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Building CDFI Capacity

Image provided by Kensington Lending Partnership

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Partnerships for Raising Opportunity in Neighborhoods (PRO Neighborhoods) Competition awarded collaboratives led by CDFIs multi-year grants totaling more than \$153 million. With the support of PRO Neighborhoods, 36 collaboratives, consisting of 134 partner organizations in 28 states tackled complex challenges in neighborhoods and cities across the country from 2014-2024.

A complete list of the PRO Neighborhoods collaboratives and other reports documenting their accomplishments can be found at www.AbtGlobal.com/JPMCEvaluation.

The PRO Neighborhoods grants helped the CDFIs who received funding increase their organizational and financial capacity. The grants provided flexible funding for awardees who worked in collaboration with CDFIs and other partners. These features of the initiative were intended to help build awardee's organizational capacity. The Abt brief, [Building organizational capacity and deepening impact with PRO Neighborhoods grants](#), presents case studies of three collaboratives – Community Loan Center Collaborative (a 2015 grantee working in TX & IN), PROsper Kentucky (a 2015 grantee working in KY), and Chicago CDFI Collaborative (a 2014 grantee working in Chicago, IL) – that document the organizational benefits experienced by CDFIs who received PRO Neighborhood grants. Key findings include:

Grantees accessed new capital sources. These included stronger balance sheets, leveraging additional public/private funding, and reducing costs.

- Among the six CDFIs surveyed for the report, total assets increased by an average of 56 percent and net assets increased by an average of 38 percent over the three-year term of their grant.
- The CDFIs leveraged their PRO Neighborhood grant funds with additional public and private funding. For example, PROsper Kentucky attracted \$69.2 million in additional funds from the following sources: CDFI Fund Capital Magnet Fund, CDFI Fund Bond Guarantee Program, CDFI Fund Financial Assistance (FA) Award, and USDA Uplift America Program.

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- The CDFIs lowered their costs of funds, which allowed them to have greater impact. For example, one CDFI increased their self-sufficiency ratio from 92 percent prior to receiving the grant to 98 percent by the end of the three-year term.

Grantees built capacity as demonstrated by greater reach, improved delivery of services, enhanced staffing, and stronger partnerships.

- The CDFIs reported reaching new customers in their existing service area and in new areas. Overall, the CDFIs grew their outstanding loans by roughly \$9.5 million.
- The CDFIs interviewed for the report reported increasing staffing by an average of 25 percent during the term of their PRO grant. For example, one CDFI hired an additional staff person to work exclusively on their loan program and additional new staff to work on other programming.
- Investments in technology and operations helped the CDFIs improve how they offered services. For example, one CDFI streamlined operations by developing a borrower portal to enable borrowers to review their account balances, make pre-payments, and renew their loan applications. This reduced service costs within the organization and with partners.
- The CDFIs grew their partnerships, both with other organizations in their collaborative and with other organizations. For example, in the PROsper Kentucky collaborative, the partner CDFIs grew their relationship from peers and colleagues to partner lenders.

Grantees were better positioned to innovate as demonstrated by enhancements to existing products and development of new products, and scaling of innovative models.

- Some CDFIs used their grants to test and develop new products or ways of investing in their communities. For example, one CDFI used a portion of the PRO Neighborhood funds to develop its First Mortgage Program, an affordable mortgage product that is coupled with financial and homeownership education, and targets borrowers that most traditional lenders stopped serving in the aftermath of the 2008 housing crisis. Another CDFI launched a real estate acquisition fund, a significant change both in how the organization approached its work and the types of housing it supported.
- Some CDFIs scaled successful models either across their city or to new places. For example, one CDFI expanded their lending model from where it started in Texas to five additional states.

CDFIs provide capital and services to neighborhoods, businesses, and individuals who are not well served by traditional financial institutions. Strengthening the capacity of these organizations can help ensure more equitable access to capital which promotes economic opportunities, financial health, and wealth building. Learn more about how PRO Neighborhoods supported organizational growth for CDFIs by reading the full report: [Building organizational capacity and deepening impact with PRO Neighborhoods grants](#).



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This brief is part of a series chronicling the accomplishments of PRO Neighborhoods grantees and sharing lessons learned throughout the ten-year history of the competition. You can find the other briefs in the series, as well as other reports about the competition and its grantees at www.AbtGlobal.com/JPMCEvaluation.