

Course Syllabus- Community Development Finance

Course Number and Title: - Community Development Finance DPP 961

Term/Year: Summer 2020

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PURPOSE

This course examines the role of capital in community development (CD). The course details the need for and importance of capital for community development, the nature and limitations of traditional private and public sources of capital, and the policies and institutions needed to increase the availability and effective use of capital for community development. The course examines various sources of capital (public and private, traditional and non-traditional) and the benefits and problems associated with using each source. The course will also examine various types of capital and financial instruments, and analyze case studies of project financing, including housing, small business and non-profit organizations. Finally, the course will examine specific models and mechanisms (for example, Community Development Financial Institutions - CDFIs) for financing community development projects and ventures. We will review a number of case studies throughout the course, including specific cases brought by the participants.

A basic understanding of project finance and organizational accounting is helpful but not necessary. If you are not familiar with financial statements (e.g. balance sheet, income statement, cash flows) you should take a short tutorial before the class or before week 2. One option is the Khan Academy's Accounting and Financial Statements mini-course at <https://www.khanacademy.org/economics-finance-domain/core-finance/accounting-and-financial-stateme>

OBJECTIVES

By the end of this course students should be able to:

1. Identify appropriate types and sources of capital for various types of CD projects.
2. Understand how various types of financial intermediaries, public and private, evaluate and underwrite CD projects.
3. Evaluate CD projects to determine appropriate financing structures.
4. Understand the basic policy issues related to financing CD.

MATERIALS

Reading materials for the course will be available on Canvas and on line.

CANVAS

Canvas is the primary learning platform by which the course is delivered. Questions pertaining to

Canvas should be directed to IT Support Services at 603-862-4242; or you may access assistance online at <http://www.unh.edu/eunh/student-resources>.

You are responsible for all information (e.g., announcements, assignments, readings, etc.) posted on Canvas for this course. Please check Canvas frequently since this is where we will post announcements, class assignments, and any schedule changes.

Please check and make sure that Canvas is set up to an e-mail address that you frequently use. Canvas defaults to your UNH e-mail address, thus it is your responsibility to change the default e-mail address in Canvas to your preferred e-mail address, if necessary. See the “Settings” page of Canvas <http://mycourses.unh.edu> for instructions on changing your Canvas e-mail address.

Course Requirements, Grading Philosophy, and Professional Conduct Policies, and Student Resources

Class Participation and Preparation

Student participation is a critical element of this course as the sharing of ideas, opinions, and experiences can help shape the learning process for oneself and his/her peers. You are expected to have done the assigned readings and based upon your reflection of the readings and course material you should demonstrate your ability to add value to the class discussion.

One great thing about online distance learning is that the responsibility for learning is yours. You will be responsible for reading the materials, meeting with your small group, doing the on-line cases. We will provide short presentations, answer questions and provide clarifications and examples. We will have a strong online presence in the class and will be offering lots of comments, ideas and thoughts and feedback. If this is your first online course, this may be very different from the learning environment with which you are familiar. It may take a while for you to get comfortable with it. Most people really enjoy these courses once they feel comfortable with how they flow. You will have to keep up with things on your own. Be prepared for that — especially if you are a procrastinator. Persons prone to procrastination do not always perform well in classes of this format. If you fit this category, you need to be especially conscientious about keeping up with the material in the class, watching your deadlines and making sure that you do not get behind. If you are having trouble, be in touch with us – we’ll try to help.

Professional Conduct

Students are expected to conduct themselves as professionals. This standard includes the demonstration of respect and cooperation towards other students and faculty. We expect an online classroom environment where everyone behaves in a mature manner and feels safe to communicate ideas, as well as respects and abides by the requirements of the course.

PERFORMANCE REQUIREMENTS

In addition to the assigned readings and on-line activities, students will prepare discussion posts after discussing the specific case or readings assigned for the week. These assignments are

detailed below and also available on Canvas in the Modules section for each module. The final assignment is an individual assignment. You should post your response online in the assignments section of Canvas.

Each assignment is evaluated based upon the following criteria:

- Completeness of addressing the requirements for each assignment
- Breadth and depth of literature review and application
- Adherence to standards of writing style and grammar
- Quality of analysis and level of critique for each assignment

The final writing assignments should be typed, double-spaced, and adhere to recognized writing conventions, such as spelling, grammar, page numbers, punctuation, and appropriate use of bibliographic citations.

When we evaluate assignments, we determine whether the response answers the question(s), appropriately and accurately uses the course experience (classes, readings, etc.) as a foundation for the answer, and whether the answer is logical, reasoned, and well presented. **This course is graded on a Pass/Fail basis.**

Academic Integrity

This course will enforce the UNH policy on integrity, as described in the Student Rights, Rules, and Responsibilities handbook. If the Instructor determines that you have plagiarized the work of others or committed academic dishonesty (e.g., cheating on an examination) you will fail this course and be subject to other penalties as determined by university officials. Depending upon the nature of the violation, further action may be taken. University policy can be found in your copy of Student Rights, Rules, and Responsibilities found at <http://www.unh.edu/student/rights/>. (See UNH policies concerning Academic Honesty - Section 9.0).

Students with Disabilities

"According to the Americans with Disabilities Act (as amended, 2008), each student with a disability has the right to request services from UNH to accommodate his/her disability. If you are a student with a documented disability or believe you may have a disability that requires accommodations, please contact Student Accessibility Services (SAS) at 201 Smith Hall. Accommodation letters are created by SAS with the student. Please follow-up with your instructor as soon as possible to ensure timely implementation of the identified accommodations in the letter. Faculty have an obligation to respond once they receive official notice of accommodations from SAS but are under no obligation to provide retroactive accommodations.

For more information refer to www.unh.edu/studentaccessibility or contact SAS at 603.862.2607, 711 (Relay NH) or sas.office@unh.edu."

Emotional or Mental Health Distress

Your academic success in this course is very important to me. If, during the semester, you find emotional or mental health issues are affecting that success, please contact Psychological and Counseling Services (PACS) (3rd fl, Smith Hall; 603 862-2090/TTY: 7-1-1) which provides counseling appointments and other mental health services.

Confidentiality and Mandatory Reporting

The University of New Hampshire and its faculty are committed to assuring a safe and productive educational environment for all students and for the university. To this end, the university requires faculty members to report to the university's Title IX Coordinator (Donna Marie Sorrentino, dms@unh.edu, 603-862-2930/1527 TTY) any incidents of sexual violence and harassment shared by students. If you wish to speak to a confidential support service provider who does not have this reporting responsibility because their discussions with clients are subject to legal privilege, you can find a list of resources here ([privileged confidential service providers/resources](#)). For more information about what happens when you report, how the university considers your requests for confidentiality once a report is made to the Title IX Coordinator, your rights and report options at UNH (including anonymous report options) please visit ([student reporting options](#)).

Writing Support Services

The Connors Writing Center provides free online writing assistance (as well as assistance with oral presentations), <http://www.unh.edu/writing/cwc/>.

The Center for Academic Resources (CFAR) provides academic support services, <http://www.cfar.unh.edu/>

Course Evaluation

University policy requires that each student be given the opportunity for an anonymous evaluation of each course and Instructor at the conclusion of the course. This is important input for the Instructor and the Program. Each year this course will be revised based upon this and other input. We are also available to discuss the course readings, requirements, grading or other aspects of this course.

COURSE OUTLINE and READING: The course is organized into 5 modules, each module is one week in duration.

Module 1 – July 12-18

Introduction to Financial Markets, Institutions and Concepts

- A. Money and Capital Markets
- B. Primary and Secondary Markets
- C. Changes and trends in the mainstream financial services industry
 - 1. changing capital gaps in small business and affordable housing finance
 - 2. implications of trends for community economic development
- D. Types of Capital
 - 1. equity – including tax credit equity, common and preferred equity, royalty
 - 2. debt – long term, short term, availability vs. cost
- E. Sources of Capital for CD
 - 1. private sector
 - 2. public sector
 - 3. non-traditional (private, non-profit sector)
- F. Issues for financing CD
 - 1. market imperfections
 - 2. risk, return and credit enhancement
 - 3. meeting the standards of conventional capital markets players

Readings for Module 1 (note: all readings for the course are available via links here or on Canvas in the corresponding course module.)

Bloom, Paul N., and Gregory Dees. "[Cultivate Your Ecosystem.](#)" *Stanford Social Innovation Review* 6, no. 1 (2008): 47–53.

Capital Markets for Community Development Lenders: Question & Answers, by Michael Swack, Federal Reserve Bank of Boston, Communities & Banking, Spring 2004. https://scholars.unh.edu/cgi/viewcontent.cgi?article=1001&context=econ_facpub (5 pages)

The 2016 National Report Card on Poverty and Inequality, Stanford University Center for Policy and Inequality at <http://inequality.stanford.edu/sites/default/files/Pathways-SOTU-2016-Executive-Summary.pdf> (7 pages – the Executive Summary of the full report.)

The Capital Absorption Capacity of Places: A Research Agenda and Framework, David

Wood and Robin Hacke, <https://www.livingcities.org/resources/137-the-capital-absorption-capacity-of-places-a-research-agenda-and-framework> Dec 4, 2012 (Download the full report from this site – 11 pages)

Changing Capital Markets and their Implications for Community Development Finance, by Kirsten Moy and Alan Okagaki, a Capital Xchange Journal Article Prepared for The Brookings Institution Center on Urban and Metropolitan Policy, Harvard University Joint Center for Housing Studies, July 2001 at <https://www.brookings.edu/wp-content/uploads/2016/06/moy.pdf> (optional)

Nonprofit Capital: A Review of Problems and Strategies, by William P. Ryan, for Fannie Mae Foundation, The Rockefeller Foundation, October 2000.
http://www.berkshiretaconic.org/Portals/0/Uploads/Documents/Receive/Nonprofit_Capital.pdf (optional)

Assignments for Module 1 (problem sets and supporting materials are on Canvas in the corresponding Module)

- Review the two powerpoints, “Calculating debt payments and affordability” and “Net Present Value and IRR.” Also review the “Excel examples” for calculating PV, NPV and IRR. These materials give you the techniques you need to answer the problem set.
- IN A GROUP, work on the “Module 1 Problem Set,” which is an Excel workbook. You should submit your answers as an Excel workbook with the names of the group members in the file name. Be sure to clearly show your work.

Module 2 – July 19-25

Understanding Project Financing from a Community Development Perspective

- A. Review of types of projects and financing needs in community development
 1. Affordable housing – single family and multifamily
 2. Small business
 3. Nonprofit and community facilities
- B. Project Evaluation and Financial Statement Analysis
- C. Underwriting loans – case studies

Readings for Module 2

If you are not familiar with financial statements review Khan Academy’s Accounting and Financial Statements mini-course at <https://www.khanacademy.org/economics-finance-domain/core-finance/accounting-and-financial-stateme>

Mills, Karen, and Brayden McCarthy. "[The State of Small Business Lending: Credit Access During the Recovery and How Technology May Change the Game.](#)" *HBS Working Paper Series* (2014): 3–7, 28–52

Healy, Damon. "[The A. Alfred Taubman Center for Design Education: A Case Study about the Adaptive Reuse of Detroit's Historic Argonaut Building as an Educational Institution.](#)" University of Michigan (2009): 6–31. **(Optional)**

Assignments for Module 2

- Review the Multifamily Finance presentation powerpoint. As a group, answer the Multifamily problem set. Provide your answers in an Excel workbook with the names of the group members in the file name. Be sure to clearly show your work.
- Review materials and complete the Small Business problem set, “Pine Tree Lumber” – again as a group. Be sure to clearly show your work. You may submit your answers in Word, but may find it helpful to do some work in Excel; if you use Excel you should also submit your Excel file to document your work.

Module 3 - July 26-August 1

Bank and Government Financing

Banks

- A. The role of banks in financing CD
- B. Bank regulation and technological change
- C. Bank underwriting standards/credit scoring
- D. The Community Reinvestment Act

Government Financing of CD

- A. Regulation and financing
- B. Incentives and financing – insurance, guarantees, tax credits (including tax credits and incentives such as the Low Income Housing Tax Credit, New Markets Tax Credits, and Opportunity Zones incentives)
- C. Direct financing and development banks
 1. debt/bonds, including tax-exempt bonds (including state housing finance and business finance agencies, green banks, Federal agency programs, e.g. HUD, USDA, Rural Development, SBA)
 2. equity – state venture capital funds, grant programs (e.g. CDBG)
 3. COVID-19 interventions

Readings for Module 3

Watch the “Banking 101” video course created by Positive Money at

<https://positivemoney.org/how-money-works/banking-101-video-course/> This is a series of 6 short videos (total of 57 minutes) which describes how banks function and make money. It is made in England and focuses on banks in England, but differences between the systems in England and the U.S. are quite small. This is a good introduction to how the banking system works.

An Introduction to the Community Reinvestment Act –see this site for introduction to a brief history of CRA, CRA regulators, how banks are evaluated and rated, a search function to see updated ratings of all banks, evaluation methods and more resources.

https://www.federalreserve.gov/consumerscommunities/cra_about.htm

Community Reinvestment Act April 8, 2020 Comment Letter, by Laurie Goodman Ellen Seidman and Jun Zhu, Urban Institute

<https://www.urban.org/sites/default/files/publication/102005/community-reinvestment-act-april-8-2020-comment-letter.pdf> This is a recent evaluation of the proposed rules on updating the CRA. (16 pages, appendices are optional)

NCRC Comments -*Reforming the Community Reinvestment Act Regulatory Framework*, April 8, 2020 at <https://ncrc.org/wp-content/uploads/2020/04/NCRC-comment-v4b.pdf> **(Optional)**

What's Next for CRA? Webinar recorded May 6, 2020, the Urban Institute (90 minutes) <https://www.urban.org/events/whats-next-cra>

Community Reinvestment Act Resources available at <http://www.frbsf.org/community-development/initiatives/community-reinvestment-act/> - See <https://www.frbsf.org/community-development/files/Community-Development-Data-Guidebook.pdf> **(Optional)**

CRA Analytics at https://www.federalreserve.gov/consumerscommunities/data_tables.htm **(Optional – for reference only.** The tables listed below are available on this webpage.)

Analytics Data Tables – March, 2020

The CRA Analytics Data Tables are curated and published by the Federal Reserve Board in support of the Board's CRA modernization analysis. The tables combine Home Mortgage Disclosure Act (HMDA) data, Community Reinvestment Act (CRA) small business and small farm data, and manually extracted data from CRA performance evaluations. Bank attributes (e.g., deposits, branching, demographic, etc.) and other third party vendor data supplement the data tables.

There are four main CRA data tables:

- **Retail Loan Table** presents HMDA Loan Application Register (LAR) and CRA small business and small farm data for depository institutions aggregated at the year, bank, and county level for years 2005 through 2017. The table contains loan counts and amounts for originations and purchases, which can be inside or outside assessment areas by borrower or tract income.
- **Performance Evaluation (PE) Table** presents hand-collected CRA performance evaluation data aggregated at the exam period, bank, and assessment area level for years 2005 through 2017. The table contains test ratings, exam periods, and community development loan counts and amounts, where available.
- **Merged Data Table** is the joined Retail Loan Table and PE Table.
- **Assessment Area (AA) Definitions Table** shows assessment area geographic data from the PE Table and CRA small business and small farm data.

Module 4 - August 2-8

Community Development Financial Institutions (CDFIs) and Non-traditional sources of financing

1. Types of CDFIs
 - A. Community Loan Funds
 - B. Community Development Credit Unions and Banks
 - C. Community Development Venture Capital Funds
 - D. Foundations and Mission Related Investment (Heron case study)
2. Other institutional investors in community development: including, hospitals, pension funds, and insurance companies
3. CAMEL analysis for CDFIs
4. Developing policies and procedures for CDFIs
5. Alternative sources of financing – Crowdfunding

Readings for Module 4 – CDFIs and alternative financing

Community Development Financial Institution Fund. "[Overview of What We Do.](#)" U.S. Department of the Treasury. 2020.

Changing Capital Markets and their Implications for Community Development Finance, by Kirsten Moy and Alan Okagaki, a Capital Xchange Journal Article Prepared for The Brookings Institution Center on Urban and Metropolitan Policy, Harvard University Joint Center for Housing Studies, July 2001 at <https://www.brookings.edu/wp-content/uploads/2016/06/moy.pdf> This 20 page paper is now almost 20 years old, but it is still one of the best in outlining key issues which face the community development finance field. (18 pages)

[CDFI Industry Analysis- Summary Report \(Michael Swack, Jack Northrup, and Eric Hangan, 2012\)](#) prepared for the CDFI Fund, U.S. Department of Treasury at <https://www.cdfifund.gov/Documents/Carsey%20Report%20PR%20042512.pdf> (read up to the appendices – 17 pages)

El Issa, Erin and Jackie Zimmerman. "Crowdfunding for Business: What You Need to Know" <https://www.nerdwallet.com/blog/small-business/crowdfunding/> Nerdwallet, December 5, 2017 (2 pages)

[CDFIs and Online Business Lending: A Review of Recent Progress \(Jack Northrup, Eric Hangen and Michael Swack, 2016\)](#) (Optional)

Taylor, Ryan. "[Equity-Based Crowdfunding: Potential Implications for Small Business Capital \(PDF\)](#)." *Advocacy: The Voice of Small Business in Government*, Issue Brief 5 (2015). (Optional)

Department of Licensing and Regulatory Affairs. "[Crowdfunding: Things to Keep in Mind](#)." State of Michigan. 2017. (Optional)

Module 5 – August 9-15

Policy Issues: The role of government and creating a comprehensive system of community development financing and achieving scale.

Readings for Module 5

Francis, Norton, *What Do State Economic Development Agencies Do?* Urban Institute, 2016. <https://www.urban.org/sites/default/files/publication/83141/2000880-What-Do-State-Economic-Development-Agencies-Do.pdf> (13 pages)

Tax Increment Finance: A Success-Driven Tool for Catalyzing Economic Development and Social Transformation by Toby Rittner, Council of Development Finance Agencies (CDFA), Federal Reserve Bank of San Francisco, Community Development Investment Review, April, 2013 at <https://www.frbsf.org/community-development/files/tax-increment-finance-success-driven-tool-catalyzing-economic-development-social-transformation.pdf> (4 pages)

Why Tax Increment Financing Often Fails and How Communities Can Do Better By [Will Jason](#), Lincoln Institute of Land Policy, September 11, 2018, <https://www.lincolnst.edu/publications/articles/new-report> (2 pages) Full report at (optional reading) <https://www.lincolnst.edu/gateway/download/44346/1589224678>

Primary Characteristics of Loan Loss Reserve Funds, Office of Energy Efficiency & Renewable Energy, U.S. Department of Energy at <https://www.energy.gov/eere/slsc/primary-characteristics-loan-loss-reserve-funds>

What is a Social Impact Bond? From Corporate Finance Institute webpage at <https://corporatefinanceinstitute.com/resources/knowledge/trading-investing/social-impact->

[bond/](#)

A Critical Reflection on Social Impact Bonds , by Michael J. Roy, Neil McHugh, & Stephen Sinclair, Stanford Social Innovation Review, May 1, 2018 at https://ssir.org/articles/entry/a_critical_reflection_on_social_impact_bonds

What are Green Banks? At <http://cgcpod.wpengine.com/what-is-a-green-bank/> and Green Bank Techniques at <http://cgcpod.wpengine.com/what-is-a-green-bank/green-bank-techniques/> from webpage of Coalition for Green Capital

Green Banks in the United States: 2018 Annual Report at <http://coalitionforgreencapital.com/wp-content/uploads/2019/07/GreenBanksintheUS-2018AnnualIndustryReport.pdf> - just skim

Community Investment:Focusing on the System, A Working Paper, March 2015, Robin Hacke, David Wood and Marian Urquilla at <http://iri.hks.harvard.edu/files/iri/files/community-investment-focusing-on-the-system-march-2015.pdf> (be sure to look at the worksheet on pages 22-30)

New Pathways to Scale for Community Development Finance by Gregory A. Ratliff and Kirsten S. Moy. In “Profitwise” published by the Federal Reserve Bank of Chicago, December 2004, pages 2-22, download from: <https://ideas.repec.org/a/fip/fedhpw/y2004idecp2-24.html>

[Scaling U.S. Community Investing \(Michael Swack and Eric Hangen, 2015\)](#) prepared for the Global Impact Investment Network (GIIN) (**Optional**)

FIELD at the Aspen Institute's study on quality jobs: <http://www.gainfuljobs.org/> - a website with lots of good information – just scan the website. (**Optional**)

NLIHC, 2017 Advocates’ Guide to Housing and Community Development Policy at http://nlihc.org/sites/default/files/2017_Advocates-Guide.pdf (**Optional**) An encyclopedia of housing and community development programs – just scan the table of contents.)

Assignments and Discussion groups

Description of Assignments

Due to the short duration of this course, online participation is mandatory.

A. Class Participation

Participation is a critical element of this course. You are expected to have done the assigned readings and cases and bring thoughts and ideas to the questions and problem assigned to your group.

B. Written Assignments

The written assignments are designed to explore course topics in further depth and encourage practical application of course skills to the area of community development finance. Each assignment is designed to be completed based on course readings and group discussion. These questions require you to utilize information from the course itself, and in some instances conduct research about the specific issue to answer the questions. You will work with your group members on most of the written assignments.

The final assignment is an individual writing assignment and should adhere to all academic conventions and rules. For assistance with your writing, do not hesitate to use the UNH Writing Center at <http://www.unh.edu/writing/index.html>.

The final writing assignments should be typed, double-spaced, with one-inch margins and 12 type, Times New Roman font and adhere to recognized writing conventions, such as spelling, grammar, page numbers, punctuation, and appropriate use of bibliographic citations. Spelling and grammar mistakes will lower the grade on all written work. Please cite the references you use in the narrative of the work using the American Psychological Association's (APA) Style and include a bibliography of works cited at the end of the paper - see Canvas for reference information.

Plagiarism will automatically result in a failing grade for the paper and for the course.

The final written assignments should be submitted via Canvas using the "assignments" folder. All other assignments will be submitted on the discussion board.

C. Discussion Board (Group Assessment)

In weeks 1-4 you will work in your assigned group to discuss the week's materials and work on any problem sets and discussion questions. Your group is responsible for the following:

1. Each group will make a single posting each week based on the week's assignment.
2. Each group should identify one member (editor) who is responsible for responding to the week's question/problem set. The editor is responsible for assuring the group's various responses and findings are accurately communicated.

3. The Instructors will conclude each week's Discussion Board by highlighting responses, themes, perspectives, and examples from practice that offer insight into the various problems and issues.

We recommend that the editor, that is the person responsible for communicating the group's discussion points, rotate among your assigned group so this responsibility is shared among the group members.

Week 1- Individual posting – to be posted on the Discussion Board on Canvas by July 16th at noon.

1. Write a short posting (1 page total) addressing the following questions:
 - A. Identify (and briefly explain) a specific financing issue or problem that needs to be addressed in your community. This can be anything from an institutional problem to a financing problem with a specific project or venture. Document the existence and nature of the problem with specific data (numbers from studies, census data, observation, interviews or some combination of all of these). You **SHOULD NOT** identify and write about a fund raising problem. A financing problem would be something like: 1. It is difficult to get a home mortgage in my community; or, 2. People who want to start or expand a business in my community cannot access conventional credit; or, 3. My agency is working on a commercial project and is having trouble getting a piece of the financing. If you can't identify a problem in your community – ask someone who can.
 - B. What efforts are currently being undertaken to address the problem? Give brief details.
 - C. Have the above efforts had any success in addressing the problem? Explain in several sentences why or why not.
 - D. How could the problem be dealt with more effectively? What factors might impede progress in this direction? Consider the practicality and political implications of your decision.

Please post your responses on the discussion board in Canvas so others can see and read them. Respond to at least one other posting. Each posting is set up for threaded responses.

Week 1 - Group Assignment– 1 posting per group: Problem sets – group responses should be posted on Discussion board by July 19 by midnight. (See Module 1 on Canvas for assignments)

Week 2 - Group Assignment– 1 posting per group: Problem sets – group responses should be posted on Discussion board by July 26 by midnight (See Module 2 on Canvas for Assignment.)

Week 3 Group Assignment- CAMEL analysis case study – group answers should be posted by August 2nd by midnight. (See Module 3 on Canvas for Assignment)

Week 4 –Group Assignment CRA: Due August 9th by midnight.

1. Read the articles assigned in the syllabus for banks and banking. Do the reading before you post your response to the following prompt on the discussion board in Canvas.
2. Pick a local bank and find their most recent CRA evaluation. Ratings and the public evaluations for all banks are available <https://www.ffiec.gov/craratings/> If you have time, interview a local banker (always an enlightening experience) who manages the CRA process for the bank. (See sample questions below.) Discuss your findings online with your group.

Discuss with your group the role banks have played in financing CED activities in your community. What have the banks done to date? Has the Community Reinvestment Act been used by any state or local groups as a tool to encourage bank investment? Explain. Could the banks take a more substantial role in financing CED activities? If so, what would this role look like? (i.e. What gaps currently exist in the financial markets?) Be as specific as possible in your recommendations. In responding to these questions, you may choose to interview either a director of a CED organization and/or a local banker. (See sample interview questions below.)

Post 1 group response that highlights the various issues brought to the discussion by various group members

Be sure to check out some of the CRA resources on the web. Here are some good ones: National Community Reinvestment Coalition at www.ncrc.org. has a range of articles and information on CRA. Note that there is legislation currently being proposed that would significantly weaken CRA. The web page of the Federal Reserve Banks (Minneapolis is a good one at www.mpls.frb.org) provides lots of information on everything from credit scoring to financial modernization .

Questions to ask your CRA banker for discussion

How does the bank assess community needs and identify community development opportunities and partners?

What type of credit products does the bank offer to meet the needs of first time homebuyers, credit-impaired borrowers and small business customers?

Are any of these products considered innovative or particularly responsive to local economic needs and conditions?

What type of outreach does the bank do to reach small business segments and underserved communities?

What is the bank's role in housing or community development programs in the market? Has the bank taken a leadership role in terms of investing or service hours?

What does the bank consider to be the most high-impact projects in its community development portfolio?

Is the bank supporting alternative financing sources, such as CDFIs?

What is the bank doing to address community revitalization/stabilization in the community, particularly areas still recovering from the recession?

What is the bank doing to promote access to banking for underserved consumers?

Has the bank developed new products or mechanisms for delivery services?

What metrics does the bank gather to show the impact of alternative delivery services in meeting the needs of LMI consumers?

Who are the bank's competitors? What are they doing around CRA and how are they doing it?

Final Assignment : Due August 21, 2020

Final Assignment: Choose a **breakthrough or innovation** that interests you and write a 6-8 page paper that addresses the following questions:

- A. Identify (and briefly explain) a specific innovation occurring in the field of community development finance. What problem is this innovation addressing?
- B. How is the problem being addressed? If possible give more than one example or case detailing how the particular innovation is working.
- C. Have the above efforts had any success in addressing the problem? Explain why or why not.
- D. How could the problem be dealt with more effectively? What factors might impede progress in this direction? Be specific in offering your solution. Consider the practicality and political implications of your solution.

Possible topics include: securitization, mergers of CDFIs, attracting impact investors, crowd-funding for CDFIs.