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2019 CDFI Policy Update

■ March 6, 2019

Housekeeping

- The webinar is being recorded. The audio recording and slides will be available at ofn.org/webinars.
- All participant lines are muted during the webinar. Questions can be typed into the chat box at any time.

Have a question?

- Expand the “chat” window of the GoToWebinar control panel
- Select “send question to staff” from the drop-down menu
- Type your question or comment into the chat box
- We will respond to questions throughout the session and at the end of the webinar



Agenda

- Welcome to the 116th Congress
- CDFI Fund Appropriations
- New Markets Tax Credit Extension
- Housing Finance Reform
- Small Business Lending
- Community Reinvestment Act Modernization
- CFPB's Payday Lending Rule

Welcome to the 116th Congress

- The 116th Congress is historically diverse, with more women and people of color than any previous Congress.
- Democrats won control of the House of Representatives and Republicans slightly increased their majority in the Senate.
- Democratic House majority for the first time in 8 years creates new opportunities for community and economic development policy but divided government makes those policies difficult to pass without significant bipartisan support.
- The shift in power brought many changes to Congressional leadership and key committees of interest to the CDFI industry.

116th Congress Member Demographics - U.S. House

Category	Democrats		Republicans		Total	
	Count	Percentage	Count	Percentage	Count	Percentage
Party	235	54%	200	46%	435	
Newly Elected Member	62	26%	31	16%	93	21%
Took Office Since 2014	101	43%	88	44%	189	43%
Split-Ticket District	31	13%	3	2%	34	8%
Women	89	38%	13	7%	102	23%
Black	51	22%	1	1%	52	12%
Hispanic or Latino	33	14%	6	3%	39	9%
Asian or Pacific Islander	14	6%	0	0%	14	3%
Native American	2	1%	2	1%	4	1%
White (Non-Hispanic)	136	58%	190	95%	326	75%
LGBTQ	8	3%	0	0%	8	2%
Women/Minorities/LGBTQ	150	64%	22	11%	172	40%
Median Age	59		57		58	

Source: Daily Kos

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116th Congress Member Demographics - U.S. Senate

Category	Democrats		Republicans		Total	
Party	47	47%	53	53%	100	
New Member	2	4%	6	11%	8	8%
Took Office Since 2014	10	21%	21	40%	31	31%
Split-Ticket State	9	19%	2	4%	11	11%
Women	17	36%	7	13%	24	24%
Black	2	4%	1	2%	3	3%
Hispanic or Latino	2	4%	2	4%	4	4%
Asian or Pacific Islander	3	6%	0	0%	3	3%
White (Non-Hispanic)	41	87%	50	94%	91	91%
LGBTQ	2	4%	0	0%	2	2%
Women/Minorities/LGBTQ	21	45%	10	19%	31	31%
Median Age	62		64		64	

Source: Daily Kos

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Leadership on Key Senate Committees

■ Appropriations

- Sen. Shelby (R-AL), Chair, Sen. Leahy (D-VT) Ranking Member

■ Banking, Housing and Urban Affairs

- Sen. Crapo (R-ID), Chair, Sen. Brown (D-OH), Ranking Member

■ Finance

- Sen. Grassley (R-IA), Chair, Sen Wyden (D-OR), Ranking Member

■ Small Business and Entrepreneurship

- Sen. Rubio (R-FL), Chair, Sen. Cardin (D-MD), Ranking Member

Senate Financial Services and General Government Subcommittee (FSGG)

- Sen. John Kennedy (R-LA),
Chairman
- Sen. Jerry Moran (R-KS)
- Sen. John Boozman (R-AR)
- Sen. Steve Daines (R-MT)
- Sen. James Lankford (R-OK)
- Sen. Chris Coons (D-DE),
Ranking Member
- Sen. Richard J. Durbin (D-IL)
- Sen. Joe Manchin III (D-WV)
- Sen. Chris Van Hollen (D-MD)

For more information on key committee assignments in the 116th Congress, visit ofn.org/news.

Leadership on Key House Committees

■ Appropriations

- Rep. Lowey (D-NY), Chair, Rep. Granger (R-TX), Ranking Member

■ Financial Services

- Rep. Waters (D-CA) Chair, Rep. McHenry (R-NC), Ranking Member

■ Ways and Means

- Rep. Neal (D-MA), Chair, Rep. Brady (R-TX), Ranking Member

■ Small Business

- Rep. Velazquez (D-NY), Chair, Rep. Chabot (R-OH), Ranking Member

House Financial Services and General Government Subcommittee (FSGG)

- Rep. Mike Quigley (D-IL-5)
- Rep. José Serrano (D-NY-15)
- Rep. Matt Cartwright (D-PA-8)
- Rep. Sanford Bishop (D-GA-2)
- Rep. Norma Torres (D-CA-35)*
- Rep. Charlie Crist (D-FL-13)*
- Rep. Ann Kirkpatrick (D-AZ-2)*
- Rep. Tom Graves, Ranking Member (R-GA-14)
- Rep. Mark Amodei (R-NV-2)
- Rep. Chris Stewart (R-UT-2)
- Rep. David Joyce (R-OH-14)*

*New to FSGG subcommittee

CDFI Fund Appropriations

CDFI Fund Programs	FY 2018 Appropriations	President's FY 2019 Budget Proposal	FY 2019 Appropriations	FY 2020 Appropriations
FA/TA	\$160 MM	\$0	\$160 MM	TBD
NACA Initiatives	\$16 MM	\$0 MM	\$16 MM	TBD
BEA	\$25 MM	\$0 MM	\$25 MM	TBD
HFFI	\$22 MM	\$0 MM	\$22 MM	TBD
Administrative Expenses	\$27 MM	\$14 MM	\$27 MM	TBD
Disabilities Fund	\$3 MM	\$0 MM	\$3 MM	TBD
Total:	\$250 MM	\$14 MM	\$250 MM	TBD
Other: CDFI BGP	\$500 MM	\$500 MM	\$500 MM	TBD

FY 2020 Appropriations Outlook

■ Spending Caps

- Congress must pass a budget deal or face across the board spending cuts under the 2011 Budget Control Act.
- The increase in spending in a new budget deal could be much smaller than the FY 2018/FY 2019 deal.

■ Delayed FY 2020 Budget Request

- Limited version of President Trump's FY 2020 Budget Request to be released March 11. Full budget is expected March 18.
- OFN expects the CDFI Fund programs to be zeroed out for the third year in a row.

■ Divided Government

- Partisanship and negotiations on the budget deal make it doubtful FY 2020 appropriations will be resolved before October 1, 2019.
- Likely will need a short-term continuing resolution.

FY 2020 Appropriations Outlook

- OFN is asking for \$300 million for the CDFI Fund in FY 2020 with \$500 million in guarantee authority for the CDFI Bond Guarantee Program.
- House FSGG subcommittee deadline for submission of Member spending requests is **April 4**. Senate will likely be later in April.
- “Dear Colleague” letter likely to circulate in the House in the coming weeks.
- Visit ofn.org/take-action to urge your Representatives to submit an appropriations request to FSGG subcommittee in support of the CDFI Fund.

New Markets Tax Credit (NMTC) Extension

- New Markets Tax Credit (NMTC) Program is set to expire at the end of 2019.
- OFN is working with the NMTC Coalition to advocate for permanent reauthorization of the credit.
- House and Senate set to introduce permanent reauthorization bills as early as this week.
 - Senate bill led by Sens. Blunt (R-MO), Cardin (D-MD), Schumer (D-NY), Daines (R-MT), Cantwell (D-WA), Portman (R-OH).
 - House bill led by Reps. Sewell (D-AL) and Reed (R-NY).

Housing Finance Reform: Changes at FHFA

- Trump Administration nominee Mark Calabria is likely to be confirmed by the Senate to become Federal Housing Finance Agency (FHFA) Director.
- Calabria has indicated contributions to the Housing Trust Fund and Capital Magnet Fund would continue as long as the GSEs are not failing.
- Acting FHFA Director Otting may suspend contributions to the Housing Trust Fund and Capital Magnet Fund before Calabria takes over.
- OFN joined with CMF awardees and other stakeholders to urge Otting to continue making the contributions.
 - <https://ofn.org/public-policy-communications>

Housing Finance Reform: Legislative Outlook

- Expect to see housing finance proposals from both the House and Senate in the 116th Congress.
 - Senator Crapo (R-ID), Chair of Senate Banking Committee has already released an outline of his reform proposal.
 - Rep. Maxine Waters (D-CA), Chair of the House Financial Services Committee, will also focus on housing finance reform.
- Several Democratic 2020 Presidential contenders have also introduced proposals to address the growing affordable housing crisis.
- Trump Administration also considering its own GSE reform proposals.

Small Business Lending

- There are growing signs of trouble in the small business lending analogous to the housing crisis with a rise in high-cost, unaffordable loans.
- Congress looking at federal “Truth in Lending” legislation for small business loans similar to payday lending disclosures, led by Senate Small Business Committee Chair Rubio (R-FL) and Ranking Member Cardin (D-MD).
- Community Advantage
 - In fall 2018, the Small Business Administration put forth rule changes impacting the Community Advantage Pilot Program.
 - Future of CA program is uncertain and advocacy efforts are needed to push SBA to recognize the value of the program.

CRA Modernization

- CRA reform process kicked off last summer with the Advance Notice of Proposed Rulemaking (ANPR) and is moving forward.
- Federal Reserve, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency are reviewing all comments submitted in response to the ANPR.
- Comptroller Otting may still move ahead with new regulatory regime even if Fed and FDIC do not agree on the path forward.
- Notice of Proposed Rulemaking could be released for public comment as early as summer 2019.

CFPB's Payday Lending Rule

- Consumer Financial Protection Bureau (CFPB) Director Kathy Kraninger introduced proposal to rescind major portions of the 2017 payday lending rule.
- The rule was set to take effect in January 2018 but then-CFPB Director Mick Mulvaney delayed implementation.
- Current CFPB leadership does not view payday lending as an “unfair and deceptive practice” that needs to be regulated.
- Proposed rule will roll back critical “ability to repay” standard and delay the rest of the rule until 2020.
- Comments are due by May 15.

Questions?

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