

## **FACT SHEET: Vice President Announces New Private and Public Sector Efforts to Align Tens of Billions in Investments in Underserved Communities**

*The federal government and a coalition of 24 companies and foundations are coming together to align historic investments in underserved communities;*

*Founding members of the Coalition include Ariel Investments, Bank of America, BNY Mellon, Capital One, Citi, Discover, Ford Foundation, Goldman Sachs, Google, Key Bank, Kresge Foundation, Mastercard, McDonald's, McKinsey & Company, Micron, Momentus Capital, Moody's, Netflix, Next Street, PayPal, PNC, The Rockefeller Foundation, TIAA, and Upstart*

Since Day One of the Biden-Harris Administration, President Biden and Vice President Harris have taken decisive action to lead [the most equitable economic recovery on record](#) and make long-overdue investments in communities that have historically been left behind. By signing into law the American Rescue Plan and the Bipartisan Infrastructure Law, the Biden-Harris Administration has made historic investments to help communities recover, address inequities made worse by the pandemic, and provide more pathways to economic growth for historically underserved communities. Today, unemployment is near historic lows, the number of Americans relying on government unemployment benefits has dropped by more than 90%, and the vast majority of Americans are vaccinated. In 2021, a record number of Americans applied to start 5.4 million new businesses—more than 20 percent higher than any previous year on record—with Black, Hispanic, and Asian entrepreneurship powering overall growth.

**Today, during an event in New York City, Vice President Kamala Harris will announce historic efforts to catalyze and align public and private investments – including the formation of a new Economic Opportunity Coalition (“EOC”) – to address economic disparities and accelerate economic opportunity in communities of color and other underserved communities.**

Over the course of her career, the Vice President has remained focused on ensuring that minority, rural, and low-income communities have the capital and resources they need to thrive and support a vibrant ecosystem of small businesses. Her commitment to these communities is reflected in the Vice President’s longstanding support for community development financial institutions (CDFIs), minority depository institutions (MDIs), and other local financial institutions. As Senator, the Vice President partnered with key Congressional stakeholders to secure a transformative \$12 billion investment for CDFIs and MDIs in December 2020. Since that time, she has worked with Secretary Yellen and the Department of the Treasury to ensure these programs are as successful as possible. Additionally, the Vice President has traveled across the country to meet with business owners and entrepreneurs in underserved communities to discuss challenges and opportunities they face—because she believes that if we harness the full potential and talent of all our innovators, we can build a better and more prosperous future.

Decades of disinvestment, destructive federal, state, and local policy, and detrimental private sector practices have prevented many communities from sharing in our nation’s broader economic growth. Today’s announcements will build upon the Biden-Harris Administration’s commitment to achieving longer-term equitable growth by building an economy that unlocks the economic potential of communities of color, low-income communities, rural areas, and other historically underserved communities, resulting in a stronger economy for everyone.

## ***Newly Created Economic Opportunity Coalition Investing Tens of Billions in Underserved Communities***

Twenty-one corporations and 3 foundations have come together to create the Economic Opportunity Coalition, committing themselves to aligning major investments in communities of color with investments made by the Biden-Harris Administration. The EOC will coordinate across public, private, and social sector organizations to develop and deploy products that solve challenges in getting resources where most needed and drive towards outcomes for meaningful action.

The founding members of the Coalition include Ariel Investments, Bank of America, BNY Mellon, Capital One, Citi, Discover, Ford Foundation, Goldman Sachs, Google, Key Bank, Kresge Foundation, Mastercard, McDonald's, McKinsey & Company, Micron, Momentus Capital, Moody's, Netflix, Next Street, PayPal, PNC, The Rockefeller Foundation, TIAA, and Upstart.

The EOC members have made significant commitments across each of its four focus areas, including a number of investments since the group formed earlier this year. The below illustrative commitments made by EOC members to date signal a promising new era of historic investments in underserved communities.

- Investing in CDFIs and MDIs. The EOC has committed **more than \$3 billion of investments into CDFIs and MDIs, including \$250 million in long-term, low-interest debt and over \$70 million in grants to CDFIs and MDIs.** In addition, six Coalition members will provide technology and personnel to CDFIs and MDIs through secondment programs, pro-bono consulting, and pro-bono technology. Taken together, these investments will provide CDFIs, MDIs, and their ecosystem partners with the long-term funding, technology, and personnel required to scale and deliver the increased capital made available by the Biden-Harris Administration through the Emergency Capital Investment Program (ECIP). To support these efforts, the federal government is actively working to provide private sector and philanthropic partners with rigorous guidance on where private investment, technology support, and human capital development can generate the greatest impact among CDFIs and MDIs.
- Supporting entrepreneurship and minority-owned businesses. The EOC has committed to **purchase more than \$6 billion in products and services from diverse suppliers and has invested more than \$500 million in funding to Black- and Hispanic-owned and -led equity funds.** In addition, six Coalition members are making investments in technology and technical assistance programs that will help entrepreneurs access capital and build capabilities in e-commerce, financial management, and hiring. These capability investments will help entrepreneurs effectively access the nearly \$10 billion in loans and equity investments made available to support small businesses through the American Rescue Plan's \$10 billion [State Small Business Credit Initiative](#) (SSBCI), as well as up to ten times that amount in additional private capital that can be leveraged from these federal investments.
- Expanding inclusive and equitable access to credit and other financial services facilitating financial health. An EOC member is announcing a **\$40 million investment in a new research center and incubator to promote innovation in financial services products for underserved consumers.** The same EOC member also plans to invest \$35 million in a new fund to finance early-stage companies developing next generation financial services solutions for low-wealth consumers and small businesses. In the coming weeks and months, the White House, the Department of the Treasury, and the Consumer Financial Protection Bureau, an independent

agency, will convene Coalition members and other industry stakeholders, data scientists, advocates, and agencies to share data and assessments of existing credit reporting practices – especially during disasters and other anomalous events – and discuss potential policy and industry action.

- Making infrastructure investments that create more community wealth by preserving and expanding affordable rental housing and homeownership in underserved neighborhoods. Members of the Coalition have committed over \$25 billion towards expanding the supply of affordable housing, including a real estate impact fund that has already **deployed \$3.5 billion and intends to deploy another \$11.5 billion by 2026 to invest in the preservation and improvement of affordable housing and community revitalization** to support building inclusive communities that have been historically underserved. These resources will complement the Administration’s actions to boost the housing supply through preservation and production of affordable homes announced in May 2022, economic development investments in 60 regions across the country through the American Rescue Plan’s Build Back Better Regional Challenge, and the new \$1 billion Reconnecting Communities Program through the Bipartisan Infrastructure Law.

These commitments, which represent only a small fraction of total commitments from the EOC, show the immense resources these founding members bring to the table, but they acknowledge they must do more. Over the coming months, the EOC will build on investments the Biden-Harris Administration has made and develop new solutions that reimagine how capital, technology, and talent are deployed in underserved communities. They will be built with and for the community, leveraging existing strengths and assets to address the root causes of economic inequality.

EOC members have worked with seventeen social sector advisors to inform the development and implementation of its commitments and will continue to engage with these organizations and additional social sector advisors. Social sector advisors to the Coalition include African American Alliance of CDFIs, Appalachian Community Capital, Enterprise Community Partners, Financial Health Network, Hope Credit Union, Momentum Capital, National Association for Latino Community Asset Builders, National Coalition for Asian Pacific American Community Development, National Bankers Association, Next Street, Opportunity Finance Network, Policy Link, Prosperity Now, SaverLife, The Resurrection Project, TruFund, and Urban Institute.

### ***Federal Agencies Are Taking Steps to Better Align Federal Dollars to Maximize Impact***

Six federal government agencies—the Departments of the Treasury, Commerce, Transportation, Housing and Urban Development, and Agriculture and the Small Business Administration—are announcing a new collaborative effort to better align federal dollars flowing into underserved communities, including communities of color. These efforts will facilitate opportunities for the public and private sectors to align, leverage, and layer resources to collaboratively address longstanding economic disparities in underserved communities.

Specifically, the agencies have signed a Memorandum of Understanding (MOU) to enhance and expand their efforts to:

- Align key definitions and procedures for programs directing capital and financial resources to underserved communities, including documentation requirements and others;

- Coordinate local deployment and use of resources, such as staff, office space, and approaches to working with local implementing partners;
- Seek flexibility and complementarity, to the extent feasible, in the requirements governing the deployment of federal funds and other support—including tax credits, loans, equity, grants, and others—to enhance impact and increase private capital support; and
- Identify opportunities to enhance the provision of technical assistance and other non-financial resources that support the deployment of capital in underserved communities.

Pursuant to the MOU, the agencies will also form a new Interagency Community Investment Committee to facilitate ongoing collaboration and operational coordination of federal community investment and place-based economic development programs. These efforts will not only ensure better coordination of federal dollars to maximize impact, they will also facilitate greater private sector investment and support.

The MOU will build on new efforts underway across the federal government to strengthen access to public- and private-sector capital to drive investment in historically disinvested neighborhoods by leveraging the historic investments in the American Rescue Plan, the Bipartisan Infrastructure Law, and other statutes. These efforts include:

#### *Investing in CDFIs and MDIs*

- Through the Emergency Capital Investment Program, the Department of the Treasury has deployed approximately \$8.26 billion of investments so far in 161 CDFIs and MDIs to enhance their ability and incentives to provide loans, grants, and forbearance for small businesses, minority-owned businesses, and consumers, especially in low-income and underserved communities.
- The CDFI Fund recently released the notice of funding availability for the \$1.75 billion CDFI Equitable Recovery Program, after having delivered \$1.25 billion in 2021 through the CDFI Rapid Response Program. Today, the CDFI Fund is releasing a request for public comment on a new definition of “minority lending institution,” pursuant to the Consolidated Appropriations Act, 2021. When final, the MLI designation will help public and private sector programs identify those CDFIs and MDIs that are well-positioned to deliver capital and services most effectively in communities of color.
- The U.S. Department of Housing and Urban Development (HUD) has launched a CDFI Task Force that is developing recommendations on administrative actions to expand support and secondary market access for CDFIs through Ginnie Mae and will increase its trainings for CDFIs to become FHA-approved lenders.

#### *Supporting entrepreneurship and minority-owned businesses*

- The Department of the Treasury will offer \$500 million in technical assistance through the SSBCI that will help small businesses access loans and equity investments. Treasury has released guidance for states, territories, the District of Columbia, and Tribal governments to submit plans for \$200 million of these technical assistance funds and intends to start accepting applications in the coming weeks. Additionally, the U.S. Department of Commerce’s Minority Business Development Agency plans to release a competitive funding opportunity later this year to use

\$100 million of these funds to enable entities such as incubators and accelerators to provide technical assistance that will help minority-owned businesses build capacity. Today, Treasury is announcing that it intends to make a portion of the remaining SSBCI technical assistance funds available for innovative approaches to small business technical assistance that include incentives for private sector and nonprofit partnerships to increase the amount of technical assistance available to businesses, especially in underserved communities.

*Making infrastructure investments that create more community wealth*

- The Department of Transportation and Department of Housing and Urban Development are launching the \$30 million Thriving Communities program to strengthen local capacity to advance and execute transformative infrastructure investments in underserved and lower-resourced communities through a coordinated approach to connect transportation and infrastructure investments funded by the Bipartisan Infrastructure Law with other crucial investments like housing.
- This week, Treasury announced updates to the State and Local Fiscal Recovery Funds program guidance that will increase options for investing in affordable housing under the program, including in affordable housing development projects that make use of Treasury's low-income housing tax credit (LIHTC), and is expected to enable greater private sector participation in expanding housing supply and reducing costs in the long term. In 2021 alone, 120 states, localities, and Tribal governments committed roughly \$3.3 billion to affordable housing development, preservation, and innovative approaches to expand housing supply. These updates, including the expansion of presumptively eligible affordable housing uses and the ability to more easily fund projects using long-term loans, are expected to enable greater public and private sector coordination.

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