



Creating opportunities for Native communities

Policy & Advocacy Report - Q1 2023





NCN CEO Pete Upton.

To our members, supporters, and collaborators,

The first quarter was extremely busy for Native CDFI Network staff, board members, policy committee members, and allies. A few highlights include:

POLICY: We formally rolled out our 2023 policy priorities following a 6-month process led by Robin Danner, NCN National Policy Chair, and formally approved by the Board of Directors. The document, highlighted in this report, sets our priorities including many that we've been working on over the past few months.

ADVOCACY: NCN continued to lead on important issues that affect how Native CDFIs are funded, certified, and do business in Indian Country. We advocated for Indian Country and have kept the lines of communication open with the Treasury over proposed changes to the CDFI certification rules, which could be disastrous for Native CDFIs. We also called on Congress to make changes to and establish a 10% set-aside for a Housing Urban Development (HUD) program that has largely bypassed Indian Country.

NETWORKING: We continued our efforts to ensure that Native CDFIs have a seat at the table when strategies are being formed and decisions are being made that affect access to capital in Indian Country. Personally,

I attended a number of events during the first quarter, including a roundtable on the Greenhouse Gas Reduction Fund hosted by JP Morgan Chase & Co. in Washington D.C. and the CDFI Fund's New Market Tax Credit Program Native Initiative workshop in Phoenix, AZ. We have also kicked off work on our cooperative agreement with the United States Department of Agriculture to help increase Native CDFI awareness of and access to Rural Development programming.

EDUCATION: We launched a series of initiatives during the first quarter to provide information, insight, and training for our member CDFIs. In February, we launched a streaming series called *NCN Live* that features conversations with industry experts and policymakers. We also completed planning and opened registration for the 2023 NCN Institute Training series, which runs from May until October. And we collaborated with the Inclusiv Center for Resiliency and Clean Energy, the University of New Hampshire Carsey School of Public Policy Center for Impact Finance, and the Department of Energy on a free online training series about commercial solar finance for CDFIs.

SERVICES: The quarter also saw the launch of a new capacity-building service exclusively for NCN members, the CDFI Fund Reporting Service. NCN will work with eligible members to collect, manage,

and submit required information on key reports due to the CDFI Fund. A list of the reports eligible for this service, along with report due dates and related service fees can be found on the NCN website.

I'm pleased to report that our efforts over the past year culminated in a couple of significant financial wins in recent weeks. In March, the Treasury's CDFI Fund upped funding through the Native American CDFI Assistance (NACA) program to \$17.1 million — a 45% increase over the prior fiscal year. Earlier this month, we learned that Native CDFIs received approximately \$47.5 million in grant funding through the Treasury's Equitable Recovery Program.

These recent funding announcements are good news. With these grants, Native CDFIs will be able to deploy more capital this year to much-needed areas in Indian Country. Even so, we must never lose sight of the long-term needs in our communities. This recent progress is welcome, but the need is great, and our work is far from done.

WEBLAHO (thank you to all of you),

Pete Upton
Chief Executive Officer

NCN Policy & Advocacy Update - Q1 2023

We built considerable momentum in 2022, capping things off at our annual policy summit in December. This year's summit was NCN's largest gathering ever held and featured addresses from members of Congress, federal officials, finance executives, NCN members, and even a surprise visit by U.S. Treasurer Chief Lynn Malerba (Mohegan). We continued that momentum in the first quarter of 2023 with a busy schedule of activities and advocacy including:

January 2023

- Engaged Native CDFIs across the country to submit formal comments on the CDFI Fund's proposed changes to the Annual Certification and Data Collection Report Form (ACR); comments were joined by 17 Native CDFI co-signatories.
- Conducted a comprehensive survey to understand likely impacts of the CDFI Fund's proposed changes to the ACR on Native CDFIs and Indian Country.
- Resumed the popular "Difference Makers" interview series with Native CDFI chief executives after a brief hiatus during the holidays.
- Launched a cooperative agreement with the United States Department of Agriculture (USDA) Office of Tribal Relations to increase access to Rural Development programs and funding for Native CDFIs.
- Distributed Native CDFI 2022 Policy and Advocacy Report to policymakers, state and federal officials, media outlets, donors, and other stakeholders.
- Submitted a guest op-ed by CEO Pete Upton sharing NCN research on the capital needs of Native CDFIs that was published in *Tribal Business News* and *Native News Online*.

February 2023

- Released results of NCN's comprehensive survey to federal agencies, policymakers, and the media to help build awareness.
- Launched *NCN Live*, a new streaming series of conversations with industry experts, policymakers, and finance experts. Initial guests included:
 - Casey Lozar of the Center for Indian Country Development;
 - Rico Frias, Executive Director of the NAFOA;
 - Noel Andrés Poyo, Deputy Assistant Secretary for Community Economic Development at the Treasury Department; and
 - Lenwood V. Long of the African American Alliance of CDFI CEOs.

- Attended and advocated for Native CDFI priorities at the CDFI Fund's NMTC Program Native Initiative, hosted by Big Water Consulting.

March 2023

- Participated in a roundtable meeting on the Greenhouse Gas Reduction Fund hosted by JP Morgan Chase & Co.; CEO Pete Upton joined the roundtable.
- Initiated new efforts to ensure Native CDFIs receive their fair share of the funding available through the Inflation Reduction Act and its Greenhouse Gas Reduction Fund; coordinated a survey with a coalition of BIPOC financial organizations.
- Opened registration for the 2023 NCN Institute Training Series for Native CDFI leaders and team members; the virtual series will run from May through October.
- Collaborated with the National American Indian Housing Council (NAIHC) and Sovereign Council of Hawaiian Homestead Associations on a letter to Senate Majority Leader Charles Schumer (D-NY) and Speaker Kevin McCarthy (R-CA) calling on Congress to increase funding for the HUD Section 4 program to \$50 million and establish a 10% set-aside for Native communities for fiscal 2024.
- Launched a new capacity-building service for NCN members to assist with reporting and compliance on key CDFI Fund reports.
- Announced a two-part training series on how Native CDFIs can bring solar energy to communities; collaborated with Inclusiv Center for Resiliency and Clean Energy, the University of New Hampshire and the U.S. Department of Energy.
- NCN CEO Pete Upton attended National Community Reinvestment Coalition's 2023 Just Economy Conference. Upton participated in a panel that explored a variety of investment and grant opportunities and highlighted efforts to build wealth in Indian Country.

POLICY PROGRESS & HIGHLIGHTS

Native CDFI Network made good progress in the first quarter, thanks to the efforts of our staff, Board of Directors, and Policy Committee. The list below highlights a few of the key policy wins that Native CDFI Network helped earn for its members and the Native communities they serve.

Native American CDFI Assistance Program (NACA)

In March, the U.S. Department of Treasury's CDFI Fund announced a significant increase in financial assistance funding for Native CDFIs through the NACA program. The CDFI fund awarded \$2.4 million in technical assistance awards and \$17.1 million in financial assistance awards — a 45% increase over the prior fiscal year — to 19 Native organizations in 13 states.

The NACA program provides financial assistance awards to Native CDFIs in the form of loans, grants, equity investments, deposits and credit union shares. NACA also provides technical assistance grants to certified Native CDFIs, emerging Native CDFIs and sponsoring entities to help increase capacity.

Why it matters: The increase in financial assistance funding supplements \$2.35 million in CDFI Fund technical assistance grant awards received by 16 Native organizations last fall. The increase in total NACA funding during this cycle will help Native CDFIs build their staff capacity and make more small-business, housing, and consumer loans in Indi-

an Country. Still, there is more than \$50 million of need for annual NACA funding, according to research and surveys that NCN and other organizations have conducted. We will continue to advocate for increased NACA funding for Native CDFIs.

CDFI Equitable Recovery Program (ERP)

In mid-April, the CDFI Fund announced \$1.73 billion in grant awards to more than 600 certified CDFIs, including 29 Native CDFIs that were awarded \$47.5 million in ERP funding.

Authorized by Congress to respond to the economic effects of the COVID-19 pandemic, the CDFI ERP is designed to provide funding to certified CDFIs to expand lending, grant making and investment activities in low- to moderate-income communities and to borrowers with significant unmet capital and financial services needs that have experienced disproportionate economic impacts from the pandemic. It also funds programs that catalyze growth in the financial and organizational capacity of CDFIs for the purpose of carrying out equitable recovery activities.

Why it matters: The ERP funding provides a significant one-time boost of additional capital for participating Native CDFIs to make business and consumer loans in Indian Country. NCN played an important role in ensuring that Native CDFIs were eligible for the program. When the CDFI ERP was originally released, it omitted federally recognized service counties — an omission that would have made most Native CDFIs ineligible for the funding. NCN worked with the Treasury's Office of Native Affairs to help provide background information and context to agency officials to ensure the eligibility criteria was revamped.

HUD Section 4

In March, NCN collaborated with the National American Indian Housing Council (NAIHC) and the Sovereign Council of Hawaiian Homestead Associations to ask Congress for a boost in total funding to \$50 million in the Department of Housing and Urban Development's Section 4 program, along with a 10% Native set aside.

HUD's Section 4 program — officially known as the Capacity Building for Affordable Housing and Community Development Program — was created to enhance the capacity and ability of community development corporations (CDCs) and community housing development organizations (CHDOs) to carry out community development and affordable housing activities that benefit low-income persons. The funding has reached Indian Country through three non-Native nonprofit intermediaries: Enterprise Community Partners, Local Initiatives Support Corp. (LISC) and Habitat for Humanity. Collectively, they received \$36 million for projects in Indian Country in 2020.

Why It Matters: The increase requested in funding is much needed to invest in Native American communities, especially in the development of housing. The proposed 10% set-aside — \$5 million, as proposed — could be effectively administered through direct cooperative agreements between HUD and national Native intermediary organizations, including NAIHC and Native CDFI Network. As Native nonprofit organizations, NAIHC and Native CDFI bring a depth of knowledge about the distinct challenges facing tribal communities and the proven solutions that need to be scaled to effectively address them.

CDFI Fund Certification Process

Starting last November, the Native CDFI Network stepped up its communication and advocacy efforts after the Treasury released newly proposed changes to the CDFI certification application. Those changes, as initially written, would have had a devastating impact on Native CDFIs, prohibiting or restricting loan products and development activities.

In the ensuing months, the Native CDFI Network worked to understand and raise awareness about the gravity of the likely impacts of proposed revisions. In January, following extensive consultation with NCN members and other key Indian Country stakeholders, NCN delivered comprehensive comments to the CDFI Fund that were formally supported by 17 co-signatory organizations.

In February, NCN circulated a survey of Native CDFIs it had conducted to help provide real-time data to Treasury officials, policymakers and the media. NCN also continued to maintain communication with Congressional members and senior officials from Treasury and the CDFI Fund, particularly those who were in attendance at NCN's annual policy summit. NCN also hosted a senior Treasury official as one of the first guests on the new *NCN Live* interview program.

Why it matters: The total number of CDFIs nationally has grown to 1,400 over the past decade, which has both strained the system and necessitated the updating of regulations, especially those relating to certification and compliance. Native CDFIs, which represent less than 5% of the total number of

CDFIs nationwide, need to play a role in that process. We serve some of the poorest communities in the country, including rural areas that need access to commercial and consumer credit, housing, community development, and small business development. Our voices need to be heard to ensure our communities are considered when decisions are being made that affect Indian Country.

USDA Rural Development Program

In January, NCN formally announced a two-year cooperative agreement with USDA to help increase awareness and access to the agency's Rural Development (RD) programs for Native Americans. NCN has begun working in earnest with USDA-RD and the USDA Office of Tribal Relations to build a digital toolkit that will support economic development in Indian Country.

The USDA-RD offers loans, grants, loan guarantees, and technical assistance to help create jobs and support economic development in rural communities. RD funding and services support a broad range of essential needs in rural America — from housing and healthcare, to energy, broadband, and environmental programs.

Why this matters: The USDA RD has more than 50 programs and billions of dollars of funding, but it has been underutilized in Indian Country and by Native CDFIs. By working collaboratively with the Native CDFI Network, the USDA will be able to develop a digital tool — the NCN e-toolkit — that's tailored to the unique needs and different aspects of working with Native CDFIs and Tribal nations.

NCN PROGRAMMING

Through NCN Live, its interview series, training institutes, events, outreach and collaborative efforts, Native CDFI Network has worked with dozens of difference makers already in 2023, including these organizations and individuals:

U.S. Department of Agriculture | Office of Tribal Relations

U.S. Department of Agriculture | Rural Development

U.S. Department of the Treasury | CDFI Fund

U.S. Department of the Treasury | Office of the Treasurer

U.S. Department of the Treasury | Office of Tribal and Native Affairs

U.S. Department of Energy | Solar Energies Technology Office

JP Morgan Chase & Co.

National American Indian Housing Council

Sovereign Council of Hawaiian Homestead Associations

Community Builders of Color Coalition (The Coalition)

African American Alliance of CDFI CEOs

Inclusiv

The Chisholm Legacy Project

National Bankers Association

National Coalition for Asian Pacific American Community Development

National Association for Latino Community Asset Builders

Oweesta Corporation

Prosperity Now

Selby Consulting

New England Market Research

Bluestem Consulting

Bigwater Consulting

Rico Frias, NAFOA

Pilar Thomas, Quarles & Brady LLP

Casey Lozar, Center for Indian Country Development

Lenwood V. Long, Sr., African American Alliance of CDFI CEOs

Tina Poole Johnson, University New Hampshire Carsey School

Noel Andrés Poyo, U.S. Treasury Office of Community Economic Development

Alica Burns, Westwater Financial Inc.

Pamela Boivin, NiiJii Capital Partners, Inc.

Nancy Jordan, Lummi CDFI

Jeff Gilbreath, Hawai'i Community Lending

Kim Pate, NDN Fund

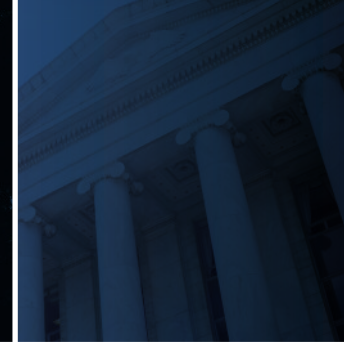
Chris James, National Center for American Indian Enterprise Development

Jacqueline Pata, Haa Yakaawu Financial Corporation

Leonard Smith, Native American Development Corporation



Native CDFI Network 2023 Policy Priorities



The Native CDFI Network, founded in 2009, is the only national member coalition of Native CDFIs in the country. The NCN mission is to *grow and strengthen Native CDFIs through policy advocacy, capacity building and access to capital to support the economic prosperity of American Indian, Alaska Native and Native Hawaiian communities*. NCN is governed by a nine-member national Board of Directors elected by NCN member CDFIs. Priorities are identified in the categories of Federal and Capacity Priorities and are subject to revision year-round.

A. Federal Priorities in Service to Native Peoples, Lands, & Communities

1. U.S. Treasury

- a. Increase NACA Program Appropriations to at least \$30M to \$50M annually
- b. Establish a NMTC set aside for Native CDFI/CDEs.
- c. Adopt CDFI Fund Certification Requirements that Strengthen Not Disenfranchise NCDFIs
- d. Cooperative Agreement with CDFI Fund to Improve Census Mapping, Service County Designations, and Data Sovereignty through Data Interpretation

2. U.S. Department of Agriculture – USDA

- a. Make Permanent & National, USDA 502 NCDFI Direct Lending Pilot Successful in South Dakota
- b. Support 2023 Farm Bill that Enhances Flow of Subsidies/Capital to Indian Country Farmers/Ranchers
- c. Cooperative Agreement with NCN to Increase Farm Service Agency/RMAP Programs in Tribal Areas

3. Housing & Urban Development – HUD

- a. Establish 10% set-aside of HUD Section 4 sole sourced funding for investment in Tribal areas
- b. End Redlining in Home Loan Origination, Servicing, and Loan Loss Mitigations with HUD/CFPB and Congressional Report on Data in at least 20 States
- c. Streamline HUD 184 Mortgages and Pilot NCDFI Packaging Capacity
- d. Cooperative Agreement with HUD/Fannie/Freddie on Secondary Markets to Recapitalize NCDFIs

4. U.S. Department of Interior – DOI

- a. Cooperative Agreement with NCN to Support Funding Flow of Existing BIA Business Programs and Delivery of Financial Literacy in BIA Schools.
- b. Streamline Lease Processing/Recordation on Mortgages and Security Instruments
- c. Implement Rezillience Fund in Partnership with DoI and Oweesta Corporation

5. Other Agencies, Government Sponsored Agencies and Regulators

- a. Establish a White House Office on Non Profit Organizations
- b. Create a Federal Home Loan Bank program for economic prosperity similar to the Affordable Housing Program it successfully operates, with designated seats for NCDFIs on FHLB advisory boards
- c. Establish Office of Native Americans or Native Advisory Boards within CFPB and OCC
- d. Cooperative Agreement to Support CRA Regulations that Improve Services in Indian Country
- e. Cooperative Agreement with SBA to facilitate Navigators and SBA Program into Tribal Area

B. Capacity Priorities in Service to Native Peoples, Lands & Communities

1. National Housing Intermediaries & Philanthropic Organizations

- a. Execute Intermediary MOUs with Federally Funded Housing Intermediaries on NCDFIs
- b. Execute Philanthropic MOUs with Philanthropy to Promote Understanding of NCDFIs
- c. Execute NeighborWorks America MOU to Distribute NWA Scholarships to NCDFIs
- d. Improve Direct Funding to Native Missions, Governed, and Led Organizations over Non-Native Intermediaries to Serve Tribal Areas

2. National Tribal/Native Intermediaries – NCAI, NAIHC, Oweesta, NDN Collective, AFN, SCHHA

- a. Engage with fellow Tribal/Native policy leaders to share policy priorities relevant to NCDFI industry
- b. Engage in partnerships on training and capacity building on NCDFI industry issues where relevant
- c. Coordinate joint policy dialogue and advocacy regionally and nationally on NCDFI industry issues
- d. Advance partnerships between sovereign tribal governments and NCDFIs serving Indian Country

2023 Policy Priorities are based on input from NCN Members, the NCN Policy Committee, and the NCN Board of Directors and are updated throughout the year.

NCN is the only national member-based coalition representing the interests of the Native CDFI Industry. NCDFIs are located in 27 of the 50 states serving Native peoples in rural and urban areas.



4th Annual

Policy & Capacity Building Summit

Washington, D.C.

December 3-5, 2023

**SAVE
THE
DATE**



Native360 Loan Fund
2550 N. Diers Ave., Suite K
Grand Island, NE 68803

Mailing Address:
Native360 Loan Fund
PO Box 5683
Grand Island, NE 68802

Policy & Advocacy Office Address:
Native CDFI Network
122 C St. NW, Suite 505
Washington, DC 20001

(308) 850-0303

www.NativeCDFI.net



"I have seen first-hand that Native CDFIs are bringing capital and financial services to some of the most under-served communities in the country. And these are communities that are so rich in so many ways and have so many assets, but they have been held back by systemic gaps in access to capital, in small business development, in home ownership, and in economic development, including broadband. CDFIs are there ... to bridge that gap, and you need the federal government to be a good partner in that effort."

—U.S. Senator Tina Smith (D-MN)