

Support Equitable Financial Services for all New Yorkers

Policy Proposal #1



Fund Community Development Financial Institutions

This session, the Governor and legislature should allocate \$100 million to New York State's long-neglected Community Development Financial Institutions (CDFI) Fund.

Supporting New York's robust network of mission-driven and community-controlled credit unions and loan funds 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, such as loan funds and credit unions, that serve low-income people and small businesses in neighborhoods that mainstream banks continue to redline. 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?

New York's separate and unequal financial system has contributed to inequitable neighborhood development and perpetuates poverty, inequality, and segregation throughout the state.

CDFIs are a proven model for providing needed banking services and for channeling investments to support working families, small businesses, and affordable housing. A \$100 million allocation to the NYS CDFI Fund will enable CDFIs to leverage more than \$1.2 billion in new community development lending in these communities.

Action Needed

In 2007, New York established a CDFI Fund modeled after the federal CDFI Fund—the first state-based CDFI Fund in the country. To date, however, this fund has never been allocated the money needed to accomplish its mission. In 2020, the Governor committed a modest \$25 million over 5 years to the CDFI Fund, but less than a quarter of this was ever distributed. The NYS Community Equity Agenda calls for the Governor to immediately distribute the remaining ~\$20 million of already committed money and to streamline the funding application by mirroring the federal Rapid Response CDFI program. The coalition also calls on the Governor and Legislature to allocate an addition \$100 million to the CDFI Fund in the FY24 budget.

How the NYS CDFI Fund benefits New York Communities

NYS CDFI Fund

\$100 million
Capital grants



12:1
CDFIs leverage each grant dollar into \$12+

\$1.2 billion
Immediately deployed in NYS communities

Grants to CDFI Credit Unions go directly into their capital reserves. Higher reserves allow CDFIs to expand their reach in underserved communities — bringing in new members and deposits, using those deposits to make more loans, and adding branches, mobile banking and other services.

Community Development Financial Institutions

- Mission-driven, anti-poverty institutions with deep market expertise
- Robust network, covering all NYS counties
- Investment goes to and stays in NYS communities
- Proven, high-impact model with measurable outcomes
- Flexible products designed to meet policy objectives and community credit needs
- Serving New Yorkers cut off from mainstream banking

\$1.2 billion in Economic Stimulus Put to Work in Underserved NYS Communities



Small Business & Social Enterprise

Example: Two CDFI Loan Funds in Western New York partnered to make a \$60,000 responsible business loan to a Somali refugee who needed cash for his expanding business.

Impact: 4 local jobs created; business now serves as a hub for other immigrant-owned small businesses.

Low-Income Housing

Example: One downstate CDFI provided a \$900,000 affordable loan to a 48-unit low-income housing co-op and connected homeowners with free legal & technical assistance.

Impact: Affordable housing preserved and foreclosure averted for dozens of low-income New York families.

Financial Inclusion

- Branches in traditionally underserved communities
- Affordable account services (such as savings, checking, CDs)
- Extensive ATM access via partnerships with major chains and bank networks
- Responsible loan products
- Mobile banking and other technology

Highlight: One CDFI Credit Union made more mortgages in Rochester in 2020 than JPMorgan Chase, the largest bank in the US.

