

# Support Community-Based Financial Institutions

Policy Proposal #1

NYS  
COMMUNITY  
EQUITY  
AGENDA



## It's time to fund New York's Community Development Financial Institution (CDFI) Fund.

*Public investment in mission-driven CDFIs is a surefire strategy for building the wealth of low-income New Yorkers and New York communities. This legislative session, New York should allocate at least \$25 million to the NYS CDFI Fund to provide competitively-awarded grants and investments to CDFIs. By supporting CDFIs, New York will help create good jobs, develop and preserve affordable housing, and promote equitable financial services in low-income communities and communities of color.*

### What are CDFIs?

CDFIs are community-based financial institutions that serve low-income people and small businesses in economically distressed communities, including neighborhoods that mainstream banks have historically failed to serve. With 81 certified CDFIs serving every county, New York has the second highest concentration of CDFIs in the country.

### Why should New York support CDFIs?

In 2015 New York CDFIs provided more than \$2.6 billion in financing to 60,000 New Yorkers in every county in the state, including to individuals, small business owners, affordable housing developers, non-profits, and others.

Community Development Credit Unions (CDCUs), in particular, help low- and moderate-income families build assets by providing savings vehicles, consumer credit, home mortgages, and financial counseling. And because CDCUs are community-based financial cooperatives, they contribute to neighborhood economic security and preserve money and resources in the communities they serve, especially low-income communities of color and immigrant communities.

### What should New York do?

In 2007 New York established a NYS CDFI Fund modeled after the federal CDFI Fund—the first state-based CDFI Fund in the country. To date, however, *the Fund has not received a dime*. Funding the NYS CDFI Fund is now more important than ever, especially because the federal CDFI Fund—currently, the main source of public funding for CDFIs—is on the Trump Administration's chopping block.

New York's CDFIs stand ready to deploy these public dollars where they are most needed—to provide loans and investments that lead to the creation of good jobs, affordable housing, and equitable financial services.

## CDFIs offer tremendous bang for buck.

CDFIs leverage every public dollar with at least 12 additional dollars from other sources, including banks, foundations, and impact investors.

Appropriating \$25 million to New York's CDFI Fund would help leverage more than **\$300 million** in direct lending and services to New York's underserved communities.

Endorsers (list in formation): Lower East Side People's Federal Credit Union, National Federation of Community Development Credit Unions, New Economy Project