CDFIs Making History Interview

Calvin Holmes
President, Chicago Community Loan Fund 1998-Present

Mark Pinsky, President & CEO of OFN, conducted this interview on August 14, 2014.

Mark: We appreciate you taking some time with us. The question I really want to start with—I have some specific things I’d love to ask you to talk about—but I really wanted to give you sort of an open mic here to talk about, is there one or two, or three things that are formative, or really shaped the industry in ways that are important to you, or that you observed that people would benefit from knowing about?

Calvin: Sure, sure, Mark. I love the question. Let me frame this by saying, I approach how I think about Opportunity Finance Network, and I think I could say that this is the way that my staff and my board feels, as well, from the perspective of a Member that over the last two decades has gone from being a relatively small CDFI to a, I guess, we’re in the mid-size category right now, or maybe even a small-large fund. That’s sort of my framework, my perspective, and from where we sit, we see Opportunity Finance Network as a real visionary steward of the CDFI industry, and what we mean by that is that it is a membership organization that takes full responsibility in a 360 degree kind of way for leading and being led by its Members across a number of funds, right?

That’s the kind of organization that comes up with a bold, Member-led and Member-informed strategic plan that really helps the entire industry elevate its social impact, since that’s what it’s all about, right? If you think about just a couple of highlights from OFN’s 2011–2025 strategic plan, there’re very few membership organizations that encourage and challenge its Members to affect a hundred percent market coverage in all of the under-served areas that we’re all committed to, right, and to go deep while they’re at it. That’s the kind of bold vision that OFN brings to the table. It did that while also continuing to provide a high-level of support to its Members and demanding a high level of performance through its Membership requirements through pushing forward on the CARS, Aeris platform, and also, by working with other stakeholders to keep the bar high.

I’m well aware of how much behind the scenes OFN is with other capital partners and other operating support partners, and how its
leadership says to those stakeholders, "Don't lower the bar. Bring these resources to our CDFIs, but keep the high expectations there so that we can be higher-performing." And then of course, it's always been a huge platform of OFN in its visionary stewardship to bring large and new types of capital to the sector so that we can be high-performing. Whether that's being integral to the creation of a CDFI Fund itself, to being, if I'm not mistaken, Mark, the leading force behind the creation of the capital magnet fund, which we hope will be brought back to life. Of course, the enormous amount of heavy lifting that you and your staff have done in bringing the largest new capital source for CDFIs into being, the CDFI bond guarantee program.

That function, in and of itself, at a very high level is a unique success for OFN, especially when you look at what other community development membership organizations historically have been able to do. Then, for smaller CDFIs, like the Chicago Community Loan Fund where after 20 years, we still do not have one single full-time, dedicated public policy staff member, OFN has been, I think, particularly effective in giving us a voice and shaping and influencing national policy. Also, helping us get better at telling our story in those forms, and that's been an invaluable Membership benefit.

And then, of course, building the brand of opportunity finance for the benefit of its Members across a number of different stakeholders and [INAUDIBLE] influence has been tremendously important, and has opened doors for many of us in ways that we don't even always know, we're not even always aware of it.

Then, last, but not least, and this is almost spiritual for me, it's the philosophy of I think you, Mark, in particular, and the Board, and certainly of your management team and your leaders that OFN, is a big tent. It welcomes large funds and mid-sized funds, and small funds alike. I think sees that it draws its energy and its dynamism from that variety of asset size of Members in its fold, and it seems to, in my mind, have the sort of mantra of, it's not about your size, per se, but it's about how well you perform with it and its particular commitment to not leaving smaller organizations that have grit and a lot of determination behind, whereas I think a number of other networks don't view the dynamism that comes from that variety in the same way, and I really appreciate OFN from that perspective.

Mark: That's incredibly generous and kind and I love it all. I'm going to transcribe it and play it for myself once a day. Let me ask you, that's very generous. Let me ask you, also, beyond OFN, I want to talk, it is
about OFN, but it's not just about OFN. Is there a single thing, or a couple of things that most shaped, not OFN, but ideas, or things that best explain why Chicago Community Loan Fund has been able to exceed its own expectations for itself.

Calvin: Boy, let's see. In our case, Mark, I think we have been really focused on how do we stay true to our mission to provide access to capital to smaller enterprises, to misunderstood enterprises, to overlooked community-based change agents, while at the same time doing that in an ethical, responsible way that returns our capital to our investors, but delivers the social dividends that they expect from our work, while responding to new needs as they emerge. It makes for a very heady atmosphere if you will in the office. Sometimes it feels like an R and D lab there, but that's who we are. The fact that my board didn't want the company to become a monoline practice or business, or two or three lines, to allow us to have a variety of lines of business, and lines that change over time as the community has new needs, has been a phenomenal experience.

I think that has allowed us to dramatically expand our market relevance because our communities see us as a vehicle for truly customized financial products and services. As we move towards our 25th year, we see an enormous amount of appreciation in the market place for what we do, and we are finding ourselves in many more conversations around partnerships and strategic alliances than we'd ever have imagined two decades ago because of that strategy.

Mark: Yeah. So, let's play that forward a little bit. When you think about the future of Chicago Community Loan Fund, but of the industry as a whole, what rises to the top? What's most important that people understand, or think about, or act on in order to be able to make sure that 30 years from now, we're looking back and thinking, "Jeez," you know? "Who would have thought we'd be here today?"

Calvin: Great. Mark, I know you and I have talked about this before, and it's discussed frequently at the OFN Board level, but I think it's this notion around having CDFIs serve a larger and better understood role in the broader American economy, being elements of the national consumer finance system, commercial retail mortgage finance system, housing mortgage finance system, in a much more streamlined way, so that consumers and other wholesale players fully appreciate the gaps that we fill in the capital delivery model. I think we've talked about this, I mean OFN's been talking about it for 30 years, right? I think we're a lot closer to having an established role. Then, to me, the next step is
having our consumers really appreciate that's the function that we play in their lives.

For example, as we execute our current strategic plan, we are pushing and pressing for healthier communities that have a wide variety of healthier assets, right? One of the asset classes that we're focused on is commercial real estate. As we're moving in that direction, we're finding that the market is ravenous for a flexible, ethical, responsible lender that can provide capital for those types of projects at a time when conventional lenders don't know that that's a place where they can tread successfully anymore. Our goal, of course, is not to replicate what a traditional lender could do, but to supplement that and to make sure we're doing it in a way that our communities have that continuous access to capital so that they can thrive. I think that filling those pieces of a capital delivery system is a very important and huge opportunity for CDFIs going forward.

Mark: That's great, thank you.

So, here's the other question, I want to—if you're willing—I want you to talk back to the rebranding that we did in 2005 when you were on the Board, and sort of the process you went through, because, you know, it was uncomfortable for you, I think. You challenged it; it challenged you. Can you talk about that a little bit? Can you think back on that?

Calvin: Yeah. I'm trying to remember which pieces of it, because I think I loved the brand, you know, opportunity finance, and the logo and the way we were redoing the website and the collateral materials, and just the key messaging around it, so...

Mark: It was the, we're not community development issue you really, I think, wrestled with in a really open and honest way.

Calvin: Right, right, the community development issue.

Mark: Do you remember that? If you don't, it's fine.

Calvin: Yeah. You know, Mark, I'm having more senior moments than I care to admit. I read your email last night and I thought, "What exactly is he getting at there," [LAUGHS] because in hindsight, it was a wonderful experience. We were Lake Forest, right?
Mark: Yeah, no, that was more the strategic planning. You came to a meeting, I think it was in... must have been in May of 2005, because the September meeting that year was in Maine, up at Ron’s shop, but you had tried out the opportunity finance concept at—if I remember—it was at a parade in Harlem. Remember that?

Calvin: Yeah. I think it was sort of like people just drew a blank, right? Did I share that with you?

Mark: Tell me what you remember.

Calvin: I'm not sure I'm remembering this, so I'm just trying to imagine what people might have said. [LAUGHS] I think I remember the fine eatery establishment where we were hanging out. Maybe the gist of it was that at the time, the concept initially seemed a little bit too abstract, but then once I unpacked it more with the key messages that supported the brand, people thought it was transformational. I think it was something along those lines.

Mark: It was sort of like that, and I won't make you do more, but it was really... You came in and you, sort of, said it and people, sort of, they were intrigued. This is what I remember you talking about—my memory may not be 100 percent. You know, this has been a really fascinating experience, we've been crowdsourcing history and I've been delighted beyond belief that I've been right in my memory, way more than I've been wrong, or at least, I claim to be, which is to say as people tell stories, I think, "Yeah, that's what I've been saying for the last twenty years. I'm so glad I didn't make that up." But, so, I don't think I made this up. But you came in and you said they were intrigued and interested and not clear, but as soon as you started talking to them about it, they really, really... It really resonated for them.

Calvin: Right, right, yeah, that's what's coming back to me, too. But the first cut they were like, "What?" Then once I started unloading the rest of the key messages they were like yes, [INAUDIBLE] very nicely, it's very transformational, it's inspiring, and forward-thinking.

Mark: Yeah, no, that's good, okay. I won't push you on that, I just remember it, and it had a big impact on me, and I think it had a big impact on the Board.

Calvin: Well, that's good. I wish I could remember it better.
But, Mark, the other thing that I did want to add, though, is that the other part of the 2025 plan that OFN, which I think is going to be a game changer for the industry, if we get there. If I understand it correctly, is around that notion of helping us understand our market share for, sort of, industry, sort of, coverage intelligent purposes, right?

Mark: Yeah.

Calvin: I sort of take it a different way. I sort of think of that as helping us really see how deeply, or how well we've penetrated the market, so we can figure out what additional steps we need to take to make sure that the entire waterfront is covered.

Mark: Yes.

Calvin: Do you follow? That's how I see that challenge.

Mark: Yeah, that's right.

Calvin: We'll know we've taken care of... We've got the Bronzeville taken care of now. We've got Hide Park and Woodlawn taken care of, so we've got great concentration there. But we see now that that gives us a chance to turn our attention to Englewood and Rosewood, and the other communities.

Mark: Right.

Calvin: We know that we're missing the mark over here because the data tells us that, right? To me, that's what that market share, that market intel information allows us to understand, and therefore change our business model so we can finish the job.

Mark: Right, right.

Calvin: I think that's a fantastic way to think about us fulfilling our missions. We all know that unless there's a change in our overall socioeconomic system, we probably won't completely eliminate poverty.

Mark: Right.

Calvin: We can certainly reduce the roles of those who are poor and then try and continue to move the rest of the folks more towards the mainstream.

Mark: Yeah, yup. Thank you. That's great.