Community development financial institutions (CDFIs) are a valuable potential partner for health philanthropy. Across the nation, CDFIs are funding projects to support health care centers and clinics, grocery stores with healthy food options, and healthy housing. CDFIs grew out of the Civil Rights Movement and War on Poverty of the 1960s. They were established to address the need for capital in underserved and distressed communities, and to improve access to financial services, affordable credit, and investment capital not otherwise available from traditional financial institutions. Today, there are more than 900 U.S. Treasury Department-certified CDFIs, and together they have well over $30 billion in assets under management (Salamon 2014). There is growing interest among health funders in how these types of investments can improve health outcomes.

**WHAT CAN CDFIs AND HEALTH PHILANTHROPY LEARN FROM ONE ANOTHER?**

Health foundations and corporate giving programs are often deeply knowledgeable about health needs at the local level, and CDFIs have the financial acumen to direct money to these areas in new ways. CDFIs work as an intermediary and a capacity builder. With their expertise in structuring and delivering financial deals, CDFIs can provide an entry point for health funders to get involved in nontraditional funding strategies without the requirement for day-to-day management of the investment or the need to build in-house knowledge and programming.

Health funders are well-positioned to support CDFIs as conveners, catalysts for funding, and sources of community data. Many health funders have years of experience as conveners in their communities, often bringing community members, organizations, and policymakers together to improve health and health care. Health funders have unique insight into local communities and the health needs within them. Further, health funders are often utilized as an initial source of capital that helps move a deal from conception to action by lowering the risk and barrier to entry for other investors. As such, health funders can be valuable strategic partners for CDFIs.

**WHERE ARE CDFIs AND HEALTH FUNDERS WORKING TOGETHER?**

Early health funder-CDFI collaborations were focused on food access projects. In one of the Robert Wood Johnson Foundation’s (RWJF) initiatives aimed at reducing childhood obesity, for example, the foundation worked with The Reinvestment Fund, a prominent CDFI, as well as Living Cities and the New Jersey Economic Development Authority, to help finance construction of new grocery stores, expansion of existing stores, and new equipment. The decision to invest in the project resulted from research funded by RWJF in 2009 to study the supermarket landscape across New Jersey. By 2011 the first store was funded and under way (The Reinvestment Fund 2012). The funded sites support the foundation’s goal of increasing access to healthy foods in low-income New Jersey communities. As an investor, RWJF gave a mix of grant and loan funding through a program-related investment (PRI). Its $2 million grant went directly to stores and paid for assessments, while the loan was structured as a 10-year PRI of $10 million at a 2 percent rate of return (Smith 2012).

The Colorado Health Foundation spearheaded a similar collaboration to support improved access to grocery stores in underserved areas in Colorado. Prompted by the 2011 release of the Denver Food Access Task Force’s policy recommendations in *Healthy Food for All: Encouraging Investment in Colorado*, the foundation began funding the Colorado Fresh Food Financing Fund. Working in partnership with the Denver Department of Environmental Health, the Denver Office of Economic Development, and local CDFIs such as the Mile High Community Loan Fund, the foundation invested $7.1 million. The Colorado Fresh Food Financing Fund is modeled after other local programs that achieved success under the Healthy Food Financing Initiative, a national program designed to eliminate food deserts in low-income areas. In addition to the immediate goal of constructing grocery stores with healthy food options, the fund aims to spur economic development in low- and moderate-income neighborhoods (The Colorado Health Foundation 2015).

Encouraged by the early success of food access initiatives, and spurred by the need to serve millions of additional health care consumers due to the coverage expansions of the Affordable Care Act (ACA), philanthropy has expanded its focus to health centers. The Healthy Futures Fund, a partnership of the Local Initiatives Support Corporation (LISC), Morgan Stanley, and The Kresge Foundation, supports federally qualified health centers (FQHCs) in underserved areas, as well as affordable housing that includes health programs. Announced in 2013, the fund was started with $100 million.
million, comprising a mix of equity, loans, and grants that provided enough capital for 500 housing units with on-site health services, as well as eight FQHCs. Together, The Kresge Foundation, LISC, and Morgan Stanley provided approximately $37 million in loans and grants. Morgan Stanley provided another $63 million in equity and used incentives such as Low Income Housing Tax Credits and New Markets Tax Credits to encourage investment (The Kresge Foundation 2015).

Also in 2013, The California Endowment announced a partnership with two CDFIs—NCB Capital Impact and Community Health Center Capital Fund—to fund community health centers throughout the state. The agreement was timed to provide the health centers with the financial resources needed to expand services and capacity to serve Californians who received health care coverage under the ACA. For The California Endowment, the agreement supports the foundation’s 10-year Building Healthy Communities initiative and its goal of supporting community development in California to make children and youth healthy, safe, and ready to learn. The deal was structured as a set of PRI loans at six separate organizations, with combined contributions totaling more than $11.5 million. Loan financing was shared among the members of the partnership. For example, for a loan to the St. John’s Well Child and Family Center in Los Angeles, the endowment provided about $2 million and NCB Capital Impact another $1.4 million. These funds helped St. John’s finance renovations for two of its largest buildings (The California Endowment 2015).

CONCLUSION

The fields of philanthropy and community development are collaborating in new ways and more frequently than ever before. CDFIs are potentially valuable partners for health funders working to improve the health of their communities. Though the ultimate impact of these partnerships remains to be seen, it is a promising relationship that has attracted tremendous interest in recent years.

Locating a CDFI

The CDFI Fund, a division of the U.S. Treasury Department tasked with certifying and providing funding to qualifying CDFIs, maintains a complete list of all registered CDFIs in the United States. The database is searchable by name, type, and state, with contact information for each organization. 1.usa.gov/1NOjgY9

Opportunity Finance Network created a mapping tool of their CDFI members across the country. The map is searchable by organization name, state, area served, and lending type. www.ofn.org/cdfi-locator

Health and Community Development Collaboration Resources

**Build Healthy Places Network** initiates and supports collaboration across the health and community development sectors through convenings, fostering connections, and research of models and best practices. www.buildhealthyplaces.org

**Healthy Communities Initiative** was created by the Federal Reserve System and the Robert Wood Johnson Foundation to bring together the sectors of health and community development. The initiative provides for conferences and various publications and reports to highlight successes and potential for future collaboration. bit.ly/1D0RypA

**Sources**


