Overview of the CDFI Industry, OFN, and the OFN Conference

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Session Agenda

- Overview of the CDFI Industry
- Intro to Opportunity Finance Network
- Welcome to the OFN Conference!
CDFIs are...
- Private, mission-driven financial institution benefitting low-income, low-wealth, and other disadvantaged people & communities

CDFIs serve...
- Customers that cannot meet conventional collateral or underwriting requirements

CDFIs provide...
- Innovative financing products and/or services as well as technical assistance

CDFIs create...
- Economic opportunity in the form of:
  - Jobs
  - Affordable housing units
  - Community services
  - Financial services for the underbanked and unbanked

About CDFIs

- [http://ofn.org/what-opportunity-finance](http://ofn.org/what-opportunity-finance)

- CDFIs lend to:
  - Community Businesses—including small businesses, microenterprises, nonprofit organizations, commercial real estate, and affordable housing
  - Individuals needing consumer products

- CDFIs are 100% dedicated to delivering responsible, affordable financial products and services that benefit individuals and communities

- CDFIs are profitable but not profit-maximizing
CDFI Characteristics

- Strong market knowledge
- Market driven
  - New products and models
- Long-term relationships with customers
- More patient than conventional financial institutions
- Technical assistance a critical component of relationship

CDFI Institution Types

<table>
<thead>
<tr>
<th>Community Development Institution</th>
<th>CD Banks</th>
<th>CD Credit Unions</th>
<th>CD Loan Funds</th>
<th>CD Venture Capital Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structure</td>
<td>For-profit</td>
<td>Non-profit, Cooperative</td>
<td>Primarily nonprofit; some for-profit</td>
<td>Typically for-profit</td>
</tr>
<tr>
<td>Regulation</td>
<td>FDIC, Federal Reserve, OCC, OTS, and state banking agencies</td>
<td>National Credit Union Administration</td>
<td>Unregulated</td>
<td>Unregulated</td>
</tr>
<tr>
<td>Capitalization Structure</td>
<td>Insured deposits and equity</td>
<td>Insured deposits, secondary capital, and equity</td>
<td>Unsecured and secured debt, EQ2, and equity (grants)</td>
<td>Equity (and potentially debt)</td>
</tr>
<tr>
<td>Sectors Served</td>
<td>Loans and depository services for housing, business, commercial real estate, and consumer</td>
<td>Promote ownership of assets and savings for individuals; affordable credit and retail financial services</td>
<td>Loans for housing, microenterprise, small business, community facilities, and commercial real estate</td>
<td>Equity and debt with equity features to mid-sized businesses with high growth potential and social impact</td>
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Scope of CDFI Industry

- More than 900 certified CDFIs active in the U.S.
- Approximate breakdown
  - 160 CD Banks & Depository Holding Companies
  - 250 CD Credit Unions
  - 15 CD VC Funds
  - 510 CD Loan Funds
- Over $90 billion in total assets
- CDFIs operate in every state serving rural, urban, and native communities and markets

Number of Certified CDFIs

Source: CDFI Fund Lists of Certified CDFIs 2006-2015
CDFI Asset Growth

Total Assets of Certified CDFIs (Billions)


CDFIs by Total Assets

- $90+ Billion
- $44.6 Billion Credit Unions 46.5%
- $14.7 Billion Loan Funds 15.3%
- $2.4 Billion Venture Capital Funds 2.5%
- $37.7 Billion Banks/Thrifts and Holding Companies 35.7%

Source: FDIC Q4 2014, National Federation of Community Development Credit Unions Q4 2014, Opportunity Finance Network 2013, Community Development Venture Capital Alliance 2014
Measuring Success

- Financial and Social Returns

- Financial
  - Preserving investor capital
  - Returns

- CDFI financing has produced more than:
  - 119,000 businesses
  - 1,400,000 housing units
  - 9,500 community facility projects
  - 720,000 new or continuing jobs

*Source: OFN's annual member data 2013

Types of Financing

- Small business and microenterprise
- Commercial Real Estate
- Affordable Housing
- Nonprofit Organizations
- Education: Charter School Financing
- Healthcare: Community Health Centers
- Health Food Financing: Food deserts
- Residential Mortgages & Home Repairs
- Small-dollar consumer loans
- Venture Capital
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## Outputs and Outcomes of CDFI Financing

<table>
<thead>
<tr>
<th>Business and Microenterprise</th>
<th>Community Facilities</th>
<th>Commercial Real Estate</th>
<th>Consumer</th>
<th>Housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs Created or Retained</td>
<td>Healthcare Slots</td>
<td>Commercial Real Estate Developed or Rehabbed</td>
<td>Payday Loan Alternatives</td>
<td>Housing Units Created, Renovated or Preserved</td>
</tr>
<tr>
<td>Financing to Businesses Owned or Controlled by Minority, Women, or Low-Income Individuals</td>
<td>Education Slots</td>
<td>Commercial Real Estate Developed or Rehabbed</td>
<td>Credit Builder Loans</td>
<td>Residential Mortgage Loans</td>
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<td>Childcare Slots</td>
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<td>Credit Counseling</td>
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<td>IDAs (Individual Development Accounts)</td>
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<td>Financial Literacy for Adults</td>
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<td>Financial Literacy for Students/Children</td>
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## Other CDFI Products & Services

- **Real Estate Development & Management**
- **Research**
- **Advocacy**
- **Other**

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Where CDFIs Work
Rural Vs Urban

- Rural (not in MSA), 29%
- Minor Urban (MSA<1MM), 27%
- Major Urban (MSA>1MM), 44%

CDFI Customers

Higher percentages than conventional financial institutions to:

- 48% Women Borrowers
- 61% Minority Borrowers
- 74% Low-Income
Industry Trade Associations and Membership Organizations

- Play a critical role in industry building:
  - Financing
  - Capacity building and consulting
  - Advocacy
  - Data & research
  - Strategic leadership
  - Industry initiatives

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## Focus Website

<table>
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<tr>
<th>Focus</th>
<th>Website</th>
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<tbody>
<tr>
<td>Aspen Institute</td>
<td>aspeninstitute.org</td>
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<tr>
<td>Association for Enterprise Opportunity (AEO)</td>
<td>microentrepriseworks.org</td>
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<tr>
<td>Community Development Banking Association (CDBA)</td>
<td>cdbanks.org</td>
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<tr>
<td>Community Development Venture Capital Alliance (CDVCA)</td>
<td>cdvca.org</td>
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<tr>
<td>CDFI Coalition</td>
<td>cdfi.org</td>
</tr>
<tr>
<td>National Community Investment Fund (NCIF)</td>
<td>ncif.org</td>
</tr>
<tr>
<td>National Federation of Community Development Credit Unions (NFCDCU)</td>
<td>cdcu.coop</td>
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<tr>
<td>Opportunity Finance Network (OFN)</td>
<td>ofn.org</td>
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About OFN

- **Mission**
  - OFN’s mission through 2025 is to lead CDFIs and their partners to ensure that low-income, low-wealth, and other disadvantaged people and communities have access to affordable, responsible financial products and services.

- **Core Purpose**
  - OFN exists to align capital with social, economic, and political justice.

- **Vision**
  - When capital and justice are aligned, all people will have the resources and opportunities to act in the best interests of their communities, themselves, and future generations.

Joining OFN

- **Two ways to join**
  - OFN Members
    - Performance-oriented CDFIs financing community businesses and consumers, delivering both sound financial returns and real change

  - OFN Allies
    - Organizations – including CDFIs that are not yet prepared for OFN Membership – and individuals that share our mission and want to be active partners in the opportunity finance industry.
Overview of OFN: Departments

- Development
- Financial Services
- Knowledge Sharing
- Public Policy
- Strategic Communications
- Strategic Consulting
- Strategic Initiatives

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OFN Conference: Highlights

- Industry Awards
- Local and National Speakers
- Detroit
- OFN Connect
- Breakout Sessions

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OFN Conference: Tracks and Sessions

- 14 Tracks
  - Community Facilities, Coverage Strategies, Diversity Inclusion and Equity, Financial Inclusion, Financial Management, Financial Resources for CDFIs, Healthy Communities, Lending: Sourcing, Underwriting, and Portfolio Management, Housing, Impact, Native CDFIs, Small Business, Strategic Communications, and Talent Development

- Over 70 sessions
  - Introductory, Intermediate, and General

OFN Conference: Networking

- Over 1220 attendees!
  - This is the premiere industry event. It is an opportunity to meet and network with anyone in the industry.

- Numerous networking opportunities
  - Morning and afternoon sessions
  - 30 minute breaks between sessions
  - Next Awards
  - OFN Connect
  - Native Awards