

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

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CDFI Fund Data on Capital, Lending, and Finance in Indian Country

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CDFI Fund Overview



- Community Development Financial Institutions (CDFI) are non-government financial entities whose primary mission is to promote community development by:
 - Providing financing and development services to low-income communities, and by;
 - Being accountable to those communities through their governing or advisory boards.
- Several CDFI Fund programs support community development in Native communities across Indian Country, including:
 - the CDFI Program,
 - the Native Initiatives,
 - the New Markets Tax Credit Program,
 - the Capital Magnet Fund, and
 - the CDFI Bond Guarantee Program.

The CDFI Program and Native Initiative



- The CDFI Program serves distressed communities and underserved populations through providing financial and technical assistance grants and loans to certified CDFIs so that provide increased access to financial products and services
 - There are over 1,000 certified CDFIs with assets totaling more than \$108 billion, including 73 certified Native CDFIs with assets totaling more than \$1.1 billion.
 - To be certified as a Native CDFI, an organization must meet the CDFI Fund certification eligibility requirements and direct more than 50 percent of its activities to Native Communities and/or Native persons.
- Both the CDFI program and the Native Initiatives provide support in two ways, through:
 - Financial assistance and technical assistance awards provided by the CDFI program and the Native American CDFI Assistance Program (NACA Program); and
 - Training, technical assistance, and other resources provided by the Capacity Building Initiative (CBI).

The Native American CDFI Assistance Program (NACA Program)



- NACA Financial Assistance awards, used primarily for financial capital, are available only to entities that have been certified as Native CDFIs.
- Technical Assistance grants are available to certified Native CDFIs, Emerging Native CDFIs, and Sponsoring Entities.
 - Technical Assistance grants are typically used to acquire products or services including computer technology, staff training, and professional services such as hiring a consultant to conduct a market study, and;
 - Support for other general capacity-building activities. Sponsoring Entities are unique to the NACA Program. They create and support fledgling Native organizations as they move toward CDFI certification.
- Through the Capacity Building Initiative, CDFIs and Native CDFIs are provided trainings, webinars, and individual technical assistance on multiple topics:
 - Including small business and microenterprise lending, healthy food financing, and Native-specific trainings.
 - Public reference materials are available through the CBI's Resource Bank.



The NACA Program continued

- In FY 2016, the NACA Program awarded over \$15.5 million to 38 organizations headquartered in 19 states.
 - \$13.2 million of awards were provided in the form of Financial Assistance, and
 - \$2.3 million was awarded for Technical Assistance.
- The awardees were composed of:
 - 29 NACA Loan Funds,
 - 3 Native Credit Unions,
 - 2 Depository Institutions / Holding Companies,
 - and 4 Sponsoring Entities.

Annual Performance of NACA Program Awardees for FY 2016

(Based on Reported Program Activities in 2015)

Amount of Total Loans/Investments Originated	\$73,564,068
Number of Total Loans/Investments Originated	2,701
Business and Microenterprise Originations	\$56,968,811
Number of Originations	188
Consumer Originations	\$4,664,739
Number of Originations	2,315
Home Improvement and Home Purchase Originations	\$8,702,700
Number of Originations	168
Residential Real Estate Originations	\$166,750
Number of Originations	1
Commercial Real Estate Originations	\$1,777,056
Number of Originations	9
All Other Originations	\$1,284,012
Number of Originations	20
Businesses Financed	179
Open Individual Development Accounts	753
Dollars Saved in Individual Development Accounts	\$630,893
Individuals Served By Financial Literacy or Other Training	16,501

Other CDFI Fund Programs Serving Native Communities



CDFI Bond Guarantee Program:

- Enacted through the Small Business Jobs Act of 2010, can be a valuable source of credit and capital to Indian Country. It provides long-term capital (up to 30 years) at low interest rates to eligible CDFIs.
 - All certified CDFIs may apply for the CDFI Bond Guarantee Program, regardless of their Target Market.
 - The program is designed to operate at no cost to the taxpayer. As a result, all bonds issued must be secured by collateral, and potential borrowers may be required to obtain additional credit enhancements.
- In December 2016, the Citizen Potawatomi Community Development Corporation disbursed \$8 million of a \$16 million bond loan received from the CDFI Bond Guarantee Program.
 - The loan financed the lease of the Firelake Arena, a 60,000 square foot event center with seating for 5,000 visitors, within the homelands of the Citizen Potawatomi Nation in Shawnee, Oklahoma.
 - The collateral for the loan was a leasehold mortgage with a first security position. The arena provides a first class venue for both Tribal and public events and activities that include hosting rodeos, rock concerts, and high school graduations.

Other CDFI Fund Programs Serving Native Communities



Capital Magnet Fund:

- The Capital Magnet Fund (CMF) competitively awards funds to CDFIs and qualified non-profit housing organizations to finance affordable housing activities, as well as related economic development activities and community service facilities.
 - Award recipients are able to utilize CMF awards to create financing tools such as loan loss reserves, loan funds, equity funds, risk-sharing loans, and loan guarantees.
 - Awards must be used to leverage housing and economic development investments at least ten times the size of the award amount.
- In FY 2016, the Red Lake Reservation Housing Authority (RLRHA), the tribally designated housing entity of the Red Lake Band of Chippewa Indians, located in northern Minnesota, was awarded \$800,000 from the CMF.
 - The RLRHA is solely responsible for developing and managing affordable housing on the Red Lake Reservation.
 - RLRHA is using its award to capitalize the Affordable Housing Debt Fund to spur housing development for low, very low, and extremely low income renters and homeowners on the Red Lake Reservation.

Other CDFI Fund Programs Serving Native Communities



New Markets Tax Credit Program:

- The New Markets Tax Credit (NMTC) Program provides incentives to taxpayers with Federal tax liabilities to invest in certified Community Development Entities (CDEs) that have been awarded allocations of New Markets Tax Credits. All Native CDFIs are eligible to be certified as CDEs.
- The proceeds from these equity investments are used to make investments such as loans, equity investments, and financial counseling and other related services to businesses located in low-income communities.
- The NMTC Program provides incentives for investing in distressed and low-income communities generally defined as Census tracts with poverty rates of greater than 20 percent or with median family incomes of less than 80 percent of the area median family income.
- NMTC investments have been proportionate to the share of US population living on Native Lands, totaling \$904 Million from 2004-2015.
- Recognizing that access to capital and credit in Native lands is challenging, the CDFI Fund is providing specialized training to minority-owned or controlled CDEs, including Native CDEs, on how to maximize their participation in the NMTC Program.

The Community Investment Impact System (CIIS)



- CIIS is the CDFI Fund's web-based, data collection system for awardee/allocatee reporting of financial and social performance data.
- CIIS collects annual performance & compliance data from CDFIs and CDEs.
 - Institution Level Report (ILR) reports organizational portfolio level data on financial and social performance
 - Transaction Level Report (TLR) reporting was launched in FY 2004 with CIIS and was the first system to collect standardized transaction level data on CDE and CDFI industry-level activity.
- CIIS will be modernized and integrated with the Awards Management Information system in 2018.

CIIS Data: Institution Level Report



Major Elements of ILR	
Balance Sheet	✓
Income Statement	✓
Lending/Investing Pool	✓
Financing Closed	✓
Financing Outstanding	✓
Loan Purchases/Sales	✓
Leverage	✓
Markets Served	✓
Outcomes	✓

CIIS Data: Transaction Level Report



Major Reporting Sections	Examples of Reporting Elements
Financing Closed	<ul style="list-style-type: none">✓ Loan terms & fees✓ Guarantees
Financing Outstanding	<ul style="list-style-type: none">✓ Delinquency✓ Charge offs
Leverage	<ul style="list-style-type: none">✓ Total Project Cost✓ Private and Public Sources
Markets Served	<ul style="list-style-type: none">✓ Address geocoded✓ Borrower Characteristics
Outcomes	<ul style="list-style-type: none">✓ Tied to specific loans or investments and locations

Distribution by State of NACA Loans Originated 2010 to 2014



Top Five States for Number of NACA Loans

STATE	NUMBER of LOANS	PERCENT of ALL LOANS
Oklahoma	3,850	37.7%
Arizona	3,504	34.3%
South Dakota	953	9.3%
Minnesota	383	3.8%
New Mexico	350	3.4%

Source: CIIS TLR and CIMS mapping system

Average NACA Loan Size Originated Inside and Outside of Native Areas



NACA LOANS	NATIVE AREAS	
	INSIDE	OUTSIDE
BY LOAN PURPOSE		
BUSINESS	\$98,173	\$179,443
CONSUMER	\$2,031	\$5,512
HOME IMPROVEMENT	\$8,881	\$33,275
HOME PURCHASE	\$52,971	\$96,982
MICRO-LENDING	\$12,980	\$12,032
REAL ESTATE CONSTRUCTION SINGLE-FAMILY HOUSING	\$150,600	\$362,710

Source: CIIS TLR and CIMS mapping system

NACA AWARDEES LENDING



TOTAL NACA AWARDEES REPORTED LOANS and INVESTMENTS ORIGINATED and REPORTED for PRIOR YEAR ACTIVITIES

	FY 2013	FY2014	FY2015	FY2016
Amount	\$23,200,474	\$100,575,040	\$68,078,007	\$73,564,068
Number	1,508	2,230	2,424	2,701

Source: CIIS TLR and CIMS mapping system

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