



Genesee Co-op

Federal Credit Union

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**Testimony before the Joint Senate Hearing on Economic Development Incentives & Subsidies
to Meet NYS Economic Development Goals**

*Presented by Melissa Marquez, CEO
Genesee Co-op Federal Credit Union*

My name is Melissa Marquez and I am the Chief Executive Officer of Genesee Co-op Federal Credit Union in Rochester, New York. Next week, we celebrate our 40th anniversary with our 4000 members, most of whom live in New York State and specifically in the City of Rochester. An overwhelming majority of our members are lower income people, which is why we are federally certified as a Community Development Financial Institution, also known as a CDFI.

New York is home to 83 CDFIs, covering every county in the state. CDFIs represent an existing network of financial institutions that the state should be tapping into to promote equitable economic development, that emphasizes community-controlled financing which is focused on historically redlined neighborhoods and in communities where mainstream finance has proven to be risk averse. These are communities most in need of economic development, but where incentives & subsidies have not truly and directly benefitted our lowest-income New Yorkers.

Public funding of CDFIs has been primarily coming from the federal CDFI Fund for the past 25 years. In 2020, New York's CDFI-credit unions invested more than \$2.5 billion, reaching every county in New York; and in 2021, New York became the first state in the nation to fund its own CDFI Fund. CDFIs are a proven model for channeling financial services, loans, and investments to working families, small businesses, and affordable housing in low-income communities and communities of color, which mainstream banks fail adequately to serve. When my own \$35 million financial institution makes more mortgages in the City of Rochester than JP Morgan Chase, the largest depository in Rochester, it is easy to understand that something is seriously and obviously wrong.

CDFI's that are depository institutions, like the community development credit union I run, have liquidity. We have our depositors, we make loans, and we have our own earnings, even as not-for-profit institutions. Grants to CDFI credit unions, directly increase our capital reserves, enabling us to grow, take in more deposits, and make more loans to people. As documented by the U.S. Treasury's CDFI Fund, for every dollar invested in a CDFI, \$12 additional dollars in loans are made to increase home ownership among low-income New Yorkers, increase affordable rental units, increase permanently affordable housing on community land trusts and increase lending to small businesses to grow their business. Some CDFI's, such as business and housing loan funds, that are not depository institutions, struggle with liquidity and need capital to lend. An investment of \$100 million in New York's CDFIs will

leverage more than \$1.2 billion in new community development lending, increase banking access for thousands of New Yorkers, and attract millions more in federal funding.

To date, New York has distributed approximately \$4.9 million of the \$25 million-dollar, five-year commitment allocated to the New York CDFI Fund, providing grants to 31 New York-based CDFIs. The CDFIs will in turn leverage the grants many times over, providing around \$60 million in urgently needed loans for affordable housing, local small business growth, and for expanding retail banking services in historically redlined communities. I do want to add that the NY Public Banking Act will create municipal public banks that can partner—rather than compete—with CDFIs, local banks and credit unions to drive responsible lending in communities throughout the state.

Supporting New York's robust network of mission-driven, community-led credit unions, loan funds, and community development banks is one of the most effective ways for NYS to spur economic development, address longstanding inequities, and ensure a just recovery for New Yorkers who have been most excluded from the benefits of traditional economic development incentives and subsidies.