CDFIs Making History Interview

Don Hinkle-Brown
CEO, The Reinvestment Fund

Mark Pinsky, President & CEO of OFN, conducted this interview on July 24, 2014.

Don: What came to mind for me around the history was 1995 and the national Episcopal Conference in Philadelphia passing a resolution encouraging investments in loan funds like The Reinvestment Fund and OFN and saying that that was a blessed mission activity for that congregation. It said to me—I was very early in my CDFI career at the time, just a loan officer at The Reinvestment Fund, and it said to me—that it was really possible as a group and as an industry to affect some really important institutional change. Prior to that I didn't think such big policy positions and such a national message could ever really come out about such a small industry. That was a very meaningful time for me, to see that event happen.

Similarly, I was very blown away, most recently, when the Progress Fund won the Next Award. The CDFI is very close to us. We've worked together at least from a Pennsylvania policies standpoint. To see that get recognized was really important to me, and it was not your usual story. A rural-based CDFI in very small towns. Not your classic profile of what a CDFI is. Very small staff. Then to watch them in a few years after they won the Next Award to see how much they've grown and how much additional national attention they've gotten for their work. It was like that was a blasting off point that then the APA really strongly acknowledged, and they won an national award for that same work. I thought that was very telling.

But, again, OFN's a very capable instrument of bringing national attention to the field and national resources and changing policy. It's had a number of effects.

Mark: Those are great examples. I especially love the Episcopal... If you can, do you want to talk a little bit about what was involved in that, and what it meant to TRF, and how it affected or was that not really, as you said, just a loan officer? But, as a loan officer [CROSSTALK]...

Don: I've come to appreciate, and back then, of course, it was all hands on for all tasks.
Mark: Exactly. You probably attempted half of them.

Don: At the time, TRF had a long history, already by then, of securing investments from faith-based investors, Episcopalians, Presbyterians, and on and on and on. So did OFN and NACDLF back then. To take that local experience from Philadelphia and from Pennsylvania where we got the local diocese, and nearby diocese, to invest $5 million, which was a long host of mid-sized investments that made that up, none of them were very large, and to get that practice then recognized and have Bishop Bartlett go to the national convention and propose this resolution and have it be adopted was a little dumbfounding because we all knew how bureaucratic and also how slow religious institutions move. To get all of that done in what felt like just a couple years, to move from local investors to a diocese commitment, to a $5 million target, and then to a national resolution to encourage this activity all across the country felt like a huge momentum building. And it was.

That momentum just continued on, and later become momentum around getting the Federal government to pay attention to the field and create the CDFI fund, to change our relationships with banks where the product offerings were customized to our needs, a la EQ2, and on and on and on. But that was the first one I could remember where thought, "Wow." We actually turned the head of a pretty major and complicated and bureaucratic institution to actually pay attention and to actively get engaged, not to just like acknowledge that something was going on. But actually to participate it and actually encourage it was, I thought, a really important early accomplishment.

Mark: When did you join TRF? A year before that? Two years before that?


Mark: Oh, okay. So you had been involved for a few years, but this made a big... Did this suddenly make it feel like a better career move, leaving banking?

Don: Yeah, it gave a little more confidence I suppose. Back in the early 90s, religious investors were really a growth segment for loan funds. Today, they're just one of many categories of investors, right? But back then they were keeping us alive and helping us grow. Getting $5 million from Episcopal investors, that was larger than any financial institution. It was larger than any philanthropic source and definitely, back then,
larger than any government source. It was our largest cache of investors.

And they all knew each other. They all helped find new investors. It was a community of investors implicit in that because they were all coming from one community of faith. That helped us build networks elsewhere because they all had jobs and, amazingly, in Philadelphia Episcopalians ran insurance companies, and were officers at banks, and had corporate positions at major Fortune 500 companies, and could network with us through to other relationships and investments and donations over the years, which was very helpful.

Mark: If you look forward to the next 30 years are there thoughts you have or ideas you have? Maybe there are things that are in play now but not fully realized. Or maybe there are things that you just think are important that will drive the industry in the next 5, 10, 15, 30 years?

Don: I think recent years have shown that CDFIs have taken a position with federal policy of actually being capable of being implementation instruments for domestic policy. That's new. In the many early years of CDFIs fund, we were funded because we were good, and our work was good. It was like reward money. You're doing good work and you have a good business plan, federal resources will be provided to you to continue to do that.

It's only in the recent years that we saw the government actually turn to the CDFI community that it has helped build up and capitalize and say, "We need your help solving this problem." Healthy foods is a great example. We're going to fund you now to take on this particular problem because we think you're an effective implementation platform that combines public and private investments and community engagement with national capital. You can help us solve this problem.

I think the question in the next generation is what other domestic problems will CDFIs themselves, or CDFIs at the behest of the public sector, take on. I'm excited to find out what those niches might be in the future.

I'm really excited to be part of demonstrating to government that we can help and we're not just a closed loop of our own missions and objectives, but we're an open loop that can accept assignments, and have effective outcomes in very short order when wound up and capitalized in the right way.
For me, the next thing is the Capital Magnet Fund. It’s federal resources with very particular objectives pointing us at very particular problems in society around affordable housing and the capacity of organizations to take on the challenges of developing affordable housing solutions; not just funding projects but funding institutions to take on problems. That, to me, seems like the next iteration of a problem assigned to us with capital provided to help. I’m excited to see what other versions of that will evolve over the next few years.