



Opportunity Finance Network annual conference report
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OFN: Developing the Next Generation of Community Development Finance

More than 700 people attended the Opportunity Finance Network annual conference, which was held from December 11 through December 14th in Miami, Florida. Among the attendees were nearly 100 representatives from more than 40 Native communities, who came together to promote entrepreneurship development, affordable housing opportunities, job creation and expanded Native asset building for their underserved communities.

Opportunity Finance Network is the nation's leading network of community development loan funds. OFN members have originated more than \$11 billion in financing in non-conforming urban, rural, and reservation-based markets through 2005. This has generated or maintained 170,693 jobs; 35,441 businesses; 484,943 housing units; and, 5,153 community facility projects.

The opening plenary featured two speakers: John Talmadge of Social Compact, a research organization, and John Herrera of Latino Community Credit Union, a community development credit union with an emphasis on serving North Carolina's growing Latino population.

Talmadge focused on the importance of data collection in community development. Through its work in 400 neighborhoods in 12 cities, Social Compact has often found staggering gaps between the numbers found in the Census data used by most businesses to make investment decisions and the actual purchasing power and population of inner city communities. As Talmadge put it, "We've found 900,000 people and \$22 billion in income [not included in U.S. Census Bureau figures] to date. We anticipate by the end of 2009 to find 3.5 million missing people and \$120 billion more income." For instance, in Santa Ana, California — a heavily Latino city in Orange County south of Los Angeles — census data found an average income of \$47,000 per household, while including informal economy income raised that figure to \$62,000. A population study in the City of Los Angeles, commissioned by Mayor Antonio Villaraigosa and conducted by Social Compact, found a Census undercount of over 170,000 people.

"Purchasing power is key to making site decisions," Talmadge noted. And these site decisions have consequences. For instance, because of public health problems such as obesity and diabetes, "It is a public policy imperative to have grocery store development in underserved markets."

The second plenary speaker, John Herrera of Latino Community Credit Union in Durham, North Carolina, focused on the impact of the rapid increase in Latino population in the state. According to Herrera, between 1990 and 2000, the Latino population in North Carolina increased by more than 400 percent, although a large portion of this increase was due to internal migration from other states. Herrera spoke passionately about the role of the community development credit

union in meeting the needs of this rapidly growing community. Since opening its doors in 2000, the credit union has focused on three areas: financial education, providing affordable financial services, and supporting community economic development. “Immigrants need full financial services, not just check cashing and wire transfer,” Herrera emphasized. “What people want are four basic things: 1) convenience, 2) consistency, 3) services, and 4) reasonable prices/fees.” Today, Latino Community Credit Union has over 52,000 members and 5 branches.

The opening plenary helped set the context for the keynote address by Mark Pinsky, CEO of Opportunity Finance Network since 1995. Community development finance, after all, seeks to uncover investment opportunities in underserved markets and reach out to immigrants and other underserved groups. The conference was also colored, however, by the spread of the foreclosure crisis brought about by subprime lending. As Pinsky put it, “This year, we saw the corrosive effect of capitalism without justice in the economic mess that grew out of greed and irresponsibility in the mortgage business. If there is a single lesson you should take away from the quagmire it is this: The current global economic mess is not the result of bad borrowers, as too many people claim; it is the result of bad lending ... and a tsunami of bad judgments up and down the financial and policy food chains that supported and encouraged that lending.”

One of the people who warned of the impending crisis before it occurred was Ned Gramlich, a former Governor of the Federal Reserve, who passed away in 2007. In his honor, Opportunity Finance Network awarded Ned Gramlich its Lifetime Achievement Award posthumously. Additionally, the Opportunity Finance Network has chosen to name its Lifetime Achievement Award after Gramlich. As a result, future recipients will be awarded the “Ned Gramlich Lifetime Achievement Award for Responsible Finance.”

In his address, Pinsky looked beyond the foreclosure crisis, and, in particular, toward the long-term potential for growth for community development finance. “The opportunity finance industry has the potential and power to transform the economy, the policies, and the society in which we work ... How many years do we have to overachieve in financing, in policy, and in civic leadership roles before we take ourselves seriously? How long do you think we can keep a \$25 billion industry hidden from sight?” Pinsky implored.

Near the end of his address, Pinsky emphasized that he viewed community development finance as “a proud heir to generations of struggle for justice ... We work for transformational change but we achieve it one transaction at a time.”

Another highlight of the conference was the awarding of the inaugural Wachovia NEXT Opportunity Finance awards. Supported by the John D. and Catherine T. MacArthur Foundation and the Wachovia Foundation, the five-year, \$41.75 million program is designed to draw philanthropies and businesses closer together by providing high-value awards to select community development financial institutions that provide credit and financial services to poor communities. First prize (\$5.5 million) went to the Latino Community Credit Union. Second prize —\$2.75 million— went to Acción Texas, which to date has provided \$58 million in loans to more than 8,100 people.

For more information on the Opportunity Finance Network, see the organization's website at: www.opportunityfinance.net