



## **The American Recovery and Reinvestment Act of 2009: Programs Administered by the Community Development Financial Institutions Fund**

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### **Summary of Provisions**

The American Recovery and Reinvestment Act of 2009 (“the Recovery Act”) appropriates an additional \$100 million to the CDFI Fund for fiscal year (FY) 2009 funding round to make awards through the CDFI Program and the Native American CDFI Assistance (NACA) Program. Of this amount, \$90 million will be made available to Community Development Financial Institutions (CDFIs) under the Financial Assistance (FA) component of the CDFI Program, \$8 million will be made available under the NACA Program, and \$2 million will be used to fund administrative costs incurred by the CDFI Fund.

For all CDFI Program awards made under the FY 2009 funding round, regardless of the source of funds (i.e., the Recovery Act vs. standard annual appropriations), the Recovery Act waives: (1) the requirement that the awardee obtain matching funds from non-Federal sources; and (2) the general requirement that no single awardee (or its affiliates) can receive more than \$5 million in assistance from the CDFI Fund over a three-year period. This allows the CDFI Fund to make all of its CDFI Program awards for the FY 2009 funding round in the form of grants, while in prior award rounds the form of the award was based on the form of the matching funds.

The Recovery Act also authorizes the CDFI Fund to allocate an additional \$3 billion of tax credit authority to qualified Community Development Entities (CDEs) under the New Markets Tax Credit Program, as follows: \$1.5 billion to CDEs that applied for allocation authority under the 2008 NMTC allocation round; and \$1.5 billion to CDEs that apply for allocation authority under the 2009 NMTC allocation round.

### **CDFI Program: Financial Assistance (FA) Awards**

With the additional appropriation of \$90 million in Recovery Act dollars for the CDFI Program, the CDFI Fund anticipates that it will make a total of approximately \$145 million in FA awards in FY 2009. The CDFI Fund is committed to using these funds so that they can make the greatest impact throughout our country – and across the CDFI industry.

*Larger Awards.* The CDFI Fund plans to increase the size of the FA awards provided under the current FY 2009 funding round. In the past, even though applicants could request up to \$2 million under the FA component, FA awards were generally capped at \$1 million or less due to

funding constraints. With the additional funding provided in the Recovery Act, the CDFI Fund intends to make FA awards as large as \$2 million (\$600,000 in the case of entities applying under a special category of funding for Small and Emerging CDFIs).

CDFIs that submitted applications under the FY 2009 FA component but that did not request the full \$2 million will be provided with an opportunity to amend their requests to ask for up to \$2 million (or \$600,000, in the case of Small and Emerging CDFIs). The CDFI Fund will contact these organizations to request supplemental information.

*More Awardees.* The additional Recovery Act funding will also enable the CDFI Fund to reach deeper into the pool of qualified applicants. The CDFI Fund will follow the awardee selection process as described in the FY 2009 Notice of Funding Availability (NOFA) and make additional awards to the most qualified applicants that, due to funding constraints, would not otherwise likely have been funded. The CDFI Fund anticipates that the number of CDFIs that receive FA awards in 2009 will be significantly more than the 66 CDFIs that received awards in the FY 2008 round of the FA component.

*Additional Application.* The FY 2009 CDFI Program round is currently closed (applications were due to the CDFI Fund by October 29, 2008). However, the CDFI Fund will re-open the application window to permit additional CDFIs to apply. A revised NOFA will likely be published within the next 30 days with instructions for CDFIs that wish to apply under the re-opened 2009 FA round.

CDFIs that applied for and/or receive Technical Assistance (TA) only awards for FY 2009 will be permitted to apply for FA funding under this supplemental round. Applicants that have already applied for FA awards in FY 2009 will not be eligible to reapply in the supplemental round.

*Two Award Announcements.* In order to accommodate the additional solicitation of applications, yet still expedite the flow of Recovery Act award dollars into low-income communities, the CDFI Fund intends to make two award announcements. The CDFI Fund will make the first announcement by June 2009, when all \$90 million of Recovery Act funding for the CDFI Program will be awarded to the most highly rated applicants that submitted applications in response to the original NOFA. The second announcement will be made by September 2009, when over \$50 million of annual appropriations will be awarded to the most highly rated applicants in a combined pool that includes: 1) applicants that submitted applications in response to the amended NOFA; and 2) applicants that applied under the original NOFA but did not receive an award in the first funding announcement.

### **Native American CDFI Assistance (NACA) Awards**

With the additional appropriation of \$8 million in Recovery Act dollars for the NACA Program, the CDFI Fund anticipates that it will make a total of approximately \$14.5 million in NACA awards to CDFIs in the FY 2009 funding round.

Larger Awards. The CDFI Fund plans to increase the size of the NACA awards provided under the current FY 2009 funding round. In the past, awards have been capped at \$500,000. For the FY 2009 NACA Program awards will be capped at \$750,000. Applicants that have submitted applications under the FY 2009 NACA Program will be provided with an opportunity to amend their requests to ask for up to \$750,000. The CDFI Fund will contact these organizations to request supplemental information.

More Awardees. The additional Recovery Act funding will also enable the CDFI Fund to reach deeper into the pool of qualified applicants. The CDFI Fund will follow the awardee selection process as described in the FY 2009 NOFA and make additional awards to the most qualified applicants that, due to funding constraints, would not otherwise likely have been funded. The CDFI Fund anticipates that the number of CDFIs that receive NACA awards will therefore be larger than the 28 awardees that received awards under the FY 2008 NACA Program.

Additional Application. The FY 2009 NACA Program round is currently closed (applications were due to the CDFI Fund by December 19, 2008). However, the CDFI Fund will re-open the application window to permit additional applicants to apply. An amended NOFA will likely be published within the next 30 days with instructions for entities that wish to apply under the re-opened 2009 NACA round.

CDFIs that applied for and/or receive TA-only awards for FY 2009 will be permitted to apply for FA funding under this supplemental round. Applicants that have already applied for FA awards in FY 2009 will not be eligible to reapply in the supplemental round.

Two Award Announcements. In order to accommodate the additional solicitation of applications yet still expedite the flow of Recovery Act award dollars into Native communities, the CDFI Fund intends to make two award announcements. The CDFI Fund will make the first announcement by July of 2009, when all \$8 million of the NACA Recovery Act money and a portion of NACA appropriated dollars will be made available to the most highly rated applicants among those that have already submitted applications in response to the original NOFA. The second announcement will be made by September of 2009, when the remainder of NACA appropriated dollars will be awarded to the most highly rated applicants in a combined pool that includes: 1) applicants that submitted applications in response to the amended NOFA; and 2) applicants that applied under the original NOFA but did not receive an award in the first funding announcement.

### **New Markets Tax Credit (NMTC) Program Awards**

2008 NMTC Application Round. The Recovery Act allows an additional \$1.5 billion in NMTC allocation authority to be provided to applicants who applied for NMTC allocation authority under the 2008 application round. This round closed in March of 2008, and awards totaling \$3.5 billion were made to 70 organizations in October of 2008.

The CDFI Fund intends to immediately begin processing the applications that were previously ranked so that additional awards can be made to organizations. The CDFI Fund is not soliciting new applications, nor will it be increasing the size of the awards already made to Community

Development Entities (CDEs) in October of 2008. Rather, it will provide awards to additional organizations that applied under the 2008 round and were highly rated, but which did not receive awards due to the limited availability of allocations.

With the additional \$1.5 billion in allocation authority, the CDFI Fund anticipates that it will be able to make awards to approximately 30 of these applications, and that these new awards will be announced in May of 2009. The CDFI Fund will not solicit nor accept any additional application materials from these applicants, but will contact these applicants to determine whether any material events have occurred since the original application submission that may have adversely impacted the organization's ability to administer an NMTC allocation.

2009 NMTC Application Round. The Recovery Act allows an additional \$1.5 billion in NMTC allocation authority to be provided to applicants who apply for NMTC allocation authority under the 2009 application round. This round is currently open, with applications due to the CDFI Fund on April 8, 2009. With the additional \$1.5 billion in allocation authority, the CDFI Fund anticipates making approximately 100 awards to CDEs totaling \$5 billion, and intends to announce those awards in October of 2009.

### **Recovery Act Reporting Requirements**

Due to the nature of the Recovery Act, it is expected that award recipients, whether under the CDFI Program, NACA Program, or the NMTC Program, will, at a minimum: (i) invest award dollars into low-income communities in an expedited manner; (ii) track the use of these dollars on all investments; and (iii) provide data to the Federal government on a quarterly basis that indicates how award dollars were spent and the impacts (e.g., job creation) that were realized in the communities. Specific reporting requirements are still under development and will be outlined in each awardee's assistance agreement or allocation agreement. In the meantime, the CDFI Fund encourages all awardees to review the Office of Management and Budget's memorandum (M-09-10; [http://www.whitehouse.gov/omb/assets/memoranda\\_fy2009/m09-10.pdf](http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m09-10.pdf)) regarding potential reporting requirements for organizations that receive award dollars under the Recovery Act, as well as any subsequent guidance posted on OMB's or the CDFI Fund's website.

### **Contacting the CDFI Fund**

If your organization is currently an applicant for a CDFI Program or NACA Program award under the FY 2009 round, you may be contacted by the CDFI Fund to provide updated information on your original application. **Not all applicants, however, will be contacted.** Only those applicants for whom additional information is needed will be contacted by the CDFI Fund. Please be sure that the contact information for your Authorized Representative and Contact Person is correct in your *myCDFIFund* account.

If your organization is a CDE that applied in the calendar year (CY) 2008 NMTC Program round and did not receive an allocation, you may be contacted by the CDFI Fund to provide information regarding material events that have occurred since the submission of your application. **Only those CY 2008 round applicants that are both eligible for and likely to**

**receive an award will be contacted.** Please be sure that the contact information for your Authorized Representative and Contact Person is correct in your *myCDFIFund* account.

Please look to the CDFI Fund website for updates as we implement this important initiative. A dedicated webpage for implementing the Recovery Act can be found at <http://www.cdfifund.gov/recovery>. The CDFI Fund has an automated email service available, which will send you an email whenever the CDFI Fund has an update. Follow this link [https://service.govdelivery.com/service/multi\\_subscribe.html?code=USTREASCDFI](https://service.govdelivery.com/service/multi_subscribe.html?code=USTREASCDFI) to register for this service.

Questions about the CDFI Fund component of the Recovery Act can be made at the CDFI Fund's dedicated helpdesk line, 1-202-622-6350.

Questions can also be sent by email to [RecoveryAct@cdfi.treas.gov](mailto:RecoveryAct@cdfi.treas.gov).

### **Additional Support to CDFIs and Native CDFIs**

The CDFI Fund is pleased to announce additional support for CDFIs during these critical times. CDFIs across this country are hard at work developing alternative mortgage products or opening lines of credit for small businesses. CDFIs are also busy evaluating the levels of risk in their portfolios and pursuing new sources of liquidity. While CDFIs are united by the challenges they face, too often they lack the same level of access to resources they need to meet these challenges.

In the coming months, the CDFI Fund will unveil a new capacity-building initiative that will provide high-level training, outreach, and intensive, one-on-one technical assistance directly to CDFIs and Native CDFIs.