

# CDFIs IN RURAL COMMUNITIES

## OFN Members

- Arcata Economic Development Corporation
- Brazos Valley CDC
- California Coastal Rural Development Corporation
- CEI
- Chi Ishobak
- Community Capital of Vermont
- Community Resource Group
- Dakota Resources
- 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
- North Central Washington Business Loan Fund
- Northeast Entrepreneur Fund
- 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
- TIWA Lending Services
- Vermont Community Loan Fund
- Virginia Community Development 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 exist 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 people and communities.

## OFN Members' Activity in Rural Areas<sup>1</sup>

In 2014, 131 OFN Members (more than half of OFN's total membership) had cumulatively invested nearly \$1 billion in existing financing to rural areas -- they closed almost \$500 million in financing that year alone. Of those 131, 56 are primarily rural CDFIs, meaning that greater than half of their activity takes place in an area that is considered rural.

Additionally, more than \$11 million in farm financing and more than \$11 million in food-related financing was provided through OFN Members in 2014. Almost 500,000 beneficiaries were impacted by OFN Member activity in 2014.

## Federal Programs Utilized by OFN Rural CDFIs<sup>1</sup>

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.

<sup>1</sup>OFN Annual Member Survey (2014).

# 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 Initiative (VC2) which provided them with the tools to develop a business plan. NCIF then loaned Hawk Knob working capital to purchase equipment and start-up costs, totaling \$116,841. In 2015, Hawk Knob officially opened as West Virginia's first cidery, and its ciders and meads are now sold at their facility and at restaurants, shops, and festivals throughout the state.

## Daily Bread Bakery

*Timber Lake, South Dakota*

**Four Bands Community Fund** of Eagle Butte, South Dakota, is the leading non-profit organization on the Cheyenne River Indian Reservation in the areas of small business training and lending, entrepreneurship education, and financial literacy.

Project: Robi Miller bakes homemade breads and pastries without preservatives and artificial ingredients. With support from Four Bands, she has been able to expand Daily Bread Bakery's customer base from just the general population to local restaurants and businesses.