OPPORTUNITYFINANCE NETWORK

Operationalizing Racial Equity, Inclusion, and Accessibility (REIA) into Lending Practices

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Table of Contents

Introduction

From the very beginning, **CDFIs have been rooted in the civil rights, worker rights, and social justice movements**. Early CDFI leaders and supporters recognized that access to capital and wealth-building opportunities were a critical missing piece in under-resourced communities, so they set out to make capitalism and financial institutions also work for these communities through the CDFI model. As a result, for over 50 years, CDFIs have worked to fill a market gap for rural, urban, Native and other communities that mainstream finance does not traditionally reach — such as communities of color.

Through policies like segregation and redlining, many communities have been oppressed and systematically excluded from participating fully in the American economic system. By creating an alternative investment model aimed at righting these past wrongs, CDFIs have always had equity and justice at their core.

With these values embedded within the industry, **CDFIs have been financial first responders and first movers in proving out new markets.** The industry has a track record of creating greater economic opportunity. Billions of dollars have been deployed to neighborhoods and communities which would not have happened but for the contributions of CDFIs. These dollars mean more businesses started, homes built and homes bought, and communities rejuvenated.

> **While we may all agree that equality is a worthy goal, we cannot achieve that future state without a deep investment in racial equity.**

However, there's still room to improve. For all the years that CDFIs have worked to move capital to places where traditional markets will not go, the fight for economic and racial justice is far from over. A December 2021 Urban Institute report noted that "racial disparities in wealth, housing, health, and other social and economic measurements are severe, persistent, and, in some cases, growing wider. **Urban Institute researchers estimate that fundamental and sustainable change in an underserved community will require between $500 million and $1 billion [in investment] over 10 or more years. This makes the needed investments comparable in scale to the Marshall Plan, [which] provided US aid for economic redevelopment in Western Europe following World War II."[1]**

To move the needle, CDFIs need to understand the ways in which the industry may unintentionally uphold systemic racism. This requires deep interrogation of existing policies and practices to create an analysis of what continues to perpetuate disparities despite best intentions. For example, many lending processes and products have roots in traditional finance practices, which were designed to support a white monopoly on capital at the expense of accessibility for people of color. The well-meaning intentions of CDFIs belie a broader systemic challenge of barriers to capital for people of color that arise from a vicious cycle of exclusion several generations old.

Central to changing the industry is recognizing the difference between racial equality and racial equity. While we may all agree that equality is a worthy goal, we cannot achieve that future state without a deep investment in racial equity. Focusing on equal treatment regardless of race will cause us to ignore the barriers placed upon people of color that will not be broken down through an expansion of capital access alone. Investing in equity requires an exploration of power and how that continues to influence our behavior as CDFIs in supporting the communities in which we work.

CDFIs cannot remove these barriers alone. Achieving equitable outcomes requires systemic change across sectors. But **doing the work to integrate our principles, practices, and policies with a racially equitable lens enables CDFIs to be first movers in leading the way for the financial market to make the changes and investments that are needed, at scale.**

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Purpose of the Toolkit

This toolkit was developed to help CDFIs incorporate an explicit focus on racial equity, inclusion, and accessibility into their lending practices. Dismantling decades of structural inequality and systemic racism takes time, is deeply personal, and requires a persistent commitment from individuals as well as institutions, as both must transform alongside one another to move towards a world of greater equity and racial justice.

As a result, there is no one-size-fits-all solution to operationalize racial equity and accessibility into a CDFI's lending operations. Instead, this guide seeks to provide insights, tools, and suggestions to help you take action at your CDFI in the unique context of your organization and community.

The Racial Equity Institute (REI) offers a helpful framework for understanding how to meaningfully approach racial equity and inclusion work. REI uses the concepts of "System 1" and "System 2" thinking from the book "Thinking, Fast and Slow" by Daniel Kahnemahn, drawing a contrast between fast-thinking unconscious associations and beliefs (System 1) and decisions that are more deliberate and thoughtful (System 2). REI and Kahnemahn note that 95-97% of our behaviors and decisions are governed by our fast "System 1" thinking, and "System 2" thinking is activated more rarely.

To align our impact with our intentions and achieve equity, not just equality, we must tap into the benefits of slower, values-driven System 2 thinking.

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This guide is structured in four sections, each with suggested actions and activities you can undertake individually or as a group to activate your "System 2" thinking.

- The first section focuses on power; what it is, why it matters — and how to understand and analyze it.
- The second section suggests actions individual practitioners can take.
- The third section focuses on institutional-level actions.
- The fourth section provides guidance on how CDFIs can work to operationalize accessibility into their lending practices.

Lastly, OFN intends for our leading practices resources and toolkits to be living documents. We recognize that leading practices may need to be revised over time, as changes in standards, industry requirements, and advancements in technology may require different practices. As a result, we plan to update all toolkits periodically to be responsive to evolving conditions.

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SECTION 1: Understanding — and Shifting — Power to Create Enduring Change

Merriam-Webster defines power as the possession of control, authority, or influence over others. Power is everywhere, and can take many forms: economic, political, social, cultural, or symbolic. It is in our families, communities, and workplaces, infusing and shaping relationships and decisions. Racism operates as a system of power in which public policies, institutional practices, cultural representations, and other norms work in various — often reinforcing — ways to perpetuate inequities.

When we talk about systemic racism, we are essentially talking about the ways in which power is used to create and maintain systems that embed privileges associated with whiteness while discriminating against, and oppressing, people of color.

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Consequently, power imbalances and disparities have endured and been adapted over time to become a fixture of the social, economic, and political systems in which we all exist. One example of how this has manifested is in the lower levels of wealth held among Black and Latino families compared to their white counterparts.[2]

As a result, to truly dismantle systemic racism:

- **Conversations around racial equity and inclusion must occur through the lens of power.**
- **Practitioners must rebalance how power is exercised by working with those they are seeking to serve instead of trying to drive change on their behalf. In some circumstances, practitioners should relinquish power and authority, empowering communities to act on their own.**

Understanding the role of power in systemic racism creates a pathway to the equitable outcomes we pursue, otherwise we run the risk of perpetuating or recreating the very systems we are seeking to fix.[3]

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How Do You Work to Shift Power?

Because power is dynamic, there are opportunities to use our own power to create change in large and small ways, from an individual to institutional level. There are four core expressions of power that allow us to do this, noted below: [4]

1 **Power to:** is our capacity to act — our agency or "power to" create or resist change in our own situation. It begins with an awareness that taking action is possible, and grows when we acquire the skills, knowledge, and resources to make that change.

2 **Power with:** is the power of building shared under-standing and taking collective action with others. That could be in a small way or as part of a social movement consisting of thousands of people.

3 **Power within:** is a sense of dignity, confidence, and self-esteem. In a way, it describes our relationships with ourselves. A degree of "power within" is essential if we are to imagine different possibilities, or to exercise our "power to" or "power with" others.

4 **Power for:** is our sense of purpose — the vision, values, and demands that orient and motivate our work. It's our relationship to the "why" and "how" of our work for change.

Activities to Analyze and Reflect on Power

Some resources and activities to assist you and your organization with analyzing the dimensions of power are included in the broader toolkit (see the "*Operationalizing REIA into Lending: Activities to Analyze & Reflect on Power*" resource).

In addition, Figure 1 notes the key components of a power analysis, while Figure 2 includes questions that can help you identify power structures as well as map power structures.

Both activities illuminate power imbalances, which can help organizations understand the opportunities to create a more equitable distribution of power through things like implementing policies and practices that challenge systemic biases and inequalities; amplifying the voices and perspectives of under-resourced groups; or providing opportunities to those who have historically been excluded from positions of power.

A sample power map and analysis is included in "Activities to Analyze & Reflect on Power" resource in the toolkit.

Power Mapping Glossary

Hidden power happens behind the scenes. For example, the informal shaping or influencing of an agenda, jargon, acronyms, and social codes or conventions that are obvious to some but not others.

Invisible power is made up of the norms, values, attitudes, beliefs, and ideology that shape a person's way of thinking of what feels "normal."

Created or claimed spaces are those that people create or claim for themselves to mobilize, organize, or address a common concern.

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FIGURE 1

Key Components of a Power Analysis

Gather Relevant Data
Analyze demographic and loan data; conduct focus group interviews; review policies, procedures, and other relevant research to provide a foundation for your analysis.

Center Community Voices
Prioritize centering the voices and experiences of the community members you are seeking to serve. This means listening to and learning from those who have been most impacted by power imbalances and using their insights to inform strategies for change, and doing so in a way that does not tokenize or exploit communities.

Identify Power Structures
Identify the structures and institutions that control access to power and resources within a given context. This may involve examining formal structures (e.g., laws, policies, organizational charts) as well as informal structures (e.g., social networks, cultural norms, historical legacies).

Map Power Dynamics
Once the power structures have been identified, map the distribution of power and privilege within the system. This may involve analyzing who holds decision-making power, who has access to resources, or who is excluded from the system.

Examine Intersectionality
Account for the ways in which different forms of power and privilege intersect by examining how factors like race, gender, class, sexuality, education, religion, age, and ability interact to create unequal outcomes for different groups.

Analyze Historical Factors
Examine the role historical factors, such as the legacy of discriminatory lending practices (e.g., redlining) and oppression, have played in shaping lending outcomes and power structures over time.

Develop Actionable Recommendations
Develop actionable, data-driven recommendations that address the root causes identified through the power analysis to achieve meaningful, sustained change and more equitable outcomes.

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FIGURE 2

Guiding Questions to Identify, Map, and Analyze Power

The following questions can serve as a starting point for practitioners seeking to understand the dimensions and dynamics of power:

Who holds decision-making power within an organization or community? How do these individuals' race, gender, social group, and other demographic attributes reinforce their power?

Can you identify where hidden power[5] operates, and how you may address this?

What forms of invisible power[6] are important to address if you want to achieve sustainable change over time?

How is power distributed? Who is gaining from the current distribution and use of power? Does one group benefit more than another?

What are the sources of your power? What are the sources of your stakeholders' power? How can these sources be strengthened?

How and where are decisions made? Are spaces open, closed, or created/claimed?[7] If spaces are closed, what factors decide who is included in those spaces?

What are the norms and values that underpin the exercise of power within a system, and how do those norms and values affect different groups?

How do different forms of power intersect (e.g., race, gender, class) to create existing outcomes?

How do historical and systemic factors shape power dynamics within a given system or community?

How will working with others create more power to effect the change you want to see?

How can you support the "power within", "power with" and "power to" of other individuals and groups within the context you are assessing?

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SECTION 2: Individual Actions

As individuals, we exist within the systems of power we are seeking to transform. Our own power and circumstances influence how we understand and interpret those around us. To develop a stronger understanding of systemic power and racism, we have to first commit to interrogating and educating ourselves on an ongoing basis.

This can start with re-examining the conversations and relationships you have every day. Suggestions on how to do so are included below. This is not an exhaustive list but it can help you start building your "power for", "power to," and "power within."

Understand Your Power as a Gatekeeper

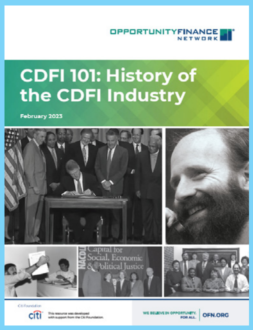
The Racial Equity Institute (REI) defines gatekeepers as anyone in an institutional or organizational role who can grant or deny access to information, opportunities, knowledge, and resources. REI notes that most individuals are gatekeepers in some way, regardless of their demographics or status in an organization. For example, administrative staff can be very important gatekeepers as they control access to organizational personnel with the most power at the organization.

In the context of this toolkit, lending staff and investment committees are gatekeepers because they have the power to make recommendations and/or decisions around who receives capital, who does not, and the terms and conditions of that capital. As a lender, every interaction you have with clients and borrowers is underscored by a power dynamic. Acknowledging the power dynamic and working to express your power differently can help you build a more authentic relationship with the person, organization, and/or community you are seeking to serve.

Download OFN's CDFI 101 toolkit here to learn about the history of the CDFI industry and role of public policies.

In particular, read pp. 5-16 of CDFI 101: History of the CDFI Industry for a brief overview of how CDFIs came to be; history of redlining, fair lending laws & CRA; founding of the first CDFI, as well as early days of the CDFI movement throughout the 1970s &1980s; and creation of CDFI Fund in 1990s.

Then check out the "CDFI Industry History" videos in the CDFI 101 YouTube playlist.



Learn from History

Historical actions have created today's inequitable conditions and circumstances. As a result, understanding how historical factors have shaped the communities your CDFI works in is critical to helping you better serve them — and can help you articulate to your stakeholders why your CDFI does what it does in the way it does. The Impact in Action section of the toolkit features a blog post from IFF CEO Joe Neri demonstrating an example of this, detailing the historical context for the structural racism that exists in appraisal-based lending and why, as a result, IFF does not use appraisals in its lending.

Below are a few elements of history to explore in the context of operationalizing racial equity as a CDFI lender:

History of the CDFI industry: how and why CDFIs were formed, key milestones and turning points, and what forces have transformed CDFIs from a movement into an industry.

Role of public policies: the legacy of discriminatory lending practices such as redlining, as well as the evolution of Fair Lending Laws and the Community Reinvestment Act.

Your CDFI or organization's history: How, and when, was it founded?

How has it evolved over time?

What is its track record, particularly in serving communities of color?

How have the people and communities your CDFI serves, particularly those of color, felt about your organization?

What entities have financially supported your CDFI and potentially influenced your activity?

History of the communities and market segments your CDFI serves: How have demographics changed over time?

Where do people of color reside and why historically do they reside there?

How has capital flowed into these communities and markets over time?

Recognize, Understand, and Address Unconscious Biases

Unconscious biases, also commonly referred to as implicit biases, are attitudes or stereotypes individuals hold unknowingly that can influence how they perceive and interact with others. These biases are often formed as a result of cultural and societal messaging, as well as our unconscious tendencies to categorize, generalize, and stereotype - all of which can lead to unintentionally discriminatory behavior.

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In the context of lending, unconscious biases can result in differential treatment of borrowers based on their demographics, leading to unintentional disparities in lending outcomes. This shows up most acutely when lenders assess risk. For example, an individual might unconsciously associate a particular race with higher risk or lower creditworthiness, leading to less favorable loan terms.

Unconscious biases can be counteracted when you become a conscious decision-maker — namely, you recognize the biases you may implicitly hold, understand where they derive from, and determine how they may be impacting your behavior and the decisions you make.

As a lender, one way to become a conscious decision-maker is to parse actual risk from perceived risk. You can do this by understanding the history of the communities you work with (in the ways noted above) and interrogating the factors of your risk assessment. In what ways could systemic racism be impacting the numbers you're analyzing on a deal? Do you think a deal is higher risk because conventional wisdom says so? How were your definitions and sense of risk formed?

Get Comfortable with Being Uncomfortable

Better yet, lean into the discomfort. Questioning the status quo and challenging ingrained ways of thinking are never easy. Conversations about power, race, and equity can be sensitive and difficult. In these circumstances, feeling uncomfortable is natural — and a sign that you are doing the right work to better meet your goals.

PCV President & CEO Bulbul Gupta noted that "feeling uncomfortable is an ongoing dynamic, and will not just be a one-time discomfort. Every time you're in a place of discomfort, sit with it, ask it questions, and get curious as this is where real growth occurs; we grow much more when we're uncomfortable than when we're comfortable — so don't get defensive or deflective, as this is 'the work.' "

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SECTION 3: Institutional Actions

Racism is not just an individual problem requiring an individual intervention, but a structural and organizational problem that will require time, hard work, and intentionality to change. While the individual actions shared in the section above are necessary, various forms of systemic racism make it hard for individuals to evolve if the organizations and systems they operate in don't transform alongside them.

Most importantly, in order for change to persist within organizations, a commitment to racial equity, inclusion, and accessibility has to be owned and driven by executive leadership as a whole — it cannot be on one team, or one person who oversees HR or DEI efforts.

One of the trademarks of CDFIs is that they tailor loan products and services to meet borrowers where they are at instead of working within a credit box. However, as noted in the introduction, there is a difference between the good intentions of CDFIs and creating an impact reflective of that intention. As a result, there is room for greater intentionality to ensure that CDFIs are truly moving capital in a way that will help us achieve greater racial justice and equality.

Racism is not just an individual problem requiring an individual intervention, but a structural and organizational problem that will require time, hard work, and intentionality to change.

Suggestions for ways in which CDFIs and, in particular, their executive leadership can do this are included below. As is the case with the individual-level actions, this list represents a starting point that CDFIs can build on.

Examine Your Loan Products, Processes, and Policies

Formal structures, policies, and governance are a means of making power visible. Depending on how they are designed, you could unintentionally exclude people in your community from accessing your services and capital. For example, while you may have taken a community-driven approach to developing your CDFI's loan products, your loan policies may be preventing you from deploying that capital to those who need it most.

On the other hand, these structures can be designed to shift power and used to hold your team accountable through clear mandates that reflect racial equity values around how your CDFI thinks about risk, how products are developed, and how decisions are made.

To achieve this level of equity, CDFIs need to examine all areas of their lending work in an intentional, honest, ongoing way. Doing so will ensure your CDFI achieves equity, and not just equality.[8] Interrogating your practices will show you the ways in which your CDFI could deepen its impact by adjusting specific structures, such as your lending policies.

The questions in Figure 2 can be adapted to evaluate your CDFI's products, policies, and processes; in addition, Figure 3 below includes some specific, additional questions that can supplement your evaluation.

FIGURE 3

Guiding Questions to Evaluate Loan Products, Processes, and Policies

Loan Products	▪ Are each of your loan products helping your CDFI achieve its goals? ▪ Why or why not? ▪ If they are not, what about them is not working? ▪ Are there ways a product could be modified to have a greater impact? ▪ Who benefits most from your products? Who is most harmed? ▪ Do your loan products work for communities of color? What are the unique economic and social challenges faced by communities of color in your area, and how have these challenges been shaped by historical factors? ▪ How are you balancing accountability between the communities you serve and your stakeholders? ▪ How has historical discrimination and disinvestment affected the communities that your CDFI serves?
Loan Policies	▪ Who is making decisions around whether a loan gets approved? ▪ Is your investment committee composition reflective of the communities you serve? ▪ Do your policies mitigate actual risk, or are they structured to mitigate perceived risk?
Lending Process	▪ How convenient and user-friendly is your CDFI's lending process? ▪ Are your loan application guidelines clear and concise? ▪ Are you transparent about how long the approval and disbursement processes take? ▪ Are there ways in which you can streamline processes or improve the user experience? ▪ Do community members and people of color have decision-making control in the efforts you support? ▪ What are the narratives you use to explain why or why not? ▪ How are these narratives related to power?

Consider Alternative Definitions of Creditworthiness

IFF notes that an interrogation of CDFI loan underwriting policies and practices will typically surface three types of them:[9]

1. Those that neither create nor perpetuate inequity, and can be left as-is.
2. Those that result in inequity, but that can either be removed or modified going forward.
3. Those that result in inequity, but that cannot change because staff believe the practices are fundamental to risk management and fiduciary responsibility.

The second type - practices that result in inequity, but that can either be removed or modified going forward — are typically derived from conventional definitions of the 5 Cs of credit. The lending industry uses the 5 Cs of credit - Capacity, Capital, Collateral, Conditions, and Character — to determine a borrower's creditworthiness. **However, conventional definitions of those terms fail to account for the role of systemic racism, particularly the enduring, generational impacts of redlining, discrimination, and predatory lending.**[10] As a result, the 5 Cs framework perpetuates barriers to capital access for communities of color.

Figure 4 compares the conventional definitions of the 5 Cs of credit with some alternative definitions and measures that are aligned with the concepts of racial equity. These have been sourced from CDFIs and other mission-based lenders.

FIGURE 4

Five Cs of Credit — Comparing Conventional and Alternative Definitions

	Conventional Definition and Purpose	Alternative Definitions and Measures
CAPACITY	Potential borrower's debt-to-income (DTI) ratio. Used to determine a borrower's ability to repay a loan: the lower the DTI, the better the chance of qualifying for a new loan.	Assess projected future cashflow. Use a debt-service-coverage ratio (DSCR) instead of DTI to assess borrower's ability to repay a loan, and set the ratio around 1.0. Bank statement analysis: analyze both personal and business account statements to determine available liquid cash.
CAPITAL	The amount of capital a potential borrower can put towards an investment. Used to indicate the borrower's level of seriousness. For example, the size of the downpayment a potential borrower can make on a home loan.	Remove — or reduce — equity requirements for borrower. Increase loan-to-value (LTV) requirements. Seek alternative forms of commitment, such as evidence of professional development training and participation in technical assistance programs.
COLLATERAL	Assets that can back or act as security for a loan. Used to offer assurance to the lender: if a borrower defaults on the loan, the lender can repossess the collateral to recover all or a portion of the loan. Most commonly required in the form of equipment; personal guarantee based on cash, savings, and other personal assets; real estate; or vehicle. For example, the collateral on a mortgage loan is the property being mortgaged and the collateral on an auto loan is the car being purchased.	Remove — or reduce — collateral requirements. Only seek out collateral when items are acquired using loan proceeds. Eliminate use of appraisals.

FIGURE 4

Five Cs of Credit — Comparing Conventional and Alternative Definitions *(continued)*

Conventional Definition and Purpose		Alternative Definitions and Measures
General conditions related to the loan, such as length of time an applicant has been employed at a job or been running a business; job stability; purpose of the loan being requested; amount of loan being requested; state of the economy; industry competition. For example, a business loan that can generate future cash flow may be more attractive to a lender than a home renovation loan during a housing downturn.	**CONDITIONS**	Reframe conditions to consider how loan structure and services can mitigate risks or increase likelihood of repayment, such as flexible repayment structure; tranched loan structure; participation in technical assistance programs, etc.
Potential borrower's credit history and credit score, including track record for repaying debt; collections amounts; bankruptcies; as well as criminal record. This information is acquired via a credit report generated by one of the three major credit bureaus. Conventionally used as a proxy for loan approval. Many lenders have minimum credit score requirements, and the higher a credit score, the more likely a loan is to be approved and the better their rates will be.	**CHARACTER**	Eliminate use of credit scores in underwriting process, or at least the use of a minimum credit score. Eliminate criminal history background checks. Holistic credit evaluation: consider all elements of a potential borrower's payment history with corresponding documentation, e.g. rent, utilities, phone, suppliers, vendors. Go beyond credit by assessing community involvement: ask for, or seek out, character references; participation on boards or committees; letters of support from a community organization.

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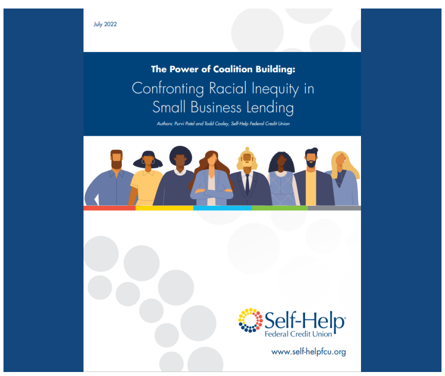
Redefining Creditworthiness: Case Studies in Alternative Approaches to Lending

Three examples highlighting how some CDFIs have interrogated their loan products, policies, and procedures to rework their definitions of creditworthiness, are shared below. A summary table with additional examples can be accessed in Appendix A.

In its "**Addressing Racially Biased Financial Analysis**" framework, *Nonprofit Finance Fund (NFF)* notes nonprofit lenders have a blind spot around what counts toward a reserve. By GAAP standards, the only assets that count as a reserve are those held in the form of money or liquid securities. However, this can exacerbate inequity: organizations that rely on social capital rather than financial capital will appear less resilient and riskier to a lender concerned about the organization's financial health. As a result, organizations with limited cash reserves may be denied funding because they appear more fragile than they are. One solution is to not rely solely on reserve or expense ratios to assess the financial resilience of an organization, and instead, take into account an organization's social capital and how it could translate to financial capital if needed. NFF's full framework can be accessed **here**. Note: while the framework is geared towards nonprofit funders, the concepts can be adapted for CDFIs working with nonprofits.



California Small Business Coalition for Racial Justice: Comprised of 17 CDFIs in California, the Coalition produced a guide called **Confronting Racial Equity in Small Business Lending**, which was authored by one of its Steering Committee Members, Self-Help Credit Union, and provides alternative definitions for each of the 5 Cs of Credit through its Racial Equity Lens (REL) framework. The guide notes that, "For many, stepping away from established norms and forging new ways forward can be daunting and perceived as risky. Yet, it is imperative that we take these risks to create new ways of operating, and we found that working in community with our peers in a collaborative effort helped us develop a new lens to find new solutions to entrenched problems." The framework can be found on pp. 16-17 of the guide **here**.

As *Low Income Investment Fund (LIIF)* has progressed on its journey to become an anti-racist CDFI, its chief strategy officer, Lucy Arellano Baglieri shared updates on LIIF's progress in "**Institutionalizing Racial Equity & 4 Principles Guiding our Work**." Among them is the launch of the Black Developer Capital Initiative (BDCI), which was created in partnership with the National Affordable Housing Trust (NAHT) to support the growth of Black-led affordable housing developers. LIIF notes that "despite strong track records, many Black developers have been systemically denied access to capital that would enable them to build more homes and grow their businesses. [BDCI] originated through conversations with experienced Black affordable housing developers who called out the common emphasis on personal wealth and liquidity over experience and skillset during the underwriting process." LIIF therefore developed the BDCI product "to meet developer needs rather than asking Black developers to fit our mold" by requiring no minimum thresholds for sponsor liquidity and net worth. Learn more by watching **Black Developer Capital Initiative: Overview Initiative**.

Examples of Racial Equity Impact Assessment tools that can be adapted for your CDFI's use are noted below:

Corporation for Supportive Housing (CSH)'s Racial Equity Impact Assessment (REIA) tool.

LIIF has begun implementing a new Impact Scorecard alongside its risk rating and profitability model. The Impact Scorecard allows LIIF to calculate both an impact score and assign what it calls a "Racial Equity Tier." The Racial Equity Tier helps LIIF compare deals on how likely they are to advance racial equity, looking at whether the project and borrower will increase access to critical resources, drive positive outcomes, and build power and agency for Black, Latino, and other people and communities of color. Using the Impact Scorecard in-conjunction with its risk rating model and profitability model has helped LIIF make better decisions about how to make trade-offs among the three.

BlueHub Capital's Racial Equality Assessment that is Proactive and Practical (REAPP) tool, intended to help direct loans to developers and borrowers focused on creating affordable housing. REAPP measures five different dimensions, including the project, its leadership and goods, and its impact — all with an intention to ensure the project builds wealth in a BIPOC community, supports BIPOC employees and vendors, and avoids harming a BIPOC community, such as through gentrification or increased economic segregation. REAPP is designed as a 20-minute survey of mainly closed-end questions.

The African American Alliance of CDFI CEOs and Community Vision's African American Equity Scorecard: this tool was designed to orient around wealth-building among Black communities and aims to shift the criteria by which organizations assess projects, such as loan decisions. The scorecard includes five categories such as leadership and power building; economic development and job creation; equity; community-centered approaches; and catalytic impact.

Race Forward's Racial Equity Impact Assessment tool.

Develop a Racial Equity Impact Assessment Tool

To help staff and management integrate your principles with your practices, consider developing a racial equity impact assessment tool that can be utilized during underwriting — and/or for internal decision-making more generally.

When used effectively, racial equity impact assessment tools can help practitioners systematically examine the role of bias in the perpetuation of systemic disparities. This process can root out and preempt potential barriers, impacts, and/or unintended consequences for disparately impacted groups related to proposed programs, policies, and other decision-making processes. When it comes to the originations process, these tools can be used to direct capital in ways that maximize your CDFI's impact on racial equity.

Ongoing Education and Training for Staff, Management, and Board Members

Operationalizing racial equity is an ongoing journey that requires a commitment to continuous learning and development. This translates into a need for ongoing education and training for your CDFI's staff, management, and board, as they must be equipped with the competencies and support to engage confidently and honestly in this work. The right type of education and training for your CDFI will depend on the circumstances of your particular CDFI, but some best practices to consider are noted below:

- Create a plan: Determine specific goals and outcomes to create intentionality in how you select, develop, and structure training opportunities. A plan demonstrates that this is not a check-the-box activity for your CDFI and will help you articulate to your team why the training you are implementing matters.
- Provide ongoing training and spaces for reflection: Counteracting a lifetime of absorbed structural inequality and systemic racism is going to take time, so a single 60-minute workshop is not going to result in enduring change. Ongoing training provides opportunities for your staff to absorb and process information over time. In addition, one way to create spaces for employees to reflect and collectively apply concepts is via Employee Resource Groups, or ERGs, which are a form of affinity groups. Interested in learning more or starting ERGs at your CDFI? Check out this resource from McKinsey on how to develop effective ERGs.

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- **Include actionable tools and next steps:** Education with the sole purpose of awareness is insufficient for lasting behavioral and organizational change. For example, if you do an unconscious bias training, ensure that a component of that training is focused on helping participants develop strategies to mitigate their unconscious biases — not just on making participants aware that they have unconscious biases.
- **Offer different learning formats and modalities:** Remember that people learn in different ways — some are audio learners, some are visual, some prefer to talk things out, and others prefer space for quiet reflection.
- **Shift to a proactive approach:** Organizations often use training as a reactive measure, usually after an incident occurs. Instead of being reactive, offer trainings proactively to prevent incidents before they happen.
- **Require anti-racist workshops:** Consider requiring all staff, management, and board members to attend anti-racist workshops - or trainings centered on racial equity and inclusion - so that they are grounded in the history of structural racism. Additional trainings should help participants understand the importance of racial equity in lending, as well as the role of the CDFI industry. This is particularly important for those who may be new to the CDFI industry. Offer opportunities during anti-racist workshops and subsequent trainings for participants to connect and reflect with others that share their racial and/or ethnic identity to create a safe space for discussion, vulnerability, and action planning, such as through an ERG.

Looking for training opportunities? Check out OFN's training calendar for information on trainings, including in-person and virtual Racial, Equity & Inclusion (REI) workshops, as well as our events page to see upcoming webinars and events.

Case Study: Staff Training & Education

NFF has sought to embed ongoing training and education through a few different approaches. One way has been through a staff-designed Social Justice Onboarding curriculum with modules, readings, small group exercises, and provocative conversations that aim to connect its work and mission to the historical context of systemic racism, both broadly and in financial services.

In addition, after introducing a new organizational value called Equity in Action (EIA), NFF began holding EIA forums: staff-led discussions on issues of importance at the intersection of race and its work as a CDFI. These discussions often include an element of training and education as well as time to reflect, grapple, and challenge.

Last, but not least, NFF introduced Employee Resource Groups (ERGs) — affinity groups for staff to have a place to discuss difficult and sensitive topics and apply the principles of racial bias trainings, power analysis, etc. with people who self-identify as part of a similar racial, ethnic, or other demographic group.

Develop a Shared Language

To facilitate dialogue and conversation around racial equity and inclusion, organizations first need to develop a shared understanding and definitions for your work. Each organization must be clear about its internal definitions of terms such as "diversity," "equity," "racism," "racial justice," etc. You can develop this shared language through education and training of your staff in the ways suggested above, or leverage existing glossaries created by other organizations to help you develop one that works for your CDFI. Links to a couple existing glossaries are included below:

- CSH Race Equity Glossary
- Race Forward

Engage in Active Listening and Work in Solidarity with Your Community

To truly shift power and create equity, CDFIs must actively center community voices in their work. However, many of the communities CDFIs seek to serve have traditionally been excluded from holding power or have been sought out for their expertise in an extractive manner. To authentically engage with community, CDFIs should:

- Move at the speed of trust, focusing on meeting the needs of the community first. This will require your CDFI to participate in active listening, truly understanding the needs of the community rather than pushing an agenda. This may make the work move slower, but a participatory approach can create a better long-term solution.
- Be present in the community, attending community events, hosting focus groups, and engaging with community leaders to gather feedback on your CDFI's lending practices.
- Partner with community-led and people of color-led organizations and ensure you are working alongside them to create equity, not on behalf of them. One way to do this is to develop loan products in partnership with community organizations.

Oftentimes people of color and community members are given seats on an advisory board — but formal, visible, decision-making power rests with investment committees and boards. Assess the composition of roles that hold visible power and create ways for community members to have those roles.

- Give community members a role with power. Oftentimes people of color and community members are given seats on an advisory board — but formal, visible, decision-making power rests with investment committees and boards. Assess the composition of roles that hold visible power and create ways for community members to have those roles.
- Compensate community members for their time, and publicly acknowledge their contributions. Expertise has value, so find ways to adequately compensate community members for their time in a way that is meaningful to them (e.g., monetary or otherwise).

Use Facilitating Power's toolkit on The Spectrum of Community Engagement to Ownership to help your CDFI chart a path in its journey to shift power to communities.

Case Studies on CDFIs Working in Solidarity with Communities

Two different ways CDFIs have worked to engage in active listening and work in solidarity with community are highlighted below:

Pacific Community Venture (PCV)'s Oakland Restorative Loan Fund: launched in late 2021 as PPP and grants programs were ending, this was PCV's first place-based effort under its strategy to decolonize capital. The Fund, co-created with six local BIPOC-led organizations that know their people and places best, was capitalized with $2.5 million in no fee, zero-interest loans for BIPOC and AAPI-owned small business owners in specific low-income Oakland neighborhoods, most at risk for further displacement and gentrification (Oakland has already gone from 65% Black 30 years ago, to about 25% in 2022). In an article for Next City, Bulbul Gupta, PCV's CEO notes that the CDFI "built this zero-interest fund because small business owners in our community told us that's what they needed. However, when we launched it, we heard some surprising pushback from some community investors and funders who accused us of distorting the market with this 'free money.' To them, small business owners...were 'acceptable losses' in an economic downturn unless they could afford 'market rate' capital. We refused to accept this loss." The fund was fully subscribed within three days, and 4X subscribed within 10 days, with high demand continuing into 2023. The full article can be accessed **here**.

Seed Commons deploys capital through its network of **member cooperative loan funds**, which are primarily led by and serve people of color who are also often low-income, women, or immigrants, and rooted in communities that have faced the brunt of systemic discrimination and deindustrialization. The CDFI trains local community leaders to be loan officers, shifting the decision-making power to local communities, and making finance accessible and relatable. This strategy also creates long-term sustainability in local ecosystems, as the CDFI's cooperative loan fund members rely less and less on the national infrastructure as they scale. Learn more about Seed Commons' approach to non-extractive finance **here**, as well as in the Equity in Action section.

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There is a difference between the good intentions of CDFIs and creating an impact reflective of that intention.

As a result, there is room for greater intentionality to ensure that CDFIs are truly moving capital in a way that will help us achieve greater racial justice and equality.

Implement Accountability Through Transparency

Set transparent, organizational-level goals for your work and hold your CDFI publicly accountable to them. For example, if you want to increase lending to Black entrepreneurs in your portfolio, disaggregate your loan portfolio data by race and other demographic measures to identify any disparities in loan approval rates, interest rates, and loan terms.

Then set a specific, measurable goal and timeframe by which you want to achieve your objective, share your goals and metrics publicly, and report out on progress on a regular basis to your board, funders, partners, clients, and community stakeholders.

Ensure that you're capturing data throughout the lending process and using the data being collected to drive operational decisions on an ongoing basis; don't wait until annual reporting periods to pivot or drive change.

In addition, work to incorporate these goals into management as well as each employee's annual performance objectives so that the entire team understands how their contributions help achieve your CDFI's vision around racial equity.

Examples of public racial equity commitments CDFIs have made are noted below:

- Nonprofit Finance Fund (NFF)
- Low Income Investment Fund (LIIF)
- Corporation for Supportive Housing (CSH)

Build a Team and Governance that Reflects the Communities You Serve

Does your overall team reflect the communities you serve? Does your lending team? Does your board and investment committee? A diverse and inclusive team that has cultural competence, lived experience, and an understanding of the communities you serve will help your CDFI understand the true risks in a deal, as well as tailor products and services. This, in turn, will help your CDFI build trust and more effectively achieve equity. The same is true of your board and investment committee, as they have the power to hold you accountable to achieving your goals — or prevent you from doing so if they are not aligned with your vision and priorities. The Corporation for Supportive Housing (CSH), for example, has members of its Board of Directors execute a Statement of Commitment to Racial Equity outlining the responsibilities and expectations of its Board of Directors. CSH included its Statement of Commitment as a template for other CDFIs to access here.

Does your overall team reflect the communities you serve?

Does your lending team?

Does your board and investment committee?

One example of the importance of a culturally comptent team can be found in research published by the Federal Reserve Bank of Minneapolis in 2021. The findings noted that the presence of Native CDFIs in Native communities leads to significant increases in individual credit scores — and that individuals in credit distress had the biggest credit boosts. The study also found that non-Native CDFIs do not improve credit outcomes in Indian Country, and that the substantial difference in impact between Native and non-Native CDFIs can likely be attributed to the cultural competence of their teams.

Adding one Native CDFI staff member per 1,000 residents leads, on average, to a

+45 point

increase in Equifax risk score for individuals whose initial credit score is in the lower third.

Examine How You Communicate

Language is a form of power. It can be used to exclude people or gather them. What kind of language do you use in communications with your borrowers, whether in the loan application process or in servicing and collections? How do you market your loan products? Do you honor diverse ways of knowing, e.g., forms of communication beyond the written word? Are you effectively serving communities with limited English proficiency?

Here are some factors to consider in your communications:

- Avoid jargon and technical language that may be confusing. In places where it may be hard to avoid technical language, such as legal documents, consider ways in which you can make that part of the process more accessible. NFF recognized that some borrowers may feel self-conscious or vulnerable about asking for explanations. As a result, it has sought to proactively address this issue so that clients don't have to ask by developing resources such as infographics on how to get a loan, short web videos, glossaries, and tutorials explaining each item on its loan checklist.
- Use inclusive language: for example, use inclusive terms for people with disabilities, such as "person with a disability" instead of "disabled person," to ensure that people with disabilities are treated with dignity and respect. A link to a social media guide to increase accessibility can be found in Section 4 below.
- Offer programs, services, and information on your website in other languages and hire bilingual staff.
- Include different modalities for engagement in your loan process; e.g. instead of just a written application, offer the option for a call or in-person meeting when applicable.

SECTION 4: Operationalizing Accessibility into Lending Practices - REI + A

Context

Most, if not all, CDFIs are already serving people with disabilities (PWD), whether they know it or not. Yet, without an intention to serve this target market, many CDFIs are limiting the positive impact they may have on this underserved population. According to the Centers for Disease Control, 61 million adults in the United States live with a disability. A disability is any condition of the body or mind that makes it more difficult for the person with the condition to do certain activities and interact with the world around them.[11] Disabilities may affect physical, mental, behavioral, intellectual, communication, or social capabilities; they may be present at birth, develop during life, or occur as one ages.

A study from the Harvard Joint Center for Housing Studies found that "the likelihood of at least one household member having a disability increases sharply with age, doubling from 27 percent of households headed by someone aged 65–79 to 55 percent of households headed by someone in their 80s or older."[12]

Data from the National Disability Institute demonstrates that people with disabilities (PWD) experience substantial disparities when compared to those without disabilities - and that the disparities deepen for people of color when the data is disaggregated by race and ethnicity. These disparities exist across a variety of indicators, including poverty rate, educational level, savings, net worth, housing costs, and job loss.[13]

People with disabilities are nearly

3x

more likely to have extreme difficulty paying bills.

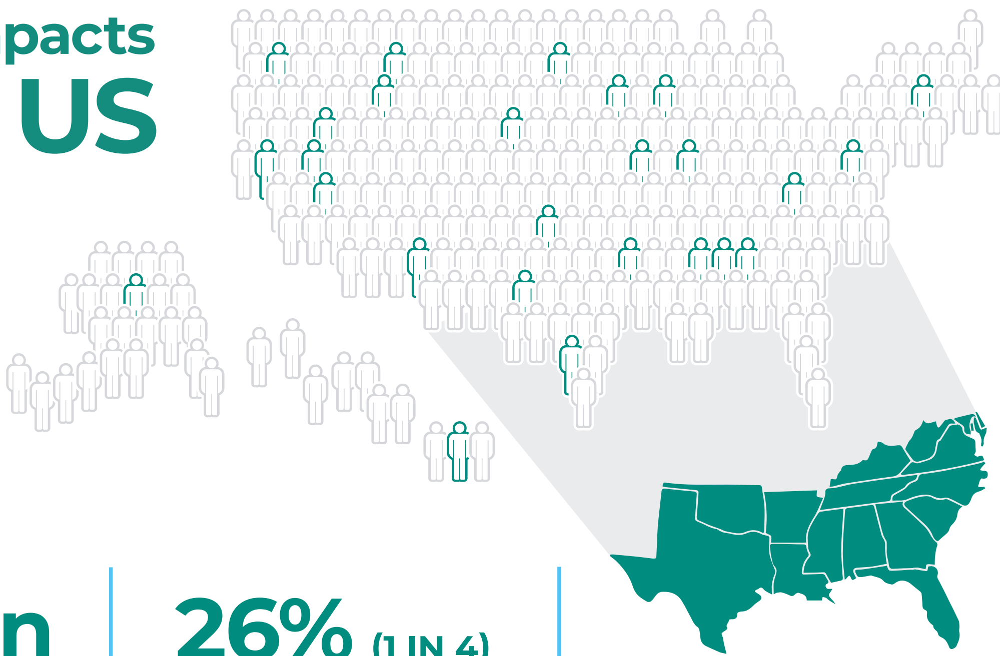
Over

50%

of people with disabilities have annual household incomes of

$35,000 or less.

Disability Impacts ALL of US



People Living with a Disability

People Living without a Disability

61 million
adults in the United States live with a disability

26% (1 IN 4)
of adults in the United States have some type of disability

The percentage of people living with diabilities is highest in the South

For example, data from the National Disability Finance Coalition further demonstrates the financial impact of having a disability: more than one quarter of Americans with a disability live in poverty. Half of PWDs have annual household incomes of $35,000 or less. People with disabilities are also nearly three times more likely to have extreme difficulty paying bills. And PWDs are more likely to report that they can not come up with $2,000 in an emergency.[14]

PWD are also disproportionately left out of conventional banking. In 2019, 16.2% of households with a disability were unbanked, compared to just 4.5% of households without a disability being unbanked.[15] The health and economic challenges of the pandemic have further widened disparities for this population, creating a unique point in time to reflect on the intersectionality of race, poverty, and disability.[16]

How Can CDFIs Better Serve People with Disabilities?

CDFIs can develop a strategy for serving PWD in a few ways:

1. First, incorporate data collection into your intake process. When you ask clients and borrowers for demographic information (gender, race, etc.), add in a question about self-identification of a disability.
2. Second, explore available data at the state and county level about the prevalence of PWD in your existing geographic markets and note the relative employment poverty levels compared to the population without a disability.[17]
3. Third, incorporate Accessibility into your Racial Equity & Inclusion strategy. Your new REI+A strategy will infuse lending, HR policies, and metrics. Examples of how CDFIs can incorporate accessibility into their lending strategies are noted in more detail in the following section.
4. CDFIs that apply for CDFI Fund Financial Assistance (FA Award) may also complete a supplemental form for Disability Finance Financial Assistance (DF-FA). In the most recent fiscal year budget, $10 million was set aside for CDFIs that serve PWD.

Developing an REI+A Strategy

As lenders who serve low-income communities and communities of color, CDFIs should examine whether their products, policies, and practices are helping them reach PWDs effectively. Here are five ways CDFIs can start incorporating accessibility into their lending:

For small business lenders, consider how to design and market products to entrepreneurs with disabilities. Because of barriers to traditional employment, many PWD pursue entrepreneurship; according to recent data from the Bureau of Labor Statistics, PWD are self-employed at a rate nearly twice that of peers without disabilities.[18]

A lack of accessible, integrated, and affordable housing stock, as well as ongoing housing discrimination, has resulted in significant housing insecurity for PWD.[19] If you're a housing lender, consider whether housing units and homes are being built to provide accessible and integrated options, such as single-floor living, no-step entry, and extra-wide halls and doors. Evaluate whether the current supply of supportive housing meets the demands for the needs of populations such as those with autism, individuals with physical, mental or intellectual impairments, or those recovering from substance abuse. In addition, be sure senior housing is designed and built to be fully accessible for a range of potential disabilities.

Community facilities lenders have an opportunity to incorporate universal design principles into new, expanded, or renovated health centers, child care centers, educational facilities and other types of community facilities to ensure greatest access possible for all community members.

Lenders who provide financial education and credit-building services should be aware that there are different considerations for PWD when offering personal financial education and can incorporate appropriate resources such as: www.studymoney.us. They may also consider offering 529A (Achieving a Better Life - ABLE) Accounts as an asset building product.

Provide financing for assistive technology (AT), which refers to the various low and high-tech devices used by individuals with disabilities to live, work, and learn. Examples include adaptive computer technology with Braille, speech or large print output used by individuals who are blind or are low-vision, wheelchair-accessible vans and vehicles with modified driving controls, hearing aids, wheelchairs, and smart home or work technology.

Resource Library for Strategies to Better Support People with Disabilities (PWD)

The National Disability Finance Coalition and CDFI Fund have compiled a list of resources and trainings to assist CDFIs with incorporating accessibility into their work, many of which are shared below.

Sector	Resources
Personal Financial Education	Financial Resilience Center Cents and Sensibility Personal Finance Guide in English and Spanish, with accompanying Facilitators Guide Study Money Online Education and Tools for PWD (developed as an online companion to Cents and Sensibility) Able National Resource Center
Housing	Harvard Joint Center for Housing Studies — Disability Housing National Council on Disability — Presidentially Appointed Council: An independent federal agency making recommendations to the President and Congress to enhance the quality of life for all Americans with disabilities and their families The Housing and Services Resource Center: The Center is part of a partnership between the U.S. Department of Health and Human Services and the U.S. Department of Housing and Urban Development to make community living a reality for all. This partnership will expand accessible, affordable housing; help people exit homelessness; improve home and community-based services; and address the institutional bias in America's long-term care system
Small Business	Entrepreneurship Resources for People with Disabilities by U.S. Small Business Administration (SBA)
General	National Disability Finance Coalition: This national association provides peer learning, training, and advocacy to help bridge the CDFI and disability community. Membership is free National Disability Institute - Financial Resilience Center, American Dream Employment Network, Center for Disability-Inclusive Community Development, Research and Reports Disability Inclusion Menu: A selection of ways to explore and strengthen disability inclusion in your grant making, operations, and organizational culture. Note: while this resource is geared towards grantors, it can be adapted for lenders Institute on Disability, University of New Hampshire CDFI Fund's Expanding the Capacity of CDFIs to Serve People with Disabilities Toolkit: introduces key concepts about serving individuals with disabilities; explores the history of the role of CDFIs in serving persons with disabilities, and provides an in-depth overview of capacity-building tools and resources that CDFIs can utilize to offer products and services that will better serve persons with disabilities in their communities. The toolkit includes 9 modules. The corresponding presentation slides can be found here CDFI Fund Resource Bank — Access for All: Expanding CDFI Impact in the Disability Community Accessible Social Media Guide by New York Mayor's Office for People with Disabilities

SPOTLIGHT

Equity In Action — IFF

The Appraisal Bias: How More Equitable Underwriting Can Increase Capital in Communities of Color

May 9, 2019

Joe Neri, CEO, IFF

We are reading a lot about applying a “race equity lens” to community development. So what does it mean to have a race equity lens on capital?

To answer this question, we have to talk about appraisal-based lending — an instrument of systemic racism that still has a profound impact on communities, even after the outlaw of overt redlining more than 50 years ago. IFF has offered non-appraisal-based lending since our founding in 1988 — though I admit it’s not because we were using an explicit race equity lens. We weren’t thinking about it in those terms at that time. Instead, we were using a kind of “nonprofits equity” lens that forced us to deconstruct the challenge of lending to nonprofits that serve lower-income communities.

Last month I introduced my blog with a continuum of activities that CDFIs need to engage in to build a pipeline of “investible” community development projects and to truly reach their goal of aligning capital with justice. Along the continuum are activities that entail a lot of CDFI control, and others that don’t — non-appraisal-based lending is very much within CDFIs’ control, and it’s also central to the ongoing national discussion on racial equity. Let’s discuss how we can use this financial tool as one approach to chipping away at the legacy of racist disinvestment.

The Structural Racism of Appraisal-Based Lending

The National Housing Act of 1934, which established the Federal Housing Administration (FHA), gave birth to “redlining” — a practice in which banks literally created “residential security” maps with red lines that designated where to avoid making loans. The FHA made it harder to obtain mortgage insurance and federal guarantees in communities of color, so banks avoided working in those communities.

Even though the FHA-driven redlining only applied to *home* mortgages, appraisers and financial institutions used the maps to set value for *all* types of lending. Capital became scarcer across the board. And when the supply of capital drops, the price of capital goes up — so communities of color paid higher prices for their capital, thus extracting even more capital from those communities. Scarcity and higher capital prices over a long period deters investment, which deflates price. Values drop.

This vicious circle played out from the 50s thru the 60s and then became illegal after the passage of the Civil Rights Act in 1968. But while banks cannot legally discriminate and draw circles around communities anymore, the legacy of redlining has forever lowered the (appraised) value of land and properties in these areas. [1]

Consider the child care center that wants to construct a new center on donated land in a formerly redlined community. When they apply for a loan, the bank orders an appraisal, which requires “comparables.” Due to long-standing lack of formal market investment, the comps (if any) and land values are very low.

SPOTLIGHT

Simply put: *Old* bank regulations (redlining) drove down the property/land value for decades, and now *current* bank regulations prevent investment in those areas where appraised-values are low. The bank might still make a loan — but for a 75% loan-to-value ratio where the determined "value" is unjustly low. Construction costs will be the same, but the as-built value will be lower, forcing a lower loan amount (see Figure 5).

FIGURE 5

Child Care Center Development Scenario

	White Community	Community of Color
Land	Donated	Donated
Construction	$2,000,000	$2,000,000
Soft Costs	$500,000	$500,000
Total Development Costs	**$2,500,000**	**$2,500,000**
As-Built Appraised Value	$2,500,000	$1,875,000
Loan Amount @ 75%	$1,875,000	$1,406,250
Equity Required	**$625,000**	**$1,093,750**
		($468,750)

No nonprofit should have to raise more money to serve kids in communities of color than they would have to raise to serve kids in white communities.

This isn't a 1956 scenario; this is a 2019 scenario. The historical legal racism of redlining creates economic and legacy externalities of devaluation. While outright discrimination is outlawed, past practices have been encoded into policies and regulations — such as risk-based pricing and appraisals. Legal or not, the outcome is the same — capital is not reaching communities of color as much as it should.

Appraisals and Nonprofits

IFF's target borrowers are nonprofits serving low-income communities. In 1988, this was the reality that our emerging organization faced: Nonprofit agencies trying to change their communities by providing human services, education, health care and affordable housing could only do that if they could access capital (the very purpose of CDFIs). That capital would, among other things, allow them to purchase the facilities they needed to achieve their missions.

Instead of purchasing, they leased. They improved buildings they did not own. They paid property taxes through their for-profit landlords. And then they were still often forced to move out because of rent increases, or because deferred maintenance threatened their clients and staff.

SPOTLIGHT

Owning their own property could relieve a lot of the pressure these nonprofits were under to maintain their brand, control their destiny, and save valuable money that could be put toward their missions. The problem was that banks wouldn't lend to small and mid-sized nonprofits — and/or wouldn't lend in the low-income communities where they worked.

Conventional lending is filtered through an appraisal lens that makes it harder and more expensive for nonprofits serving lower-income communities to access affordable debt. (Sound familiar?)

When IFF entered the scene, we knew we had to design products around the needs of nonprofits — and none of those products had greater intensity, weight, and success than our *non*-appraisal based lending. We did not use an explicit race equity lens in determining that appraisal-based lending was causing systemic injustice; but in deconstructing the challenges that faced our target market — nonprofits serving lower-income communities — we knew that we had to construct a different underwriting and approval regimen. We had to create a new "credit box" that did not allow appraisals to determine the value of the invaluable.

How IFF Hacked the Appraisal System

I'm the first to admit IFF doesn't know everything; but one thing that IFF fundamentally understands is that if we adopt the standard of using appraisals to determine our loan amounts, we would make very few loans in the communities we were founded to serve. You can't build a CDFI by saying "no" to all your clients creating justice.

IFF focused on the logic of appraisals to hack an alternative way of lending on nonprofit facilities. Appraisals are comprised of three approaches for determining "value:"

- *Comparables*, which we know gets us nowhere. There are few comps for single-wthat have been historically under-valued due to the legacy of redlining simply perpetuates the systemic racism that redlining created in the first place.
- *Replacement costs*, which also get us nowhere. It's not hard to figure out the cost to re-construct a facility, but no appraiser fixes the value of commercial loans on replacement value alone. And of course, that facility must be built on land that is valued based on the comparables above.
- *Income-based approach*, which is the approach IFF takes. Instead of asking about the value of the property, IFF asks whether the property is suitable for the nonprofit's needs and whether the nonprofit can afford the loan payments on our flexible debt. What are the revenues and expenses of the nonprofit, and what is the debt coverage ratio of the proposed project? Yes, IFF is an enterprise cash flow lender on real estate. We are obsessed with understanding revenue projections, government contracting and public policy, fund raising experience and financial management, board governance and management — all the things that tell us how we will get paid back over the 15-year length of our loans.

Now, I'm definitely not saying that IFF's income-based approach is perfect. Indeed, some of the very criteria I just listed need to be further deconstructed to make sure that past biases are not preventing all of our communities from accessing capital. That's something we're in constant dialogue about within our office and amongst our colleagues in the CDFI space.

The point here isn't that IFF has figured out how to solve for racial equity. Of course we haven't. But we do think that if we remove the barriers that "appraised value" lending has on our communities, we could move the needle toward greater justice.

SPOTLIGHT

My questions to you — the readers and leaders in the CDFI+ space — are this:

- Do you think you could make loans without appraisals?
- If not, why?
- If so, what approach would you use to underwrite the loans?
- Are there other lending barriers based in racist disinvestment that can be hacked? Would that increase pipeline?

My friend Nancy Andrews stated in her acceptance speech for Ned Gramlich Lifetime Achievement Award: "We will not invest our way out of racism, or misogyny. We need to put race, gender and justice at the heart of everything we do. That will mean doing more than swimming in our lane, side by side with our civil rights colleagues. It means new partnerships, new priorities, a different lens for understanding our work, and a different kind of focus on public policy than we've had in the past."[2]

I couldn't agree more. Let's partner today by discussing how best to put a race equity lens on capital. How can we keep moving this needle together?

###

[1] For a much deeper dive into the history of residential segregation and redlining and how they shaped our modern neighborhoods, see The Color of Law A Forgotten History of How Our Government Segregated America By Richard Rothstein; How Redlining's Racist Effects Lasted for Decades, Emily Badger New York Times, Aug. 24, 2017; and The Racist Housing Policy That Made Your Neighborhood, Alexis C. Madrigal, May 22, 2014

[2] Andrews, Nancy O., 2017. "A Hole in Our Vision: Race, Gender and Justice in Community Development," Community Development Investment Review, Federal Reserve Bank of San Francisco, issue 1, pages 011-014.

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SPOTLIGHT

Equity In Action — Seed Commons

How Non-Extractive Finance Terms Work in Practice

Seed Commons' Approach to Non-Extractive Finance

Non-extraction is one of the key principles of Seed Commons, and it dictates the terms for all of our loans and investments. Non-extraction is defined simply as the returns to the lender not ever exceeding the wealth created by the borrower using the capital. This is often colloquially said as "a borrower will never be worse off than before working with us."

Why Non-Extractive Finance

Finance is expected to benefit borrowers. However, it often does not work that way. Even when borrowed money is useful, interest rates or other terms can make the cost of borrowing so high that it negates all the benefit and can leave the borrower poorer than they were before borrowing. We know how bad this kind of finance can get: people losing their houses over credit card debt, or whole countries paying more on interest than they spend on healthcare and education combined. Seed Commons uses finance to benefit communities and enrich borrowers both financially and socially. Defining non-extractive finance so that it never impoverishes the borrower but can only benefit them is imperative to ensure we use finance as a force for good and not harm.

Non-Extractive Finance Terms

The conceptual framework for non-extractive financial terms is that the returns to the lender, known as the cost of capital, can never be greater to the borrower than the benefits of the loan to the borrower, or:

Non-Extraction: Cost of Capital <= Investment Profits

Terms that meet this formula ensure that an investment will never be extractive. We practice a stronger interpretation of non-extraction that ensures a meaningful share of profit, typically set at 50%, stays with the borrower. This can be expressed as:

Strong Non-Extraction: Cost of Capital <= 50% of Investment Profits

In addition to these principles of non-extraction, Seed Commons has a principle of sustainability that is applied equally to the environment, the community, and to the business that borrows money. To be sustainable, a borrowing business must be successful enough that it is able to repay faster than the depreciation of what the investment was used for. The full formula for a Seed Commons investment is:

Full Investment Formula: Depreciation < Cost of Capital <= 50% Investment Profits

How Non-Extractive Finance Terms Work in Practice

Non-extraction dictates the financing terms negotiated with enterprises who borrow from Seed Commons. Specifically, non-extraction manifests in the terms of principal repayment, interest rates, and security interests. While Seed Commons makes a number of different types of capital placements (e.g. secured asset purchase loans, working capital loans, line of credit loans, preferred share equity investments, etc.), each deal reflects both non-extractive terms and the needs and capacities of the borrower. The three most common non-extractive terms are:

- No repayments greater than profits: Borrowers are not required to make interest or principal repayments until they are able to cover operating costs, including market-rate salaries

SPOTLIGHT

- No personal guarantees: Financing agreements never use assets for security unless the asset has been purchased with the financing agreement proceeds
- No credit scores: Instead of credit scores, Seed Commons uses close relationships between local loan officers and potential loan recipients to establish a borrower's reliability

In the standard contract of the Seed Commons, these terms get legal form. This first term defining no repayments without profits is rendered as:

In the interest of non-extractive loan repayment: to repay the loan's principal at [·]% of the Borrower's monthly Special Net Income with a maximum monthly payment of $[·] until the loan has been paid off in its entirety. For the purposes of this agreement, Special Net Income shall mean revenues from sales minus cost of goods sold and operating expenses and not include interest or taxes, nor depreciation of assets purchased with this loan. For the calculation of Special Net Income, payroll as a portion of operating expenses shall be set at a base of $[·]/hour, all wages above this will be considered part of Special Net Income. Special Net Income is projected to be achieved at a monthly revenue of $[·] on [·]/[·]/[·].

In addition to repayment of the loan principal, Seed Commons also participates in profit sharing when profit is available. Profit sharing from a project is most typically calculated as simple interest, where the interest is only paid if there is enough profit and is forgiven if this profit is not achieved. Profit sharing is used only to cover the labor of Seed Commons staff and to ensure the sustainability of the fund for future borrowers and any cost of capital the Seed Commons must pay. In the standard contract of the Seed Commons, these terms are rendered as:

In the interest of sustainability of the fund: to make profit sharing payments to the Lender should net profit be high enough of: 3% for cost of capital, 2% to cover our community's historic loss rate, and 2% for fund labor costs, for a total annual rate of 7% on the outstanding principal of the loan, calculated monthly, until the principal is repaid. Additionally, to cover the labor of maintaining the fund, in profitable years, the Borrower will share [·]% of profits to the Lender, with the remaining [·]% paid to members as patronage dividends.

Seed Commons takes no security from any personal guarantees, external property, or future income streams outside of the project being invested in. In the standard contract of the Seed Commons, these terms are rendered as:

In the interest of protecting the fund: to hereby grant to the Lender first priority security interest in all the Project Assets, and not to sell, mortgage, lease, grant a security interest in, or otherwise encumber any of the Project Assets.

In Seed Commons deals, project assets are limited to those assets purchased with Seed Commons financing.

How Risk is Mitigated in a Non-Extractive Deal

These terms of non-extraction impact how Seed Commons mitigates risk. Like an investment, a non-extractive loan has an absence of outside collateral to securitize financing, and so, like business investors, Seed Commons mitigates risk by:

- Rigorously assessing the business plans of prospective borrowing enterprises
- Improving business plans in conjunction with the prospective borrower
- Working with the borrower after the financing is extended to ensure that the borrower receives the technical assistance they require to succeed

SPOTLIGHT

This approach puts the borrower and the lender on the same side of the table, as both are deeply incentivized to do all they can to help the enterprise succeed, and this partnership creates a strong mitigant to risk. This means that Seed Commons learns early and clearly what business issues a borrower faces, rather than learning about business problems only after it is too late as happens at times to passive lenders. Focusing on the business prospects rather than securitization also puts Seed Commons in a much better position to diagnose and help solve problems that do emerge. It is these risk mitigants that Seed Commons credits with its low write-off rate and history of successes and that have made the lack of collateral not a source of losses.

Isn't All Finance Extractive?

At times, we are asked if interest is inherently extractive—or even if repayment of any kind is extractive. Non-extractive finance is defined as no more repayment going to the provider of the finance than the wealth that is created by the borrower's use of the loan. If no wealth is created, nothing is returned to the lender. If wealth is created, it can be shared, and this is not considered extractive. The created wealth can repay the capital provided so that another party can then borrow it. If enough wealth is created, an extra amount of profit sharing to cover the losses from other loans or to pay for the labor of the investment staff. This type of profit sharing above a return of principle is what makes Seed Commons a productive part of the economy and not simply a charitable vehicle and what will allow it to be self-sustaining in the long-run.

Beyond Non-Extractive Finance

Non-extractive finance sets key limits on the amounts and circumstances of repayment to ensure that financing is never harmful to the borrower. However, this is only the first way in which Seed Commons finances for the benefit of borrowers and communities. In a mainstream investment relationship, investors are the owners and entitled to all profits. In contrast, Seed Commons opens the door to ownership beyond investors, and our financing is designed to catalyze community ownership for workers, producers, consumers, and the community itself. The goal of Seed Commons is for capital to simply be a tool for people and communities who are the actors using it. This is a goal greater than non-extraction; it is finance that is subordinated to the needs of people. Finance that acts democratically by leaving control in the hands of communities. Finance that regenerates by not extracting from communities but allowing them flourish under their own control. This is Seed Commons: finance that supports people to build the world they want.

*Access the original content on Seed Commons' website, **here**.*

SPOTLIGHT

Equity In Action — Pacific Community Ventures (PCV)

OAKLAND RESTORATIVE LOAN FUND

In 2021, PCV launched its first place-based fund: the Oakland Restorative Loan Fund ("Oakland Fund"), which is a $2.5 million fund providing no fee, zero-interest small business loans to the lowest-income tracts and highest Black, Indigenous, and people of color (BIPOC) areas of Oakland. PCV established this blended capital program through a community impact investment from University of California, San Francisco (UCSF) and grant support from PCV's supporters to keep loans without fees or closing costs — especially crucial as small businesses faced the end of Paycheck Protection Program (PPP) and relief grants programs at the time.

Why PCV Started the Oakland Fund

The inspiration for the design of PCV's Oakland Fund originated from conversations with both PCV's small business owners and the community organizations that work with underestimated entrepreneurs daily.

Fund Design

The Oakland Fund was co-created and deployed with several local BIPOC-led community organizations in late 2021 at a critical moment as relief programs ended during the Omicron surge, leaving small businesses vulnerable.

As a result of the participatory process PCV engaged in, the CDFI heard that within Oakland's lowest-income zip codes, small business owners faced additional challenges: gentrification and displacement brought on by increasing rent prices from a changing real estate market. In addition, entrepreneurs who had been pivoting their businesses since March of 2020 were hesitant to take on additional debt that could leave them overleveraged.

Based on what it heard, PCV decided to blend a community investment from UCSF with grant funding to provide loans that were as flexible as possible. Rather than dictating the terms of the fund, PCV co-developed a deployment strategy with its partners, in alignment with its mission of creating place-based ecosystem partnerships that center power with local community leaders and organizations.

Oakland Fund Impact

As a result of the deep community listening and trust-building PCV has continuously engaged in, the CDFI experienced tremendous success in deploying capital to those who need it most. With support from its six Oakland, CA, partners including Black Cultural Zone, Oakland Black Business Fund, ESO Ventures, Unity Council, Feed the Hunger Fund, and the Chinatown Chamber of Commerce, PCV originated $2.5 million in three days, and was 4x oversubscribed within 10 days.

SPOTLIGHT

Equity In Action — Pacific Community Ventures (PCV)

OAKLAND RESTORATIVE LOAN FUND (CONTINUED)

PCV originated

$2.5 million

in 3 days, and was

4x

oversubscribed within 10 days

100% of the fund's loan recipients are entrepreneurs of color, and 65% identify as women. Businesses supported include retail shops, restaurants, child daycares, and other professional services — essential businesses that keep jobs in their local communities and build financial health and well-being for the people and families PCV seeks to serve.

In addition, the fund was intentionally deployed in neighborhoods most likely to be excluded from, or wary of, the traditional financial system, helping to restore trust while providing access to capital for these communities.

PCV notes that its Oakland Fund demonstrates a clear opportunity to scale impact-first lending in areas blatantly overlooked or misperceived as "too risky" by traditional market metrics. After deploying $2.5 million, PCV still had a demand pipeline of $7.5 million remaining. To date, its Oakland Fund loans are performing as well as or better than its loan portfolio as a whole.

Appendix A: Operationalizing REIA - CDFI Examples and Tools

Sector	Example
Community Services	Nonprofit Finance Fund (NFF), **Addressing Racially Biased Financial Analysis** framework. While the framework is geared towards nonprofit funders, the concepts can be adapted for CDFIs working with nonprofits. The framework is also included as one of the resources in the toolkit NFF's **2022 State of the Nonprofit Sector Survey: A Focus on Racial Equity** Low Income Investment Fund (LIIF): **Learning to Change: Reflections of the CDFI Racial Equity Collaborative on Education**; **Inspiration from the Field: Education Impact Tool and Its Effects on Our Lending** NFF & Capital Impact Partners: **Catalyzing Finance for Racial Equity** — working with key stakeholders to explore how CDFIs can improve lending practices to advance health and racial justice
Microlenders and Small Business	California Small Business Coalition for Racial Justice & Self-Help Federal Credit Union: **Confronting Racial Equity in Small Business Lending**, which provides alternative definitions for each of the 5 Cs of Credit through its Racial Equity Lens (REL) framework. The framework can be found on pp. 16-17 of the guide **here** Pacific Community Ventures (PCV): **Decolonizing Capital: A Crucial Step Towards Racial and Economic Justice**; PCV's **Theory of Change**
Facilities and Commercial Real Estate	IFF: **The Appraisal Bias: How more equitable underwriting can increase capital in communities of color** LIIF: **Deepening LIIF's Commitment to Equitable Communities**, **Black Developer Capital Initiative** (in partnership with National Affordable Housing Trust)
Housing	Corporation for Supportive Housing (CSH): **Bending the Arc Toward Equity**, the CSH Race Equity Framework and Journey Toward Transformative Organizational Change & **Race Equity in Housing**, **CSH Race Equity Glossary** Reinvestment Fund: **A Call to Action for HBCU Investment**
General	Corporation for Supportive Housing (CSH)'s Racial Equity Impact Assessment (REIA) tool, which can be accessed **here**, on p.30-34 as part of its "Bending the Arc Toward Equity" report **here**, and is also included as one of the resources in the toolkit Seed Commons: **Approach to Non-Extractive Finance** IFF: **Five Ways That Lenders Can Interrupt Racism and Provide Restorative-Justice Capital in Our Communities** PCV: **Centering Civil Rights in Finance**

Citi Foundation

This resource was developed with support from the Citi Foundation.

Appendix B: Reading & Resources List

Articles	Hannah-Jones, Nikole. (2019). **The 1619 Project**. *The New York Times Magazine*. Coates, Ta-Nehisi. (2014). **The Case for Reparations**. *The Atlantic*. DiAngelo, Robin. (2017). **Why It's So Hard to Talk to White People About Racism**. *Huffington Post*. McIntosh, Peggy. (1989). **White Privilege: Unpacking the Invisible Knapsack**. *Peace and Freedom*.
Books	**History and Policy** The New Jim Crow by Michelle Alexander One Person, No Vote: How Voter Suppression is Destroying Our Democracy by Carol Anderson The Broken Heart of America by Walter Johnson The Color of Law by Richard Rothstein The Color of Money & How the Other Half Banks, both by Mehrsa Bardaran Race for Profit by Keeanga-Yamahtta Taylor Why Are All the Black Kids Sitting Together in the Cafeteria? By Beverly Tatum Caste by Isabel Wilkserson When Affirmative Action Was White, Ira Katznelson **Exploring Racial Identity** White Rage: The Unspoken Truth of our Racial Divide by Carol Anderson White Fragility: Why It's So Hard for White People to Talk About Racism by Robin DiAngelo How to Be Less Stupid About Race by Crystal Fleming How to Be an Antiracist by Ibram X. Kendi Courageous Conversations About Race by Gleen Singleton Race Talk and the Conspiracy of Silence by Derald Wing Sue The Sum of Us: What Racism Costs Everyone and How we Can Prosper Together by Heather McGhee **Biographies/Memoirs** The Fire Next Time by James Baldwin Heavy: An American Memoir by Kiese Laymon Just Mercy by Bryan Stevenson Between the World and Me, Ta-Nehisi Coates
Podcasts	Hannah-Jones, Nikole. **1619**. *The New York Times*. **Muhammad, Khalil Gibran** and Ben Austen. **Some of My Best Friends Are**. *Pushkin*. Carroll, Rebecca. **Come Through with Rebecca Carroll**. *WNYC Studios*. Biewen, John. **Seeing White**. *Scene On Radio*. Raghuveera, Nikhil and Erica Licht. **Untying Knots**. *SoundCloud*. Moyo, Thoko. **A historic crossroads for systemic racism and policing in America**. *PolicyCast*. Featuring **Khalil Gibran Muhammad** and **Erica Chenoweth**.

Appendix B: Reading & Resources List *(continued)*

Videos	Ted Talk – **“Color Blind or Color Brave”, Mellody Hobson** Ted Talk – **“We Need to Talk About Injustice,” Bryan Stevenson** New York Times Video – **“A Conversation with Asian-Americans on Race”** Documentary - **13th, Ana DuVernay** Documentary - **Race: The Power of an Illusion**

Endnotes

[1] https://www.urban.org/sites/default/files/publication/105256/a-new-era-of-racial-equity-in-community-development-finance_0_0.pdf

[2] https://www.aspeninstitute.org/wp-content/uploads/files/content/docs/rcc/RCC-Structural-Racism-Glossary.pdf, https://www.raceforward.org/about/what-is-racial-equity-key-concepts, https://www.urban.org/sites/default/files/publication/104296/do-no-harm-guide.pdf

[3] https://fakequity.com/2017/09/22/are-you-recreating-the-power-systems-youre-fighting-to-undo/

[4] https://smk.org.uk/wp-content/uploads/2022/03/SMK_ItsAllAboutPower_Digital.pdf

[5] **Hidden power** happens behind the scenes. For example, the informal shaping or influencing of an agenda, jargon, acronyms, and social codes or conventions that are obvious to some but not others.

[6] **Invisible power** is made up of the norms, values, attitudes, beliefs, and ideology that shape a person's way of thinking of what feels "normal."

[7] **Created or claimed spaces** are those that people create or claim for themselves to mobilize, organize, or address a common concern.

[8] https://iff.org/five-ways-that-lenders-can-interrupt-racism-and-provide-restorative-justice-capital-in-our-communities/

[9] https://iff.org/five-ways-that-lenders-can-interrupt-racism-and-provide-restorative-justice-capital-in-our-communities/

[10] https://iff.org/five-ways-that-lenders-can-interrupt-racism-and-provide-restorative-justice-capital-in-our-communities/

[11] https://www.cdc.gov/ncbddd/disabilityandhealth/disability.html

[12] https://www.ofn.org/historic-funding-cdfis-fy2021-omnibus-appropriations-and-covid-19-relief-bill/

[13] https://www.nationaldisabilityinstitute.org/reports/research-brief-race-ethnicity-and-disability/

[14] https://disability-finance.org/

[15] https://disability-finance.org/wp-content/uploads/2023/01/House-Hearing-on-Diversity-Includes-Disability_May2022.pdf

[16] https://www.nationaldisabilityinstitute.org/reports/research-brief-race-ethnicity-and-disability/

[17] https://disabilitycompendium.org/county-reports

[18] https://disability-finance.org/wp-content/uploads/2023/01/House-Hearing-on-Diversity-Includes-Disability_May2022.pdf

[19] https://disability-finance.org/wp-content/uploads/2023/01/House-Hearing-on-Diversity-Includes-Disability_May2022.pdf

Citi Foundation

This resource was developed with support from the Citi Foundation.

Photo Details

COVER: Left: Employees of Nonprofit Finance Fund borrower LifeArk assembling modular homes in Southern California. Nonprofit Finance Fund offered LifeArk a $2.1 million loan to finance a new development of these easy-to-build structures, which will become permanent supportive housing for formerly unhoused residents of the city of El Monte. Nonprofit Finance Fund is an OFN member and borrower. Read more **here**. Top Right: Photo couresy of Seeds of Health. Students at Tenor High School in Milwaukee, a charter school operated by nonprofit Seeds of Health that moved to a new facility in 2021 after a $6.6 million renovation of a historic building. IFF provided a loan for the project, which helped Seeds of Health expand enrollment by 80 student seats. IFF is an OFN member and borrower. Read more **here**. Lower Right: Photo courtesy of OFN member and borrower, Low Income Investment Fund (LIIF). LIIF's Black Developer Capital Initiative (BDCI) provided capital to Beechwood Residential in Baton Rouge, La. Pictured is President & CEO Wendy Green Daniels.

Page 3: Photo courtesy of OFN member and borrower, Low Income Investment Fund (LIIF). LIIF's Black Developer Capital Initiative (BDCI) provided capital to Beechwood Residential in Baton Rouge, La. Pictured is President & CEO Wendy Green Daniels.

Page 4: Staff and program participants from Nonprofit Finance Fund borrower Why Not Prosper pose in front of the organization's mural in Philadelphia. Nonprofit Finance Fund offered Why Not Prosper a $250,000 working capital loan through their zero-interest CARE Fund. Why Not Prosper is using this financing to pay the salary of a full-time development director and seed their capital campaign for a retreat center for women returning from jails and prisons. NFF is an OFN member and borrower.

Page 11: Employees of Nonprofit Finance Fund borrower LifeArk assembling modular homes in Southern California. Nonprofit Finance Fund offered LifeArk a $2.1 million loan to finance a new development of these easy-to-build structures, which will become permanent supportive housing for formerly unhoused residents of the city of El Monte. NFF is an OFN member and borrower. Read more **here**.

Page 16: Top: Staff and community members from Nonprofit Finance Fund borrower Dominican Women's Development Center (DWDC) march against racism in New York City. Nonprofit Finance Fund offered DWDC a $250,000 working capital loan that they're using to provide programs like ESL and support for survivors of domestic violence while they await delayed payments from government contracts. NFF is an OFN member and borrower. Read more **here**. Middle: Cover of the California Small Business Coalition for Racial Justice's Confronting Racial Equity in Racial Lending guide. Bottom: Photo courtesy of OFN member and borrower, LIIF. Pictured is a group photo of LIIF staff at LIIF's all-staff retreat in February 2023.

Page 18: Staff and program participants from Nonprofit Finance Fund borrower Why Not Prosper pose in front of the organization's mural in Philadelphia. Nonprofit Finance Fund offered Why Not Prosper a $250,000 working capital loan through their zero-interest CARE Fund. Why Not Prosper is using this financing to pay the salary of a full-time development director and seed their capital campaign for a retreat center for women returning from jails and prisons. NFF is an OFN member and borrower. Read more **here**.

Page 19: Photo courtesy of Chicago Human Rhythm Project. Pictured is the ribbon cutting for the Mayfair Arts Center, a performing arts hub on Chicago's South Side acquired in the summer of 2021 by the nonprofit Chicago Human Rhythm Project with the help of an IFF loan. IFF also provided real estate support for the project. IFF is an OFN member and borrower. Read more **here**.

Page 20: Left: Photo courtesy of OFN member and borrower, Pacific Community Ventures (PCV). Right: Gathering at Baltimore's Oldest and Largest Worker-Owned Coop, Red Emma's Bookstore Coffeehouse. Red Emma's first began working with Seed Commons and its predecessor, The Working World, in 2013 when the cooperative undertook its first major expansion. Banks didn't understand businesses with 12 owners, which limited their financing options. These larger banks shied away from even a small investment in the cooperative. With a loan from The Working World, as well as other nonprofit lenders, the coop moved from an 800-square-foot cafe space into a 5,000-square-foot restaurant space, tripled the number of ownership positions, and exceeded $1 million in sales within a year. As the cooperative has grown, the Seed Commons investments have grown too. With a second expansion financed in 2018, and in 2020, amid the COVID-19 pandemic, the cooperative came back to Seed Commons. Seed Commons was able to provide a commitment for a $1 million renovation line of credit that allowed them to purchase two buildings that now form the permanent home for Red Emma's and its community. And that commitment ultimately unlocked additional state and city grants to reduce the costs. Read more **here**. Seed Commons is an OFN member and borrower.

Page 33 & 34: Photos courtesy of OFN member and borrower, Pacific Community Ventures (PCV).

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Have questions, suggestions for improvement, or other feedback you'd like to share related to this toolkit?

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