

Support Equitable Financial Services for all New Yorkers

Policy Proposal #1



Fund Community Development Financial Institutions

This session, the legislature should support, and build on, the Governor's proposal to provide \$25 million for New York's Community Development Financial Institutions (CDFIs) 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 82 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 \$25 million allocation to the NYS CDFI Fund will enable CDFIs to leverage more than \$300 million in new community development lending in these communities.

Sixty-five community, labor, and civil rights groups, and community-based financial institutions from across the state have supported a \$25 million allocation to the NYS CDFI Fund.

Take Action!

Governor Cuomo's proposal to create the "Excelsior Banking Network" through the FY2021 budget would provide the first-ever allocation to the NYS CDFI Fund, the only state-based CDFI Fund in the country. The New York State Senate and Assembly should endorse this proposal and work with the Governor to enhance it, by identifying additional funding for the NYS CDFI Fund.

How the NYS CDFI Fund benefits New York Communities

NYS CDFI Fund

\$25 million

Capital grants



12:1

CDFIs leverage each grant dollar into \$12+



\$300 million

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

\$300 million 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.

Highlight: One CDFI Credit Union made more mortgages in Rochester in 2017 than JPMorgan Chase, the largest bank in the US.

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

