South Carolina Community Capital Alliance

Facilitating Capital through Collaboration

March 17, 2014 Open Meeting
Founding Investors

- Appalachian Development Corporation
- CommunityWorks Carolina
- Charleston Citywide LDC
- Mary Reynolds Babcock Foundation
- Michelin Development Corp.
- SCBT
- South Carolina Association of Community Development Corporations
- South Carolina Community Loan Fund
- Support Center
- Wells Fargo
What will you learn today?

- What is the Alliance?
- The Alliance structure and history
- The Alliance objectives
- How the Alliance might benefit you?
- How you can get involved?
- How you can help?
- Next Steps
The South Carolina Community Capital Alliance is a statewide intermediary made up of a network of community development stakeholders, lenders, financiers, and investors focused on increasing capital resources for South Carolina’s most underserved and undercapitalized communities to support job creation opportunities.
History

◆ In 2011, several community development finance stakeholders came together to form an Alliance to define ways organizations might collaboratively attract capital, increase organizational capacity and product coverage, define policy opportunities and enhance communication amongst industry partners.

◆ Members initially identified the CDFI Bond program as a perfect opportunity for the Alliance.

◆ Although the initial CDFI Bond Program did not lend itself to smaller CDFIs, members of the Alliance agreed that a statewide collaborative was still necessary.

◆ Seeing the value of a strong unified network of CDFIs and community development financiers, the network formed the South Carolina Community Capital Alliance (the Alliance), a statewide non profit entity.

◆ Each founding member made an investment to raise the seed money needed for organizational development.
SCCLF originally acted as Fiscal Sponsor

Together Consulting hired to facilitate feasibility

SCACDC is the now the Alliance’s fiscal sponsor
Purpose

◆ The Alliance purpose is to facilitate community capital, develop and support the tools necessary to increase capital, and create a landscape which promotes community development investing and enhances more efficient and effective deployment of resources.

◆ The Alliance role is to scale up community development financing by leveraging each organization’s collective impact through enhanced coverage and capacity, improved communications and increased access to capital.
Role

- Catalyze access to capital sources
- Increase and pool Capital Investments (Aggregator)
- Connect Capital (from investors to investment opportunities)
- Define, implement and support creative ways for investment
- Generate capital through revenues
- Facilitate capital sources to CD projects through the underwriting and deployment of resources to “qualified finance entities” (QFE)**

**”QFEs” are Alliance Qualified CD Finance entities (Treasury and/or state certified)**
What

- Raise and leverage capital and act as a vehicle to receive capital

- Support and provide technical assistance to investors, potential investors and/or those working with investors making it easier for them to invest

- Provide capital to “QFEs” to finance projects from A to Z

- Provide capital investments and technical assistance to “qualified finance entities” to support the “financing” of community economic development projects across the state with the sole purpose of making SC more economically competitive and create job opportunities for ALL of its citizens.
How

- Help educate investors on investment tools (i.e. CED tax credit, crowd funding, peer to peer, investor clubs, slow money)

- Advocate for the implementation of new investment tools and strategies (i.e. government sources, CED Tax credit, RIF, accredited investors, PRIs, MRI)

- Identify new tools and strategies that increase capital (establishing a vehicle to easily accept and deploy capital, i.e. Mortgage Settlement Money, SCHTF, NHTF, CDFI bonds, other bonds, CAP)

- Underwrite and Finance “QFEs” through debt and equity investments to help projects come to fruition
Difference

**The Alliance**
- Aligned with capital
- Focused on enabling and raising capital for the CED industry
- Clients ("QFE") are financiers and loan funds from A to Z
- Policies are associated with investors and capital sources
- Technical assistance serves investors and CD finance entities
- Core purpose is to increase capital and enhance deployment strategies for "QFE" to support "other entities" to meet the needs of their target markets

**Other Entities**
- Aligned with project and program implementation
- Focused on industry specific areas, i.e. affordable housing, small business, micro, non-profit capacity building
- Clients are non-profit community based organizations, small business owners, government entities, etc.
- Technical assistance geared toward direct service providers
- Core purpose is to meet the direct needs of the organizations, clients and/or target market defined as part a mission
Flow of Community Capital

**Investors**
- Individuals
- Foundations
- Corporations
- Financial Institutions
- Government Entities
- Faith-Based
  - (Alliance)

**Invests**

**Community Development Finance Entity (Alliance Funds)**

**Loans**

**Borrowers**
- Small Business
- Entrepreneurs
- Affordable Housing Developers
- Community Facilities
- Healthy Food
- Individuals

**Repayment**

**Principal Interest**
Alliance Capital Aggregation

“Investors”
- Individuals
- Group of Individuals
- Banks
- Foundations
- Community Foundations
- Companies/Corporations
- Angels
- Investment Firms
- Defined Funds and Pools

“Funders”
- Government Entities
- SC Commerce
- State Housing Finance
- USDA
- Local Government
- CDFI Fund
- SBA
- NHTF

“Repayments”
- Qualified Finance Entities
How the Alliance Works

The Alliance: Aggregate Capital Provider

“The QFE”
CDFIs, Loan Funds and Finance Entities

Program and Project delivery through CED organizations
How Would Financing Flow

**Alliance**
- Raise capital and Provide TA to Investors
- Deploy funding to “QFEs” through an underwriting process
- Capital Connector “Portal for available capital sources”
- Provide TA to “QFE” on sources and deployment strategies

**Qualified Finance Entities**
- Applies for Capital
- Directly finances CED projects
- Repays the Alliance

**CED Entities and Projects**
- Apply to the “QFE” for financing
- Utilize funding to complete projects
- Target Market Served
- Repays “QFE”
Capital
Communication

Loan fund + Loan fund = Deal

Match Makers
Coverage
Executive Directors spend 40% of their time raising capital.

Who in your organization is focused on policies that increase capital sources?

Government entities are finding it difficult to fund capacity organizations that can deliver scale.

Do you know about all the deals you might be able to finance?

Are organizations effectively impacting underserved and undercapitalized communities one project and one outcome at a time?
Policy

- State CED Act (Tax Credit)
- CDFI Fund
- Bond Program
- Small Business Jobs Act
- Crowdfunding
- Other
JPMorgan Chase Foundation Awards $33 Million to CDFI Collaboratives

JANUARY 31, 2014

Goldman Sachs and OFN have partnered to expand the business lending capacity of CDFIs throughout the United States through the Goldman Sachs 10,000 Small Businesses CDFI Growth Collaborative.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUNDS

UNITED STATES DEPARTMENT OF THE TREASURY

Strengthening Small and Emerging CDFIs: Training Curriculum

This training module provides an overview of various CDFI business models used to increase scale and the primary factors that can contribute to long-term growth and sustainability. The module includes several examples and best practices of how CDFIs have improved their internal efficiencies and created more demonstrable community impacts by collaborating with other CDFIs and network organizations, implementing shared service platforms, and outsourcing a portion of their operations to third-party service providers.
South Carolina Opportunities

- Access to greater sums of Capital
- Enhance Capacity and Coverage through Collaboration
- More effective and efficient deployment of Financing
- Collective Impact and Voice (outcomes and advocacy)
- Industry Momentum
- Greater Innovation
Where are we now?

- New Investors (BB&T, MHTF)
- Incorporated non profit
- C 4 status pending IRS
- C 3 under way
- Finalizing Organization structure
- Finalizing Branding
- Reviewing statewide capacity and coverage (maps)
- Identifying underwriting criteria
- Seeking capital opportunities
- Planning a Capital Conference
Next Steps

- Want your input and involvement: participation, committees, board members, c 3 opportunities, conference
- Need your data to help tell the story of community development impact
- Need to know your capital needs and deployment opportunities and how can we support one another. (survey)
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