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Director Jodie Harris
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Dear Director Harris,

We are pleased to comment on the Community Development Financial Institutions (CDFI) Fund's proposed changes to the Annual Certification and Data Collection Report (ACR) and the creation of a Certification Transaction Level Report (CTLR). We believe that the creation of a CTLR could substantially improve our field's shared ability to analyze transaction-level characteristics of CDFI lending and yield much clearer insights into the role that CDFIs are playing to direct capital where it is most needed. We are presenting our own views in this submission and not those of the Urban Institute, its trustees, or its funders.

Our prior research on community development capital flows has turned up significant swaths of the United States where no CDFI lending activity was reported from 2011 through 2015.¹ Similarly, research we have done in several major U.S. cities—such as Baltimore, Chicago, Detroit, Fresno, Milwaukee, and Minneapolis—has indicated that while CDFI lending in those cities are directing the bulk of their investment to low-income neighborhoods and populations of color, the total volume of this lending is too small to be sufficient to counteract patterns of mainstream lending that greatly favor white and higher-income neighborhoods.² Yet these research findings are hampered by the incompleteness of the CDFI lending data that are available to analyze. Requiring all certified CDFIs to submit transaction-level data annually would substantially improve the accuracy and usefulness of the kind of research we have described above. This could change research findings and thereby lead to improved practice and policy decisions.

Our understanding is that the proposed changes to the existing ACR are intended to automate key reporting elements and improve data quality. We encourage the CDFI Fund to implement mandatory transaction-level reporting for all CDFIs every year as a critical step toward improved data.

We appreciate your consideration of these comments and welcome any future opportunity to work with the CDFI Fund to ensure that CTLR can achieve maximum benefit for the sector and the communities, residents, and businesses it serves.

¹ Brett Theodos and Eric Hangen, "Expanding Community Development Financial Institutions: Growing Capacity across the US," (Washington, DC: Urban Institute, 2017), <https://www.urban.org/research/publication/expanding-community-development-financial-institutions>.

² City and national capital flows analyses available at <https://www.urban.org/policy-centers/metropolitan-housing-and-communities-policy-center/projects/capital-flows>.