



COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION, CDFI

WHAT IT MEANS TO BE A CDFI

- Community Development Financial Institutions - or CDFIs - are mission-driven financial institutions that are dedicated to providing financial services to meet the needs of economically disadvantaged individuals within underserved communities.
- CDFIs invest in local communities and the residents who live there by providing critically needed financing often unavailable from mainstream financial institutions.
- CDFIs are certified by the U.S. Department of the Treasury's Community Development Financial Institutions Fund – known as the CDFI Fund. In order to become a certified CDFI, the financial institution must: have a primary mission of promoting community development; provide financial products and services; serve one or more defined low-income target markets; maintain accountability to the community it serves; and be a legal non-governmental entity.
- All CDFIs share a common mission of serving low-income communities. CDFIs are commonly loan funds, credit unions, community banks, or venture capital funds.
- Certified CDFIs are part of a national network promoting economic growth in America's underserved communities by financing businesses, creating jobs, and rebuilding neighborhoods.
- As a CDFI, Lower East Side People's Federal Credit Union puts the community first and values local, economic growth.

HOW CDFIS USE AWARDS

- The CDFI Fund does not give loans directly to individuals, businesses, or projects. Instead, the CDFI Fund helps to capitalize CDFIs that, in turn, provide financing to their local communities.
- Once certified, CDFIs are able to apply for the CDFI Fund's grant, tax credit, and bond programs that are administered annually. After a multi-phased and rigorous competitive review process, only the most highly qualified CDFIs are selected to receive funding through the various programs.
- Through the CDFI Fund's programs, CDFIs are able to build their organizational capacity to better serve low-income individuals and communities that lack adequate access to affordable financial products and services.
- Here in our New York City, Lower East Side People's Federal Credit Union provides individuals and businesses with affordable savings and checking accounts, and loans to promote local growth and economic development.
- As a CDFI, Lower East Side People's Federal Credit Union is dedicated to serving the residents and businesses of Lower East Side, East Harlem, Central Harlem and the North Shore of Staten Island in NYC that historically lack access to financial services to encourage our community to participate in the mainstream economy.

HOW THE AWARDS BENEFIT COMMUNITIES

- Since its inception, the CDFI Fund has awarded more than \$2.9 billion dollars to community development organizations and allocated \$54 billion in New Markets Tax Credits. The CDFI Bond Guarantee Program has also guaranteed \$1.4 billion in bonds to date. These programs have been used to revitalize communities across America.²



- CDFIs utilize resources from the CDFI Fund to provide financial products and services to low-income individuals and underserved communities. These resources go towards creating jobs, building infrastructure, developing commercial and residential real estate, and financing homeowners.
- CDFIs help start and expand businesses and create jobs, and they help families buy or renovate homes. CDFIs finance needed facilities and organizations that provide vital services to their communities. CDFIs provide affordable financial services as an alternative to payday lenders and other predatory loan products.
- Specifically, CDFIs finance affordable housing, small businesses, schools, community facilities, health care centers, grocery stores and many other types of investments that spark growth in communities across America.
- Using creative and innovative financing products, Lower East Side People's Federal Credit Union is able to provide loans and financial services to communities where resources are scarce.
- Since becoming a CDFI in 1998, Lower East Side People's Federal Credit Union has helped finance affordable housing and small businesses projects in that would have otherwise not been possible, including financing HDfC buildings to make necessary repairs and its individual units for individuals to own a COOP; financing long-time small businesses in gentrifying areas, financing housing for low-income or/and immigrant members of our communities.

USING TAXPAYER DOLLARS TO LEVERAGE PRIVATE INVESTMENT

- CDFIs are a perfect example of innovative public-private partnerships developed to leverage taxpayer dollars for greater impact in communities across America.
- CDFIs are community-based and know their local markets well, which enables them to make informed decisions on which opportunities to finance for the greatest community impact.
- CDFIs use limited taxpayer dollars appropriated by the U.S. Congress and awarded by the CDFI Fund to leverage even more capital and credit from the private sector, multiplying the impact many times over. Many of the CDFI Fund's programs require CDFIs to match their awards dollar for dollar with funding from non-federal sources.
- CDFIs create even greater impact by relending capital once a loan is repaid, keeping their awards working in their communities and strengthening the local economic growth.