



STRONGER  
TOGETHER



# CDFIs & Racial Equity in Action Place-based Solutions

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# THE ALLIANCE

## CAPITAL IMPACT

Mission-driven  
Lending

Innovative  
Programs

Capacity  
Building

Public  
Policy



## CDC SMALL BUSINESS

SBA 504 Commercial  
Real Estate Lending

Small Business  
Lending (SBA  
and Non-SBA)

Business  
Advising Services

Advocacy and Policy

# OUR PILLARS



Listen-first approach



Amplify community-led solutions



Transform capital markets



Serve as market innovators



Collaborate with organizations



Advocate for communities

# Nourish DC Overview



**Financial products** to meet the financing needs of food entrepreneurs of all different sizes and types of food businesses.

**Technical assistance** including workshops, multi-week trainings, webinars, customized technical assistance, access to a food incubator, and more.

**Catalytic grants** to support predevelopment work and / or fill financing gaps to allow food businesses to start up, scale and grow, launch new product lines, etc.



TAKE A STAND  
for a just economy  
& for a country  
where BIPOC  
communities thrive.

Underwriting For Racial Justice

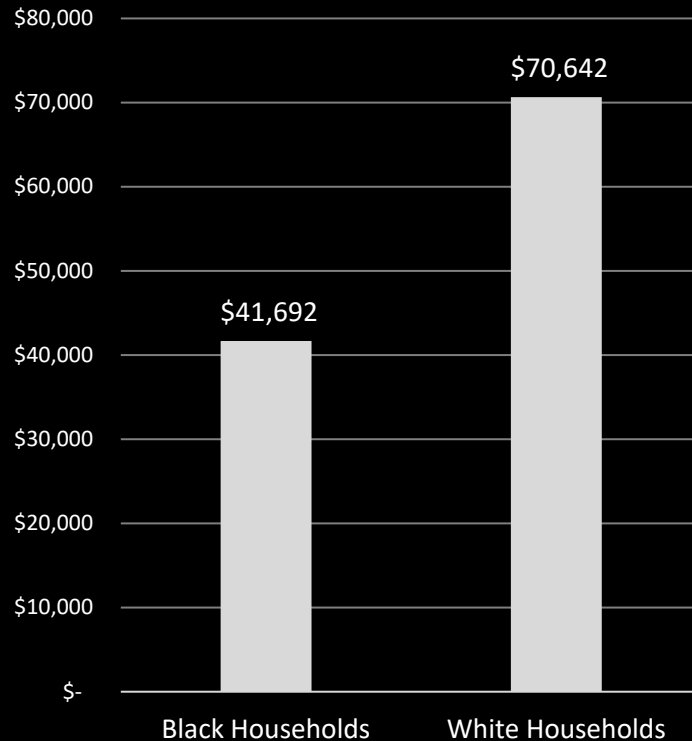
# **DENIED** WEALTH & CREDIT



- ❑ Slavery
  - Wall Street as Trading Post of Enslaved Peoples
  - Enslaved people as collateral for loans
  - Recent reparations payments by some banks, Chase \$5MM, 13,000 people
- ❑ Freedman's Savings Bank
  - Failure of oversight by Congress
  - Devastating dealings of Henry Cooke, white board member, for political power
  - 61,144 depositors with losses of nearly \$3 million
- ❑ Redlining
  - Denial of mortgages and insurance
  - Inflated home prices to Black homebuyers
  - Destruction of property
  - Precarious contracts instead of mortgages that caused loss of homes and equity
  - Language forbidding Black borrowers still in some deeds
- ❑ 2008 Mortgage crisis
  - Explicit racial targeting for loans that were higher-cost – a problem itself and also led to foreclosures and additional loss of wealth

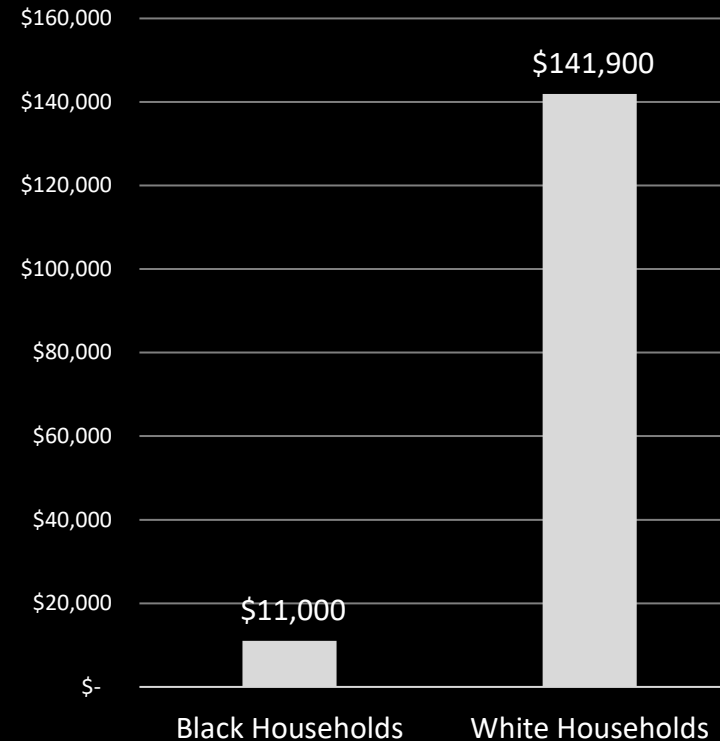
# Current Disparities: Income and Wealth

White Income is **1.7x** Black Income



Median income of households,  
in 2018 dollars

White Wealth is **13x** Black Wealth



Median net worth of households,  
in 2013 dollars

# Equal Treatment + Uneven Starting Point = Disparate Impact

## Evaluating everyone on the same 5 Cs

### 1. Collateral

- No home equity, newer businesses, service businesses

### 2. Capital

- Lower wealth – homes, home values, savings, retirement accounts
- Less friends and family money
- Networks with money and connections

### 3. Character

- Lower credit scores - gatekeeping
- Implicit and/or explicit bias

### 4. Capacity

- Higher debt
- Higher cost debt
- Lower appraisals
- Lower incomes and income stability
- Smaller, lower profit margin, and newer businesses

### 5. Conditions

- Smaller, lower profit margin, and newer businesses



# National CAPACD



National CAPACD is a progressive coalition of local organizations that advocate for and organize in low-income AAPI communities and neighborhoods. We strengthen and mobilize our members to build power nationally and further our vision of economic and social justice for all.

# Our Members

Our 100 members operate in 22 states and the Pacific Islands, serving the broad diversity of AANHPI communities including: East Asian, South Asian, South East Asian, Native Hawaiian, Pacific Islander, Diaspora (Indo-Caribbean, etc.).

Collectively, our membership speaks over 40 languages, and supports community development in low-income communities through activities such as:

- Tenant counseling;
- Tenant and community organizing;
- Homeownership counseling;
- Affordable housing and commercial development;
- Small business counseling, lending and business district stabilization;
- Youth development; and
- Entitlement and immigration services.



Where Our Members Work



**50% of all AAPIs living in poverty in the U.S. live in just 10 cities.**

**These same cities are also host to 50% of the nation's AAPI owned businesses.**

Rank of City by Size of Poverty Population	Metro Area	# of AAPIs Living In Poverty	Rank by # of AA Businesses	Rank by # of NHPI Businesses
1	New York-Newark-Jersey City, NY-NJ-PA Metro Area	285,013	1	3
2	Los Angeles-Long Beach-Anaheim, CA Metro Area	258,856	2	2
3	San Francisco-Oakland-Hayward, CA Metro Area	110,251	3	5
4	Chicago-Naperville-Elgin, IL-IN-WI Metro Area	64,436	5	18
5	Sacramento-Roseville-Arden-Arcade, CA Metro Area	53,750	17	8
6	Seattle-Tacoma-Bellevue, WA Metro Area	51,803	11	9
7	Houston-The Woodlands-Sugar Land, TX Metro Area	49,403	6	20
8	San Jose-Sunnyvale-Santa Clara, CA Metro Area	47,967	7	14
9	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metro Area	46,882	13	24
10	Urban Honolulu, HI Metro Area	46,368	9	1

Source: U.S. Census, 1-Year American Community Survey, 2015



# Challenges for AAPI Entrepreneurs

- Experienced pandemic impacts earlier (2 months longer), and experiencing a slower recovery
- Most likely to report loss of income (90%) & decreased hiring (54%), compared to white-owned businesses (76% & 45%) and nearly 75% reported difficulty paying operating expenses, compared to 63% of white-owned businesses
- Asian businesses were the highest in loan applications for every type of loan.
- 26% of Asian businesses could not find a lender to accept their application, compared to 11% white businesses
- Only 31% of AAPI businesses received all of the financing for which they applied
- 11% of AAPI businesses did not use financial service providers
- 59% of AAPI businesses reached out to crowdfunding and donation to access capital, more than any other group

# Real Estate Development Needs

- Acquisition - inadequate sources, especially in urban markets where private land is expensive.
  - Naturally Occurring Affordable Housing (NOAH) acquisitions
  - New construction on private land (acquisition)
- Pre-development - inadequate sources, especially at early stage where risk is highest and can't get low-cost loans; drives up holding costs and overall development budget.
- Commercial Development/TI – ethnic district and small business anti-displacement strategy
- Rehab of existing buildings
- Flexible Working Capital - needed to fill development gaps, esp. early pre-development

# THEME: Invisibility of AAPIs



- National Data fails to look at AAPIs
- Asian Americans are not included as qualifying minority population group for CDFIs (NOTE: Native Hawaiians and Pacific Islanders are recognized as qualifying minority populations)
- Perception of AAPI Need - perception that the AAPI community is less in need than other BIPOC communities. As public and private funding programs are being developed, AAPI groups either are not part of the conversation, or even if they are, the resulting programs don't specifically target/prioritize AAPI community needs