



Federal Housing Finance Agency

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Roundtable Recap: CDFIs, Community and Economic Development

Las Vegas, NV | February 13, 2023

This roundtable was hosted in Las Vegas, Nevada and participants represented a cross-section of stakeholders—most of whom had deep experience in the CDFI sector. When asked “what is community investment?” participants offered differing views and contrasted community investment with economic development. They stressed that if FHLBanks want to impact communities, they must have strategies to bring into the discussion organizations that serve these communities. Further, it was expressed that CDFIs are much closer to communities than the FHLBank’s traditional member banks.

There was a broad range of ideas shared during the discussion. One concern voiced repeatedly was the lack of understanding by the FHLBank System of the CDFI business model and lending practices. Participants argued, among other concerns, this has resulted in unnecessarily high collateral haircuts that reduce CDFIs’ ability to address community needs and FHLBank advance products that do not reflect their lending needs. Participants urged FHFA, the FHLBanks, and CDFIs to work together to figure out an effective paradigm. Suggestions were shared for CDFI membership to reside in one or two FHLBanks, or for creating a *de novo* FHLBank with membership restricted to CDFIs. Also proposed was developing standardized loan products tailored to CDFIs needs available throughout the System.

In addition, participants encouraged grassroots engagement by the FHLBanks to flesh out impactful local opportunities. Among the programs and initiatives suggested were equity investments in CDFIs, a secondary market for micro lending, a credit enhancement program and establishing loan loss reserves, loan guarantee program, and economic development grants (*e.g.*, vocational training for housing related occupations).



Photo courtesy of Nevada HAND

A number of ideas were offered related to the FHLBanks' boards, including a requirement for a CDFI representative on each FHLBank board. The discussion turned to the criticality of quantifying the impact of the community investment and who benefits from this investment to attract additional funds by a broader range of investors. It was further argued that the FHLBank System needs to create transparency in how it addresses community needs by establishing and reporting on community development goals.

In conjunction with the Las Vegas roundtable, FHFA staff participated in a site visit hosted by Nevada HAND, a nonprofit organization that develops and designs, builds, manages, and provides resident services for family and senior affordable housing, including assisted living. The site visit featured a tour of Decatur Commons, which provides affordable family and senior apartments and amenities including a fitness center, resident library, and computer lounge.



Photo courtesy of Nevada HAND

FHFA prepared this roundtable recap to summarize key discussion points. Please [visit the website](#) to view the full roundtable transcript and video recording.