Keynote Address

“Lend Where it Counts for Who Counts”

Prepared Text with Graphics

Lisa Mensah, President and CEO

Delivered Monday, October 21, 2019
At the Opportunity Finance Network Annual Conference Washington, D.C.

Thank you, Dan... and thank you so much to Bank of America for your sponsorship.

To our other Conference sponsors: We are grateful for your commitment to opportunity finance. You help make this Conference possible and our industry powerful.

To the OFN board. On behalf of OFN’s network of more than 270 CDFIs, I thank you for your leadership and vision.

And another big thank you! One of OFN’s annual goals was to grow our membership. I’m pleased to say that 30 CDFIs have joined us since our last Conference. Please keep a look out for our new members and say hello!
I want to tell you a brief story about how an event in another country on another continent reinforced for me the power of CDFIs in the United States.

I have Ghanaian roots – my father was from Ghana. And in August, I went to Ghana for the start of the Year of Return. The anniversary marks 400 years since the beginning of the transatlantic slave trade. The yearlong event offers the African diaspora a chance to heal from hideous trauma.

Visiting Ghana for this overwhelming return made me reflect on our tenacious band of CDFIs back in the U.S. I thought about how CDFIs address systemic injustices in America. I thought about how CDFIs tap into America’s unique rights and resources to soothe America’s unique pain.

Being in Africa for such a meaningful milestone made me so proud to be part of CDFI healing in my homeland. And I am especially moved to be with you today, with so many familiar and new faces.

[transition pause]

The theme of our Conference is Lending Where it Counts. Lending where it counts is our purpose; it’s what motivates CDFIs and distinguishes us. We do this lending not just where it counts but for people who count... I want to speak today about the people who count — people who count for CDFIs; people who count in America.

I’m not talking about a census. I’m talking about the fundamental principles we embrace as a nation: the belief that all are welcome in the United States; the belief that all are welcome to the American dream of equality and prosperity.

I don’t have to tell you this promise is not fulfilled for far too many people. You know it. It’s why you’re here right now.
Every day, CDFIs lend in rural and urban and Native communities, where people are in many ways treated like they *don’t* count.

It’s hard to feel you count when banks leave and hospitals close. When quality jobs are elusive and safe and affordable housing is scarce.

It’s hard to feel you count when you’re denied a mortgage or small business loan... When you’re denied a chance because of an arrest or a conviction record... When you can’t get on the mobility ladder, let alone climb it.

It’s hard to feel you count when your very right to be in this country is a matter of violent debate.

These are painful truths in America. But they are not the whole story.

CDFIs exist because we believe *Every. Person. Counts*. We believe all **communities** count.

When a CDFI makes a loan to a bright, excited entrepreneur, we’re saying: You count! When we extend a mortgage to a first-time homebuyer, we’re saying: *You* count! When we finance a rural health center or open a small-town credit union, we’re saying: You count!

CDFIs see opportunity and potential in people and places. We seek diamonds in the rough. We invest in future successes... We move money into communities because all people count.

One of the joys of my job is crisscrossing the country on CDFI and borrower visits. I get to personally witness the CDFI effect.
Recently, I was in Hawaii at an Oweesta event. Native CDFIs like Oweesta lend where it counts because Native people count.

In Hawaii, I met Oweesta board member Robin Danner. Robin founded the Council for Native Hawaiian Advancement and today leads the Homestead Community Development Corporation. She is also a native Hawaiian from the island of Kauai.

Robin and I had an amazing conversation. I will share some of what we discussed.

We talked about injustice: Nearly 100 years ago, Congress established a land trust to protect Native Hawaiian land and improve the lives of Native Hawaiian people. But since then, there hasn’t been a regular source of capital dedicated to supporting homes, farms, or business on this land. Not until Native CDFIs stepped in.

Weavers of capital and culture, Native CDFIs are financial institutions; yet, what they offer is much more profound than money.

Robin spoke so powerfully about how capital is as essential as air on Native lands — she said Native CDFIs don’t provide access to capital, they support life.

For Native people, CDFIs are the oxygen farms need to thrive. They are the oxygen businesses need to grow; the oxygen people need to live.
Robin explained how Native CDFIs help undo years of disinvestment that generations of Native Hawaiians have internalized to mean they don’t count, or they’re not capable of cultivating prosperity.

Robin also made the beautiful case that Native communities are, in her words, a “damn good investment.” When capital flows in Indian Country, community expands, and people stay where their history is. When capital flows, Native people know they count, and they blossom.

I can say that Native CDFIs reflect the universal CDFI ethos: dig in, be smart, stay the course, and bring everyone along.

I’m very proud that our industry is shaped by such successful idealists and brilliant, resourceful investors — investors who see opportunity where others see risk.

While CDFIs are mission-driven, we also have expertise no other financial sector can claim.

CDFIs are perfect partners in complex deals that require flexibility. We know how to layer money and pull in multiple forms of public and private capital to help leverage the strengths of local communities.

And we partner with these communities on locally driven, place-based solutions that support affordable housing, small business, and consumer finance.

Let’s take a CDFI trip from the Aloha state to Motown.
After the great recession, many were skeptical about Detroit’s resilience. But CDFIs stepped right in. While mainstream finance said no, we said yes — Yes, Detroit matters to America. Yes! We’ll take the risk.

I’ll give you an example. Community Reinvestment Fund, a national CDFI, partnered with the Kresge and Ford Foundations, the City of Detroit, the Michigan State Housing Development Authority, and local banking partners to create a specialty product called “Detroit Home Mortgage.”

The program bridges the appraisal gap by enabling Detroit homebuyers to borrow on a home’s true value instead of its appraised value.

When traditional lenders couldn’t make mortgages because of this gap, Community Reinvestment Fund and its partners walked toward the problem with a creative solution. And it’s a solution that’s working: Since Detroit Home Mortgage launched in 2016, the number of mortgages in Detroit has rebounded to pre-recession levels, recovering over a decade of losses to the market.

CRF is part of a brilliant group of national and regional and Michigan based CDFIs that are firmly established as champions for Detroit.

I want to name just a few others: There’s Capital Impact Partners and Cinnaire and LISC Detroit and IFF and Housing Partnership Network. There’s CSH and Enterprise.
They join locally based CDFIs, like Invest Detroit and Detroit Development Fund and many more.

With a deep bench of bank and foundation partners, these committed investors have formed the Detroit CDFI Coalition to catalyze growth in the Motor City.

And today Detroit is showing signs of a resurgence, and CDFIs have played a major role in sparking this recovery. Detroit mayor Michael Duggan said best: “What CDFIs have done is brought about redevelopment at rates I thought I’d never see.”

Of course, the city continues to face challenges. But CDFIs play the long game; we’re in Detroit to stay.

And why? Because the people of Detroit count.

When I see CDFI work in Detroit or Native communities in Hawaii, I struggle to understand why our industry isn’t bigger.

Nationwide, CDFIs manage more than $185 billion of assets. This is a lot of money, but it’s not enough. We are a billion-dollar industry in a trillion-dollar fight against persistent poverty and pervasive disinvestment.

We know CDFIs move money into hard to reach places... We know we can fill capital and knowledge gaps. And we know we do it sustainably and successfully. So why isn’t this industry scaling exponentially? Why don’t municipal and state governments turn to us more? Why are we still only one line of funding in a federal budget?

Sure, the CDFI Fund is vital to us. We are glad that the U.S. Congress is on track to maintain it or maybe even increase appropriations for the CDFI Fund for the coming
year. But instead of $250 million or $300 million, we need $1 billion, and we need more federal departments and agencies to step up.

CDFIs have been responsibly lending for more than 30 years. Our loan loss rate is consistently below one percent. So why don’t more foundations and impact investors know about us? Why haven’t more socially conscious investors joined the CDFI fight against injustice?

Our industry has earned the right to grow. We are ready to take on more. And we need novel forms of capital to fuel us.

Last year, OFN moved to Washington D.C. to represent our membership in the nation’s seat of power.

From our new perch on D Street, we can better amplify the CDFI message with policymakers and align ourselves with others in the fight for equity and civil rights.

And we’re already getting our word out. Some examples:

- Our policy staff is on Capitol Hill regularly to meet with congressional offices.

- I’ve been invited to the table for important public policy discussions — In July, I presented the CDFI case to the Democratic Whip Task Force on Poverty, Income Inequality, and Opportunity... earlier this month, I made the CDFI case to the Federal Reserve Board of governors about “The Importance of Price Stability and Low Inflation in Today’s Economy.” And I continue to make the CDFI case in numerous conversations about potential changes to the Community Reinvestment Act.

- In DC, we’ve also joined forces with the Responsible Business Lending Coalition to help combat abusive practices in small business lending.
• With our members, we have been pushing for the continuation of the CDFI Bond Guarantee program with its $500 million in guarantee authority.

• Of course, affordable housing remains an ongoing challenge, one we’re actively involved in solving. Our Board has met with Federal Housing Finance Agency leadership. We’ve written comment letters to ensure lower-income and first-time homebuyers can access qualified mortgages. And we’ve been working closely with our housing partners to make certain federal programs, like the Capital Magnet Fund, receive strong support and continue to provide affordable housing options.

• We also have our eyes on new tax policies — we’re in the Opportunity Zone trenches with you, working to make the tax code better for CDFIs!

All of this is just a little easier from our new perch in DC.

I firmly believe this type of activity builds nationwide momentum for our industry. We are poised to grow... I said it at OFN’s Conference last year and am saying it again, “Now is our time.”

I also want to say that while we did a lot of talking this year, we also listened.

OFN’s Board of Directors and senior staff spent many days speaking directly to our members and investors to understand the challenges and opportunities you face. We heard your suggestions and concerns for the industry.

Your voices will guide us as we cultivate new investor groups and create new financing programs to grow and scale the industry. I invite everyone to please come to our annual membership meeting tomorrow morning to hear more about what this research has revealed.
I am going to close by bringing it all back to people. Back to why we need to grow.

We need to grow for people like Tighe [TIE] and John Bullock in Charleston, West Virginia. The father and son team run Bullock Properties.

CDFI Natural Capital Investment Fund extended a construction loan to the family business for purchase of a large empty storefront in Charleston’s historic Elk City community. Tighe [TIE] and John, who are from the area, restored the space to its four original retail stores.

This renovation was part of the Bullocks’ larger effort to revitalize the area. In an age when everything is available with the click of a mouse, they understand people still need barber shops and cafes and art galleries. They know we can’t survive online but want places to congregate and connect in person and as a community.

NCIFund and the Bullocks are investing for people. Together, they are helping restore their corner of Appalachia into a 21st Century community with 21st Century opportunities. They are anchoring people to this region.

This investment relationship is what community development is all about. It’s what CDFIs are all about. It’s where lending counts.
Investment and community building like this are why you’re here today and why you continue to fight the good fight.

Our work counts. It counts just about everywhere and for everyone. Our borrowers know it. CDFI investors know it. Our partners know it. And our champions in Congress know it.

We need more people to know our work counts. You can help us!

My call to action for policymakers and investors and partners is this: We are here! Invest in us! Build with us! Let us multiply the impact of your money — for every $1 of funds — federal or otherwise — invested in CDFIs, CDFIs attract $12 from other sources.

My call to action for CDFIs, particularly for our OFN members: You do remarkable work with very lean teams. Let’s go deeper together! There’s so much pain that needs healing, so much injustice that needs our response. Let us walk together in the fight for civil rights and to help close the deep fissures poverty creates.

Let us go deeper together and change the narrative for communities that are told they don’t count. Together, let us invest even more in the passion and skill and knowledge in rural, urban, and Native people.

So, to everyone here today, my call is: Let us unite and say to people in Detroit and Elk City, in Native and Latinx communities across the U.S... let us say to people in the deep South and the remote North and on both coasts: “We see you. You are important. You belong. And you count.”

###