

CDFIs IN RURAL COMMUNITIES

OFN Members Working in Rural Communities

- Arcata Economic Development Corporation
- Brazos Valley CDC
- California Coastal Rural Development Corporation
- CEI
- Chi Ishobak
- Community Capital of Vermont
- Communities Unlimited
- Dakota Resources
- Entrepreneur Fund
- Enterprise Development Fund of Erie County
- Fahe
- First Nations Oweesta Corporation
- First State Community Loan Fund
- Four Bands Community Fund
- Greater Minnesota Housing Fund
- Impact Seven
- Kentucky Habitat for Humanity
- Kentucky Highlands Investment Corporation
- Lakota Fund
- MACED
- MaineStream Finance
- Maryland Capital Enterprises
- Midwest Housing Development Fund
- Midwest Minnesota Community Development Corporation
- Montana Community Development Corporation
- National Council on Agricultural Life and Labor (NCALL) Research Fund
- Natural Capital Investment Fund
- NeighborWorks Montana
- NeighborWorks of Western Vermont
- New Hampshire Community Loan Fund
- North Carolina Community Development Initiative Capital
- Rural Community Assistance Corporation
- Rural Electric Economic Development
- Siouxland Economic Development Corporation
- Southern Mutual Financial Services
- Southwest Georgia United Empowerment Zone
- The Loan Fund
- The Genesis Fund
- TWA Lending Services
- Vermont Community Loan Fund
- Wind River Development Fund
- Wisconsin Native Loan Fund
- ...and more!!

Challenges Faced by Rural Communities

Rural communities face unique challenges, including underdeveloped infrastructure, unemployment, and lack of access to capital. According to the U.S. Department of Agriculture (USDA), 85 percent of American counties with persistent poverty rates are in rural areas.

Leaders in these communities have to be more creative in order to address these economic difficulties, including attracting and increasing private investment. CDFIs often present the strongest locally-based partners for economic development. OFN Members finance community businesses, spark job growth in the areas that need it most, and deliver both sound financial returns and real changes for rural communities.

OFN Members' Activity in Rural Areas¹

In 2015, 131 OFN Members (more than half of OFN's total membership) had cumulatively invested nearly \$870 million in existing financing to rural areas—they closed almost \$400 million in financing that year alone. Of those 144, 40 are primarily rural CDFIs, meaning that greater than half of their activity takes place in an area that is considered rural.

Federal Programs Utilized by OFN Rural CDFIs¹

In rural areas where capital investments are sparse, federal seed funding is critical to attracting private investment. The list below is representative of federal programs accessed by OFN rural CDFIs and is exclusive of the various state initiatives for which CDFIs are also eligible.

U.S. Department of Agriculture: Rural Housing Service, Rural Microenterprise Assistance Program, Rural Development Programs.

U.S. Department of Housing and Urban Development: Community and Economic Development Grants, Community Development Block Grants.

U.S. Department of Treasury: Financial Assistance and Technical Assistance, CDFI Bond Guarantee Program (CDFI Fund); Small Business Lending Fund.

Small Business Administration: Community Advantage and SBA microloan programs.

¹OFN Annual Member Survey (2015).

RURAL CDFI SUCCESS STORIES

Main Cross Apartments

Mount Sterling, Kentucky

Fahe of Berea, Kentucky, serves Appalachia through affordable housing, community development, and job creation.

Project: Main Cross Apartments provides affordable senior housing to Appalachia's increasing elderly population. The housing complex is undergoing an extensive renovation with a focus on energy efficiency, which will help its fixed-income residents remain within their budgets. The total project cost was \$5 million. Main Cross Apartments leveraged various sources of funding, including a \$184,000 loan from Fahe, Low Income Housing Tax Credits, and Affordable Housing Program funds from the Federal Home Loan Bank.

Hawk Knob Hard Cider and Mead

Lewisburg, West Virginia

Natural Capital Investment Fund (NCIF) of Shepherdstown, West Virginia, provides financing to Central Appalachia and the Southeast. Their hallmark is creating jobs and community wealth through responsible stewardship of natural resources.

Project: Bennett and Lewis needed help getting Hawk Knob off the ground. They utilized NCIF's Value Chain Cluster (VC2) Initiative which provided them with the tools to develop a business plan. NCIF then loaned Hawk Knob working capital to cover inventory and miscellaneous start-up costs and equipment financing, totaling \$116,841. In 2015, Hawk Knob officially opened as West Virginia's first cidery. In 2016, NCIF provided Hawk Knob with an additional \$25,000 loan in working capital to continue expanding its operations. Hawk Knobs ciders and meads are now sold at their facility and at restaurants, shops, and festivals throughout the state of West Virginia.

NorrisBuilt Fabrication

Norton, Virginia

People Incorporated Financial Services of Abingdon, Virginia is the only CDFI headquartered in rural Virginia and serves 22-jurisdiction services areas by providing small business and microenterprise development and lending services in low-income communities.

Project: In 2014, Ron and Tiffany Norris started NorrisBuilt Fabrication, a welding and fabrication business. The business began with just a business plan and a single micro-loan from People Incorporated. In the first nine months of operation, six more rounds of new capital investment were acquired and 12 more employees hired - all due to additional funding support, including two more loans from People Incorporated. In 2015, NorrisBuilt relocated to a 33,000-square-foot building and secured a Virginia Department of Transportation contract. The start-up business that began with just two employees in 2014 now boasts 29 employees and is pulling in \$1.2 million in sales annually.