



cinnaire.com | 844-4CINNAIRE

December 5, 2022

Jodie Harris, Director  
CDFI Fund  
Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, DC 20220

RE: CDFI Certification Application (OMB Control Number: 1559-0028)

Dear Director Harris:

Thank you for the opportunity to comment on the revisions to the CDFI Certification Application issued by the CDFI Fund.

These comments are submitted on behalf of Cinnaire Lending Corporation (Cinnaire), a certified Community Development Financial Institution (CDFI) that raises capital for impactful affordable housing and community development efforts in the Midwest and Mid-Atlantic regions. As a CDFI, Cinnaire focuses on understanding the needs of our local communities, many of which have suffered from decades of disinvestment, the ongoing legacy of redlining and racial discrimination, and persistent economic challenges. We play an integral role in bringing capital for impactful affordable housing and community development activities in underserved rural and urban communities that mainstream financial institutions have a hard time reaching. Over twenty-nine years, Cinnaire has invested more than \$5 billion in equity, loans, and other financial resources in the communities we serve. In addition to raising capital, we strive to be a flexible partner for our communities by leveraging our expertise, often providing co-development and technical assistance for our borrowers.

### CDFI Certification

We appreciate the CDFI Fund's efforts to update the CDFI certification application. CDFIs play a vital role in the communities we serve. Heightened awareness of the role of CDFIs has created strong interest in partnerships with CDFIs, including new resources from governments, philanthropy, and the private sector. It is essential that the CDFI credential maintains its integrity, especially as the financial services industry changes and the number of certified CDFIs has grown dramatically. We understand this is a difficult undertaking and appreciate the Fund's focus and hard work on this issue.

We strongly support the broadly held CDFI industry view that the CDFI Fund must keep certification standards high to prevent unscrupulous actors from becoming certified CDFIs. CDFI certification comes with both opportunities and responsibilities, and it is critical that the Fund safeguard the certification's integrity to ensure that CDFIs maintain meaningful responsiveness and accountability to the communities we serve. We appreciate the CDFI Fund's focus on determining an applicant's community development

**Lansing | Corporate Headquarters**  
1118 South Washington Avenue  
Lansing, Michigan 48910  
517 482 8555

**Detroit**  
2111 Woodward Avenue, Suite 600  
Detroit, Michigan 48201  
313 841 3751

**Chicago**  
225 West Washington Street, Suite 1350  
Chicago, Illinois 60606  
312 957 7283

**Madison**  
2 East Mifflin Street, Suite 403  
Madison, Wisconsin 53703  
608 234 5291

**Grand Rapids**  
100 Grandville Avenue SW, Suite 202  
Grand Rapids, Michigan 49503  
616 272 7880

**Indianapolis**  
320 North Meridian, Suite 516  
Indianapolis, Indiana 46204  
317 423 8880

**Wilmington**  
100 West 10th Street, Suite 502  
Wilmington, Delaware 19801  
302 655 1420



mission, implementing bright-line requirements and responsible borrowing standards, and adequate disclosure and transparency.

It is also critical that the Fund avoid creating undue burdens on mission-based lenders that could harm their ability to serve their communities. To that end, we believe that the proposed application can be improved to better enable CDFIs to continue providing critically needed products and services while maintaining accountability to the communities they serve. We recommend focusing on the following areas for potential improvement:

**Include the Low-Income Housing Credit as a Programmatic Proxy.** We recommend including the Low-Income Housing Tax Credit (LIHTC) as a programmatic proxy for target market verification. Similar to other programs listed in the application, LIHTC is an income-restricted program with robust income verification processes in place for a minimum 15-year compliance period. LIHTC is the most important federal program for affordable housing development and preservation. Since its establishment in 1986, it has helped finance more than 3.6 million affordable homes, providing more than 8 million low-income households with homes they can afford. Through a mix of predevelopment, acquisition, bridge, and permanent loans, Cinnaire has facilitated the development of LIHTC projects in our footprint, bringing much needed lending capital. Our CDFI lending products have been particularly helpful for more challenging projects, such as developments targeting very low-income renters, including supportive services; serving harder to reach geographic markets, including rural areas; or supporting Black and brown-led sponsors who have been systematically excluded from capital markets.

**Preserve Important Board Accountability Mechanisms.** Executive level requirements for CDFI board service may be challenging for some CDFIs in some markets. Non-executive level staff, including lending and program staff with deep knowledge of communities and expertise, could make valuable contributions to the board of a certified CDFI.

In addition, the new application proposes the elimination of an Applicant's board membership of a third-party organization as a means of demonstrating accountability to a Target Market. CDFIs can gain valuable experience and perspective from these board members, while also demonstrating accountability through these board members' active and meaningful work representing low-income communities.

**Reconsider Narrowed Definition of Development Services.** The updated definition of development services is narrow. While it is important for certified CDFIs to offer meaningful development services to their customers, the Fund should not implement a one size fits all approach and ensure that CDFIs have the flexibility they need to meet their markets' needs. An important component of the CDFI business model is providing customized technical assistance, which varies by community and borrower.

**Provide Clarity on Reapplication Timeline and Establish a Reasonable Grace Period.** Finally, we believe that it will be critical to give certified CDFIs ample time to understand and comply with the new



certification requirements. We encourage the CDFI Fund to provide current CDFIs with time to prepare to reapply under the new rules, along with a reasonable grace period.

**Conclusion**

Cinnaire has an unwavering belief that all people deserve the opportunities provided by living in healthy communities. CDFI certification has proved invaluable for our ability to raise impactful lending capital for the communities we serve. We appreciate the CDFI Fund’s diligent work to update the CDFI certification, including reforms that will strengthen accountability and the integrity of CDFI certification.

Respectfully submitted,

Chris Neary  
Senior Vice President – Policy, Research and Advocacy  
Cinnaire