

**D – Appropriations Language and Explanation of Changes**

Appropriations Language	Explanation of Changes
<p style="text-align: center;">DEPARTMENT OF THE TREASURY COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND</p> <p style="text-align: center;">SALARIES AND EXPENSES</p> <p><i>To carry out the Riegle Community Development and Regulatory Improvement Act of 1994 (subtitle A of title I of Public Law 103–325), including services authorized by section 3109 of title 5, United States Code, but at rates for individuals not to exceed the per diem rate equivalent to the rate for EX-III, \$331,420,000. Of the amount appropriated under this heading—</i></p> <p><i>(1) not less than \$217,383,000, notwithstanding section 108(e) of Public Law 103–325 (12 U.S.C. 4707(e)) with regard to Small and/or Emerging Community Development Financial Institutions Assistance awards, is available until September 30, 2024, for financial assistance and technical assistance under subparagraphs (A) and (B) of section 108(a)(1), respectively, of Public Law 103–325 (12 U.S.C. 4707(a)(1)(A) and (B)), of which up to \$1,600,000 may be available for training and outreach under section 109 of Public Law 103–325 (12 U.S.C. 4708), of which up to \$3,153,750 may be used for the cost of direct loans, of which up to \$6,000,000, notwithstanding subsection (d) of section 108 of Public Law 103–325 (12 U.S.C. 4707 (d)), may be available to provide financial assistance, technical assistance, training, and outreach to community development financial institutions to expand investments that benefit individuals with disabilities, and of which not less than \$2,000,000 shall be for the Economic Mobility Corps to be operated in conjunction with the Corporation for National and Community Service, pursuant to 42 U.S.C. 12571: Provided, That the cost of direct and guaranteed loans, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$25,000,000: Provided further, That of the funds provided under this paragraph, excluding those made to community development financial institutions to expand investments that benefit individuals with disabilities and those made to community development financial institutions that serve populations living in persistent poverty counties, the CDFI Fund shall prioritize Financial Assistance awards to organizations that invest and</i></p>	

*lend in high-poverty areas: Provided further, That for purposes of this section, the term "high-poverty area" means any census tract with a poverty rate of at least 20 percent as measured by the 2011–2015 5-year data series available from the American Community Survey of the Bureau of the Census for all States and Puerto Rico or with a poverty rate of at least 20 percent as measured by the 2010 Island areas Decennial Census data for any territory or possession of the United States;*

*(2) Not less than \$21,500,000, notwithstanding section 108(e) of Public Law 103–325 (12 U.S.C. 4707(e)), is available until September 30, 2024, for financial assistance, technical assistance, training, and outreach programs designed to benefit Native American, Native Hawaiian, and Alaska Native communities and provided primarily through qualified community development lender organizations with experience and expertise in community development banking and lending in Indian country, Native American organizations, Tribes and Tribal organizations, and other suitable providers;*

*(3) not less than \$26,000,000 is available until September 30, 2024, for the Bank Enterprise Award program;*

*(4) not less than \$23,000,000, notwithstanding subsections (d) and (e) of section 108 of Public Law 103–325 (12 U.S.C. 4707(d) and (e)), is available until September 30, 2024, for a Healthy Food Financing Initiative to provide financial assistance, technical assistance, training, and outreach to community development financial institutions for the purpose of offering affordable financing and technical assistance to expand the availability of healthy food options in distressed communities;*

*(5) not less than \$8,500,000 is available until September 30, 2024, to provide grants for loan loss reserve funds and to provide technical assistance for small dollar loan programs under section 122 of Public Law 103–325 (12 U.S.C. 4719): Provided, That sections 108(d) and 122(b)(2) of such Public Law shall not apply to the provision of such grants and technical assistance;*

*(6) up to \$35,037,000 is available until September 30, 2023, for administrative expenses, including administration of CDFI Fund programs and the New Markets Tax Credit Program, of which not less than \$1,000,000 is for the development of tools to better assess and inform CDFI investment performance and CDFI*



<p><i>Fund program impacts, and up to \$300,000 is for administrative expenses to carry out the direct loan program; and</i></p> <p><i>(7) during fiscal year 2023, none of the funds available under this heading are available for the cost, as defined in section 502 of the Congressional Budget Act of 1974, of commitments to guarantee bonds and notes under section 114A of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4713a): Provided, That commitments to guarantee bonds and notes under such section 114A shall not exceed \$500,000,000: Provided further, That such section 114A shall remain in effect until December 31, 2023: Provided further, That of the funds awarded under this heading, except those provided for the Economic Mobility Corps, not less than 10 percent shall be used for awards that support investments that serve populations living in persistent poverty counties: Provided further, That for the purposes of this paragraph and paragraph (1), the term "persistent poverty counties" means any county, including county equivalent areas in Puerto Rico, that has had 20 percent or more of its population living in poverty over the past 30 years, as measured by the 1990 and 2000 decennial censuses and the 2011–2015 5-year data series available from the American Community Survey of the Bureau of the Census or any other territory or possession of the United States that has had 20 percent or more of its population living in poverty over the past 30 years, as measured by the 1990, 2000 and 2010 Island Areas Decennial Censuses, or equivalent data, of the Bureau of the Census.</i></p> <p>Note. --A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.</p>	<p>Extension of the Bond Guarantee Program through December 31, 2023 to allow more time to close complex and time-consuming bond commitments</p>
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**E – Legislative Proposals**

The FY 2023 Budget proposes to include \$5 billion in long-term mandatory funding to support lending by eligible CDFIs to finance new construction and substantial rehabilitation that creates net new units of affordable rental and for sale housing known as the CDFI Affordable Housing Supply Fund.

The purpose of the program is to increase and preserve the supply of affordable housing in single family and small properties (1-4 units) and small multifamily properties not to exceed 100 units. The Community Development Financial Institutions Fund will provide \$5 billion in grants to Community Development Financial Institutions (CDFIs) to support financing for the

construction, acquisition, rehabilitation and preservation of both rental and homeownership housing, including accessory dwelling units.

This program will encourage the participation of small-scale developers and contractors.

The program will support activities that:

- ensure the sustainability, climate resiliency, and energy efficiency of affordable housing through rehabilitation;
- focus on increasing the supply of affordable housing in underserved markets, including single family, small properties (1-4 units) and small multifamily properties with fewer than 100 units;
- create affordable homeownership opportunities through financing the construction and rehabilitation of single-family properties for individuals and families with incomes up to 120 percent of AMI and up to 150 percent of the Area Median Income (AMI) in high cost areas (including acquisition and rehabilitation);
- preserve and rehabilitate rental opportunities in Naturally Occurring Affordable Housing (NOAH);
- finance/ support the development of Accessory Dwelling Units (ADUs);
- preserve affordable housing that is at risk of conversion to market rate; and
- expand the supply of affordable housing through innovative approaches consistent with the goals of the program including the conversion of commercial properties to residential and utilization of modular housing.

Units financed under this program will have 10 years affordability compliance requirements.

## **Section II – Annual Performance Plan and Report**

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### **A – Strategic Alignment**

The CDFI Fund’s mission is to expand economic opportunity for underserved people and communities by supporting the growth and capacity of a national network of community development lenders, investors, and financial service providers.

The CDFI Fund’s award recipients provide loans, investments, business counseling, basic banking services, and financial literacy training in some of the most distressed communities in the nation. These are the communities in the United States where job opportunities remain stagnant and that otherwise lack access to more mainstream forms of capital – the places and populations that are not progressing economically as other parts of our economy have improved. CDFI Fund award recipients use their awards to increase access to capital and help improve the quality of life and boost the local economy in these communities.

In accordance with the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, Treasury developed the FY 2022 – 2026 Departmental Strategic Plan. The Annual Performance Plan has been updated to reflect new departmental strategic goals and objectives.

This year, the CDFI Fund is working to align budget activities and performance measures to the new objectives in the Treasury FY 2022 – 2026 Strategic Plan, specifically to Goal 1: Promote Equitable Economic Growth and Recovery; Objective 1.3 Economically Resilient Communities and Goal 5: Modernize Treasury Operations. This work will include benchmarking performance and may result in changes in performance measures in the FY 2024 budget.

The FY 2023 Budget will advance the CDFI Fund’s current goals by allowing the CDFI Fund to administer all programs including those that are authorized by Congress but do not require annual appropriations (i.e., the NMTC Program). In addition, the CDFI Fund will continue to conduct ongoing program compliance for prior-year award recipients for all programs.

The Budget request is also intended to cover the cost to administer certification of CDFIs, as required by the Riegle Act, as well as Community Development Entities (CDEs), as required by the NMTC program. CDFI certification is a prerequisite for eligibility for the CDFI and NACA Program(s), the BG Program, the SDL Program and the Capital Magnet Fund (CMF), as well as other federal programs outside of the CDFI Fund. CDE certification is a prerequisite for eligibility for the NMTC program.

The Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (P. L. 116-260) provided \$3 billion to the CDFI Fund to help CDFIs deliver immediate assistance in communities impacted by the COVID-19 pandemic. In the spring of FY 2021, the CDFI Fund awarded \$1.25 billion of these funds through its newly established CDFI Rapid Response Program (CDFI RRP), which was designed to quickly deploy capital to CDFIs through a streamlined application and review process. Through the CDFI RRP, CDFIs were provided with resources necessary to respond to the economic impacts of the COVID-19 pandemic in distressed and underserved communities and people.

In FY 2023, the CDFI Fund will be making an additional \$1.75 billion in grant funds available to CDFIs. These grants will further assist distressed communities by expanding lending, grant making, and increasing investment activity in low- or moderate-income minority communities and to minorities that have significant unmet capital or financial service needs.

## B – Budget and Performance by Budget Activity

### 2.1.1 – Administration Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	\$26,000	\$27,000	\$27,000	\$28,500	\$29,000	\$29,000	\$35,037
<b>Budget Activity Total</b>	<b>\$26,000</b>	<b>\$27,000</b>	<b>\$27,000</b>	<b>\$28,500</b>	<b>\$29,000</b>	<b>\$29,000</b>	<b>\$35,037</b>
<b>Full-time Equivalents (FTE)</b>	<b>74</b>	<b>66</b>	<b>67</b>	<b>76</b>	<b>67</b>	<b>82</b>	<b>89</b>

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
All Award Cycle Time (Months)	6.3	5.8	6.4	5.5	5.6	6.5	6.5	6.5
All-Time to Initial Disbursement (#Months)	7.5	7.0	7.0	4.4	5.1	4.5	4.5	4.5
ALL- Number of Affordable Housing Units Developed or Produced	27,443	34,083	61,839	44,361	58,125	I	I	I

Key: I - Indicator; DISC - Discontinued; B - Baseline

## 2A – Administration Budget and Performance

*(\$35,037,000 from direct appropriations):*

This encompasses the CDFI Fund’s operational support and management activities for each of its ongoing award programs. It includes, among other activities, developing notices of award availability and application materials; reviewing and evaluating certification and award applications; selecting awardees; finalizing the terms of award agreements; making disbursements; collecting and evaluating performance data; monitoring awardees’ compliance; and award closeout processes.

### Description of Performance:

The CDFI Fund’s three administrative performance measures focus on organization-wide efficiency, measuring how quickly awards are made and funds are disbursed, and the creation of affordable housing units across all CDFI Fund programs.

- The All Cycle Time measures the average time from the date when applications are received to the date of award announcement (calculated in months as an average across all programs). The Award Cycle Time in FY 2021 was 5.6 months, thereby exceeding the target of 6.5 months. FY 2021 reflects the inaugural round of the SDL Program as well as estimates for BEA and CMF programs, which are still in the midst of their FY 2021 round application reviews. For FY 2022 and FY 2023, the target will remain at 6.5 months because the CDFI Fund will be standing up additional programs funded by the Consolidated Omnibus Act, 2021.

- The Time to Initial Disbursement indicates how quickly the CDFI Fund completes award agreements and makes the first disbursement of funds or issues tax credits. The FY 2021 program disbursements results were tabulated in FY 2022 at 5.1 months which falls below the target set of 4.5 months. It should be noted that the tabulation includes estimates for BEA and CMF programs which are still in the midst of their FY 2021 round application reviews. While the FY 2021 results are higher than the FY 2020 results (4.4 months), they are still lower than the FY 2019 results (7 months) which reflect improved efficiencies through the AMIS system. The target will remain at 4.5 months for FY 2022 and FY 2023.
- The Number of Affordable Housing Units Developed or Produced metric measures the number of affordable housing units developed or produced as a result of CDFI Fund awards as reported by CDFI Program, NMTC Program, and CMF awardees. The FY 2021 actual result was 58,125 affordable housing units. Beginning with FY 2021, this performance measure was converted to an indicator because the variability in projecting annually the number of affordable housing units funded for three programs made it difficult to project a reliable target.

### 2.1.2 – Community Development Financial Institutions Program Resource and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	\$161,500	\$160,000	\$160,000	\$165,500	\$165,000	\$165,000	\$215,400
<b>Budget Activity Total</b>	<b>\$161,500</b>	<b>\$160,000</b>	<b>\$160,000</b>	<b>\$165,500</b>	<b>\$165,000</b>	<b>\$165,000</b>	<b>\$215,400</b>

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
CDFI - Percentage of Loans & Investments Originated in Eligible Distressed or Underserved Communities by Dollar Amount of Loans (Annual %)	81.2	73.7	75.6	75.0	71.4	60.0	60.0	60.0
CDFI - Percentage of Loans & Investments Originated in Eligible Distressed or Underserved Communities by Number of Loans	83.0	72.1	78.8	79.6	75.7	60.0	60.0	60.0

### 2B – Community Development Financial Institutions Program

*(\$217,383,000 from direct appropriations)*

The CDFI Program makes FA awards to CDFIs that have comprehensive business plans for creating community development impact and that demonstrate the ability to leverage private sector sources of financing, as well as TA grants to CDFIs and entities proposing to become CDFIs. CDFIs use FA awards to further goals such as:

- Economic development (job creation, business development, and commercial real estate development);
- Affordable housing (rental housing and homeownership); and
- Financial services (provision of basic banking services and financial literacy training to underserved people and communities).

For the FY 2021 CDFI Program round, the CDFI Fund awarded \$140.8 million in Base-FA and TA awards to 422 organizations in 43 states, the District of Columbia, and Puerto Rico.

In addition to the Base-FA awards, the CDFI Fund will also provide the following supplemental FA awards:

- \$23 million to 10 CDFIs through the Healthy Food Financing Initiative-Financial Assistance (HFFI-FA) awards, a supplemental program designed to encourage investments in businesses that provide healthy food options for communities;
- \$6 million to 14 CDFIs through the Disability Funds-Financial Assistance (DF-FA) awards, a supplemental program designed to help CDFIs finance projects and services that will assist individuals with disabilities; and
- \$18.6 million to 125 CDFIs through the Persistent Poverty Counties-Financial Assistance (PPC-FA) awards, which is a supplemental program designed to encourage investments in Persistent Poverty Counties nationwide.

The request includes \$2 million for the AmeriCorps CDFI Economic Mobility Corps (EMC), which is a joint initiative of the CDFI Fund and CNCS that places full-time national service members in Certified CDFIs to enhance their capacity to provide financial literacy, financial planning, budgeting, saving, and other financial counseling activities. Award funding for the FY 2022 round of EMC was made available through the CNCS FY 2022 AmeriCorps State and National Grant program Notice of Funding Opportunity (NOFO) that was released September 2021. EMC awards will be announced May 2022.

*Description of Performance:*

The CDFI Program has two measures: (1) the percentage of loans and investments originated in eligible distressed communities or made to underserved populations, as measured against the total dollar amount of loans originated by awardees; and (2) the percentage of loans and investments originated in eligible distressed communities or to underserved populations, as measured against the total number of loans originated by awardees.

Certification criteria require that all certified CDFIs originate at least 60.0 percent of their loans and investments in eligible distressed census tracts or to underserved populations. The target is set at a level that allows CDFIs to balance their mission to serve distressed communities and underserved populations with their safety and soundness considerations.

In FY 2021, the CDFI Program surpassed the 60.0 percent threshold for the percentage of both the dollar amount (71.4 percent) and the number of CDFI loans (75.7 percent) made to eligible distressed communities and underserved populations.

### 2.1.3 – New Markets Tax Credit Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	0	0	0	0	0	0	0
Budget Activity Total	0	0	0	0	0	0	0

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
NMTC - Percentage of Loans and Investments That Went Into Severely Distressed Communities	77.5	73.6	80.3	77.2	77.0	75.0	75.0	75.0

### 2C – New Markets Tax Credit Program

*(\$0 from direct appropriations):*

The NMTC Program stimulates capital investment in low-income communities nationwide by permitting individual and corporate taxpayers to receive a non-refundable tax credit against federal income taxes for making equity investments in CDEs. CDEs that receive the tax credit allocation authority under the program are domestic corporations or partnerships that provide loans, investments, or financial counseling in low-income urban and rural communities.

On December 27, 2020, legislation was enacted extending allocation authority of the NMTC Program for five years through calendar year (CY) 2025 at \$5 billion annually. The FY 2023 revenue proposal volume (also referred to as the “greenbook”) seeks a permanent reauthorization of the New Markets Tax Credit. Please see <https://home.treasury.gov/policy-issues/tax-policy/revenue-proposals> for more information.

#### Description of Performance:

In FY 2021, the CDFI Fund awarded \$5 billion in CY 2020 NMTC Program allocation authority to 100 organizations out of a pool of 208 applicants that requested \$15.1 billion in NMTC allocations.

In FY 2021, CDEs reported that 77 percent of NMTC investments were made in severely-distressed communities, exceeding the target of 75 percent. The expectation is that the NMTC investments performance report for FY 2022 and FY 2023 will meet or exceed the 75 percent target.

## 2.1.4 – Bank Enterprise Award Program Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	\$23,000	\$25,000	\$25,000	\$25,000	\$26,000	\$26,000	\$26,000
<b>Budget Activity Total</b>	<b>\$23,000</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$26,000</b>	<b>\$26,000</b>	<b>\$26,000</b>

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
BEA - Increase in Community Development Activities Over Prior Year For All BEA Program Applicants (\$ million)	522	646	429	469	DISC	DISC	DISC	DISC
Bank Enterprise Award Program (BEA) Leverage Ratio is the \$ Sum of All Award Recipients Qualified Activities to the \$ Sum of All Awards in a Given Year	N/A	N/A	N/A	N/A	TBD	B	N/A	N/A

Key: DISC - Discontinued; B - Baseline; TBD - To Be Determined; N/A - Not Available

## 2D – Bank Enterprise Award Program

*(\$26,000,000 from direct appropriations):*

The BEA Program provides monetary awards to regulated banks and thrifts for increasing their investments in CDFIs through grants, stock purchases, loans, deposits, and other forms of financial and technical assistance, and for increasing their lending, investment, and service activities in economically-distressed communities where at least 30 percent of residents have incomes less than the national poverty level and where the unemployment rate is at least 1.5 times the national unemployment rate.

### Description of Performance:

The BEA Program measures applicants' increase in qualified community development activities over the prior year. The FY 2021 BEA Program round is still in the application review stage with the goal of announcing awards by the end of March 2022.

For FY 2021, the BEA Program will begin reporting on its new performance measure — a leverage ratio of the dollar sum of all award recipients' qualified activities to the dollar sum of all awards in a given year. The Fund will use the values for FY 2021 through FY 2023 to establish a baseline trend from which to compute a target threshold for the leverage ratio that must be met or exceeded by the program's annual eligible activities.



## 2.1.5 – Native American CDFI Assistance Program Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	\$15,500	\$16,000	\$16,000	\$16,000	\$16,500	\$16,500	\$21,500
<b>Budget Activity Total</b>	<b>\$15,500</b>	<b>\$16,000</b>	<b>\$16,000</b>	<b>\$16,000</b>	<b>\$16,500</b>	<b>\$16,500</b>	<b>\$21,500</b>

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
NACA - Percentage of NACA Loans and Investments in Native Areas (\$ Amount of Loans)	47.9	84.9	78.0	57.2	60.1	50.0	50.0	50.0
NACA - Percentage of NACA Loans and Investments in Native Areas (# of Loans)	95.1	94.4	86.0	72.1	72.6	50.0	50.0	50.0

## 2E – Native American CDFI Assistance Program

*(\$21,500,000 from direct appropriations):*

Through the NACA Program, the CDFI Fund assists entities in overcoming barriers that prevent access to credit, capital, and financial services in American Indian, Alaska Native, and Native Hawaiian communities. The NACA Program makes monetary awards to increase the number and capacity of existing or new Native CDFIs (i.e., CDFIs that serve Native communities). In addition, the NACA Program provides training to help strengthen and develop Native CDFIs. Native CDFIs lend where other mainstream financial institutions do not and serve the poorest individuals, families, and businesses in Native communities.

For the FY 2021 round of the NACA Program, the CDFI Fund awarded \$14.3 million in Base-FA and TA awards to 34 organizations in 16 states. In addition, the CDFI Fund awarded \$1.65 million in NACA Program PPC-FA awards to eight Native CDFIs.

### *Description of Performance:*

The two measures of performance for the NACA Program are: (1) the percentage of the number of loans, and (2) the dollar amount of loans, made in tribal lands (based on Federal Designations of Tribal Areas) or to Native people. In accordance with their Assistance Agreements, NACA awardees are required to originate 50 percent or more of their loans and investments in Native areas or to Native populations. This threshold is set to allow the awardees to balance their mission of serving Native areas and populations with safety and soundness considerations.

In FY 2021, NACA recipients reported outcome data for their 2020 activities, which showed that 60.1 percent of loans by dollar amount and 72.6 percent of the number of loans originated were in Native areas or to Native borrowers, thereby exceeding the target of 50 percent for both measures.

## 2.1.6 – Healthy Food Financing Initiative Detail Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	\$22,000	\$22,000	\$22,000	\$22,000	\$23,000	\$23,000	\$23,000
<b>Budget Activity Total</b>	<b>\$22,000</b>	<b>\$22,000</b>	<b>\$22,000</b>	<b>\$22,000</b>	<b>\$23,000</b>	<b>\$23,000</b>	<b>\$23,000</b>

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
HFFI - Retail Outlets Created/Preserved	24.0	20.0	23.0	25.0	29.0	I	I	I

Key: I - Indicator

### 2F – Healthy Food Financing Initiative

*(\$23,000,000 from direct appropriations):*

The HFFI aims to eliminate “food deserts” – low-income urban and rural areas in the United States with limited access to affordable and nutritious food – by financing interventions that expand the supply of, and demand for, nutritious foods. The objectives include increasing the distribution of agricultural products, developing and equipping grocery stores, and strengthening producer-to-consumer relationships.

Through the HFFI, the CDFI Fund provides awards to Certified CDFIs to help address the need for healthy food in underserved and low-income communities. These organizations use federal grants, below market-rate loans, loan guarantees, and tax credits to attract private sector financing for projects that increase access to healthy food options.

#### Description of Performance:

The primary HFFI performance measure is the number of healthy food retail stores created and maintained in low-income areas that have been identified through detailed census tract analysis as having limited access to healthy food options. In FY 2021, the number of HFFI Retail outlets created was 29. Beginning with FY 2021, the HFFI performance measure is reported as an indicator because the variability of investments in new retail HFFI outlets made it difficult to forecast an annual target.

## 2.1.7 – Small Dollar Loan Program Resource and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	0	0	0	\$5,000	\$8,500	\$8,500	\$8,500
<b>Budget Activity Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$5,000</b>	<b>\$8,500</b>	<b>\$8,500</b>	<b>\$8,500</b>

### 2G - Small Dollar Loan Program

*(\$8,500,000 from direct appropriations):*

Authorized by Section 1206 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203), the SDL Program provides grants for Loan Loss Reserves (LLR) and TA to CDFIs to establish and maintain small dollar loan programs. SDL Program funding is intended to expand consumer access to mainstream financial institutions by providing alternatives to high

cost small dollar lending. The SDL Program funding is also intended to help unbanked and underbanked populations build credit, access affordable capital, and allow greater access into the mainstream financial system.

Description of Performance:

The program is in its infancy, therefore, its performance measure is still under review by the Office of Strategic Planning and Performance Improvement (OSPPI) and the Office of Performance Budget (OPB) before it receives final approval from the Office of Management and Budget (OMB). The Fund anticipates reporting out on SDLP’s performance measure in the FY2024 budget materials for FY2021. SDLP performance data will have to be baselined for three years to evaluate what a reasonable performance target might be based on the trends.

The inaugural round of SDLP awards were made in September 2021. A total of 52 CDFIs received \$10.8 million in FY 2021 SDLP awards. These Certified CDFIs are headquartered in 30 states, the District of Columbia and Puerto Rico. Two organizations received nearly \$300,000 in awards for LLR grants. Nine organizations received \$1.0 million in TA grants. 41 organizations received \$9.5 million in a combination of TA award and LLR awards. SDLP Award Recipients are comprised of Certified CDFIs of diverse types and include: 28 loan funds that received \$5.2 million; 13 credit unions that received \$2.8 million; and 11 banks or bank holding companies that received \$2.8 million. This includes, two organizations headquartered in Puerto Rico that received \$560,000 in awards, and five minority depository institutions that received a total of \$1.6 million in awards.

**2.1.8 – Capital Magnet Fund Program Resource Detail Table**

Dollars in Thousands

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Resource Level	Actual	Actual	Actual	Actual	Actual	Estimate	Estimate
GSE Distribution	\$119,413	\$144,917	\$131,884	\$175,809	\$382,748	\$367,000	\$212,000
<b>Budget Activity Total</b>	<b>\$119,413</b>	<b>\$144,917</b>	<b>\$131,884</b>	<b>\$175,809</b>	<b>\$382,748</b>	<b>\$367,000</b>	<b>\$212,000</b>
<b>Full-time Equivalents (FTE)</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>4</b>	<b>6</b>	<b>9</b>

**2H. – Capital Magnet Fund Program**

*(\$0 from direct appropriations):*

The CMF Program authorized by the Housing and Economic Recovery Act of 2008 (P.L. 110-289), establishes recurrent funding of the CMF through allocations from the Government-Sponsored Enterprises (GSEs) Fannie Mae and Freddie Mac. Through CMF, the CDFI Fund provides grants to CDFIs and qualified non-profit housing organizations to finance affordable housing, community service facilities, and economic development facilities. Award recipients can use funds to create financing tools such as loan funds, loan loss reserves, revolving loan funds, risk-sharing loans, and loan guarantees.

Description of Performance:

The primary performance measures of the CMF are the number of affordable housing units for which CMF funding was a source of financing, and the degree to which private funding sources were leveraged by CMF financing. Data on affordable housing units are included in performance table 2.1.1.

The FY 2021 CMF Program round is still in the application review stage with the goal of announcing awards in May 2022.

### 2.1.9 – CDFI Bond Guarantee Program Resource Detail Table

Dollars in Thousands

Resource Level	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	Actual	Actual	Actual	Actual	Actual	Annualized CR	Request
Obligations	\$245,000	\$150,000	\$150,000	\$100,000	\$100,000	\$500,000	\$500,000
Loan Limitation Obligation Authority	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000

### 2.1.10 – CDFI Bond Guarantee Program Financing Account – Non-Budgetary Summary

Dollars in Thousands

Resource Level	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	Actual	Actual	Actual	Actual	Actual	Estimate	Request
Obligations	\$245,000	\$150,000	\$150,000	\$100,000	\$100,000	\$500,000	\$500,000
Collections*	\$19,789	\$34,337	\$51,493	\$61,621	\$74,320	\$81,940	\$95,728

\*Includes the principal and interest repayments and a 10 basis point fee for administrative expenses pursuant to Section 1134 of the Small Business Jobs Act of 2010. These amounts assume a zero subsidy rate with bond loan disbursement of \$171 million and \$265 million in FY 2022 and FY 2023, respectively.

## 2I. – CDFI Bond Guarantee Program Budget and Performance

Through the BG Program, Treasury provides a 100 percent guarantee of bonds (including principal, interest, and call premiums) issued by Qualified Issuers. Bonds issued through the program support CDFI lending and investment activity in underserved communities by providing a source of long-term capital. Qualified Issuers use bond proceeds to finance loans to eligible CDFIs for community and economic development purposes.

Since the inception of the program, the total amount of bonds guaranteed is nearly \$1.8 billion. A total of 26 Eligible CDFIs and three Qualified Issuers participate in the BG Program. Upon the closing of each bond, the eligible CDFIs have five years to lend or disburse the bond proceeds.

The table below provides the year-to-date (FYE) and proposed disbursement for the top eight asset classes:

<b>Assets Class</b>	<b>Disbursements (\$Millions)</b>	<b>Disbursements (%)</b>	<b>Proposed Disbursements (\$Millions)</b>	<b>Proposed Disbursements (%)</b>
Charter Schools	\$364.91	27.29%	\$449.06	25.06%
Rental Housing	\$369.38	27.62%	\$463.29	25.85%
Commercial Real Estate	\$263.73	19.72%	\$346.91	19.36%
Financing Entity	\$115.16	8.61%	\$134.13	7.48%
Healthcare Facilities	\$74.20	5.55%	\$122.22	6.82%
Not-For-Profits	\$65.29	4.88%	\$116.98	6.53%
Small Business	\$51.21	3.83%	\$61.79	3.45%
Senior Living and Long Term Care Facilities	\$20.31	1.52%	\$63.10	3.52%
Daycare Centers	\$13.00	0.97%	\$34.52	1.93%
<b>Total</b>	<b>\$1,337.19</b>	<b>100.00%</b>	<b>\$1,792.00</b>	<b>100.00%</b>

### **C – Changes in Performance Measures**

CDFI has no changes in performance measures.

## **Section III – Additional Information**

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### **A – Summary of Capital Investments**

As part of its FY 2023 capital investment strategy, the CDFI Fund plans to spend approximately \$7.16 million for enhancements, operations, and maintenance of its IT infrastructure. The CDFI Fund has no major IT investments, nor any capital investments other than IT.

#### **Non-Major IT Investments:**

For FY 2023, the CDFI Fund has identified two non-major IT investments: AMIS and the CDFI Fund public website. AMIS is an enterprise-wide commercial, cloud-based solution that supports CDFI Fund certification, tax credit allocation, bond guarantee, and all grant programs. The CDFI Fund public website, another cloud-based solution, provides access to general information about the CDFI Fund and is used to ensure the public can obtain information and guidance regarding CDFI Fund programs. In FY 2023, the CDFI Fund plans to provide Operations and Maintenance (O&M) support for these two investments, as well as enhancements to AMIS. O&M includes system updates, help desk support, and software licenses. AMIS enhancements include annual program updates and improvements to program compliance monitoring and reporting.

A summary of capital investments, including major information technology and non-technology investments, can be accessed at:

<https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx>.