ANNUAL REPORT
FISCAL YEAR 2023

Community Development Financial Institutions Fund
U.S. Department of the Treasury

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Notes:

Capitalized terms used but not defined in this document have the meanings as defined in the CDFI Fund's authorizing statute, applicable program regulations, or applicable notice of availability.

Numerals with decimal units are shown to one decimal place and are rounded to the nearest tenth. For example, 1.24 million is rounded down to 1.2 million, and 1.25 is rounded up to 1.3 million.

MESSAGE FROM THE DIRECTOR

I am pleased to present the fiscal year (FY) 2023 Annual Report for the U.S. Department of the Treasury's Community Development Financial Institutions Fund (CDFI Fund).

Since its inception in 1994, the CDFI Fund has provided more than $7.4 billion through a variety of monetary award programs, $76.0 billion in tax credits through the New Markets Tax Credit Program, and has guaranteed nearly $2.5 billion in bonds through the CDFI Bond Guarantee Program, all to increase the impact of Community Development Financial Institutions (CDFIs) and other community development organizations in economically distressed and underserved communities. During this time, the CDFI Fund has helped build the capacity of nearly 1,500 Certified CDFIs, which are located in all 50 states as well as in the District of Columbia, Guam, and Puerto Rico.

CDFI Fund award recipients successfully leverage billions in private sector investment to create jobs, build affordable housing, build essential community facilities, provide financial counseling, and invest in neighborhood revitalization initiatives — all in distressed and underserved communities lacking access to traditional lending or banking institutions.

This year, the CDFI Fund awarded more assistance resources than in any other year in its history. Over the course of FY 2023, the CDFI Fund awarded more than $2 billion in awards, allocated $10 billion in New Markets Tax Credits, and guaranteed $300 million in bonds. Despite the significant volume of awards made over the course of FY 2023, requests for assistance again exceed the supply of resources for nearly all of the CDFI Fund's various programs.

As for our financial performance, I am pleased to report that the CDFI Fund has received an unmodified audit opinion of its consolidated financial statements for FY 2023. Based on internal evaluations, our performance data has been validated and is complete and reliable.

Given its strong financial and management position, the CDFI Fund remains poised to vigorously implement its mission of expanding 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.

Pravina Raghavan
Director
Community Development Financial Institutions Fund
March 29, 2024

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OVERVIEW
The Community Development Financial Institutions Fund

The Creation of the CDFI Fund

Established by the Riegle Community Development and Regulatory Improvement Act of 1994 (Riegle Act; P.L. 103-325), the Community Development Financial Institutions Fund (CDFI Fund) has worked for more than a quarter century to generate economic opportunity where it is needed most.

People and communities with limited access to financial services and products lack the tools they need to save for the future, build credit, buy a home, start a business, and develop affordable housing and community facilities. As a result, they have fewer opportunities to grow and thrive and fewer opportunities to join America's economic mainstream.

The CDFI Fund's Vision
An America in which all people and communities have access to the investment capital and financial services they need to prosper.

The CDFI Fund's Mission
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 Work of the CDFI Fund

The CDFI Fund's role is to generate economic opportunity in underserved low-income communities by expanding access to credit, capital, and financial services. It accomplishes this by providing capital through the following active programs in FY 2023:

- **Bank Enterprise Award Program (BEA Program)** – Provides monetary awards to federally-insured banks and thrifts that demonstrate increased lending, investment, and service activities in the most economically distressed communities and/or in Certified CDFIs.
- **Capital Magnet Fund (CMF)** – Provides awards to Certified CDFIs and nonprofit affordable housing organizations for the development, preservation, rehabilitation, and purchase of affordable housing and for related economic development in low-income communities.
- **CDFI Bond Guarantee Program** – Serves as a source of long-term, low-cost capital for CDFIs by guaranteeing bonds issued to support CDFIs that make investments for eligible community or economic development purposes.

- **CDFI Equitable Recovery Program (CDFI ERP)** – A pandemic recovery program that provided grants to Certified CDFIs to expand lending in Low- and Moderate-Income communities and to people disproportionately impacted by the COVID-19 pandemic. Also enables Certified CDFIs to build organizational capacity to accomplish their objectives for a CDFI ERP award. The program consists of a single application round conducted during FY 2022 and FY 2023.
- **Community Development Financial Institutions Program (CDFI Program)** – Provides Financial Assistance and Technical Assistance awards to help Certified and Emerging CDFIs sustain and expand their services and build their technical capacity. The program also includes:
    - **Healthy Food Financing Initiative (HFFI)** – Provides Financial Assistance awards to Certified CDFIs that invest in businesses that provide healthy food options, such as grocery stores, farmers markets, bodegas, food co-ops, and urban farms.
    - **Disability Funds-Financial Assistance (DF-FA)** – Provides Financial Assistance awards to Certified CDFIs that wish to expand their financing activities and services to benefit persons with disabilities.
    - **Persistent Poverty County-Financial Assistance (PPC-FA)** – Provides Financial Assistance awards to Certified CDFIs that provide financial products in Persistent Poverty Counties (PPCs).
- **CDFI Rapid Response Program (CDFI RRP)** – A pandemic recovery program consisting of a single application round conducted in FY 2021 that provided grants for CDFIs to deliver emergency support to distressed and underserved communities suffering from COVID-19 pandemic-related hardship.
- **Economic Mobility Corps (EMC)** – 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 education and financial counseling.
- **Native Initiatives** – Includes the Native American CDFI Assistance Program (NACA Program), which provides Financial Assistance and Technical Assistance awards to build the capacity of CDFIs serving Native American, Alaska Native, and Native Hawaiian communities.
- **New Markets Tax Credit Program (NMTC Program)** – Awards tax credit allocation authority to Certified Community Development Entities, enabling them to attract investment from the private sector and invest funds in low-income communities.
- **Small Dollar Loan Program (SDL Program)** – Provides Loan Loss Reserve and Technical Assistance grants to help Certified CDFIs offer fair and affordable small dollar loan products in communities underserved by mainstream financial institutions.

These awards have leveraged billions of dollars in private sector investment. They have increased the impact of CDFIs, CDEs, and other community-based development organizations by expanding their capacity to deliver the credit, capital, and financial services that generate new economic opportunities in underserved communities.

What is a CDFI?

CDFIs are mission-driven financial institutions that specialize in increasing access to financial services in underserved and low-income areas. They are attuned to the needs of local residents and businesses and their work reflects a participatory approach to community investment and revitalization.

Today[1], there are 1,469 CDFIs serving urban, rural, and Native Communities throughout the United States. CDFIs are found in all 50 states, the District of Columbia, Guam, and Puerto Rico. They bridge diverse public and private sector interests to serve people and places that traditional financial institutions usually do not. CDFIs provide:

- loans to businesses and projects that otherwise would find it difficult to qualify for financing;
- safe, affordable financial services that otherwise would not be available in the community;
- loan rates and terms that are more flexible than those offered by traditional lenders; and
- development services — such as business planning, credit counseling, and homebuyer education — to help their borrowers use credit effectively and build financial strength.

As a result, CDFIs support the creation of small businesses and local jobs and the development of affordable housing, community facilities, and schools — all in places where economic opportunity is needed most.

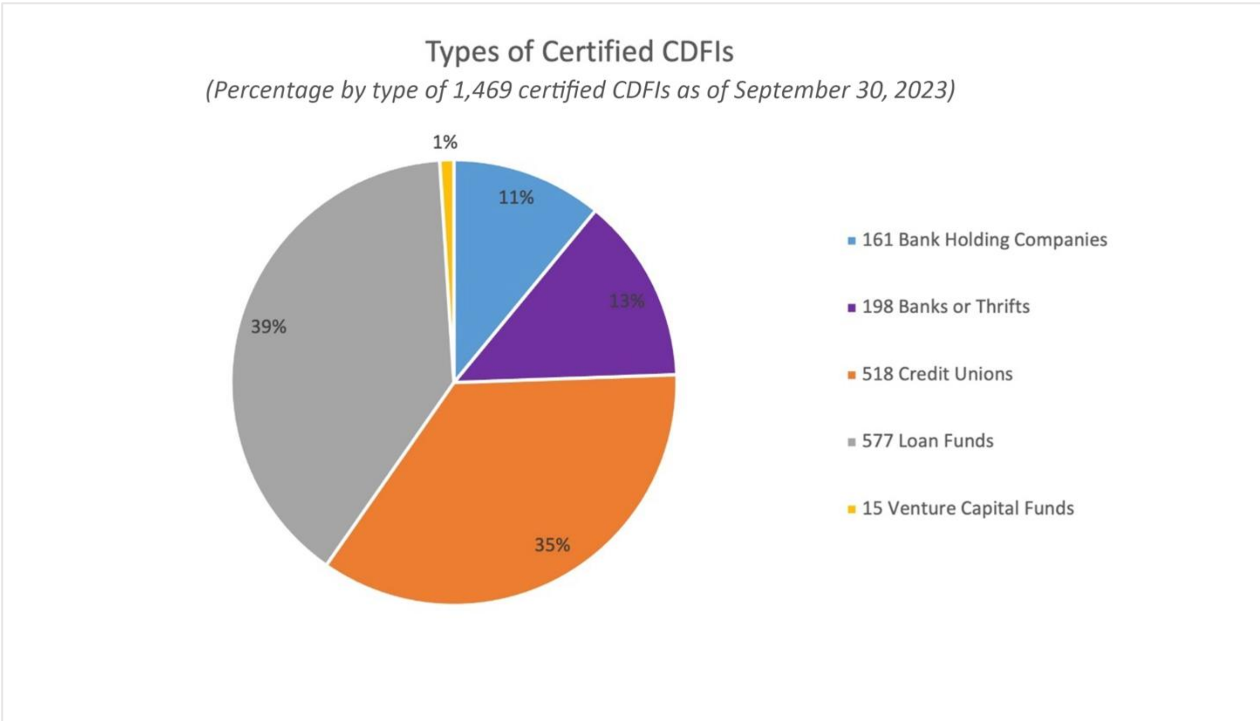
Types of CDFIs

There are four basic types of CDFIs:

1. **Community development banks, thrifts, and bank holding companies** – Regulated, for-profit corporations that provide basic retail banking services, as well as capital to rebuild economically distressed communities through targeted lending and investment.
2. **Community development credit unions** – Regulated, member-owned cooperatives that promote ownership of assets and savings and provide affordable loans and retail financial services.
3. **Community development loan funds** – Organizations, typically nonprofits, that provide high-quality loans and development services to microenterprises, small businesses, affordable housing developers, and community service organizations.
4. **Community development venture capital funds** – For-profit and nonprofit organizations that provide equity and debt-with-equity features to businesses in distressed communities.

[1] As of September 30, 2023.

Although each type of CDFI provides different products and services to different types of customers, they all share a common goal of revitalizing low-income communities.



CDFI Certification

For an organization to be eligible for most of the CDFI Fund's programs, it is required to be certified as a CDFI. To qualify for certification, it must meet seven eligibility requirements:

1. Be a legal entity at the time of application.
2. Have a primary mission of promoting community development.
3. Primarily serve one or more Target Markets.
4. Be an insured depository institution or otherwise have the provision of financial products and services as its predominant business activity.
5. Provide development services (such as technical assistance or counseling) in conjunction with its financing activity.
6. Maintain accountability to its Target Market.
7. Be a non-governmental entity nor be controlled by any government entities.

Once a CDFI has been certified, it must submit an Annual Certification and Data Collection Report (ACR) to allow the CDFI Fund to assess whether the organization remains in compliance with certification requirements and to monitor any changes in the organization's financial and other data.

The most recent ACR indicates that the CDFI industry has over $300 billion in total assets and total liabilities of $260.9 billion. Net worth for the CDFI industry is over $39.1 billion.[2]

Asset Size of ACR Reporting CDFIs by Institution Type[3]

CDFI Institution Type	Number of Institutions by Type	Sum of Total Assets ($)	Share of Total Assets (%)	Average of Total Assets ($)	Median of Total Assets ($)
Bank/Thrift	**151**	**$83,836,923,000**	**27.9%**	**$555,211,411**	**$322,922,000**
Credit Union	**322**	**$176,129,279,038**	**58.7%**	**$546,985,339**	**$154,335,635**
Loan Fund	**527**	**$38,297,306,196**	**12.8%**	**$72,670,410**	**$14,898,590**
Venture Capital Fund	**13**	**$1,888,926,982**	**0.6%**	**$145,302,076**	**$11,417,340**
Total	**1,013**	**$300,152,435,215**	**100.0%**	**$296,300,528**	**$55,282,067**

What is a CDE?

A Community Development Entity (CDE) is a domestic corporation or partnership that serves as a financial intermediary vehicle for the provision or purchase of loans, investments, or financial counseling in low-income communities. Certification as a CDE allows organizations to participate either directly or indirectly in the NMTC Program.

The NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their federal income taxes in exchange for making equity investments in CDEs. A CDE applies to the CDFI Fund to receive the authority to allocate a specified dollar amount of tax credits. The CDE then offers the tax credits to investors in exchange for their investments and uses those funds to make loans to or equity investments in qualified businesses in the community.

Through the NMTC Program, CDEs support many types of businesses, including small businesses. Examples of past investments include manufacturing, food, retail, housing, health care, technology, energy, education, and childcare. Communities benefit from the jobs created by these investments, as well as from the community facilities and commercial goods and services the businesses provide.

[2] Data from the 2022 reporting round of the Annual Certification and Data Collection Report.
[3] The dollar amounts reported above are based on ACR data submitted for the 2022 reporting cycle by all certified CDFIs required to submit a 2022 ACR. CDFIs certified in 2022 or later were not required to submit a 2022 ACR. The data universe consisted of 1,112 2022 ACR records in the CDFI Fund ACR database as of September 30, 2023. After data cleaning standards were applied, final data analysis was conducted using the 2022 ACR records of 1,013 certified CDFIs. Ninety-nine holding companies were excluded from the analysis above to avoid double-counting, since they were certified based on activity of the certified affiliated bank CDFIs.

CDE Certification

In addition to certifying CDFIs, the CDFI Fund certifies CDEs. To be certified as a CDE, an organization must apply for certification and meet three eligibility requirements:

1. Be a legal entity at the time of application.
2. Have a primary mission of serving low-income communities.
3. Be accountable, through representation on a governing board or advisory board, to the residents of its targeted low-income communities.

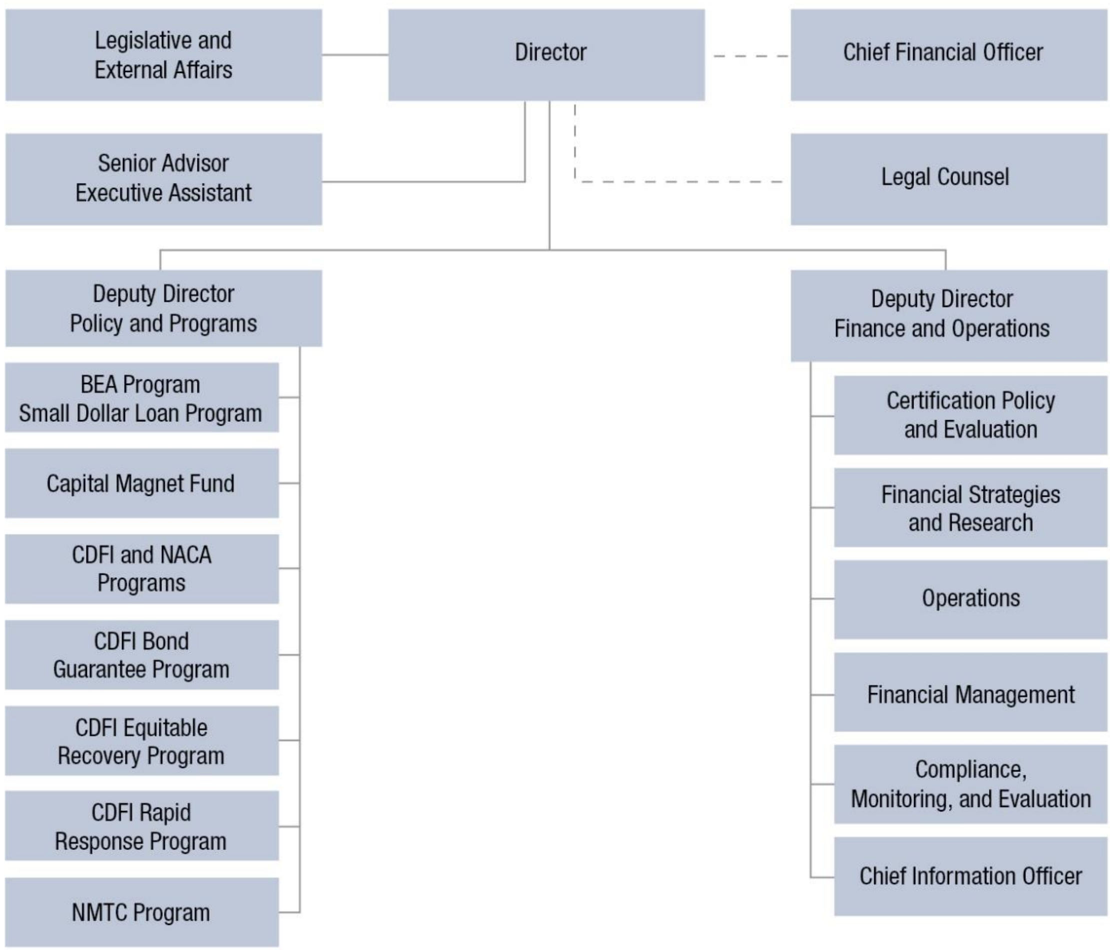
When an organization is certified as a CDE, it is eligible to apply to participate in the NMTC Program.

The Operations of the CDFI Fund

The CDFI Fund is a wholly owned government corporation within the U.S. Department of the Treasury and performs a wide range of functions to ensure that it fulfills its mission.

Organization

The organization chart below shows how the CDFI Fund is structured to best support the active programs it administered in FY 2023.



Community Development Advisory Board

In accordance with the Riegle Act, the CDFI Fund's organization includes a Community Development Advisory Board that advises the Director of the CDFI Fund on policies guiding the activities of the CDFI Fund. The Advisory Board is required to meet at least once each year.

The Advisory Board consists of 15 members: nine private citizens, who are appointed by the President, and six other members — the Secretaries of the Departments of Agriculture, Commerce, Housing and Urban Development, Interior, and Treasury, and the Administrator of the Small Business Administration or his or her designee. The nine private citizens include:

- two officers of existing CDFIs;
- two officers of insured depository institutions;
- two officers of national consumer or public interest organizations;
- two individuals with expertise in community development; and
- one individual with personal experience and specialized expertise in the unique lending and community development issues of Indian tribes on Indian reservations

The nine private citizens of the Advisory Board select the Chairperson of the Advisory Board by majority vote.

Appropriations and Sources of Funding

Congress appropriates funding to the CDFI Fund each year. The appropriation consists of two types of funds:

- **Program funds**, which are used for financial assistance and technical assistance awards (such as grants, loans, deposits, and equity investments), and capacity building/training contracts. These can be obligated over two fiscal years.
- **Administrative funds**, which are used to cover the costs of administering all the CDFI Fund's programs, including the NMTC Program and the CDFI Bond Guarantee Program. These must be obligated during the fiscal year for which they are appropriated.

In FY 2023, Congress appropriated the CDFI Fund $324 million through the annual appropriations process.

Congressional Appropriations

(Amounts in Millions)

Appropriations	FY 2023		FY 2022	
	Amount	Percent	Amount	Percent
Annual Appropriations:				
• BEA Program	$35.0	10.80%	$35.0	11.8%
• CDFI Program	$218.0[4]	67.28%	$194.4	65.9%
• Economic Mobility Corps	$2.0	0.62%	$2.0	0.7%
• Native Initiatives	$25.0	7.72%	$21.5	7.3%
• Small Dollar Loan Program	$9.0	2.78%	$8.5	2.9%
• Administrative Cost	$35.0	10.80%	$33.6	11.4%
Total Annual Appropriations	$324.0	100.0%	$295.0	100.0%
Less Amounts Not Obligated[5]	$254.2		$231.0	
Total Funding Used	$69.8	21.7%[6]	$64.0	21.7%

Appropriations include fiscal year budget authority, and the amount available each year includes any unobligated funds from the prior year[7] that may be carried over. Also, the annual appropriation includes the authority to make loans and issue bond guarantees.

Note that the funding for the Capital Magnet Fund is not provided through the annual appropriations process. Instead, it comes from allocations made by two Government-Sponsored Enterprises (GSEs), the Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (Freddie Mac), on a mandatory basis, as authorized by the Housing and Economic Recovery Act of 2008.

Likewise, the NMTC Program is not funded through the annual appropriation process. Authorization to allocate New Markets Tax Credits is provided through the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (P.L. 116-260). The CDFI Bond Guarantee Program is also not

[4] Includes funding for Base-FA, TA, PPC-FA, DF-FA, and HFFI awards.

[5] In FY 2022, the CDFI Fund did not obligate $231 million, which included $172.5 million of the CDFI Program, $35.0 million of the Bank Enterprise Award Program, $20.1 million of the Native Initiatives, $2.0 million of the Economic Mobility Corps, and $1.4 million of Administrative funding. In FY 2023, the CDFI Fund did not obligate $254.2 million, which included $218 million of the CDFI Program, $9 million of the Small Dollar Loan Program, $25 million of the Native Initiatives, $2.0 million of the Economic Mobility Corps, and $.2 million of Administrative funding.

[6] The percentage of total Annual Appropriations used (excluding Supplemental Appropriations) is 21.7%.

[7] Details regarding unobligated funds from a prior year, if there are any, are discussed under that program in the Program Discussion and Analysis section.

funded but is authorized by Congress during the annual appropriation process. The authority to issues bonds is provided through the Consolidated Appropriations Act, 2023 (P.L. 117-328).

Sources of CDFI Fund Funding

(Amounts in Millions)

	FY 2023	FY 2022
Budgetary Appropriations	$324.0	$295.0
Prior Year Amounts De-obligated,		
Used to Fund Current Year Obligations	0	$0.8
Carryover from Prior Year[8]	$1,976.8	$1,964.1
No-Year Funds	$7.9	$5.2
Borrowing Authority Used	$187.4	$103.0
Total Sources of Funds	$2,496.1	$2,368.1

[8] This amount includes the carryover from the CDFI Equitable Recovery Program (CDFI ERP) of $1.747 billion. The CDFI ERP received appropriations in FY 2021 through the Consolidated Appropriations Act of 2021 (P. L. 116-260). These funds have no expiration date. The program round opened in FY 2022 and awards were awarded in FY 2023.

PROGRAM DISCUSSION AND ANALYSIS
The Community Development Financial Institutions Fund

The CDFI Fund's Programs

In FY 2023, the CDFI Fund administered 10 programs to help CDFIs, CDEs, banks, credit unions, and community development organizations generate economic opportunity by increasing access to financial products and services in low-income communities:

- Bank Enterprise Award Program
- Capital Magnet Fund Program
- CDFI Bond Guarantee Program
- CDFI Equitable Recovery Program
- CDFI Program
- CDFI Rapid Response Program
- Economic Mobility Corps
- Native Initiatives
- New Markets Tax Credit Program
- Small Dollar Loan Program

The CDFI Fund provides awards for each of these programs through a rigorous application process.

Bank Enterprise Award Program

Established in 1994 through the CDFI Fund's authorizing legislation, the Riegle Act, the Bank Enterprise Award Program (BEA Program) recognizes and seeks to expand the important role that traditional banks and thrifts play in community development.

How It Works

Purpose

The BEA Program provides monetary awards to FDIC-insured banks and thrifts that demonstrate increased investments and support to CDFIs or increased lending, investing, or service-related activities in the most economically distressed communities.

The BEA Program defines "the most economically distressed communities" as those where at least 30% of the residents have incomes below the national poverty level and where the unemployment rate is at least 1.5 times the national unemployment rate. The program targets communities with the greatest needs and generates economic opportunity for those with the least access to financial products and services.

Award Process

The BEA Program is unique among the CDFI Fund's financial award programs in that it makes awards based on qualified investments, loans, and activities that applicants have successfully completed. The CDFI Fund's other awards are based on an applicant's plans and ability to fulfill those plans.

To be eligible for a BEA Program award, an applicant must be an FDIC-insured depository institution and demonstrate that it has increased its Qualified Activities in distressed communities. There are three categories of Qualified Activities:

- **CDFI-Related Activities** – Providing equity investments, grants, equity-like loans, loans, deposits, and/or technical assistance to Certified CDFIs.
- **Distressed Community Financing Activities** – Providing direct lending or investment in the form of affordable home mortgages, affordable housing development loans or investments, home improvement loans, education loans, small business loans or investments, small dollar consumer loans, and commercial real estate development loans or investments to residents or businesses located in distressed communities.
- **Service Activities** – Providing access to financial products and services, such as new branches, new automated teller machines, checking accounts, savings accounts, check cashing, financial counseling, or Individual Development Accounts to residents of distressed communities.

The amount of each award is determined by the increases in the Qualified Activities achieved by applicants over a one-year assessment period[9]; the greater the increase, the larger the award. The applicant's CDFI certification status and total asset size are also factored into the award amount.

The CDFI Fund prioritizes awards according to the category of Qualified Activity. Priority is given to CDFI-Related Activities, followed by Distressed Community Financing Activities, and then Service Activities. Prioritizing CDFI-Related Activities encourages applicants to provide low-cost capital and operating support to Certified CDFIs, which strengthens Certified CDFIs and expands their capacity to provide financial products and services to residents and businesses in distressed communities.

A bank or thrift that receives an award is required to reinvest it in BEA Program Qualified Activities. This increases the flow of capital to the most economically distressed communities and accelerates the growth of businesses, the creation of jobs, the development of affordable housing, and the availability of financial services.

Awards Since Inception

Since the inception of the BEA Program in 1994, the CDFI Fund has completed 27 rounds of the program and has awarded over $598 million.

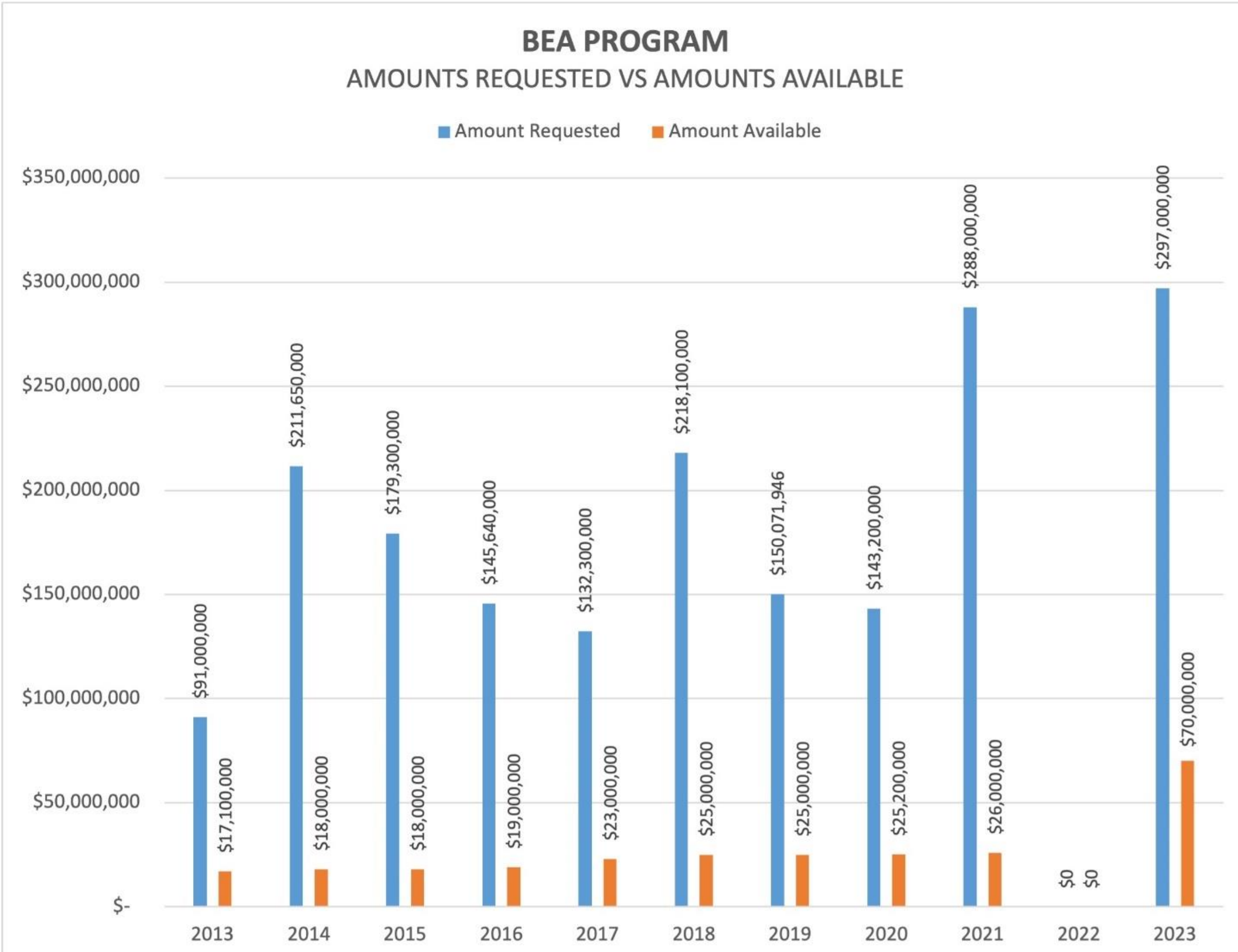
FY 2023 Activities

In FY 2023, the CDFI Fund completed the FY 2023 round of the BEA Program, which combined appropriations from FY 2022 and FY 2023. The round opened on March 31, 2023, and awards were announced on September 20, 2023. The demand for FY 2023 BEA Program awards significantly exceeded the resources available for the round:

- 189 applicants submitted applications requesting nearly $297 million in awards.
- 184 applicants received awards totaling $70 million.
- The award recipients were located in 26 states and the District of Columbia.

Of the 184 depository institutions awarded funding, 98 committed to investing approximately $7.34 million, or 11% of total FY 2023 appropriated funds, in Persistent Poverty Counties, which exceeds the Congressional mandate of 10%. Persistent Poverty Counties, per Congressional guidance, are those counties that have experienced poverty rates of at least 20% over the past 30 years as measured by the 2016-2020 five-year data series available from the American Community Survey of the U.S. Census Bureau.

[9] Per the FY 2023 BEA Program Notice of Funds Availability, the assessment period for the FY 2023 BEA Program funding round was 18 months instead of the typical one-year period, to account for the combined FY 2022 and FY 2023 appropriations.



BEA Program Impact

During the past seven rounds of the BEA Program, from FY 2016 through FY 2023, award recipients:

- increased their investments, lending, and technical assistance to Certified CDFIs by $340 million;
- increased their lending and direct investments in distressed communities by more than $4.1 billion; and
- increased the provision of financial services in distressed communities by $258 million.

During this period, more than 90% of BEA Program award recipients were FDIC-insured depository institutions that were defined as small or intermediate small banks according to Federal Financial Institutions Examinations Council Community Reinvestment Act (CRA) Asset Size Thresholds.

Capital Magnet Fund

The Capital Magnet Fund (CMF) was created in 2008 to spur investment in affordable housing and related economic development initiatives that serve low-income families and low-income communities across the nation.

How It Works

Purpose

Congress authorized the creation of the CMF through the Housing and Economic Recovery Act of 2008 (HERA; P.L. 110-289). HERA requires two GSEs — Fannie Mae and Freddie Mac — to set aside for the CMF and the Housing Trust Fund each year an amount equal to 4.2 basis points for every dollar of their unpaid principal balances of total new mortgage purchases, unless otherwise instructed by the Federal Housing Finance Agency (FHFA). Of the amount set aside by Fannie Mae and Freddie Mac each year, 35% is allocated to the CDFI Fund for the CMF.

The purpose of the CMF is to attract private capital for affordable housing and economic development activities in economically distressed areas. CMF award recipients are required to finance and/or to support 10 times the grant amount in eligible project costs.

Award Process

Through the CMF, the CDFI Fund provides competitively awarded grants to organizations that serve the affordable housing needs of low-income communities. To be eligible for a CMF Award, an applicant must be a Certified CDFI or a nonprofit organization with a principal purpose of developing or managing affordable housing.

All applicants must demonstrate that they have been in existence as a legally formed entity for at least three years prior to the funding round application deadline and meet any other eligibility requirements outlined in the Notice of Funds Availability for the round.

CMF award recipients can use their grants to finance affordable housing activities, related economic development activities, and community service facilities. They must use at least 70% of their CMF grants to finance affordable housing and may request to use up to 30% of the funds to finance economic development activities linked to affordable housing. Award recipients use the funds to create a variety of financing tools, such as loan loss reserves, revolving loan funds, risk-sharing loans, and loan guarantees.

The CDFI Fund seeks to ensure that CMF award recipients serve diverse geographic areas, including urban and rural areas, as well as multiple states. It also seeks to promote CMF-financed activity in areas of economic distress.

Leveraging is a key component of the CMF. Award recipients are required to leverage their CMF awards at a ratio of at least $10 to every $1 awarded. Sources of capital leveraged may include loans from banks; program-related investments from foundations; Low Income Housing Tax

Credit investments; and funds contributed by the award recipient, state or local governments, or any number of other private or public sources.

The leveraging requirement ensures that more low-income people and low-income communities nationwide have access to affordable housing.

Awards Since Inception

Since the inception of the CMF program in 2008 through the end of FY 2023, the CDFI Fund has completed seven rounds and has awarded grants totaling nearly $1.1 billion. The eighth round of CMF Awards was announced in October 2023 with awards totaling $320.6 million.

HERA provides the FHFA with the authority to temporarily suspend allocations from Fannie Mae and Freddie Mac upon certain findings. In 2010, the FHFA temporarily suspended these allocations. However, Congress appropriated $80 million to fund an initial round of the CMF in FY 2010.

In December 2014, the FHFA lifted its suspension of Fannie Mae's and Freddie Mac's allocations and directed them to begin allocating funds for the CMF based on their calendar year (CY) 2015 activity. The FY 2016 CMF round was the first round funded through Fannie Mae's and Freddie Mac's annual allocations, and it was followed by the FY 2017 through FY 2021 program rounds.

FY 2023 Activities

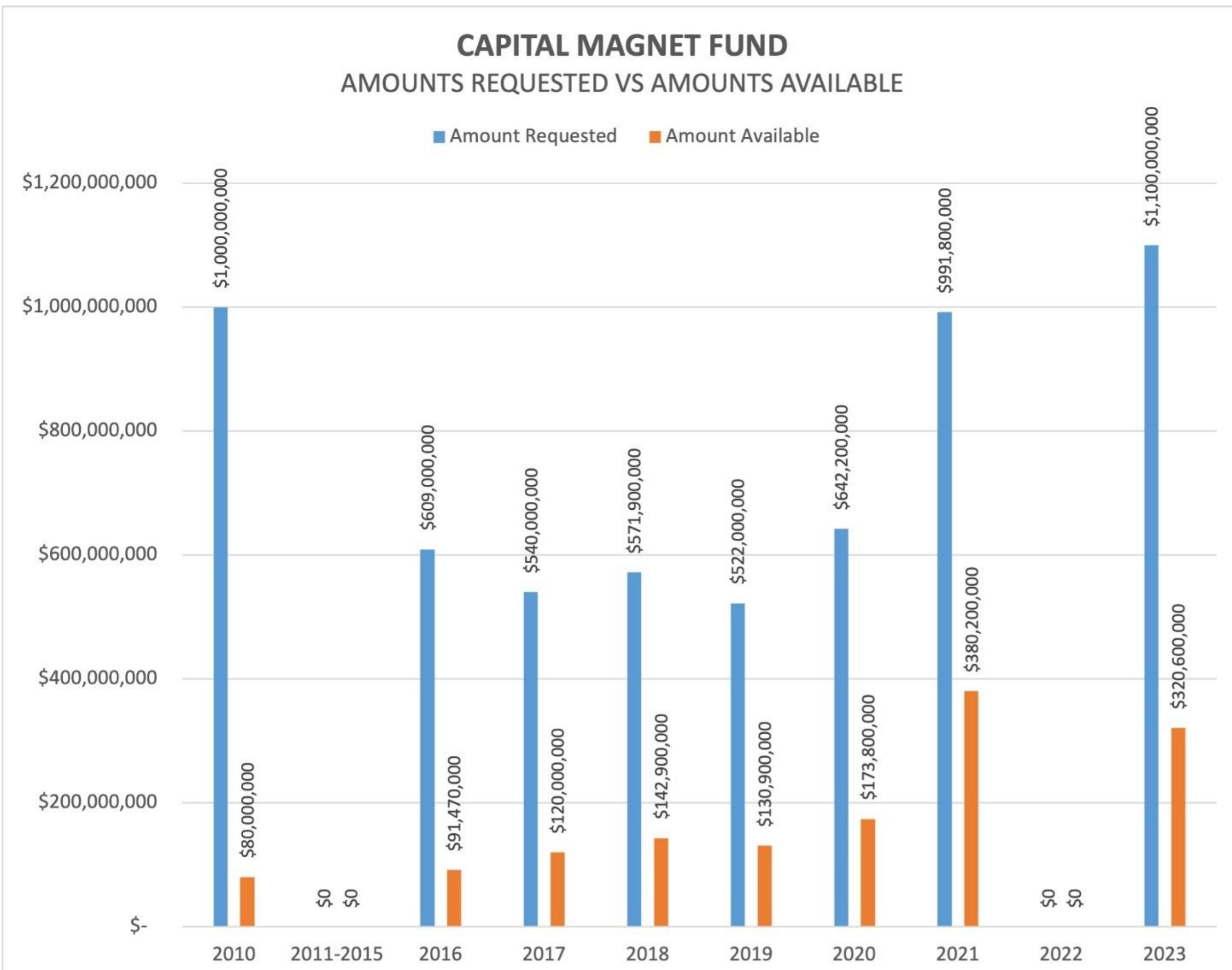
In FY 2023, the CDFI Fund launched the eighth round in the Capital Magnet Fund program's history.

The CDFI Fund opened the FY 2023 round on January 18, 2023. Award announcements are expected early in the first quarter of FY 2024. The demand for CMF awards in FY 2023 significantly exceeded the resources available for the round:

- 144 applicants requested more than $1.1 billion in awards.
- Approximately $320.6 million is available in FY 2023 CMF Awards.
- The NOFA for the FY 2023 round contained new provisions designed to provide additional flexibility to CMF Applicants/Recipients. Two key changes are: an expansion of High Opportunity Area criteria[10] for Applicants looking to develop more affordable housing in several kinds of geographic areas; and establishment of a Consortium Approach to applying for CMF Awards in (allowing a group of to apply together for CMF Awards.

[10] The CMF Program provided an expanded definition of High Opportunity Area for areas that do not meet the Federal Housing Finance Agency definition, but instead meet a set of Expanded CMF HOA Criteria demonstrating the designated area(s) provide access to a combination of at least three of the following four criteria: (1) high-quality youth (K-12) education opportunities; (2) employment opportunities; (3) transportation opportunities; and/or (4) financial service opportunities. For a Project to qualify as being in a High Opportunity Area under the Expanded CMF HOA Criteria definition, the location of the Project must meet at least three of the four Expanded CMF HOA Criteria and cannot be located in a Food Desert as identified by the U.S. Department of Agriculture (https://www.ers.usda.gov/data/fooddesert) as of the publication date of the NOFA in the Federal Register.

Additionally in FY 2023, CMF published a Request for Information (RFI) in the Federal Register, requesting public comments on how CMF can enhance and improve the impact of the program, streamline and/or minimize the administrative burden on CMF Applicants and award recipients, as well as safeguard public funds. Information provided in response to the RFI will inform the CDFI Fund's development of program policies and administrative practices that better support the activities of CMF Recipients to spur investment in affordable housing and related economic development efforts that serve low-income families and communities. As of September 30, 2023, public comments from the RFI are being review and evaluated.



Capital Magnet Fund Impact

CMF Recipients have two years to commit their CMF Award to specific affordable housing and economic development projects and five years to complete those projects. Based on reporting received by the end of FY 2023[11], to date[12]:

- approximately $507.9 million of CMF funding has been committed to projects currently under development or under construction that are estimated to generate $23.8 billion in eligible project costs (leverage plus the CMF Award), including leveraging $17.0 billion in private capital; and
- $428.7 million of CMF funding has been fully disbursed to projects that have been completed, generating $12.7 billion in eligible project costs (leverage plus the CMF Award), including leveraging $10.2 billion in private capital.

As of the end of FY 2023, projects committed and under development or under construction by FY 2016 - FY 2021 award recipients include:

CMF units:

- rental housing commitments totaling $488.0 million projected to result in close to 65,000 eligible units;
- homeownership unit commitments totaling $12.4 million projected to result in 517 eligible units; and
- economic development commitments totaling close to $7.4 million for 12 facilities, such as community-serving businesses and health care and other community facilities.

People served:

- 62% of the rental housing units will be affordable for Very Low-Income and Extremely Low-Income persons (50% of the Area Median Income or below);
- 98% of the homeownership units will be affordable for Low-Income persons (80% of the Area Median Income or below); and
- 75% of units will be located in High Housing Need Areas[13] or Areas of Economic Distress[14,15]

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[11] FY 2021 Awards were announced on June 22, 2022. The FY 2021 award recipients did not yet begin reporting during FY 2022.

[12] CMF Impact Data is current as of October 4, 2023.

[13] A High Housing Need Area is a Census Tract that either (a) has Very Low-Income renters paying more than half their income for rent, (b) are high-poverty neighborhoods with high vacancy, or (c) are Underserved Rural Areas as defined in §1807.104.

[14] An Area of Economic Distress is a Census Tract: (a) Where at least 20% of households that are Very Low-Income (50% of AMI or below) spend more than half of their income on housing; or (b) that are designated Qualified Opportunity Zones under 26 U.S.C 1400Z–1; or (c) that are Low-Income Housing Tax Credit Qualified Census Tracts; or (d) where greater than 20% of households have incomes below the poverty rate and the rental vacancy rate is at least 10%; or (e) where greater than 20% of the households have incomes below the poverty rate and the homeownership vacancy rate is at least 10%; or (f) are Underserved Rural Areas as defined in the CMF Interim Rule (as amended February 8, 2016; 12 CFR part 1807).

[15] High Housing Need designation is utilized for FY 2016; and Areas of Economic Distress designation for FY 2017-2021.

As of the end of FY 2023, projects completed by FY 2016 - FY 2021 award recipients include:

CMF units:

- rental housing disbursements totaling approximately $372.9 million to finance or support 55,665 eligible units;
- homeownership disbursements totaling $52.3 million to finance over 7,431 eligible units; and
- economic development disbursements totaling $3.5 million for 11 facilities, such as community-serving businesses and health care and other community facilities.

People served:

- 64% of the rental units have been developed for Very Low-Income and Extremely Low-Income persons (50% of the Area Median Income or below);
- 94% of the homeownership units have been affordable for Low-Income persons (80% of the Area Median Income or below); and
- 69% of all units are located in High Housing Need Areas or Areas of Economic Distress.[16]

FY 2010 round projects included:

- 13,316 affordable homes — including 11,700 affordable rental homes and 1,616 affordable homeowner-occupied homes — that were completed and maintained their affordability standards; and
- 20 facilities, such as community-serving businesses and health care and other community facilities, were completed.

[16] High Housing Need designation is utilized for FY 2016, and Areas of Economic Distress designation for FY 2017-2021.

CDFI Bond Guarantee Program

Enacted through the Small Business Jobs Act of 2010, the Community Development Financial Institutions Bond Guarantee Program (CDFI Bond Guarantee Program) responds to the critical market demand for long-term, low-cost capital that can be used to spur economic growth in low-income communities.

How It Works

Purpose

The CDFI Bond Guarantee Program accelerates the economic revitalization of low-income communities by giving CDFIs access to a significant source of long-term capital.

Unlike other CDFI Fund programs, the CDFI Bond Guarantee Program does not offer grants. Instead, it is a federal credit program, designed to function at no cost to taxpayers. The bonds are debt instruments that must be repaid.

Through the CDFI Bond Guarantee Program, the CDFI Fund enables Qualified Issuers to issue bonds that have maturity dates of up to 29.5 years and are fully guaranteed by the federal government. The Qualified Issuer then sells the bonds to the Federal Financing Bank (FFB)[17] and uses the bond proceeds to make long-term loans at affordable rates to CDFIs to finance or refinance new or existing community development projects.

Award Process

To be considered a Qualified Issuer, an organization must:

- be a Certified CDFI or its designee;
- be able to issue bonds and make loans; and
- demonstrate the capacity to perform specialized administrative functions, including loan servicing and financial reporting.

During the application round, a Qualified Issuer applies to the CDFI Fund for authorization to issue bonds on behalf of Eligible CDFIs. Each bond issue is currently required to be a minimum size of $100 million. CDFIs can borrow long-term capital for large-scale community development projects, including but not limited to the development of small businesses, commercial real estate, rental housing units, charter schools, day care or health care centers, owner-occupied homes, and rural infrastructure.

[17] The Federal Financing Bank (FFB) is a government corporation under the general supervision and direction of the Secretary of the Treasury. The Congress created FFB in 1973, at the request of the U.S. Department of the Treasury (Treasury). FFB borrows from Treasury and lends to federal agencies and to private entities that have federal guarantees.

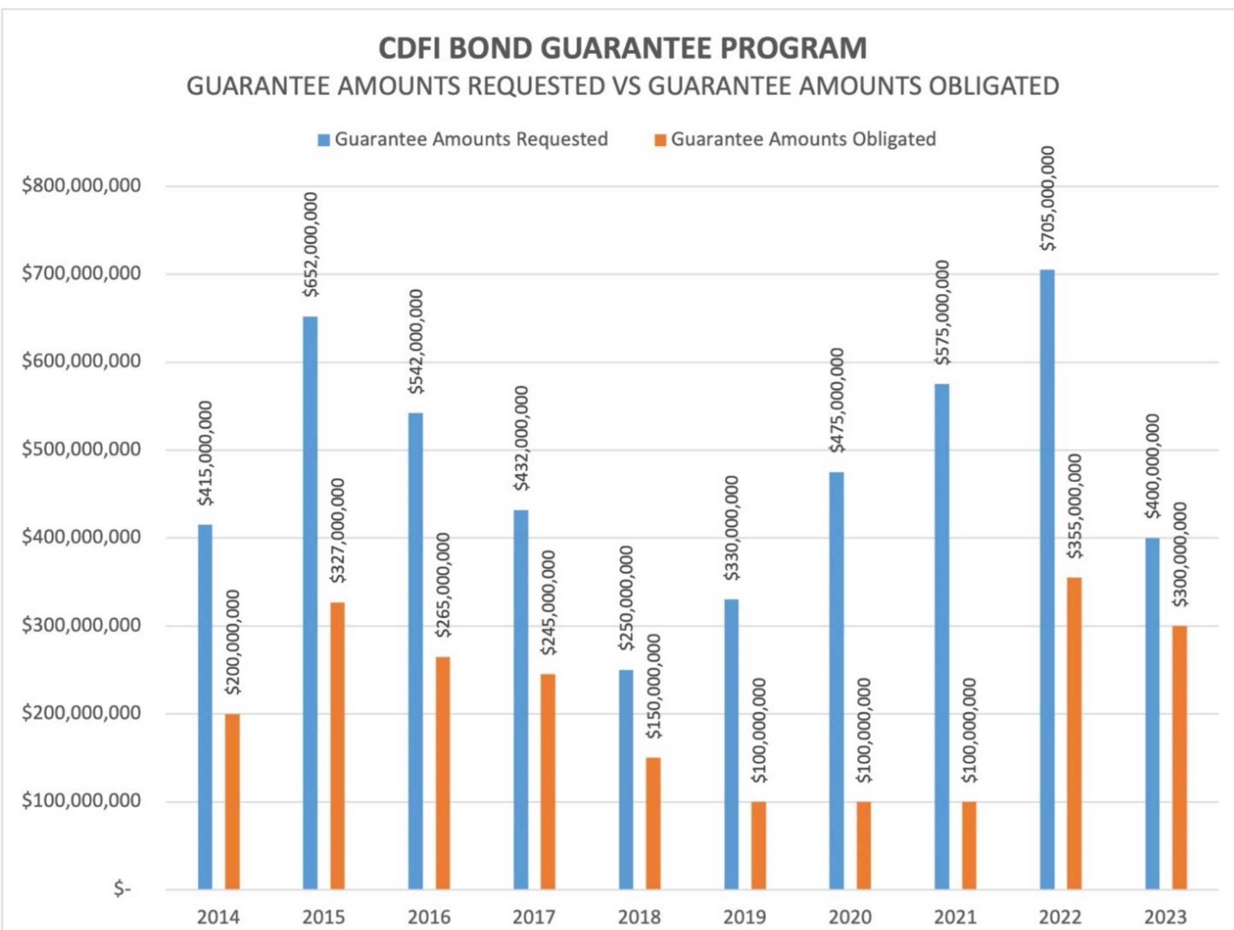
In addition, CDFIs may use the capital to extend credit to other community development borrowers or to refinance existing loans at affordable interest rates.

Awards Since Inception

Since the inception of the CDFI Bond Guarantee Program in 2010, the CDFI Fund has completed 11 rounds of the program and has guaranteed nearly $2.5 billion in bonds. CDFIs have up to five years to deploy committed funds. Through September 30, 2023, participating CDFIs have deployed nearly $1.5 billion in loans and currently have $1.1 billion in outstanding loan balances with the FFB.

FY 2023 Activities

The FY 2023 round opened on April 25, 2023, with up to $500 million in bond guarantee authority available to CDFIs. The application period closed on June 9, 2023. A total of $400 million was requested from the applications received. The CDFI Fund announced the approval of $300 million in bond issuances on September 28, 2023.



CDFI Bond Guarantee Program Impact

The CDFI Bond Guarantee Program has provided long-term, fixed-rate capital for a wide range of projects in low-income urban, rural, and Native Communities throughout the nation.

CDFI Bond Guarantee Program
Disbursements by Asset Class as of September 30, 2023

Asset Class	Disbursements Since Inception *($millions)*	Total Proposed Disbursements *($millions)*	Geography (Based on YTD Disbursements)
Charter Schools	$394.5	$586.7	AZ, CA, CT, DC, FL, GA, HI, IL, MD, MI, MN, NC, NJ, NM, NV NY, OH, PA
Rental Housing	$479.2	$517.8	AL, AZ, CA, CO, DC, FL, GA, IL, IN, KY, LA, MA, MD, MO, MN, NC, NJ, NM, NV, NY, OH, OR, PA, TN, TX, WI, WV, UT
Commercial Real Estate	$269.1	$372.8	AZ, CA, IL, LA, MA, NJ, NC, NV, NY, OK, OR, PA[18]
CDFI to Financing Entity[19]	$127	$261.6	KY, MA, NM, TX
Health care Facilities	$51.7	$118.4	AZ, CA, DC, IL, KY, NC, NY
Not-for-Profit Organizations	$72.5	$125.9	AZ, CA, FL, KY, MI, NJ, NV, NY, OK, PA, TN
Senior Living and Long- Term Care	$33	$59.6	CA, OR
Small Business	$55.3	$68.6	AZ, CA, CO, FL, KY, MA, NJ, NY, OH, PA
Daycare Centers	$14.9	$35.6	KY, NY, NJ
Totals	**$1,497.0**	**$2,147.0**	

[18] Tribal Communities in NV and OK.
[19] Owner Occupied Homes 99.11% and Commercial Real Estate 0.89%.

CDFI Equitable Recovery Program

Through the Community Development Financial Institution Equitable Recovery Program (CDFI ERP), the CDFI Fund provided grants to CDFIs to respond to the economic impacts of the COVID-19 pandemic in low- or moderate-income communities that were disproportionately impacted by the COVID-19 pandemic.

How It Works

Purpose

The Consolidated Appropriations Act, 2021 (P.L. 116-260) provided $1.75 billion to the CDFI Fund to award CDFIs grants to respond to the economic impacts of the COVID-19 pandemic. Awards provided to CDFIs are meant to expand lending, grant making, and investment activity in low- or moderate-income communities and to borrowers, including minorities, that have significant unmet capital or financial service needs and were disproportionately impacted by the COVID-19 pandemic; and to enable CDFIs to build organizational capacity and acquire technology, staff, and other tools necessary to accomplish these activities. The only application round of the CDFI ERP was awarded in FY 2023. Further CDFI ERP application rounds will not be conducted unless Congress provides additional funding for the program.

Award Process

To be eligible to apply for a CDFI ERP award, an organization must have been a Certified CDFI with a history of serving CDFI ERP Eligible Geographies and meet certain financial management and compliance criteria. CDFI ERP Eligible Geographies are those areas in the United States and its territories that meet one of the following criteria: (1) Census Tracts that demonstrate severe impact[20] from the COVID-19 pandemic, have a median income at or below 120% of the area median income, and are CDFI investment areas; or (2) Native areas.

CDFIs can use CDFI ERP grant funds for six categories of eligible activities supporting the provision of financial products and services: Financial Products, Grants Financial Services, Loan Loss Reserves, Development Services, and Capital Reserves. CDFI ERP grants may be used to support a variety of eligible lines of business: Commercial Real Estate, Small Business, Microenterprise, Community Facilities, Consumer Financial Products, Consumer Financial Services, Commercial Financial Services, Commercial Financial Products, Affordable Housing, and Intermediary Lending to Nonprofits and CDFIs.

[20] An area is deemed to have experienced severe impact from COVID-19 if it demonstrates notably higher mortality from COVID-19 than the rest of the United States, demonstrates a notably greater change in the average unemployment rate than the rest of the United States, or demonstrates low community resilience to disasters.

FY 2023 Activities

On April 10, 2023, the CDFI Fund awarded $1.73 billion in grants to 604 CDFIs across the country. The award recipients committed to devote their awards in the following ways:

- 222 Recipients committed to serve low- or moderate-income Majority Minority Census Tracts received a total of $705.6 million in awards;
- 179 Recipients committed to serve minority individuals or minority-owned or controlled businesses received a total of $420.6 million in awards;
- 134 Recipients committed to serve Persistent Poverty Counties, Native Areas and/or U.S. Territories received a total of $441.5 million in awards;
- 40 Recipients committed to serve small businesses and farms received a total of $99.7 million in awards; and
- 29 Recipients committed to increase the dollar volume of Financial Products closed and grants made by their organizations in ERP-eligible geographies received a total of $71.4 million in awards.

The 604 award recipients are in 44 states, the District of Columbia, Guam, and Puerto Rico. Certified CDFIs can be one of a variety of financial institution types, including loan funds, credit unions, banks, and venture capital providers. The CDFI ERP award recipients include:

- Loan funds: 264 organizations receiving $615.5 million in awards;
- Credit unions: 203 organizations receiving $590.3 million in awards;
- Banking entities: 130 organizations receiving $517.4 million in awards; and
- Venture capital funds: 7 organizations receiving $15.5 million in awards.

CDFI Equitable Recovery Program Impact

CDFI ERP Recipients will use their awards to address the various economic impacts of the COVID-19 pandemic. Data on the impact CDFI ERP Recipients have in eligible geographies will not be available until Recipients start reporting in FY 2024.

At the time of Application, Awardees were able to select economic impacts that they would address with a CDFI ERP award. The following summarizes the actual number, then percentage of the various economic impacts that the award recipients selected:

- Disruptions to small business, small farm, or nonprofit organization operations: 397 (65.7%) award recipients;
- Reduced access to homeownership financing that is affordable for Low-Income Families: 312 (51.7%) award recipients;
- Job loss/increased unemployment: 308 (51%) award recipients;
- Increased housing instability: 213 (35.3%) award recipients;

- Decreased availability in housing for Low-Income Families: 205 (33.9%) award recipients;
- Other impacts: 169 (28%) award recipients;
- Increased food insufficiency: 50 (8.3%) award recipients;
- Closures of, or disruptions to, childcare facilities and services: 37 (6.1%) award recipients;
- Closures of, or disruptions to, health care or mental health care facilities and services: 26 (4.3%) award recipients; and
- Inaccessibility to broadband Internet: 11 (1.8%) award recipients.

In addition, CDFI ERP Applicants committed to devote their CDFI ERP Awards to the following priorities:

- 222 Recipients committed to serve Low-to-Moderate Income Majority Minority Communities within CDFI ERP Eligible Census Tracts;
- 179 Recipients committed to serve Minority individuals or to Minority-owned or Controlled businesses;
- 134 Recipients committed to serve Persistent Poverty Counties, Native Areas and/or U.S. Territories;
- 40 Recipients committed to serve small businesses and farms; and
- 29 Recipients committed to increase the dollar volume of lending and grant-making activity ERP-Eligible Geographies.

CDFI Program

Also established in 1994 through the CDFI Fund's authorizing legislation, the Riegle Act, the CDFI Program invests in and builds the capacity of CDFIs, empowering them to grow, to achieve organizational sustainability, and to contribute to the revitalization of their communities.

How It Works

Purpose

The purpose of the CDFI Program is to increase the capacity of CDFIs to serve low-income people and underserved communities. The program has two primary components:

- Financial Assistance (FA) awards – Monetary awards provided to support the financing activities of CDFIs.
- Technical Assistance (TA) awards – Grants provided to support the capacity-building activities of CDFIs.

Award Process – Financial Assistance Awards

There are two types of applicants for FA awards: Core (established CDFIs) and SECA (small and Emerging CDFIs).

To be eligible for an FA award, an organization must be a Certified CDFI. In addition, an organization must demonstrate that it has the financial and managerial capacity to make a significant impact in the communities it serves. To demonstrate this, it must meet the following four criteria:

1. Be able to provide affordable and appropriate financial products and services.
2. Be a viable financial institution.
3. Be able to use an FA award effectively.
4. Have the ability to leverage its awards with non-federal funding.

The primary FA award type is the Base Financial Assistance (Base-FA) award. Base-FA awards allow CDFIs to sustain and expand their financial products and services. CDFIs may use Base-FA awards for a wide range of purposes — for example, to finance businesses and to develop affordable housing, commercial real estate, and community facilities; to support community-based social service organizations; and to provide mortgages, basic banking services, and financial literacy training to people in underserved communities.

Base-FA awards to Core applicants (except Native CDFIs[21]) require the award recipient to secure a dollar-for-dollar match of non-federal funds. The form of the matching funds determines the form of the Base-FA award; the match may be in the form of loans, grants, equity investments,

[21] Per the Indian Community Economic Enhancement Act of 2020 (P.L. 116-261), Native CDFIs that apply for Core-FA under the CDFI Program are no longer required to submit Matching Funds.

secondary capital, and deposits. The match requirement enables CDFIs to multiply the impact of federal investment to meet the demand for affordable financial products in the communities they serve.

Base-FA awards to SECA applicants are made in the form of grants, and although they also include a matching requirement, Congress typically waives this requirement in the annual appropriations.

In addition, the following award types are provided as a supplement to the Base-FA award:

- **HFFI-FA Awards** – In FY 2011, the CDFI Fund launched the Healthy Food Financing Initiative (HFFI). Through the CDFI Program, it provides Healthy Food Financing Initiative-Financial Assistance (HFFI-FA) awards to support a wide range of activities that expand access to healthy foods in low-income communities.

  CDFIs that are selected to receive a Base-FA award through the CDFI Program are also eligible to receive an HFFI-FA award. The CDFI must submit a separate application for an HFFI-FA award.

  HFFI-FA awards are made in the form of grants and although they include a matching funds requirement, Congress has regularly waived this requirement in its annual appropriations measures.

  HFFI-FA awards can be used to make loans and investments and to provide development services that promote and increase access to healthy food options in low-income communities. Award recipients often use the funds to increase retail access to healthy foods, to develop and equip grocery stores, and to strengthen producer-to-consumer relationships.

- **DF-FA Awards** – In FY 2018, the CDFI Fund began making Disability Funds-Financial Assistance (DF-FA) awards to provide technical and financial assistance to CDFIs that fund projects to help individuals with disabilities.

  To be eligible for a DF-FA award, a CDFI must be selected to receive a Base-FA award and must submit a separate DF-FA award application.

  An applicant must have a demonstrated track record of serving individuals with disabilities, specifically by providing financial products and services and/or development services that have a primary purpose of benefiting individuals with disabilities.

- **PPC-FA Awards** – The Consolidated Appropriations Act, 2023 (P.L. 117-328) required that 10% of the funds awarded by the CDFI Fund under the appropriation "shall be used for awards that support investments that serve populations living in Persistent Poverty Counties." Persistent Poverty Counties (PPCs) are defined as counties where 20% or more of the population has lived in poverty over the past 30 years.

  To be eligible for a Persistent Poverty County-Financial Assistance (PPC-FA) award, a CDFI must submit a Base-FA award application, indicate in that application its interest in applying for a PPC-FA award, and demonstrate a track record of serving PPCs and the ability to deploy the award in an Eligible Market in a PPC.

Award Process - Technical Assistance Awards

To be eligible for a TA award, an organization must be a Certified or Emerging CDFI. Emerging CDFIs must demonstrate that they can become certified within three years of receiving a TA award.

TA awards are made in the form of grants and do not have a matching funds requirement. Award recipients can use the awards to purchase equipment, to hire consulting or contracting services, to pay salaries and benefits, to train staff or board members, and to support other capacity-building activities.

TA award recipients often use the funds to analyze their Target Markets, to develop lending policies and procedures, and to build staff lending capacity. More established CDFIs also use TA grants to serve current Target Markets in new ways or to enhance the efficiency of their operations.

Awards Since Inception

Since the inception of the CDFI Program in 1994, the CDFI Fund has completed 27 rounds of the program and has awarded FA awards and TA awards totaling over $3.0 billion.

In addition, since inception the CDFI Fund has awarded 138 HFFI-FA awards totaling nearly $269.3 million and 76 DF-FA awards totaling over $24.7 million.

FY 2023 Activities

In FY 2023, the CDFI Fund completed the FY 2022 award round of the CDFI Program. The round opened on February 11, 2022, and awards were announced on September 26, 2022, and February 28, 2023, for TA and FA, respectively.

The demand for awards significantly exceeded the resources available for the awards:

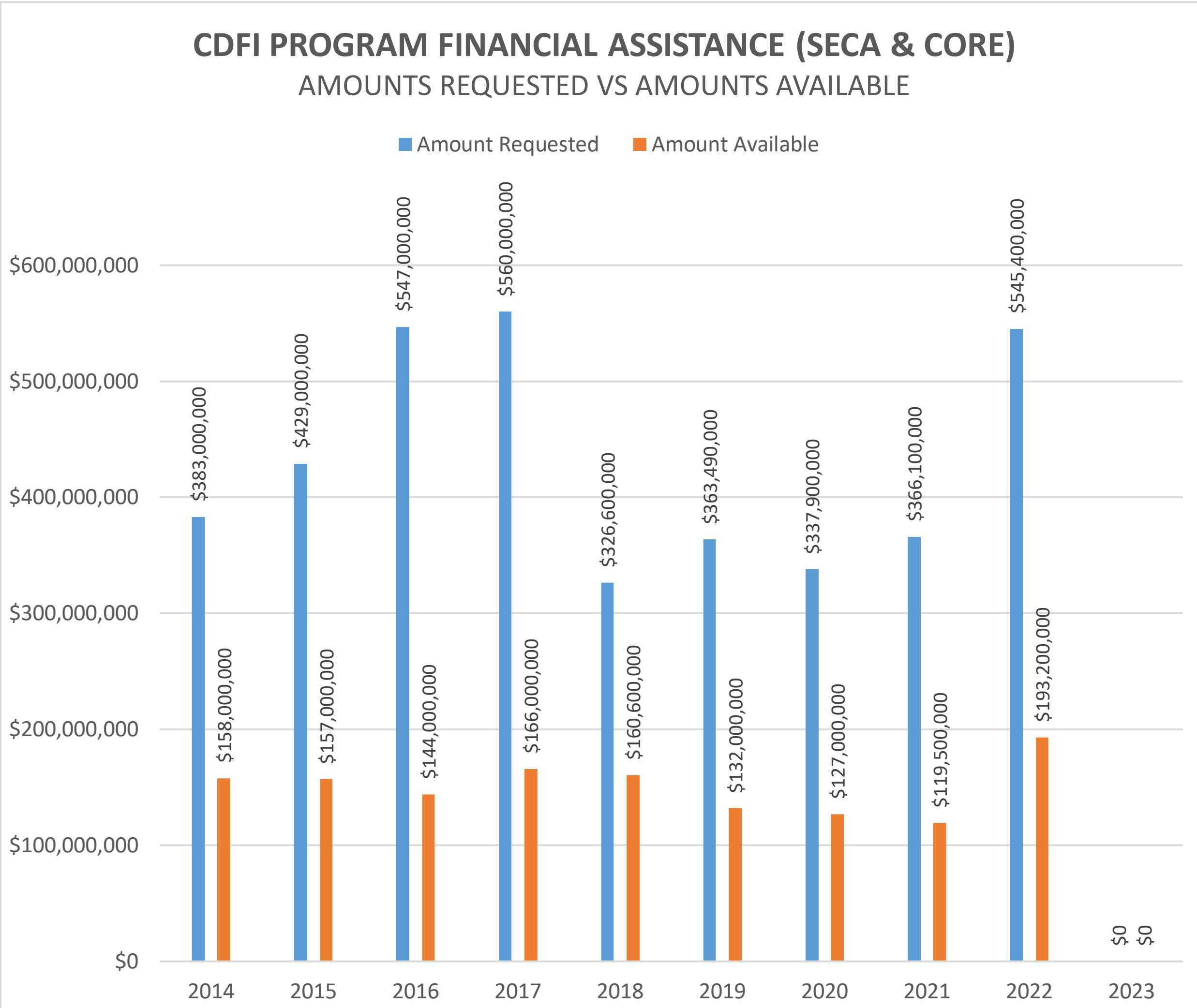
- 429 organizations requested $380.9 million in CDFI Program Base-FA awards; 233 organizations received $127.1 million.
- 242 organizations requested $30.1 million in CDFI Program TA awards; 202 organizations received $25.2 million.

The demand for PPC-FA, DF-FA, and HFFI-FA awards was:

- 222 organizations requested $65.9 million in CDFI Program PPC-FA awards; 137 organizations received $17.6 million.
- 19 organizations requested $9.5 million in DF-FA awards; 13 organizations received $6.5 million (CDFI Program and NACA Program combined).

- 15 organizations requested $59 million in HFFI-FA awards; eight organizations received $23 million (CDFI Program and NACA Program combined).

The CDFI Fund also prepared for the FY 2024 CDFI and NACA Program round, which will combine FY 2023 and FY 2024 appropriations. The FY 2024 CDFI and NACA Program round is expected to open in the fall of 2023, and the CDFI Fund anticipates announcing awards in the fall of 2024.



CDFI Program Impact

In FY 2023, CDFI Program award recipients reported originating loans or investments totaling more than $57 billion, based on their portfolio of activities in 2022. This includes, but is not limited to:

- $20.2 billion for consumer loans;
- $14.1 billion for home improvement and home purchase loans;

- $9.8 billion for business and microenterprise loans; and
- $5.8 billion for residential real estate transactions.

In addition, recipients financed nearly 77,000 affordable housing units.

The FY 2023 performance results reported in the table below reflect program outcomes and activities for 2022 and are based on information entered into the CDFI Fund's performance reporting system by CDFI Program award recipients.

Annual Performance Report of CDFI Program Award Recipients for FY 2023

(Based on program activities reported in 2022)

Lending and Investing Activity	Amount
Amount of Total Loans/Investments Originated	**$57,740,080,973**
Number of Total Loans/Investments Originated	2,036,248
Business and Microenterprise Originations	**$9,791,322,922**
Number of Originations	187,858
Consumer Originations	**$20,221,726,596**
Number of Originations	1,722,881
Home Improvement and Home Purchase Originations	**$14,087,389,739**
Number of Originations	89,935
Residential Real Estate Originations	**$5,751,858,334**
Number of Originations	8,207
Commercial Real Estate Originations	**$6,245,049,637**
Number of Originations	8,218
All Other Originations	**$1,642,733,745**
Number of Originations	19,149
Affordable Housing Units Financed	**76,490**
Rental Units	72,307
Owner Units	4,183
Businesses Financed	**126,090**

Notes: Consumer loan data for banks and credit unions who are joint CDFI-FA and RRP award recipients is included in the table above rather than being included in the CDFI RRP impact data tables.

CDFI Program cumulative impact data is reported in the table below for FY 2010 to FY 2023, based on recipients' activities in 2009 to 2022.

Cumulative Performance Report of CDFI Program Award Recipients for FYs 2010 to 2023

(Based on program activities reported from 2009 to 2022)

Lending and Investing Activity	Amount
Amount of Total Loans/Investments Originated	**$250,043,705,776**
Number of Total Loans/Investments Originated	18,455,252
Business and Microenterprise Originations	**$50,978,414,986**
Number of Originations	1,473,032
Consumer Originations	**$78,588,441,426**
Number of Originations	16,349,125
Home Improvement and Home Purchase Originations	**$60,711,387,207**
Number of Originations	467,610
Residential Real Estate Originations	**$25,265,596,729**
Number of Originations	49,442
Commercial Real Estate Originations	**$27,137,783,200**
Number of Originations	37,671
All Other Originations	**$7,362,082,228**
Number of Originations	78,372
Affordable Housing Units Financed	**504,171**
Rental Units	464,703
Owner Units	39,468
Businesses Financed	**1,220,481**

Notes: All consumer loan data for banks and credit unions who are joint CDFI-FA and RRP award recipients is included in the table above, rather than being included in the CDFI RRP impact data tables. The large increase in businesses financed and businesses/microenterprise originations is due to the presence of a small number of large CDFIs who reported late and were not included in FY 2022 Agency Financial Report (AFR) and who had substantial guaranteed small business lending. The transactions for these organizations are being included for the first time in this cumulative table.

HFFI-FA Program Impact

Since the inception of the HFFI-FA program in 2011, HFFI-FA award recipients have reported healthy food investments totaling nearly $398.9 million. There were retail investments totaling more than $317.8 million that developed close to 4.2 million square feet of new retail space for projects ranging from small greengrocers to large supermarkets which served low-income, low-access Census Tracts. In addition, there were non-retail investments totaling nearly $81.1 million in projects involving production and distribution, which developed more than 18.3 million square feet of space for eligible healthy food activities. The HFFI Program's cumulative impact is derived from transactional reports by HFFI recipients.

HFFI-FA Program Cumulative Performance Report of Award Recipients for FY 2023

(Based on program activities reported from 2012 to 2022)

Lending and Investing Activity	Amount
Amount of Total Loans/Investments Originated	**$398,943,178**
Number of Total Loans/Investments Originated	687
Number of Projects	496
Number of Award Recipients Reported	43
HFFI Retail Investments	
Amount of Retail Loans/Investments	$317,832,402
Number of Retail Loans/Investments	392
HFFI Non-Retail Investments	
Amount of Non-Retail Loans/Investments	$81,110,776
Number of Non-Retail Loans/Investments	295
HFFI Square Footage - Project Level	**$27,137,783,200**
Square Footage of New Retail Healthy Food Outlets	4,174,776
Square Footage of New Non-Retail Healthy Food Outlets	18,326,241

CDFI Rapid Response Program

The CDFI Rapid Response Program (CDFI RRP) was established in FY 2021 to help CDFIs deliver emergency support to distressed and underserved communities suffering from the economic hardships created by the COVID-19 pandemic.

How It Works

Purpose

The Consolidated Appropriations Act, 2021, (P.L. 116-260) provided $1.25 billion for the CDFI Fund to use to provide grants to enable Certified CDFIs "to support, prepare for, and respond to the economic impact of the coronavirus." The CDFI Fund awarded these grants to Certified CDFIs through the CDFI RRP. Unlike the CDFI Fund's competitive funding programs, the CDFI RRP was a formula-based grant program designed to provide awards to all eligible applicants. The only application round of the CDFI RRP was conducted in FY 2021. Further CDFI RRP application rounds will not be conducted unless Congress provides additional funding for the program.

Award Process

All CDFI RRP awards were made in the form of a grant. The minimum grant amount was $200,000, and the maximum amount was $1.8 million. The legislation authorizing the program stipulated that at least $25 million of the more than $1.2 billion awarded through the program be used to benefit Native Communities.

Only organizations that the CDFI Fund had certified as CDFIs were eligible to apply. An applicant could request the minimum award amount of $200,000 or up to 150% of its total financial products closed in an eligible market and/or target market for its most recent historic fiscal year, whichever was greater.

CDFIs may use CDFI RRP grant funds for five categories of eligible activities supporting the provision of financial products and services: Financial Products, Financial Services, Loan Loss Reserves, Development Services, and Capital Reserves.

In addition, CDFIs may use the greater of $200,000 or 15% of the grant for seven categories of eligible activities supporting operations: Compensation – Personal Services, Compensation – Fringe Benefits, Professional Service Costs, Travel Costs, Training and Education Costs, Equipment, and Supplies.

CDFIs may use the grants to support a variety of eligible lines of business: Commercial Real Estate, Small Business, Microenterprise, Community Facilities, Consumer Financial Products, Consumer Financial Services, Commercial Financial Services, Commercial Financial Products, Affordable Housing, and Intermediary Lending to Nonprofits and CDFIs.

In conducting the application review process for the CDFI RRP, the CDFI Fund implemented the language of the Consolidated Appropriations Act, 2021, which authorizes the CDFI Fund to make grants to CDFIs using “a formula approach that takes into account criteria such as certification status, financial and compliance performance, portfolio and balance sheet strength, a diversity of CDFI business model types, and program capacity.”

Awards Since Inception

The FY 2021 round of the CDFI RRP was the first and only round of the program. The CDFI Fund awarded more than $1.2 billion in grants to 863 organizations.

FY 2023 Activities

There was no CDFI-RRP Funding round during FY 2023. Currently, all CDFI-RRP recipients are executing the requirements pursuant to their assistance agreements and are still actively reporting on their uses of the award as well as their progress toward meeting any applicable performance goals.

Program Impact

In FY 2023, CDFI RRP award recipients reported originating loans or investments totaling more than $27.3 billion, based on their portfolio of activities in 2022. This includes, but is not limited to:

- $11.4 billion for consumer loans;
- $5.7 billion for home improvement and home purchase loans;
- $3.9 billion for business and microenterprise loans; and
- $2.1 billion for residential real estate transactions.

In addition, recipients financed 25,060 affordable housing units.

The FY 2023 performance results reported in the table below reflect program outcomes and activities for 2022 and are based on information entered into the CDFI Fund’s performance reporting system by RRP Program award recipients.

Annual Performance Report of RRP Program Award Recipients for FY 2023

(Based on program activities reported in 2022)

Lending and Investing Activity	Amount
Amount of Total Loans/Investments Originated	**$27,262,168,961**
Number of Total Loans/Investments Originated	767,450
Business and Microenterprise Originations	**$3,924,587,748**
Number of Originations	25,821
Consumer Originations	**$11,408,919,654**
Number of Originations	691,354
Home Improvement and Home Purchase Originations	**$5,708,713,035**
Number of Originations	37,370
Residential Real Estate Originations	**$2,123,295,533**
Number of Originations	4,966
Commercial Real Estate Originations	**$3,577,986,926**
Number of Originations	4,494
All Other Originations	**$518,666,065**
Number of Originations	3,445
Affordable Housing Units Financed	**25,060**
Rental Units	20,711
Owner Units	4,349
Businesses Financed	**24,859**

Notes: Consumer loan data for banks and credit unions who are joint CDFI-FA and RRP award recipients is excluded from the table above.

CDFI RRP Program cumulative impact data is reported in the table below for FY 2022 to FY 2023, based on recipients' activities in 2021 to 2022.

Cumulative Performance Report of RRP Program Award Recipients for FYs 2022 to 2023

(Based on program activities reported from 2021 to 2022)

Lending and Investing Activity (includes late reporters not included in FY 2022 AFR)	Amount
Amount of Total Loans/Investments Originated	**$44,033,188,840**
Number of Total Loans/Investments Originated	1,213,601
Business and Microenterprise Originations	**$6,064,376,617**
Number of Originations	44,644
Consumer Originations	**$18,054,846,063**
Number of Originations	1,087,244
Home Improvement and Home Purchase Originations	**$9,187,505,194**
Number of Originations	56,993
Residential Real Estate Originations	**$3,537,144,647**
Number of Originations	8,892
Commercial Real Estate Originations	**$5,523,562,371**
Number of Originations	7,252
All Other Originations	**$1,665,753,948**
Number of Originations	8,576
Affordable Housing Units Financed	**37,113**
Rental Units	31,023
Owner Units	6,090
Businesses Financed	**42,705**

Notes: Consumer loan data for banks and credit unions who are joint CDFI-FA and RRP award recipients or joint NACA-FA and RRP recipients is excluded from the table above.

Economic Mobility Corps

The Economic Mobility Corps (EMC) 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. The program launched in FY 2021 and announced its first financial awards in August 2021.

How It Works

Purpose

Providing access to credit and capital in distressed communities requires the presence of a dedicated team with the ability to deliver a wide range of financial education services. EMC is a national service program that provides grants to place AmeriCorps national service members in Certified CDFIs to support their financial education programs.

Grant funding was made available to fund AmeriCorps service members for a two-year term of service. After receiving training in the principles of financial counseling and financial literacy, members help CDFIs promote, market, and deliver a variety of financial counseling and financial planning programs.

Members who work full-time also receive living allowances and are eligible to earn a Segal AmeriCorps Education Award from the National Service Trust, which they can use to pay for higher education expenses or to apply to qualified student loans.

The creation of EMC was initially authorized by the Consolidated Appropriations Act, 2020 (P.L. 116-93), which provided $2 million in funding to support the first funding round of the program, which occurred in FY 2021.

Award Process

An organization is not required to be a Certified CDFI to apply for an EMC award. However, award recipients are required to use their EMC awards to fund the placement of AmeriCorps service members in Certified CDFIs.

Any organization that meets AmeriCorps' State and National Direct Grant Program eligibility criteria can apply for an EMC award. These organizations include Certified CDFIs and other financial institutions as well as Native American tribes, institutions of higher learning, state and local governments, and nonprofit organizations.

Preference is given to EMC applicants that intend to enroll veterans as AmeriCorps members and applicants that plan to serve rural areas.

An organization can apply to EMC either as a single-state applicant, or as a national direct applicant if it intends to place AmeriCorps service members at Certified CDFIs in more than one state. Organizations that apply for and receive EMC funds must comply with all AmeriCorps' State and National Direct Grant Program guidelines.

Awards Since Inception

Since inception of EMC, the CDFI Fund and AmeriCorps have awarded nearly $2.5 million in grants to three organizations to support 78 national service members over a three-year period.

FY 2023 Activities

The FY 2023 round of EMC opened August 24, 2022. A total of $2 million in funding was provided to support the FY 2023 EMC round in the Consolidated Appropriations Act, 2022 (Pub. L. 117-103). Applications were due to AmeriCorps on January 4, 2023. No organizations submitted an application for an FY 2023 EMC award. This is the second consecutive year for which there were no organizations that applied for an EMC award.

As a result, funding that was appropriated for the FY 2023 EMC round was deobligated and returned to the Treasury General Fund at the end of FY 2023.

Program Impact

The CDFI Fund is in the process of collecting EMC performance data. The CDFI Fund and AmeriCorps will provide detailed information about the impact of the Economic Mobility Corps when the information becomes available.

Native Initiatives

The Native Initiatives was launched in 2001 to help Native Communities — defined as Native American, Alaska Native, and Native Hawaiian communities — grow by increasing their access to credit, capital, and financial services.

How It Works

Purpose

The origin of the Native Initiatives dates to the Riegle Act, when Congress mandated, through the CDFI Fund's authorizing statute, a study on lending and investment practices in Native communities. The CDFI Fund conducted the study from 1999 to 2000 and published the Native American Lending Study in 2001.

The study reported that Native Communities face a number of unique challenges to economic growth, including higher barriers to accessing capital and basic financial services and increased difficulty interacting with private and public sector programs. The study affirmed the importance of developing Native CDFIs — CDFIs that specialize in serving Native Communities — to play a key role in the broader effort to lead Native Communities into the nation's economic mainstream.

The study led to the formation of the CDFI Fund's Native Initiatives. The program's purpose is to generate economic opportunity in Native Communities by supporting the creation and expansion of Native CDFIs through the Native American CDFI Assistance Program (NACA Program).

The NACA Program is similar to the CDFI Program. Like the CDFI Program, it provides Financial Assistance (Base-FA) awards, Healthy Food Financing Initiative-Financial Assistance (HFFI-FA) awards, Persistent Poverty Counties-Financial Assistance (PPC-FA) awards, Disability Funds-Financial Assistance (DF-FA) awards, and Technical Assistance (TA) awards. However, the NACA Program focuses solely on supporting Native CDFIs.

By building and strengthening Native CDFIs, the NACA Program helps these community-based organizations increase access to credit, capital, and financial services in their communities, which in turn creates jobs, develops affordable housing, and provides opportunities for Native American, Alaska Native, and Native Hawaiian people to obtain appropriate financial services and counseling.

Award Process

The NACA Program has similar award components to the CDFI Program, but with an exclusive focus on Native CDFIs. An overview of the award types may be found in the CDFI Program discussion. Details specific to the NACA Program's FA and TA awards are described below.

FA Awards: To be eligible for a Base-FA award through the NACA Program, an organization must be a Certified CDFI. It also must have a Target Market of a Native Community and must ensure that at least 50% of its activities serve Native American, Alaska Native, and/or Native Hawaiian communities.

The Indian Community Economic Enhancement Act of 2020 (P. L. 116–261) permanently waived the Matching Funds requirement for Native American CDFIs, and, as a result, Native American CDFI FA Applicants are not required to provide matching funds.

TA Awards: Three types of organizations are eligible to apply for a TA award through the NACA Program: Certified Native CDFIs, Emerging Native CDFIs, and Sponsoring Entities (organizations primarily serving Native Communities that propose to create a separate Certified CDFI). Emerging Native CDFIs must demonstrate the ability to become a Certified Native CDFI within three years of receiving a TA grant. Sponsoring Entities must demonstrate the ability to create a new entity that will become a Certified Native CDFI within four years of receiving an award.

Awards Since Inception

Since the inception of the NACA Program in 2001, the CDFI Fund has completed 20 rounds of the program and has provided FA and TA awards totaling nearly $238.9 million, which includes PPC-FA awards totaling $11.0 million.

FY 2023 Activities

In FY 2023, the CDFI Fund completed the FY 2022 award round of the NACA Program. The round opened on February 11, 2022, and awards were announced on September 26, 2022, and February 28, 2023, for TA and FA, respectively.

The demand for awards significantly exceeded the resources available for the awards:

- 29 organizations requested $25.5 million in NACA Program Base-FA awards; 19 organizations received $17.1 million.
- 19 organizations requested $2.7 million in NACA Program TA awards; 16 organizations received $2.4 million.
- 15 organizations requested $4.2 million in NACA PPC-FA awards; 10 organizations received $2.8 million.
- The CDFI Fund also prepared for the FY 2024 NACA Program round, which will combine FY 2023 and FY 2024 appropriations. The FY 2024 NACA Program round is expected to open in the fall of 2023, and the CDFI Fund anticipates announcing awards in the fall of 2024.

NACA Program Impact

Since the NACA Program was launched in 2001, the CDFI Fund has provided nearly $221.8 million in FA and TA awards through the program. Those funds have helped build a nationwide network of Certified Native CDFIs:

- In 2001, the number of Certified Native CDFIs totaled 14.
- As of the end of FY 2023, the number of Certified Native CDFIs totaled 66.

The performance results reported by NACA Program award recipients in FY 2023 show that Native CDFIs originated more than 6,100 loans or investments totaling $331.2 million, based on their portfolio of activities in 2022. This includes $84 million in business and microenterprise loans, $46.6 million in home improvement and home purchase loans, and $98 million in consumer loans.

The Native Initiatives Program is generating economic opportunity and fostering economic self-determination in Native Communities nationwide. The table below demonstrates the cumulative impact of NACA recipient activities from FY 2010 to FY 2023.

Cumulative Performance Report of RRP Program Award Recipients for FYs 2022 to 2023

(Based on program activities reported from 2021 to 2022)

Lending and Investing Activity (includes late reporters not included in FY 2022 AFR)	Amount
Amount of Total Loans/Investments Originated	**$2,413,942,443**
Number of Total Loans/Investments Originated	69,046
Business and Microenterprise Originations	**$590,420,657**
Number of Originations	4,772
Consumer Originations	**$318,861,326**
Number of Originations	51,524
Home Improvement and Home Purchase Originations	**$1,055,101,361**
Number of Originations	7,332
Residential Real Estate Originations	**$3,537,144,647**
Number of Originations	8,892
Commercial Real Estate Originations	**$80,498,903**
Number of Originations	293
All Other Originations	**$292,850,911**
Number of Originations	4,988
Affordable Housing Units Financed	**275**
Rental Units	139
Owner Units	136
Businesses Financed	**3,848**

Notes: Consumer loan data for banks and credit unions who are joint NACA-FA and RRP award recipients is included in the table above.

New Markets Tax Credit Program

The New Markets Tax Credit Program (NMTC Program) was established by Congress in 2000 to attract private investment to underserved communities by offering a tax credit to investors.

How It Works

Purpose

One of the most significant obstacles to economic development in low-income communities is the lack of access to private investment capital. The NMTC Program is designed to attract new private investment to qualifying businesses located in Low-Income Communities (generally defined as population Census Tracts with at least 20% poverty or 80% or less of the median family income) or businesses that are owned by, employ, or serve Targeted Populations.

The NMTC Program attracts private investment by permitting individual and corporate investors to receive a tax credit against their federal income tax in exchange for making Qualified Equity Investments (QEIs) in specialized financial intermediaries called Community Development Entities (CDEs). The credit totals 39% of the original investment amount; the investor claims the credit over a period of seven years.

Congress authorized the NMTC Program under the Community Renewal Tax Relief Act of 2000 (P.L. 106-554), which included $15 billion in allocation authority for seven years. Since then, the NMTC Program has been reauthorized eight times. Most recently, the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (P.L. 116-260) extended authorization of the program for calendar year (CY) 2021 to CY 2025 with $5 billion in annual NMTC allocation authority.

Award Process

The CDFI Fund allocates tax credits to Certified CDEs through a competitive application process. If successful, the CDE has five years to offer the tax credits to investors in exchange for QEIs.

A CDE has 12 months to invest “substantially all” of the proceeds from the QEIs into Qualified Low Income Community Investments (QLICIs). The proceeds must be used to make loans or equity investments in qualified businesses or CDEs, to purchase qualifying loans originated by other CDEs, or to provide financial counseling to businesses located in Low-Income Communities.

Awards Since Inception

Since the inception of the NMTC Program in 2000, the CDFI Fund has completed 19 allocation rounds and has made 1,563 awards totaling $76 billion in tax allocation authority. This includes $3 billion in Recovery Act Awards and $1 billion of special allocation authority used for the recovery and redevelopment of the Gulf Opportunity Zone.

FY 2023 Activities

In FY 2023, the CDFI Fund opened the CY 2022 round of the NMTC Program on November 18, 2022, and announced the awards on September 22, 2023. The demand for NMTC allocation authority significantly exceeded the tax credits available during the round:

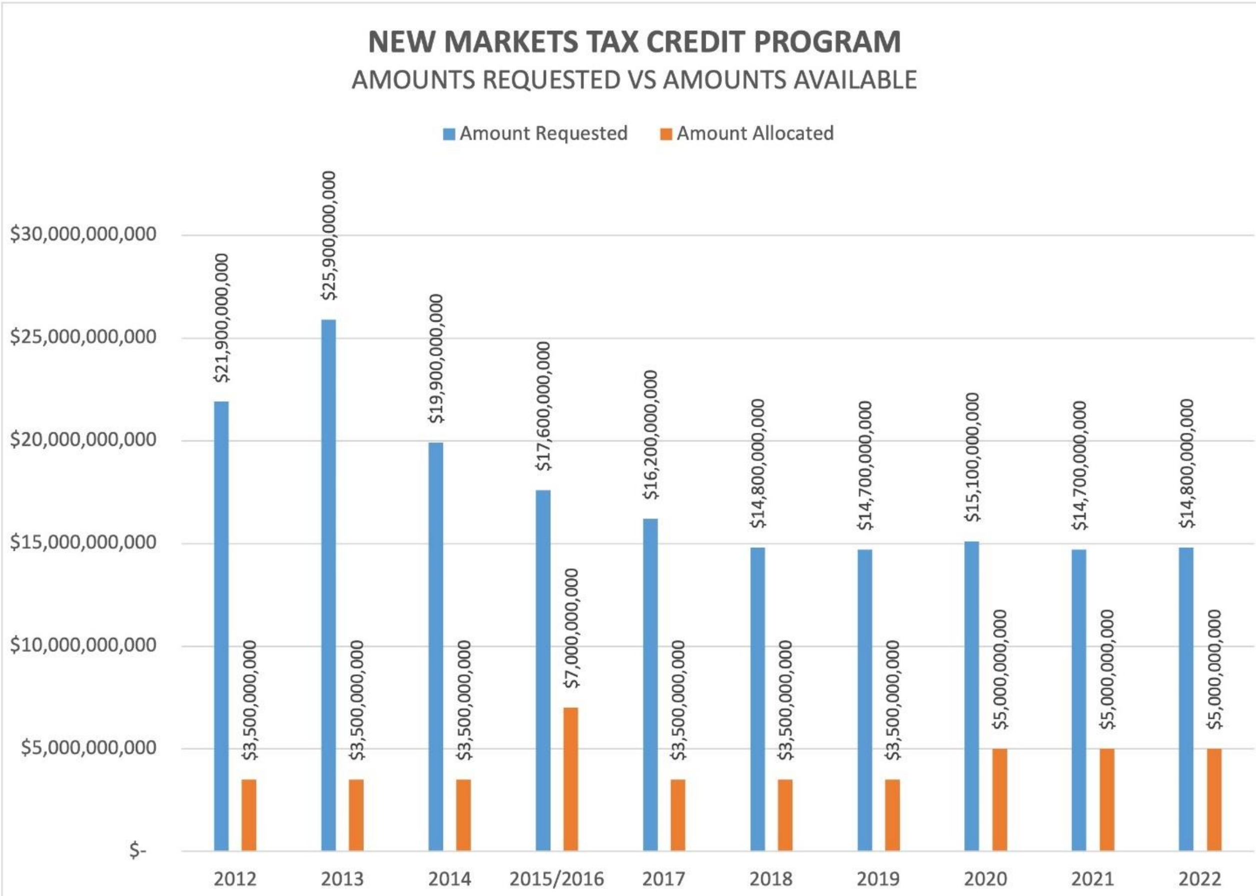
- 197 CDEs submitted applications requesting $14.8 billion in tax credit allocation authority.
- $5 billion in tax credit allocation authority was awarded to 102 CDEs.

The CDFI Fund anticipates opening the CY 2023 round of the NMTC Program in October 2023 and announcing CY 2023 allocation awards in fall 2024.

The CDFI Fund also implemented its NMTC Native Initiative, which included selecting a contractor to assist in efforts to increase NMTC investment in Federal Indian Reservations, Off-Reservation Trust Lands, Hawaiian Home Lands, and Alaska Native Village Statistical Areas, collectively referred to as NMTC Native Areas.

As part of the NMTC Native Initiative, two technical workshops were provided to Native CDEs, Native CDFIs, and other tribal entities that focus on investing in NMTC Native Areas. Attendees were also provided one-on-one technical assistance on utilizing NMTCs.

The contractor also researched and analyzed NMTC investments in NMTC Native Areas and reviewed existing community and economic development research related to Indian Country. This research included the administration of a survey to participants in past NMTC investments in NMTC Native Areas. The research and survey findings were used to develop a Self-Assessment Guide and case studies. The CDFI Fund expects to publish these materials later in the fall of 2023.



NMTC Program Impact

The CDFI Fund has awarded a total of $76 billion to CDEs through the NMTC Program. As of September 30, 2023, allocation recipients had reported raising QEIs totaling more than $63.6 billion.

In FY 2023, allocation recipients reported making nearly $3.7 billion in loans and investments in QLICIs, as shown in the table below.

Of these investments, 22.8% of the dollars invested were invested in “real estate Qualified Active Low Income Community Businesses (QALICBs)” (i.e., businesses that develop or lease real property for use by others), 76.6% of the dollars were invested in “non-real estate QALICBs” (i.e., operating businesses) in low-income communities, and the remaining investments were direct investments into other CDEs. Since the inception of the NMTC Program, recipients of allocations have reported making more than $66.6 billion in cumulative qualified low-income community investments.

FY 2023 Annual & Cumulative Performance Report of NMTC Program Allocation Recipients

(Based on program activities reported from 2009 to 2022)

	Annual Performance (Based on program activities reported in 2022)	**Cumulative Performance** (Based on program activities reported in 2003 to 2022)
Total Qualified Low-Income Community Investments (QLICI)	**$3,697,403,940**	**$66,611,198,947**
Number of QLICI (TOTAL)	1,152	19,909
Real Estate Activity	**$843,855,145**	**$28,693,242,299**
Number of QLICI (RE)	281	7,681
Non-Real Estate Activity	**$2,831,391,295**	**$36,975,481,882**
Number of QLICI (NRE)	863	11,944
Loans/Investments Made to Other CDEs	**$22,157,500**	**$942,474,766**
Number of QLICI (CDE)	8	284
Percent in Distressed Area	**75.4%**	**75.8%**
Affordable Housing Units Financed	**536**	**17,667**
Owner Units	220	7,073
Rental Units	316	10,594
Square Feet of Commercial Real Estate	**10,543,087**	**259,496,586**
Office	2,045,749	107,025,606
Retail	1,280,414	66,986,681
Manufacturing	7,216,924	85,484,299
Businesses Financed	**572**	**9,307**
Financial Counseling and Other Services		
Total Investments	47,489	5,852,936
Number of Businesses Served	21,297	151,662

In FY 2023, NMTC allocation recipients projected 7,945 permanent jobs, 21,226 construction-related jobs, and 11,242 tenant-based jobs for activities covering FY 2020 to FY 2022. From the inception of the program until FY 2019, allocation recipients have reported the creation of more than 160,000 permanent jobs, 437,000 construction jobs, and 258,000 tenant-based jobs.

FY 2023 Projected and Actual Jobs Report of NMTC Program Allocation Recipients

	Projected Performance (Based on program activities reported in FY 2020-2022)[22]	**Cumulative Performance** (Based on program activities reported in FY 2003 to 2019)[23]
Total Projected Jobs	**40,413**	
Projected Permanent Jobs	7,945	
Projected Construction Jobs	21,226	
Projected Tenant Jobs	11,242	
Total Actual Jobs		**853,744**
Actual Permanent Jobs		160,689
Actual Construction Jobs		437,701
Actual Tenant Jobs		255,354

The NMTC Program catalyzes investment where investment is needed most. Over 75.4% of NMTC investments reported in FY 2023 have been made in highly distressed areas. NMTC investments are helping these communities with low median incomes and high rates of unemployment transform into places of opportunity.

[22] NMTC Allocatees are required to report projected permanent jobs at the business financed, construction jobs, and tenant jobs in the first year of the compliance period. Actual jobs for those three categories are not required to be reported until the third year. Beginning with the FY 2023 Annual Report to Congress, projected jobs numbers will be published for the three most recent fiscal years for which the CDFI Fund has data.

[23] Beginning with the FY 2023 Annual Report to Congress, the Jobs at Reporting Period End category will be replaced by three distinct job categories representing actual permanent jobs at the businesses financed, construction jobs, and tenant jobs. Because actual jobs numbers are not required until the third year of the compliance period, actual jobs numbers will only be published for investments that are past the three-year threshold.

Small Dollar Loan Program

The Small Dollar Loan Program (SDL Program) helps Certified CDFIs address the issue of expanding consumer access to mainstream financial institutions and provides alternatives to high-cost small dollar loans that are prevalent in low-income communities. The program also helps unbanked and underbanked populations build credit and access the mainstream financial system.

How It Works

Purpose

The SDL Program was authorized by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (P.L. 111-203).

The SDL Program provides grants to help Certified CDFIs offer fair and affordable small dollar loan programs in communities that are underserved by mainstream financial institutions. The SDL Program statute stipulates that these grants can be used only to support programs offering small dollar consumer loans that:

- are made in amounts that do not exceed $2,500;
- are repaid in installments;
- have no prepayment penalty;
- report the loan payments to at least one of the consumer reporting agencies that compile and maintain files on consumers on a nationwide basis; and
- are underwritten with standards that consider the consumer's ability to repay.

The SDL Program not only provides safe alternatives to high-cost small dollar loans, but also helps unbanked and underbanked borrowers build credit and enter the mainstream financial system by reporting their loan activity to the credit bureaus.

Award Process

Through the SDL Program, the CDFI Fund provides two types of funding to Certified CDFIs:

1. **Grants for Loan Loss Reserves (LLRs**) to enable Certified CDFIs to establish a loan loss reserve fund to cover losses on establishing or maintaining a small dollar loan program.
2. **Grants for Technical Assistance (TA)** to support a variety of activities to enable Certified CDFIs to establish and maintain a small dollar loan program. The seven categories of eligible activities are: Compensation — Personal Services, Professional Service Costs, Travel Costs, Training and Education Costs, Equipment, Supplies, and Development Services.

Grant recipients cannot use SDL Program awards to provide direct loans to consumers.

Eligible applicants may request up to $150,000 for TA awards, $350,000 for LLR awards, and up to a total of $500,000 for a combination of TA and LLR awards.

Three types of applicants are eligible to apply for SDL Program grants:

- Certified CDFIs;
- Partnerships between a Certified CDFI and any federally insured depository institution with a primary mission to serve targeted Investment Areas; and
- Partnerships between two or more Certified CDFIs.

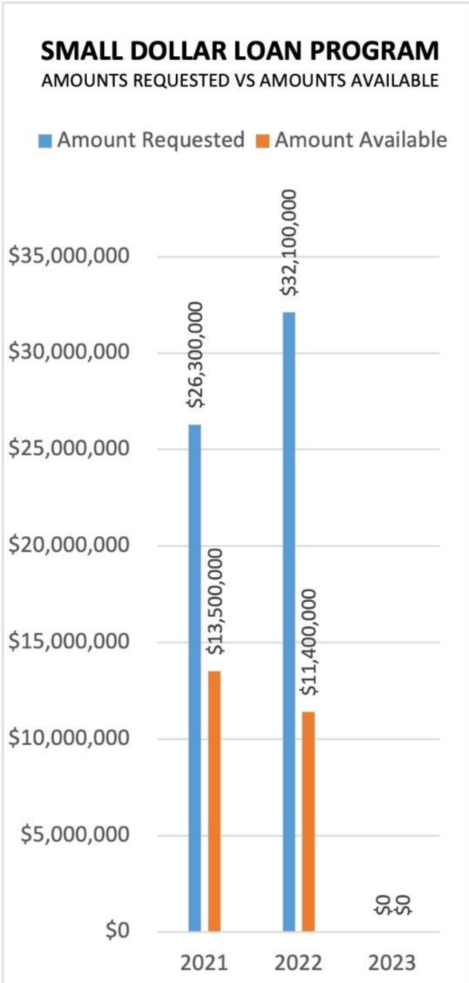
All organizations that receive funds through the SDL Program are required to meet various performance goals and measures within three years after the grants are announced and to report each year on how they used the funds.

FY 2023 Activities

In FY 2023, the SDL Program Team prepared to open the FY 2024 SDL Program funding round, which will combine FY 2023 and FY 2024 appropriations. The FY 2024 SDL Program round is expected to open later in the fall of 2023, and CDFI Fund anticipates announcing awards in the spring of 2024.

Awards Since Inception

Since the inaugural funding round of the SDL Program in 2021, in total, the CDFI Fund has completed two funding rounds and awarded more than $22.2 million through 118 grants.



Program Impact

The 118 awards made in FY 2021 and FY 2022 will enable 111 unique CDFIs (seven recipients received an award in both rounds) to increase their capacity to provide fair and affordable loans in their communities and to help unbanked and underbanked borrowers build their credit.

Organizations that receive funds through the SDL Program are required to deploy their grants within three years and to report each year on how they have used the funds. FY 2021 and FY 2022 award recipients have recently started to report to the CDFI Fund about the impact of the grants. The CDFI Fund will release that information when it becomes available.

ADMINISTRATIVE DISCUSSION AND ANALYSIS
The Community Development Financial Institutions Fund

Initiatives to Maximize Performance

In addition to administering the nine programs discussed above, the CDFI Fund in FY 2023 continued four key administrative initiatives to maximize its performance, efficiency, and program results:

1. Finalized the development of a revised CDFI Certification Application and related data collection tools.
2. Ongoing maintenance and enhancement of the Awards Management Information System (AMIS).
3. Ongoing maintenance and enhancement of the CDFI Program Assessment and Risk Management Framework (ARM Framework).
4. Enhancement of compliance monitoring and evaluation.

Development of Revised CDFI Certification Application and Data Collection Tools

The criteria and measurements for certifying organizations as CDFIs have not been updated since the CDFI Fund was established in 1994. During this time, the CDFI industry has grown and evolved. To ensure that certification criteria support the growth and reach of CDFIs, minimize regulatory burden, and foster a diversity of CDFI types, the CDFI Fund began reviewing its CDFI Certification policies and tests applied to organizations seeking to become recognized as CDFIs in 2016.

In May 2020, the CDFI Fund published a 60-day request for public comment on proposed revisions to the CDFI Certification Application and embodied work that begin in 2016 of reviewing CDFI Certification practices. As a result of the 55 letters received during that public comment period, the CDFI Fund revised the proposed Certification Application.

In November 2022, the Office of Management and Budget (OMB) released for a final 30-day public comment for the revised version of the CDFI Certification Application, which generated an unprecedented 275 comment letters. The CDFI Fund thoroughly reviewed and carefully considered all public comments received in its efforts to update the CDFI Certification process by carefully reviewing all public comments received.

In December 2022, OMB released for a final round of 30-day public comments a revised version of the Annual Certification & Data Collection Report and the abbreviated Transaction Level Report, which received 40 comment letters. To coincide with the revisions outlined in the CDFI Certification Application, the CDFI Fund also proposed changes to the Annual Certification and

Data Collection Report (ACR), which Certified CDFIs are required to submit annually to verify that they continue to meet CDFI Certification requirements. The proposed revisions to the ACR align with the changes CDFI Fund proposed to the CDFI Certification Application. This will ensure that all CDFIs that become certified under the new requirements will be evaluated on the new CDFI Certification requirements.

In addition, the CDFI Fund initially proposed the introduction of a new Certification Transaction Level Report (CTLR) for Certified CDFIs that are not current CDFI Program or NACA Program FA Recipients to better track their target market activity. Based in part on the comments received during the public comment period, the CDFI Fund decided to utilize with a few changes the current Transaction Level Report (TLR) used by CDFI Program and NACA Program FA Recipients to examine the degree to which all organizations are serving distressed and underserved populations. The modified TLR creates a more data-driven, quantitative evaluation of Certified CDFIs and CDFI Certification Applicants' Target Market activity and automates key processes.

Supporting the changes to the Certification policies and collection of transaction level data, the CDFI Fund published a list of pre-approved Target Market assessment methodologies that Applicants and Certified CDFIs may use to demonstrate that they are serving their identified Target Market(s) (e.g., Investment Area [IA], Low Income Targeted Population [LITP], or Other Targeted Population [OTP]). Providing pre-approved assessment methodologies increases transparency and reduces burden.

Together, these three data collection tools — the CDFI Certification Application, ACR, and TLR — will provide the CDFI Fund the ability to better track, measure, and adapt to the ever-evolving CDFI universe[24]. The combined information collected will allow the CDFI Fund to paint a more complete picture of the impact and activity of Certified CDFIs. Having a greater sense of the CDFI industry will help the CDFI Fund to not only build awareness, but also illustrate and evaluate the comprehensive effects of CDFIs in distressed communities. In addition, the CDFI Fund will be able to better assess and target financing gaps and needs and attract new sources of capital to the CDFI industry.

Maintenance and Enhancement of AMIS

To optimize the quality of its data, decision-making, user experience, and delivery of program resources, the CDFI Fund developed AMIS. This cloud-based, enterprise-wide business platform supports all CDFI Fund programs through each phase of a program's life cycle, including certification, program awards and allocations, data analysis, compliance, and reporting.

Since the launch of AMIS in 2015, the CDFI Fund has integrated the CDFI Program, NACA Program, BEA Program, NMTC Program, CMF, SDL Program, the CDFI RRP, the CDFI ERP, and the CDFI Bond Guarantee Program Qualified Issuer and Guarantee applications into AMIS. The CDFI Fund has also built award recipient compliance and performance reporting into the AMIS

[24] The CDFI Fund released the revised CDFI Certification Application, ACR, and TLR on December 8, 2024.

platform. AMIS also supports the Annual Certification and Data Collection Report that Certified CDFIs are required to submit to maintain their certification status.

Maintenance and Enhancement of the ARM Framework

The multi-year contractor Task Order for the development of the ARM tools in AMIS wrapped up in October 2021. Version 1.0 of the ARM tools is considered complete with various business units working to integrate the tools into their processes during FY 2023.

The ARM Framework is a suite of six tools the CDFI Fund is using to assess the financial and programmatic risk of CDFI Program applicants and award recipients. The framework aims to enhance data-driven decision-making and to mitigate post-award compliance reporting risks. ARM tools include:

- **The CDFI and NACA Program Application Assessment Tool:** Provides the functionality to assess and evaluate the organizational risk of CDFI and NACA Financial Assistance awards applicants' financial portfolio and management capabilities.
- **The Certification Assessment Tool:** Provides the functionality to support the application review process for new CDFI certification applicants and to monitor the maintenance of CDFI certification status.
- **The Compliance Assessment/Noncompliance Score Card:** Measures the risk of non-compliance or default for both regulated and unregulated CDFIs that have received awards by using three metrics to rate and score the risk. The three factors are based on the award recipients' compliance with reporting requirements, Performance Goals and Measures as specified in its Assistance Agreement (including a safety and soundness check), and technical issues.
- **The CDFI Industry Data Analysis Reporting Tool:** Integrates internal CDFI Fund data from applicants' data and award recipients' transactional and organizational data reports. This data is used to generate analytical tables and graphical data visualizations to evaluate how the applicants' proposed business plans and activities may address market gaps for distressed communities and underserved populations.
- **The Macroeconomic Risk Tool:** Analyzes macroeconomic factors and external data derived from authoritative public sources to assess markets served or to be served in the certification application and CDFI Fund programs' review processes.
- **The Direct Loan Component/Portfolio Monitoring Tool:** Provides the functionality to assess CDFI recipients' financial risk if they are awarded a direct loan as a match. The tool also monitors risk within the portfolio and award recipient loan performance for CDFIs consistent with Treasury's credit risk measures for CDFIs and Office of Management and Budget Circular A-129 on Policies for Federal Credit Programs and Non-Tax Receivables.

In FY 2024, the CDFI Fund will continue work regarding additional enhancements to the tools, including external data updates and any changes resulting from the implementation of the new Certification Application, as well as revised ACR and TLR.

Enhancement of Compliance Monitoring and Evaluation

Compliance monitoring is an essential part of the CDFI Fund's operations. The CDFI Fund recognizes the importance of ensuring that each dollar of appropriations it receives is used in ways that advance the public interest and support the CDFI Fund's mission. The CDFI Fund also ensures award recipients and allocatees are adhering to the terms and conditions outlined in their agreements.

In FY 2023, the CDFI Fund continued its multi-year effort to enhance monitoring using risk-based strategies. It also continued to invest time and attention to examining core compliance monitoring processes for the CDFI Program, CDFI RRP, NACA Program, NMTC Program, BEA Program, SDL Program, and CMF Program, including but not limited to developing a module within AMIS to track the submission and process Material Events and Amendments, as well as monitoring of the CDFI Fund's loans and equity investment portfolio. It also continued development of the compliance monitoring process for the previously funded CDFI ERP. Although not all of these developments and enhancements will be visible to the public, they continue to improve the experience of our award recipients and Allocatees while allowing the compliance staff to focus more on compliance analysis.

The CDFI Fund also continued to work with the Department of the Treasury's Office of Civil Rights and Equal Employment Opportunity to develop and implement a plan to monitor Award Applicants' and Recipients' compliance with the Treasury regulations implementing Title VI of the Civil Rights Act (Title VI), set forth in 31 CFR Part 22. This plan included the development and deployment of the Title VI Compliance Worksheet which must be submitted annually by all award applicants. The CDFI Fund will utilize the worksheet to determine whether award applicants to the CDFI Fund are compliant with federal civil rights requirements. The worksheet is an online form submitted through AMIS. In addition, the CDFI Fund developed a Language Access Plan to further straighten its commitment to providing individuals with limited English proficiency meaningful access to vital documents and information about relevant CDFI Fund programs and services (Executive Order 13166 and Title VI of the Civil Rights Act of 1964).

Lastly, the CDFI Fund is very proud to share that after a multi-year negotiation process, it has entered into a revised memorandum of understanding (MOU) with the Internal Revenue Service (IRS). The purpose of this MOU is to enhance government compliance monitoring processes for the NMTC Program, which is jointly administered by the CDFI Fund and IRS.

Appendix: Glossary of Acronyms

A
ACR – Annual Certification and Data Collection Report
AFR – Agency Financial Report
AMIS – Awards Management Information System
ARM Framework – Assessment and Risk Management Framework
ARP – American Rescue Plan Act

B
Base-FA – Base Financial Assistance
BEA Program – Bank Enterprise Award Program
BG Program – Bond Guarantee Program

C
CDE – Community Development Entity
CDFI – Community Development Financial Institution
CDFI ERP – CDFI Equitable Recovery Program
CDFI Fund – Community Development Financial Institutions Fund
CDFI Program – Community Development Financial Institutions Program
CDFI RRP – CDFI Rapid Response Program
CLTR - Certification Transaction Level Report
CMF – Capital Magnet Fund
CRA – Community Reinvestment Act
CTLR – Certification Transaction Level Report
CY – Calendar Year

D
DF-FA – Disability Funds – Financial Assistance

E
EMC – Economic Mobility Corps

F
FA – Financial Assistance
Fannie Mae – Federal National Mortgage Association
FFB – Federal Financing Bank
FHFA – Federal Housing Finance Agency
Freddie Mac – Federal Home Loan Mortgage Corporation
FY – Fiscal Year

G
GSE – Government Sponsored Enterprise
H
HERA – Housing and Economic Recovery Act

HFFI – Healthy Food Financing Initiative
HFFI-FA – Healthy Food Financing Initiative – Financial Assistance

L
LLRs – Loan Loss Reserves

N
NACA Program – Native American CDFI Assistance Program
NMTC – New Markets Tax Credit
NMTC Program – New Markets Tax Credit Program
NRE – Non Real Estate

P
P.L. – Public Law
PPC-FA – Persistent Poverty County-Financial Assistance
PPC - Persistent Poverty County

Q
QALICB – Qualified Active Low-Income Community Business
QEI – Qualified Equity Investment
QLICI – Qualified Low-Income Community Investment

R
RE- Real Estate
Riegle Act – Riegle Community Development and Regulatory Improvement Act of 1994

S
SDL Program – Small Dollar Loan Program
SECA – Small and Emerging CDFI Assistance

T
TA – Technical Assistance
Title VI – Title VI of the Civil Rights Act
TLR – Transaction Level Report