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.
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<thead>
<tr>
<th>Category</th>
<th>Democrats</th>
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<tr>
<td>Party</td>
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<tr>
<td>Newly Elected Member</td>
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<td>Took Office Since 2014</td>
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<td>Split-Ticket District</td>
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<td>Native American</td>
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<tr>
<td>White (Non-Hispanic)</td>
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<td>190</td>
<td>326</td>
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<tr>
<td>LGBTQ</td>
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<td>8</td>
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<td>Median Age</td>
<td>59</td>
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Source: Daily Kos
| Category                        | Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Democrats |Minutes |
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

<table>
<thead>
<tr>
<th>CDFI Fund Programs</th>
<th>FY 2018 Appropriations</th>
<th>President’s FY 2019 Budget Proposal</th>
<th>FY 2019 Appropriations</th>
<th>FY 2020 Appropriations</th>
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<tr>
<td>FA/TA</td>
<td>$160 MM</td>
<td>$0</td>
<td>$160 MM</td>
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<tr>
<td>NACA Initiatives</td>
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<td>BEA</td>
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<td>Administrative Expenses</td>
<td>$27 MM</td>
<td>$14 MM</td>
<td>$27 MM</td>
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<td>Disabilities Fund</td>
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<td>$0 MM</td>
<td>$3 MM</td>
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<tr>
<td>Total:</td>
<td>$250 MM</td>
<td>$14 MM</td>
<td>$250 MM</td>
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<tr>
<td>Other: CDFI BGP</td>
<td>$500 MM</td>
<td>$500 MM</td>
<td>$500 MM</td>
<td>TBD</td>
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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.
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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