CDFIs Investing in Rural Communities
June 13, 2022
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Agenda

• Introduction

• OFN’s Annual Member Survey

• Financing Trends in Rural America
  • Lending In Rural America
  • Financing by Sector
  • Outcomes
  • Sources of Capital
“[W]e must join the Wizard of Oz. The Wizard of Oz managed to put brains in a scarecrow and a heart in a tin man. It’s our job somehow to graft a conscience on the capitalist.” — Chuck Matthei

CDFIs lend to Black, Latinx, Native, and rural communities, and other areas of persistent poverty.

CDFIs Recycle Capital

As borrowers repay their loans, CDFIs recycle the money back into the community through new borrowers.
Number of Certified CDFIs, April 2022

- **Credit Union**: 34% (476)
- **Loan Fund**: 42% (583)
- **Bank or Thrift**: 13% (180)
- **Bank Holding Company**: 10% (144)
- **Venture Capital Fund**: 1% (16)

Data source: CDFI Fund certification list as of April 2022
OFN’s Annual Member Survey

- Robust and comprehensive data source on CDFIs
- Fielded to OFN members every year since 1994
- Captures data on CDFI staffing, capitalization, lending, investing, and outcomes for publications and advocacy and to increase investments and amplify the voice of the industry (at events like this!)
- In 2020, 269 member CDFIs responded to the survey (248 of 269 respondents were loan funds)
- This presentation: focuses on trends in member data over the past decade (2011-2020) in several areas: financing, portfolio quality, operations, and borrowers
Financing Trends in Rural America
Details and Trends

• Dollar amount of all loans and investments closed during the fiscal year

• The amount of financing closed in the rural U.S. trended upward from 2000 to 2020

• In 2020, members provided over $725 million in financing to people and communities in underserved rural areas

• In 2020, members averaged $2.95 million in financing closed in rural areas
Details and Trends

- Number of loans and investments closed during the fiscal year.
- The number of loans in the rural U.S. trended upward from 2000 to 2020.
- In 2020, members provided over 8,000 loans to people and communities in underserved rural areas.
- In 2020, members averaged 33 loans closed in rural areas.

Number of Loans Closed by OFN Members in the Rural U.S., 2000-2020
Since 2000, the average percentage of OFN’s membership’s lending in Rural America has decreased.

In 2020, the average percentage of member’s investment in rural America was approximately 27 percent.

However, this decrease in average percentage is a result of growth in OFN’s membership. In 2000, 79 CDFIs reported data through the AMS. In 2020, 246 CDFIs Reported data.
What are Rural-Serving CDFIs Investing in?

- Percentage of loans outstanding by sector ($ amount), 2006-2020
- Rural-serving > 50 percent
- Trends in sector breakouts have shifted over time
- Increases in housing, consumer, intermediary, and other sectors
- Decreases in business and microenterprise sector
Outcomes in Rural America
Details and Trends

• Key outcomes accomplished by rural-serving CDFIs

• Outcomes have increased substantially over time

• Businesses and microenterprises financed went from 714 in 2000 to 4,279 in 2020

• Housing units created or preserved went from 2,809 in 2000 to 10,399 in 2020

• Jobs created or retained went from 10,978 in 2000 to 55,996 in 2020
Capitalization in Rural America
Details and Trends

- Includes current (as of 2020) OFN member loan funds
- Rural-serving members receive a much smaller percentage of capital from banks than do urban-serving members
- This trend ebbs and flows somewhat over time
- In 2020, rural-serving CDFIs received 31 percent of borrowed funds from banks whereas urban-serving CDFIs received nearly half of borrowed funds from banks

Percentage of Borrowed Funds and EQ2 from Banks, 2005-2020

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Diagram showing the percentage of borrowed funds from banks from 2005 to 2020 for all loan funds, rural loan funds, and urban loan funds.
Details and Trends

- Includes current (as of 2020) OFN member loan funds

- Rural-serving members receive a much smaller dollar amount of capital from banks than do urban-serving members—and this trend has only increased over time

- In 2020, rural-serving members received $213 million in borrowed funds from banks whereas urban-serving members received nearly $4.6 billion in borrowed funds from banks
Percentage of Borrowed Funds and EQ2 from Government, 2005-2020

Details and Trends

- Includes current (as of 2020) OFN member loan funds
- Rural-serving members receive a larger percentage of capital from the federal government than do urban-serving members
- In 2020, rural-serving CDFIs received 19 percent of borrowed funds from the federal government whereas urban-serving CDFIs received 13 percent of borrowed funds from the government
Details and Trends

- Includes current (as of 2020) OFN member loan funds
- Rural-serving members receive a much smaller dollar amount of capital from the federal government than do urban-serving members
- In 2020, rural-serving members received $109 million in borrowed funds from the federal government whereas urban-serving members received close to $363 in borrowed funds from the federal government
Rural CDFIs Finance Home, Wealth, Community

Cook Inlet Lending Center
Michael and Charlotte, Anchorage, Alaska

Enabling a Native couple’s dream of homeownership

CEI Maine
Windham Butcher Shop, Windham, Maine

Helping entrepreneurs realize their small business dream.
For more, see: ofn.org