



Community Development Financial Institutions Fund

US Department of the Treasury

FY 1999 Annual Survey

Preliminary Findings

CDFI Program - Core Component

May 8, 2001

The Community Development Financial Institutions Fund (the Fund) is a wholly owned government corporation within the United States Department of the Treasury. The Fund's mission is "to promote access to capital and local economic growth by directly investing in and supporting community development financial institutions (CDFIs) and expanding financial service organizations' lending, investment and services within underserved markets."

As the single largest supporter of the community development finance field in America, the Fund has certified hundreds of community development financial institutions (“CDFIs”) in the past five years, and has invested millions of dollars in them to increase investment and access to capital in underserved markets. This report depicts, in snapshot form, a quick view of what that involvement has meant in terms of impact.

BASELINE FACTS

- 412 private, non-profit and for-profit organizations across the country and in the US territories have been certified by the Fund as CDFIs.¹
- The Fund has made 275 awards totaling \$267 million to these CDFIs since 1996.²

The Fund recently surveyed 106 awardees from the 1996 through 1998 Core Component funding rounds. In total, these awardees have received \$114 million from the Fund.³

Since being notified of their CDFI Fund awards, these 106 organizations have made:

- \$3.5 billion in community development loans and equity investments, or
- \$31 in financing for every dollar received from the CDFI Fund.⁴

OUTCOMES

In 1999 alone, 1996-98 Core Component awardees made \$1.4 billion in loans and equity investments, reaching a broad audience in distressed communities. Using a variety of tools, they effected long term impact in the lives of low-income individuals, and others who lack access to credit and financial services.

Investment in Business and Microenterprise

The 106 awardees included in the 1999 survey financed 3,258 businesses and microenterprises.

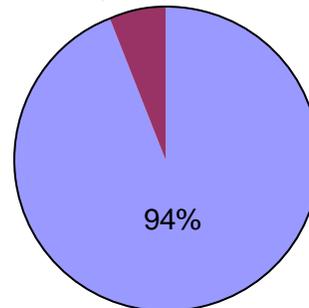
- 52% of these businesses and microenterprises were owned or controlled by low-income individuals.
- 54% were owned or controlled by minorities.
- 36% were owned or controlled by women.
- These businesses and microenterprises created or maintained 24,698 full-time equivalent jobs in 1999.⁵

Development of Affordable Housing

Awardees financed the construction or rehabilitation of 24,885 units of housing.

- 94% of these units were affordable to low-income individuals.

24,885 Total Housing Units



23,340 Affordable Housing Units

1 Certifications are as of April 1, 2001.
 2 Includes all 1996 through 2000 Core Component awards. An additional \$10 million has been awarded through the Technical Assistance Component.
 3 Core Component awards for the 106 awardees totaled \$122 million. As of April 24, 2001, \$114 million of the total awards had been disbursed.
 4 Dollars received from the CDFI Fund are for Core Component awards. Technical Assistance Component award disbursements are not included.
 5 Jobs maintained are the jobs at the business at the time it was financed by the CDFI. Jobs created is the net change in jobs between the time the business was financed and 1999.

Involvement in Community Facilities Finance

Awardees financed 411 community facilities, including charter schools, childcare centers, and health clinics.

According to the awardees surveyed, these facilities have the capacity to provide:

- education to 4,569 students,
- childcare to 5,780 children, and
- health care to 95,864 patients.

Provision of Related Services and Technical Assistance

CDFIs provide loans, equity investments, basic financial services, and technical assistance to their clients. In addition to loans and investments, in 1999:

- CDFI depository institutions held 159,000 checking and savings accounts totaling \$484 million in deposits.
- 65% of these accounts were held by low-income individuals.

All awardees surveyed provided technical assistance and training in subjects ranging from consumer credit counseling to homeownership classes to business instruction.

- In 1999, CDFIs provided one-on-one technical assistance to 11,110 individuals or organizations, and classroom training to 22,876 individuals.

Fostering Partnerships

In many cases, CDFIs do not act alone. They provide a piece of the needed financing, while other

private and public lenders or investors, and the owners themselves, provide the remainder. In 1999, other entities contributed \$93 million to the deals that CDFIs participated in, which means that for every dollar of financing provided by the CDFIs, another \$1.07 was contributed to the project by a partnering entity.

Generation of Outside Resources

According to certified CDFIs and Fund awardees, Fund recognition can be an important factor in a CDFI's ability to attract additional resources. Core Component awardees estimate that, over and above their required 1:1 non-federal matching funds, they have been able to raise an additional \$267 million. Combining the non-federal match and additional funds, this brings the total generated to \$3.19 for every dollar of Core Component funding provided by the Fund.

CDFI CUSTOMER PROFILE

CDFIs serve diverse markets that include distressed neighborhoods, low-income populations, or other populations that lack access to credit.

Who?

On average, the reported client profile of CDFI awardees includes the following:

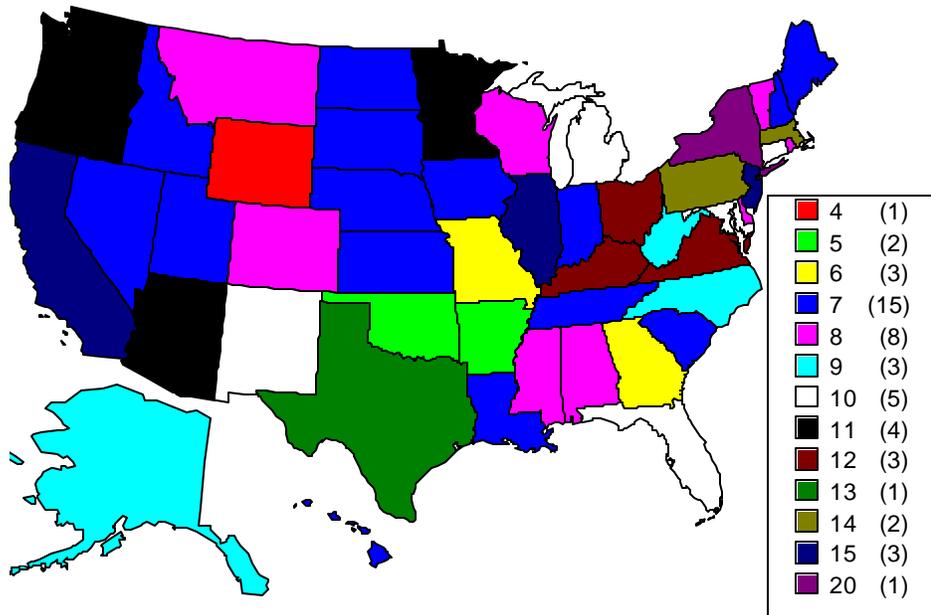
- 71% of clients are low income
- 62% of clients are minorities, with
 - 36% African American,
 - 17% Hispanic,
 - 5% Native American, and
 - 4% other minorities
- 66% of clients are in urban areas
- 34% of clients are in rural areas

CDFI Awardee Profile

Where?

Certified CDFIs are located in 35 states, but they serve all 50 states. Every state has at least 4 CDFIs serving it, and some as many as 20.

- 55% of awardees serve major urban areas⁶
- 58% of awardees serve minor urban areas
- 62% serve rural areas

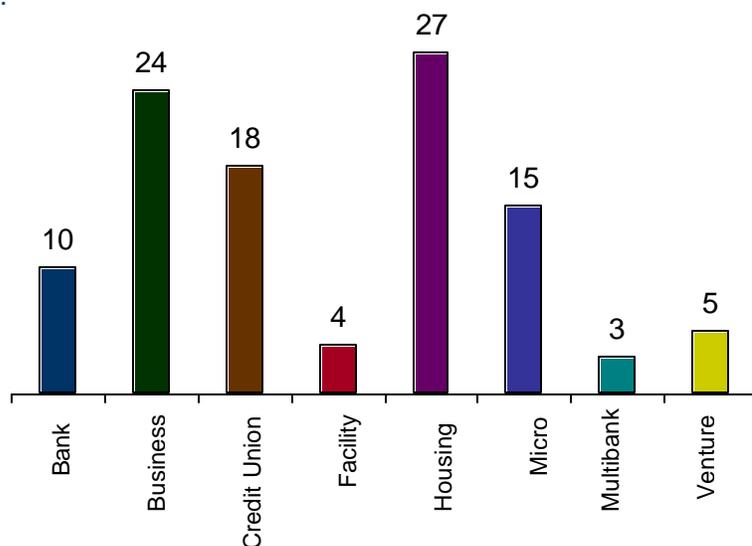


Who Serves These Customers?

Awardees represent all types of CDFIs:

- 9% are banks
- 23% are business loan funds
- 17% are credit unions
- 4% are facility loan funds
- 25% are housing loan funds
- 14% are microenterprise funds
- 3% are multi-bank CDCs
- 5% are venture capital funds

Number of CDFI Awardees by Type



⁶ A major urban area is a Metropolitan Statistical Area of 1 million or more. A minor urban area is a Metropolitan Statistical Area of less than 1 million. An MSA includes a central city and surrounding suburbs.