



CDFIs: On the Front Lines of Disaster Recovery Efforts

In the wake of a natural disaster, Americans mobilize billions of dollars in relief through foundations, individuals, and the public sector. While those resources go toward the rebuilding of infrastructure, individual assistance, and the meeting of immediate needs, they also support more complicated medium- and long-term efforts to rebuild and repair housing, replace damaged building stock, and jump-start economic activity. FEMA can handle much of the short-term emergency assistance, but long after federal government is gone, mission-driven lenders - particularly those with long-standing ties to affected communities - will be on the ground working to restore housing stock, rebuild community facilities, and provide technical assistance and financial assistance to businesses and families.

Community Development Financial Institutions (CDFIs) are uniquely positioned to meet the lending needs of recovering communities. Disasters hit vulnerable communities the hardest, and many CDFIs have decades of experience providing economically disadvantaged individuals with the tools they need to become self-sufficient stakeholders in their own future. These tools include providing financial services, loans, and investments; offering training and technical assistance services; and promoting development efforts that enable individuals and communities to effectively use credit and capital. Rebuilding dis-invested communities and making loans to people with limited or poor credit histories requires more than simply providing access to conventional loans. It requires the flexibility to adapt lending guidelines to the needs of borrowers; to accept unconventional collateral for loans; to help small businesses navigate government red tape; and to provide education, training, and assistance to potential borrowers.

As Congress debates additional federal assistance for communities devastated by Maria, Irma, and Harvey, they should consider the track record of CDFIs that have the infrastructure and relationships in place to offer immediate and prolonged help throughout the recovery effort.

What CDFIs are Doing to Help Following the Recent Hurricane Devastation

LiftFund is a CDFI based in Texas that has historically helped small businesses and communities through Hurricanes Katrina (2005), Ike (2008), and Sandy (2012), and is presently working to help the Texas Gulf coast and Florida rebuild after the devastation of Hurricanes Harvey and Irma. From 2005 to 2006, LiftFund provided assistance to nearly 100 small business owners directly impacted by Katrina. Through the dedicated loan fund, over \$362,000 was infused back into the community. In 2009, LiftFund opened an office in Louisiana and by 2014 has helped over 121 businesses in the New Orleans area totaling \$1.3 million. Immediately following Harvey, their staff organized to create the Hurricane Relief Small Business Fund to support small businesses and communities rebuild in the impacted counties.

Capital Plus Financial, a CDFI headquartered in Bedford, Texas, is also working out of its Dallas office to assist with recovery efforts, since Hurricane Harvey hit Texas. They have assigned 50 borrowers to each of their staff in that office who are responsible for the foreseeable future in ensuring that over 320 families have food and shelter (or they will provide it if needed). They are working hand-on with borrowers by walking them through the insurance and FEMA insurance claims process, which can be very overwhelming. In addition, they are working with lenders to set up emergency bridge financing before insurance and FEMA dollars come in so that impacted families can start the rebuilding process.

Accion is another CDFI dedicated to supporting clients affected by natural disasters. In the Houston area, Accion has identified 60 active clients, with a total outstanding loan portfolio of \$495,501, who could have been affected by Hurricane Harvey based on their business location. Accion has developed a plan to support current clients affected by Hurricane Harvey, as well as to offer assistance to new clients who may need urgent working capital to sustain their small businesses.

New Orleans Business Overcomes the Odds

Shirlynn is a small business owner and native of New Orleans. Since the age of 12, she dreamed of making women beautiful. After receiving her cosmetology license, she built a client base and started operating her business from her converted basement. As the proud owner of Feel Like Home Beauty Salon, she was ready to start her empire. But what followed the summer of 2005 would change her life forever. After relocating to Houston, Texas, she worked with her husband to try and rebuild the life she had in New Orleans. They both were struggling with the



decision of whether to return or not, but Shirlynn was struggling with the loss of family and the crippling debt and financial struggles created in the aftermath of Katrina.

In 2006 she made her decision to approach LiftFund for financial support to re-establish herself.

“LiftFund was one of the most helpful companies during that time,” said Shirlynn. “We really needed the money and at the time they understood our situation and did not pay too much attention to our credit score. We are hardworking people and I felt like they believed in what we were trying to do. We needed that money to live.”

Today, Shirlynn is a landlord for six properties, a car wash, a hair salon, and a published author.