# A STUDY TO EXAMINE MICHIGAN'S CDFI LANDSCAPE

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## A STUDY TO EXAMINE MICHIGAN'S CDFI LANDSCAPE

# Enhancing Michigan's CDFI Landscape: Strategic Opportunities and Recommendations for Sustained Impact

With the goal of identifying opportunities to expand the reach and impact of Community Development Financial Institutions (CDFIs) in Michigan, this study sought to examine the landscape of CDFI loan funds in Michigan to increase equitable community investment. Utilizing an appreciative, asset-driven approach, this study focuses on the capacity-building needs of Michigan's CDFIs. This project also identifies policy directions and applies solutions that drive more capital into low-income and underserved communities. This project received participation, support, and technical guidance from the Michigan CDFI Coalition and the Detroit CDFI Coalition.

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**Prepared by**
**Public Policy Associates** is a public policy research, development, and evaluation firm headquartered in Lansing, Michigan. We serve clients in the public, private, and nonprofit sectors at the national, state, and local levels by conducting research, analysis, and evaluation that supports informed strategic decision-making.

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# Executive Summary

As critical economic drivers, Community Development Financial Institutions (CDFIs) fuel sustainable community development. Providing loans to those who do not typically have access to traditional bank financing is a proven and effective tool in aiding underserved communities.

With funding from the CDFI Research Consortium, which is housed at the Center for Impact Finance (CIF) at the University of New Hampshire, Public Policy Associates (PPA) examined the landscape of Michigan's CDFIs through a survey and with interviews with CDFI loan fund leaders. The goal of this research is to generate actionable findings and recommendations for Michigan's CDFI ecosystem.

## Challenges Facing Michigan CDFIs

Overall, findings showed that demand for loan products from Michigan CDFIs is increasing. However, staffing challenges, insufficient operational funding, inadequate lending capital, technology resource challenges, and borrower criteria were reported as key factors limiting Michigan CDFIs' ability to meet growing demand.

**Key findings also illuminated several opportunities for Michigan CDFIs to continue to scale their impact, including:**

- Providing flexible capital, specifically for unrestricted operational funds
- Delivering consistent and comprehensive technical assistance
- More qualified talent entering the field, along with competitive compensation
- Improved technology and software solutions to integrate processes
- More rural-focused lending

## Summary of Recommendations

The research also generated several policy-focused recommendations for Michigan's two CDFI coalitions (the Michigan CDFI Coalition and the Detroit CDFI Coalition). They include:

- Actively pursuing diversified capital and expanding engagement with private and philanthropic funders, in addition to traditional grants
- Leveraging state- and national-level training to enhance core competencies in fiscal management, grant writing, and data impact reporting, and investing in technology
- Expanding support for the Michigan and Detroit CDFI Coalitions' policy committees to align priorities, share best practices within the state and across states
- Prioritizing a unified, data-driven narrative to attract future public and private investment.

The implications of both the findings and recommendations point toward a need for strategic and innovative approaches to funding, staffing, technology, and advocacy to enhance the effectiveness and sustainability of CDFIs in Michigan.

# I. Introduction

The history of Community Development Financial Institutions (CDFIs) in Michigan and other states dates back to the late 1960s and early 1970s. Before the passage of the Community Reinvestment Act (CRA) in 1977, institutions such as community development corporations (CDCs) and credit unions played a major role lending in underserved communities. The 1980s saw the rise of nonprofit, mission-driven loan funds and the growth of the broader CDFI movement in Michigan and elsewhere. The 1990s brought the creation of the CDFI Fund, a federal agency, and the 2000s saw the expansion of the CDFI business model.[1]

Today, there are over 1,400 certified CDFIs across the United States, with CDFI loan funds being the most common type (representing nearly 40%), followed by credit unions (the fastest growing sector),[2] banks, and other organizations, such as venture capital funds.[3]

Since their establishment, CDFIs have remained essential to supporting development in low-income communities. CDFIs were designed to provide loans to businesses, nonprofits, and individuals who typically do not qualify for traditional bank financing and are increasingly recognized as needing additional resources for innovative community development projects.


[1] The CDFI Fund was established by the Riegle Community Development and Regulatory Improvement Act of 1994, as a bipartisan initiative. Former U.S. Senator Donald Riegle (*from Michigan*) led the effort to create a system of community development banks. *Source*: https://www.congress.gov/crs-product/R47169

[2] New York Federal Reserve. (2023). *Sizing the CDFI market: Understanding industry growth.* https://www.newyorkfed.org/medialibrary/media/newsevents/news/regional_outreach/2023/sizing-the-cdfi-market-understanding-industry-growth

[3] Community Development Financial Institutions Fund. (2024). *Annual Certification and Data Collection Report (ACR): A snapshot for fiscal year 2023*. U.S. Department of the Treasury. https://www.cdfifund.gov/system/files/2024-12/2023_ACR_Public_Report.pdf

CDFIs vary greatly and cater to assorted regions and populations. For instance, [ProsperUs Detroit](), a CDFI loan fund focused on small business lending, supports entrepreneurs and community leaders in the Detroit area. At the same time, [Chi Ishobak](), a Native CDFI based in Dowagiac, Michigan, focuses on projects initiated by Michigan's Tribal citizens and their communities throughout the state.

**Types of CDFIs:** As previously noted, there are four main types of CDFIs: (A) Community Development Banks; (B) Community Development Credit Unions; (C) Community Development Loan Funds, and (D) Community Development Venture Capital Funds. Native CDFIs are specialized CDFIs that are dedicated to serving Native and Tribal communities. While all CDFIs aim to provide financial services to underserved populations, Native CDFIs are uniquely structured to address the specific economic and cultural challenges of these communities.[4]

**A. Community Development Banks** (CDFI Banks) are FDIC-insured financial institutions; they accept deposits, provide loans, and offer a range of other banking services. They are generally for-profit entities, but their focus is on lending to small businesses, affordable housing projects, and to individuals who might not qualify for loans from other, more conventional banks.

**B. Community Development Credit Unions** (CDFI Credit Unions) are, like other credit unions, member-owned, nonprofit financial cooperatives. Like traditional credit unions, they are governed by a board of directors elected by their members. Their mission, though, is to provide fair and affordable financial services, including traditional banking services—such as savings accounts, checking accounts, and loans— to their members, particularly those with limited access to conventional financial institutions. They are often located in low-income or rural areas and are focused on helping their members build assets and improve their economic well-being.

**C. Community Development Loan Funds** (CDFI loan funds) are typically nonprofit CDFIs that do not accept deposits. Instead, they raise capital from foundations, government agencies, and private investors in order to make loans and provide financial support for community development projects. They have become a flexible source of capital for a wide range of initiatives, including small business loans, affordable housing development, and

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[4] Native CDFIs must demonstrate serving low-income communities with at least 50% of activities directed toward serving Native American, Alaska Native, and/or Native Hawaiian people and communities. *Source:* Community Development Financial Institutions Fund. (n.d.). *Native initiatives*. U.S. Department of the Treasury. Retrieved September 5, 2025, from https://www.cdfifund.gov/programs-training/programs/native-initiatives

community facilities. Loan funds can also provide other services, such as technical assistance to their borrowers, helping them with business planning and fiscal management.

D. **Community Development Venture Capital Funds** are CDFIs that provide equity capital to businesses in underserved communities. Unlike other types of CDFIs, which primarily offer debt financing or loans, venture capital funds take an ownership stake in the companies they invest in. This type of funding is typically used to help early-stage or growing businesses that have the potential to create jobs and generate wealth in low-income communities.

## State Activity

Today, Michigan boasts a very strong CDFI sector, with over 50 certified institutions, including CDFI loan funds,[5] credit unions, and one CDFI bank (First Independence Bank), which is Michigan's only Black-owned bank and one of only two banks still headquartered in Detroit. In addition to the diverse and expansive CDFI sector, Michigan also has two formidable CDFI coalitions:

- The Detroit CDFI Coalition, one of the nation's oldest locally formed CDFI coalitions, has been in existence since 2014. It represents a collaborative network of CDFIs, key stakeholders, and supporters focused on increasing access to capital and services within the city of Detroit.

- The Michigan CDFI Coalition, a broader state-level nonprofit organization, was launched in January 2024. It was formed to support CDFIs across Michigan by advocating for CDFI-friendly policy changes, growing the impact of CDFIs statewide, providing programming and support, and helping to expand lending in Michigan's underserved communities.

The Detroit CDFI Coalition's strategic plan outlines three key areas for growth that are salient to this research: (1) solidifying the infrastructure of the Coalition; (2) increasing collaboration and strategic connections; and (3) increasing the capacity of members.

Their [Detroit] longer-term goals also include things like increasing access to capital, raising awareness of CDFIs, identifying better metrics to measure impact, fostering a collaborative culture, creating a community that builds trust, and expanding partnerships between members.

[5] CDFI loan funds provide financing and technical assistance to businesses and individuals in low-income communities or areas targeted for reinvestment, with lending typically focusing on microenterprise (including microloans or microlending) or small business creation, real estate and commercial development, or community-service or organization development.

Over the past several years, the Detroit coalition has increased its advocacy efforts regarding policy priorities (e.g., to secure additional funding and strengthen CDFIs).

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*Michigan's two coalitions have collectively secured almost $90 million in funding from the State of Michigan, in the form of a state CDFI fund to support and grow CDFIs across the state.*

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Both of Michigan's coalitions have played key roles in supporting this research. Members of both coalitions collaborated regularly with the research team, reviewed high-level findings, and offered support for recruitment, ensuring representation from a range of stakeholders. Early findings from the research have been shared at membership meetings, with members providing feedback and context.

## A. RESEARCH TOPIC

By uniting their efforts through coalitions and networks, CDFIs have been able to amplify their collective impact, advocate more effectively, and create greater economic opportunity and development in underserved communities. More research is needed to understand how CDFIs operate within each state's diverse policy environments and how CDFIs can collectively harness state and federal opportunities. With federal funding and policy support in flux in 2025, understanding how state-level CDFI coalitions mobilize resources and advocate collaboratively is even more paramount for the sector's stability.

Furthermore, additional research will be necessary to comprehend the challenges and barriers that CDFIs encounter as a result of looming funding constraints, continued limited public awareness, emerging political obstacles, and potential data access and quality issues. Research on CDFIs can also provide evidence-based recommendations for state-level policies and strategic investments that can further support their work. In a broader context, this research contributes to a more specified understanding of community development finance and how Michigan can strengthen the state's CDFI ecosystem.

### Why CDFIs are Needed Now More Than Ever

In today's economic climate, CDFIs have become more critical than ever before. CDFIs work to bridge economic inequality by providing access to capital and financial services for underserved communities. Moreover, economic shocks, such as pandemics, recessions, and natural disasters, disproportionately affect vulnerable communities. CDFIs have served as frontline funders, providing the support needed to help these communities stabilize and rebuild.

This was the case with the Paycheck Protection Program (PPP), a federal program that offered forgivable loans to small businesses and other entities during the COVID-19 pandemic. In the later rounds of funding, CDFIs helped ensure that federal funds reached businesses that needed it the most.

Significant cuts to federal CDFI funding could likely have severe and far-reaching consequences in underserved communities (both urban and rural). This could result in fewer loans for small businesses, fewer affordable housing projects, and reduced investment in essential community facilities, such as health care centers, child care providers, and school buildings.

## The Vital Economic Impact of CDFIs in Michigan

Like in other states, CDFIs are key drivers of economic growth in Michigan, particularly in communities that are often overlooked by traditional financial institutions. These mission-driven lenders play a significant role in promoting economic revitalization and addressing disparities throughout the state.

### Economic Impact Highlights

According to the Michigan CDFI Coalition's website, Michigan's over 50 certified CDFIs have collectively deployed over $1.3 billion in financing to date. And CDFI financing in Michigan supports small businesses and entrepreneurs, leading to the creation and retention of jobs.[6]

**CDFIs are best known for:**

- Providing financing to individuals, businesses, and projects that traditional financial institutions may not serve due to perceived higher risk or other factors.
- Focusing on underserved communities, including low-income areas, minority-owned businesses, and rural regions, building a more inclusive economy.
- Investing in affordable housing, other community development and revitalization activities, and small businesses that contribute to local communities' overall well-being.
- Offering technical assistance to small business owners and support to borrowers, enhancing their chances of success.
- Expanding innovative lending practices and community development approaches as models for broader financial inclusion.

CDFIs in Michigan are highly effective at leveraging federal and private investment. Michigan's CDFIs have effectively utilized the New Markets Tax Credit (NMTC) program to attract private

[6] *Note.* PPA has been working with the Michigan and Detroit CDFI Coalitions on data and impact reporting for three years. Data provided by the Michigan CDFI Coalition indicates that Michigan CDFIs have created and retained over 41,000 jobs, with over 16,000 housing units have been developed with CDFI support, with 72% of these units being affordable. Collectively, they have supported the development of over 26 million square feet of real estate.

investment in low-income communities, with over $1.78 billion in NMTC investments supporting 175 projects between 2004 and 2022. During the COVID-19 pandemic, Michigan CDFIs played a critical role in distributing Paycheck Protection Program (PPP) loans to Michigan businesses and nonprofits.

The Michigan CDFI Coalition represents a significant step forward in collective efforts to address economic disparities and build stronger, more inclusive communities across Michigan. The Michigan CDFI Coalition was built on the core principles of collaboration, advocacy, and capacity building. By bringing together diverse CDFIs from across the state (from both urban and rural communities), the coalition is a robust network for sharing best practices, spreading innovative solutions, and maximizing reach. This purposeful, collaborative approach enables coalition members to address systemic challenges and present a strong, unified front to advocate for policies and more funding.

The potential future impact of the Michigan CDFI Coalition remains immense. By helping with collaboration, advocating for supportive policies, and building the capacity of CDFIs, the Coalition has become a driving force in revitalizing underserved communities, creating jobs, and promoting economic opportunity for all Michiganders.

## Other State Coalitions

CDFI state coalitions, like those in Michigan, are becoming increasingly helpful for amplifying the impact of CDFIs. Here are some of the states, beyond Michigan, which are also known to have strong, active CDFI coalitions:

- **California:** The California Coalition for Community Investment (CCCI) advocates for CDFIs at the state level. CCCI unified a coalition of more than 50 mission-driven financial institutions dedicated to building economic opportunity. It has successfully lobbied for the creation of the California Investment & Innovation Program (Cal IIP).
- **New York:** The New York State CDFI Coalition is among the oldest and most established state coalitions, serving as a model for others. It is recognized as a partner of state agencies and the state legislature and has had staunch support from New York governors.
- **Pennsylvania:** The PA CDFI Network—a statewide collective of 18 CDFIs—is another long-standing coalition working to support CDFIs.
- **Virginia:** The Virginia CDFI Coalition was recently formed following the state's allocation of a $10 million state-level CDFI Fund.
- **Minnesota:** The Minnesota CDFI Coalition is a statewide organization that brings together CDFIs and other mission-driven lenders operating in Minnesota. Since its formation in 2022, its primary purpose has been to support and strengthen the work of its members while also increasing the flow of resources and capital to underserved communities across the state.

While statewide coalitions are important, local and regional CDFI collaborations, such as the Detroit CDFI Coalition, are also necessary and often operate in tandem with or complement state-level efforts. Together, state and local CDFI coalitions can work to raise awareness, advocate for resources, and train the next generation of leaders.

## B. RESEARCH DISCUSSION

For this study, we employed an appreciative lens to examine Michigan's CDFI landscape, with a primary focus on CDFI loan funds (Michigan has 19, including several national loan funds, which have a presence in the state). The methodological approach was grounded in appreciative inquiry,[7] using a SOAR (Strengths, Opportunities, Aspirations, Results) strategic planning model to look at organizational and ecosystem development.[8]

The study was designed to identify and prioritize potential future growth and continued collective actions, as well as policy aspirations within the community development sector in Michigan. The scope of work for this project builds on a previous study of Wisconsin's CDFIs that was commissioned by the Wisconsin Housing and Economic Development Authority (WHEDA) in 2020.[9] That study highlighted key gaps in Wisconsin's ecosystem, identified growth opportunities, and pinpointed areas where capacity-building investments could help strengthen CDFIs at the state level.

Another report from the Greater Ohio Policy Center (GOPC) looked at Ohio's 18 CDFI loan funds.[10] That research, conducted primarily using interviews, helped identify opportunities for growth within the sector at the state level, including the development of a statewide network.

## C. RESEARCH OBJECTIVES

This study was designed to help identify ways CDFIs, and loan funds in particular, in Michigan, can expand access to capital and credit for housing, small businesses, and other community and economic development initiatives.

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[7] Cooperrider D. & Whitney D. (2000). A positive revolution in change: appreciative inquiry. *Appreciative Inquiry*, 3–28.

[8] Stavros, J. & Hinrichs, G. (2009). *The Thin Book of SOAR: Building Strengths-Based Strategy*. Thin Book Publishing.

[9] Wisconsin Housing and Economic Development Authority (2020). *Wisconsin's Community Development Financial Institutions (CDFIs): A study commissioned by WHEDA to examine Wisconsin's CDFI landscape, its capacity-building needs and opportunities for growth.* https://wiphilanthropy.org/wp-content/uploads/2021/09/Wisconsin-CDFI-Research-Study-Report2021-4.pdf

[10] Greater Ohio Policy Center (2018, September). *Building Assets: Ohio's CDFI Industry*. https://www.greaterohio.org/publications/building-assets-ohios-cdfi-industry

The research design was created with the end users in mind, including the Michigan and Detroit CDFI Coalitions, as well as national dissemination to groups such as the Opportunity Finance Network (OFN). Preliminary findings from this study were previously presented to the Society for the Advancement of Socio-Economics (SASE) in July 2025 in Montreal, Quebec.

### Research Questions

**The following are the overarching research questions:**

1. How can CDFI loan fund leaders build on their recent success to ensure sustainability?
2. What opportunities exist to secure additional funding that could spur growth?
3. What are the capacity-building needs for Michigan CDFIs?
4. What results will be needed for Michigan CDFIs to have a bigger impact and broader reach in underserved communities?

## D. SIGNIFICANCE OF THE STUDY

This research offers new data and analysis on the activities, impact, and challenges CDFIs face across Michigan. This evidence is essential for understanding the sector's role in the state's economic development ecosystem.

The findings presented in this paper are intended to inform ongoing decisions within the Michigan CDFI ecosystem. They are also offered to contribute to the broader literature about the effects of CDFIs (on state policies and programs), their collaborations (how partnering has benefited the state's ecosystem), and the impact of CDFIs in underserved communities (driving more resources into local economies).

## E. OVERVIEW OF THE METHODOLOGY

Data were collected using primary data sources, surveys and interviews with Michigan's CDFI leaders. During the project, feedback from key stakeholders has been sought. Throughout the project, the research team engaged directly with key stakeholder groups to discuss the importance of CDFIs in Michigan, opportunities for policy advancement, additional data needs, and ways to measure the return on public and private investment more effectively. Additionally, planned dissemination of the findings includes meetings with funders, policymakers, and other stakeholders.

Internally, PPA utilized a rigorous internal peer-review process, in which multiple staff members reviewed the text, findings, and qualitative data to ensure consistency and language use. An in-house editing team edits all of PPA's papers. Additionally, we collaborated with the two coalitions to receive comments and generate questions for the stakeholder feedback sessions.

# II. Literature Review

## INTRODUCTION[11]

This section highlights the lessons learned from the activities of other CDFIs across the country. Focusing on findings from recently released reports from Wisconsin, Ohio, and the CDFI Coalition—a national membership organization—this section examines the key strengths of the CDFI ecosystem in their respective markets and identifies growth opportunities. It also discusses the strengths and weaknesses of CDFI environments in various states, summarizing efforts to sustain CDFIs elsewhere.

[11] This review includes gray literature, which includes materials that are not traditionally published in academic journals or books. The sources include government reports, policy advocacy documents, industry survey findings, and other research reports.

## Research Summary

### A. Wisconsin's Community Development Financial Institutions

In Wisconsin, the Wisconsin Housing and Economic Development Authority (WHEDA), a statewide agency, invested in and commissioned an evaluation of the 18 active Wisconsin CDFIs through an online survey, interviews with CDFI leaders, and follow-up with focus groups with key funders.[12] The evaluation aimed to aid Wisconsin's CDFIs in identifying ways to scale their statewide impact and provide actionable recommendations to assist low-income communities in rebounding from the COVID-19 pandemic. The report from the evaluation highlighted funding inequities for BIPOC-led CDFIs, limited access to capital for rural areas, and a lack of housing-focused investment as hindrances to the state's lending impact.

Ultimately, the report found that each stakeholder in the state, (1) the CDFI ecosystem writ large, (2) WHEDA (the state agency), and (3) CDFIs themselves, has four areas for growth. The growth areas focused on relational, organizational, financial, and collaborative aspects. These recommendations ask stakeholders to:

- **CDFI Ecosystem:** State leaders should build closer relationships with CDFIs, provide stable funding for operational support, professional development, and training (such as through scholarships), expand their financial capacity, invest in CDFI banks and credit unions, and partner with foundations and WHEDA to fund efforts that drive more collective action.
- **WHEDA:** WHEDA should convene CDFIs more regularly to share knowledge and identify partnership opportunities, improve communication platforms to raise visibility, design programs to develop local leaders' capabilities, improve access to loan programs, and create a cohort model to support CDFIs, with a special focus on CDFIs led by people of color.
- **CDFIs:** At the time of this report, CDFIs in Wisconsin needed a leading organization to develop relationships across the sector, prioritize and invest in staff development, develop financial plans focused on growth, and identify a CDFI or third-party entity to serve as a statewide convener.

The report also suggested that WHEDA should leverage its influence to support CDFIs, fostering a more cohesive and robust ecosystem. This investment could yield long-term economic benefits, including increased capital for lending, more housing units, job creation, and greater equity in financial resources. Engaging other funders and key supporters is needed for the sustainability of these efforts.

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[12] Wisconsin Housing and Economic Development Authority. (2021). *Wisconsin's Community Development Financial Institutions (CDFIs): A study commissioned by WHEDA to examine Wisconsin's CDFI landscape, its capacity-building needs and opportunities for growth.* P3 Development Group LLC.

## B. Building Assets: Ohio's CDFI Industry

A study commissioned by the Greater Ohio Policy Center (GOPC),[13] a statewide public policy organization, before the COVID-19 pandemic, identified the strengths and opportunities for growth of the 18 CDFI loan funds operating in Ohio. Through one-on-one, in-depth interviews with CDFI professionals, GOPC compiled a set of recommendations for state leaders to maintain and lift the state's CDFI ecosystem.

**The recommendations from the report *Building Assets: Ohio's CDFI Industry* included:**

- CDFIs operating in Ohio needed to form a professional network (such as a statewide coalition). This network would enable CDFIs in the state to share best practices, jointly market themselves to key partners, develop capacity across firms, build partnerships, and establish a united front when addressing issues such as funding and policy decisions.[14]
- CDFIs in Ohio should collaborate to strengthen the ecosystem in which they operate. They should evaluate the ecosystem in which they operate to identify key points of intervention that can help them expand their loan portfolio and increase their overall capacity in a specific location.
- CDFIs should undertake active campaigns to educate partners. At the time of the report, potential partners' knowledge of CDFIs was uneven, particularly among traditional banks, and CDFIs often needed to fill knowledge gaps.
- CDFIs should participate in relevant efforts to positively impact low-income communities. By finding a way to have a seat at the table, CDFIs can influence the conversation and ensure they are in step with other plans and ideas already in motion.
- CDFIs should adopt a mindset that they are not just responding to existing markets, but also helping to uncover and develop latent, underutilized markets.

The report emphasized the significant impact of CDFIs in Ohio and the potential for further positive economic activity through strategic support and expansion of the state's CDFI sector. The work highlighted several projects where CDFIs were essential partners in historic revitalization, including the renovation of 1.6 million square feet of housing and commercial space in Cincinnati's Over-the-Rhine neighborhood. Ultimately, the recommendations set the groundwork for a statewide CDFI expansion strategy.

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[13] Patras, E.S., (2018). *Building Assets: Ohio's CDFI Industry*. Greater Ohio Policy Center. https://www.greaterohio.org/publications/building-assets-ohios-cdfi-industry

[14] The Ohio CDFI Network was launched in 2018 following the report. According to its website, it "helps facilitate and expand relationships among CDFIs, connect CDFIs to potential deals, document the impact of CDFI lending in Ohio, and build awareness of CDFIs with potential partners."

## C. The Business Model of CDFI Loan Funds

The OFN released a report in 2025 on CDFI loan funds.[15] Based on interviews with 15 CDFI loan fund leaders across 13 states, the report, *The Business Model of CDFI Loan Funds,* identified and examined four key components of the CDFI loan fund business model:

1. **Mission-driven lending:** CDFI loan funds prioritize community impact over profit, aiming to fulfill unmet needs and invest capital to advance economic opportunity and community transformation through loans.
2. **Localized focus:** These loan funds act as place-based lenders, deeply embedded in their communities. They catalyze change, support economic recovery, and build trust and relationships in ways unique to their service areas.
3. **Development and Capitalization:** The report examines how CDFI loan funds build their capital base to support lending activities.
4. **Technical assistance:** Beyond lending, loan funds offer training, coaching, and capacity-building services to help clients manage debt, succeed in their projects, and repay their loans, ultimately creating positive outcomes for individuals and communities.

The report highlighted how CDFI loan funds operate as specialized lenders with a strong community focus, providing financing and support to underserved areas and populations.

This report concluded that CDFI loan funds offer opportunities that other models cannot match. For example, CDFIs play a significant role in financing affordable housing, community facilities, and small businesses, thereby creating jobs, revitalizing neighborhoods, and promoting overall economic growth in underserved areas.

According to the report, CDFIs are also skilled at raising and aggregating funds from diverse sources, including government grants, philanthropic organizations, and private investors, to maximize their impact in the communities they serve.

In particular, at the time of the writing of the report, CDFIs were actively working to bring financial services to individuals and communities often excluded by mainstream financial institutions, offering alternatives to predatory lending and creating economic empowerment. Lastly, CDFIs frequently establish supportive partnerships with their borrowers, providing ongoing assistance and financing as their businesses and projects grow.

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[15] Smith, A., Carther, A., & Howell, B. (2025). *The Business Model of CDFI Loan Funds*. Opportunity Finance Network. https://www.ofn.org/blog/new-ofn-research-focuses-on-cdfi-loan-fund-model-as-catalyst-for-change/

### D. CDFI Fund 30th Anniversary Report

Conducted in September 2023 and released as the CDFI Fund's 30th Anniversary Report,[16] this work highlights successful CDFI loan-funded projects nationwide since the fund's inception. The CDFI Coalition, a national network of CDFIs, advocates on policy, legislative, and regulatory issues relevant to CDFIs.

The report, *CDFI Fund 30th Anniversary Report*, surveyed 70 organizations on the impact of CDFI loans in their communities. The stories highlighted in this work provide unique insights into ways CDFIs navigate personal, financial, and economic challenges. The report included several stories that highlight CDFIs' ability to provide non-traditional lending, assist those who do not qualify for bank financing, and address the unique needs of rural communities.

## Strengths and Gaps Identified

Reports from WHEDA, GOPC, OFN, and the CDFI Coalition all stressed the mission-driven focus and strong leadership that characterize the CDFI sector's strengths. However, several areas remained for future growth, including the need to access unique capital, prioritize new lending markets—especially in rural regions—and improve relationships at the state level.

### Strengths: Mission and Strong Leadership

The reports emphasized that the mission was central to the work and a key strength of the CDFI ecosystem.

In Wisconsin, leaders across the state emphasized a desire to adopt new strategies and approaches to better address community needs. According to this state's report, the mission also drove the state's CDFIs, particularly the six organizations that have been historically led by BIPOC individuals. The BIPOC-led CDFIs in the state have a unique lens in advancing economic justice in their communities. However, Wisconsin's historically BIPOC-led CDFIs have received significantly less assets and net worth than their historically white-led groups. This disparity hinders equitable community development.

In Ohio, GOPC found that, although CDFIs might approach lending differently, their work was rooted in improving communities. Rather than a singular focus on maximizing profit, CDFIs make decisions about the loans and services they provide based on the potential to ensure the economic success of their customers and communities.

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[16] Anderson, P. (2024). *CDFI Fund 30th Anniversary Report.* The CDFI Coalition. https://cdfi.org/wp-content/uploads/2025/01/Report.pdf

The focus on supporting individual and community well-being is also evident in the additional support that CDFIs provide for their customers. For example, many CDFI leaders in Ohio emphasized that providing one-on-one coaching and support to individuals accessing their loans is a way to ensure the financial success of their customers. This engaged approach to lending set Ohio CDFIs apart from the other lenders in the state while maintaining low default rates (From 2014-2016, the average default rate in Ohio was 0.9%).

## Areas of Growth Unearthed: Unique Capital, New Markets, and Relationship Building

**Unique Capital.** In both the Wisconsin and Ohio studies, unique sources of capital were highlighted as gaps in the state's current CDFI ecosystem. At the time, in Wisconsin, many CDFIs relied on earned income, the federal CDFI Fund, and direct government funding from the state to fund projects. However, many leaders who were interviewed emphasized that new funding partners would be key for their organizations' long-term stability.

Leaders in Wisconsin also emphasized that diversification of capital would be necessary to continue expanding their impact. Recommendations from that report included learning to pool and sell loans, raising loans, and partnering with other mission-based investors.

Meanwhile, the GOPC report cited the "Over the Rhine" project in Cincinnati as an example of how the Cincinnati Development Fund (CDF) creatively braided funding to revitalize its downtown neighborhood. The project involved a collaboration of banks, businesses, and tax incentives to fund the CDFI-led work.

**New Marketplaces.** The reports also highlight that diversifying and growing investments were especially critical for the state's rural communities. In Wisconsin, many of the state's CDFI investors contributed heavily to projects in urban areas. Although projects in population-dense urban areas have the potential to impact a larger number of people, community development investment is equally important to address the unique challenges faced by rural communities.

In Ohio, interviewees cited fewer skill developers, limited local capacity, longer timelines, and limited capital resources as major barriers to lending in rural areas. Both reports attested that diverse funding streams are an opportunity to invest more capital in rural areas.

Prevalent in both rural and urban communities in Wisconsin and Ohio, there is a need for lending to low- and middle-income housing. In Wisconsin, there are no CDFIs that solely focus on housing. This lack of capital and work in housing is of significant concern. WHEDA is crafting a strategy to engage existing and new CDFIs to scale the state's lending capacity significantly.

In Ohio, expanded consumer lending by CDFIs is one strategy being employed to stabilize and strengthen communities. However, middle-income real estate is a demonstrated need across the state. Yet, CDFIs acknowledged they were often too busy with low-income developments, which receive hefty support from state and federal grants, to expand into other markets.

**Relationship Building.** In addition to the missions, relationships were cited as an opportunity for CDFIs to grow in Wisconsin and Ohio. Statewide relationships, specifically through the establishment of a statewide coalition, were a consistent theme among leaders. In Wisconsin, advancing collective action was identified as a key potential growth area for the state's CDFI network.

Although many CDFIs are a part of the national CDFI network, the reports noted that a lack of statewide alignment hinders the collective's ability to raise awareness, develop shared funding requests, and mobilize on large-scale projects.

The WHEDA report recommended that the state's CDFIs identify a lead organization to build statewide relationships. Additionally, the WHEDA report emphasized that an established statewide coalition, similar to those in other states, could help advance policy priorities in the state legislature while increasing the name recognition and credibility of CDFIs' work. In Ohio, GOPC recommended forming a network or professional alliance to achieve these mutually beneficial goals.

Relationships with local banks also play a pivotal role in community awareness efforts. A case study in Ohio demonstrated that a lack of awareness of the products offered by CDFIs can push loan applicants into less-than-ideal situations (higher interest rates or unfavorable terms) at banks.

Comparatively, the CDFI Fund report shared a case study of an individual owner in Idaho who sought to start a locally raised and produced butcher shop but needed a loan to get started. The case highlighted that although the project was deemed too risky for the local bank, the bank referred the man to a CDFI in the region that served small businesses. This example demonstrates that relationship building and public awareness of CDFI functions are key to sustained growth.

## LITERATURE REVIEW CONCLUSIONS

As all of the reports' findings demonstrate, CDFIs' commitment to their mission improved through strong and innovative leadership, positioning them well to make meaningful change in their respective states. However, steps must be taken to close the gaps with unique capital, investment in new and/or rural markets, and statewide relationships, particularly with banks. As Michigan CDFIs better understand their state's strengths and opportunities for growth, leaders can reflect on how to scale and deepen impact.

# III. Methods

## A. RESEARCH DESIGN

A mixed-method, sequential research design was employed to conduct this study of CDFI loan funds in Michigan, starting with a broad survey of loan funds operating within the state to establish a foundational understanding.

The initial phase involved surveying all of the CDFI loan funds operating within the state of Michigan (there are 19 in Michigan). This survey aimed to gather descriptive data on their financial structures, lending portfolios, target demographics, impact metrics, and operational challenges. Additionally, qualitative data collected from open-ended survey questions also provided a basis for comparison with the closed-ended questions, allowing for the identification of trends, commonalities, and outliers among Michigan's CDFIs.

Following the survey, the research transitioned to a strictly qualitative exploration through in-depth interviews with leaders from select Michigan CDFIs. These interviews explored the nuances of their operations, strategic decisions, and experiences, providing rich contextual data that complements the initial survey.

Eight interviews were conducted in the spring of 2025. The sample was purposefully designed to allow interviewees to address the various facets of CDFI operations within the broader Michigan ecosystem (the list of interviewees included only those who had in-depth knowledge of Michigan's ecosystem). This provided a sample with diverse perspectives and a wealth of experiences from both urban and rural communities, as well as Native CDFIs. The list was intended to ensure that interviewees had direct knowledge of Michigan's CDFI sector, encompassing the perspectives of those who lead, operate, benefit from, and partner with these vital financial institutions.

The questions for the interviews covered several areas, including the following:

- **Organizational Background.** These questions explored the history and organizational mission of CDFI loan funds, the community needs that led to their creation, and how their mission has evolved.
- **Current Needs and Challenges.** These questions probed the identification of pressing capital needs (e.g., loan capital, operating support, and equity investments) and the types of capital that were most difficult to secure. The questions also explored capacity-building needs (such as staffing or technology), critical resource gaps, and the benefits of technical assistance or training for the organization and the broader Michigan CDFI sector.

- **Strength of the CDFI Industry.** The questions from this section addressed the key strengths of their individual CDFIs in addressing community-level needs within Michigan's unique policy landscape.
- **Opportunities for Growth (Policy and Advocacy).** Interviewees were asked about opportunities for the CDFI sector in Michigan to increase their impact, reach more underserved populations, and address emerging economic and political challenges.
- **Aspirations for Future Changes.** These questions also encouraged envisioning a future where Michigan CDFIs have reached their full potential, discussing the ultimate impact they aspire to achieve, such as key milestones, as well as a future vision for the industry. Participants were asked about the fundamental changes necessary to achieve this vision and how CDFIs can better reach residents of underserved communities.
- **Demonstrating Results and Impact.** The interview questions also explored how CDFIs can better measure and demonstrate their impact, what metrics were the most important to them, and how data collection and reporting could be improved to show collective impact.
- **Government Support.** A subset of questions assessed the criticalness of federal support (e.g., the CDFI Fund, other grants such as those from the Small Business Administration, tax credits) and state support (e.g., MEDC's CDFI Fund) to organizations' operations and the overall health of the CDFI industry in Michigan, detailing the impact of such funding on lending volume or community development projects.

Following the release of this report at OFN, PPA, in coordination with the two coalitions, will engage in follow-up conversations with key stakeholders, including coalition leaders, funders, and state or local policymakers. These conversations will be aimed at validating findings and are intended to gather deeper feedback and perspectives on policy implications and explore opportunities for collaborative efforts for advocacy to strengthen Michigan's CDFI ecosystem.

## B. LIMITATIONS OF THE METHODOLOGY

While yielding deep qualitative insights, the methodology for this report contains several limitations that constrain the generalizability of the findings. Notwithstanding, the survey enjoyed a robust response rate from the loan funds operating in Michigan. However, the interview list was purposively curated, targeting a specific group of individuals whose experiences and knowledge were central to the research question. This non-random sampling strategy means that the interview data, while rich and detailed, is not representative of all potential perspectives.

# IV. Results

## A. SURVEY RESULTS

### Demographics Service Area

**Geographic Service Area.** The sample for the study was all 19 CDFI loan funds operating in Michigan. Eighteen of the 19 completed the survey. Of these, four respondents reported a statewide focus, while only one CDFI focused on a single county. Four respondents reported focusing their activities within a multi-county region, and another four focused their services exclusively on the City of Detroit (See Table 1 below for a complete summary).

**TABLE 1. GEOGRAPHIC SERVICE AREA OF MICHIGAN CDFI LOAN FUNDS**

| | *n* | PERCENTAGE OF TOTAL |
|---|---|---|
| Michigan Statewide | 6 | 33% |
| Michigan multiple counties | 4 | 22% |
| City of Detroit (focused) | 4 | 22% |
| Multistate and/or territory | 2 | 11% |
| National | 1 | 6% |
| Michigan single county | 1 | 6% |
| **TOTAL RESPONDENTS** | **18** | |

When considering the urbanicity[17] of their service areas, more than half of the respondents, 10 (56%), reported focusing primarily on urban communities (Table 2). Among the respondents, only two CDFI loan funds reported lending exclusively to rural communities, and two reported that their primary focus was on lending to suburban communities (Table 2).

**TABLE 2. TYPE OF GEOGRAPHIC SERVICE AREA**

| | *n* | PERCENTAGE OF TOTAL |
|---|---|---|
| Urban | 10 | 56% |
| Equal (e.g., across all geographic areas served) | 4 | 22% |
| Suburban | 2 | 11% |
| Rural | 2 | 11% |
| **TOTAL RESPONDENTS** | **18** | |

[17] "Urbanicity" describes the degree to which an area is urban or rural, with a service area referring to the geographic region where a particular service is provided.

## Staffing

Regarding their size and employee capacity, 12 (71%) of the CDFI loan funds that responded to the survey reported having fewer than 20 employees, with 41 percent reporting that they have fewer than 10 full-time staff members (Table 3). Conversely, only 2 (12%) reported having more than 100 employees (Table 3).

**TABLE 3. FULL-TIME EQUIVALENT EMPLOYEES (FTEs)**

| | *n* | PERCENTAGE OF TOTAL |
|---|---|---|
| < 10 | 7 | 41% |
| 10-20 | 5 | 29% |
| 20-50 | 2 | 12% |
| 50-100 | 1 | 6% |
| 100+ | 2 | 12% |
| **TOTAL RESPONDENTS** | **17** | |

## Lines of Business

Although all CDFI loan funds in Michigan are committed to lending in underinvested communities, the types of projects on which each CDFI focuses its lending vary considerably.

Residential real estate finance and small and micro-business finance are the three most prevalent primary lines of business for Michigan's CDFIs (Table 4). These are also the most common secondary lines of business. Less common lines of business include community facilities, finance, and home purchase and improvement, with only one each focused on this type of lending (Table 4).

**TABLE 4. PRIMARY AND SECONDARY TYPES OF BUSINESS (*n* = 16)**

| TYPES OF BUSINESS | PRIMARY | SECONDARY | TOTAL |
|---|---|---|---|
| Micro-business finance | 4 | 3 | 7 |
| Residential real estate finance | 4 | 2 | 6 |
| Small business finance | 4 | 2 | 6 |
| Commercial and/or mixed-use real estate finance | 2 | 1 | 3 |
| Community facilities finance | 1 | 1 | 2 |
| Consumer finance (e.g., auto loans, personal loans) | 0 | 2 | 2 |
| Other (please specify) | 0 | 2 | 2 |
| My CDFI doesn't have a secondary line of business. | 0 | 2 | 2 |
| Home purchase or improvement | 1 | 0 | 1 |
| Intermediary finance to nonprofits and/or CDFIs | 0 | 1 | 1 |

## Demand

Eleven respondents reported an increase in demand for their products over the previous year, while only one reported a decrease in demand (Table 5, below). This increase in demand suggests a growing recognition of CDFIs and their services among potential borrowers. Even with increasing demand, though, 44 percent of respondents indicated they believe “more than half” of potential/target customers are unaware of their services (Table 6, below).

**TABLE 5. DEMAND FOR PRODUCTS OVER THE LAST YEAR (*n* = 16)**

| | INCREASED | STAYED THE SAME | DECREASED |
|---|---|---|---|
| Overall (all products) | 11 | 4 | 0 |
| Primary business line | 10 | 5 | 1 |
| Secondary business line | 8 | 6 | 0 |

**TABLE 6. POTENTIAL CUSTOMERS' AWARENESS OF CDFIs**

| | *n* | PERCENT OF TOTAL |
|---|---|---|
| Less than half | 8 | 50 % |
| About half | 1 | 6 % |
| More than half | 7 | 44 % |
| **TOTAL RESPONDENTS** | **16** | |

**TABLE 7. ANTICIPATED DEMAND FOR CDFI PRODUCTS IN THE UPCOMING YEAR (*n* = 16)**

| | INCREASE | STAY THE SAME | DECREASE |
|---|---|---|---|
| Overall (all products) | 15 | 1 | |
| Primary business line | 13 | 1 | |
| Secondary business line | 10 | 2 | |

**TABLE 8. ANTICIPATED ABILITY TO MEET DEMAND IN THE UPCOMING YEAR (*n* = 16)**

| | INCREASE | STAY THE SAME | DECREASE |
|---|---|---|---|
| Overall (all products) | 4 | 9 | 3 |
| Primary business line | 3 | 9 | 2 |
| Secondary business line | 4 | 7 | 1 |

## Several Factors Hinder a CDFI’s Ability to Meet Demand.

Although demand for CDFI products has generally increased, Michigan CDFI loan funds reported a variety of factors that affected their organizations’ ability to meet demand in the last year. Staffing challenges, insufficient operational funding, limited lending capital, technological resource challenges, and borrower qualification criteria were reported by a majority of respondents as either a significant or somewhat substantial factor that limited their ability to meet demand (Table 9, below).[18]

[18] Respondents could select multiple responses and were prompted to answer additional questions if they selected “significant” or “somewhat” of a factor.

### TABLE 9. FACTORS PREVENTING THE LOAN FUNDS FROM MEETING DEMAND (*n* = 16)

| | SIGNIFICANT FACTOR | SOMEWHAT OF A FACTOR | NOT A FACTOR |
|---|---|---|---|
| Lending capital | 4 | 8 | 3 |
| Borrower qualifications | 2 | 8 | 4 |
| Staffing (e.g., staff turnover, number of staff, and skills of staff) | 1 | 8 | 5 |
| Operational funding | 3 | 6 | 5 |
| Technological resources | 0 | 8 | 6 |

**Lending Capital.** Lending capital was the most common factor identified by CDFIs as hindering their ability to meet demand, with 12 of 15 citing it as a factor, including four respondents who indicated it was a "significant factor." (Table 9).

Among a list of potential challenges related to lending capital, the most frequently cited challenge was the "cost of the capital," with nine indicating it as a challenge (Table 10).

### TABLE 10. LENDING-RELATED CHALLENGES THAT LIMITED ABILITY TO MEET DEMAND

| | *n* |
|---|---|
| Cost of capital | 9 |
| Insufficient debt capital | 7 |
| Lending capital is restricted to specific uses | 5 |
| Insufficient equity capital | 4 |
| Misalignment with lender/investor expectations (e.g., expecting quick impacts) | 4 |
| Timing of funding cycles | 3 |
| Access to secondary markets | 2 |
| There are not enough lenders/investors in my area | 1 |

**Borrowers.** The biggest reported challenge CDFI loan funds experienced with borrowers was insufficient collateral (Table 11). Seven CDFIs identified insufficient collateral as a key challenge that limits their ability to meet demand. Five CDFIs identified insufficient debt service coverage and loan affordability, as well as rising interest rates, as challenges.

### TABLE 11. BORROWER-RELATED CHALLENGES THAT LIMIT MEETING DEMAND

| | *n* |
|---|---|
| Insufficient collateral | 7 |
| Insufficient current debt service coverage | 5 |
| Loan affordability/rising interest rates | 5 |
| Limited equity capital | 4 |
| Credit report challenges | 3 |

**Staffing.** Nine respondents reported that staffing was a factor that limited their ability to meet demand. Regarding hiring, the highest-cited challenges included the inability to offer competitive compensation, a lack of qualified candidates, and a lack of time or resources to train new staff (Table 12). Similar challenges were identified related to current staff, where a lack of necessary skills and staff leaving voluntarily for higher-paid positions were the most cited reasons that current staff have limited respondents' ability to meet demand.

**TABLE 12. STAFFING CHALLENGES LIMITING ABILITY TO MEET DEMAND (*n* = 16)**

| CHALLENGES | COUNT OF RESPONDENTS THAT REPORTED EXPERIENCING THE CHALLENGE |
|---|---|
| ***Hiring*** | |
| Lack of qualified candidates | 6 |
| Inability to offer competitive compensation | 5 |
| Lack of time or resources to train new staff | 5 |
| Limited hiring resources | 2 |
| Work demand is not steady enough to support permanent staff | 2 |
| Inability to offer flexible or remote work arrangements | 0 |
| ***Current Staff*** | |
| Staff leaving voluntarily for higher-paid positions | 4 |
| Lack of necessary skills among the current staff | 4 |
| Unplanned medical/family leave | 2 |
| Staff leaving voluntarily for other reasons | 1 |
| We must limit or cut staff/hours for budgetary reasons | 0 |

**Operational.** For the CDFI loan funds that indicated operational challenges, restricted funding was the most cited challenge, with six CDFIs selecting that option (Table 13). Only one CDFI noted that a lack of funders in their area is a challenge to meet demand.

**TABLE 13. OPERATIONAL-RELATED CHALLENGES THAT LIMITED ABILITY TO MEET DEMAND**

| | *n* |
|---|---|
| Funding is restricted to specific uses | 6 |
| Funders unwilling to offer operational funding | 4 |
| Misalignment with funder expectations | 3 |
| Funder application requirements or compliance reporting | 2 |
| Timing of funding cycles | 2 |
| Not enough funders in my area | 1 |
| Other | 0 |

**Technology.** Regarding technology-related challenges, the lack of software solutions specifically to "integrate processes across the entire loan cycle" was ranked as the highest challenge for both back-office and client-facing technologies. Six indicated that integrating technology with existing systems was a challenge for their back office, and five indicated that the lack of software solutions to integrate the entire loan cycle process was a challenge for customer-facing technology (Table 14, below).

**TABLE 14. TECHNOLOGICAL-RELATED CHALLENGES LIMITING MEETING DEMAND**

| | *n* |
|---|---|
| ***Back-Office Technology*** | |
| Integrating technology with existing systems | 6 |
| Cost of technology | 4 |
| Finding the right technology or vendor | 4 |
| Cybersecurity concerns | 1 |
| Staff lack the expertise to manage/maintain technology | 0 |
| ***Client/Customer-Facing Technology*** | |
| Lack of comprehensive software solutions to integrate processes across the entire loan cycle | 5 |
| Cost of technology | 4 |
| Cybersecurity concerns | 1 |
| Finding the right technology or vendor | 1 |
| Staff lack the expertise to manage/maintain technology | 1 |
| Clients/customers lack access to broadband | 1 |
| Clients/customers find online services difficult to use | 0 |

## Assets and Capital

The total assets reported among Michigan CDFI loan funds vary significantly in terms of volume and deployment. Additionally, Michigan's CDFI loan funds utilize a variety of different forms of capital to fund their services, with the most common forms of reported capital sources coming from the Federal[19] and Michigan[20] CDFI Funds and philanthropy (Table 4).

### Asset Summary

Out of the 16 CDFIs that reported their assets, the range was $1 million up to $718,000,000. However, the median was just over $15 million, and 75% reported total assets of less than $50 million.

Among 15 responses related to assets and capital, the amount deployed during the most recently completed year ranged from $770,000 to $211 million. The median was $6 million, with over 70% reporting deployment of under $10 million.

[19] The U.S. Department of the Treasury's Community Development Financial Institutions Fund helps promote access to capital and local economic growth in urban and rural low-income communities nationwide through monetary awards and the allocation of tax credits.

[20] The Michigan Community Development Financial Institution Fund Program is a grant program administered by the Michigan Economic Development Corporation (MEDC) that provides capital to CDFIs.

## Capital Summary

- Grant dollars make up a sizable portion of the balance sheets for the state's CDFI loan funds, with three CDFIs reporting that between 76 percent and 91 percent of their balance sheets come from grants. Half of the respondents reported that between 16% and 30% of their balance sheets are comprised of grants (Table 16, below).[21]
- In addition to the federal and state grants discussed, several CDFI loan funds reported capturing capital from other federal and state tax incentives, including the State Small Business Credit Initiative (SSBCI) and the New Market Tax Credit (NMTC) program.[22]
- Partnerships with other financial institutions, including traditional banks and other financial institutions, were cited, with 11 Michigan CDFIs reporting that they use debt borrowed from other financial institutions to fund their projects (Table 4).
- There was significant variation in the amount of debt the loan funds carry, with 44 percent of respondents reporting having between 56 and 75 percent of their balance sheets made up of debt. Six CDFIs (38 percent) carry between 31 and 55 percent of debt (Table 17, below).[23]

**TABLE 15. SOURCES OF CAPITAL OBTAINED BY MICHIGAN LOAN FUNDS LAST YEAR**

| TYPE OF CAPITAL | *n* |
|---|---|
| Michigan's CDFI Fund | 14 |
| Federal CDFI Fund | 13 |
| Philanthropy | 13 |
| Debt borrowed from banks or other financial institutions | 11 |
| New Markets Tax Credit Program | 6 |
| Other federal government sources | 5 |
| Other state government sources | 5 |
| State Small Business Credit Initiative | 4 |
| Greenhouse Gas Reduction Fund (GGRF), all programs | 1 |
| Local government | 1 |
| Tribal government | 0 |
| **TOTAL RESPONDENTS** | **16** |

[21] Although grants can provide a powerful asset to CDFIs' lending power, state and federal leadership could make these funds vulnerable to cuts.

[22] Only four CDFIs reported using SSBCI, while six reported using NMTC (Table 15).

[23]. Assuming elevated levels of debt can be risky for any lender. For CDFIs with higher debt, services such as loan counseling and financial planning are essential for ensuring their clients can repay.

**TABLE 16. PERCENTAGE OF BALANCE SHEET FUNDED THROUGH GRANTS**

| GRANT PERCENTAGE | *n* | PERCENTAGE OF TOTAL |
|---|---|---|
| 16 – 30 % | 8 | 50 % |
| 31 – 55 % | 1 | 6 % |
| 56 – 75 % | 4 | 25 % |
| 76 – 99 % | 3 | 19 % |
| **TOTAL RESPONDENTS** | **16** | |

**TABLE 17. PERCENTAGE OF BALANCE SHEET THAT IS DEBT**

| DEBT PERCENTAGE | *n* | PERCENTAGE OF TOTAL |
|---|---|---|
| 1 –15 % | 3 | 19 % |
| 31 – 55 % | 6 | 38 % |
| 56 – 75 % | 7 | 44 % |
| **TOTAL RESPONDENTS** | **16** | |

## Other Qualitative Feedback From Comments

**Creative and More Responsive Products and Services.** When describing services and products that they are currently unable to provide, five of the respondents indicated that they would like to offer loans, mortgages, consulting and technical assistance, and sustainable financing and investing, but are currently unable to do so.

Three of the respondents identified unique properties of loans, including private or public-backed guarantees, revolving loan funding for development, low-interest-rate debt, or loan forgiveness, as potential areas for growth. Two respondents described new loan types, including those for climate-related or credit-building purposes. Four respondents indicated that mortgages were a product they would like to offer. Four CDFI loan funds described technical assistance as a service that cannot be offered regularly due to a lack of dedicated staff.

**Increased and More Flexible Capital to Meet Customer Demand.** When asked what one or two things would best enable the organization and/or the CDFI industry to serve clients and customers more fully, responses focused on increased capital access, more flexible unrestricted capital, more technical assistance services, and technology upgrades. Not surprisingly, respondents cited increased capital access as the most critical factor.

Seven CDFI loan funds described increased capital, whether for more loans or operational expenses, as a critical need. Not only a general increase in capital, but also a common theme, as five respondents described more flexible capital as a critical tool for more fully serving their clients. Unrestricted funds, whether for operating funds or loan capital, were described in all of those responses.

Four respondents described resources for technical assistance as a key need. Two of these responses highlighted the need for new technical assistance funds to either hire or train current staff to provide technical assistance. One respondent emphasized the need for compensation for trusted connectors. Two respondents noted that technological upgrades would allow the organization to fully serve their clients.

## Innovation and Accomplishments

The survey asked respondents to describe examples of strategies to better meet customer demand, as well as some of their noteworthy accomplishments. Survey respondents shared many innovative products, services, and partnerships they have developed to meet community needs.

**Innovative Products.** Generally, the products described were either specific loan or grant programs or technical assistance models. Products included innovative technical specialized loan programs that assist with a variety of case specific projects including a private investment fund for affordable housing development in Detroit, financing options for Black-owned restaurants, the Uber Black Restaurant Fund, a flexible capital loan with a trust-based underwriting model, and a special loan mortgage program of individuals to purchase their homes that were initially financed through the Low-Income Housing Tax Credit (LIHTC) program. These loan products were designed to fill a specific need within their communities.

**Impactful Services.** In addition to these specific loan products, technical assistance programs were also mentioned. Respondents emphasized several unique programs that they offer, including weekly portfolio management with customers, a six-month program for small businesses to create a website and grow their online presence, a five-month program around financial and operational education for home-based child care providers, and an online tool that gives small businesses access to over 300 interactive resources to aid both their staff and customers.

Other respondents described reallocating resources and/or adapting the format and delivery of services to better meet customer needs. One CDFI loan fund described needing to divert staff to provide technical and development services. Another CDFI offers classes in both English and Spanish and provides Chromebooks to participants in their training and assistance programs.

**Effective Partnerships.** Seven CDFIs highlighted partnerships that have enabled their organizations to serve their clients effectively. The partnerships were established with banks and credit unions, community partners, and local businesses. Three CDFIs described partnerships with credit unions, establishing new lines of credit for their customers. Other respondents described partnerships with city or county government.

**Accomplishments That Support the Ecosystem.** The CDFI loan funds that answered the survey described a variety of achievements over the past two years that they have taken pride in. Accomplishments included increasing the amount of capital deployed, raising individual loan amounts to grantees, launching new technical assistance programs, achieving housing-related successes, expanding early child care programs, and securing additional loan capital.

## Aspirations

These accomplishments were further emphasized by the critical impacts that CDFIs cited as key goals for the next five years. Respondents expected to increase the amount of capital they deploy each year. Four CDFIs mentioned increasing technical assistance programs and evaluation efforts, and four CDFIs mentioned wanting to expand their housing portfolio.

Among the responses, the reported goal-setting for assets in five years ranged from $5 million to $1.1 billion, with a median of $30.7 million. While a third of those who responded indicated goals to more than double their current assets, the others indicated goals ranging from 9% to 64% above current assets.

Although one of 15 respondents indicated a goal for funding deployed lower than the current amount deployed, for the others, the goal for deploying funds reflected increases similar to asset goals.

## Survey Results Summary

**1. Demographic Diversity:** Michigan's CDFI loan funds include both Native CDFIs and national organizations with a presence in the state, displaying a diverse landscape.

**2. Geographic Focus:** CDFIs in Michigan exhibit varied geographic service areas, with some targeting statewide, city-specific, and regional needs.

**3. Urban vs. Rural Lending:** Many of the CDFI loan funds in Michigan primarily focus on urban communities, with less attention to rural lending, reflecting an urban-centric approach.

**4. Capacity:** Most of the CDFI loan funds in Michigan operate with fewer than 20 employees, indicating potential challenges in outreach and service delivery.

**5. Funding Sources:** There has been a strong reliance on federal and state grant sources, emphasizing the need for continuous external funding for sustainability.

**6. Debt Utilization:** Varying debt levels on balance sheets reflect different risk management strategies among CDFI loan funds.

**7. Lines of Business:** The primary focus is on residential real estate finance and small business lending to align with local economic needs.

**8. Service Demand:** Anticipated increases in demand for services, especially from underserved communities, highlight a growing need for more financial support.

## B. INTERVIEW RESULTS

All eight interviews were recorded, transcribed, and analyzed. PPA's research team first employed an open-coding process to explore the interview data, which led to the identification of six distinct, emergent themes. After the themes were developed, a secondary analysis involved coding direct quotes from the transcripts for inclusion in the results section (as presented below). All participant information was handled with strict adherence to privacy and confidentiality protocols, and findings are presented in an aggregated or anonymized format.

The six themes were also considered in relation to the conceptual framework for the study, which was based on SOAR (Strengths, Opportunities, Aspirations, and Results). This structured approach enabled the researchers to anchor the findings with the four principal research questions and the conceptual framework, with the overarching goal of identifying actionable strategies to strengthen the CDFI sector in Michigan.

### Interview Themes

As noted, the results of this research are categorized into six themes. Overall, the identified themes reflect the real-world experiences and insights of eight CDFI leaders in Michigan. The themes not only highlight the current landscape but also suggest potential pathways for improvement and growth within the sector.

#### Theme 1: Ecosystem Collaboration and Coordinated Advocacy for Enhanced Impact

This theme highlights the importance of building upon past achievements to develop longer-term strategies that sustain ongoing funding and contribute to operational stability for CDFIs in the state.

**The CDFI Ecosystem in Michigan Exhibits Robust Collaboration, Particularly in Coordinating Advocacy Efforts**. This collective *strength* significantly increases the influence of smaller CDFI loan funds, enabling them to serve their communities more effectively. Respondents indicated that the power of convening the groups (both the Michigan and Detroit coalitions) has enabled knowledge sharing, including collective advocacy, and has helped to lift up the entire ecosystem.

Respondents provided examples where large CDFIs shared tools, resources, and data with smaller CDFIs. Additionally, the coalition has allowed CDFIs with similar client types to discuss learnings from technical assistance programs to order their own service models.

Further *opportunities* exist to bolster this collaboration in developing a unified, cohesive strategic vision for CDFIs in Michigan that helps its policy influence and optimizes resource allocation. Such cooperation will be necessary for improving the effectiveness of community development initiatives and better preparing the ecosystem as a whole to address emerging challenges and capitalize on new or emerging funding opportunities (such as potential climate funding).

The success of any thriving, multi-member coalition landscape hinges on a delicate balance between collaboration and rivalry. In many areas, competition could overshadow cooperative efforts, but as one CDFI leader highlights, Michigan presents a different model. The following quote identifies what makes Michigan's approach to community development, particularly for the CDFI loan funds in Michigan, unique.

*"I would say Michigan's ecosystem is unique in that we do more cooperating than competing. And the coalitions [Detroit and Michigan] are a testament to that. The fact that we were able to come together throughout the whole state to work together as an industry, to put those pieces in place that allowed us to see a Michigan CDFI Fund, is incredible. And I look at other states in the landscape, and they do have some CDFI Funds that are funded, but not to the degree that Michigan's has been. I think the Michigan ecosystem is a beautiful one."*

The following quote explores how this uniqueness, potentially rooted in Midwestern values, shapes a dynamic environment where collaboration and competition, or "coopetition," coexist.

*"Michigan is very unique, and that is our strength. I don't know if it hearkens back to our core Midwestern values, but it certainly does play a part in that. There is such a thing, and I think [a fellow CDFI leader] coined this term, 'coopetition.' We are cooperative, but we do compete. We don't always compete for business, but we definitely compete for money. And more and more, we're competing for talent—human talent."*

This blend of cooperation and competition shows the dynamic landscape of Michigan's ecosystem, where collaboration fuels growth.

Although Michigan's collaborative CDFI ecosystem is a huge asset for the state, the future of any industry, including CDFIs, hinges on the quality of its leadership. The following quote highlights a pressing need within the Michigan CDFI landscape, advocating for a shift in the type of guidance that will propel it forward.

*"I think the CDFI community needs 'real leadership.' I think it needs people who are not technicians, but innovators, creators, strategists who will look up occasionally. I think that's really what we need. We need to develop more leadership."*

### Theme 2: Strategic Capacity Building and Access to Flexible Capital

The CDFI loan funds interviewed for this research project expressed a strong *aspiration* to improve their self-sufficiency, expand operational capacity, and diversify their funding sources.

**Exploring New Funding Avenues and Expanding Partnerships Will Be Necessary for CDFIs to Expand Their Services and Increase Their Impact.** The current types of funding do not always allow CDFIs to use funds in a manner that would strengthen the organizations. They expressed a desire for more capital that was flexible and could be used without restriction.

Being competitive in the current high-interest-rate era remains a challenge. According to the interviewees, diversification of funding was critical for meeting community needs without the constraints often associated with traditional funding requirements.

An *opportunity* likely exists to expand financial support and partnerships, facilitating capacity building for smaller organizations within the Michigan CDFI ecosystem, as well as securing patient and flexible capital.

The world of CDFIs is built on a mission to serve communities often overlooked by traditional financial institutions. However, this critical work comes with an inherent challenge: sustainability. One CDFI leader articulated this foundational dilemma, stating:

*"We still need to find ways to make a system that was never created to be self-sustaining. CDFIs never thought they'd last more than 10 years because we thought we'd put ourselves out of business. [CDFI loan funds] weren't built to be self-sufficient. We are nonprofit entities doing what isn't profitable. Solving that problem is the next thing we need to do for capacity."*

In the vital work of community development, securing financial resources was only half the battle. As one expert in the field insightfully points out:

*"So that looks like low-cost capital, [which] looks like grant capital, but the other element that I would say is really important and we never want to overlook is the need for us to have that infrastructure support to do technical assistance. We can't have one without the other. I could get a bunch of debt capital from PNC or Fifth Third or any of those folks that are willing to give us capital at 2 to 4 percent, but that doesn't often come with the support services for our model. The only way we can do this work is with that technical assistance capital."*

For CDFI loan funds, the flow of capital is the lifeblood that sustains their initiatives. However, not all capital is created equal. One leading voice in the field succinctly captured this essential truth, stating:

*"The number one thing that we need is more patient and flexible capital, because the capital needs to be patient and flexible with us so that we can be patient and flexible in the communities we serve."*

This emphasizes a key dynamic- the ability of organizations to effectively serve communities facing complex financial challenges. It also highlights the profound impact that understanding, adaptability, and longer-term vision in capital provision can have on resilient and thriving communities.

## Theme 3: Evolving Service Models and Holistic Community Development.

This theme relates directly to enhancing the skills, resources, and infrastructure of CDFIs.

**Addressing Capacity Needs Remains Necessary for Strengthening Their Operations and Improving Service Delivery.** Michigan's CDFI loan funds are changing to support their communities better. They are moving beyond just lending money to focus on helping people become self-sufficient and grow together.

Among the interviewees, there was a pronounced *aspiration* to better integrate service areas, such as housing, workforce development, and education, to achieve more holistic community development. The organizations from this sample strived to expand their impact beyond conventional lending, addressing a broader range of community needs. *Opportunities* exist to improve technical assistance for micro- and small business entrepreneurs and adopt more intentional, comprehensive support models of technical assistance.

Technological integration can be challenging for CDFIs and necessitates substantial investment. As one leader pointed out, this presents a challenge:

*"We're undergoing a search for some software platforms that will play nicely together in the sandbox--so to speak. Then, our accounting system can seamlessly take in information from other platforms, and our servicing platform can seamlessly help us with escrow analysis for our single-family borrowers. I always said it [would cost] $100,000. I was recently [informed] by our CFO that we need half a million [dollars] to really create a system like financial institutions have to integrate what we're doing. Couple that with the fact that we are a very unique CDFI with the three very distinct lines of lending, and we're complex. And so merging that into one system is incredibly difficult."*

Building wealth can be a complex and confusing process for many people. It often requires help and education about managing money and knowing your legal rights. This critical support, known as technical assistance, was identified as vital for individuals and families seeking to manage their finances effectively. As one expert points out:

*"That [technical assistance] is exactly how wealth building begins. If you've never been in that situation, you don't know how to behave in that situation. So, everything from home maintenance to heirs' rights, to protecting your investment – all of these things require education. And if you come from a long line of family members that have never done that, you need somebody to help teach you that. Regardless of what color you are, what background you come from, that's just there, and CDFIs can fill that."*

The vital role of microbusinesses, those that employ ten or fewer employees, in the state's economy has often been underestimated, with their impact sometimes perceived as minor. In

Michigan, CDFIs serve as a critical backbone for microbusinesses seeking flexible capital. These very small businesses and the micro-entrepreneurs behind them are also significant economic drivers, as one leader explains:

*"I think [another] opportunity is the other work that [the research team] helps lead, which is the micro enterprise focus. I think for us to be successful, really recognizing the kinds of businesses we serve as an incredible economic generator in our state is really important because sometimes micro lending can be viewed as cute and cuddly, but the entrepreneurs we're investing in are a huge part of the economic framework of the state. I think that microenterprise business needs more legitimacy and understanding. I think there's an opportunity there that I'm excited for because there [are] differences between investor trade doing a small business loan at $500,000 and us doing it at $50,000."*

CFDIs, particularly in Michigan, have been moving beyond traditional lending to embrace a more comprehensive approach to community growth and self-sufficiency. This shift centers on enhancing the skills, resources, and infrastructure of CDFIs to improve their operations and better meet the needs of their communities. Some key aspects of this include:

- **Integrated Community Support.** CDFI leaders want to integrate various areas of their services, like housing, workforce development, and education, to provide more holistic support to their communities.
- **Enhanced Technical Assistance.** There was an emphasis, among the respondents, on providing better technical assistance for micro- and small business entrepreneurs. This includes more comprehensive support models to help individuals and families achieve financial growth and build wealth.
- **Technological Integration.** CDFIs need to invest significantly in technology to create cohesive systems that support their strategic planning and service delivery.
- **Recognition of Microbusinesses**. The critical role of microbusinesses (businesses employing ten or fewer people) in the state's economy was highlighted. Leaders advocated greater recognition of these enterprises as significant contributors to the economy.

## Theme 4: Talent Development and Addressing Key Workforce Challenges

This theme highlights the importance of CDFIs being actively engaged in the communities they serve.

**Engaging With the Communities They Serve Can Inform Sustainability Strategies, Help Identify Funding Opportunities, Determine Capacity Needs, and Guide the Measurement of Impact.** Specifically, interviewees acknowledged the challenges in attracting and retaining talented staff. However, this also represents a significant *opportunity* for systemic development of the CDFI workforce in local communities.

A key *aspiration* was to cultivate a highly knowledgeable and skilled workforce and to provide training and ongoing support for loan officers and other key staff. This includes the development of peer networks and mentorship programs to encourage professional growth and retention. At least two respondents indicated that they would like to see more CDFI leaders come from the communities they serve.

Furthermore, for CDFIs to continue growing, there is a recognized need for more robust, long-term funding models that extend beyond traditional grants and short-term project financing. This includes exploring innovative capital structures and expanding partnerships that can provide sustained investment for their expanded services and infrastructure improvements.

The goal ascribed by the respondents was to create a more resilient and adaptable CDFI ecosystem that can consistently respond to the dynamic needs of the communities it supports, ultimately providing greater economic equity and self-sufficiency across Michigan.

One CDFI professional highlighted the persistent challenge of staying current in a rapidly evolving industry, stating:

*"We rely on getting people out for site visits and meeting our borrowers, but it's an ongoing challenge to keep people up to date on what all the latest [needs are]. There are so many changes in our industry, and they [the site visits] help them build that solid base of knowledge and that network that they need to do the work."*

A CDFI professional highlighted the difficulty of ensuring staff possess a comprehensive understanding of the challenges communities face when using professional networking:

*"I found that it is harder to really get people to where they feel confident that they understand the variety of subsidies that are used in housing and community development. Meeting players in the industry used to be a lot easier when we all sat in one office, and most of our colleagues were in the metro area.*

*Now we work on a larger scale, so building that network is a little more difficult. Big opportunities, like the OFN conference, allow us to send only so many people. We try to rotate each year to make sure people are getting that industry knowledge. But it's an ongoing challenge to make sure people really have that deep understanding of how community development works. We have a lot of ways that we try to make that happen."*

One CDFI leader articulated the significant staffing challenges related to housing, particularly concerning affordability:

*"From a staffing perspective, housing is a huge challenge. I'm not going to be able to pay somebody the kind of salary that they would need to make to be able to afford to live here, and the communities that you used to be able to live in are all oversaturated. There's not enough inventory. I really try to recruit people who already live in those communities, and they don't always have the education and the experience."*

## Theme 5: Impact Measurement, Data-Driven Decision Making, and Communication

Another recurring theme identified by CDFI loan fund leaders interviewed was the measurement and quantification of their collective impact or *results*. This challenge presents an opportunity to develop more robust data reporting (using a wider range of reporting and results) and communication strategies.

**Understanding How to Measure and Evaluate the Outcomes of Their Initiatives Can Help CDFIs Demonstrate Effectiveness, Attract Funding, and Refine Their Strategies to Serve Underserved Populations Better.** This theme addresses considerations for CDFIs when seeking additional support.

There was also an expressed desire for a deeper understanding of reported data and its implications for refining organizational strategies. Improved impact measurement could be expected to lead to stronger financial outcomes and more effective support systems.

A CDFI professional discussed the importance of connecting data to tangible community impact, particularly when communicating with policymakers:

*"That's [the data] only a piece of the story. Likewise, how a real estate CDFI measures who's impacted is different than how we would measure who's impacted [in another industry]. But I think there's a there-there that we can start leaning into in a bolder way. I like our storytelling so far. I feel like it keeps evolving. We're doing the best we can. But I think how those things get connected to the people is really important. Because when we go and talk to policymakers, they like the big numbers, but they want to see it in their neighborhood."*

One CDFI professional emphasized the profound yet challenging-to-measure ripple effects of stable housing on communities:

*"It is a 'ripple effect' to measure the increase in students living in those homes, and measure the increase in their grades, because they have stable housing. Those things impact a community greatly. But they're really hard to measure. They're hard to track. They take time, [and] they take money. It's really difficult to do that. So [an] increase in credit score and net worth… ultimately [improves results] in children's scores in school. Finally, an increase in children's health because they're in healthy, safe environments without lead paint on the window sills. They're not chewing on lead paint; they're not doing things they shouldn't do. We don't have the ability to track that, but we should."*

Beyond quantifiable metrics, one CDFI professional highlighted the profound, immeasurable impact of their work, explaining:

*"Sometimes it's like the non-quantifiable stuff. The fact that we've received everything from thank you cards, handshakes, hugs, tears, jumps for joy, and even kisses on the cheek, just thanking us for the opportunity for them to do what they're capable of doing, giving them that opportunity.*

*But really, I think if we were to quantify that, it's probably seeing the folks that we work with on a regular basis and looking at their growth, looking at their annual revenue, or their cost-cutting measures or just their ability to strategize within their small business, which before it's just, hey, let's stay alive."*

However, CDFI professionals acknowledge the complexities of truly capturing their impact:

- **Connecting Data to Human Stories.** While policymakers appreciate the impact of data, they ultimately want to see it in their communities. This highlights the need for CDFIs to bridge the gap between broad data and tangible community impact.
- **Measuring Ripple Effects**. The profound, long-term effects of CDFI work, such as the impact of stable housing on student grades or children's health, are hard to measure and track due to the time and resources required. Despite these difficulties, there was a strong belief that these 'ripple effects' should be measured.

## Theme 6: Influencing Policy and Addressing Systemic Inequalities

A key theme among CDFIs was the critical need for collaboration and strong partnerships within the sector.

**By Working Together, CDFIs Can Combine Resources, Share Effective Strategies, and Combine Their Collective Strengths to Overcome Challenges Related to Funding, Capacity Building, and Demonstrating Impact.** Advocacy at both federal and local levels was seen as a vital *opportunity* for strategic engagement with policymakers.

CDFIs want to influence state policies that affect their funding and operations, address wealth inequality in the real estate sector, and promote diverse representation in leadership roles. CDFIs are already taking proactive steps to educate and influence policy. They envision themselves as the "financial first responders" during crises, like past housing crises and the COVID-19 pandemic. This proactive stance reinforces their essential role in building economic resilience and sustainability within communities.

In response to potential policy challenges, one CDFI professional emphasized the importance of proactive, collaborative strategies:

*"I think it's kind of a mix of thoughts because I understand that everybody's up in arms right now with the administration's budget cuts. But I think it's an opportunity for CDFIs to come up with a broader plan or a strategy to turn the existing funds you've got. And who knows? I think maybe some of these solutions we haven't even thought of yet. But I think that rather than getting up in arms and worrying about what DC's doing, it's like, well, what do we currently have control over?*

*We've got a lot of relationships within the state, and hey, let's get creative and talk to the people, and what can we do? Maybe it's an investor fund? I just think that we really have the opportunity to work* *together, large CDFI, small, urban, rural, native, non-native, and find out, hey, what works? Could this work across the state? Could it work in different areas of the state? And just kind of getting together and working more intimately as to what does work, what doesn't work beyond just best practices, but truly having kind of a support group as well rather than just, oh, hey, we pay our dues, we're members."*

While some may initially view advocacy as a task for hired professionals, one CDFI leader came to recognize the significant impact of collective action:

*"Advocacy was not my [primary] interest. I thought, 'Oh, you hire lobbyists for that.' I really didn't think so. I do feel like there is power in numbers. So us working collaboratively together on issues where we can, as one voice, and that's where I do feel like there's still a lot of room for us to continue to do."*

Reflecting on the enduring role of CDFIs, one professional offered a nuanced perspective.

*"I used to believe we would put ourselves out of business, but I've either become disillusioned or educated that that probably won't happen. I think what will happen is that CDFIs will always fill that niche right before bankability. So there will always be people, unfortunately, in our system of capitalism, [who] need help accessing financial markets. Bridging that gap to the point where everyone can have access would be a true fulfillment of a CDFI mission, in my view."*

Advocacy at both the federal and local levels was seen as a key opportunity to continue influencing policy, addressing wealth inequality, and promoting diverse leadership. CDFIs are already proactively engaging with policymakers, aspiring to be recognized as "financial first responders" during crises, thus solidifying their role in creating economic resilience.

Despite potential budget cuts, CDFI leaders emphasized the importance of focusing on what they can control, advocating for creative, in-state solutions, such as utilizing investor funds. They believe in the power of unity across all types of CDFI, whether large or small, urban or rural, to identify effective practices and create a more supportive network that extends beyond just membership.

This collaborative spirit supports the belief that CDFIs will continue to play an essential role in bridging the gap to financial accessibility for underserved communities, a mission they are unlikely to outgrow within the current economic system.

# V. Combined Findings

The following five overarching findings were distilled from *both* the survey and interview results presented in the previous section:

- **Increased and Flexible Capital.** Respondents across both methodologies cited increased access to capital as a critical need. There is a desire for more flexible, unrestricted funds for both operational expenses and loan capital. CDFI loan funds aspire to greater self-sufficiency and diversification of funding beyond restrictive grants.
- **Challenges and Importance of Technical Assistance.** Both the survey and interviews revealed that technical assistance services are often not offered regularly due to a lack of dedicated staff. There is a recognized opportunity to adopt more comprehensive models for technical assistance, especially for micro- and small business entrepreneurs in small business lending.
- **Staffing and Workforce Challenges.** Meeting demand is limited by staffing issues, including the inability to offer competitive compensation and a lack of qualified candidates. Interviewees also highlighted the challenges of attracting and retaining talented staff, emphasizing the need to cultivate a highly knowledgeable and skilled workforce through additional training, ongoing support, peer networks, and mentorship programs. There is also a desire for more CDFI leaders to emerge from the communities they serve.
- **Technological Needs.** A significant challenge identified in both data collection methods is the need for improved technology, particularly software solutions that can integrate processes across the entire loan cycle. Substantial investment in technological integration is needed for CDFIs.
- **Focus on Urban vs. Rural Lending.** The survey indicated that the majority of CDFI loan funds in Michigan focus on urban communities, with a smaller percentage dedicated to rural lending. Discussions within the report, which draw from both survey and interview insights, highlight that diversifying investments is especially critical for rural communities, which face unique challenges in accessing lending.

# VI. Recommendations

## A. ECOSYSTEM RECOMMENDATIONS

The continued success of CDFI in Michigan hinges on a strategic and multi-pronged approach that addresses core challenges while capitalizing on current opportunities. The evidence suggests that sustainability can be achieved through creatively blending public, private, and philanthropic resources.

The formation of the Michigan CDFI Coalition over the past few years represents a critical, collective effort to build systemic capacity statewide and advocate for a unified vision. Ultimately, the future of CDFIs lies in their ability to demonstrate their value through a focus on outcomes that show not just what they have done, but the lasting changes they have made in people's lives and communities.

**Overarching Recommendations for CDFIs.**

- **Diversify Funding Sources.** Actively pursue diversified capital that includes federal capital and expand engagement with private and philanthropic funders, in addition to traditional grants.
- **Invest in Operational and Digital Capacity.** Leverage state- and national-level training to enhance core competencies in fiscal management, grant writing, and data impact reporting. And prioritize investment in technology to improve operational efficiency and streamline processes for customers, which is essential for scaling impact.
- **Strengthen the Coalitions**. Expand support for the Michigan and Detroit CDFI Coalitions' committees to align policy priorities, share best practices (within the state and across states), and contribute to the collective data-gathering effort.
- **Focus on Data.** A unified, data-driven narrative will likely be the most powerful tool for attracting both public and private investment.

Based on the common findings from the survey and interview data, here are some additional recommendations that should be considered:

- **CDFIs Should Increase Awareness of the Model.** Despite a proven track record and significant contributions to community development, many individuals, businesses, and even policymakers remain unaware of the CDFI model and its unique value proposition. To maximize their impact and ensure equitable access to capital, CDFIs should collectively prioritize and invest in creating greater awareness about their model.

- **CDFIs Should Advocate for More Flexible Capital.** Advocate for policies and funding mechanisms that provide CDFIs with access to increased and more flexible capital, including unrestricted funds for operations and loans, to meet growing demand and self-sufficiency. Flexible capital will be needed for CDFIs to adapt to diverse community needs and support a broader range of borrowers and projects, particularly those deemed higher risk by traditional lenders.
- **CDFIs Should Invest in Technical Assistance Capacity.** Invest in strategic capacity-building initiatives to assist with their ability to deliver comprehensive technical assistance, particularly for micro- and small business entrepreneurs. CDFIs could also invest in intentional, holistic support models for technical assistance that integrate financial literacy and business development for individuals and families (helping to create family-sustaining wages).
- **CDFIs Should Improve Staff Attraction and Retention.** Implement strategies to attract and retain talented staff within CDFIs, including offering competitive compensation and benefits, and creating clear professional development pathways. This can also be done through fostering talent development through national and state training programs, ongoing support, and the establishment of peer networks and mentorship programs, with a focus on cultivating leaders from the communities served.
- **CDFIs Should Target Rural Lending.** Develop targeted initiatives and funding streams to encourage and support CDFIs in expanding their lending activities into underserved rural communities, addressing the unique challenges these areas face. Additionally, CDFIs could promote collaborative efforts between urban and rural CDFIs to share best practices and resources, offering a more equitable distribution of capital across all communities.

## B. POLICY RECOMMENDATIONS

Drawing upon the findings and considerations above and the broader context of CDFI operations writ large, several key policy recommendations emerged for both the state and federal levels to expand the reach and impact of CDFIs in Michigan:

**The following recommendation aligns directly with the Michigan CDFI Coalition's advocacy work:**

1. **Sustain and Expand the Michigan CDFI Fund.** Make a permanent state-level CDFI fund with consistent, significant annual appropriations (e.g., a proposed $25 million as seen in Michigan appropriations requests). This fund would provide ongoing grants to increase lending capacity, offer technical assistance, and offer operational support to CDFIs. This funding was reported as a vital catalyst, by leveraging significant private investment (reportedly $8 for every $1 in public funding).

*Consistent state support would reduce reliance on federal funding, allowing CDFIs to plan for long-term growth. This would particularly benefit smaller organizations that aim to build capacity and diversify their funding sources.*

**The following recommendations are made based on a review of the interviews with CDFI leaders, but have not been reviewed by the Michigan or Detroit CDFI Coalitions:**

2. **Support Robust Measurement**. Provide dedicated funding and technical support for CDFIs to enhance their data collection and support analysis capabilities. This will enable them to move beyond simple output reporting, capturing and communicating their unique impact on individual financial health and community revitalization more effectively. The federal CDFI Fund could assist in this effort by refining its data collection and reporting requirements to ensure they are both rigorous for accountability and useful for CDFIs' strategic planning and demonstration of impact. Improved federal-level data sharing allows for a better understanding of CDFI impact, informs future policy decisions, and strengthens the overall credibility of the industry.

3. **Solidify CDFIs as "Financial First Responders" in Crises.** Develop clear frameworks and funding mechanisms that designate CDFIs as key partners in economic recovery and resilience efforts during national or regional crises. This could involve specific set-asides or fast-track funding. CDFIs demonstrated their critical role during the COVID-19 pandemic (such as their role in supporting PPP) and continue to be transformative during natural disasters. Formalizing this role ensures that underserved communities have immediate access to vital financial support during times of hardship.

**The following recommendations have been made based on overarching findings from this report but were curated with the priorities in other states. These, too, have not been reviewed by the Michigan or Detroit CDFI Coalitions (as of 9/19/25).**

4. **Create a Revolving Capital Fund.** Establish a state CDFI Capital Fund to provide a sustainable source of low-cost, patient capital. This revolving fund would allow CDFI loan funds to continuously recycle capital, enabling them to expand their lending programs and reach more underserved borrowers.

5. **Increase and Ensure Stabilize Funding for the Federal CDFI Fund.** Advocate for sustained and increased appropriations for the U.S. Department of the Treasury's CDFI Fund, including Financial Assistance awards, Technical Assistance grants, and Capital Magnet Fund programs. The CDFI Fund is the cornerstone of federal support. Consistent and increased funding is necessary for CDFIs nationwide to build capacity, innovate, and meet

the growing demand for their services, especially for addressing persistent underinvestment in underserved communities.

By implementing these policy recommendations at both the state and federal levels, policymakers can significantly increase the capacity, reach, and impact of CDFIs in Michigan, ultimately creating more equitable and sustainable community development.

# VII. Conclusions

## A. COMPARISON WITH EXISTING LITERATURE

The literature review section identified the crucial role of CDFIs in supporting economic growth and revitalization, particularly in underserved areas.

The findings from **Wisconsin** emphasized several key areas impacting CDFIs. Overall, the report underscored the need for strategic recommendations to enhance the capacity and impact of CDFIs in Wisconsin, stressing the importance of collaboration, funding diversification, and increased awareness of the CDFI model.

The **Greater Ohio Policy Center**'s study identified strengths and growth opportunities for Ohio's CDFI sector, recommending the formation of a professional network for collaboration, the importance of educating potential partners about CDFIs, and the need for active participation in low-income community initiatives.

The **Opportunity Finance Network** report presented four key components of the CDFI loan fund business model: mission-driven lending focused on community impact, localized engagement within communities, strategies for building capital, and the provision of technical assistance beyond just lending. This model allows CDFIs to finance affordable housing, small businesses, and community facilities while promoting economic empowerment.

Lastly, the **CDFI Fund's 30th Anniversary Report** reflected on the successes and impacts of CDFI projects nationwide, highlighting how these institutions have navigated challenges and made significant contributions to their communities through targeted financing and support. Overall, the literature underscored the importance of collaboration, education, and a community-centered approach in enhancing the effectiveness of CDFIs.

## B. IMPLICATIONS OF THE FINDINGS

The implications of these findings point toward a need for strategic and innovative approaches to funding, staffing, technology, and advocacy that can enhance the effectiveness and sustainability of CDFIs in Michigan. Addressing these areas should enable CDFIs to better serve the communities they want to reach.

## C. ADDRESSING THE RESEARCH QUESTIONS

**1. How can CDFI loan fund leaders build on their recent success to ensure sustainability?**

CDFI loan fund leaders in Michigan can ensure sustainability by fostering collaboration among distinct CDFIs models, both large and small, urban and rural. This includes sharing best practices and creating a supportive network to tackle shared challenges. Emphasizing collective advocacy efforts will strengthen their voice in policy discussions at both the local and federal levels. Additionally, increasing access to flexible capital for CDFIs of all sizes will enable funds to manage operational expenses more effectively and support growth initiatives.

**2. What opportunities exist to secure additional funding that could spur growth?**

There are opportunities for securing additional funding through increased private investment and philanthropic contributions. CDFIs can also explore expanded partnerships with local governments and small businesses to create targeted funding initiatives. Engaging in proactive advocacy to highlight the role of CDFIs as "financial first responders" during environmental, public health, and economic crises may also attract additional public and private support.

**3. What are the capacity-building needs for Michigan CDFIs?**

The capacity-building needs for Michigan CDFIs include addressing staffing and workforce challenges by providing competitive compensation and creating pathways for professional development. Enhancing technical assistance offerings, particularly for micro- and small business entrepreneurs, remains crucial. Investments in technology are also needed to streamline processes across the loan cycle and improve overall operational efficiency. Building peer networks and mentorship programs can help cultivate a skilled workforce that is representative of the communities being served.

**4. What results will be needed for Michigan CDFIs to have a bigger impact and broader reach in underserved communities?**

To achieve a bigger impact and broader reach, Michigan CDFIs need to demonstrate improved access to capital for underserved communities, accompanied by the successful deployment of flexible funding models. Evidence of positive economic outcomes, such as increased job creation, business growth, and overall community resilience, will be crucial. Expanding their lending portfolio to include more rural areas and other distressed communities will help address systemic inequities. Finally, an emphasis on community engagement and the emergence of local leaders within CDFI operations could enhance trust and effectiveness in reaching those most in need.

## D. CONTRIBUTION TO KNOWLEDGE

The mixed research findings and recommendations outlined in this report contribute to the research and knowledge base in several ways. First, this study illuminates the critical needs of CDFIs in Michigan, such as increased access to flexible capital and enhanced technical assistance.

By emphasizing issues related to staffing, compensation, and training, the findings shed light on the human resource challenges that CDFIs encounter. This can guide the organizations in developing targeted recruitment and retention strategies, ultimately leading to a more skilled workforce that can better serve community needs.

The identification of technological needs presents an opportunity for CDFIs to enhance their operational efficiency. The findings encourage further exploration into technology solutions (including artificial intelligence) that could streamline loan processes, thus contributing to the overall knowledge on the intersection of technology and community finance.

Focusing on rural lending highlights a critical area for research and intervention. By recognizing the unique challenges faced by rural communities in accessing capital, the study contributes to the discourse on equitable lending practices, encouraging further investigation into targeted strategies for supporting these areas.

Strengthening the coalitions illustrates the importance of collaboration among CDFIs for effective advocacy and resource sharing. This aspect can inform future research on cooperative models and collective impact strategies within community finance.

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*Overall, the contributions to the research and knowledge base lie in the identification of current challenges, practical recommendations, and a framework for future studies focusing on community development finance and organizational sustainability.*

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# IX. Appendices

## SUPPLEMENTARY MATERIALS

A. Participating Organizations
B. Survey instrument
C. Interview guide

## A. PARTICIPATING ORGANIZATIONS

*Notes*. Chi Ishobak, Inc. and Northern Shores Community Development, Inc. are Certified Native CDFIs located in Michigan; Cinnaire, Enterprise Community Partners, IFF, and Local Initiatives Support Corporation (LISC) Detroit are part of national CDFIs with operations in Michigan; and Capital Impact Partners (CIP) and CDC Small Business Finance are now part of the Momentus Capital family of organizations (with only one survey distributed to CIP).

## B. SURVEY INSTRUMENT

### Survey of Michigan CDFIs

#### Introduction

With the support of a research grant awarded by the CDFI Research Consortium, Public Policy Associates (PPA) is partnering with the Michigan and Detroit CDFI Coalitions to examine the landscape of CDFIs in Michigan. Specifically, the study is exploring recent successes in the state's CDFI ecosystem, opportunities for growing the impact of CDFIs in Michigan, aspirations for sustaining the capacity of CDFIs, and gaining momentum to drive continued progress and change. Ultimately, an increased understanding of the CDFI landscape in Michigan will be helpful in ongoing efforts to expand access to grants and other funding sources to support CDFIs and their positive impacts on Michigan's local communities.

As a CDFI loan fund with a presence in Michigan, input from your organization is critical to completing a meaningful study. Therefore, we are asking that you respond to this brief survey.

Your responses will not be shared outside of the PPA team. Public reporting of results will summarize the data in aggregate without connecting responses to any individual or organization.

The survey should take approximately 15 to 20 minutes to complete. We recommend having your most recent Annual Certification and Data Collection Report on hand when completing this survey.

If you have any questions or need assistance completing this survey, please contact the research team at rburroughs@publicpolicy.com or 517-481-4303.

**[New Page]**

1. What is the geographic service area of your CDFI? (Please select the one that best matches your organization.) **[Multiple choice]**
   a. City of Detroit
   b. Michigan single county
   c. Michigan multicounty
   d. Michigan statewide
   e. Multistate and/or territory
   f. National
   g. Other (please specify): **[fill-in]**

Within your overall service area, what type(s) of geographic area does your CDFI serve? (Select all that apply.) **[Checkbox]**
   a. Urban

b. Suburban
c. Rural

To which type of geographic area does your CDFI commit the most resources and staff time? **[Multiple choice]**

a. Urban
b. Suburban
c. Rural
d. Equal (e.g., across all geographic areas served)

**[New Page]**

How many full-time equivalent employees does your CDFI currently have? **[Open end]**
What were your total assets as of the most recent year-end (i.e., 2024)? **[Open end]**
What was the total amount of funds deployed during the most recently completed year? **[Open end]**
What is your target goal for total assets five years from now? **[Open end]**
What is your target goal for total annual funding deployed five years from now? **[Open end]**
**[New Page]**

From what sources have you obtained investment capital in the past year? (Select all that apply.) **[Checkbox]**

a. Federal CDFI Fund
b. Michigan's CDFI Fund
c. State Small Business Credit Initiative
d. Greenhouse Gas Reduction Fund, all programs
e. New Markets Tax Credit Program
f. Other federal government sources
g. Other state government sources
h. Local government
i. Tribal government
j. Debt borrowed from banks or other financial institutions
k. Philanthropy

Approximately what percentage of your balance sheet is currently grant funded? **[Multiple choice]**

a. 0%
b. 1 – 15%
c. 16 – 30%
d. 31 – 55%

e. 56 – 75%
f. 76 – 99%
g. 100%

Approximately what percentage of your balance sheet is debt? **[Multiple choice]**

a. 0%
b. 1 – 15%
c. 16 – 30%
d. 31 – 55%
e. 56 – 75%
f. 76 – 99%
g. 100%

**[New Page]**

What is your CDFI's primary line of business? (Please select one.) **[Multiple choice]**

a. Micro-business finance (i.e., loans under $50k and/or to businesses with 10 or fewer employees)
b. Small business finance
c. Consumer finance (e.g., auto loans, personal loans)
d. Home purchase or improvement
e. Residential real estate finance (e.g., new construction, rehabilitation, and/or affordable housing)
f. Commercial and/or mixed-use real estate finance
g. Community facilities finance
h. Intermediary finance to nonprofits and/or CDFIs
i. Agricultural finance
j. Climate-centered finance (e.g., clean energy, sustainability, emissions reduction, climate resilience)
k. Other (please specify): **[fill-in]**

What is your CDFI's secondary line of business (if applicable)? Please select one. **[Multiple choice]**

a. Micro-business finance (i.e., loans under $50k and/or to businesses with 10 or fewer employees)
b. Small business finance
c. Consumer finance (e.g., auto loans, personal loans)
d. Home purchase or improvement
e. Residential real estate finance (e.g., new construction, rehabilitation, and/or affordable housing)

f. Commercial and/or mixed-use real estate finance
g. Community facilities finance
h. Intermediary finance to nonprofits and/or CDFIs
i. Agricultural finance
j. Climate-centered finance (e.g., clean energy, sustainability, emissions reduction, climate resilience)
k. Other (please specify): **[fill-in]**
l. My CDFI doesn't have a secondary line of business

**[New Page]**

During the past year, did demand for your CDFI's products increase, stay the same, or decrease compared to the prior year? **[Multiple choice, matrix]**

| | Increased | Stayed the Same | Decreased |
|---|---|---|---|
| Overall (all products) | ○ | ○ | ○ |
| Primary business line | ○ | ○ | ○ |
| Secondary business line | ○ | ○ | ○ |

Among the individuals and businesses that make up the overall universe of potential or target customers for your CDFI, roughly speaking, what proportion would you say are aware of CDFIs and the types of services and products they offer?

a. Almost none
b. Less than half
c. About half
d. More than half
e. Nearly all

To what extent have you met product demand in the last year?

| | Fully able to meet demand | Mostly able to meet demand | Moderately able to meet demand | Somewhat able to meet demand |
|---|---|---|---|---|
| Overall (all products) | ○ | ○ | ○ | ○ |
| Primary business line | ○ | ○ | ○ | ○ |
| Secondary business line | ○ | ○ | ○ | ○ |

**[New Page]**

Are there products and/or services that your CDFI would like to provide but cannot currently offer on a sustained basis? **[Multiple choice]**

a. Yes
b. No ***[Skip to q0]***

Briefly describe up to **three products and/or development services** that your CDFI would like to provide on a sustained basis but cannot currently. **[Open end]**

**[New Page]**

To what extent did the following factors prevent you from fully meeting product demand in the past year? **[Multiple choice, matrix]**

| | Significant factor limiting our ability to meet demand | Somewhat of a factor limiting our ability to meet demand | Not a factor limiting our ability to meet demand |
|---|---|---|---|
| Staffing (e.g., staff turnover, number of staff, skills of staff) | ○ | ○ | ○ |
| Operational funding | ○ | ○ | ○ |
| Lending capital | ○ | ○ | ○ |
| Technological resources | ○ | ○ | ○ |
| Borrower qualifications | ○ | ○ | ○ |
| Other | ○ | ○ | ○ |

**[New Page]**

**[Display if q0_Staffing = Significant or Somewhat]** What staffing challenges related to hiring/staffing have limited your CDFI's ability to meet demand? (Select all that apply.) **[Checkbox]**

- Inability to offer competitive compensation
- Inability to offer flexible or remote work arrangements
- Lack of qualified candidates
- Limited hiring resources

- Lack of time or resources to train new staff
- Other

**[Display if q0_Staffing = Significant or Somewhat]** What staffing challenges related to current staff have limited your CDFI's ability to meet demand? (Select all that apply.) **[Checkbox]**

- We must limit or cut staff/hours for budgetary reasons
- Staff leaving voluntarily for higher-paid positions
- Staff leaving voluntarily for other reasons
- Lack of necessary skills of current staff
- Other

**[Display if q0_Operational = Significant or Somewhat]** What operational funding challenges have limited your CDFI's ability to meet demand? (Select all that apply.) **[Checkbox]**

- Funders unwilling to offer operational funding
- Funder application requirements or compliance reporting
- Funding is restricted to specific uses
- Misalignment with funder expectations (e.g., expecting quick impacts)
- Timing of funding cycles
- Not enough funders in my area
- Other

**[Display if q0_Lending = Significant or Somewhat]** What lending capital challenges have limited your CDFI's ability to meet demand? (Select all that apply.) **[Checkbox]**

- Insufficient debt capital
- Insufficient equity capital
- Cost of capital
- Access to secondary markets
- Lending capital is restricted to specific uses
- Lender/investor application requirements or compliance reporting
- Misalignment with lender/investor expectations (e.g., expecting quick impacts)
- Timing of funding cycles
- There are not enough lenders/investors in my area
- Other

**[Display if q0_Technological = Significant or Somewhat]** What technology challenges related to back-office technology have limited your CDFI's ability to meet demand? (Select all that apply.) **[Checkbox]**

- Cost of technology
- Cybersecurity concerns
- Finding the right technology or vendor
- Staff lacks the expertise to manage/maintain technology

- Integrating technology with existing systems
- Other

**[Display if q0_Technological = Significant or Somewhat]** What technology challenges related to client/customer-facing technology have limited your CDFI's ability to meet demand? (Select all that apply.) **[Checkbox]**

- Cost of technology
- Cybersecurity concerns
- Finding the right technology or vendor
- Lack of comprehensive software solutions to integrate processes across the entire loan cycle
- Staff lacks the expertise to manage/maintain technology
- Clients/customers find online services difficult to use
- Clients/customers lack access to broadband
- Other (please specify): **[fill in]**

**[Display if q0_Borrower = Significant or Somewhat]** What challenges related to borrower qualifications have limited your CDFI's ability to meet demand? (Select all that apply.) **[Checkbox]**

- Credit report challenges
- Insufficient collateral
- Limited equity capital
- Insufficient current debt service coverage
- Loan affordability/rising interest rates
- Other (please specify): **[fill in]**

**[New Page]**

What challenges, if any, have you experienced in providing development services to clients/customers in the past year? (Select all that apply.) **[Checkbox]**

- Too few staff
- Lack of funding to develop and/or sustain services
- Current staff lack skills or knowledge
- Travel for client/customer meetings
- Difficulty finding/managing affiliate organizations to provide services
- Clients/customers lack technology access or fluency
- Clients/customers' development needs are misaligned with our service offerings
- Clients/customers don't think they need services
- No challenges
- Other (please specify): [fill in]

What are **one or two things** that would best enable your organization and/or the CDFI industry overall to serve clients/customers more fully? **[Open end]**

**[New Page]**

In the next year, do you anticipate demand for your products will increase, stay the same, or decrease? **[Multiple choice, matrix]**

| | Increase | Stay the Same | Decrease |
|---|---|---|---|
| Overall (all products) | ○ | ○ | ○ |
| Primary business line | ○ | ○ | ○ |
| Secondary business line | ○ | ○ | ○ |

In the next year, do you anticipate <u>your ability to meet demand</u> for your products will increase, stay the same or decrease? **[Multiple choice, matrix]**

| | Increase | Stay the Same | Decrease |
|---|---|---|---|
| Overall (all products) | ○ | ○ | ○ |
| Primary business line | ○ | ○ | ○ |
| Secondary business line | ○ | ○ | ○ |

**[New Page]**

What impedes your ability to track output or outcome metrics? (Select all that apply.) **[Checkbox]**

- Clients/customers are reluctant to share data
- Difficulty collecting data after products close
- Cost of collecting data (including the cost of a third-party evaluator)
- Staff lack expertise in collecting/analyzing data
- Staff lack time to collect/analyze data
- No standardization of which metrics to collect
- Worried funders won't see an impact on our metrics
- Not sure what metrics to collect
- Current loan management software lacks functionality for managing and analyzing outcome metrics
- Not sure what impedes our ability
- Other

**[New Page]**

Please describe any innovative products, practices, and/or partnerships you have developed to meet community needs. **[Open end]**

What is your CDFI’s proudest accomplishment over the past two years? [Open end]

What are the most critical impacts you hope to achieve over the next five years? If there are more than three, please describe your top three priorities. **[Open end]**

Thank you for taking the time to complete this survey!

**[Change the “Done” button to “Submit”]**

**[Send collector to MI CDFI Website]**

**[End Survey]**

## C. **INTERVIEW GUIDE**

The CDFI Research Consortium, based at the Center for Impact Finance at the University of New Hampshire, supports research projects that examine the impact and potential of CDFIs. It funds research, like this project, to provide guidance to lenders, investors, policymakers, and other stakeholders and is supported by the Citi Foundation's Community Finance Innovation Fund.

**Interview Questions**

1. To get us started, tell me a little about yourself, your current role, and the CDFI industry. There are no right or wrong answers; we just want to hear about your experience.

**Organization Questions**

2. Could you share the founding story of your CDFI? What specific needs and/or events led to its creation? [Possible follow-up]. How has your organization's mission evolved since its inception, and what key milestones have shaped its trajectory?

***Assessing <u>Current Needs</u> and Challenges***

### Capital Access and Capacity Building

3. Currently, what do you feel are your most pressing capital needs (e.g., loan capital, operating support, equity investments)? [Possible follow-up]. What types of capital are most difficult to secure [in the current context] and why?

4. What are your organization's key capacity-building needs and critical resource gaps, and what technical assistance or training would benefit your organization and the broader CDFI sector in Michigan?

***Evaluating the <u>Strength</u> of the CDFI Industry***

### Overall Health

5. Michigan has a unique policy landscape. Could you describe what you see as the key strengths of your CDFI that allow it to effectively address the specific needs and opportunities within the communities you serve?

***Exploring <u>Opportunities</u> for Growth.***

### Policy & Advocacy

6. Looking ahead, what are some of the most significant opportunities that you see for your CDFI and the broader CDFI sector in Michigan to increase its impact and reach underserved populations or address emerging economic challenges?

***<u>Aspirations</u> for Future Changes.***

### Vision for the Future

7. Imagine a future where CDFIs in Michigan have reached their full potential. What is the ultimate impact you aspire to achieve for the communities CDFIs serve, and what key milestones indicate you are on that path?

8. What is your vision for Michigan's CDFI industry in the next 5, 10, or 20 years? [Possible follow-up]. What fundamental changes do you believe are necessary to achieve this vision?

9. How can Michigan's CDFIs better empower residents of underserved communities to participate in the development process and benefit from economic growth?

***Demonstrate <u>Results</u> & Impact.***

### Measuring Impact

10. How are you measuring and demonstrating the impact of your work in communities? What metrics do you feel are the most important to Michigan's CDFIs?

11. How can CDFIs improve data collection and reporting [for funders] across the CDFI industry to better demonstrate collective impact? [Possible follow-up]. What stories of impact are most compelling and resonate with your audiences?

**Regarding Federal Government Role.**

### Importance of <u>Federal</u> Support

12. How critical is federal support (e.g., through the CDFI Fund, grants, tax credits) to your organization's operations and the overall health of the CDFI industry? Can you detail the impact of federal funding on your lending volume, community development projects, or other key metrics?

## Importance of <u>State</u> Support

13. How critical has recent state support (e.g., through the MEDC's CDFI Fund, etc.) been to your organization's operations and the overall health of the CDFI industry in Michigan? Can you detail the impact of recent state funding on your lending volume, community development projects, or other key metrics?

**Wrap Up**

14. Before we wrap up, is there anything else you'd like to share or any last thoughts regarding your experiences? Looking back at our conversation, is there anything we haven't touched upon that you feel is important to mention?

*If time: [include in either the reminder email or in the thank you email]*

**Research Disclaimer**

Public Policy Associates (PPA) is committed to protecting the privacy and confidentiality of individuals and organizations involved in our research. We adhere to strict ethical and legal standards in all data collection, analysis, and reporting activities.

**Privacy Policy**

PPA does not share personally identifiable information with any third parties without explicit consent, unless required by law. Any information collected during our research is used solely for the study and to inform our findings and recommendations.

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