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January 29, 2024

U.S. Senator Charles Schumer  
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U.S. Senator Mark Warner  
703 Hart Senate Office Building  
Washington, DC 20510

U.S. Senator Mitch McConnell  
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Washington, DC 20510

U.S. Senator Mike Crapo  
239 Dirksen Senate Office Building  
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Via email to: [meghan\\_taira@schumer.senate.gov](mailto:meghan_taira@schumer.senate.gov), [mike\\_lynch@schumer.senate.gov](mailto:mike_lynch@schumer.senate.gov), [sharon\\_soderstrom@mccconnell.senate.gov](mailto:sharon_soderstrom@mccconnell.senate.gov), [tiffany\\_ge@mccconnell.senate.gov](mailto:tiffany_ge@mccconnell.senate.gov), [Madison\\_Moskowitz@wyden.senate.gov](mailto:Madison_Moskowitz@wyden.senate.gov), [jesse\\_mahan@lankford.senate.gov](mailto:jesse_mahan@lankford.senate.gov), [adam\\_wek@thune.senate.gov](mailto:adam_wek@thune.senate.gov), [Caroline\\_Oakum@daines.senate.gov](mailto:Caroline_Oakum@daines.senate.gov), [Omair\\_Taher@smith.senate.gov](mailto:Omair_Taher@smith.senate.gov), [Kathleen\\_Gayle@rounds.senate.gov](mailto:Kathleen_Gayle@rounds.senate.gov), [Jason\\_Boehlert@warner.senate.gov](mailto:Jason_Boehlert@warner.senate.gov), [Connor\\_DiRusso@warner.senate.gov](mailto:Connor_DiRusso@warner.senate.gov), [susan\\_wheeler@crapo.senate.gov](mailto:susan_wheeler@crapo.senate.gov)

**Re: Native CDFI Network and Native CDFIs' Support of the Scaling Community Lenders Act of 2023 (S. 1442) and the Community Development Investment Tax Credit Act of 2023 (S. 2963)**

Dear Senators Schumer, McConnell, Warner, Crapo, and Members of the U.S. Senate Community Development Finance Caucus,

We hope this finds you well.

The Native CDFI Network (NCN), the only national membership organization solely dedicated to serving and supporting Native community development financial institutions (CDFIs), is writing to express **our formal support for the Scaling Community Lenders Act of 2023 (S. 1442)** and the **Community Development Investment Tax Credit Act of 2023 (S. 2963)** on behalf of our members. We are joined in our support of these two critical pieces of legislation by the **XX** co-signatory organizations listed at the end of this document. We humbly ask you to champion the swift advancement of S. 1442 and S. 2963 so they pass the U.S. Senate during the 118<sup>th</sup> Congress and are signed into law.

The **Scaling Community Lenders Act of 2023 (S. 1442)** would activate and fund the long-dormant Section 113 of the **Riegle Act** – the CDFI liquidity enhancement program – which would allow the CDFI Fund to create pilot projects within the industry through a competitive application process that can be used to attract new capital to the industry and increase the velocity of CDFI lending nationwide. The bill redirects \$100 million in dividends from the Emergency Capital Investment Program to pilot a liquidity facility at the CDFI Fund. This program is already authorized under the Riegle Act but never received an appropriation of funds.

The **Community Development Investment Tax Credit Act of 2023 (S. 2963)** would increase CDFIs' access to sorely needed, long-term, patient capital to CDFIs through the extension of a tax credit to private investors who make equity investments in those CDFIs. Importantly, the bill now features a designation for emerging CDFIs, which are CDFIs in

formation. These entities could apply for the tax credit but would not become CDFIs or have access to the dollars generated from the credits until they have completed the fundraising process.

Together, these two bills would dramatically boost investments in CDFIs across the country, in particular Native CDFIs, who contend with considerable unmet capital needs and longstanding challenges in attracting long-term, patient capital as they work to address the financing needs of Native nations, communities, businesses, homeowners, and consumers. The following data points are particularly instructive:

- The unmet capital needs of Native CDFIs for homeownership, small business, and consumer lending are significant and growing: For example, a 2022 NCN survey of 16 Native CDFIs (just one quarter of the country's 64 Treasury-certified Native CDFIs) found their projected three-year unmet loan capital needs collectively totaled \$166 million.<sup>1</sup>
- According to another study, Native CDFI housing lenders had to deny over \$40 million in mortgage loans in a recent calendar year due to a lack of lending capital. They anticipate needing at least an additional \$94 million per year to satisfy the growing loan demand of the Native communities they serve.<sup>2</sup>
- For FY 2022, funding requests made by applicant Native CDFIs for NACA Base-Financial Assistance (FA) funding exceeded the amount awarded by the CDFI Fund by 49%. Meanwhile, funding requests made by applicant Native CDFIs for NACA Technical Assistance (TA) funding exceeded the amount awarded by the CDFI Fund by 15%.<sup>3</sup>
- According to the Treasury Department, investments made in CDFIs produce an eight-fold return, with each \$1 creating \$8 in private sector investments.<sup>4</sup>

With 64 certified Native CDFIs and two dozen more emerging ones in Treasury's certification pipeline, these two bills will go a long way to enhancing the ability of the expanding Native CDFI industry to attract secure additional, affordable, sustainable capital to meet the growing needs of Indian Country.

NCN and the co-signatory organizations listed below are joined in our support of these two bills by a broad coalition of partners across the CDFI, banking, and related industries, including the African American Alliance of CDFI CEOs, Aspen Institute Business Ownership Initiative, Calvert Impact, CDFI Coalition, American Bankers Association, Community Development Bankers Association, Community Development Venture Capital Alliance, Community Reinvestment Fund, EBA Fund, Inclusiv, LISC, National Association for Latino Community Asset Builders, National Bankers Association, and Opportunity Finance Network.

We look forward to discussing your support of this vital legislation with you, your staff, and the Senate Community Development Finance Caucus at your convenience and working in partnership with you to get it across the finish line in the U.S. Senate.

Sincerely,

Pete Upton  
Native CDFI Network CEO/Board Chair

**Co-Signatory Organizations:**

[LIST TBD]

<sup>1</sup> NCN, *NCN Market Demand Study*, New England Market Research, Inc., October 2022.

<sup>2</sup> South Dakota Native Homeownership Coalition et al., *FY 2023 Authorization & Appropriations Requests to Support Native Homeownership Through Native CDFIs*, June 2022, p. 2 (<https://nativecdfi.net/wp-content/uploads/2022/06/Overview-of-the-Native-American-Rural-Homeownership-Act-of-2021-April-22-2022.pdf>)

<sup>3</sup> For the FY 2022 funding round of the NACA Program, the CDFI Fund received Base-FA applications from 29 organizations that requested \$25.5 million in Base-FA awards. It awarded \$17.1 million to 19 of those 29 organizations ([https://www.cdfifund.gov/sites/cdfi/files/2023-02/2022\\_NACA\\_Award\\_Book.pdf](https://www.cdfifund.gov/sites/cdfi/files/2023-02/2022_NACA_Award_Book.pdf)). The CDFI Fund also received TA applications from 19 organizations requesting \$2.7 million in TA awards, and it awarded \$2.35 million (<https://www.cdfifund.gov/news/481>).

<sup>4</sup> Treasury Secretary Janet Yellen (NCN, *Native CDFIs: Stepping Up to Serve Indian Country Through the Pandemic and Beyond*, Native CDFI Network, July 2021, p. 1 (<https://nativecdfi.net/wp-content/uploads/2021/09/NCN-Pandemic-Report.pdf>)).