

September 18, 2023

The Honorable Kathy Hochul
Governor of New York State
NYS State Capitol Building
Albany, NY 12224

Dear Governor Hochul:

We, the undersigned labor and community groups and Community Development Financial Institutions (CDFIs), write to urge you to take immediate actions, as outlined below, to repair and restore the NYS CDFI Fund to its intended purpose.

As you know, CDFIs play a crucial role in New York, providing responsible and affordable loans and other financial services in low-income communities and historically redlined neighborhoods. In 2007, New York State established – but failed to fund – the nation’s first state-based CDFI Fund, modeled after the successful federal CDFI Fund, which provides flexible grant funding to CDFIs to help them build capacity and expand lending and other vital services.

New York is home to more than 80 mission-driven CDFIs serving every county in our state. **By failing to adequately fund and effectively administer the state’s CDFI Fund, New York is squandering an obvious opportunity to address persistent racial wealth inequality and inequities in our financial system.**

As members of the NYS Community Equity Agenda coalition, we successfully advocated in 2019 for the state to finally breathe life into the NYS CDFI Fund with an initial commitment of \$25 million over five years. Last December, we sent you the enclosed letter urging release of the funds and greater efficiency in the administration of the program. As we noted then, “[t]he state’s failure to distribute the full amount of these critical grant funds in a timely manner raises serious concerns about New York’s commitment to addressing persistent banking inequality, redlining, and lending discrimination.” (To date, we have received no reply to the letter or to our repeated follow-up.)

Unfortunately, our calls appear to have gone unheeded. If anything, the latest round of funding strongly suggests that your Administration is neglecting its responsibility to implement the Fund in a way that actually benefits low-income, Black and brown, immigrant and other New Yorkers excluded and exploited by the big banks. For example:

- CDFIs in New York, including many members of our coalition, have long pressed New York State to emulate the federal CDFI Fund’s Financial Assistance award grant program, which offers resources for capacity building, enabling CDFIs to increase their lending. The federal CDFI program serves as a proven and effective model for New York; the state’s departure from the federal model misses a critical opportunity to replicate a successful program that effectively gets public funds out to communities.

Moreover, failure to streamline the programs imposes unnecessary burdens on NY's CDFIs, and as a result several vital NY CDFIs have foregone the funding opportunity.

- The NYS CDFI Fund was intended to be a flexible grant funding source for New York CDFIs, and to prioritize small CDFIs that have an explicit mission to advance racial justice. The funding criteria were meant to be broad, with the expectation that CDFI applicants could best demonstrate the specific lending and other financial services needs of the communities they serve. Instead, the current round of funding narrowly defines activities eligible for funding, with undue emphasis on financial education and almost no reference to lending or to meeting community credit needs.
- The stated purpose of the new funding round is to help “unbanked” and “underbanked” individuals and micro businesses “become bankable.” By placing the onus on individuals and ignoring structural barriers to banking, this framing indicates a deeply problematic approach by your Administration to addressing long-standing inequities in our financial services system that play out in low-income communities and communities of color throughout our state – the very communities that CDFIs ably seek to serve.

In short, under your Administration, the NYS CDFI Fund has yet to fulfill its tremendous promise to the people of New York. We urge your Administration to take immediate steps to ensure that the NYS CDFI Fund achieves its intended purpose – to provide flexible funding to CDFIs to build their capacity and strengthen their critical work in communities throughout the state long underserved by mainstream banks.

Specifically, we respectfully urge you to take the following actions:

- Structure the state CDFI Fund's grants program to mirror the federal CDFI Fund's Rapid Response Program, which appropriately gives CDFIs the flexibility to best identify and meet the financial services needs of the communities they serve. Our organizations have deep experience in the field and would be happy to work with your office to design sound criteria for accountable administration of the funds.
- Include significant additional funding for the NYS CDFI Fund in your budget. As your Administration begins budget discussions with the Legislature, it should ensure that the Fund has ample resources, critical to ensuring that New York addresses New Yorkers' financial services needs and helps build wealth in low-income, Black, brown, and immigrant neighborhoods.

The NYS Community Equity Agenda coalition endorses the NYS CDFI Coalition's views and recommendations, set forth in its August 14, 2023 letter to Empire State Development.

Please contact Linda Levy (llevy@lespfcu.org) or Melissa Marquez (melissa@genesee.coop) with questions. Thank you for your time and attention to this urgent matter.

Respectfully,

NYS Community Equity Agenda

Please see attached list of coalition members.

cc: The Hon. Charles E. Schumer, U.S. Senate
The Hon. Kirsten Gillibrand, U.S. Senate
The Hon. James Sanders Jr., Banks Committee Chair, NYS Senate
The Hon. Pamela J. Hunter, Banks Committee Chair, NYS Assembly
The Hon. Adrienne A. Harris, Superintendent, NYS Department of Financial Services
The Hon. Hope Knight, President, CEO and Commissioner, Empire State Development

NYS Community Equity Agenda coalition members:

Action For A Better Community	Latino Justice PRLDEF
Alternatives Federal Credit Union	The Legal Aid Society
Banana Kelly Community Improvement Association*	Legal Services Staff Association, LSSA 2320, UAW/NOLSW 2320
Brooklyn Cooperative Federal Credit Union	Long Island Housing Services
Brooklyn Legal Services Corporation A	Long Island Jobs With Justice
CAMBA Legal Services	Long Island Progressive Coalition
Capital Region Mothers Out Front	Lower East Side People's Federal Credit Union
Center for Family Life	Mobilization for Justice
Chhaya CDC	Neighborhood Trust Federal Credit Union
City Roots Community Land Trust	New Economy Project*
Center for NYC Neighborhoods	New Yorkers for Responsible Lending
Citizen Action of NY	NYC Network of Worker Cooperatives
Coalition for Economic Justice Buffalo	PathStone Enterprise Center
Consumer Reports Advocacy	Pratt Center for Community Development
Cooperation Buffalo	RWDSU
Cooperative Federal Credit Union	Take Root Justice
Cooperative Fund of the Northeast	TIMBER
DC-37*	The Black Institute
Empire Justice Center	The Drivers Cooperative
Episcopal Diocese of Long Island	US Federation of Worker Cooperatives
Ethical Humanist Society of Long Island*	Western New York Law Center
Fruit Belt Community Land Trust	Westminster Economic Development Initiative*
For The Many (FKA Nobody Leaves Mid-Hudson)	Westchester Cooperative Network
Genesee Co-op Federal Credit Union*	WESPAC Foundation
Green Worker Cooperatives	
Inclusiv	<i>* Denotes membership in steering committee</i>

December 5, 2022

The Honorable Kathy Hochul
Governor of New York State
NYS State Capitol Building
Albany, NY 12224

Dear Governor Hochul:

The New York State Community Equity Agenda writes to urge you to release the additional \$20.1 million in funds that New York State dedicated to community development financial institutions in 2020, when it committed \$25 million to support the NYS CDFI Fund over a five-year period. To date, however, only \$4.9 million of the \$25 million has been released, and that was in 2021, with no further information about when the remaining funds will be disbursed.

In your press release dated February 24, 2022, you reiterated “the State's continuing commitment to provide \$5 million in grants to CDFIs over five years to support access to safe and affordable banking services in historically underserved and low-income communities across New York State.” As you know, the full \$25 million in funding is critically needed to ensure that communities throughout the state have access to financial services for locally-owned small businesses, affordable housing, worker co-ops, renewable and community-owned energy, and more.

We further call on you to ensure that all NYS CDFI Fund grants are made efficiently and effectively, and without imposing undue burdens on New York's CDFIs – as we have urged on numerous occasions with your executive staff, the Department of Financial Services, and Empire State Development. To achieve this, we strongly recommend that New York structure the state CDFI Fund's grants program to mirror the federal CDFI Fund's Rapid Response Program. Our organizations have deep experience in the field and would be happy to work with your office to design sound criteria for accountable administration of the funds.

The state's failure to distribute the full amount of these critical grant funds in a timely manner raises serious concerns about New York's commitment to addressing persistent banking inequality, redlining, and lending discrimination. Indeed, your Administration should be looking at ways to bolster the state's CDFI Fund — the first statewide program of its kind in the country— through additional funding, staffing, and outreach, to ensure that New York addresses the financial services needs of New Yorkers and helps build wealth in low-income, Black, brown, and immigrant neighborhoods.

The NYS Community Equity Agenda coalition fights for economic democracy and racial justice in New York, and represents approximately 50 community, labor, and civil rights groups, cooperative organizations, and community development financial institutions from across the state. See list of coalition members below.

Please contact Mike Sandmel (mike@neweconomynyc.org) to let us know the timeline and process planned for releasing the funds.

Respectfully,

The NYS Community Equity Agenda Steering Committee on behalf of the coalition

Coalition members:

Action For A Better Community	The Legal Aid Society
Banana Kelly Community Improvement Assoc.*	Legal Services Staff Association, LSSA 2320,
Brooklyn Cooperative Federal Credit Union	UAW/NOLSW 2320
Brooklyn Legal Services Corporation A	Long Island Housing Services
CAMBA Legal Services	Long Island Progressive Coalition
Capital Region Mothers Out Front	Lower East Side People's FCU
Center for Family Life	Mobilization for Justice
Chhaya CDC	New Economy Project*
City Roots Community Land Trust	New Yorkers for Responsible Lending
Center for NYC Neighborhoods	NYC Network of Worker Cooperatives
Citizen Action of New York*	PathStone Enterprise Center
Coalition for Economic Justice Buffalo	Pratt Center for Community Development
Consumer Reports Advocacy	RWDSU
Cooperation Buffalo	Take Root Justice
Cooperative Federal Credit Union	TIMBER
Cooperative Fund of the Northeast	The Black Institute
DC-37, AFSCME*	The Drivers Cooperative
Empire Justice Center	US Federation of Worker Cooperatives
Ethical Humanist Society of Long Island*	Western New York Law Center
Fruit Belt Community Land Trust	Westminster Econ. Dev. Initiative (WEDI)*
For The Many	Westchester Cooperative Network
Genesee Co-op Federal Credit Union*	WESPAC Foundation
Green Worker Cooperatives	
Inclusiv	
Latino Justice PRLDEF	

*Steering Committee member