

Putting CDFI Fund Dollars to Work: New England CDFIs Bring Capital and Credit to Low-income Communities

Connecticut

On August 7, 2003, Mignon Williams beamed as she received a check for \$20,000 to put toward a downpayment on her first home, a condominium in the Cove area of Stamford, Connecticut. Mignon was selected by the Adopt-A-House, Inc., program of the **Housing Development Fund of Lower Fairfield County (HDF)** to participate in the federal HOME program, which pays up to \$20,000 to low-income renters toward a downpayment to purchase their first home. Homeowners pay back the loan, which has no interest and no monthly payments, when they sell their home. Adopt-A-House screens low-income residents for eligibility for the HOME downpayment program, counsels them through the

process, and helps them obtain a mortgage. Serving one of the most expensive housing markets in the country since 1989, HDF also provides below-market-rate loans for affordable housing construction, including permanent financing and short-term predevelopment loans. Since 1997, HDF has received \$403,500 in technical and financial assistance from the CDFI Fund to establish loan loss reserves, develop a web site and purchase technological upgrades, and to provide homeownership downpayment and closing-cost assistance via its Adopt-A-House program.

Source: Coalition of Community Development Financial Institutions, 2003 Data.

Maine

Started in 1977, **Coastal Enterprises, Inc (CEI)**, a community development corporation and community development financial institution (CDFI), has its roots in the civil rights movement. The organization initially focused on financing the untapped potential of Maine's natural resource industries and the entrepreneurial talent of rural and coastal Maine. In 1997 CEI received the first of five CDFI Fund financial assistance awards totaling \$8.5 million. These awards facilitated the growth of CEI from a capital base of \$34 million in 1997 to over \$180 million under management today. Today, CEI is a multifaceted financing and technical assistance organization with programs targeted to the

development of small, medium, and micro enterprises; affordable housing; and community facilities such as child-care centers. Over the years, CEI's financing has helped businesses retain 15,320 jobs and hire 13,009 full-time workers. CEI's housing department has created or preserved 717 units of affordable housing and its business development services have counseled 17,638 businesses or individuals. CEI is poised to create even more impact using the \$130 million in New Markets Tax Credits it was awarded in the first and second rounds of the program by the CDFI Fund.

Source: Coalition of Community Development Financial Institutions, 2003 Data.

Massachusetts

For 20 years the top floors of the Dartmouth Hotel stood vacant, causing the historic building that serves as a gateway to Boston's Dudley Square to fall into disrepair. Now, Nuestra Comunidad Development Corporation plans to rehabilitate the entire structure, restoring the façade, creating affordable housing for 66 families, and renovating 12,200 square feet of rental space. This transformation was made possible with a loan from the **Boston Community Loan Fund (BCLF)**, which provided Nuestra Comunidad with deeply subordinated debt and an interest and principal payment structure that fit the project's needs and schedule. No other organization was willing to supply that type of nontraditional financing. Formed in 1985, BCLF provides financing for the creation and preservation of affordable housing in the

Boston area and across Massachusetts. It is an affiliate of Boston Community Capital (BCC), which also runs the Boston Community Venture Fund (BCVF). BCLF provides financing to non-profit community development organizations to create affordable rental housing, homeownership opportunities, community facilities, and commercial real estate. BCVF makes equity investments in high-potential, emerging businesses that create a "double bottom line" of financial and social return. Since 1996, BCC, BCLF, and BCVF—all three certified CDFIs—have received \$7 million from the CDFI Fund, allowing them to expand their services and use the capital to leverage a significant amount of private sector resources.

Source: Coalition of Community Development Financial Institutions, 2003 Data.

New Hampshire

Imagine owning your own home, but having no control over your living conditions. This is what millions of residents of manufactured housing parks (also known as trailer parks) face everyday. Four percent of New Hampshire's residents live in trailer parks. They own their own homes and rent the land underneath. Problems arise if rents are increased dramatically, the park is not maintained, or worse, the park is closed down. Established in 1983, the **New Hampshire Community Loan Fund (NHCLF)** is the nation's first statewide community loan fund. Since 1984, NHCLF has been helping residents in manufactured housing parks to buy the land underneath

their homes by creating democratically run cooperatives. The CDFI Fund has been a partner in this initiative since 1996, awarding NHCLF \$7.5 million from 1996-2001 to capitalize their loan funds and expand their lending activities. Today there are more than 58 manufactured housing cooperatives in New Hampshire, which are home to more than 2,100 families, and NHCLF has expanded their lending activities to provide financing in the areas of affordable housing, child-care and nonprofit facilities lending, microenterprise, and micro credit.

Source: Coalition of Community Development Financial Institutions, 2003 Data.



Rhode Island

Christopher Osinaga, owner of Naga Food Products, Inc., has been manufacturing and distributing snack foods since 1996. Although primarily marketed to Hispanics and African Americans, the snacks (particularly a new line of African cookies) have been gaining popularity among a diverse set of customers. When Christopher wanted to expand, **Minority Investment Development Corporation (MIDC)** was there to help. MIDC provided funding to automate the manufacturing process and double sales volume. In addition, the technical assistance provided by MIDC improved book-keeping procedures and accounting controls,

enabling Naga Foods to attain future financing from mainstream institutions. MIDC, a multibank community development corporation based in Providence, targets its lending to minority and disadvantaged entrepreneurs throughout Rhode Island, providing needed subordinated debt and quasi-equity financing. In 1997, MIDC received a \$750,000 equity investment from the CDFI Fund to help more low-income small businesses leverage financing from banks and public sector loan funds.

Source: Coalition of Community Development Financial Institutions, 2003 Data.



Vermont

In 10 years of living in subsidized housing in Barre, Vermont, Brianna Parry never stopped dreaming of owning her own home. She wanted a place where her children could play outside and a home large enough so that her husband, who works nights delivering newspapers, would not share a bedroom with their toddler. Given the family's limited income, the Parrys found it difficult to save enough money for a downpayment. Last year, **Vermont Development Credit Union (VDCU)** helped the Parrys become homeowners through their Home Dollars program, which was capitalized with both a \$2.3 million grant from the CDFI Fund and money from the Federal Home Loan Bank of Boston. The Home

Dollars program matched the Parrys' savings 4 to 1, and VDCU helped them qualify for a mortgage that brought their ownership costs below the amount they were paying before for rent. Furthermore, the Parrys were able to convert the garage into an apartment for Brianna's parents. VDCU has been serving low-income residents of Vermont since 1989, and currently works in 205 communities helping over 10,000 people build assets and credit. In 2002, VDCU made 1,994 loans totaling \$20.8 million.

Source: Coalition of Community Development Financial Institutions, 2003 Data.

Sources

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Additional Resources

CDFI Data Project

http://www.communitycapital.org/community_development/finance/cdfi_data_project.html

Industry collaborative that ensures access to and use of data to improve practice and attract resources to the CDFI field

CDFI Fund

<http://www.cdfifund.gov>

Program of the U.S. Treasury Department that invests in CDFIs, provides incentives to attract private funds to the industry, and offers technical assistance

Social Investment Forum

<http://socialinvest.org>

National nonprofit membership association dedicated to promoting the concept and practice of socially responsible investing

The Community Investing Center

<http://www.communityinvest.org>

National center that provides financial professionals with information and resources to help them channel more money into community investing