



THE CDFI FUND

EMPOWERING UNDERSERVED COMMUNITIES



BE PART of the community

OVERVIEW

The Community Development Financial Institutions Fund (CDFI Fund), part of the U.S. Department of the Treasury, plays a unique and important role in generating economic growth in America. By fostering the creation and expanding the capacity of community-based financial institutions that specialize in providing affordable credit, capital, and financial services, the CDFI Fund builds businesses, creates jobs, and revitalizes neighborhoods.

HISTORY

Community Development Financial Institutions—or CDFIs—emerged in response to a lack of access to responsible and affordable credit and capital in minority and economically distressed communities. The CDFI “movement” took shape in the 1970s with the passage of the Community Reinvestment Act, which encourages financial institutions to meet the needs of all sectors of the communities they serve. Amid growing concerns about the social consequences of investment decisions made by the financial services industry on the nation’s low-income communities, early CDFIs began filling a niche by providing capital and credit in areas that are often difficult for traditional financial institutions to serve.

Since its inception in 1994, the CDFI Fund has built a nation-wide network of CDFIs committed to ensuring that underserved communities have access to quality, affordable, and credible financial services. Over time, the CDFI Fund has leveraged more sophisticated financial mechanisms, such as tax credits, to further support community development

Today, with the CDFI Fund’s help, what started as a grassroots movement has grown into a thriving sector of the financial services industry that is meeting the needs of communities across the country. The institutions the CDFI Fund serves have enhanced their capacity, sustainability, and impact. The CDFI Fund, in turn, has evolved to meet their needs, offering new programs to further community transformation.



MODEL

The CDFI Fund supports the mission-driven financial institutions working on a local level that know their communities best. Financial institutions that become certified by the CDFI Fund are eligible to apply for the comprehensive services it offers—including monetary support and training to build organization capacity. The CDFI Fund’s model is competitive and each of its programs provides CDFIs with the flexibility to determine the best use of limited federal resources in their community.

IMPACT

Since its inception, the CDFI Fund has provided more than \$5.1 billion through a variety of monetary award programs and \$66 billion in tax credits through the New Markets Tax Credit Program, and has guaranteed more than \$1.8 billion in bonds through the CDFI Bond Guarantee Program, all to increase the impact of CDFIs and other community development organizations in economically distressed and underserved communities.

In FY 2021 alone, CDFI Program awardees reported originating loans or investments totaling more than \$38.7 billion in consumer loans, home improvements and home purchase loans, business and micro-enterprise loans, and residential real estate transactions. In addition, recipients financed nearly 50,000 affordable housing units. Similarly in FY 2021, New Market Tax Credit Program allocation recipients reported making more than \$3.3 billion in loans and investments in Low-Income Communities. This critical financing contributed to more than 35,000 construction-related and permanent jobs; and resulted in more than 1,000 affordable housing units, more than 13,866 million square feet of commercial real estate, and nearly 8,500 businesses receiving financial counseling or other services. In the inaugural round of the Small Dollar Loan Program, the CDFI Fund awarded more than \$10.8 million in grants to 52 Certified CDFIs. Increasing their capacity to provide fair and affordable loans in their communities and to help unbanked and underbanked borrowers build their credit.

The result of the CDFI Fund’s work is an inclusive economy: an America where all citizens have the chance to participate in the mainstream economy. Each business financed, each job created, each home built represents a critical step in the transformation of a life, a family, and a community. The CDFI Fund’s work transforms communities and creates economic opportunity for all Americans.

You might be surprised to learn the impact of the CDFI Fund in your own community. Check out www.cdfifund.gov to learn more.



CDFI FUND PROGRAMS

The CDFI Fund makes an impact through a wide range of innovative programs.
Visit www.cdfifund.gov to learn more and apply.

- Bank Enterprise Award Program: Provides monetary awards to Federal Deposit Insurance Corporation insured banks for increasing their investments in low-income communities and/or in CDFIs.
- Capital Magnet Fund: Offers competitively awarded grants to finance affordable housing solutions for low-income people and low-income communities nationwide.
- CDFI Bond Guarantee Program: Guarantees the full amount of notes or bonds issued to support CDFIs that make investments for eligible community or economic development purposes. These bonds or notes support CDFI lending and investment by providing a source of long-term, patient capital.
- CDFI Program: Provides Financial Assistance and Technical Assistance awards to certified and emerging CDFIs to sustain and expand their services and to build their technical capacity.
- Economic Mobility Corps: Is a joint initiative of the CDFI Fund and AmeriCorps 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.
- Native Initiatives: Includes the Native American CDFI Assistance Program, which provides Financial Assistance and Technical Assistance awards to CDFIs serving Native communities to sustain and expand their services and to build their technical capacity; and training opportunities for Native CDFIs available as part of the CDFI Fund's Capacity Building Initiative.
- New Markets Tax Credit Program: Provides tax allocation authority to certified Community Development Entities (CDEs), enabling investors to claim tax credits against their federal income taxes. The CDEs, in turn, use the capital raised to make investments in low-income communities
- Small Dollar Loan Program: Help Certified CDFIs address the issue of expanding consumer access to mainstream financial institutions and provide alternatives to high cost small dollar loans.

Feel free to contact us with any questions.

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