

Virginia Banking

VIRGINIA BANKERS ASSOCIATION — SERVING VIRGINIA'S FINANCIAL COMMUNITY SINCE 1893

November/December 2013

The Emerging Internet & Mobile Community Rewriting the Future of Banking



Bringing the World to Virginia

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS ARE CONDUITS FOR OPPORTUNITY



By Jane Henderson
President and CEO,
Virginia Community Capital

Technological advances within the past five years have created a remarkable shift for community banking. The internet's vast connectivity has delivered the world to many, when transactions with customers in Paris or Portsmouth can be done with relative ease. At Virginia Community Capital (VCC) and other Community Development Financial Institutions (CDFIs), this access revolution has generated a slightly different result. The core focus for CDFIs will always be invigorating local communities. But, our horizons have expanded tremendously in terms of partners and resources available to support our mission and work.

VCC and our for-profit Community Capital Bank of Virginia (CCB) strengthen communities throughout Virginia in core areas of affordable housing, job creation, community facilities like health care or child care, and Main Street revitalization. Within the past year, like other CDFIs across the country, we've broadened our focus to include healthy foods. VCC has also reached out to address needs through small business lending. Success depends on mobilizing strong collaborations to promote vibrant local communities, create jobs, and deliver innovative capital across Virginia. We have solid relationships with the public sector (local and state) as well as with many partner banks.

Within the past few years, much as community banking has opened its doors to a global audience, CDFIs have cultivated national and regional partners through innovative programming or products. With VCC, these high-profile partnerships elevate our work to a global platform and, in doing so, create

exponential impact for Virginians.

Engaging national prospects has required diligent research, extensive upper-level conversations, and detailed knowledge of innovative models for community development investment. As with most CDFIs who are also mission-focused, VCC analyzes every potential project, program, or loan through two lenses: will it provide lasting impact to an underserved market and does it make financial sense? When national issues emerge, we dedicate minds and resources to considering how these initiatives can improve lives across Virginia. If an opportunity passes the mission-money litmus test, we proceed with vigor.

Our ongoing participation in the Goldman Sachs 10,000 Small Businesses initiative offers a perfect example of a national, mission-related investor complementing VCC's dedication to helping small businesses excel. We began conversations with Goldman Sachs over a year ago. We introduced them to our broad portfolio of successes in communities across Virginia and openly discussed our strategy to expand our small business support. Preliminary conversations turned to targeted program development through their 10,000 Small Businesses initiative; and in July, we announced a \$4.4 million investment in VCC by Goldman Sachs. The funding includes \$4 million going directly to VCC's loan fund to lend money to small businesses that are growing and creating jobs in low- to moderate-income areas and an additional \$400,000 serves as a loan loss reserve and expands our small business lending outreach and assistance.

The Goldman Sachs support has already delivered noteworthy impact. Funds leveraged a loan to early-stage Evatran, developer of Plugless Power, the world's first wireless charging system for electric vehicles. The support allowed for acceleration of beta units to market, which galvanizes opportunity for an integrated product with major U.S. and German automobile manufacturers for 2015 vehicles. Parts will fly from Richmond to Munich as the result of the VCC/CCB support and Goldman Sachs partnership. Further, the Goldman Sachs/VCC collaboration has created 49 jobs and retained an additional 20.

Restoring America's manufacturing landscape is a national priority and so is elimination of food deserts across our country. The Food Trust introduced a CDFI-



based initiative for healthy food support back in 2010 after a study found that 42 percent of the urban youth surveyed shop in corner stores two times a day and 53 percent surveyed visit once a day. In absence of a traditional grocery store, many residents of urban food deserts are primarily purchasing food from local corner stores which carry high-calorie, processed and unhealthy foods.

In its own backyard, VCC found one of the most severe food deserts in the country for cities of a similar size – Richmond. “Get Fresh East End!” represents a dynamic collaboration of local philanthropic, government, nonprofit, and health partners including the City of Richmond Health Department, the Bon Secours Health System, Councilwoman Cynthia Newbille, Tricycle Gardens, the Community Foundation, Neighborhood Resource Center, and Shalom Farms.

Dedicated to expanding the opportunity for fresh foods in Richmond’s East End neighborhood, “Get Fresh” is focused on three goals: increase access to fresh and local foods in corner stores, work with and educate the store owners on the business aspects of marketing and selling fresh foods, and educate the community about how to prepare and enjoy healthy foods. Progress within the first year has been noteworthy with two neighborhood stores offering fresh, local vegetables to their customers. VCC will expand the corner store program to other food deserts as part of a larger statewide effort announced this summer.

Seeded locally, the Healthy Foods project received national attention in June when VCC was recognized at the Clinton Global Initiative America (CGI America) for launching the Virginia Fresh Food Loan Fund (VFFLF), an \$11 million fund dedicated to building opportunities for healthy foods in urban and rural areas across the commonwealth. VCC’s VFFLF was accepted as a CGI Commitment to Action – defined as a plan for addressing significant social and economic challenges. To date, CGI members have made more than 2,300 Commitments to Action, which have improved the lives of over 400 million people in more than 180 countries.

VCC’s Commitment addresses the unmet capital needs of healthy food enterprises throughout rural and urban regions in Virginia and will catalyze growth of Virginia’s healthy foods sector. The VFFLF

combines small business technical assistance as well as lending opportunities to increase the capacity of urban corner stores to sell and market healthy items and foster the expansion and formation of food hubs primarily located in rural communities. The VFFLF introduces a new tool in building access to healthy foods as well as strengthening the overall food system throughout Virginia. As the CGI recognition has placed VCC in an international spotlight, the work we undertake in Virginia might well inform progress in communities around the world.

CDFIs are establishing important, new frontiers with national philanthropic partners. The Jessie Ball duPont Fund, one of the nation’s most respected private foundations, has embarked on a Program-Related Investment (PRI) with VCC and a CDFI in its home state of Florida. The \$1.5 million impact investment with VCC will be used to enhance affordable housing opportunities and spur business growth in the Northern Neck area. As the second PRI the fund has committed, the community development and finance worlds will be watching closely.

While many national partners are joining VCC at the table, we can never overstate the importance of our local banking community to VCC/CCB. As one of Virginia’s largest CDFIs, we complement the work of community banks. CDFIs are able to blend private capital with philanthropic and government money. In doing so, we fortify communities and businesses with the intention of opening doors for our community banking partners. We may offer that small business its seed financing. Three years later with solid growth, that business may be ready to work with its local community bank.

So, when we truly consider how globalization and the internet have redefined community, CDFIs occupy an innovative and important niche. We attract national partners and investments from as large a resource as Wall Street, channeling these resources, in the case of VCC, to Virginia’s Main Street. We demonstrate ways that investment capital can positively enhance our collective experience, whether the support creates an expanded market for a manufacturing plant, increased financial protection for a sole proprietor, or healthier food options for young people in an urban setting. Every language and culture appreciates the importance of jobs, security, and home.

Jane Henderson is president and CEO of Virginia Community Capital and its subsidiary community development bank, Community Capital Bank of Virginia. Learn more about VCC at vacommunitycapital.org.