Department of the Treasury Community Development Financial Institutions Fund

Congressional Budget Justification and Annual Performance Report and Plan

FY 2019

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Section I – Budget Request

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 Intuitions (CDFI) Fund supports Treasury's Strategic Goal 1 (Boost U.S. Economic Growth) and Strategic Goal 4 (Transform Government-wide Financial Stewardship). The Budget requests the following for the CDFI Fund for FY 2019:

- $14 million in administrative funding to support:
  - Management of the CDFI, Bond Guarantee (BG), and New Markets Tax Credit (NMTC) Programs; and
  - Ongoing certification and compliance monitoring for all programs, including the Bank Enterprise Award (BEA) Program, the CDFI Program, the Native American CDFI Assistance (NACA) Program, and the Healthy Food Financing Initiative (HFFI).
- The Budget eliminates funding for the CDFI Fund's four discretionary grant and direct loan programs (i.e. the CDFI Program, the BEA Program, the NACA Program, and HFFI) and proposes to extend the CDFI BG Program, which offers CDFIs low-cost, long-term financing at no cost to taxpayers. The Budget also includes a proposal to eliminate new funding for Capital Magnet Fund (CMF) effective in 2019.
  - The CDFI BG Program provides CDFIs access to capital by providing guarantees of bonds issued by Qualified Issuers. CDFIs invest the bond proceeds into our nation's most distressed communities. CDFIs benefit by accessing long-term credit at below-market interest rates. The BG Program incentivizes and empowers CDFIs to execute large-scale projects, including the development of charter schools, commercial real estate, rental housing, senior living, daycare or healthcare centers, small businesses, and rural infrastructure, among others. The program requires no credit subsidy.
  - The Budget proposes an annual commitment authority of $500 million and program changes to (1) reduce the minimum bond issue size from $100 million to $50 million; and (2) correct a technical drafting error related to the calculation of the relending account maximum.

1.1 – Appropriations Detail Table

Dollars in Thousands

Community Development Financial Institutions Fund	FY 2017		FY 2018		FY 2019		FY 2018 to FY 2019			
Appropriated Resources	Enacted**		Annualized CR		Request		Change		% Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Community Development Financial Institutions Program	0	$161,500	0	$160,403	0	$0	0	($160,403)	NA	-100.00%
Bank Enterprise Award Program	0	$23,000	0	$22,844	0	$0	0	($22,844)	NA	-100.00%
Native American CDFI Assistance Program	0	$15,500	0	$15,395	0	$0	0	($15,395)	NA	-100.00%
Administration	74	$26,000	74	$25,823	42	$14,000	(32)	($11,823)	-45.45%	-45.78%
Healthy Food Financing Program	0	$22,000	0	$21,851	0	$0	0	($21,851)	NA	-100.00%
Subtotal New Appropriated Resources	**74**	**$248,000**	**74**	**$246,316**	**42**	**$14,000**	**(32)**	**($232,316)**	**-45.45%**	**-94.32%**
Other Resources										
User Fees *	0	$415	0	$700	0	$1,000	0	$300	NA	42.86%
Recovery From Prior Years	0	$642	0	$3,400	0	$2,500	0	($900)	NA	-26.47%
Unobligated Balances Brought Forward	0	$28,312	0	$32,606	0	$5,000	0	($27,606)	NA	-84.67%
Subtotal Other Resources	**0**	**$29,369**	**0**	**$36,706**	**0**	**$8,500**	**0**	**($28,206)**	**NA**	**-76.84%**
Total Budgetary Resources	**74**	**$277,369**	**74**	**$283,022**	**42**	**$22,500**	**(32)**	**($260,522)**	**-45.45%**	**-92.05%**

* FY 2017 User Fees reflects authorization of the Bond Guarantee Program.

** This column reflects levels appropriated in H.R. 255, the Consolidated Appropriations Act of 2017. For further details on the execution of these resources see the 2019 Budget *Appendix* chapter for the Department of the Treasury. FY 2017 FTE employment level reflects actuals, and the $ amount represents 2017 Enacted.

1.3 – Operating Levels Table

Dollars in Thousands

Community Development Financial Institutions Fund Object Classification	FY 2017 Enacted[1]	FY 2018 Annualized CR	FY 2019 Request
11.1 – Full-time permanent	9,085	9,382	4,589
11.9 – Personnel Compensation (Total)	**9,085**	**9,382**	**4,589**
12.0 – Personnel benefits	2,991	3,067	2,160
Total Personnel and Compensation Benefits	**$12,076**	**$12,449**	**$6,749**
21.0 – Travel and transportation of persons	59	40	15
24.0 – Printing and reproduction	11	5	1
25.1 – Advisory and assistance services	5,707	2,551	0
25.2 – Other services from non-Federal sources	38	15	15
25.3 –Other goods and services from Federal sources	4,420	6,908	5,212
25.7 – Operation and maintenance of equipment	0	2,967	2,003
26.0 – Supplies and materials	42	35	5
31.0 – Equipment	3,647	853	0
41.0 – Grants, subsidies, and contributions	222,000	220,493	0
Total Non-Personnel	**$235,924**	**$233,867**	**$7,251**
New Budgetary Resources	**$248,000**	**$246,316**	**$14,000**
FTE	**74**	**74**	**42**

Note: This table includes total annually appropriated funding (FY 2017 Enacted, FY 2018 Annualized CR, and FY 2019 Request).
[1]This column reflects levels appropriated in H.R. 255, the Consolidated Appropriations Act of 2017. For further details on the execution of these resources see the 2019 Budget *Appendix* chapter for the Department of the Treasury. FY 2017 FTE employment level reflects actuals, and the $ amount represents 2017 Enacted.

C – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND *To carry out the Riegle Community Development and Regulatory Improvements 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-3, $14,000,000, to be used for administrative expenses, including administration of CDFI fund programs and the New Markets Tax Credit Program: Provided, That during fiscal year 2019, 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 further, That commitments to guarantee bonds and notes under such section 114A shall not exceed $500,000,000 through December 31, 2019: Provided further, That such section 114A shall remain in effect until December 31, 2019.* Note.—A full-year 2018 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, 2018 (Division D of P.L. 115-56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution.	Extension of the Bond Guarantee Program through December 31, 2019 to allow more time to close complex and time-consuming bond commitments.

D – Legislative Proposals

The Budget requests extension of the CDFI Bond Guarantee Program through December 31, 2019 and elimination of new allocations into the Capital Magnet Fund effective in FY 2019.

Legislative Language

SEC. 126. AMENDMENTS TO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS BOND PROGRAM. Section 114A of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4713a) is amended— (a) in subsection (c)(2) by striking ", multiplied by an amount equal to the outstanding principal balance of issued notes or bonds"; and (b) in subsection (e)(2)(B), by striking "$100,000,000" and inserting "$50,000,000".

Section II – Annual Performance Plan and Report

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 supports the following Treasury's FY 2018-2022 strategic goals:

- Goal 1: Boost U.S. Economic Growth
    - Objective 1.2 – Strong Economic Fundamentals

- Goal 4: Transform Government-wide Financial Stewardship
    - Objective 4.1 – Financial Data Access and Use

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 where job opportunities remain stagnant and that otherwise lack access to more mainstream forms of capital – the places in the United States 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 to improve the quality of life and the local economy in these communities.

The CDFI Fund has articulated five goals in its FY 2018-2022 Strategic Plan aimed at increasing the impact of the CDFI Fund network by supporting the growth, reach, and performance of CDFI Fund awardees. These goals support Treasury's strategic plan to: promote strong economic fundamentals; transform government-wide financial stewardship; and ensure financial data access/use.

The FY 2019 Budget will advance these goals by allowing the CDFI Fund to administer and fully staff the CDFI Fund's programs that are authorized by Congress but do not require appropriated funds to make awards, i.e., the NMTC Program and CDFI BG 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 BG 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.

B – Budget and Performance by Budget Activity

2.1.1 Administration- Resources and Measures

Dollars in Thousands

Resource Level	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Enacted	FY 2018 Annualized CR	FY 2019 Request
Appropriated Resources	$21,764	$24,636	$23,100	$23,600	$26,000	$25,823	$14,000
Budget Activity Total	**$21,764**	**$24,636**	**$23,100**	**$23,600**	**$26,000**	**$25,823**	**$14,000**
FTE	**76**	**76**	**76**	**77**	**74**	**74**	**42**

Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2017 Target	FY 2018 Target	FY 2019 Target
ALL - Award Cycle Time (Months)	6.8	7.9	8.3	7.6	6.3	7.0	7.0	7.0
All - Time to Initial Disbursement (# Months)	N/A	N/A	N/A	B	N/A	N/A	4.5	4.5
ALL - Number of Affordable Housing Units Developed or Produced	26,391	32,621	27,004	35,251	27,443	28,000	28,000	28,000

Key: B - Baseline

2A - Administration

($14,000,000 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 two administrative measures are organization-wide efficiency measures based on how quickly awards are made and funds are disbursed.

- 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). In FY 2017, the 7 month cycle-time target was met because it took on average only 6.3 months to make the awards. This achievement reflects improved efficiency in making awards, which is largely a function of the implementation of the Awards Management and Information system (AMIS).

- The Time to Initial Disbursement is a new measure that indicates in months how quickly the CDFI Fund completes award agreements and makes the first disbursement of funds or issues tax credits. The results for FY 2017 have not yet been tabulated because this measure cannot be computed until 4.5 months have elapsed after the end of FY 2017.

- The Number of Affordable Housing Units Developed or Produced 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 allocation recipients. The FY 2017 actual result of 27,433 affordable housing units was slightly below the target of 28,000 affordable housing units. The FY 2018 target remains 28,000 units, and it reflects projected outcomes for program investments from prior-year award recipients' reported eligible affordable housing projects.

2.1.2 – Community Development Financial Institutions Program Resources and Measures

Dollars in Thousands

Resource Level	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
CDFI Program Budget Activity	Actual	Actual	Actual	Actual	Actual	Annualized CR	Request
Appropriated Resources	$138,397	$146,364	$152,400	$153,423	$161,500	$160,403	$0
Budget Activity Total	**$138,397**	**$146,364**	**$152,400**	**$153,423**	**$161,500**	**$160,403**	**$0**

Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2017 Target	FY 2018 Target	FY 2019 Target
CDFI - Percentage of Loans & Investments Originated in Eligible Distressed or Underserved Communities by Dollar Amount of Loans (Annual %)	77.1	70.8	80.1	80.9	81.2	60.0	60.0	N/A
CDFI - Percentage of Loans & Investments Originated in Eligible Distressed or Underserved Communities by Number of Loans	79.6	60.7	80.5	81.5	83.0	60.0	60.0	N/A

2B - Community Development Financial Institutions Program

($0 from direct appropriations):

The CDFI Program makes Financial Assistance (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 Technical Assistance (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).

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 2017, the CDFI Program surpassed the 60.0 percent threshold for the percentage of both the dollar amount (81.2 percent) and the number of CDFI loans (83.0 percent) made to eligible distressed communities and underserved populations. The FY 2018 target remains 60.0 percent to ensure that CDFIs can balance mission with safety and soundness objectives.

2.1.3 – New Markets Tax Credit Program Resources and Measures

Dollars in Thousands

Resource Level	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
New Markets Tax Credit Budget Activity	Actual	Actual	Actual	Actual	Actual	Annualized CR	Request
Appropriated Resources	$0	$0	$0	$0	$0	$0	$0
Budget Activity Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Measure	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2017	FY 2018	FY 2019
	Actual	Actual	Actual	Actual	Actual	Target	Target	Target
NMTC - Percentage of Loans and Investments That Went Into Severely Distressed Communities	78.5	73.8	75.2	74.5	77.5	74.0	75.0	75.0

2C – New Markets Tax Credit Program

($0 from direct program 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 vehicles known as 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 18, 2015, Congress extended the authorization of the NMTC Program for $3.5 billion per year through 2019.

Description of Performance:
The Calendar Year (CY) 2015 and CY 2016 NMTC allocation authority was allocated in November 2016 as a combined round, in which the NMTC Program awarded $7 billion in NMTC allocation authority to 120 CDEs, out of a pool of 238 applicants requesting $17.6 billion.

In FY 2017, 77.5 percent of NMTC investments were made in severely-distressed communities, exceeding the target by more than three percentage points. This performance indicates that CDEs continue to meet their commitments in severely-distressed communities. Because the trend data indicates improvement, the CDFI Fund has elevated the FY 2018 and FY 2019 targets to 75 percent.

In August 2017, the CDFI Fund released the *Compliance Review of New Markets Tax Credit Program*[1] report commissioned by the CDFI Fund and conducted by Summit Consulting, LLC. The independent report examines whether NMTC recipients have complied with program requirements and if recipients' "investment activities have aligned with the objectives of the NMTC Program." The report emphasizes the NMTCs are being used as Congress intended – to attract private investment into projects in economically-distressed communities – and documents the ways CDEs are meeting and generally exceeding NMTC Program requirements.

The report addresses questions and recommendations posed by the Government Accountability Office regarding the distribution of benefits among the NMTC Program's stakeholders, investors' rates of return, and the role that other public investments play in NMTC investments. Among the report's key findings are:

- CDEs often go beyond compliance requirements, providing more flexible capital and investing in more highly-distressed areas than the NMTC Program requires;
- The flexible financing provided by CDEs reduces the net cost of capital for borrowers; and
- Many CDEs use a rigorous project selection process that included a "but-for analysis," community benefit considerations, and advisory board involvement.

A review of NMTC projects showed that approximately two-thirds received public funding consistent with financing gaps. The remaining one-third revealed that projects located in highly distressed areas may need more public funding to attract private investment to enhance community benefits or to support initial project operating costs.

[1] https://www.cdfifund.gov/Documents/Summit%20-%20Compliance%20Review%20of%20New%20Markets%20Tax%20Credit%20Program%20-%20August%20Date%20-%20508%20Compliant.pdf

2.1.4 – Bank Enterprise Award Program Performance and Measures

Dollars in Thousands

Resource Level Bank Enterprise Award Program Budget Activity	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Annualized CR	FY 2019 Request
Appropriated Resources	$17,058	$18,000	$18,000	$19,000	$23,000	$22,844	$0
Budget Activity Total	**$17,058**	**$18,000**	**$18,000**	**$19,000**	**$23,000**	**$22,844**	**$0**

Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2017 Target	FY 2018 Target	FY 2019 Target
BEA - Increase in Community Development Activities Over Prior Year For All BEA Program Applicants ($ million)	493.5	723.5	759.9	539	TBD	500	500	N/A

2D – Bank Enterprise Award Program

($0 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. In FY 2017, the CDFI Fund awarded $18.6 million from the FY 2016 appropriated BEA Program funds. The award round for FY 2017 opened in September 2017, with award announcements expected to be made in April 2018.

The performance target for the FY 2016 round was met. BEA program applicants documented $539 million in increased qualified community development activities, exceeding the target of $450 million.

In June 2017, the CDFI Fund released the *Bank Enterprise Award Program Baseline Analysis and Evaluation*[2] report, which is an independent third-party evaluation of the BEA Program. The report found that the BEA Program targets census tracts with much lower income levels and higher poverty rates than are typically required under the Community Reinvestment Act (CRA). In addition, applicants and awardees surveyed during the BEA Program evaluation indicated program awards mitigate the financial risks and costs of operating bank branches in highly-distressed communities and are a factor in shaping the financial products and services offered in these communities. The report's analysis shows that CDFI banks and CDFIs generally lend at a greater frequency in highly distressed communities than CRA-reporting banks, and that BEA awardees typically originate a larger share of their loans in persistent-poverty areas than CRA-reporting banks. The evaluation also found that the BEA Program has evolved over time, and it

[2] https://www.cdfifund.gov/news-events/news/Pages/news-detail.aspx?NewsID=260&Category=Press%20Releases

now focuses on providing awards to smaller CDFI banks that increase their activities in distressed communities, as well as to larger non-CDFI banks that invest in CDFIs to reach more highly distressed areas than they otherwise would.

2.1.5 – Native American CDFI Assistance Program Performance and Measures

Dollars in Thousands

Resource Level	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Native American CDFI Assistance Program	Actual	Actual	Actual	Actual	Actual	Annualized CR	Request
Appropriated Resources	$11,372	$15,000	$15,000	$15,500	$15,500	$15,395	$0
Budget Activity Total	**$11,372**	**$15,000**	**$15,000**	**$15,500**	**$15,500**	**$15,395**	**$0**

Measure	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2017	FY 2018	FY 2019
	Actual	Actual	Actual	Actual	Actual	Target	Target	Target
NACA - Percentage of NACA Loans and Investments in Native Areas ($ Amount of Loans)	75.5	57.9	65	61.2	42.6	50.0	50.0	N/A
NACA - Percentage of NACA Loans and Investments in Native Areas (# of Loans)	93.3	87	95.9	96.3	94.5	50.0	50.0	N/A

2E – Native American CDFI Assistance Program

($0 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 have not and serve the poorest individuals, families, and businesses in Native communities.

Description of Performance:

In FY 2016, two new measures of performance were approved for the NACA Program: (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 Financial Assistance agreements, NACA awardees are required to originate 50.0 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.

These two measures were first baselined in FY 2017 with outcome data from 2016. It showed that 61 percent of dollars originated, and over 96 percent of the number of loans originated, were in Native Areas or to Native borrowers. The preliminary data for FY 2017 reflects a shortfall in the dollar amount of loans originated – just 42.6 percent – but the target for the percent of loans was exceeded, with performance of 94 percent. The preliminary data is incomplete due to late-filed reports. Based on past reporting patterns, the CDFI Fund expects that complete data will show a higher percentage of the dollar amount of loans originated. Enhanced compliance monitoring procedures and improvements in the performance reporting systems should mitigate these reporting problems in the future. The target for FY 2018 remains 50 percent.

2.1.6 - Healthy Food Financing Initiative Performance and Measures

Dollars in Thousands

Resource Level Healthy Food Financing Initiative	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Annualized CR	FY 2019 Request
Appropriated Resources	$20,849	$35,000	$22,000	$22,000	$22,000	$21,851	$0
Budget Activity Total	**$20,849**	**$35,000**	**$22,000**	**$22,000**	**$22,000**	**$21,851**	**$0**

Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2017 Target	FY 2018 Target	FY 2019 Target
HFFI - Retail Outlets Created/Preserved	31	33	35	19	24	20	20	N/A

2F – Healthy Food Financing Initiative

($0 from direct appropriations):

The Healthy Food Financing Initiative (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 awards CDFI Program funds 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 2017, the number of HFFI Retail outlets created was 24. Under the current continuing resolution, the target is 20 new retail outlets for FY 2018.

2.1.7 - Capital Magnet Fund Program Resource Detail Table

Dollars in Thousands

Resource Level Capital Magnet Fund Program	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Annualized CR *	FY 2019 Request
GSE Distribution	NA	NA	NA	$100,292	$119,413	$0	$0
Budget Activity Total	**$0**	**$0**	**$0**	**$100,292**	**$119,413**	**$0**	**$0**
FTE	**0**	**0**	**0**	**0**	**7**	**7**	**0**

* The Budget assumes no funds will be provided to the CMF in 2018 in accordance with the Federal Housing Finance Agency's 2014 stated policy that funds will not be transferred if the transfer would cause the GSEs to draw on the Treasury funding commitment under the Preferred Stock Purchase Agreements (PSPAs). The Budget anticipates that such a draw will occur in 2018 as a result of the enactment of tax reform legislation.

2G - Capital Magnet Fund Program

($0 from direct appropriations):

The CMF program was authorized by the Housing and Economic Recovery Act of 2008, which calls for 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. Award recipients can use funds to create financing tools such as loan loss reserves, revolving loan funds, risk-sharing loans, and loan guarantees. The Budget proposes to suspend new allocations into the CMF effective in FY 2019.

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 are included in performance table 2.1.1 above.

Awardee reports available through September 30, 2017, indicate that the total number of affordable homes under development or completed with CMF financing, through the end of the awardees' FY 2016 were:

- 13,325 affordable homes under development or completed with CMF financing (a net addition of 2,430)
  - Affordable rental homes financed: 11,727 (a net addition of 2,220)
  - Affordable homeowner-occupied homes financed: 1,598 (a net addition of 210)

- Leverage: 1:20 (This ratio does not include leverage from the reinvestment of funds. The target set by Congress was 10 times leveraging.)

2.1.8 - Bond Guarantee Program Resource Detail Table

Dollars in Thousands

Resource Level Bond Guarantee Program	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Annualized CR	FY 2019 Request
Obligations	$325,000	$200,000	$327,000	$265,000	$260,000	$500,000	$500,000
Loan Limitation Obligation Authority	$1,000,000	$750,000	$750,000	$750,000	$500,000	$500,000	$500,000

2.1.9 - Financing Accounts – Non-Budgetary Summary

Dollars in Thousands

Resource Level	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Anualizd CR	FY 2019 Request
Obligations	$325,000	$200,000	$327,000	$265,000	$260,000	$500,000	$500,000
Collections*	$0	$356	$2,966	$9,377	$20,927	$44,720	$72,310

*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 $456 million and $427 million, in FY 2018 and FY 2019, respectively.

2H - CDFI Bond Guarantee Program

Through the CDFI Bond Guarantee 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 $1.362 billion. A total of 26 Eligible CDFIs and three Qualified Issuers participate in the CDFI Bond Guarantee 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 (YTD) and proposed disbursement for the top eight asset classes.

Asset Class	YTD Disbursements ($ millions)	YTD Disbursements (%)	Proposed Disbursements ($millions)	Proposed Disbursements (%)
Charter schools	$192.3	**33.2%**	**$346.6**	**25.4%**
Rental housing	$149.4	**25.8%**	**$334.2**	**24.5%**
Commercial real estate	$91.9	**15.9%**	**$269.9**	**19.8%**
Financing Entity	$72.3	**12.5%**	**$150.6**	**11.1%**
Healthcare Facilities	$29.8	**5.15%**	**$68.4**	**5.0%**
Not-for-profits	$29.0	**5.0%**	**$94.0**	**6.9%**
Small business	**$8.3**	**1.4%**	**$ 29.5**	**2.2%**
Daycare centers	**$6.2**	**1.1%**	**$ 28.5**	**2.1%**

Performance Measure Changes

With the publication of Treasury's Strategic Plan for FY 2018-2022, the CDFI Fund will work this year to baseline the performance for the new strategic objectives. This could result in changes to performance measures in the FY 2020 budget.

Section III – Additional Information

A – Summary of Capital Investments

As part of its FY 2019 capital investment strategy, the CDFI Fund plans to spend approximately $2.55 million for operations and maintenance of its Information Technology (IT). The CDFI Fund has no major IT investments, nor any capital investments other than IT.

Non-Major IT Investments

For FY 2019, the CDFI Fund has identified two non-major IT investments: Awards Management Information System (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 grant programs. The first AMIS deployment was implemented in September 2015. Full deployment is planned for September 2018. The CDFI Fund public website, which is 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. For FY 2019, the CDFI Fund plans to provide Operations and Maintenance (O&M) support for these two IT investments.

IT Infrastructure Investments

The CDFI Fund's IT infrastructure is managed via an Interagency Agreement with the Alcohol and Tobacco Tax and Trade Bureau (TTB). Treasury has seen numerous benefits from the CDFI Fund/TTB arrangement. It increases utilization of Treasury's data centers and enables the CDFI Fund to leverage existing Disaster Recovery and Continuity of Operations capabilities. The CDFI Fund avoids software upgrade costs by using TTB's enterprise software licenses. This reduces duplicative services (such as Web monitoring and filtering) and eliminates contracts used to maintain the CDFI Fund's IT infrastructure.

A summary of the CDFI Fund's capital investment resources, including major IT and non-technology investments can be found at:
http://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx
This website also contains a digital copy of this document.