Community Development Financial Institutions in Civic Ecosystems

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Introduction

The purpose of this article is to examine the roles and value-added services that Community Development Financial Institutions (CDFIs) provide to local and regional public-sector agencies, and to illustrate how collaboration between CDFIs and local public-sector agencies impacts the effectiveness and efficiency of community development investments.

Examining CDFIs from the perspective of their relationships with state and local governments is a seldom-explored but straightforward way to illustrate how CDFIs help create community assets and public goods, particularly in distressed communities. When community development practitioners receive financial support from the public sector, they often use these funds to promote greater economic opportunity and quality of life. Among many positive outcomes, these investments foster entrepreneurship in communities with low employment; lending and counseling resources that promote stable homeownership in neighborhoods impacted by predatory lending; and better access to quality education and healthcare. Studies on CDFIs rarely delve into their non-financial, public-purpose functions, or how these activities help support the mandates of state and local governments to provide services and infrastructure to communities in need.

The CDFIs studied for this article are Charlotte Mecklenburg Housing Partnership (CMHP), Neighborhood Housing Services of Chicago (NHS), Enterprise Corporation of the Delta (ECD/HOPE), Community Preservation Corporation (CPC), The Reinvestment Fund (TRF), and Primary Care Development Corporation (PCDC). These CDFIs were chosen in part because of the significant roles they play in their communities. They provide financing and collect data to support affordable single- and multi-family housing, primary-care health centers, charter schools, and retail/small businesses. In telephone interviews with each of these organizations, we explored the origin of their cooperation with local and state governments, the qualities and expertise that singled them out as valued partners, and the main civic issues that they address in conjunction with public-sector organizations. A brief description of each of the six CDFIs is found in Figure 1 below.

Figure 1
Overview of Organizations Interviewed

Charlotte Mecklenburg Housing Partnership, Inc. (CMHP) is a private, nonprofit housing development and financial corporation organized to expand affordable and well-maintained housing within stable neighborhoods for low- and moderate-income families in the City of Charlotte and Mecklenburg County in North Carolina. CMHP was incorporated in 1988 in response to the research and recommendation of a local citizens' forum. The Housing Partnership provides a comprehensive range of affordable housing services focused on revitalization, education, and development. CMHP is a charter member of the NeighborWorks® America network.

Neighborhood Housing Services of Chicago (NHS) is a nonprofit organization established in 1975 that offers Chicago residents affordable resources to buy and maintain their homes. It is a counseling agency and developer of rehabilitated single-family and (limited) multi-family housing. The lending function of Neighborhood Housing Services, Neighborhood Lending Services, Inc., is the only nonprofit mortgage lender licensed in the State of Illinois. NHS partners with neighborhood organizations, financial institutions, the City of Chicago, corporations, and foundations. NHS is a charter member of the NeighborWorks® America network.

Enterprise Corporation of the Delta (ECD/HOPE) is a nonprofit CDFI that provides commercial financing, mortgage loans, and technical assistance to support businesses, entrepreneurs, homebuyers, and community development projects. ECD's mission is to strengthen communities, build assets, and improve the lives of people in economically distressed areas of Arkansas, Louisiana, Mississippi, and Memphis, Tennessee. ECD also sponsors Hope Community Credit Union, which provides a range of financial products and services that meet the needs of low- and moderate-income residents in its four-state service area.

The Community Preservation Corporation (CPC) is a nonprofit corporation founded in 1974 to stabilize, strengthen, and sustain low- and mixed-income communities. CPC provides mortgage, construction, and other lending for the housing needs and the ancillary commercial activities that are necessary for achieving sustainable communities. CPC operates in New York and is funded by a consortium of 90 banks, which contribute capital, participate in lending activities, and provide governance by sitting on CPC's board, lending committee, and other policy-making bodies.

The Reinvestment Fund (TRF) is a socially responsible community investment group. Established in 1985 as a community organization, TRF lends and invests in real estate development, charter schools, businesses, and sustainable energy programs. TRF works to transform neighborhoods, creating opportunity for economically challenged families and communities. TRF works in Pennsylvania, New Jersey, Delaware, Maryland, and Washington, DC.

Primary Care Development Corporation (PCDC) is a private nonprofit organization founded in 1993 that provides capital financing and technical assistance to expand and improve primary care in community health centers and hospitals in New York. The mission of PCDC is to expand and enhance primary and preventive care in underserved communities. PCDC provides primary care financing, policy, and planning. It is the first and largest CDFI in the country specializing in primary care financing for low-income communities.

Based on interviews with representatives of the six CDFIs, we find that these institutions share some traits that enable them to fill gaps between public agencies and for-profit entities. First is the vision and capacity to look beyond a single project or program and second, the ability to articulate well their value proposition in their civic contexts. Third is an awareness of the need for and ability to build infrastructure that fosters further development and documents learning from past efforts. This may take the form of data-gathering (as exemplified by TRF), mutually accepted documentation and standards (as exemplified by CPC), or organizational networks (as exemplified by ECD/HOPE) that provide complementary services. Fourth is a level of flexibility and familiarity with state and local agencies that allows for risk-taking and experimentation derived from the success of past endeavors. This coordination leads to integrated responses and creates opportunities for leverage and greater impact.[1]

[1] Another common trait is that each of these organizations is a nonprofit loan fund and as a general principle, deals in immature credit markets with the goal of eventually “mainstreaming” unconventional borrowers and types of credit. CDFI loan funds typically have bank financial partners, but are not directly subject to specific capital and reserve requirements. However, in more recent years, both public and private financial partners have tended to impose concrete performance expectations.

These activities highlight the differentiated roles of public, for-profit, and nonprofit (CDFI) entities, suggesting that effective community development may emanate in part from the partnerships among such entities, or what we call the *civic ecosystem*. The key roles of CDFIs include mitigating risk; serving as stewards of funds from multiple sources; providing hands-on debt servicing that goes beyond the simple recapture of monies owed; building networks of long-term, productive relationships with complementary partners; and gathering/assimilating relevant longitudinal data to inform community development investments. CDFI activities often entail customized work beyond the capacities of purely for-profit or government organizations, and they often require significant upfront investment (subsidy), which end users cannot generally repay, at least not directly.

The following sections review the services that CDFIs provide to regional, state, or local governments. We identify six categories of functions that these CDFIs perform, recognizing that this is not an exhaustive list. We illustrate each role with an example from one organization, although in reality the CDFIs studied here carry out many of the value-added functions simultaneously.

CDFIs have the ability to blend resources and attract subsidies otherwise unavailable to the public or private sectors.

CDFIs provide both financial and non-financial value in executing their civic and community development strategies. Money may be the most tangible contribution; CDFIs often provide credit for new, non-mainstream, and/or riskier purposes, often with risk-mitigating tools such as government-funded first-loss reserves that allow private financial institutions to enter a new credit market without running afoul of risk policies and regulatory concerns. However, their roles are much more far-reaching and transformational for the places they serve. CDFIs also attract greater funding for housing and neighborhood redevelopment efforts by consolidating public and private resources. They work to bring critical assets and services to communities in need through their close relationships with both government agencies and private funders.

Charlotte Mecklenburg Housing Partnership (CMHP) offers an example of the CDFI as public-private nexus. CMHP was formed in 1987 by civic leaders and housing advocates to address the need for affordable housing and the revitalization of distressed neighborhoods in the growing City of Charlotte, North Carolina. As in many other cities, the housing agenda at that time included the elimination of sub-standard housing as well as the expansion of affordable housing options. The newly formed Housing Task Force envisioned mixed-income communities that did not segregate the poor and lead to unstable conditions. The Task Force also favored comprehensive approaches and sought to build strong partnerships with public, financial, social service, and religious communities.

Civic leaders went through a careful process to implement this strategy. Because their goal was to develop mixed-income communities, they believed that an alternative was needed to both the City's housing authority and the private market. They visited a number of cities to see what worked. Ultimately, they concluded that a mission-based nonprofit could sustain deliberate, long-term revitalization strategies and hold assets consistent with their charitable intent. This nonprofit entity could work in partnership with various sectors, consolidating and blending resources, and bringing in new subsidies. In addition, it would combine a development capacity with lending and support services.

The City of Charlotte began providing housing and revitalization subsidies to CMHP, both on an annual allocation basis (with clear performance criteria) and on a competitive basis. A small portion of the annual funds would go to CMHP operations. The City would also provide comprehensive support services to revitalization efforts, such as public safety and clean-up efforts. Mecklenburg County would provide funds for housing counseling. The civic sector would continue to provide high-level expertise to CMHP, helping the organization make and execute smart financial decisions, and bring a high level of clout to its housing and community revitalization efforts. Several banks would also pool resources for an affordable mortgage program in CMHP.

Through strong partnerships with the public and private sectors, CMHP has been successful in developing housing and revitalizing neighborhoods. Initially, its focus was affordable for-sale housing. As the private market picked up a greater share of the entry-level for-sale offerings, CMHP moved more heavily into affordable rental housing. Though CMHP's initial focus was stimulation of revitalization efforts in severely distressed communities, as CMHP has built its capacity over time, its role has changed in response to changing market circumstances. It assumed a master developer role for large-scale revitalization efforts, and became a partner with private developers on the affordable components of market-initiated developments. CMHP currently holds a strong portfolio of housing that it owns and manages.

The partnerships between the public sector and CMHP have not always been easy, however. Initially CMHP spent the majority of its time on the technical aspects of the work. When it almost lost its contract with the City of Charlotte after changes in elected leadership, it began to devote more significant effort to developing and maintaining the relationships that make successful public-civic partnerships, including assuring that the value-added of CMHP's contribution is clear and apparent. CMHP is an independent organization that must weigh fiscal and operational issues before taking on any project, and it keeps a careful eye on its own sustainability.

CDFIs provide critical services to borrowers in conjunction with their lending to help stabilize frail neighborhoods in ways that local governments cannot.

In Chicago, the Department of Community Development has a longstanding record of coordinating and financing multi-family affordable rental housing, but no practical means to address the needs of homeowners or potential homeowners in redeveloping communities at scale. Given the large proportion of one- to four-unit structures in Chicago, a key goal of city government is stable residential housing markets, a goal that that is difficult for many urban governments to address or achieve on their own. The infrastructure, skills, and discipline that go into lending/expending $10 million for a multifamily rental housing development differ from those required to ensure that hundreds of individual mortgages represent sound investments. Lending to, counseling, and servicing the mortgages of inexperienced, first-time home buyers require additional layers of skill, effort, and experience.

Neighborhood Housing Services (NHS) of Chicago has been an important partner for the City to deliver on this goal. NHS is part of the NeighborWorks® network of nonprofit housing organizations nationwide that serve primarily lower-income and disadvantaged urban residents. NHS serves Chicago residents who for various reasons—credit history, language barrier, limited financial sophistication—cannot access the conventional mortgage market, or need assistance to stay in or repair their home. For decades, NHS's implicit and often stated mission has been to foster stable home ownership and neighborhoods in lower-income and otherwise disadvantaged areas. NHS offers a comprehensive array of housing-related services, including foreclosure intervention services, and is the only nonprofit licensed mortgage lender in the state.

After more than 25 years of serving Chicago housing markets, NHS in 2002 formed a large, multi-purpose loan pool funded from differing sources, with primarily private-sector (bank) funds. It consolidated all lending in one pool, subject to multi-year commitments from its many bank lending partners (i.e., pool participants). This was a tipping point for the City of Chicago to turn over serving the (affordable/subsidized) single-family home market to NHS. Prior to 2002, NHS had received many federal and local grants and loans from the City to rehab houses, counsel home buyers/owners, and make mortgages and emergency loans to homeowners facing temporary setbacks. It had for many years prior to 2002 received (and still does receive) CDBG and other grants for its various activities and lending under different internal programs. Importantly, NHS fastidiously reported its use of funds and related results to the City and the Department of Housing. But it was in 2002 that the City effectively delegated its affordable single-family lending, counseling, and rehab development to NHS.

The City of Chicago provides a portion of the reserve funds for the loan pool. This investment allowed NHS to leverage private funding with public funds, providing an additional layer of deferred or forgivable financing to income-eligible borrowers. Only through a long track record of superior loan performance, low default rates, and careful reporting on the use and impact of invested funds was NHS able to establish and repeatedly renew commitments for a flexible, $100 million loan fund that, starting in 2002, allowed NHS for the first time to consolidate all of its basic lending functions.

In addition to the houses that NHS actually acquires, rehabs, sells, and finances, it addresses hundreds more homes annually in the City through the Home Repair for Accessible and Independent Living (HRAIL) program and the City's Lead-Based Paint Abatement program. NHS receives City funding through both, as well as funding to improve the energy efficiency of homes it touches.

In response to high foreclosure rates in its target Chicago neighborhoods, in 2003 NHS initiated the Home Ownership Preservation Initiative (HOPI), which also represents a blending of resources from the City of Chicago and various mortgage lending and servicing organizations. HOPI provides a comprehensive package of counseling and lending services in concert with the City of Chicago and major mortgage servicers to avert foreclosure, or otherwise reach the least damaging outcome (through e.g., short sale or deed-in-lieu) for at-risk borrowers. The HOPI infrastructure—the network of counselors, servicer agreements that promote modifications over foreclosure when possible, and funds for emergency loans—has been held up nationally as a model partnership involving a CDFI, local government, and private-sector lenders.

Using deep local market knowledge, extensive networks, and well-developed resource management skills, the most effective CDFIs respond nimbly to community crises, thereby attracting additional governmental and private assets.

The development needs of the Mississippi Delta region are much greater than any one organization, or any one sector—private, nonprofit, or philanthropic—can address alone. Enterprise Corporation of the Delta (ECD/HOPE) views itself as a "connector," working to identify and address regional needs and opportunities. ECD/HOPE also works to bring the resources of public agencies and the power of state and federal officials and organizations to bear in the communities.

In the 10 years prior to Hurricane Katrina, ECD/HOPE had worked to develop a network of nonprofit organizations providing vital services to disadvantaged populations. After the hurricane, ECD/HOPE received more than $20 million in several allocations from the Mississippi Development Authority. In addition, it received inquiries from individuals, charities, faith-based coalitions, and corporations seeking to donate money and resources to a regionally based nonprofit organization. Most people were looking for an entity that could identify the needs of local people and deploy the resources in a timely manner while maintaining the financial integrity of their donation. As a well-established community development intermediary, ECD and its affiliated Hope Credit Union had systems and networks in place to efficiently bring resources into the region, connect to grass-roots organizations on the front lines of response, and appropriately manage resources designated for relief and recovery.

ECD/HOPE provided affordable financial services to more than 4,500 residents in response to Hurricane Katrina; assisted 450 homeowners with repair and rebuilding; generated more than $20 million in financing to consumers, homeowners, and small businesses; made 900 bridge loans to people and businesses waiting for insurance and government payments; and connected 1,500 people to free legal assistance, evacuation and relocation support, and other recovery services. A housing development affiliate was also involved in rebuilding homes. With funding from the State of Mississippi, ECD/HOPE counseled over 10,000 state residents whose homes were destroyed in the hurricane, which enabled those households to access state rescue funds of between $500 and $600 million. ECD/HOPE also spearheaded efforts to get loans to small businesses affected by the storm. In the wake of Katrina, through a well-developed network of nonprofits offering myriad services, ECD/HOPE was able to refer thousands of individuals and businesses to needed services, in addition to those it served directly.

CDFIs help rationalize fragmented marketplaces composed of many small players and financing from multiple sources and sectors. They do this by attracting private and public funds, creating and disseminating standards, and streamlining the approval process to execute relevant, coherent strategies at scale.

Over the last several decades, housing financing programs have become increasingly piecemeal and interdependent. Among other screening procedures, most public and quasi-public funding sources require other funding/subsidy to be in place before committing their funds. Locally based housing development funds and public-private partnerships have had to consolidate resources (public federal, state, and local; private philanthropic and corporate) to meet community development goals. CDFIs are often valued for their ability to negotiate this fractious system. In addition to understanding the mechanics of applying for grants, CDFIs are often able to initiate deals; serve as stewards of existing assets; gather, assess, and control data and information resources; and maintain advocacy pressure for continuing development efforts.

The Community Preservation Corporation is an example of an organization that has helped streamline the complex process of developing affordable housing. CPC was established in the mid-1970s through joint work by the public sector and financial institutions. The decisive moment came during New York City's fiscal crisis; many neighborhoods that had suffered from years of middle-class flight were in ruin. Virtually no capital was going into multi-family housing in the South Bronx, Harlem, and other previously economically stable, middle-class areas. Abandonment was materially shrinking the affordable housing stock. At the City's urging, David Rockefeller (who headed Chase Manhattan Bank at the time) and other civic "statesmen" created CPC, a "public charity," to intervene. Washington Heights in Manhattan and Crown Heights in Brooklyn were the initial target communities. In its first six years, CPC financing led to the rehabilitation of about 12 percent of the housing in Washington Heights—about 9,000 units.

The concept of a bank-capitalized community development loan fund was not common at the time, but was considered an effective means to spread risk across multiple institutions. It was also a way to increase both the amount and impact of the funds brought to bear. CPC's key insight was to appreciate the potential impact of standardizing the process of developing affordable multi-family housing (through the Participation Loan Program of the City of New York). CPC created common documents, standards, and objectives that the public sector, the private sector, and small developers could all accept. Prior to the creation of these documents, each actor in a deal followed its own protocols. The private-sector staff and capital lenders approached a deal with a high degree of sophistication, but had their own guidelines for rehabs. Smaller developers had to work out their own rehab scope (i.e., non-standardized specifications for plumbing, masonry, etc.) and price guidelines for each deal, which made the process very inefficient. The developers also wanted access to public subsidies, but were not always clear about eligibility requirements. The City had its own protocols and documents—and a byzantine process for qualifying developers.

CPC developed its own documents and protocols that also met the needs of developers of affordable housing, private lenders, and the City housing authority (and other subsidy providers). It created universal, well-considered forms and standards (specifications, documents, agreed-upon underwriting standards) with respect to operating cost estimates, rehab cost guidelines, and debt structures. These made it easier for developers of low-income housing to access subsidies from the public sector, so that lenders (banks to which CPC sells loan participations) could take part in financing the development of affordable housing—once considered a risky investment on its face—without breaching regulator-proscribed risk tolerances. Though CPC received no direct City or State funding, its efforts greatly improved the efficiency of bringing about affordable housing in NYC. The “one-stop shop” became CPC’s moniker for this streamlining effort.

CPC reports having provided $7.3 billion in public and private financing for the rehab and development of over 136,000 apartments since its 1974 inception. This type of track record gives confidence to local governments looking to commit tax dollars efficiently and wisely. In CPC’s early years, about 70 percent of its loans combined public low-interest mortgages with CPC-supplied bank debt. Today, the proportion of subsidized loans is substantially less. This can be attributed in part to changes in the housing market and in public budgets. By providing training and resources for relatively inexperienced developers of affordable housing, CPC has helped bring new actors to a space that might otherwise be secondary or tertiary work for mainstream, larger for-profit developers. But the increased prevalence of conventionally financed community investment demonstrates something very positive: mainstream lending now occupies a far larger share of community development finance.

Building on a successful history of housing finance (with comprehensive services for developers), streamlined documentation and underwriting across City, bank, and CPC underwriters, CPC was able to simplify the low- and moderate-income rehab process for upstate communities as well. A CDFI Fund award to CPC allowed it to replicate its work elsewhere in New York State and apply the funding towards soft second mortgages. This package was a major incentive to smaller communities to engage CPC’s services and deploy local resources. CPC was particularly successful in Beacon, NY, and Albany, the state capitol.

CDFIs inform the development of more intelligent community and economic development strategies on the part of state and local officials by collecting, developing, and analyzing data (often not easily available) on the places they serve.

The Reinvestment Fund (TRF) finances various types of ventures including housing, community facilities, charter schools, commercial and retail businesses, clean energy technologies, and leasing, and does predevelopment, construction, and permanent financing.

TRF distinguishes itself from most CDFIs, however, through its multi-dimensional market knowledge and data tools. TRF puts together large statistical and spatial models for consumption by public agencies, such as housing finance agencies and the offices of mayors and governors. TRF aggregates these data in part from its own long-term work in economic development and neighborhood financing, and derives data from other sources as well. The type of nuanced neighborhood information that TRF analyzes provides the basis for more informed and effective community investment.

TRF’s “PolicyMap” product allows subscribers to overlay demographic and other data (e.g., labor statistics, bankruptcy filings, location of LIHTC-financed housing) on city maps to determine areas of need for retail or other development and where capital can be put to best use. Public agencies use the tool to help them think about allocation of public resources. Similarly, TRF’s Market Value Analysis (MVA) product helps cities to identify distinguishing real estate market characteristics that help to classify and prioritize needs for underinvested neighborhoods. Just as the data help TRF assess and invest more effectively, TRF helps others to do the same, making TRF valuable to local government entities. Additional data users include foundations and other civic organizations, developers, mainstream lenders, news media, planning agencies, and private consultants.

While TRF is a qualified and skilled lender, it considers the aggregation and organization of data a “different credential” and a means to undergird and even help pave the way for broader, complementary community and economic development initiatives. This ability and capacity forms the basis not only for TRF's state/local relationships in various cities and regions, but also for the continual refinement and expansion of its data tools for maintaining them.

As an intermediary for both capital and data, TRF has evolved into not only an entity skilled at attracting and effectively deploying private-sector investment but also a steward of public-sector money. By building a large network of civic and policy relationships, TRF has become influential in civic discussions on a broad spectrum of economic and community development issues. By working to align the interests of actors across the civic/business spectrum, TRF is positioned at the center of civic discussion, debate, and policy-making on economic development in areas of New Jersey, Pennsylvania, Delaware, Maryland, and other localities. Important relationships include the governors of the states TRF serves, legislators, local venture capitalists, religious groups, private developers, and myriad banking institutions. Participation in the civic debate has also made TRF into the player that gets things done, drives resources, and opens channels to the CDFI Fund and other federal support, as well as state/local money. It has allowed TRF to bring greater value to the public-private-intermediary triumvirate.

CDFIs carry out public-purpose functions on behalf of a broad coalition of civic actors, often as the delegate agency for local governments.

Helping the public sector provide more efficient services drove the creation of the Primary Care Development Corporation (PCDC). In 1993, the City of New York undertook a special initiative to develop primary care in the City's underserved communities. Mayor David Dinkins responded to a strong public consensus among City and State health care agencies, providers, policymakers, foundations, and community and advocacy groups that primary care resources were significantly lacking in underserved communities. The Mayor decided this need could be met most efficiently through a non-governmental organization, and PCDC was formed. It was critical that PCDC be an independent, accountable entity, with a strong board and the credibility to attract private investment.

To assist PCDC in this effort the City of New York made tax-exempt bond financing available, while a group of foundations provided start-up funding. A group of major banks and public sources (federal, state, and city) provided funds for PCDC's Capital Financing services to lend for: property acquisition and pre-construction work; renovations, expansions, equipment acquisition; construction of health centers in under-invested communities; and temporary (bridge) financing for projects with committed permanent financing. PCDC provides incentives for both private and public investors by putting up first-loss reserves, an important factor in credibility and the willingness of investors to lend.

PCDC needed an important stakeholder—a local/state agency, or even a large foundation—to take a deep interest in primary health care. The motivation for the City of New York was at least in part that much of the State's Medicaid funding was going toward delivery of primary health care, and even treatment of more serious but not (immediately) life-threatening conditions, in emergency rooms. The potential to reduce costs and deliver better-suited care to large populations effectively aligned the interests of the City, PCDC, private lenders, the uninsured (i.e., care recipients), and ultimately taxpayers.

In addition to the City's support, PCDC built a community of interest around the success of primary care in part through the selection of its board of directors. The board members are invested in the success of primary care and have been pivotal in problem solving, bringing additional resources, and building the reach and credibility of the organization. PCDC's board includes representation from national corporations, financial institutions, foundations, the Mayor's office, and the City Council. It also includes primary care physicians, a former Assistant Secretary from the Health and Human Services Department (HHS), and the heads of the New York City Department of Health and Mental Hygiene and the New York City public hospital system. One of PCDC's founding board members later became the director of the HHS Health Care Financing Administration.

Health care centers that serve primarily lower-income communities and clients with only Medicaid or no health insurance face significant headwinds. Most mainstream investors would be reluctant to invest in these facilities due to their narrow financial margins and the risk and complexity of delivering care to a low-income clientele. As a result, this sector typically lacks experience in the complex processes of facility planning and development. PCDC's capital financing and technical assistance have provided the expertise and resources to address both issues. Beyond financing, PCDC works with the management of these facilities to develop and refine core processes, to (among other benefits) facilitate electronic record-keeping, develop emergency preparedness, and streamline care delivery. It effectively aligns the interests of investors, borrowers, and government agency partners, who practically speaking could not manage such an ambitious and effective financing vehicle without a strong intermediary, or otherwise bring the collective of funding and resources to bear.

While not constituted as a policy organization, PCDC is recognized as the authority on the financing and delivery of primary care and has developed a reputation for expertise and neutrality, placing it in an influential position. As its partners, City, State, and private foundations frequently turn to PCDC for information and advice. As New York State has moved toward health care reform and health system restructuring, PCDC has become a strong and respected voice for primary care. The City of New York's interest in reducing the cost of health coverage for lower-income households (i.e., the Medicaid system, a portion of the costs of which is borne by the City of New York) has only grown in the years since PCDC's founding, and primary care is increasingly seen as a keystone to both keeping people healthy and lowering overall healthcare costs. PCDC's commitment and skills have also drawn the attention of state agencies around the country who want to learn more about the PCDC's services and techniques.

Conclusion

This article explores the theory that renewed support from local and regional governments is evidence of the essential contribution CDFIs make to their local economies. As we show here, the roles of CDFIs extend far beyond loan underwriting. CDFIs use their technical know-how to pioneer markets for emerging products in low- and moderate-income communities, such as primary health care facilities, charter schools, foreclosure mitigation services, and technical assistance for small businesses. They aggregate and interpret data from diverse fields often not explored together to inform the allocation of scarce public resources. CDFIs help develop the infrastructure—the systems, practices, documentation, data, relationships, networks, and learning from long-term community development endeavors—for lower-cost finance by identifying community needs and better ways to deliver products that meet these needs, leading to greater availability of affordable housing and a variety of critical services.

We use the term *civic ecosystems* to describe the partnerships between CDFIs, the public sector, and private interests that have been formed in the service of community development. In this study, we show that the CDFIs and their partners built strong relationships to establish a greater consensus on what was needed to connect low- and moderate-income communities to the economic mainstream. By involving a broad group of civic actors in the development of their own organizational goals and governance, the CDFIs contributed to the sustainability of their own institutions and of the projects they supported. This alignment helped lengthen the timeline of public support for community development projects, allowing the CDFIs to make investments they might not otherwise have made. Partnerships that were carefully constructed and capitalized on the strengths of the various players involved managed to carry out complex and comprehensive community development activities that utilized subsidies efficiently and effectively. Partnerships among public agencies, for-profit entities, and CDFIs led to community development projects whose results exceeded the sum of their parts.

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