

Foreword

By John Olson

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The mission of the Center for Community Development Investments is to enhance access to capital in low-income communities. Frequently, the capital that is used to revitalize communities comes from mission-driven investors motivated by regulation, the fear of regulation, religious beliefs, or social justice. As any CDFI can tell you, the amount of capital available in this sphere is finite, and the competition over accessing these sources of capital can be fierce. A persistent dream of community development organizations has been to broaden the universe of investors, and ultimately access the institutional capital markets. The amount of capital available in these institutional markets is, for all practical purposes, and especially for community development purposes, infinite.

At first glance, the capital markets seem like an unlikely partner for community development organizations. The capital markets need volume, standardization, and lots of data to inform investment decisions, while community development organizations are often small, think of themselves as doing the non-standard deals that the conventional markets won't do, and don't have decades of readily available data. If one of the fundamental assertions of community development finance is that it's about deals that Wall Street won't do, on what basis can the field go to the capital markets for funding?

Yet, despite community development and the capital markets being unlikely bedfellows, pioneering community development practitioners have shown that a secondary market for community development loans, the intersection between revitalizing communities and the capital markets, is rich with possibility. Many of these pioneers are featured in this issue of the *Review*, proving that the process of selling or securitizing loans can unlock the door to the capital markets.

These successful efforts at securing institutional funding are worthy of further examination, and several questions suggest themselves: Why did these efforts work? What will it take to do more of them? What role can mission-driven investors and government play in bridging the gap between community development and capital markets? How can the field work together to overcome obstacles to the secondary market?

As we continue to address these questions, we'd be delighted to hear from you with your views on how even more institutional capital can be used to advance the goals of community development.

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