

# USING CDFIs TO FINANCE COMMUNITY DEVELOPMENT PROJECTS

---



**CED**

Community Economic Development



**WE BELIEVE  
IN OPPORTUNITY.  
FOR ALL.**

## **Introduction to CDFIs**

**Using CDFIs to Finance Community  
Development Projects**

# About Opportunity Finance Network

## **Industry Leader**

- CDFI expertise
- Trusted source
- Industry vision & strategy
- Convenings & Conferences
- Policy

## **CDFI Market Reach**

- More than 240 CDFI members
- More than 400 CDFI customers

## **Unique Network Membership Model**

# What is a CDFI?

- **Community Development Financial Institution**
- **Mission-driven financial intermediaries** that benefit low-income & low-wealth people and places
- **Capital + Development Services**
- **Create opportunities**
  - Jobs & business growth
  - Affordable housing
  - Community services
  - Financial services

# Scope of CDFI Industry

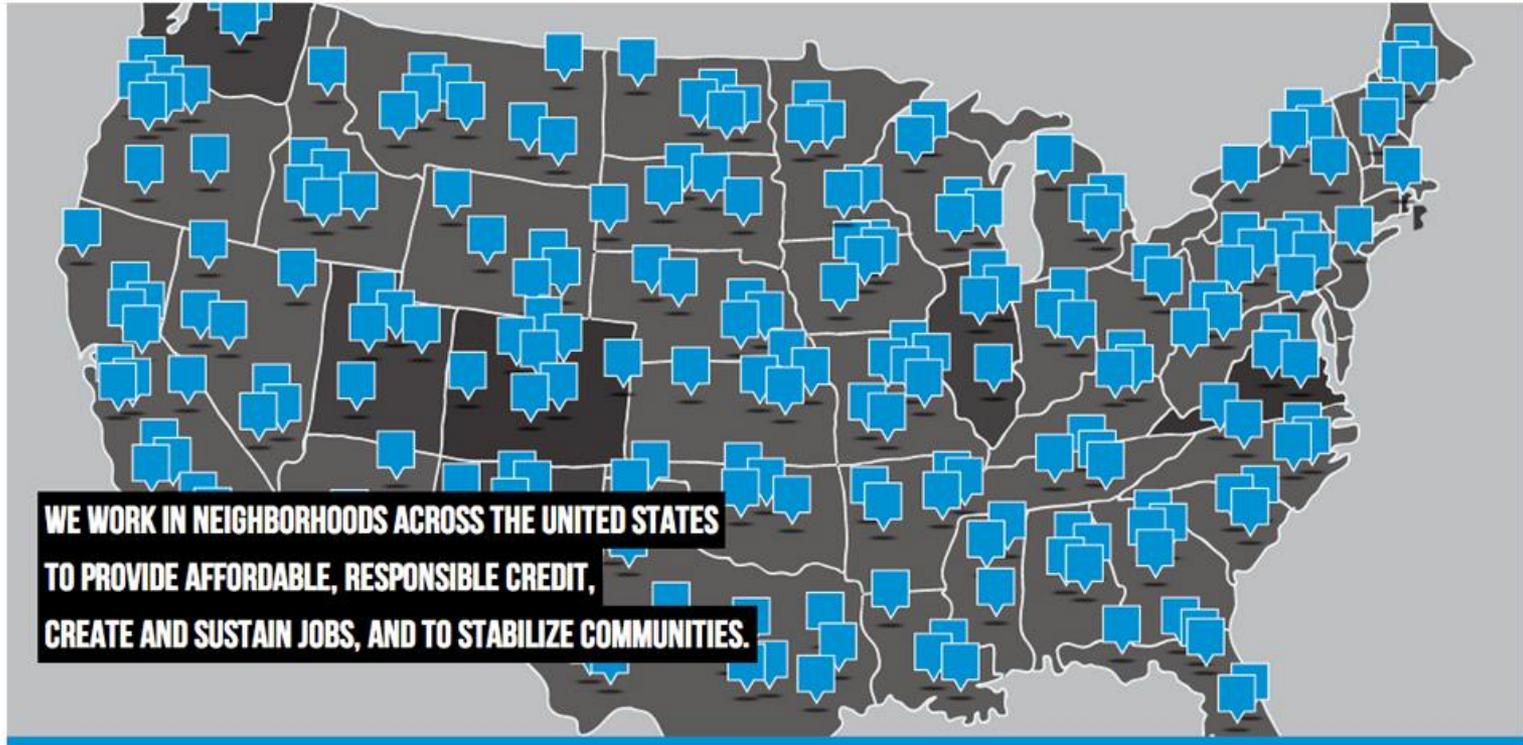
- Approx. 1000 certified CDFIs in the U.S.
- Breakdown
  - **109** CD Banks & Depository Holding Companies
  - **247** CD Credit Unions
  - **14** CD VC Funds
  - **506** CD Loan Fund
- Over \$90 billion in total assets
- CDFIs operate in every state serving rural, urban, and native communities and markets

# Products Offered by CDFIs

- Financing
  - Loans
  - Equity & Debt with Equity
  - Guarantees
  - Other
- Retail financial services
- Technical assistance & training
- Advocacy
- Real estate development
- Other



# CDFIs Serve Communities Across the Country



CDFIs finance community businesses, including small businesses, microenterprises, nonprofit organizations, commercial real estate, and affordable housing.

To find an OFN Member CDFI in your state, use the search criteria below. You can also visit our [Member Profile Directory](#) to learn about their important work.

<b>Organization:</b>	<b>State:</b>	<b>Area(s) Served:</b>	<b>Organization Type:</b>	<b>Lending Type:</b>	
<input type="text" value="Accion Chicago"/>	<input type="text" value="PA"/>	<input type="text" value="PA"/>	<input type="text" value="- Any -"/>	<input type="text" value="Consumer"/>	<input type="button" value="Search"/>
			<ul style="list-style-type: none"> <li>All</li> <li>Bank</li> <li>Credit Union</li> <li>Loan Fund</li> <li>Venture Capital Fund</li> </ul>		

# Finding a CDFI Near You

■ Opportunity Finance Network:  
<http://ofn.org/cdfi-locator>

■ CDFI Fund Awards database:  
<https://www.cdfifund.gov/awards/state-awards/Pages/default.aspx>

# Examples of CDFI Healthy Food Projects



The Reinvestment Fund provided equipment and fit-out financing for a new ShopRite supermarket in the University heights neighborhood of Newark, NJ with capital from the Robert Wood Johnson Foundation, the New Jersey Economic Development Authority and the federal Healthy Food Financing Initiative. Uplift Solutions and Bridgeway Capital also participated in the financing to the supermarket.

The ShopRite at Springfield Avenue Marketplace is projected to serve 25,000 local residents who have inadequate access to a full-service supermarket. Approximately half of these households do not have access to a vehicle, in an area where the poverty rates are between 25% and 40%. The ShopRite will increase access to healthy food locally and bring new jobs.



In the summer of 2012 Philabundance received a \$4 million New Markets Tax Credit allocation from Nonprofit Finance Fund and \$3 million in allocation from The Reinvestment Fund as well as bridge financing that included a \$1 million loan from NFF to finance the rehab of a 22,000 ft<sup>2</sup> vacant building and turn it into a working grocery store in the heart of the city.

Called Fare & Square (F&S), Philabundance's grocery store officially opened to the public in September 2013. The F&S team focused on providing access to fresh and affordable food, for a community plagued with food insecurity. Whenever possible, F&S hires directly from the community, helping to make an impact on the high unemployment rate in the region.



LISC provided a \$1 million loan to the Uptown Reinvestment Corporation (URC) to relocate and expand the Flint Farmers Market to a new Health and Wellness District in downtown Flint. The project is located in a food desert and Flint LISC's Building Sustainable Communities strategic investment area. The new Market will double its indoor selling space from 6,000 to 14,000 square feet, expand indoor and outdoor vendor selling space, and provide a commercial kitchen and community space with seating for up to 200 people

# Financing Healthy Food Resource Bank

<https://www.cdfifund.gov/programs-training/training-ta/Pages/expanding-cdfi-coverage.aspx>



The screenshot shows a web browser window with the URL [www.cdfifund.gov/what\\_we\\_do/FinancingHealthyFoodOptionsResourceBank.asp](http://www.cdfifund.gov/what_we_do/FinancingHealthyFoodOptionsResourceBank.asp). The page features a blue navigation menu on the left with the following items: WHO WE ARE, WHAT WE DO, IMPACT WE MAKE, NEWS & EVENTS, and HOW TO APPLY. The main content area has a yellow header with the text "COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND" and a grey sub-header with "UNITED STATES DEPARTMENT OF THE TREASURY". Below this is the "Financing Healthy Food Options Resource Bank" title. The page is organized into four sections: I. Training Curriculum, II. Training Webinars, III. Additional Resources, and IV. Food Desert Mapping Tools. Each section contains a list of links to various resources.

**WHO WE ARE**

- WHAT WE DO
- IMPACT WE MAKE
- NEWS & EVENTS
- HOW TO APPLY

**COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND**

UNITED STATES DEPARTMENT OF THE TREASURY

**Financing Healthy Food Options Resource Bank**

**I. Training Curriculum**

- [Food Systems Overview](#)
- [Healthy Food Retail Financing](#)
- [Financial Services for Mid-Tier Food Chain Enterprises](#)
- [NMTC & Urban Supermarkets](#)
- [Understanding the Grocery Industry](#)
- [Underwriting Supermarkets & Grocery Stores](#)
- [Mid-Tier Food Chain Enterprises Overview & Underwriting](#)
- [Capitalizing Healthy Food Retail Initiatives](#)
- [Identifying Optimal Areas for Supermarket Development](#)
- [Understanding the Food Production Sector](#)
- [Credit Skills for Lending to the Food Production Sector](#)
- [Food Producers Case Studies](#)
- [Identifying Partners and Convening Stakeholders](#)

**II. Training Webinars**

**III. Additional Resources**

- Searching for Markets: The Geography of Inequitable Access to Healthy and Affordable Food
  - [Executive Summary](#)
  - [Full Report](#)
- [Financial Resources Catalogue](#)

**IV. Food Desert Mapping Tools**

- [USDA Food Desert Locator](#)
- [PolicyMap](#)



**We Believe in Opportunity. For All.**

**OFN.ORG**

# Financing Healthy Food Webinar Archive

<http://ofn.org/nurturing-healthy-food-financing>

3/23/2016

Nurturing Healthy Food Financing | Opportunity Finance Network

LEARN

JOIN

LEAD

MENU

## NURTURING HEALTHY FOOD FINANCING



OFN HELPS CDFIS BRING HEALTHY FOODS TO UNDERSERVED,  
ECONOMICALLY DISTRESSED URBAN OR RURAL AREAS.

We Believe in Opportunity.  
For All.

OFN.ORG

# Contact Information

Cassandra Archbold

Senior Vice President

Financial Services

Opportunity Finance Network

[carchbold@ofn.org](mailto:carchbold@ofn.org)

215.320.4301





## **Small Business Development Services and Revolving Loan Fund**

A subsidiary of East Missouri Action Agency, Inc. A  
Community Action Agency founded in 1965.

Presenter: Janey Radford, Business Development Coach

Through working within our area over the past few years, we knew access to capital to grow small businesses was an issue. Additionally, we wanted to create jobs in our local communities

**We wondered . . . . .**

*What if we could make affordable loans available . . . and help provide the training and assistance small businesses need . . . where they need it so they could grow their business and create jobs.*

# Our Story

Over three years ago, the vision for SEED\$ was born. We have been working tirelessly since then to deliver:

- Access to Capital
- Training and Assistance
- Resources Close to Home

## Conducted a Market Scan

What we found:

- Customers had to travel nearly 90 miles to receive Small Business Services
- Very few alternative Lenders available in the 8 county service area
- Credit Gap: Particularly with loans for less than \$50K
- Opportunities for Partnership

## Conducted Focus Meetings with Small Business Owners

Received a large amount of input from current business owners on their needs and expectations from an organization like SEED\$.

## **Began the Development Process:**

Legal Entity

Mission

Financing Entity

Target Market

Development Services

## **Marketing:**

Local Community Banks

Chamber of Commerce

Private Foundations

USDA

Local Community College

Focused our initial efforts around Small Business  
Development Services

Then we moved into seeking funds for our Revolving Loan  
Fund

# Our

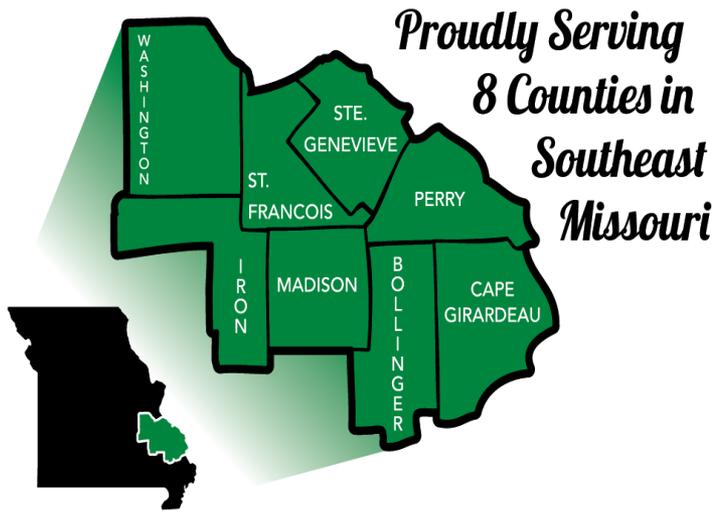
Donors First Year: **Success**

First State Community Bank  
St. Francois County Industrial Development  
Authority

Year 2-3

USDA- Rural Business Opportunity Grant  
USDA- Rural Microentrepreneur Assistance  
Program  
USDA- Rural Business Development Grant  
Iron County Economic Partnership  
Washington County IDA

Closed 5 loans and have assisted over 130  
small businesses with our services.



For more information contact

Keri McCrorey, Program Director

573-431-5191 ext 1125 or at [kmccrorey@eastmoaa.org](mailto:kmccrorey@eastmoaa.org)

Janey Radford, Small Business Development Coach

573-431-4296 or at [jradford@eastmoaa.org](mailto:jradford@eastmoaa.org)

Check out our Facebook Page at Southeast Economic Development Fund

Website: [www.semodevelopment.org](http://www.semodevelopment.org)

# Northern California Community Loan Fund

Using CDFIs to Finance Community  
Development Projects

**Catherine Howard,  
Director of Strategic Initiatives**

N O R T H E R N  
C A L I F O R N I A

COMMUNITY  
LOAN FUND

**Investing in Opportunity, Together.**

# Mission

NCCLF promotes economic justice and alleviates poverty by increasing the financial resilience and sustainability of nonprofits and enterprises. Through flexible financial products and sound advice, we create opportunities to make socially responsible investments that revitalize Northern California communities.

# FRESNO

BEST LITTLE CITY IN THE U.S.A.

# Vision

NCCLF envisions financially strong and culturally vibrant communities where each person has access to decent jobs, homes, health care, education, and economic opportunities. We work in partnership with individuals and organizations who share our vision of sustainable communities and social and economic justice.

NORTHERN CALIFORNIA  
**COMMUNITY LOAN FUND**  
Financial Solutions.  
Sustainable Communities.

Financing for this project provided by the  
Northern California Community Loan Fund  
www.ncclf.org

# Our Programs



Lending  
&  
NMTC



Consulting



Socially  
Responsible  
Investing



Policy

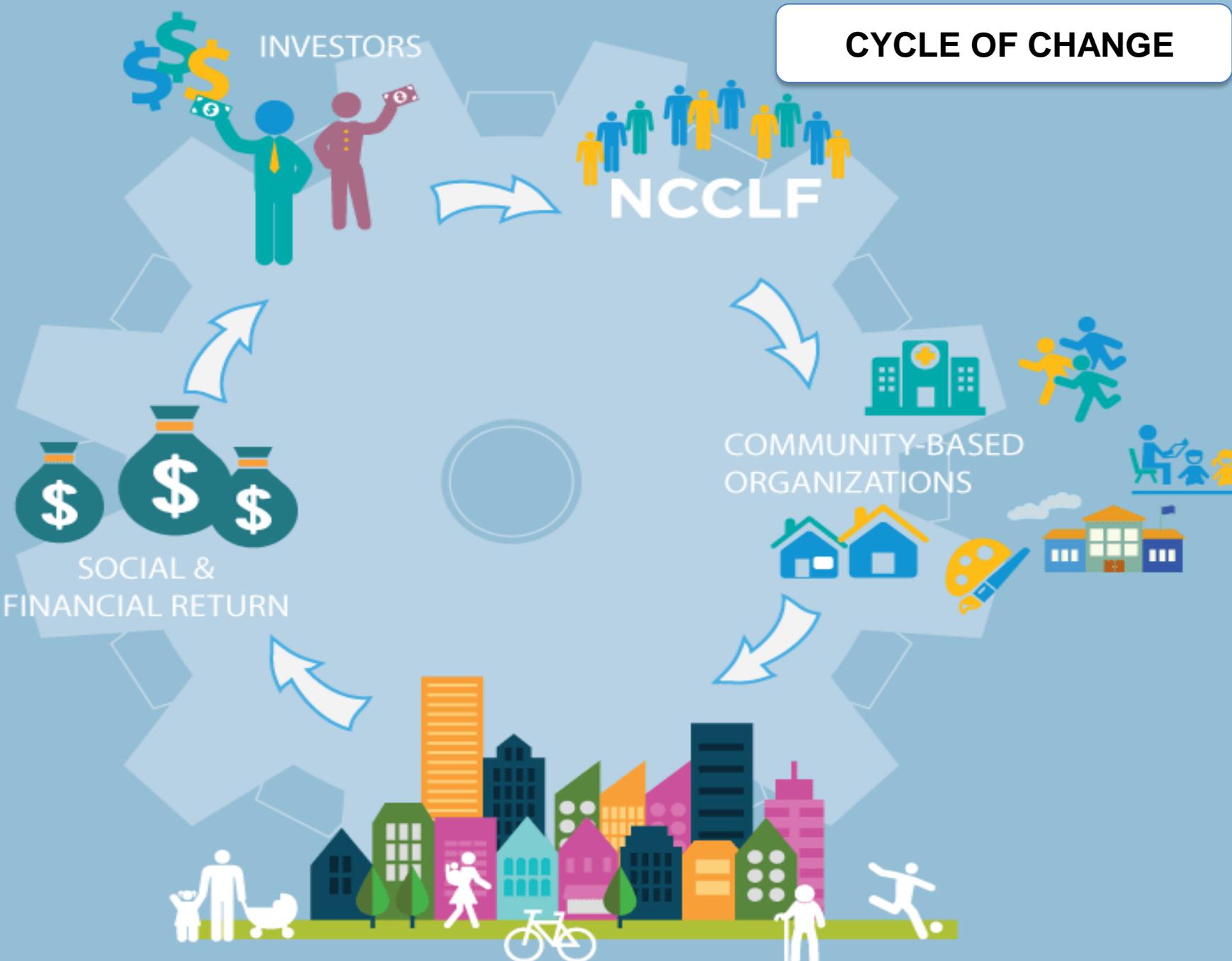
**CYCLE OF CHANGE**

INVESTORS

NCCLF

COMMUNITY-BASED ORGANIZATIONS

SOCIAL & FINANCIAL RETURN



# NCCLF Food Enterprise Lending

## An Overview

- New program, launch 2015.
- Goal: to provide loans to nonprofit or for-profit businesses across the food value chain.
- Key Steps: Established an advisory committee and partnerships with lenders / ta providers.
- Key Steps: Established a designated loan pool on NCCLF's balance sheet



# NCCLF's Target Impacts

- **Asset-building:** increasing income or increasing employment for low-income people.
- **Contributing to a resilient food system:** in a way that impacts low-income people or communities.
- **Increasing access to healthy, culturally appropriate food:** for low-income households



# Example Loans

## Farmer & Producer



**Bucio Organic Farms**  
Salinas, CA

### **Financing**

\$80,000

Working Capital Loan

*Participation with California FarmLink*

### **Outcomes/Impacts**

Capital was used for pre-season expenses to diversify the Farm's crops, with a goal of increasing net income.

# Example Loans

## Food Hub



**Ag Link**  
Ballico, CA

**Financing**  
\$457,238

Community Facility Loan

### **Outcomes/Impacts**

AgLink is a food hub / aggregator that matches institutional buyers with product from small and mid-sized farms and producers.

Loan will finance a new facility and equipment, resulting in:

- 100% increase in number of school district buyers
- Increase in number of producer partners
- 8+ new FTE jobs

# Example Loans

## Traditional Nonprofit Model



### **Yolo Food Bank** Woodland, CA

#### **Financing**

- \$314,000 Predevelopment Loan
- \$60,000 Predevelopment Loan
- \$15,000 Predevelopment Grant

#### **Outcomes/Impacts**

- Five-fold increase in YFB's cold storage capacity
- Increased capacity and efficiency for processing and packaging bulk dry foods
- New commercial community teaching kitchen

# Example Loans

## Retail



**Uptown Center**  
Paso Robles, CA

**Financing**  
\$1,910,000  
NMTC Leverage Loan

\$331,240  
NMTC Upper Tier Bridge Loan

### **Outcome / Impacts**

- Development of a new 24,000 mixed use project in a neighborhood without existing retail options
- Anchored by a 6,800 sqft neighborhood market with all major fresh food departments

# NCCLF Food Fund Capitalization

## Have not yet applied for a CDFI FA-HFFI grant

- Grant application requires a strong pipeline of transactions
- 75% of funding must be used for retail

## Current sources of capital

- JPMorgan Chase – ReFresh Cohort grant
- Citi Bank grant
- Dedicated Portion of NCCLF's net assets
- Updated prospectus to allow for new investors



# Conclusion

- **Identify unmet needs in your geographic area:** don't limit to retail because that has been the traditional focus area for HFFI
- **Utilize partnerships:** they help develop expertise, reputation and capital sources
- **Consider many possible capital sources:** Based on the type of lending you intend to do



# Questions?

