

## Community Development Financial Institutions Fund

### Program Summary by Budget Activity

Dollars in Thousands

Community Development Fund Institutions Fund Appropriated Resources	FY 2016		FY 2017		FY 2018		FY 2017 to FY 2018			
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	% Change	AMOUNT
<b>New Appropriated Resources:</b>										
Community Development Fund Institutions Program	0	\$153,423	0	\$153,131	0	0	0	(\$153,131)	NA	-100%
Bank Enterprise Award Program	0	\$19,000	0	\$18,964	0	0	0	(\$18,964)	NA	-100.00%
Native American CDFI Assistance Program	0	\$15,500	0	\$15,471	0	0	0	(\$15,471)	NA	-100.00%
Administration	77	\$23,600	77	\$23,555	42	\$14,000	(35)	(\$9,555)	-45.45%	-40.56%
Healthy Food Financing Program	0	\$22,000	0	\$21,958	0	0	0	(\$21,958)	NA	-100.00%
<b>Subtotal New Appropriated Resources</b>	<b>77</b>	<b>\$233,523</b>	<b>77</b>	<b>\$233,079</b>	<b>42</b>	<b>\$14,000</b>	<b>(35)</b>	<b>(\$219,079)</b>	<b>-45.45%</b>	<b>-93.99%</b>
<b>Other Resources:</b>										
User Fees*	0	\$220	0	\$362	0	\$619	0	\$257	NA	70.99%
Recoveries from Prior Years	0	\$3,375	0	\$3,400	0	\$3,400	0	\$0	NA	0.00%
Unobligated Balances Brought Forward	0	\$5,500	0	\$21,545	0	\$18,964	0	(\$2,581)	NA	-11.98%
<b>Subtotal Other Resources</b>	<b>0</b>	<b>\$9,095</b>	<b>0</b>	<b>\$25,307</b>	<b>0</b>	<b>\$22,983</b>	<b>0</b>	<b>(\$2,324)</b>	<b>NA</b>	<b>-9.18%</b>
<b>Total Budgetary Resources</b>	<b>77</b>	<b>\$242,618</b>	<b>77</b>	<b>\$258,386</b>	<b>42</b>	<b>\$36,983</b>	<b>(35)</b>	<b>(\$221,403)</b>	<b>-45.45%</b>	<b>-85.69%</b>

\*This request reflects authorization of the Bond Guarantee Program in FY 2016

### Summary

The FY 2018 Budget requests an appropriation of \$14,000,000 for the Community Development Financial Institutions Fund (CDFI Fund) to maintain the existing portfolio of loans and grants and to administer the Bond Guarantee (BG) Program and the New Markets Tax Credit (NMTC) Program.

### Explanation of Budget Activities

#### Administration \$14,000,000 from direct appropriations

Administration encompasses the CDFI Fund's operational support and management activities for the CDFI BG Program, the NMTC Program, and ongoing certification and compliance monitoring for all programs including the Bank Enterprise Award (BEA) Program, Community Development Financial Institutions (CDFI) Program, Native American CDFI Assistance (NACA) Program and Healthy Food Financing Initiative (HFFI).

### Legislative Proposals

The Budget requests extension of the CDFI BG Program through FY 2018.

By providing guarantees of bonds issued by Qualified Issuers, the CDFI BG Program injects new capital into our nation's most distressed communities. CDFIs can gain from the potential scale of the CDFI BG Program, which offers low-cost, long-term credit for the development of commercial real estate, rental housing, senior living, daycare or healthcare centers, small businesses, and rural infrastructure, among others. The benefits of the program are realized at no cost to taxpayers as the program requires no credit subsidy.

The Budget proposes the following legislative changes to the BG Program: (i) to reduce the minimum bond issue size from \$100 million to \$50 million; and (ii) to revise the relending account language to correct a technical drafting error.

The Budget proposes to eliminate new allocations into the Capital Magnet Fund (CMF) effective in FY 2018. This would eliminate recurrent funding of the CMF through allocations from the Government-Sponsored Enterprises, Fannie Mae and Freddie Mac.

### **Description of Performance**

In the FY 2016 funding round of the CDFI Program, the CDFI Fund received applications from 423 organizations, requesting over \$554 million in financial and technical assistance awards. In addition, 34 qualified organizations applied for the HFFI requesting over \$121 million. In September 2016, the CDFI Fund awarded more than \$148 million in grants and loans to 158 CDFIs. Additionally 9 organizations were awarded \$22 million for HFFI. In the FY 2016 funding round of the NACA Program, the CDFI Fund received applications from 61 organizations, requesting \$38 million in financial and technical assistance awards. In September 2016, the CDFI Fund awarded \$15.5 million in grants to 38 CDFIs. This activity shows the continued strong growth in demand for CDFI Fund Programs.

In FY 2016, CDFI Program awardees reported that over 81.5 percent of loans were originated in distressed communities and to underserved populations. By regulation, CDFIs must originate 60 percent or more of their loans and investments in eligible distressed census tracts or to underserved populations. The threshold is set at 60 percent in recognition that CDFIs may need to address safety and soundness by maintaining a diversified portfolio. Loans in highly distressed areas may be higher risk and more costly to underwrite and originate. The trend for FY 2012-2015 indicates that CDFI awardees have been successful in meeting their mission of serving distressed communities and underserved populations while maintaining sound investment portfolio performance.

In FY 2016, 23 prior HFFI awardees reported 261 HFFI investments totaling \$137.9 million. There were 131 retail investments totaling over \$115 million that developed 1,581,243 square feet of new retail space for projects ranging from small green grocers to large

supermarkets that served low-income, low-access census tracts. In addition, there were 130 non-retail investments totaling over \$23 million in projects involving production and distribution, which developed 1,718,088 square feet of space for eligible healthy food activities.

The All-application-award Cycle Time measures the average time from the date when applications are received to the date of award announcement (calculated in months as a weighted average). In FY 2016, the cycle time was 7.6 months, missing the target of 7 months as a result of additional application volume and implementation of the reestablished CMF Program.

The All-Affordable Housing measure captures the number of affordable housing units developed or produced as a result of CDFI Fund awards, as reported by CDFI, NMTC and CMF program awardees and allocatees. In FY 2016, the actual results of 35,251 affordable housing units exceeded the target of 29,000 units. For FY 2018, a target is set that includes expected outcomes for the CMF and NMTC programs as well as measureable outputs from prior year CDFI and NACA program awardees.

The calendar year 2015 and 2016 NMTC investment authority was allocated in November 2016 as a combined round. The NMTC Program awarded \$7 billion in NMTC investment authority to 120 Community Development Entities from a pool of 238 applicants