CDFIs Making History Interview

Daniel Arndt
Lending Team Leader, Economic Development, New Jersey Community Capital

Phebe Quattrucci, Principal, Quattrucci & Company, conducted this interview on September 25, 2014.

Phebe: So, tell me when did you first discover the CDFI industry and how?

Daniel: I’m originally from Germany, and I grew up there and lived there all my life. Then I went to college and grad school also in Germany. I inherently always had an interest in the social aspects of work, and I think my particular goal at one point was then to go into international development. Before I did that though I was like, oh, let me try and expand my academic focus a little bit and then that’s where I came over here in 2007.

I went to grad school at Rutgers, and I had the really great fortune that at Rutger’s Bloustein School [of Planning and Public Policy], especially one professor, Julia Rubin, she had done a lot of research on CDFIs. She taught a course about community development finance and that was definitely the first time that I heard about CDFIs and the idea of the opportunity finance/alternative finance model. It was certainly very compelling, and she had some great guest speakers, including the former president of New Jersey Community Capital [NJCC], who then, also, later taught a course. So, I had had that course too; it was about finance in general.

Through grad school, in a nutshell, basically, that's when I first heard about it. In a great way I think it also connected really with what I was already interested in before. I guess I was interested in the industry before I even knew about it.

Phebe: [LAUGHS] Yes. Did you go off and do something else or did you go right in and try to get a job at a CDFI?

Daniel: Yeah, so basically what happened: after I graduated, former president of NJCC asked me, "Hey Danny, would you be interested in working for us for a little bit?" The idea was I would work there for, I think, it was nine months and do a project. The idea was I do a project on what's the profit landscape in New Jersey and their financing needs and I thought it was a really neat project and so I started working on that.
Through that, of course, I had the opportunity to talk to a lot of really great people that do great work in their communities. Of course, that did nothing but exacerbate my interest and just being so involved was a great way of getting started. Then nine months became a year and then now it's many years later.

It's also been great for me because I feel NJCC has definitely done some really cool stuff over the last five years. It's been fun to be part of that.

Phebe: You're lucky you work at a really great CDFI.

Daniel: Yeah, thanks for saying that.

Phebe: I mean really, it just seems like NJCC is very entrepreneurial and you're doing a lot, as you say, in the last five years in particular, but you're just doing a lot of really cool stuff and that must be fun.

Daniel: Yeah, it is. It is [00:06:00]. Of course working for a nonprofit, working in a small group—I mean that's something that came out a lot during our Emerging Leaders conversations. It's such a great thing to work with people that you, of course, share a work goal, but there's also so much else that's shared especially when it comes to your values. You work with people with common values. It's just phenomenal. I mean immediately there's sort of a personal level that's also involved in dealing with people that's really great and motivates everybody all the time.

Phebe: Yes. I sort of feel that way when I go to the conferences. It's like, I really like the people here, you know?

Daniel: Mm-hmm (affirmative). I know what you mean.

Phebe: These are just good people. Yeah, so I can imagine.

What aspects about CDFIs or the CDFI industry impacted you the most, I guess, or what was it that really was like, okay, this is what I want to do? Maybe for nine months or what happened after the nine months—I mean, I think it happens to a lot of us that we think, I'll do something different in a few years. It's like, well, why would I do that? Were there certain aspects that made you sort of make a conscious decision to stay in the industry?
Daniel: When I first started, I was basically doing research and research was something that for a long time I saw myself doing. I was able to do good research in the past. During school I would write [00:08:00] papers with my professors and be involved in a lot of quantitative/qualitative research, so that connected well. But then I started just kind of feeling, hey, there's something else.

Then after that first year I started doing lending. That was new. That was something different. I remember distinctly on the first year or two the moments that always spoke to me is when you get to go to where you're financing something and you get to meet the people that are impacted and that benefited from it. You're often helping people facilitate outcomes that are just really positively impacting people.

For instance, like a child care center, a Head Start center, or a charter school, I mean those are events...I remember actually the first time I ever went to a charter school I definitely was very moved when the kids came on stage and they sing a song and it's just—what a moment. You know these kids, they wouldn't be here if there hadn't been this group of people to organize the school and there hadn't been the capital to make it possible to buy the building.

Phebe: Yeah.

Daniel: Those are definitely great moments.

Another thing I want to point out is also leadership by our president, by Wayne Meyer. He's just a phenomenal guy. We actually shared an office for half a year, and so we got to talk a lot about [00:10:00] different things. When I learned he would take over and become our president here, I was sure that I wanted to stay and kind of be there when he's implementing his vision.

Phebe: What idea or vision do you think is going to shape our sector in the next thirty years or even ten? Let's go with ten, maybe.

Daniel: Yeah, I mean that's an interesting question. You referenced Mark Pinsky earlier. I remember one time he gave a little speech or a thirty minute speech or so. It was a speech about how we're failing and how CDFI industry really needs to get their act together and how we could be doing a so much better job and that if we don't do a better job than we may be obsolete in a couple of years.
Hearing that—I remember sitting there, I was like [00:12:00], wow, why do you say that? It really challenges you on a very fundamental level because you all believe that this is good work, that this is important work and that we want to grow this. And then to listen to something like that, it's maybe not so easy sometimes. But it's necessary, and now I can maybe understand better. I agree more that challenging ourselves to do better is the way to go always.

We also have to enjoy our successes, I think is always important. That's something we always try to emphasize here, too. But at the same time we always got to keep thinking about how can we do stuff better. That's something that, I think, characterizes the industry. I feel—and I haven't been around that long in the industry, but—that the profile of CDFIs definitely is more prominent than it maybe was ten years ago. There's a lot of national attention. When we see like a Starbucks suddenly understands what CDFIs are and supports them with a jobs initiative. That's phenomenal and shows that more resources, more people are willing to support this effort.

I think that's sort of where we're going, that there's professionalization. We work somewhat with the NYU Stern School [of Business] and OFN is facilitating that where undergraduate students are connected to CDFIs where they can do an internship for the summer. Stern School also has some social entrepreneurship programs. These ideas are kind of becoming more common and it's great that people are willing to come right out of school and work for a CDFI.

Phebe: Yes.

I was in college in the early '80s and there was no talk of CDFIs. It was Wall Street all the way, baby. [LAUGHS] You know?

Daniel: Yeah.

Phebe: It wasn't on the radar screen at all. So I agree, and I think it's tremendous that there's now actually an educational slash career path that leads to CDFIs, as opposed to Wall Street or the bank or whatever, I think is right.

Daniel: Yeah. I think that there's a growth of the industry, of the capital that we all have available, the sort of prominence that we enjoy, it's maybe easier to get something into the press, an article published. That's a challenge in itself, of course, because as a movement, as an industry,
I think each CDFI essentially represents the industry, and I think we've got to be careful that we're aware of that.

Phebe: Yeah.

Daniel: Then the other thing is staying true to your roots in the sense that as you're growing and there's an expectation that you have certain deployments every year [00:16:00], and it's got to be more every year, that you're not going to forget why did we come about. We were founded in 1987, and our first loan was to bridge some state tax credits, because little nonprofits with possibly no audited financial statements couldn't otherwise have done their project. Is this still a loan we would do today, right?

Phebe: Right. Right.

Daniel: Kind of staying true to that too, to our roots.

Phebe: Yeah. Yeah, it's easy to get big and fancy especially as you get more corporate capital in and bigger amounts of capital. I think you're right. I think there's a pressure to perform in a way that maybe doesn't necessarily meet the basic needs of the community that you're serving. I think it is, it's easy to sort of drift away from that, so I'm glad you got your eye on that ball.

Daniel: Yeah. I can tell you, I know several nonprofit organizations here in New Jersey that they wouldn't be who they are today had they not received loans from us in the last twenty years. They wouldn't have been able to do innovative projects, new things, new ideas, and so you're helping to build capacity too. If you don't do that then in the long run your deployment is also not going to work out, so it kind of goes hand and hand.

Phebe: Yes. Yes it does. Good. Good. Well, I really appreciate your time. Thank you so much, it was a pleasure.