



Testimony of Liza Fleming-Ives
On behalf of the Genesis Community Loan Fund
Before the Joint Standing Committee on Housing and Economic Development

In support of LD 1500
"An Act to Establish the Maine Community Development Financial Institution Fund to Support Small Businesses, Rural Economic Development and Affordable Housing"

May 2, 2025

Good morning, Senator Curry, Representative Gere and distinguished members of the Joint Standing Committee on Housing and Economic Development.

My name is Liza Fleming-Ives. I'm the executive director of the Genesis Community Loan Fund.

The Genesis Fund is one of the ten certified Community Development Financial Institutions (CDFIs) in Maine, and we focus on financing the development and preservation of affordable housing and community facilities throughout the state.

LD 1500 builds upon the successful and popular federal CDFI program at the U.S. Treasury Department, which incentivizes a public-private partnership that has a 30+ year track record. The federal program deploys a small amount of public funds to CDFIs who then leverage significant private investment in order to expand access to capital in communities. Because of the way the model works, it is estimated that CDFIs leverage over \$8 in private capital for every \$1 in public support.

As several other states have already done, LD 1500 uses the framework of this established federal program to create a state program to expand CDFI impact. The bill relies on definitions established at the federal level to identify eligible entities, eligible uses of funds and targeted impacts. Because of this, very little additional design would be necessary to mirror the federal program and expand CDFI impact in Maine. And like the federal program, a small public investment from the state would generate millions of dollars in economic and community development activity through the resulting financing provided by Maine CDFIs.

This bill establishes two important mechanisms to build CDFI financing capacity.

- First, it will create the Maine CDFI Fund at DECD to pass through state appropriations and other funds, as grants and low-cost loans, to Maine's certified CDFIs. Grants to CDFIs through the Fund will be able to serve as match for federal CDFI Fund awards and can leverage new invested capital from private sources.
- Second, the bill authorizes the Treasurer to invest up to \$10 million in funds each year from the state's cash pool into Maine CDFIs at below market rates.



Grants and loans provided to Maine CDFIs from either source will in turn be deployed as loans to Maine small businesses, affordable housing developers, and community organizations who cannot meet their financing needs from other sources. And as those loans are repaid, funds granted and invested in Maine CDFIs will revolve into other projects.

The multiplier effect of this small investment is exponential, and the impact on Maine communities will be substantial.

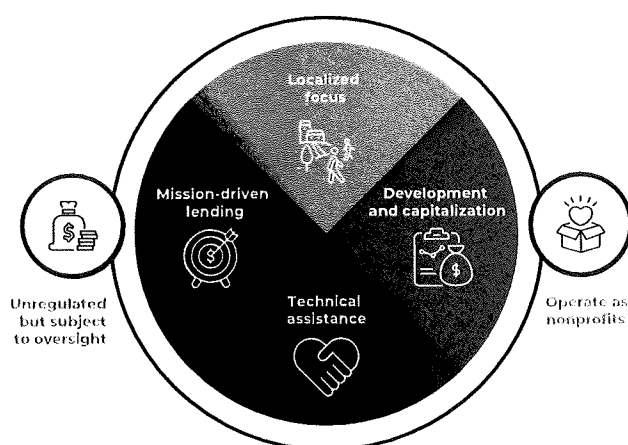
CDFIs have often been called the “capillaries of the financial system” – extending the flow of capital to projects and communities where it otherwise might not reach. As you will hear from other speakers today, CDFIs are a vital part of Maine’s financing landscape and any small investment in our growth will pay dividends over time.

I urge you to support LD 1500 and thank you for the opportunity to testify. I’d be happy to answer questions.

Business Model

Community development financial institution (CDFI) loan funds are specialized lenders that offer fair, responsible financing in underinvested U.S. rural, urban, and Native communities. With financing and coaching they support affordable housing, community facilities, small businesses, and energy efficient projects, among other elements of thriving communities. This financing enables wealth building and creates jobs that help boost local economies. The CDFI loan business model is a transformative approach to lending that prioritizes community impact over profit.

Key Components of the Loan Fund Business Model



Mission-driven lending: Loan funds provide access to capital through flexible loans with a mission to advance economic prosperity and community transformation.



Localized focus: Loan funds are place-based lenders that seek to catalyze change, build trust and relationships, and support and grow local economies.



Development and capitalization: Loan funds raise and aggregate grants and debt capital from various public and private sources.



Technical assistance: Loan funds offer high-touch services at different touchpoints to build client capacity, mitigate loss risk, and achieve community development outcomes.

Benefits of the CDFI Loan Fund Model:

- Invests across varied sectors.
- Catalyzes change and supports recovery for communities impacted by economic shifts.
- Provides capital to historically underinvested rural, urban, and Native communities.
- Takes a place-based approach to community development.
- Builds trust with communities, funders, investors, policymakers, and other stakeholders.
- Enables agile and swift responses to natural disasters and other crises impacting communities and economies.

These common features of loan funds support and strengthen their business model:

- **Unregulated, subject to oversight.** While unregulated, CDFI loan funds must comply with local, state, and federal policies, such as lending laws, usury laws, truth-in-lending laws, and other consumer protection laws. Because they are unregulated, loan funds can make loans that mainstream financial institutions might perceive as risky. The lack of regulation enables the lender to accept more risk in communities that have been historically underinvested.
- **Nonprofits.** Most loan funds are nonprofit and focused on making loans that are mission-driven rather than profit-maximizing. Loan funds measure success not solely by financial return but also by the positive social and economic impact on communities.

Interested in learning more?

Visit [OFN's website](https://ofn.org)

at the CDFI Loan Fund Summit

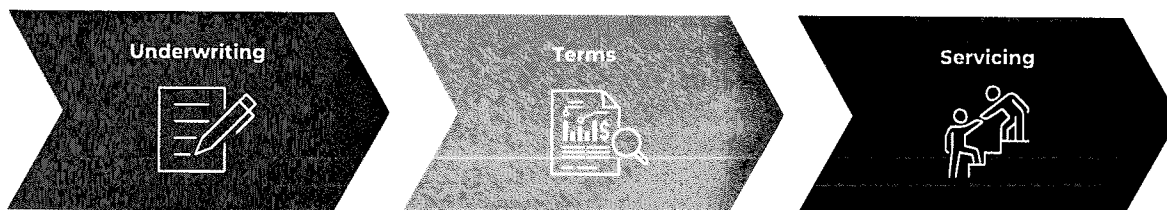
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A Deeper Look

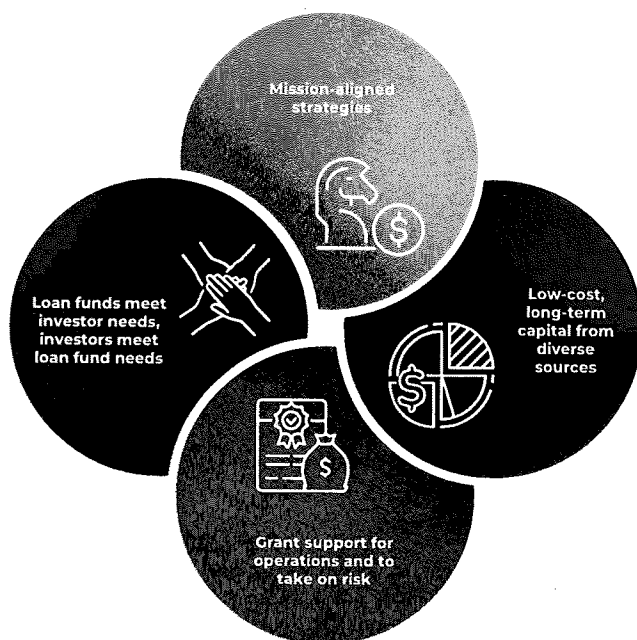
Flexibility in Financing

Core to the business model, loan funds implement flexible approaches to underwriting, structuring terms, and servicing loans.



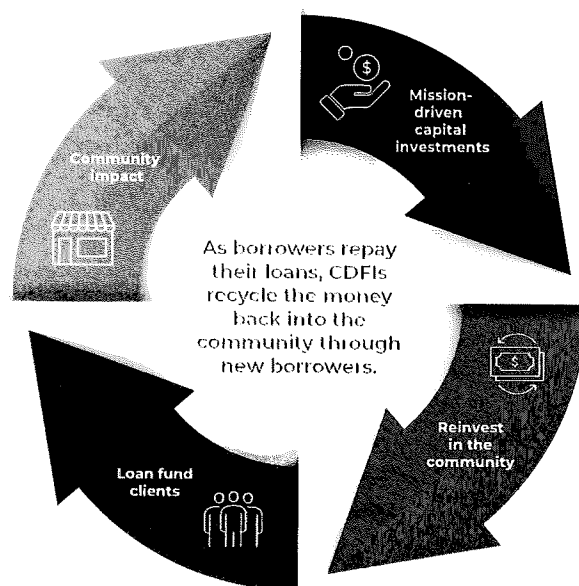
Loan funds are flexible lenders, adapting underwriting, structuring, and servicing to meet borrower needs, expand capital access, and maximize impact. They tailor loans, provide patient capital, and adjust repayment terms, ensuring borrower support throughout the loan's life cycle.

Components of Development and Capitalization



Loan fund strategies to raise and aggregate grant and debt capital foster strong relationships with funders and investors and demonstrate success through solid financial performance and reliable repayment.

CDFIs Recycle Capital



Loan funds recycle capital. They lend money, get paid back, and then reinvest the capital back into communities.