

**BILL TEXT:**

**STATE OF NEW YORK**

3575--A

2007-2008 Regular Sessions

**IN SENATE**

March 9, 2007

Introduced by Sens. FARLEY, ALESI, BONACIC, GOLDEN, GRIFFO, LARKIN, MORAHAN, ROBACH, SALAND, TRUNZO, VOLKER, WRIGHT -- read twice and ordered printed, and when printed to be committed to the Committee on Corporations, Authorities and Commissions -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the New York state urban development corporation act, in relation to creating a community development financial institutions program

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Section 1 of chapter 174 of the laws of 1968 constituting  
2 the New York state urban development corporation act is amended by  
3 adding a new section 16-o to read as follows:  
4 § 16-o. The community development financial institutions program. 1.  
5 Legislative intent. The legislature hereby finds that credit, banking  
6 services, and investment capital are vital to the revitalization of  
7 communities and neighborhoods throughout the state. The legislature  
8 further finds that many communities with the greatest potential for  
9 growth and the greatest need for jobs and investment lack access to the  
10 services and capital of traditional banking and lending institutions.  
11 The legislature further finds that access to banking services and capi-  
12 tal can be improved through a growing network of alternative financial  
13 service providers known as community development financial institutions,  
14 hereafter referred to as CDFIs. The legislature finds that CDFIs are  
15 currently providing effective lending and financial services and fulfill  
16 a vital role in meeting the needs of New York state's low and moderate  
17 income communities.  
18 The legislature finds that the continued growth of CDFIs requires an  
19 established support structure in order to build capacity in these insti-  
20 tutions. The legislature further finds that creation of a statewide CDFI

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

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1 fund will strengthen these institutions, allowing them to expand their  
2 mission of addressing the credit and banking needs of low and moderate  
3 income communities in New York state.

4 2. Definitions. As used in this section, the following terms shall  
5 have the meanings indicated:

6 (a) "Community Development Financial Institution" or "CDFI" means an  
7 organization located in this state which has been certified as a commu-  
8 nity development financial institution by the federal community develop-  
9 ment financial institutions fund, as established pursuant to 12 U.S.C.  
10 4701 et seq.

11 (b) "Fund" means the community development financial institutions fund  
12 as established by subdivision three of this section.

13 (c) "Investment area" means a geographic area that:

14 (i) is economically distressed as defined in section sixteen-d of this  
15 act; and

16 (ii) has significant unmet needs for loans or encompasses or is  
17 located in a federally designated empowerment zone or enterprise commu-  
18 nity as established pursuant to title XIII of the federal Omnibus Budget  
19 Reconciliation Act of 1993 (Pub.L. 103-66) or a designated empire zone  
20 as defined pursuant to article eighteen-B of the general municipal law.

21 (d) "Low income" means having an income, adjusted for family size, of  
22 not more than:

23 (i) for metropolitan areas, eighty percent of the area median income;  
24 and

25 (ii) for non-metropolitan areas, the greater of eighty percent of the  
26 area median income or eighty percent of the statewide non-metropolitan  
27 area median income.

28 (e) "Targeted population" means individuals or an identifiable group  
29 of individuals who are low income persons or otherwise lack adequate  
30 access to loans.

31 3. Establishment and purposes. The corporation shall establish a fund  
32 to be known as the "community development financial institutions fund"  
33 and shall pay into such fund any monies made available to the corpo-  
34 ration for such fund from any source. The monies held in or credited to  
35 the fund shall be expended solely for the purposes set forth in this  
36 section. The corporation shall not commingle the monies of such fund  
37 with any other monies of the corporation or any monies held in trust by  
38 the corporation. The corporation is authorized, within available appro-  
39 priations, to provide financial and technical assistance to community  
40 development financial institutions that make loans and provide develop-  
41 ment services to specific investment areas or targeted populations.

42 4. Applications for assistance. An application for assistance shall be  
43 submitted in such form and in accordance with such procedures as the  
44 corporation shall establish. Applications submitted to the fund may  
45 include but not be limited to:

46 (a) A business plan;

47 (b) An analysis of the needs of the investment area or targeted popu-  
48 lation and a strategy for addressing those needs;

49 (c) An explanation of proposed activities, and information on how they  
50 are consistent with any existing economic, community, and housing devel-  
51 opment plans adopted by or applicable to an investment area or targeted  
52 population;

53 (d) A description of how the applicant will coordinate with community  
54 organizations and financial institutions and leverage private sector  
55 investments, including, but not limited to, loans, secondary markets, or  
56 other services to the investment area or targeted populations;

1 (e) In the case of an applicant with a prior history of serving  
2 investment areas or targeted populations, a demonstration that the  
3 applicant:

4 (i) has a record of success in serving investment areas or targeted  
5 populations; and

6 (ii) will expand its operations into a new investment area or to serve  
7 a new targeted population, offer more products or services, or increase  
8 the volume of its current business;

9 (f) A description of how the applicant will provide financial services  
10 for community businesses that employ or will create jobs for low income  
11 persons or to businesses that are owned by low income persons, or  
12 enhance the availability of products and services to low income persons;  
13 and

14 (g) Any additional information that the corporation shall require.

15 5. Selection of CDFIs. In the awarding of assistance, the corporation  
16 shall select from eligible CDFI applicants based on criteria that may  
17 include:

18 (a) The likelihood of success of the applicant in meeting the goals of  
19 its strategic plan;

20 (b) The experience and background of the CDFI's board of directors or  
21 management team;

22 (c) The extent of need for loans and development services within the  
23 investment areas or targeted populations;

24 (d) The extent of economic distress within the investment areas or the  
25 extent of need within the targeted populations;

26 (e) The extent to which the proposed activities will expand economic  
27 opportunities within the investment areas or targeted populations;

28 (f) The extent of support from the investment areas or targeted popu-  
29 lations;

30 (g) The extent of the applicant's current and planned community  
31 involvement;

32 (h) The extent to which the applicant will increase its resources  
33 through coordination with other institutions or participation in a  
34 secondary market;

35 (i) In the case of an applicant with a prior history of serving  
36 investment areas or targeted populations, the extent of success in serv-  
37 ing such areas or populations; and

38 (j) Other factors deemed to be appropriate by the corporation.

39 6. Assistance provided by the corporation. The corporation may  
40 provide:

41 (a) Financial assistance through deposits, credit union shares, loans,  
42 and grants.

43 (b) Technical assistance and training to any CDFI regardless of wheth-  
44 er or not it receives or has received financial assistance from the  
45 fund. Monies from the fund may be used for activities that enhance the  
46 capacity of a CDFI, such as training of management and other personnel,  
47 and development of programs, investment, or loan products. Such techni-  
48 cal assistance and training may be provided:

49 (i) directly;

50 (ii) through grants; or

51 (iii) by contracting with organizations that possess expertise in  
52 community development finance, without regard to whether or not the  
53 organizations receive or are eligible to receive assistance under this  
54 section.

1 7. Uses of financial assistance. A CDFI which files an application and  
2 is approved by the corporation for financial assistance may use such  
3 assistance for the following purposes:

4 (a) the development of commercial facilities that promote revitaliza-  
5 tion, community stability, and the creation or retention of jobs;

6 (b) the development or improvement of community facilities;

7 (c) the provision of basic financial services;

8 (d) housing that is principally affordable to low income people,  
9 except that assistance used to facilitate home ownership shall only be  
10 used for services and lending products that serve low income people and  
11 are not provided by other lenders in the area or that complement the  
12 services and lending products provided by other lenders in the area;

13 (e) the development or support of businesses that:

14 (i) provide jobs for low income people or are owned by low income  
15 people, women, or minority entrepreneurs; or

16 (ii) enhance the availability of products and services to low income  
17 people; or

18 (f) the development or support of other businesses and activities  
19 deemed appropriate by the corporation.

20 8. Advisory committee. The corporation may create an advisory commit-  
21 tee, consisting of at least five members, to advise the corporation in  
22 the promotion, implementation and administration of the community devel-  
23 opment financial institutions program. Such members shall have experi-  
24 ence with CDFIs and shall, to the extent practical, reflect diversity in  
25 geographic location and communities served.

26 9. Reporting requirements. The corporation shall submit a report to  
27 the governor, the speaker of the assembly and the temporary president of  
28 the senate on or before the first of October, and annually thereafter,  
29 describing the financial and technical assistance provided pursuant to  
30 this article, including: the number of CDFI applications filed and  
31 accepted; the amount and type of assistance provided; a description of  
32 projects financed or assisted by fund monies; the number of jobs created  
33 or retained through the investment of fund monies; the amount and source  
34 of funds leveraged; and such other information as the corporation may  
35 deem appropriate.

36 10. Rules and regulations. The corporation is hereby authorized to  
37 promulgate rules and regulations in accordance with the state adminis-  
38 trative procedure act that are necessary to fulfill the purposes of this  
39 section.

40 § 2. This act shall take effect immediately.