

# Improving Community Access to Finance



Missouri Foundation for Health

This case study is part of a larger evaluation of the Missouri Foundation for Health's (MFH) Opportunity Fund to better understand the effect of funding in communities where investments have been made. ORS Impact and staff at MFH identified eleven projects that represented the types of approaches, partnerships, and topics that MFH hopes to support through the Opportunity Fund. Of those eleven projects, four that showed sufficient progress in implementation were selected to participate in case studies.

This case study examines the work of the St. Louis CDFI Coalition, a group that brings together eight organizations working in the St. Louis community development finance space to build relationships, raise community awareness, and collaborate on community development. To learn about the genesis, implementation, and influence of this work, we conducted interviews with one MFH staff member, representatives from three of the coalition's organizations, one member of the coalition's advisory board, and one representative of the organization serving to house and facilitate the group's collective work.



## Fit with Opportunity Fund

In 2015, the Ferguson Commission, an independent group appointed by then-governor of Missouri, Jay Nixon, released an *“unflinching report containing specific, practical policy recommendations for making the region a stronger, fairer place for everyone to live.”* Recognizing that many people in Missouri—particularly those living in low-income communities—typically struggle to access financial services, the report included policy recommendations related to building equity through enhanced access to banking services, calling out the important role that community development financial institutions (CDFIs) could play in increasing access to finance and directing increased investment to underserved areas.

The Ferguson Commission report prompted discussion among the CDFIs working in the St. Louis region about how they might better coordinate their efforts while also raising awareness about the critical role that CDFIs can play in community development to drive greater investment from private, philanthropic, and public entities to under-resourced communities. With the hope of collectively addressing these goals, a group of six St. Louis CDFI organizations, with the support of the Federal Reserve Bank of St. Louis, came together to form the St. Louis CDFI Coalition in 2016. The coalition has since expanded to eight organizations.

In 2017, the coalition applied for and received a \$38,500 grant from the MFH Opportunity Fund (OF) to pay a percentage (67%) of the cost to provide dedicated staffing from Community Builders Network of Metro St. Louis (CBN) to support the coalition’s work.

From the MFH perspective, supporting the coalition was a good fit for the OF because the work was focused on encouraging a collaboration that went beyond a single organization or program. MFH also saw an opportunity to make an outsized impact with a relatively small upfront investment, because the grant allowed the coalition to access an additional matching grant from another funder. Finally, recognizing that the coalition’s work represented an opportunity to address social determinants of health, MFH also saw an opportunity to test whether a collaborative effort among CDFIs would bear fruit within the St. Louis context.



## Idea Development

Early on in the coalition’s work, the St. Louis Federal Reserve played the role of a facilitator and convener for the coalition. The coalition’s early work focused on laying the groundwork for successful collaboration by learning from the experience of other CDFI coalitions

operating throughout the country. To that end, the coalition commissioned a study on best practices for CDFI coalitions. One of the findings from the study was that the coalition would benefit from working with an external entity to serve as a fiscal agent, facilitate meetings, accomplish administrative tasks between meetings to maintain momentum for the groups work, and publicize to the coalition's work. The coalition identified the Community Builders Network of Metro St. Louis to serve in this role of fiscal agent, and also provide dedicated staffing to support the coalition's work. While each of the coalition members was willing to contribute some funding to support their collective work, it was not sufficient to support the level of staffing and administrative needs to undertake tasks such as hosting convenings that the coalition felt was optimum to get the work off the ground.

The CDFI Coalition first learned about the Missouri Foundation for Health (MFH) Opportunity Fund (OF) when two foundation staff members attended a presentation from the coalition on impact investing. Recognizing the potential of the coalition to advance the foundation's goals related to addressing the social determinants of health, staff encouraged the coalition to apply for a grant via OF to support dedicated staffing for the coalition's work during 2017.

MFH staff and members of the coalition worked closely to develop the OF proposal. Coalition members noted that they appreciated the willingness of MFH staff to meet multiple times to collectively decide how to structure the grant application. They also credited MFH staff with helping them to more systematically think through how the coalition's work connected to health.



## Implementation

The eight member organizations that comprise the St. Louis CDFI Coalition represent the diversity of CDFI organizations working in the St. Louis region, including a mix of loan funds, microlenders, and credit unions:

- 1<sup>st</sup> Financial Federal Credit Union
- Alliance Credit Union
- Gateway CDFI
- IFF
- International Institute Community Development Corporation
- Justine PETERSEN
- Rise Community Development
- St. Louis Community Credit Union

The CBN serves as the fiscal agent of the coalition and provides dedicated staffing to facilitate and coordinate the coalition's work. CBN was a good fit for this role due to their connection

to community based non-profits working in neighborhoods, as well as their deep experience working with community development organizations.

The coalition is also supported by an advisory board comprised of non-CDFI partners as a means of soliciting feedback regarding the group's strategic direction. The board includes the Federal Reserve Bank of St. Louis, as well as representatives from the City of St. Louis, Opportunity Finance Network, and others.

A major focus of the coalition's early work has been to establish structures and norms that will serve the group well in the long term. Beyond identifying a partner in the CBN to support the work, the coalition has also worked to ensure the long-term sustainability of this effort by instituting a membership fee that supports the work of the coalition, and also help to create buy-in for the work. They have also spent time on recruitment and getting the word out about the group in the CDFI community, which has led to two new organizations joining the group.

Another important focus of the coalition's activities has been to provide a venue for different CDFIs to learn about each other's work, form relationships, coordinate around joint projects, and raise awareness in the community about CDFIs. To support relationship building, the coalition holds regular in-person meetings every month and they advisory boards meets four times a year. The meeting topics are selected by group members, with staff from the CBN handling facilitation and meeting follow-up. The coalition has also formed work groups that focus on specific aspects of the coalition's work, including data to support the coalition's work, joint marketing and messaging, economic development strategy, and advocacy.

Specific projects that the coalition undertaken so far include the creation of a professional video to explain what CDFIs are and the work of the coalition, organizing a funders' and community organizations' convening to make the case for the importance of CDFIs for promoting community outcomes, and organizing a meeting to introduce coalition members to other CDFIs that are working in the Kansas City area and to find shared priorities.

Coalition members credited the facilitation and support of the CBN as being critical to their work so far. They also noted that the influx of funding from MFH early on helped provide credibility to the coalition's efforts within the individual CDFI organizations. They also noted that the regular meeting schedule and having "*skin in the game*" through membership fees had helped to ensure buy-in and accountability for the work.

The coalition has faced challenges as well, primarily related to finding opportunities for the whole coalition to collaborate. The members noted that because each organization was serving different functions as CDFIs, it was not always easy to see where their work might intersect. One exception to this was around referrals. Multiple members noted that they had been able to use connections they made at the coalition to refer opportunities to other

members when it was appropriate. Another challenge early on in the coalition's work was developing shared language and messaging, although members reported that the creation of the video helped to "crystallize" a sense of shared purpose. Other challenges include developing data and metrics to tell the story of the coalition's work, and time constraints of CDFI coalition members to devote to the coalition's work.



## Progress & Impact

Although the coalition is still relatively early in its formation, members identified a number of areas of progress. The coalition received a \$200,000 planning grant from JP Morgan Chase which is currently underway in collaboration with the City of St. Louis. The coalition won't be finished with the planning process in time for a larger implementation grant next year but hope to build on the momentum for a 2021 implementation application. Coalition members indicated that the collaborative structure of the coalition helped to ensure that the grant application was successful.

Coalition members also indicated that they believed the coalition's efforts to get the word out had contributed to greater awareness about CDFIs among key constituencies within the city, such as government officials, funders, and community based non-profit organizations. One member noted that the St. Louis Development Corporation, the city's economic development arm, made the decision to include CDFIs as an element in their economic development strategy for the city.

Finally, members also credited the coalition with helping to increase the capacity of CDFIs in the region to collectively advocate as a group. While the coalition is still working to decide how to best approach its advocacy work, multiple members noted that this was an area where the coalition would likely be able to play a role in the future.

“ About a year ago, we applied for and received a capacity grant from JP Morgan Chase to build out a comprehensive development plan to apply for a larger pool of funding. From my perspective, we wouldn't have gotten that grant without the support we received from MFH. The OF grant forced us to be more organized in how we approach this work.

– Coalition member



# Influencing Thinking and Practice

Coalition members identified a number of ways that their involvement with the coalition had contributed to increased interaction and collaboration beyond the formal work of the coalition itself. They noted that given the level of specialization with the CDFI space, they may often come into contact with potential clients that do not fit into their specific niche. The coalition has allowed its members to form relationships and familiarize themselves with the work that other organizations are engaging in, allowing for increased referrals among the CDFI members.

There are also examples of other types of collaborations that have formed among members due to their engagement with the coalition.

“ *The way we are able to operate as referral sources for each other is new. I would never have been able to do it before because I wasn't familiar with their work.*

– Coalition member

“ *...one of the credit unions that we got to know through our participation in the coalition, they have a strategy where they are trying to open up mini-branches in different locations so that they can build up their presence in the city, and we are working with them now to actually have them open up a branch in our office which is also a benefit for our clients so that they have access to products that we don't provide.*

– Coalition member

Finally, multiple members also reported that they were working collectively on advocacy, including issues related to Opportunity Zones, as well as influencing the city's equitable development plan process.



# Long Term Sustainability

The St. Louis CDFI Coalition plans to continue its work in the future, with the goal of supporting increasing collaboration among the CDFI sector in St. Louis. There are hopes that the coalition will be successful in its next application for the JP Morgan Chase grant to implement their development plan. There are also hopes of expanding advocacy efforts, building on ongoing work to collaborate with CDFIs in the Kansas City area, and potentially expanding statewide. Building a sustainable funding base to support the coalition's operations is likely to be a continued area of work for the coalition as it moves forward.