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Ruth Jaure
CDFI Program Manager
Community Development Financial Institutions Fund
U.S. Department of the Treasury
601 13th Street NW., Suite 200 South
Washington, DC 20005

By email to cdfihelp@cdfi.treas.gov

Comments re CDFI Program Application, OMB Number: 1559-0021

Dear Ms. Jaure:

The New Hampshire Community Loan Fund appreciates the opportunity to answer two of the questions posed by the CDFI Fund in its recent request for comments.

Question 1 asks: “Is targeting CDFI Program award funds into highly distressed communities an appropriate use of CDFI Program Funds?”

Our successes over the last three decades suggest that the answer is no.

The New Hampshire Community Loan Fund is proud of the impact we have had financing affordable housing for low-to-moderate income households across New Hampshire. Our surveys indicate that 75 percent of the people we have served are low-to-moderate income. These people include the vast majority of the residents of the manufactured housing communities we have helped finance for resident ownership. Those communities are home to 5,107 households. The vast majority of households whose homes we have financed with our mortgage products are also low-to-moderate income. And our lending to nonprofit child care centers provides essential services to working parents.

As you know, however, New Hampshire is a relatively prosperous state with one of the highest median household incomes in the nation. Poverty in New Hampshire is rarely concentrated in areas that would show up as “highly distressed communities” using typical definitions that focus primarily on urban areas or contiguous rural areas with persistent poverty. Instead, New Hampshire’s low-income households are dispersed across the state. Indeed, some of the most difficult challenges are faced by low-income households who live or work in the more affluent regions of the state. The last Census report showed that 7.8 percent of the state’s population – about 18,000 households – lives at or below the federal poverty level. Even if these households were adjacent to each other, they might not comprise a “highly distressed community,” depending on the definition.

Any funding strategy that is tied too tightly to specific places will have unintended consequences. For example, a CDFI whose goal is to support agricultural operations in rural

areas may conclude that its most productive investments are in food processing operations or even restaurants in relatively affluent areas. The key is impact, not location.

The CDFI Fund should make its awards to CDFIs that can make the case that they will have a powerful impact aligned with the purposes of the Fund. A combination of experience, effective program management, appropriate financial tools, an ability to leverage private financial resources, a track record of innovation in program design and delivery, and broad community support and trust will enhance a CDFI's impact. These factors should count at least as much as the relative concentration of poverty in the areas the CDFI is serving.

The CDFI Fund application should provide opportunities for CDFIs to demonstrate their impact. Neither the application, nor the scoring criteria, should unduly favor CDFIs serving areas of concentrated need versus areas where the need is scattered or less visible.

Question 4 in the request for comments asks: "Does the application ask the appropriate questions to determine applicant's financial health and viability?"

We recommend that the CDFI Fund make greater use of the independent CDFI Assessment and Rating System – CARS – in determining the financial health and viability of applicants. CARS is objective and provides a far more thorough and nuanced analysis than can be achieved through the CDFI Fund application process itself. Relying on CARS will provide the CDFI Fund with a reliable basis for comparing CDFIs and will over time encourage more CDFIs to use the system, thus accelerating the maturation of the industry and its transparency within the financial system.

Thank you for your consideration of these points.

Sincerely yours,

Richard A. Minard, Jr.
Vice President for Policy and Programs