

Announcing the Creation of a Bipartisan Senate Caucus Dedicated to Community Development Financing



The United States Senate
Community Development Finance Caucus



Senator Mark R. Warner (D-VA)
Caucus Co-Chair

Senator Mike Crapo (R-ID)
Caucus Co-Chair

CDFI Resource Gap

CDFIs are making a difference, but still lack the resources to realize their full potential

A large yellow circle containing the percentage "86%".

86%

of CDFIs anticipate increasing demand for their products and services

A large blue circle containing the percentage "75%".

75%

of CDFIs want to offer products they currently cannot

Source: Richmond Fed



Recent Legislation

Congress stepped up to meet this challenge through new bipartisan programs

Emergency Capital Investment Program

\$9 billion in capital for long-term preferred stock and subordinated debt investments in depository CDFIs and MDIs.

Rapid Response and Equitable Recovery Program

\$1.25 billion (RRP) in grants made to 863 CDFIs to respond to the pandemic, and \$1.75 billion (ERP) in grants and technical assistance to expand CDFI activities

Challenges to Scale





Yet challenges remain in opportunities to scale community-based lenders

Selected Programs	Awards Requested	Awards Available
CDFI Financial Assistance and Technical Assistance Awards (FY21)	\$391M	\$140M
CDFI Rapid Response Program (FY21)	\$2.9B	\$1.3B
Native American CDFI Assistance Program – Base Financial And Technical Assistance (FY21)	\$26.1M	\$13.9M
Emergency Capital Investment Program	\$12.9B	\$8.75B

Source: UST Audit and ECIP Demand Announcement

Private Sector Commitments

The private sector has committed record resources

	Size	Focus
<p>\$200B Private-sector racial equity commitments since 2020</p>		<ul style="list-style-type: none"> • Black-led banks and businesses
		<ul style="list-style-type: none"> • MDIs and depository CDFIs
		<ul style="list-style-type: none"> • MDIs for loans to LMI areas
		<ul style="list-style-type: none"> • Debt and grants for CDFIs

Source: McKinsey, Urban Institute

Major initiatives, not exhaustive
*Fundraising not complete



Need for Coordination

We have seen increased Congressional focus, but a strategic, coordinated approach is needed

Senate Banking Committee:

- Subcommittee on Housing, Transportation, and Community Development, “Exploring How Community Development Financial Institutions Support Underserved Communities” (Jan 6, 2022)
- Subcommittee on Financial Institutions and Consumer Protection, “The Role that Community Development Financial Institutions and Minority Depository Institutions Serve in Supporting Communities” (Feb 9, 2022)

House Financial Services Committee:

- Full Committee Hearing, “An Unprecedented Investment for Historic Results: How Federal Support for MDIs and CDFIs Have Launched a New Era for Disadvantaged Communities” (Feb 16, 2022)
- Full Committee Markup (TBD)

Building on Recent Momentum

Coordination and expansion of private sector and government efforts would build on recent momentum

Caucus Priorities

Education: Organize and host events focused on targeted challenges facing community-based lenders to educate Members and staff.

Coordination: Coordinate bipartisan efforts – regulatory or legislative – related to CDFIs and provide a venue for staff-to-staff information sharing.

Legislation: Develop legislative efforts to further support CDFIs and MDIs.

Tracking: Track the implementation of federal programs and private sector commitments.



Additional Tier 1 capital investments to build on programs like ECIP



Direct lending to mission-aligned institutions to expand their activities



Liquidity and secondary market support for loans to underserved communities (from CDFIs, MDIs, community banks)



Technical assistance to make lasting investments in key capabilities



Caucus Membership

Democrats

U.S. Senator Mark Warner
(D-VA, Co-Chair)

U.S. Senator Amy Klobuchar
(D-MN)

U.S. Senator Jon Ossoff
(D-GA)

U.S. Senator Jack Reed
(D-RI)

U.S. Senator Tina Smith
(D-MN)

U.S. Senator Chris Van Hollen
(D-MD)

U.S. Senator Raphael Warnock
(D-GA)

Republicans

U.S. Senator Mike Crapo
(R-ID, Co-Chair)

U.S. Senator Mike Braun
(R-IN)

U.S. Senator Steve Daines
(R-MT)

U.S. Senator Cindy Hyde-Smith
(R-MS)

U.S. Senator Cynthia Lummis
(R-WY)

U.S. Senator Jerry Moran
(R-KS)

U.S. Senator Mike Rounds
(R-SD)