

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

Investing in People and Communities



**Community Development Financial
Institutions: Investing in
People and Communities**

By
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The Community Development Financial Institutions Project

Over the past two decades, several types of community development financial institutions have been created to address the need for access to financial services and development credit in disadvantaged communities. These institutions use capital and credit to revitalize housing, create and retain jobs, and meet individual credit needs not addressed by traditional financial institutions. The Institute's Community Development Financial Institutions project, funded by the Ford Foundation, is examining the roles and activities of these institutions, the issues they face, and the types of support and policy needed to sustain them and enable their growth. This publication provides an overview to a series of more detailed reports profiling specific types of community development financial institutions.

Other publications in this series include:

- * **Lenders of First Resort: Community Development Loan Funds**
- * **Banking Services for the Poor: Community Development Credit Unions**
- * **The Business of Self-Sufficiency: Microcredit in the United States**
- * **Banking on Communities: Community Development Banks in the United States**

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What are Community Development Financial Institutions and Why are They Needed?

Access to capital and credit are essential to a healthy economy. Without it, businesses cannot start or expand, people cannot buy, sell, or repair their homes, and local communities cannot offer economic opportunity to the people who live in them.

All too often, businesses and people in the communities that most need credit cannot obtain it. Ignored or abandoned by conventional financial institutions, many communities have suffered long-term disinvestment and decline. Many potential borrowers have historically been denied access to credit because they don't meet conventional credit standards.

Rebuilding disinvested communities and making loans to people with little or no credit histories requires more than simply providing access to conventional loans. It requires the flexibility to adapt lending guidelines to the needs of borrowers; to accept unconventional collateral for loans; and to provide education, training, and assistance to potential borrowers. Most of all, it requires lenders whose first commitment is to the long-term development of communities and individuals, rather than to maximizing profits.

Over the last two decades, a diverse range of **community development financial institutions** (CDFIs) have emerged to provide new opportunities for neglected communities. In urban, reservation-based, and rural settings, more than 300 CDFIs are providing credit, investments, and comprehensive development services.

Community development financial institutions are financial intermediaries that have community development as their primary mission and that develop a range of programs and methods to carry out that mission. They find ways to make loans that would be considered unbankable by conventional banks, and they link financing to other development activities. CDFIs measure success not only by their own economic gains but also by the contributions they make to rebuilding businesses, housing, voluntary organizations, and

services central to revitalizing our nation's poor and working class communities.

While CDFIs share a common mission, they have a variety of structures and development lending goals. Some are chartered as banks, some as credit unions. Others are non-regulated nonprofit institutions which gather private capital from a range of social investors for community development lending or investing.

Some CDFIs target their efforts in a particular community, whether an inner-city neighborhood or a low-income rural area. Others lend to particular groups of people (minorities, women, low-income families, social service providers) or offer specific types of credit products across several geographic communities. They lend for affordable housing, for community businesses, and to low- and moderate-income individuals. They support projects ranging from the rehabilitation of an apartment building for low-income families to the expansion of a community recycling business. Some offer loans to enable individuals to do such things as purchase a used car to drive to work, install indoor plumbing, or start a cleaning service.

The Range of Credit Needs

Access to conventional financing alone cannot rebuild a disinvested community. Disinvested communities and lower-income borrowers have a wide range of credit needs. The needs of some borrowers and projects can be met through additional flexibility in underwriting standards, such as debt-to-income ratios and employment histories for individual borrowers, and the willingness to spend somewhat more time packaging the deal and working with the borrower. Other borrowers and projects require small loans (which are more expensive to make), and a greater level of borrower education or technical assistance. Still others require capital on more favorable terms--lower interest rates, longer-term loans--or more extensive subsidies.

While conventional financial institutions can stretch to meet some of these credit needs--making adjustments in underwriting criteria, doing more labor-intensive loans, working with other resource providers and

subsidies--they cannot address the full range of credit needs of disinvested communities and disenfranchised borrowers.

CDFIs themselves take on different types of credit needs. For example, community development loan funds make low-cost capital available to community development projects and are willing to work to coordinate their loans with other sources of capital and subsidy. Microenterprise loan funds may make market rate loans, but make very small loans and invest heavily in training and assisting potential borrowers. Community development credit unions may make both small loans that provide economic opportunity for individuals as well as small business and mortgage loans.

What do CDFIs do?

While differing in structure and specific lending programs, community development financial institutions have several things in common:

Community development financial institutions create new economic opportunity for institutions, businesses, and individuals who do not have access to the mainstream economy. Many of the individuals and organizations served by CDFIs have no access to conventional financing, due to lack of assets or income. Others cannot afford the cost or other terms of conventional credit.

- * In North Carolina, the Self-Help Credit Union and its affiliated Self-Help Ventures Fund made a \$50,000 loan in 1985 to a small, rural worker-owned sewing company threatened with closing because it could not obtain credit from its local banks. With Self-Help's technical assistance and a series of working capital loans, the business now employs 80 people, making it the second largest private employer in its county. By 1993, the company had almost tripled its sales, to \$1.8 million.
- * In Chicago, the Women's Self Employment Project set up an entrepreneurial training and lending program to enable women receiving public assistance and with little or no assets to start their own income-producing enterprises. Seventy percent of the 20 women participating in the pilot program in 1987 were able to move off public assistance permanently as a result of their business activities. An expanded program now includes 150 women. WSEP's three lending programs have lent more than \$500,000 to 350 low- and moderate-income women for micro business ventures.
- * In Central Appalachia, the Federation of Appalachian Housing Enterprises (FAHE) provides loans that make homeownership a reality for very low-income families, many of whom have previously lived in rented trailers without heat or running water. FAHE has lent \$3.2 million for more than 172 housing units, including loans to borrowers with incomes as low as \$5,000 a year.

Community development financial institutions are much more than lenders. CDFIs have established training services and development efforts that enable communities to effectively utilize the credit they offer, and that bring new development opportunities.

- * The Coalition for Women's Economic Development in South Central Los Angeles operates a 12-week training program, in Spanish and English, for low-income women seeking to operate their own enterprises. Participants do research, develop mini-business plans, and learn how to operate a successful enterprise. Loans are available after completion of the program, and participants continue to be involved in follow-up meetings with other entrepreneurs.
- * Community Capital Bank's affiliated non-profit organization, LEAP, Inc., provides intensive management assistance to small businesses in low-income areas in New York City. LEAP's assistance includes raising capital, business planning, and strengthening financial, marketing, and public relations capacities.
- * Santa Cruz Community Credit Union in California, which has lent more than \$27 million to small businesses, non-profits, and co-operatives, supplements its credit union lending with a nonprofit housing development subsidiary, Seascope Senior Housing, Inc. Among other activities, Seascope developed and owns an 80-unit low-income housing project.

Community development financial institutions make a difference in communities. CDFIs have financed affordable housing, from dozens of units to as many as thousands of units in some disinvested communities. CDFIs have channeled capital to enterprises such as grocery stores, construction contractors, and individual day care providers. These projects and borrowers change the physical environment, create jobs and homes, and open economic opportunities in their communities.

- * In 1973, when the South Shore Bank became a community development bank, the South Shore community of Chicago was a rapidly-deteriorating inner-city neighborhood that had been abandoned by conventional lenders. Today, the bank and its affiliates have financed the rehabilitation of 30 percent of the

community's housing units, supported and expanded opportunities for local entrepreneurs in housing rehabilitation and management, brought in new commercial activity, and literally changed the face of the community.

Community development financial institutions channel private capital into low-income communities. CDFIs provide a vehicle for private investments and deposits to be directly **invested** in disinvested communities.

- * More than 300 community development financial institutions together manage almost \$1 billion in private investments and deposits for community development lending.
- * The Boston Community Loan Fund's more than 400 investors--individuals, religious congregations, corporations, and institutions--together provide more than \$5 million to the Fund for lending to affordable housing projects in the Boston area. The Fund's investors receive a return on their funds and the knowledge that they have invested in critical projects benefiting the city's low-income residents and communities.
- * The Quitman County Federal Credit Union in Mississippi is located in one of the ten poorest counties in the United States. As a community development credit union, the credit union has been able to supplement the small savings of its 600 members with more than \$1 million in nonmember deposits, enabling the development of home improvement and minority small business lending programs.

Community development financial institutions are successful lenders. Community development financial institutions combine an understanding of the people and communities they serve with the business expertise needed to operate a strong financial institution. As a result, they successfully lend to borrowers that conventional institutions shun.

- * The four operating community development banks (Shorebank Corporation in Chicago, Community Capital Bank in Brooklyn, Southern Development Bancorporation in Arkansas, and the Center for Community Self-Help in North Carolina) have collectively made more than \$400 million in community development loans since their inception with loan loss rates at or below the level of their peer depository institutions.

- * The National Federation of Community Development Credit Unions estimates that approximately 100 community development credit unions have lent more than \$2 billion over their history with a loss rate of less than 2 percent.
- * Forty-two community development loan funds have lent more than \$100 million over the last ten years with a loss rate of less than 1 percent.
- * Approximately 50 microenterprise development loan funds have lent more than \$25 million in loans averaging \$2,500 largely to low-income individuals, including welfare recipients and frequently for business startups. With lending considered extremely risky by banking standards, these programs have a median repayment rate of 95 percent.

Types of CDFIs

The continuum of capital and credit needs in disadvantaged communities requires a range of credit strategies, including the efforts of both conventional financial institutions and specialized community development credit institutions. As a field, CDFIs have evolved with different organizational forms, each addressing different types of credit needs.

In spite of their differences in structure and strategy, each of these types of community development financial institution have several characteristics in common. They are all organized to serve economically distressed communities and have identified a target geographic area or a targeted constituency to do so. All have as their primary mission the development of communities and their residents, and utilize the provision of credit and other activities as a means to achieve that mission. And they each fill credit and in some cases financial services gaps that are not met by traditional financial institutions.

Community development banks are community development financial institutions which use an insured depository institution as one component of a targeted community development strategy.

The depository institutions established by community development banks are federally insured and regulated banks (or credit unions) that have been organized specifically to provide capital to rebuild lower-income communities. Just five community development banks operate in the U.S. today: South Shore Bank in Chicago; Elk Horn Bank and Trust in Arkansas; Community Capital Bank in Brooklyn, NY; Self-Help Credit Union in North Carolina, and Shore Bank and Trust Company in Cleveland, Ohio (opened in May, 1994). South Shore Bank, Shore Bank and Trust (both owned by Shorebank Corporation in Chicago), Elk Horn Bank & Trust, and Self-Help Credit Union are subsidiaries or affiliates of larger bankholding companies (or nonprofit parent organization, in the case of Self-Help) that also include non-depository credit and community development structures such as venture capital funds, development loan funds, real estate development operations, and technical assistance or training agencies. Community Capital Bank does not have

a holding company structure, but has formed an affiliated venture capital assistance organization. These nondepository institutions are able to be more proactive in their development activities than are regulated depositories. Together, the activities of the insured institution and its affiliates and subsidiaries constitute the community development mission and activities of a community development bank.

Community development credit unions are membership-owned and controlled nonprofit financial institutions serving people and communities with limited access to traditional financial institutions.

Community development credit unions are distinguished from conventional credit unions by their targeting to low- and moderate-income persons and communities; and their dual mission to: 1) address the financial services needs of their members, and 2) promote local community development through their lending activities. The deposit and transaction services of CDCUs provide an alternative to unregulated check cashers and 'under the mattress' savings accounts. The consumer lending done by a CDCU is often the only source of loans available to its members for starting or maintaining small businesses, meeting expenses like education or used cars that enable people to get and keep jobs, or repairing or improving their homes. This individual lending can have a significant impact on a community scale as opportunities for individual advancement make community economic development a reality. CDCUs also provide a path into regular credit markets for individuals without a credit history or with a poor credit history.

Community development loan funds are nonprofit, unregulated intermediaries which utilize social investment capital provided by individuals and institutions to further community development goals. CDLFs aggregate capital from their investors at below-market rates and relend it to housing and business developers in lower-income urban and rural communities. Through their willingness and flexibility to make loans to community development projects that are unbankable by conventional standards, CDLFs fill a credit gap that often stands in the way of community development. CDLFs, for the most part, finance the housing and economic development projects of community development corporations and other community-based organizations. In addition, some loan funds finance start-ups, expansions, or acquisitions of worker-community-, and/or individually-owned businesses.

CDLFs lending often provides smaller loans designed to leverage larger loans from conventional financial institutions. In this way, CDLFs maximize the development impact of their lending capital.

Micro-enterprise loan funds provide loans for very small, often start-up, businesses and enterprises. These funds are often components of micro-enterprise development programs that integrate both economic development and human development strategies. These programs are designed to fight poverty, increase incomes, raise self-esteem, stabilize families, develop personal, business, and technical skills, create jobs and role models, as well as to spark a process of community renewal. The individuals served by these programs are predominantly women, often people of color, and are likely to be low-income welfare recipients, unemployed, or the working poor. Loans to micro-enterprises range typically between \$250 and \$10,000 to start up or expand enterprises employing up to five people.

While most CDFIs fit into one of these primary categories, there are a number of 'hybrid' CDFIs that combine characteristics of one or more of these types with other community development institutions. There are also institutions which provide additional types of community development financing and investment. For example, some community development credit unions have affiliated loan funds; some community development corporations operate loan funds or make equity investments in small businesses.

The matrix presented in Table 1 summarizes many of the key characteristics of different types of CDFIs. More detailed discussion of the points raised in this chart and descriptions can be found in Woodstock Institute publications covering each individual type of CDFI (see pages 11-12).

The experience of development practitioners has demonstrated that the need for capital and credit in disinvested communities cannot be met with a single loan product nor is it best addressed by a single organizational form. The range of institutions is necessary and complementary. The needs and capacities of individual communities and target populations determines the appropriate form or forms for a given situation. And, over time, the evolution of this field will create new types of institutions as well.

**Table 1: Characteristics of Community
Development Financial Institutions**

	Community Development Credit Union	Development Bank Holding Company¹
Regulations	Government.	Government.
Required Equity Capital	Low hurdle.	High hurdle.
Ownership, Governance and Structure	Community/Member ownership and governance; nonprofit structure. ²	Generally not community-owned or governed; boards include community representatives; accountability also through products; for-profit, multi- subsidiary structure.
Deposit and Investment Capital	Deposits NCUA-insured to \$100,000 per depositor. Ceiling on deposits from non-members.	Bank subsidiary deposits FDIC- insured to \$100,000 per depositor. Few regulatory restrictions on deposit markets. ³
Retail Financial Services	Low-cost checking, savings, money order, direct deposit and teller services featured.	Bank subsidiary checking, savings and teller services featured based upon local need.
Development Credit and Investment	Consumer and installment loans most frequent; some mortgage, home improve- ment, coop, nonprofit organization and small business loans. Borrowing interest rate at lower end of market.	Bank subsidiary offers mort- gage, home improvement, rental rehab, small business and community organization loans. Borrowing interest rate at market or slightly above for specialized services. Affiliates offer market-customized non- bank credit, non-credit products.
Leverage	Leveraging of capital into insured deposits and development credit is very high.	Leveraging of capital into insured bank deposits and development credit is very high. Development synergy between holding company affiliates.

Notes:

- Any community development financial institution can establish or work with an affiliated company. A development bank holding company is structured to coordinate activities of a bank which is a development lender and one or more other affiliated development companies.
- National Credit Union Administration. Member and non-member depositors are insured to \$100,000.
- A bank's freedom to take deposits through deposit brokers is regulated and constrained unless the bank's capitalization falls within the range defined by the FDIC for a well capitalized bank.

Table 1: Characteristics of Community Development Financial Institutions
(Continued)

	Revolving Loan Fund or CDC Loan Fund	Micro-Loan Fund	Equity Fund
Regulations	Voluntary guidelines (NACLDF members).	Unregulated.	Varies with structure.
Required Equity Capital	Low hurdle; start-up operating subsidies required.	Low hurdle; start-up operating subsidies required.	Generally high hurdle.
Ownership, Governance and Structure	Community-based governance; nonprofit structure.	May have community-based governance; nonprofit structure. ⁴	CDC, independent or partial SBA-ownership. Nonprofit or for-profit structure.
Deposit and Investment Capital	Charitable individual and institutional investors.	Primarily grant funded; some funds use bank line of credit funding.	Charitable, government and market return-seeking investors. ⁵
Retail Financial Services	Not offered.	Not offered.	Not offered.
Development Credit and Investment	Predevelopment, bridge, mortgage and subordinated loans for real estate and business development. Borrowing interest rate often below market, particularly for housing.	Micro-loans for self-employment and very small business working capital and equipment. Borrowing interest rate ranges from below market to credit card rates.	Equity and subordinated debt for small business, often structured with royalty, performance kicker and exit strategy-dependent repayment terms. ⁶
Leverage	Revolving loan fund loans often leverage additional financing from conventional sources.	Micro-funds loans may leverage additional financing from conventional sources.	Equity and subordinated debt from equity funds leverage additional financing from conventional sources.

Notes:

4. National Association of Community Development Loan Funds, a national group representing nonprofit community revolving loan funds.
5. Investors in community development venture funds generally seek returns above public markets but more modest than the premium sought by conventional venture investors.
6. Special purpose real estate development equity funds may invest equity or make predevelopment and bridge loans in real estate development projects.

Financing CDFIs

CDFIs require two types of capital: equity capital (or investments); and borrowed capital (or deposits). In addition, all CDFIs require resources, whether internally generated or contributed from outside the institution, to cover their operational costs.

Because of the differing structures of types of CDFIs, these funds have different names in different types of institutions. What is capital for a bank, for example, may be reserves to a credit union or equity to a loan fund--but the function is the same. The differing regulations governing CDFIs and differing programs and activities mean that the relative importance of these types of resources also varies.

Community development financial institutions organized as commercial banks raise **equity capital** from investors who share in the ownership of the institution. A substantial threshold of capital is necessary to acquire or start a bank. Investors in a community development bank are generally long-term investors who invest with the expectation that a portion of the bank's profits will be reinvested in additional community development activities.

Credit unions, which are owned by their members, generate capital primarily from internal operations. Community development credit unions may seek grant funds to supplement the capital available, particularly for start-up or to support major expansion. Community development loan funds or microenterprise funds also accumulate equity capital through grant support from public or private sources and internally generated reserves.

Borrowed funds take the form of deposits for both banks and credit unions, and loans or investments for other types of CDFIs.

Borrowed funds represent the bulk of the lending resources for banks, credit unions, and community development loan funds; some smaller funds making high risk loans (some microenterprise funds, for example) rely primarily on equity capital for loans.

Income for operations must be generated either internally from CDFI operations, or from outside sources. All CDFIs generate income from their lending activities; the extent to which this income covers the full cost of a CDFI's basic operations depends on its size, age, and scope of activities. A community development bank is designed to operate its banking operation at a profit, and to channel a portion of those profits into its other community development activities. A CDFI serving borrowers substantially different from those served by banks, however, (e.g., small borrowers needing extensive technical assistance) will require operating resources beyond what it can generate internally.

CDFIs also depend in some way on resources from outside of direct operations. These additional resources enable CDFIs to provide more extensive--and expensive--services to their targeted constituencies, and to expand their activities beyond direct lending to other types of community development work. A community development credit union, for example, may seek outside resources for its educational activities, or the initiation of a youth credit union program. A community development loan fund or microenterprise fund will require external funds to subsidize the extensive borrower assistance it provides. While a community development bank will design most of its activities, including non-bank development activities, to be self-supporting, its subsidiaries or affiliates also are likely to include some activities (e.g., education, job training, business development services) which cannot be self-supporting and require external support.

CDFIs have received capital and operational funds from a range of types of sources. Investors have included individuals, foundations, religious organizations and conventional financial institutions. Loans and grants have come from these sources, along with some support from local, state, and federal governments. The proposed federal CDFI Fund* will greatly expand the federal government's role in capitalizing and assisting the range of CDFIs, as well as encourage increased private investment.

While all three types of resources are essential to the operation and development of CDFIs, the availability of equity or investment capital is generally seen as the greatest barrier to expansion of CDFIs. Additional capital builds the financial stability of the institution and, as equity capital may be leveraged many times over in deposits or borrowed capital, dramatically increases a CDFI's overall lending capability.

*Awaiting final congressional approval as of this writing; expected to provide equity capital and capacity-building assistance to CDFIs.

Relationships Between CDFIs and Conventional Financial Institutions

Community development financial institutions are vital complements to the community reinvestment efforts of conventional financial institutions in several ways:

- * CDFIs test and demonstrate new approaches to lending in disinvested and disadvantaged communities. Their specialized, proactive approach to development lending leads CDFIs to develop products and services conventionally viewed as high risk or high cost to banks. Successful CDFI lending programs can and have become models for conventional institutions.
- * CDFI lending extends the reach of credit products to people and projects not served by the conventional system. Many of the credit products offered by CDFIs cannot easily or feasibly be provided by conventional financial institutions. And in many cases, by coordinating efforts, higher risk or higher cost CDFI loans to persons or projects can enable those borrowers to obtain additional conventional financing from other sources.
- * CDFI lending can expand the lending capacity of conventional institutions. Banks or savings and loans are often co-lenders to CDFI projects or borrowers. A large proportion of loans made by community development loan funds, for example, are made to projects which also receive some form of financing from banks or savings and loans. The CDLF loan may be a loan in an earlier, more developmental stage of a project; or it may be a loan which is subordinated to the conventional lender's loan, thus reducing the risk to the conventional lender. Loans made by development banks may also include the participation of conventional institutions; or projects developed by bank subsidiaries may utilize conventional institution financing. Loans made by micro-enterprise loan funds and the loans to individuals made by community development credit unions are more likely

to be the only loans initially received by the borrower; successful experience with these loans, however, may expand the borrower's subsequent access to conventional sources of financing.

While these complementary relationships can be developed on a loan-by-loan basis, conventional financial institutions and CDFIs also have established a wide range of types of working partnerships and longer-term relationships. These partnerships expand the capacity of both CDFIs and conventional institutions.

For years, the Delaware Valley Community Loan Fund was one of the only active lenders in Camden, New Jersey. Its record of success in both housing and business lending in this very low-income and disinvested area has helped area conventional lenders understand that there are sound lending opportunities in the area. As a first step in expanding conventional lending in the area, seven banks created a multimillion dollar loan pool to be managed by the loan fund. Loan fund staff review applications, underwrite, and service loans; the financial institutions have final loan approval. This arrangement allows the financial institutions to utilize the knowledge of the area and local lending expertise that DVCRF had developed over a number of years, and to increase their lending to this underserved community.

A similar arrangement exists on a larger scale with the Low Income Housing Fund of San Francisco. LIHF manages more than \$18 million in funds invested by institutions, corporations, and government. In addition, the fund manages three mortgage banking pools totaling \$20 million from 35 conventional lenders. These pools enable the participating institutions to take advantage of LIHF's specialized expertise in developing very low-income housing.

Recognizing the ability of community development credit unions to reach low-income communities and individuals with credit products not offered by larger lenders (e.g., small individual loans for education, transportation, or other needs), some banks have provided ongoing assistance to CDCUs in their service area. Banks have provided deposits, operational support, and technical assistance to increase the capacity of CDCUs. In a similar fashion, many microenterprise loan programs have established relationships with banks for assistance ranging from loan servicing to investment of capital. In these relationships, banks assist CDFIs in reaching deeper into a community's credit needs than the conventional institution can feasibly do on its own.

New types of partnerships continue to be established. In early 1994, the Center for Community Self-Help purchased \$20 million in community reinvestment home loans from Wachovia Bank. The loans purchased were originated by Wachovia using non-conventional underwriting standards. While the bank was experiencing high demand for these loans, it needed to develop a secondary market for them in order to continue lending. Self-Help is repackaging the loans for sale to new institutional investors such as pension funds, insurance companies, foundations, etc. Both partners expect that this model can be successfully replicated, potentially freeing up large amounts of capital for new lending by financial institutions.

Successful partnerships between CDFIs and conventional financial institutions enable both types of institutions to expand their effectiveness and increase their impact. At the same time, the work of CDFIs does not reduce the need for continued and expanded community reinvestment activities of conventional financial institutions or effective enforcement of the Community Reinvestment Act. As the CDFI field continues to grow in scale and scope, new types of partnerships are certain to develop.

Moving Forward

Over the last 20 years, community development financial institutions have pioneered ways to lend successfully to communities, individuals, and businesses that lack access to traditional credit. While access to credit opportunities is only one component of a comprehensive community development strategy, CDFIs have demonstrated the substantial impact their lending and investment can have in disinvested communities.

As financial intermediaries, CDFIs provide important opportunities for a broad range of people, organizations, and institutions to participate in and benefit from their community development activities. CDFIs provide opportunities for private investors and depositors--from corporations and foundations to churches, and particularly individuals--to utilize their resources to generate a community development as well as an economic return. They provide opportunities for more conventional lenders to develop programs and partnerships for greater lending impact. CDFIs provide an opportunity to the public sector to invest resources which can be used and reused effectively for community reinvestment, and to strongly leverage private resources to do the same.

Over the past 20 years, CDFIs have grown from a few million in assets and lending capacity to more than \$800 million in 1994. Through new partnerships with federal, state and local government, and individual, institutional, and corporate investors, the impact of community development financial institutions can expand dramatically in the communities where capital and credit are so desperately needed.

For More Information on CDFIs:

Publications:

Additional Woodstock Institute publications on community development financial institutions:

- * **Lenders of First Resort: Community Development Loan Fund.**
- * **The Business of Self-Sufficiency: Microcredit in the United States.**
- * **Banking Services for the Poor: Community Development Credit Unions.**
- * **Banking on Communities: Community Development Banks in the United States.**
- * **Putting It All Together: The Birth of The Austin/West Garfield Federal Credit Union.**
- * **People Helping People: How State Leagues and Their Members Can Support Community Development Credit Unions.**
- * **Reinvestment Strategies piece (free).**

Unless other wise noted, the price for each publication is \$10.00 each for non-profit organizations and \$20.00 each for-profit organizations. Publications can be ordered from: Woodstock Institute, 407 S. Dearborn, Suite 550, Chicago, IL 60605. (312) 427-8070; fax (312) 427-4007.

Organizations:

Coalition of Community Development Financial Institutions, a coalition of CDFI organizations and associations, 82 Pennsylvania Ave., Suite 4, Morrisville, PA 19067, (215) 736-1644.

Association for Enterprise Opportunity, a national organization representing microenterprise lenders. 320 N. Michigan Avenue, Suite 804, Chicago, IL 60601, (312) 661-1700.

Center for Community Self-Help a non-profit organization affiliated with a community development credit union and loan fund. 413 East Chapel Hill Street, Durham, NC 27701, (919) 683-3016.

Community Capital Bank, a New York City-wide community development bank. 111 Livingston Street, Brooklyn, NY 11201, (718) 802-1212.

First Nations Development Institute, a national program of private Native American and reservation-based CDFIs, 11917 Main St., Fredericksburg, VA 22408, (703) 371-5615.

National Association of Community Development Loan Funds, PA, a national group representing non-profit community development revolving loan funds. 924 Cherry Street, 3rd Floor, Philadelphia, PA 19107-2405, (215) 923-4754.

National Congress for Community Economic Development, a national group representing community development corporation-based lenders and investors. 1875 Connecticut Ave., NW, Ste. 524, Washington, DC 20009, (202) 234-5009.

National Federation of Community Development Credit Unions, a national group representing community development credit unions. 120 Wall Street, 10th Floor, New York, NY 10005, (212) 809 1850:

Shorebank Corporation, a community development bank with operations in Chicago, upper Michigan, and Cleveland, Ohio. 71st and Jeffrey, Chicago, IL 60649, (312) 288-1000.

Woodstock Institute, a policy, research, and technical assistance organization specializing in community development lending. 407 S. Dearborn, Suite 550, Chicago, IL 60605, (312) 427-8070.

Woodstock Institute

The Woodstock Institute is a not-for-profit organization based in Chicago. For the past 21 years, the Institute has carried out applied research and developed and implemented programs which increase private sector investment in modest-income and minority communities for the benefit of those who live there. It designs programs which bridge the gap between the needs of communities and the resources of banks, savings and loan associations, foundations and others.

The Institute provides a variety of services to community-based organizations, financial institutions, foundations, and government agencies, including applied research, policy analysis, program design, and evaluation.

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