

CDFIs in Pennsylvania

Community Development Financial Institutions

What are CDFIs?

CDFIs are mission-driven financial institutions that provide financial products and services to people and communities underserved by traditional financial institutions.

More than 800 CDFIs have been certified by the CDFI Fund in the Department of Treasury. They operate in low-wealth communities in all 50 states and the District of Columbia. CDFIs can be banks, credit unions, loan funds, venture capital funds, community development corporations or microenterprise loan funds. All are united in their primary mission of community development.

Why are CDFIs needed?

CDFIs fill a vital niche in the nation's financial services delivery system, offering loan products and financial services to families or in communities that are difficult for traditional financial institutions to serve. They provide loans and investments to support the development of quality affordable housing, finance businesses, and finance community facilities, including health centers, daycare and education facilities, all with the level of technical assistance needed by their borrowers. CDFIs often serve "micro" borrowers and offer a range of business assistance services to help them succeed. Through their lending and investing CDFIs create jobs and build wealth for low income individuals. Many CDFIs also provide basic financial services to the unbanked and products to combat predatory lending in addition to mortgage products for lower income borrowers. Those services frequently incorporate technical assistance and training such as financial literacy and education, housing or foreclosure counseling and other types of training.

A Unique Federal Partner: The CDFI Fund

The US Treasury Department's CDFI Fund is an innovative federal agency created to support the growth of CDFIs and to build their capacity to greater expand the availability of credit, investment capital and financial services in distressed urban and rural communities. The CDFI Fund administers a range of programs accessible to CDFIs. Foremost is the Financial and Technical Assistance program, a competitive grant program that provides capital to CDFIs to carry out their business plans. Since its first round of funding in 1996, the CDFI Fund has made almost \$770 million in awards for the FA and TA Program. In total, since its creation in 1994, the CDFI Fund has awarded \$1.13 billion to CDFIs, community development organizations, and financial institutions through the CDFI Program, the Bank Enterprise Award (BEA) Program, and the Native Initiatives. In addition, the CDFI Fund has allocated \$26 billion in tax credit authority to Community Development Entities (CDEs) through the NMTC Program.

Visit www.cdfifund.gov for more information.

Number of CDFIs in Pennsylvania:

43

Total \$ value of CDFI Fund awards to Pennsylvania organizations since 1996:

\$51,751,466

New Markets Tax Credits awards to Pennsylvania since 2002:

\$657,000,000

Putting CDFI Fund Dollars to Work:

Pennsylvania CDFIs bring capital and credit to low-income communities

"So, do you want to buy a bottling plant?" Although the question was asked in a lighthearted manner, Brian Dworkin was seriously considering his answer. Brian had spent much of his life working in his family's bottling plant. His background and management style made him a great candidate for ownership. By purchasing this plant, Brian saw opportunity - he could save the company from bankruptcy and implement numerous growth opportunities. With dedicated coaching and advice from Bridgeway Capital, Brian decided to purchase the plant and renamed it Castle Co-Packers. Ownership was transferred and Bridgeway Capital provided a working capital loan to help turn the company around. Located in blue-collar New Kensington outside of Pittsburgh, PA, Castle Co-Packers thrived under Brian's management. In 2008, the company needed capital to purchase a new bottling line - in addition to their hot-fill and cold-fill lines - to bottle carbonated beverages, and they approached Bridgeway Capital. With the help of a \$1 million CDFI Fund award in 2008, Bridgeway Capital provided a large growth capital loan to cover the equipment costs and help them diversify their product offerings and potential customer base. Today, Castle Co-Packers is a kosher and organic certified bottling plant, and is one of the nation's very few "green" co-packing facilities. The company now bottles more than 1 million cases a month, grew from 3 to 113 customers since 2004, from 18 employees to over 100, and now occupies 500,000 square feet.

Contact: Bridgeway Capital, 707 Grant Street, Suite 1920, Pittsburgh, PA 15219
www.bridgewaycapital.org

mission-driven

bridge the gap

CDFIs in Pennsylvania

double bottom line

Where do CDFIs get their money?

CDFIs are capitalized by a diverse group of investors, all attracted by CDFIs' double bottom line. CDFIs combine financial return with a social return. Investors include individuals, religious institutions, foundations, corporations, federal and state government, banks and thrifts, non-depository financial institutions (such as insurance companies or mutual funds), national intermediaries, credit unions and others. The top four investors in CDFIs are:

- **Individuals**, primarily in the form of savings and checking accounts in community development banks and credit unions. Some wealthy "angel investors" make equity investments in venture capital funds.
- **Banks and Thrifts**, mostly mainstream institutions making loans to loan funds for relending. They often receive CRA credit for these activities.
- **Non-depository financial institutions**, primarily finance companies, but also insurance companies and socially responsible mutual funds. Most make loans to loan funds for re-lending.
- **Corporations**, mostly as deposits in community development banks.

Investment by the Federal Government accounts for only 7% of all CDFI capital. However, it is important to note that oftentimes federal money serves to attract private resources.

Dollars at Work in Pennsylvania Communities

At the end of Fiscal Year 2008, CDFIs in Pennsylvania had over \$292 million in financing outstanding. CDFI customers include businesses, affordable housing developers, community facilities, microenterprises (businesses with less than 5 employees), and individuals (for basic checking and savings accounts and personal development loans to buy a home, purchase a used car or pay for an education).

CDFIs in Pennsylvania

- A.M.E. Union Federal Credit Union, *Philadelphia*
- American Street Financial Services Center, *Philadelphia*, www.asfsc.org
- Beech Capital Venture Corporation, *Philadelphia*
- Borinquen Federal Credit Union, *Philadelphia*
- Bridgeway Capital, Inc., *Pittsburgh*, www.bridgewaycapital.org
- Ceiba, Inc., *Philadelphia*
- Community Capital Works, *Philadelphia*, www.pdp-inc.org
- Community Financial Resources, Inc., *Northern Cambria*, www.communityfinancialresources.net
- Community First Fund, *Lancaster*, www.commfirstfund.org
- East End Food Cooperative FCU, *Pittsburgh*
- Economic Opportunities Fund, *Philadelphia*, www.worc-pa.com
- First Baptist Church of Darby FCU, *Darby*, www.firstbaptistdarbyfcu.com
- Greater Berks Development Fund, *Reading*, www.readingpa.com
- Hill District Federal Credit Union, *Pittsburgh*, www.hilldistrictfcu.org
- Impact Loan Fund, Inc., *Philadelphia*, www.impactservices.org
- Lancaster Housing Opportunity Partnership, *Lancaster*, www.lhop.org
- MetroAction Inc., *Scranton*, www.metroaction.org
- Mon Valley Initiatives, *Homestead*, www.monvalleyinitiative.com
- Murex Investments, Inc., *Philadelphia*, www.murexinvests.com
- New Bethel AME CU, *Philadelphia*
- New Life Credit Union, *Philadelphia*, www.newlifecreditunion.org
- North Philadelphia Financial Partnership, *Philadelphia*, www.npfp.org
- Northside Community Development Fund, *Pittsburgh*, www.nscdfund.org
- Opportunity Finance Network, *Philadelphia*, www.opportunityfinance.net
- People for People, *Philadelphia*, www.peopleforpeople.org
- Philadelphia Neighborhood Housing Services, *Philadelphia*, www.phillynhs.org
- Pinn Memorial Federal Credit Union, *Philadelphia*
- Pittsburgh Federal Credit Union, *Pittsburgh*, www.pittsburghfcu.org
- Progress Fund, The, *Greensburg*, www.progressfund.org
- Reinvestment Fund, Inc., The, *Philadelphia*, www.trfund.com
- Rising Tide Community Loan Fund, *Bethlehem*, www.therisingtide.org
- Rural Enterprise Development Corporation, *Bloomsburg*, www.redc-leap.org
- S.A.M.P. Scranton Federal Credit Union, *Scranton*
- Scranton Neighborhood Housing Services, *Scranton*, www.nhslackawannapa.org
- Sto-Rox Community Federal Credit Union, *McKees Rocks*
- The Triumph Baptist Federal Credit Union, *Philadelphia*, www.tbfcu.com
- Trouvaille Federal Credit Union, *Philadelphia*, www.trouvaillefcu.com
- United Bank of Philadelphia, *Philadelphia*, www.ubphila.com
- USSCO Federal Credit Union, *Johnstown*, www.usscofcu.org
- VDN Federal Credit Union, *Tarentum*, www.creditunion.com
- Washington County Council on Economic Development, *Washington*, www.washingtoncountypa.org
- Wayland Temple Baptist FCU, *Philadelphia*
- Zion Federal Credit Union, *Philadelphia*

social return