Rethink. Recover. Rebuild: Reinventing Older Communities

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What are CDFIs?

CDFI Fund’s definition:

A certified Community Development Financial Institution (CDFI) is a specialized financial institution that works in market niches that are underserved by traditional financial institutions. CDFIs provide a unique range of financial products and services for low income people and places.
CDFI Required Features

- A legal entity at the time of certification application;
- Mission of promoting community development;
- Be a financing entity;
- Primarily serve one or more target markets;
- Provide development services in conjunction with its financing activities;
- Maintain accountability to its defined target market;
- Be a non-government entity and not be under control of any government entity (Tribal governments excluded).
Community capital movement grew out of community development movement, started in 60’s with War on Poverty

- CDCs in 60s and 70s

Community loan funds started in the ‘80s.

- Community Development Loan Funds, Credit Unions, Banks, Venture Capital
- Micro-lenders
Federal designation began in 1994 with the creation of the CDFI Fund.

1995 CRA revisions recognized loans and investments in CDFIs as CRA activity.
859 entities are certified as CDFIs (3/31/10)
- Credit unions (170)
- Depository (97)
- Loan funds (567)
- and CDVC (25)
Percentage of Direct Financing Outstanding (by Dollar Amount, 2008 OFN)

CDFI Product Offering

- Business 37%
- Community Service 4%
- Consumer 8%
- Housing 40%
- Micro 1%
- Other 11%
FY2008 OFN survey

- Total Assets: $29.4 Billion
  - (Number of respondents = 495)

- Total Loans in FY2008: $5.5 Billion
  - (Number of respondents = 423)
CDFI’s in today’s economy

- **Liquidity**
  - Investor rollovers vs withdrawals
  - Loans Receivable tenor stretching
  - Originations (last lender standing)

- **Asset Impairment**
  - Delinquency rates, watchlist growth, OREO

- **Capital Adequacy**
  - Loan Fund standards vs. Depository standards
CDFI’s as Innovators

- School Innovation (USEd)
- Fresh Food Access (USDA, CDFI Fund, HHS)
- Transit Oriented Development (HUD)
- Foreclosure Stabilization (HUD)
- Green (DOE, ARRA)
CDFI’s as Innovators: “Think Bank” for Domestic Policy

- Unique focus on people + place
- Well suited to new wave in policy directions
  - Early care & Education
  - Health & Nutrition
  - Energy Efficiency & Sustainability
- Smart subsidy
  - Bridge between private capital and public resources
CDFI’s as Innovators: “Think Banks” for Domestic Policy

- TRF’s leadership in Fresh Foods Financing Initiative
- TRF’s City, Regional & State DOE Funds
- Bay Area TOD Fund -- LIIF led CDFI consortium
- San Francisco PACE initiative
  - LIIF bringing low income communities into Green Revolution through innovative finance