

House Economic Development
Finance and Policy Committee
597 State Office Building
St. Paul, MN 55155



February 15, 2023

Dear Chair Hassan and Members of the Committee,

For decades, Community Development Financial Institutions (CDFIs) in Minnesota have been able to fill financing and opportunity gaps that the private sector deems too risky. CDFIs are mission-based lenders providing opportunities to small businesses and homeowners, primarily those who identify as Black, Indigenous, People of Color (BIPOC), immigrants, women, people with disabilities and live in rural communities, at far greater rates than the private sector. As community-based and community-centered organizations, CDFIs provide innovative ways to build wealth and provide solutions to some of our State's most pressing challenges, such as homeownership disparities, lack of childcare options, healthcare inequities, and economic revitalization, to name a few.

The newly formed Minnesota CDFI Coalition is writing in support of two bills in your committee for your consideration during the 2023 legislative session that would directly support the work of CDFIs. Collectively, Minnesota's network of CDFIs has strengthened communities through affordable homeownership opportunities, access to small business capital, affordable rental housing, supportive housing, filling childcare and education needs, small business technical assistance, and homebuyer education. CDFIs across the country have been under-resourced for decades, but the two bills below would help transform Minnesota CDFIs, to continue and grow their transformative economic development work in communities across this state.

- **Community Wealth Building Grant Program (HF 318 Hassan/SF TBD Fateh):** Many entrepreneurs and small businesses across the state face barriers to traditional business structures, financing, and opportunities. Shared ownership or employee ownership models present a solution. CDFIs have been able to support innovative models like this and are able to provide the specialized technical assistance to help these types of businesses succeed.
- **Small Business Partnership Program (HF 504 Hanson/SF TBD Putnam):** Because DEED does not work directly with small businesses, it has heavily relied on the network of CDFIs across Minnesota to help entrepreneurs and small businesses start, grow or plan for the future through tailored technical assistance. During the height of the pandemic, CDFIs were looked to in order to deploy hundreds of millions in relief dollars to small businesses and help them adapt to the ever-changing environment. We remain committed to helping small businesses recover and facilitate opportunities to grow small, rural, and BIPOC owned businesses.

We hope you recognize the value that CDFIs play in the strength and success of Minnesota small businesses and households, and request your support for these bills. Please reach out to Kari Johnson (kjohnson@mccdmn.org) should you have any questions or need further information.

Sincerely,

Nasibu Sereva, African Development Center
David McGee, Build Wealth Minnesota
Jennifer Novak, Community Reinvestment Fund, Inc.
Shawn Wellnitz, Entrepreneur Fund
Jerry Cutts, First Children's Finance
Cristen Incitti, Habitat for Humanity Minnesota
May yer Thao, Hmong American Partnership
Rjay Brunkow, Indian Land Capital Company
Matt Varilek, Initiative Foundation
Henry Jimenez, Latino Economic Development Center
Sumair Sheikh, Local Initiatives Support Corporation (LISC) Duluth
Elena Gaarder, Metropolitan Consortium of Community Developers
Julia Nelmark, Midwest Minnesota Community Development Corporation
Kit Fordham, Mni Sota Fund
Maritza Mariani, Neighborhood Development Alliance
Renay Dossman, Neighborhood Development Center
Jason Peterson, Neighborworks Home Partners
Warren McLean, NEON
Nate Dorr, Northwest Minnesota Foundation
Jeff Corey, One Roof Community Housing
Kate Barr, Propel Nonprofits
Rick Beeson, Sunrise Banks
Robyn Bipes-Timm, TCHFH Lending Inc.
LeeAnn Rasachak, WomenVenture