

Federal Reserve Community Development Research Seminar Series

# Place-based strategies: Strengthening Rural Economies through Investment

Exploring how geographic factors impact financial access,  
community well-being, and economic mobility



# Place-Based Strategies: Strengthening Rural Economies through Investment

**The views expressed during this event are those of the speaker and are intended for informational purposes. They do not necessarily represent the views of the Board of Governors or the Federal Reserve System.**

# Today's moderator



**Anna Kovner**

Executive Vice President and Director of Research  
Federal Reserve Bank of Richmond

# Today's panelists



**Merissa Piazza**

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Federal Reserve Bank of  
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**Michou Kokodoko**

Senior Policy Analyst,  
Community Development and  
Engagement  
Federal Reserve Bank of  
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**Nicholas Chiumenti**

Economist  
USDA Rural Development



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President  
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# **Beyond Investment: How CDFIs Support Community and Economic Development in Low- and Moderate-Income Areas**

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## DISCLAIMER

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# About CDFIs

- CDFIs are mission driven lenders that provide financial products and services, investments, and technical assistance to low- and moderate-income (LMI) communities
- Overcome market challenges in LMI communities:
  1. Lack of financial services for consumers
  2. Limited access to affordable credit to buy or rehabilitate housing
  3. Shortage of capital for business
- Types of CDFIs: loan funds, credit unions, banks, holding companies, and venture capital firms

# Literature

- Converging of CD & EcD
  - Neighborhood vitality and quality of place, once pillars of CD, are becoming more essential for EcD BRE (Deller, 2021; Malizia & Chen, 2019; Malizia et al., 2021)
- Authors have examined the relationship between NMTCs and economic outcomes (business growth, jobs, and income) (Freedman, 2012 & 2015; Harger & Ross, 2016; Theodos, et al, 2022)
- Few articles on CDFI investments:
  - Harger, et al (2019) CDFI investments have little influence on new businesses (CDFI & NMTCs)
  - Piazza & Schweitzer (2026) CDFI investments are strongly focused on distressed and underserved areas and that these investments are associated with business growth in the tracts that receive funding (CDFI & NMTCs)

# Economic Contribution of CDFI Investments



# Quantitative: About the Data

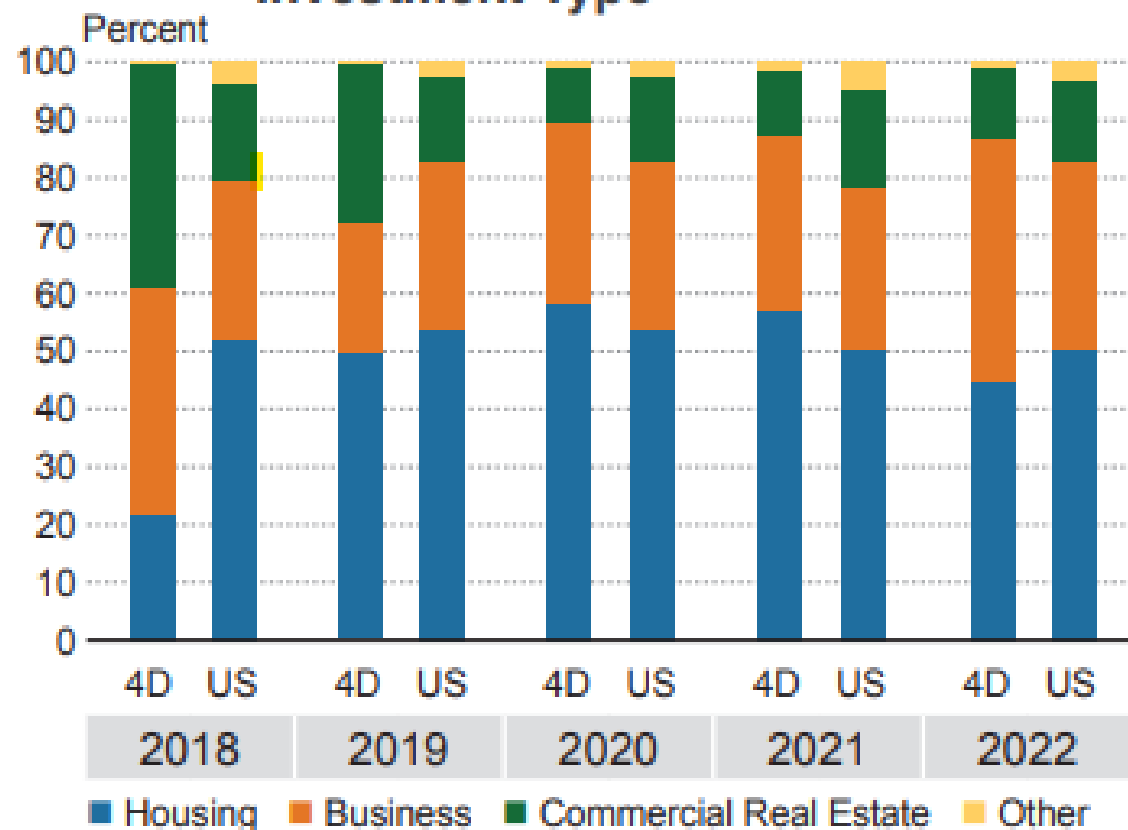
- Data from the CDFI Fund are derived from the Transaction Level Report (TLR), which collects compliance data from award recipients
- Only CDFIs that are receiving grant funds from the CDFI Fund are included; the data do not include the universe of CDFI lending
- Merged with Federal Financial Institutions Examination Council (FFIEC) data provides LMI thresholds & American Community Survey (population)
- Final sample used 56,912 census tracts nationally and 3,410 in the Fourth District.

## Federal Reserve 4<sup>th</sup> District



# Economic Contribution

**Figure 1. CDFI Investment in the Fourth District and United States by Investment Type**



Source: CDFI Fund, Federal Financial Institutions Examination Council (FFIEC), Schroeder et al. (2025), author's calculations

**Table A1. CDFI Investment in the Fourth District and United States by Year (US\$ million; expressed in 2025 dollars)**

		Low	Moderate	Middle	Upper
2018	4D	\$ 61.1 % 32.0	\$ 31.4 % 17.0	\$ 42.9 % 23.0	\$ 53.1 % 28.0
	US	\$ 1,758.8 % 14.0	\$ 3,240.4 % 25.0	\$ 4,458.8 % 35.0	\$ 3,419.3 % 27.0
2019	4D	\$ 48.3 % 19.0	\$ 38.6 % 15.0	\$ 108.2 % 42.0	\$ 62.1 % 24.0
	US	\$ 1,680.2 % 10.0	\$ 3,820.3 % 23.0	\$ 5,990.6 % 37.0	\$ 4,813.5 % 30.0
2020	4D	\$ 97.5 % 25.0	\$ 75.8 % 20.0	\$ 151.5 % 40.0	\$ 57.9 % 15.0
	US	\$ 2,344.6 % 9.0	\$ 5,923.1 % 22.0	\$ 10,853.3 % 40.0	\$ 7,697.1 % 29.0
2021	4D	\$ 123.8 % 17.0	\$ 190.9 % 26.0	\$ 226.5 % 31.0	\$ 195.3 % 27.0
	US	\$ 2,253.9 % 9.0	\$ 5,270.7 % 21.0	\$ 9,839.7 % 39.0	\$ 7,908.1 % 31.0
2022	4D	\$ 209.1 % 21.0	\$ 247.9 % 24.0	\$ 333.8 % 33.0	\$ 223.5 % 22.0
	US	\$ 4,834.9 % 9.0	\$ 11,805.7 % 23.0	\$ 19,452.1 % 38.0	\$ 15,394.0 % 30.0

Source: CDFI Fund, FFIEC, Schroeder et al. (2025), author's calculations

# CDFIs' Broader Community Impact



# Qualitative: About the Data

- 33 individuals from 10 CDFI loan funds in the Federal Reserve 4th District
- Semi-structured interviews were conducted virtually, recorded, and transcribed.
- Transcripts were analyzed using an inductive reasoning to identify the main themes

The interviews covered four main topics:

1. CDFIs' role in the financial ecosystem?
2. The part they play in financing CD and EcD in LMI communities?
3. How CDFIs work with commercial banks and CD and EcD professionals?
4. The challenges and opportunities they see in the CDFI space going forward?

*A lot of people . . . sit around and talk about problems, and . . . don't really have vehicles to solve those problems . . . we [CDFIs] have the ability to kind of just move on things, move on projects.*

*- CDFI Interviewee*

### 3 Main Themes

- 1. CDFIs as economic development catalysts**
- 2. A lender of last resort**
- 3. Importance of technical assistance and financial coaching**

# CDFIs as Catalysts

**“They [economic developers] know that they can call us, count on us . . . to help them. If they have a client that needs some financing, or needs another nonprofit to go seek funding from somewhere else . . . we can help with that.” - CDFI Interviewee**

**“Our role is to figure out what money is out there to solve a problem in a place, or for a family, and to take it from wherever that is . . . and make it accessible to a judge, a mayor, a community, a family.” - CDFI Interviewee**

# A Lender of Last Resort

**“We can be a little more flexible . . . our leverage is really, really low, and all the money we have out . . . is either federal grant[s] or really low-interest loans that we’ve taken on.”**

*- CDFI Interviewee*

**“But then also, it could be that we may need to provide grant sources, because . . . even as much as we want to do the deal, there’s just some costs that can’t be covered . . . because there’s limited equity from the borrower. So, there’s a lot of . . . additional support that happens behind the scenes that CDFIs do, particularly as it relates to investments.”** *- CDFI Interviewee*

# Technical Assistance & Financial Coaching

**“We may take on that project and see it through at an earlier stage than perhaps a financial institution may . . . helping to fill out the capital stack, or find other sources to make the project pencil, and so, that’s part of the TA [technical assistance] service delivery side of the CDFIs. . . .”**

*- CDFI Interviewee*

**“We have been there next to them [small developers] from their very beginnings, when . . . they weren’t bankable at all, and we were there to help provide capital to them to get started. And so, we’ve been with them the whole journey . . . they felt like there was comfort working with us.”- CDFI**

*Interviewee*

# Challenges and Opportunities

- Precarity of funding model
- Staffing capacity and shortage
- Capitalization and the Community Reinvestment Act
- Regional economic conditions

**“Dang near every project that we do is a but-for project, right?”**

*- CDFI Interviewee*





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DEVELOPMENT



FEDERAL RESERVE BANK OF MINNEAPOLIS

# MAPPING THE NATIVE CDFI INDUSTRY: INSIGHTS FROM A NEW SURVEY

VALENTINA DIMITROVA-GRAJZL, PETER GRAJZL, MICHOU KOKODOKO,  
AND LAUREL WHEELER

CD RESEARCH WEBINAR SERIES – JUNE 25, 2026

PLACE-BASED STRATEGIES: STRENGTHENING RURAL ECONOMIES  
THROUGH INVESTMENT



*The views expressed here are the presenter's  
and not necessarily those of the Federal Reserve Bank of Minneapolis  
or the Federal Reserve System.*

# The Credit Access Problem in Indian Country

## Why Native CDFIs Matter

- Limited access to mainstream financial services on and near reservations
- High rates of thin credit files and low credit scores
- Elevated financial insecurity: ~25% of Native households underbanked (vs. 10% White households)
- Persistent credit supply gap hampering economic development

# What Are Native CDFIs?

## Community-Led Financial Institutions

- Mission-driven organizations serving Native borrowers
- Provide credit AND capacity-building services
- Culturally aligned with communities served
- Fill gaps left by conventional lenders
- Evidence shows that Native CDFIs might be more effective than non-Native CDFIs in improving credit outcomes in Native communities

# Our Survey Approach

## Creating a Comprehensive Industry Picture

### Methodology:

- Multi-year participatory research approach
- 2021: Listening sessions with NCDFIs
- 2022: In-depth interviews with 46 NCDFI leaders
- 2023: Quantitative survey administered

### Sample:

- 49 NCDFIs (39 certified, 10 emerging)
- Represents 75% of certified NCDFI population
- One-hour survey covering operations, products, services, challenges

# Native CDFI Diversity: Geography & Structure

## A Varied Industry Landscape

### Geographic Distribution:

- Concentrated in Pacific and Mountain West regions
- 50% headquartered on reservations
- 33% in urban areas
- 63% operate in single state

### Organizational Structure:

- 94% nonprofit
- 74% independent (not tribally owned)
- Average age: 15.5 years (range: 1-71 years)

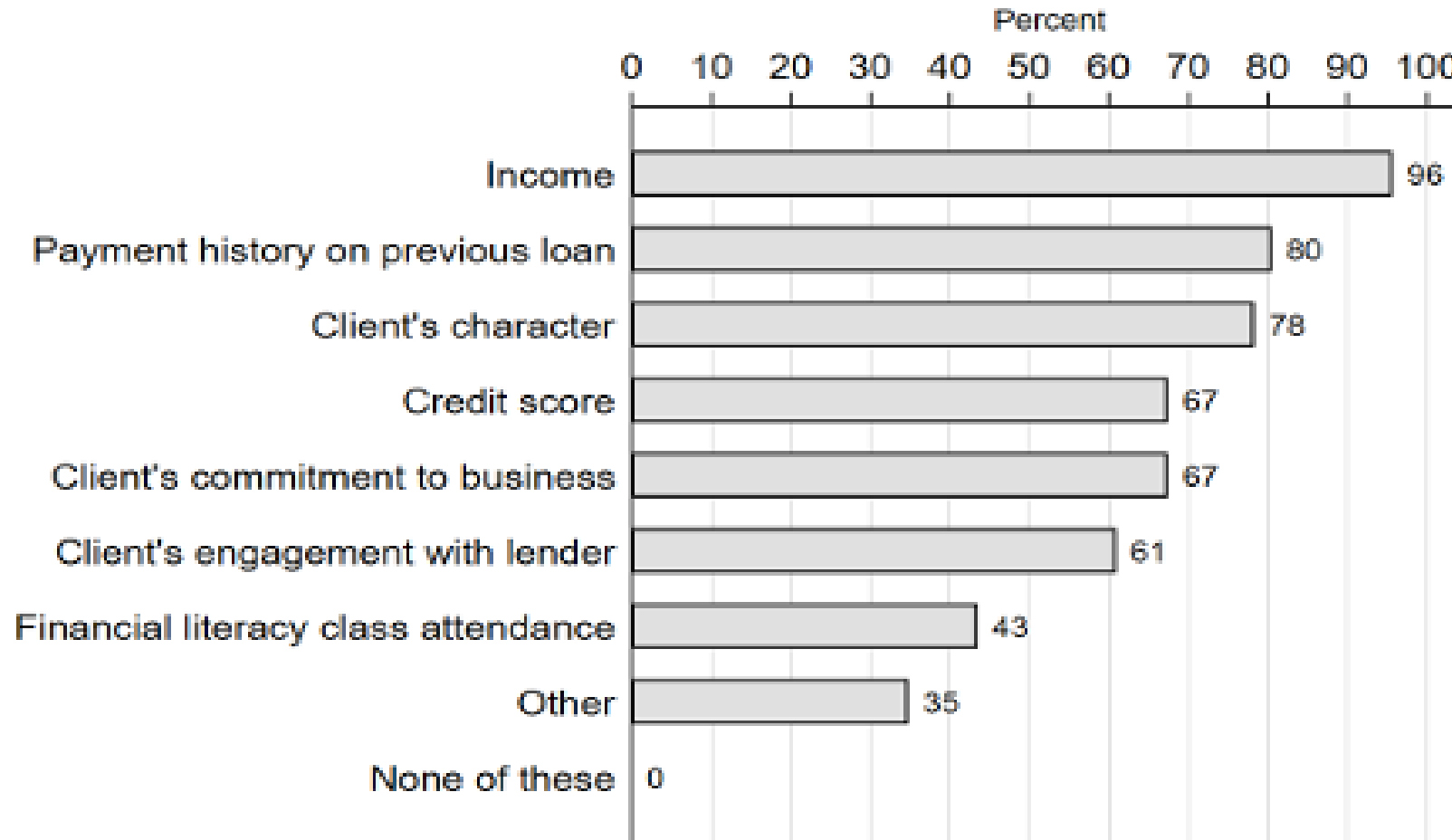
# Strategic Goals & Products

## Mission-Driven, Multi-Product Approach

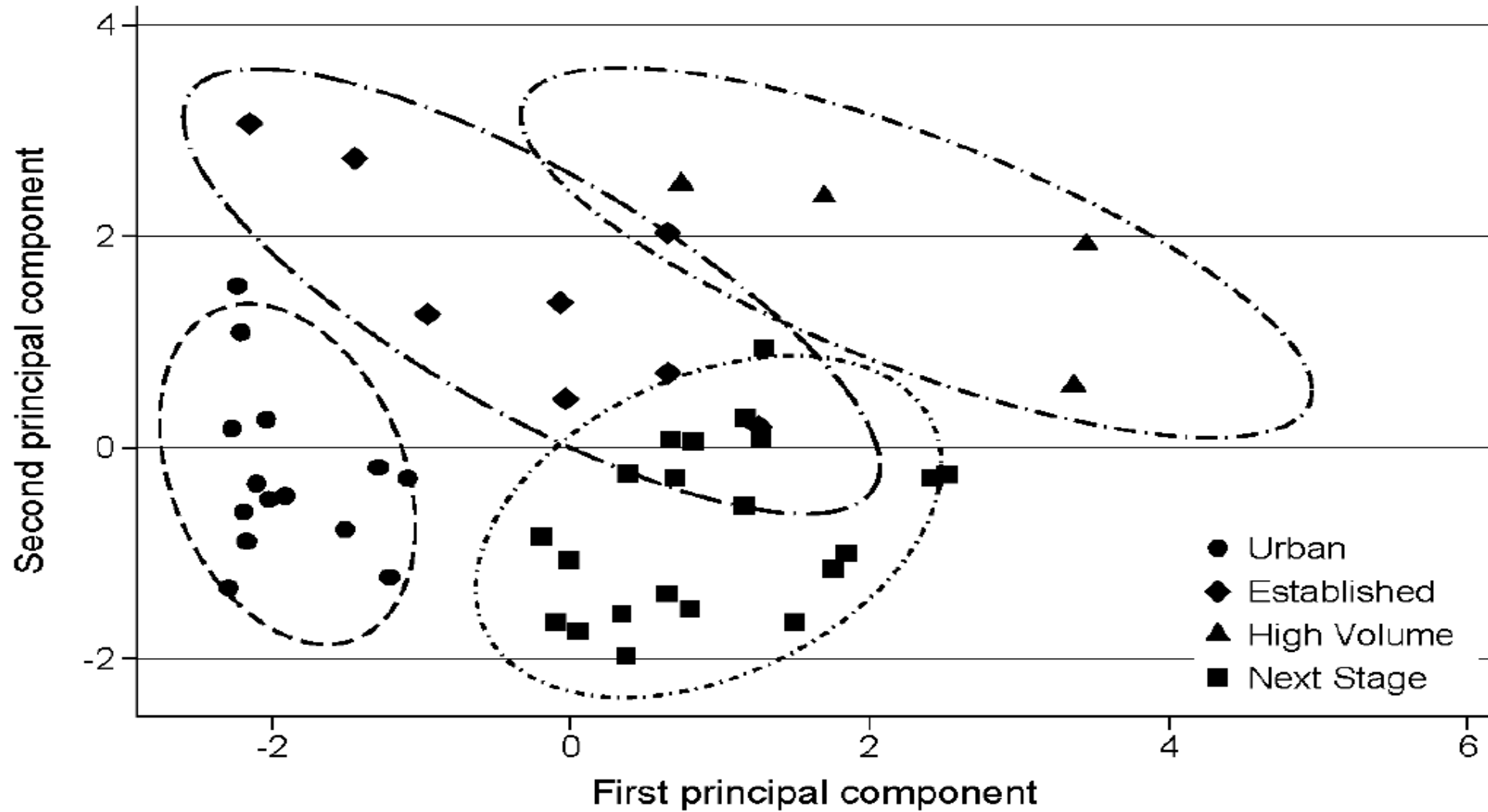
Top Strategic Goals	Loan Products (most offer 2-3 types)	Development Services
67% Encouraging Native entrepreneurship	73% Micro loans	84% Business technical assistance
51% Investing in Native communities	69% Consumer loans	82% Credit counseling/financial education
39% Fostering financial inclusion	65% Business loans	49% Homeownership counseling and training
	39% Home improvement loans	
	29% Mortgage/real estate loans	

# Innovative Risk Assessment

## Beyond Credit Scores: Holistic Underwriting

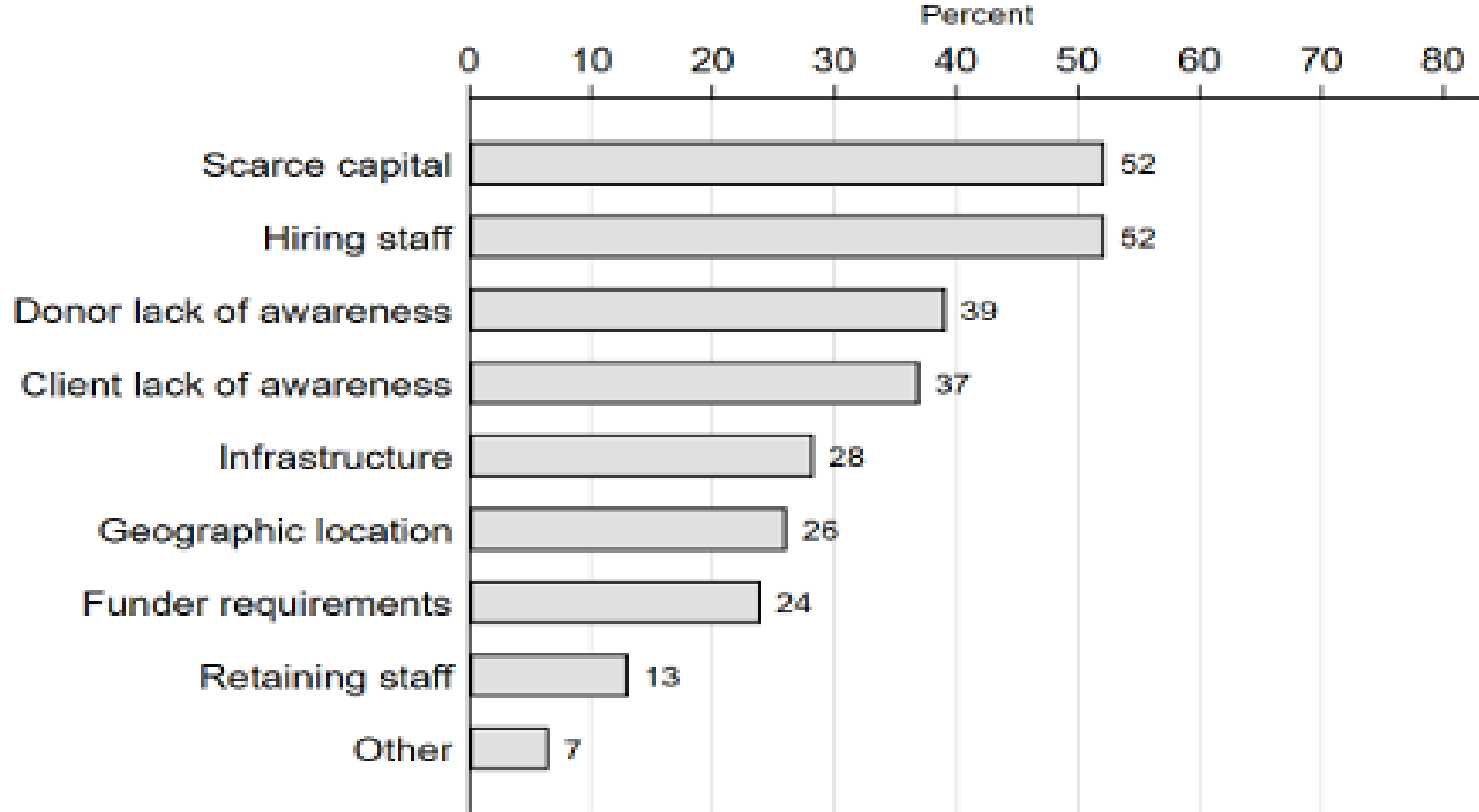


# 4 NCDFI Clusters



# Shared Challenges

## Barriers Constraining Native CDFI Impact



# What we learned

Commonalities	Diversity	Implications
<ul style="list-style-type: none"><li>• Non-punitive, trust-based approaches to lending</li><li>• Heavy investment in financial education &amp; counseling</li><li>• Relationship-based risk assessment</li></ul>	<ul style="list-style-type: none"><li>• No "one-size-fits-all" NCDFI model</li><li>• Organizations adapt to local context and community needs</li><li>• Different stages of development require different support</li></ul>	<ul style="list-style-type: none"><li>• Substantial <b>unmet demand</b> for NCDFI services</li><li>• Targeted <b>capitalization</b> could multiply impact</li><li>• Importance of <b>flexible regulatory approaches</b></li></ul>



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# Rural America's Philanthropic Sector:

## *Grantmaking and The Role of Philanthropy in Rural Communities*

Nicholas Chiumenti

Senior Economist, USDA Rural Development

In collaboration with Andrew Dumont, Lead Community Development Analyst, Board of Governors of the Federal Reserve

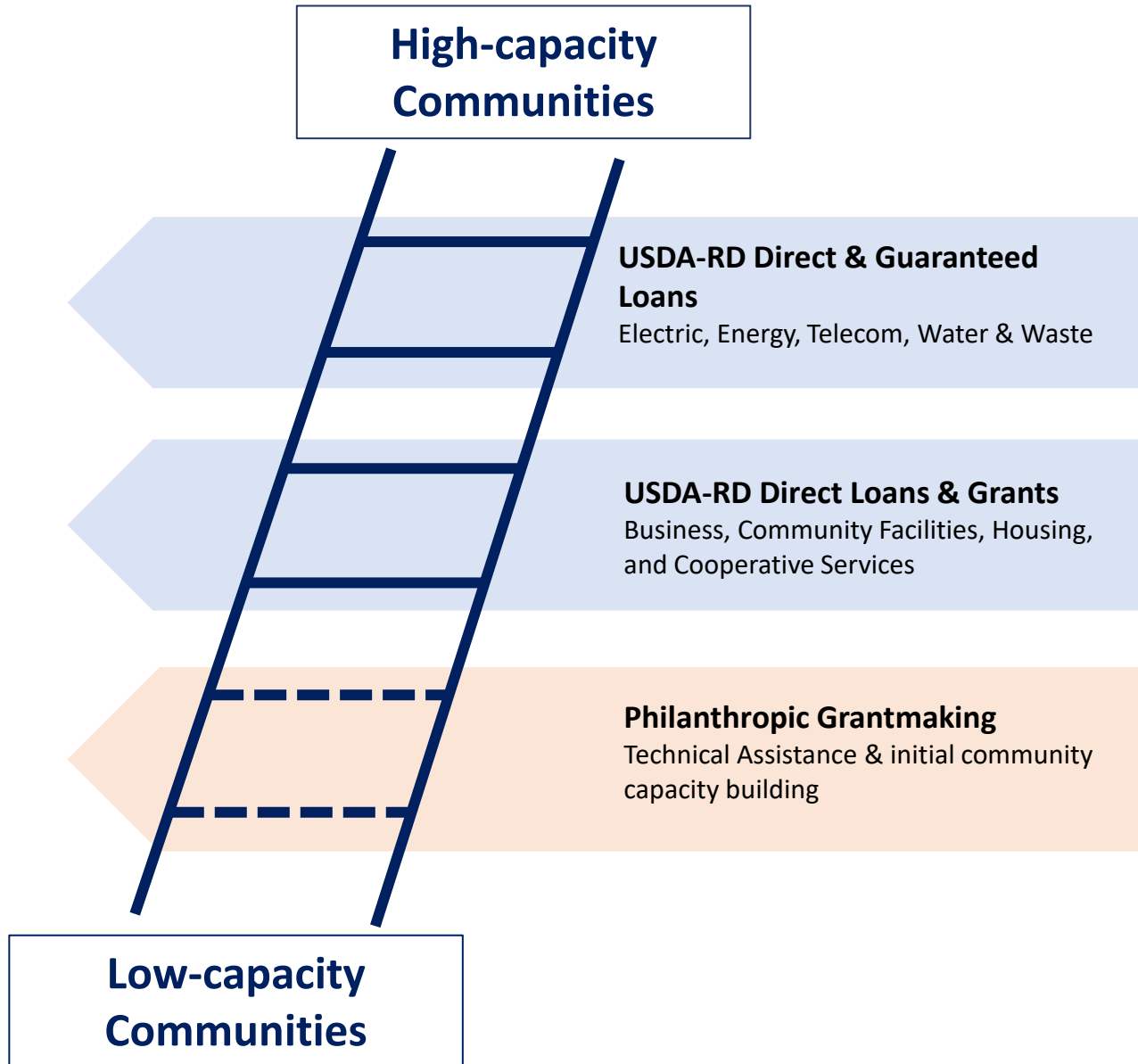
# Overview

- **Philanthropic grantmaking organizations** are an important source of capital and funding that is highly influenced by the needs of local communities.
  - Little work has been done defining the scope of the grantmaking sector, how it is distributed across the United States, and how well these resources reach rural communities.
- The goal of this work is threefold
  - **To define philanthropic grantmaking organizations** in a way that identifies those engaged in relevant grantmaking activities (economic development, community services, etc.).
  - **To understand how rural and urban communities differ** in their access to grantmaking resources.
  - **To analyze the flow of grants** to and from rural communities.
- A quick note about “rural”
  - Throughout – we use ‘rural’ to mean counties ***not in metropolitan statistical areas (MSA)***.
  - Likewise, “urban” areas are counties an MSA.

# Grants and Philanthropy as Part of the Capital Stack

- **Grantmaking organizations** are an important part of the rural capital stack, that is, the combination of financing and funding sources that can be used to promote economic development and prosperity.
  - This source of capital is **flexible** - it can fund activities that otherwise might be difficult to support such as pilot programs and feasibility studies.
  - This source of capital is **versatile** - It can help cover costs that might otherwise not be covered, such as technical assistance training, staffing, or administrative expenses.
  - This source of capital can help **mitigate risk** – It can act as loss absorbing capital, mitigating the risk associated with mission-oriented investment opportunities for other investors.

# Climbing the Capital Stack



## USDA Rural Development

<b>Business</b> 	<b>Community Facilities</b> 	<b>Cooperative Services</b> 
<b>Electric</b> 	<b>Energy</b> 	<b>Multi-Family Housing</b> 
<b>Single Family Housing</b> 	<b>Telecommunications</b> 	<b>Water and Waste</b> 

<https://www.rd.usda.gov/programs-services>

# Defining Grantmaking Organizations

*Of the 400,000 active non-profits in the U.S. from 2014 to 2021, we exclude 82% in total (89% of all public charities, and 62% of all private foundations).*

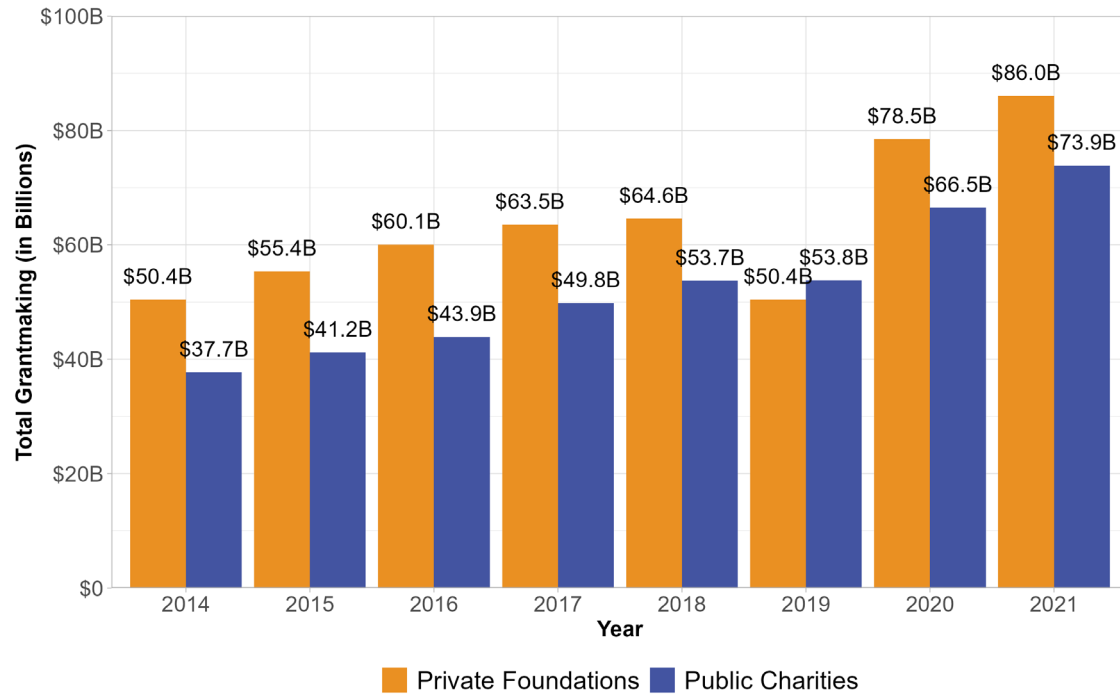
- **A 501(c)(3) or 501(c)(4) public charity, or private foundation, who engage in consistent and meaningful *domestic* grantmaking as part of their regular operation.**
- In practical terms this means we focus on organizations that...
  - Are U.S. (and Puerto Rico) based
  - Provided at least \$25,000 in grants annually, on average, from 2014 to 2021
  - Engaged in grantmaking for *at least* three of the eight years in our dataset
  - No single year of grantmaking accounts for more than 75% of total grantmaking from 2014 to 2021
- Data comes primarily from two sources
  - IRS Form-990 and -990pf filings for 2014 to 2021
  - Data from Candid on grant flows from U.S. based grant-makers to U.S. based grant-recipients from 2014 to 2018

# In any given year there are ~75,000 active U.S. grant makers

Total grantmaking was \$160 billion in 2021, and averaged \$116 billion per year, between 2014 and 2021.

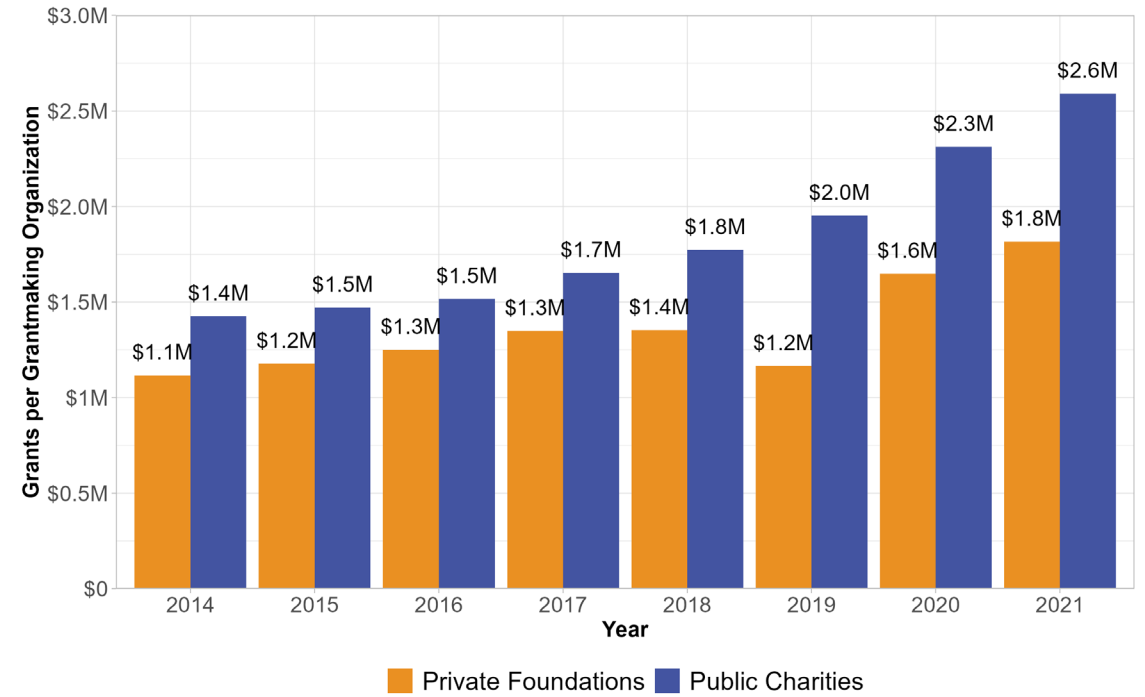
## Total Grantmaking by Org. Type

By tax filing year, 2014-2021



## Average Grantmaking per Organization, by Org. Type

By tax filing year, 2014-2021



# Most grantmaking organizations are based in urban areas.

*Just 8% of all grant makers are located in rural areas, accounting for just 3% of total grantmaking from 2014 to 2021.*

- 52% of rural counties have one or no grantmaking organizations based locally.
- 49% of urban counties have 5 or more grantmaking organizations based locally
- 11% of public charities are rural-based, compared to 7% of private foundations.

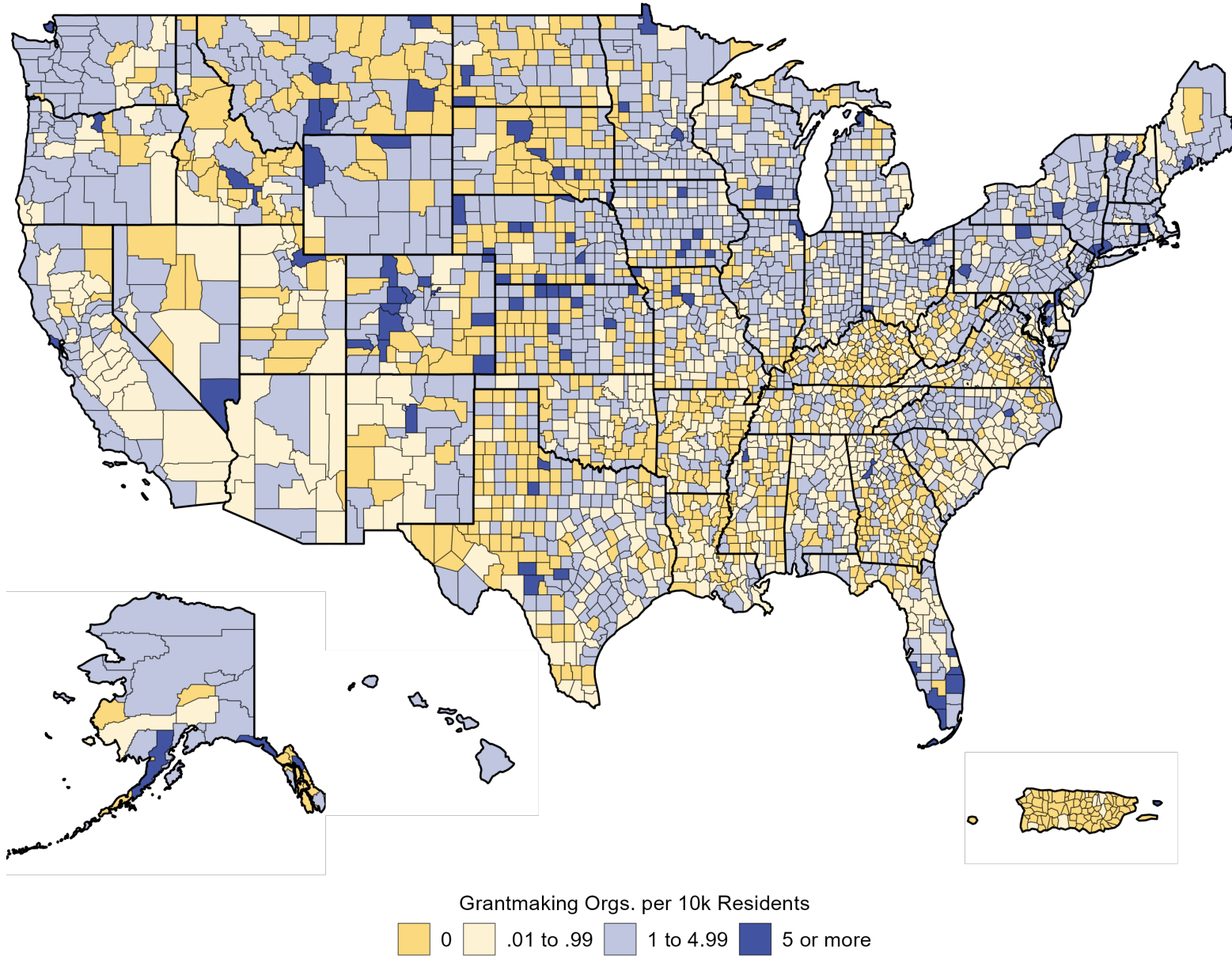
## Number of Grant Makers in U.S. Counties

By urban/rural status, 2021-2021

Number of Grant Makers	Urban		Rural		All U.S.	
	Number of Counties	Share	Number of Counties	Share	Number of Counties	Share
0	192	15%	644	33%	836	26%
1	101	8%	368	19%	469	15%
2 to 4	181	14%	486	25%	667	21%
5 to 9	155	12%	293	15%	448	14%
10 to 24	230	18%	153	8%	383	12%
25 to 49	141	11%	18	1%	159	5%
50 or more	251	20%	7	0%	258	8%
<b>Total</b>	<b>1,251</b>	<b>100%</b>	<b>1,969</b>	<b>100%</b>	<b>3,220</b>	<b>100%</b>

# Average Number of Grant Makers per 10,000 Residents

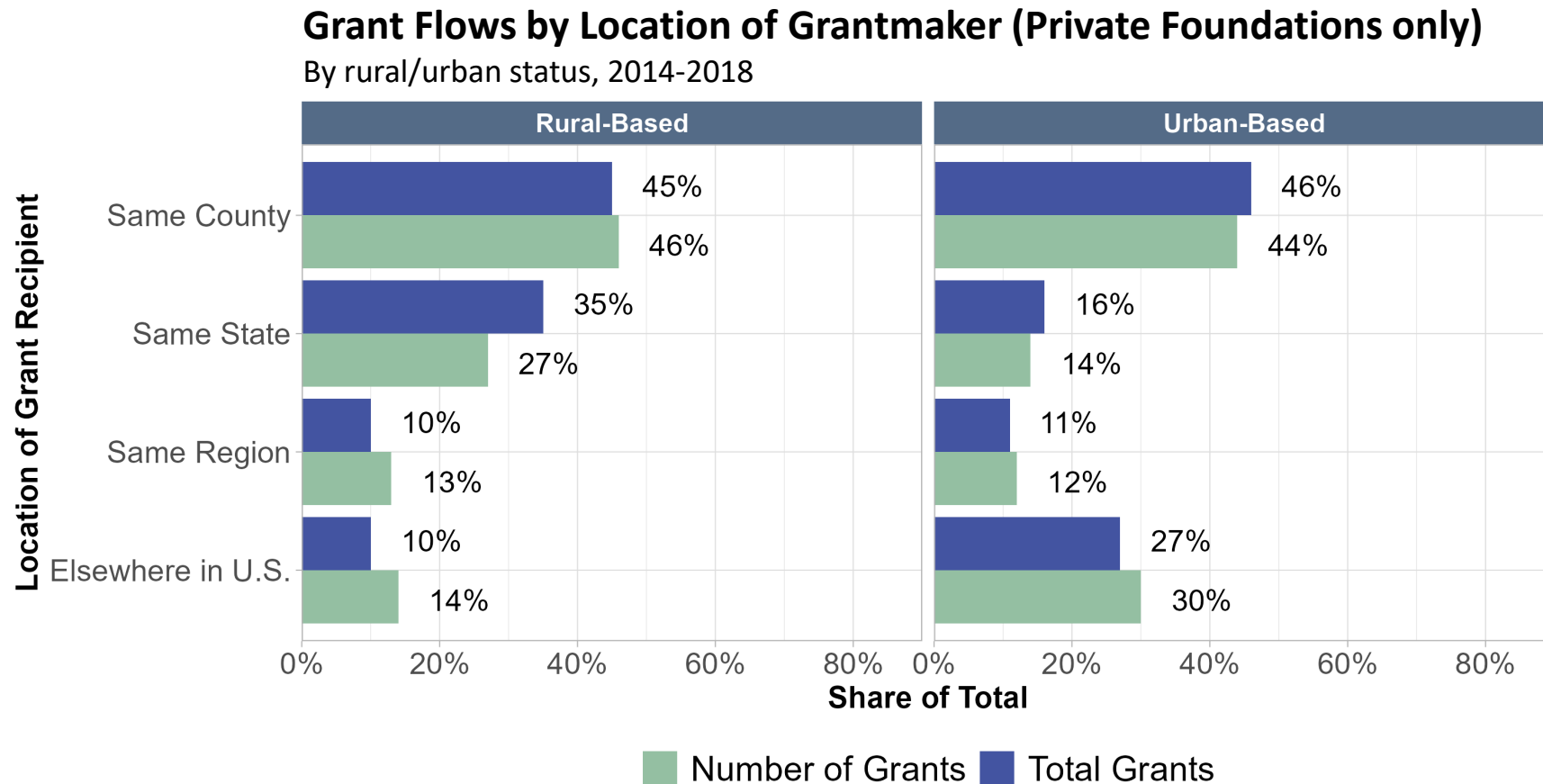
By county, 2012-2021



Source(s): Author's Calculations using IRS Form 990 and 990pf data for 2014 to 2021

# Most grant dollars are 'spent' locally.

*Almost 50% of grant dollars issued by rural and urban grant makers stay within the county where they are based, at least initially.*



# Grants largely come from, and are received by, urban-based orgs.

*94% of grants, from 2014 to 2018, came from an urban-based grant maker and were received by an urban-based grant recipient.*

## Grant Flows to/from Rural and Urban Communities (Private Foundations only)

2014-2018

Grant Flow	Number of Grants	Total Grants (\$ millions)	Mean Grant (\$)	Median Grant (\$)
Rural-to-rural	15,192	\$966	\$63,602	\$18,357
Rural-to-urban	13,273	\$1,276	\$96,108	\$20,000
Urban-to-rural	47,108	\$3,836	\$81,429	\$18,635
Urban-to-urban	801,813	\$131,379	\$163,852	\$25,000
<b>All U.S.</b>	<b>877,386</b>	<b>\$137,457</b>	<b>\$156,666</b>	<b>\$25,000</b>

# Conclusion

- The philanthropic grantmaking sector is urban centric.
  - This may be for a variety of reasons (access to labor, funders, etc.).
  - An organization's location does not solely dictate the geography they serve.
- Location does matter.
  - Based on grant-flows data, most grantmaking is made locally, especially for rural-based organizations.
  - Urban-based grant makers have more of a national reach.
- *Partnerships* between urban grant-makers and rural grant-recipients helps determine *access*.
  - There are many rural communities (non-metro counties) that received little or no grant dollars, according to our data, from 2014 to 2018.
  - Rural grant-recipients, whether they be organizations, individuals, or local governments, need the knowledge and skills to seek out and apply for grants. This may be a greater barrier to access than simple geographic access.

# Explore Our Report's Findings

Full report and webtool on **USDA-RD Rural Data Gateway**


<https://www.rd.usda.gov/rural-data-gateway>

- Download the report and data
- Review the methodology
- Investigate your own community

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The Geography of Rural America's Philanthropic Sector

USDA Rural Development, Innovation Center

[About This Page](#) [Overview](#) [Key Takeaways](#) [Investigate Your Community](#) [Methodology and Data](#)

## About This Page

Welcome to *The Geography of Rural America's Philanthropic Sector*. This tool is part of the report ***Rural America's Philanthropic Sector***, which explores the scope and depth of the philanthropic sector across rural communities in the United States.

With this tool, you can [learn about the reports findings](#), [investigate the philanthropic sector in your community](#), or download the data behind the report.



A horizontal bar composed of three colored segments: dark blue on the left, medium blue in the middle, and maroon on the right.

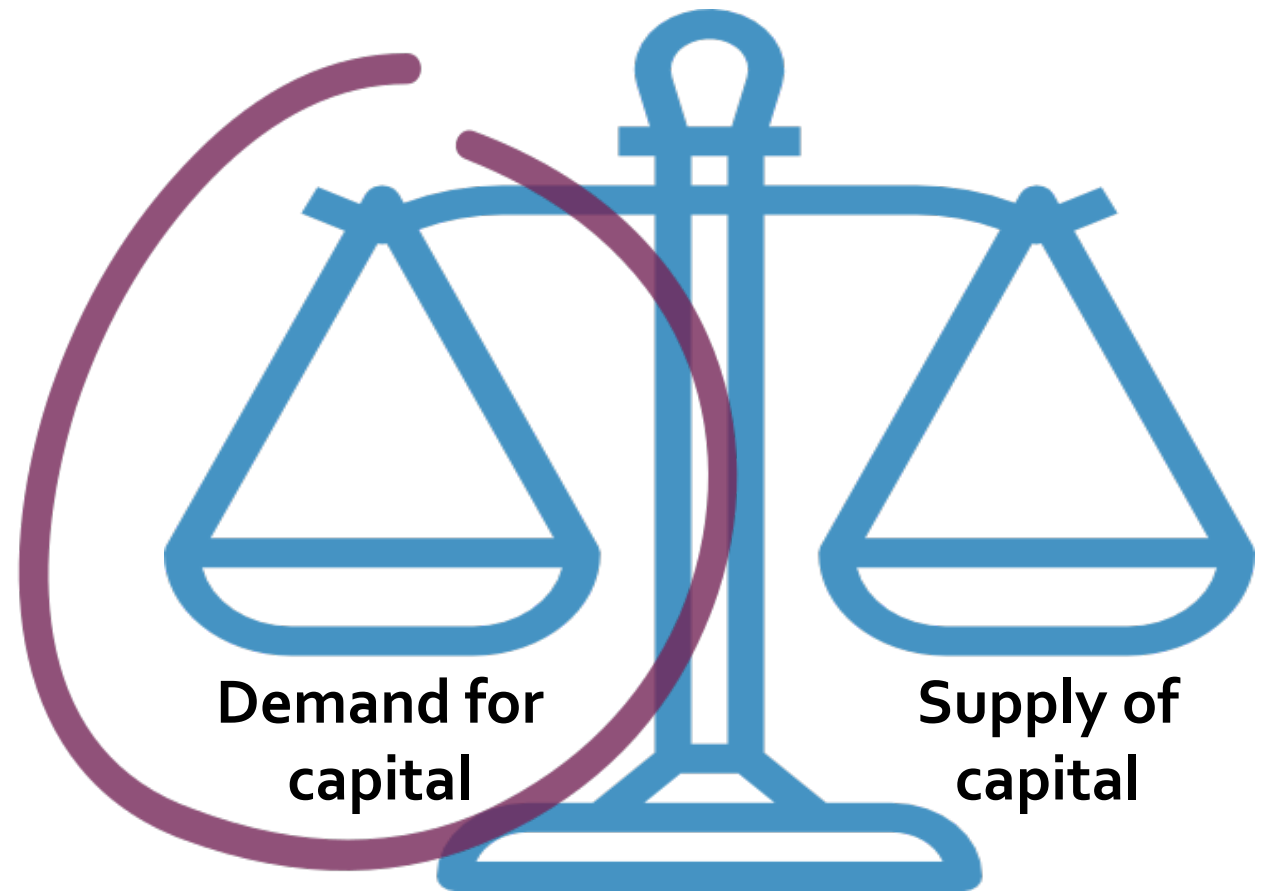
# Preparing Rural Economies for Investment:

Learning from the evaluation of the Rural Investment Collaborative and other community investment initiatives

Federal Reserve System's Community Development Research Seminar on  
Place-Based Strategies  
June 25, 2026

For investment to benefit rural communities, there must be **ready projects aligned with community needs and aspirations.**

This requires a focus on **organizing the demand** as well as increasing the supply of investment.



# Grounding framework

The Center for Community Investment developed the **capital absorption framework** to explain three functions that must align to organize the demand for capital and ensure investment can be deployed to support communities' vision.



# Learning drawn from multiple evaluations

Today's discussion will focus primarily on the Rural Investment Collaborative training



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community  
investment**



**MAIN STREET  
AMERICA™**

working   
communities  
challenge

# Overview of Community Investment Training program

Program has completed three cohorts and is recruiting for the 2027 cohort.

## LEADERSHIP COHORT

- 20-25 community and economic development leaders from MD, NC, SC, VA, and WV

## 16-WEEK CURRICULUM

- Supports development of a real estate community project, particularly sharpening a proposal for investment

## MINI-GRANT

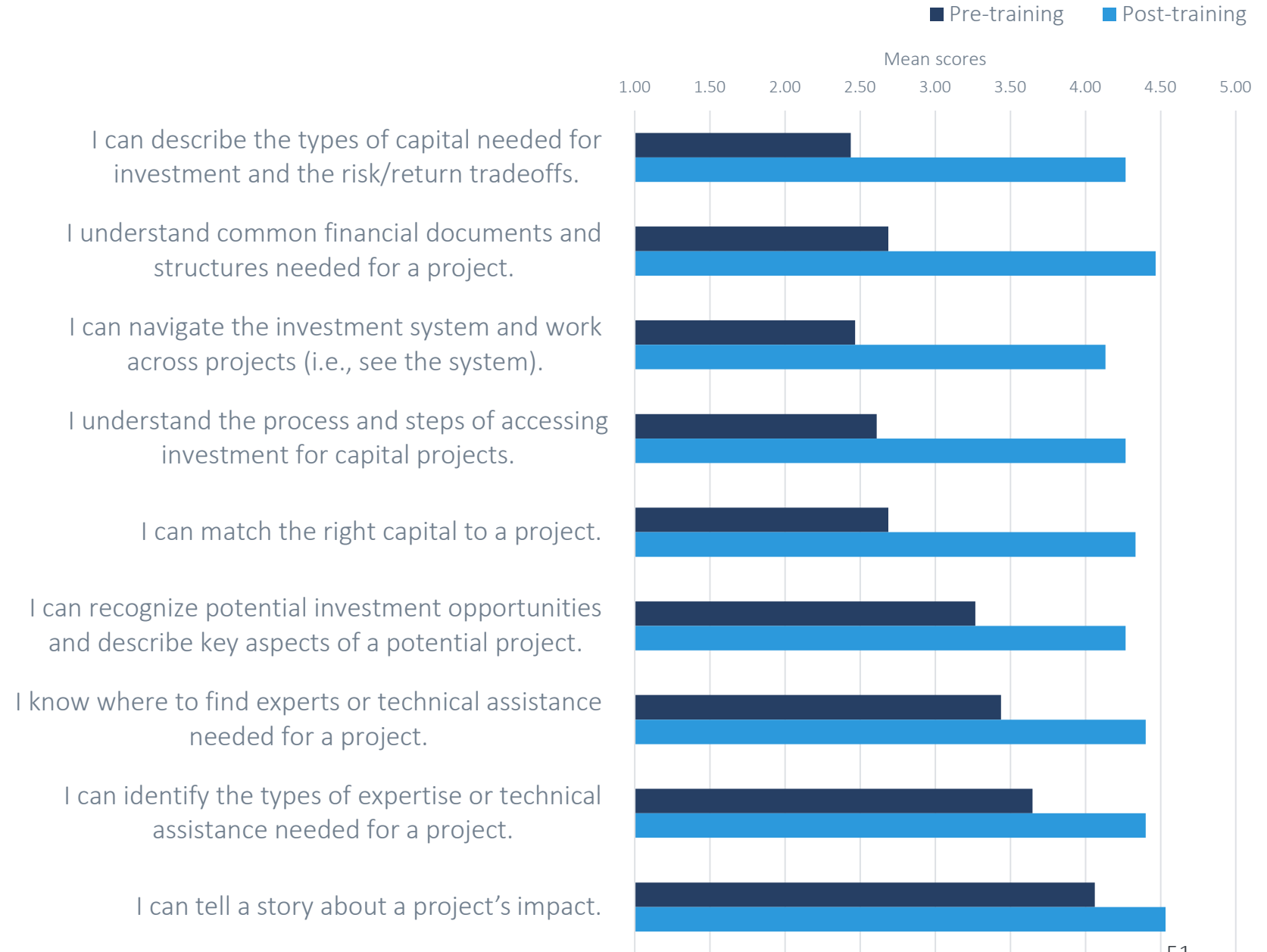
- \$2,000 to support community activation and proposal development

## ONGOING NETWORK

- Ongoing alumni connection
- Opportunities to apply or connect to future support and/or investment

The program strengthened participants' financial fluency and core investment skills, and increased confidence to help move projects forward.

## 2025 Cohort pre- and post-survey results



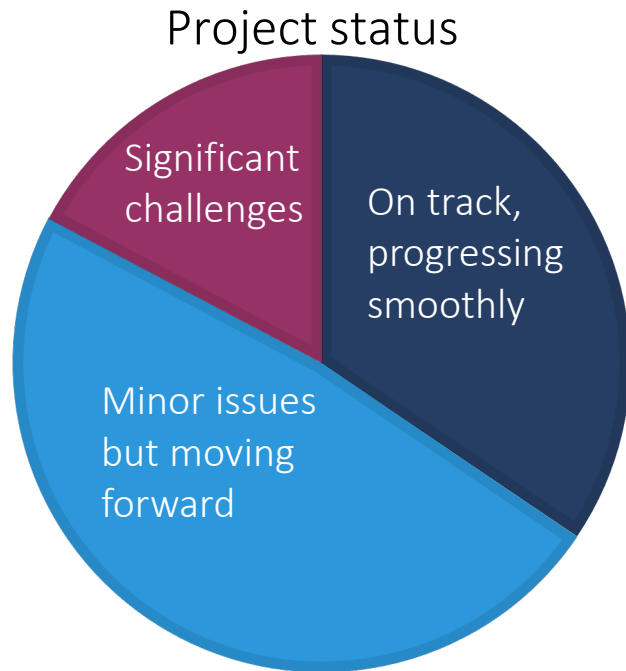
# Program learning contributing to project momentum

Participants shared how the program supported project progress...

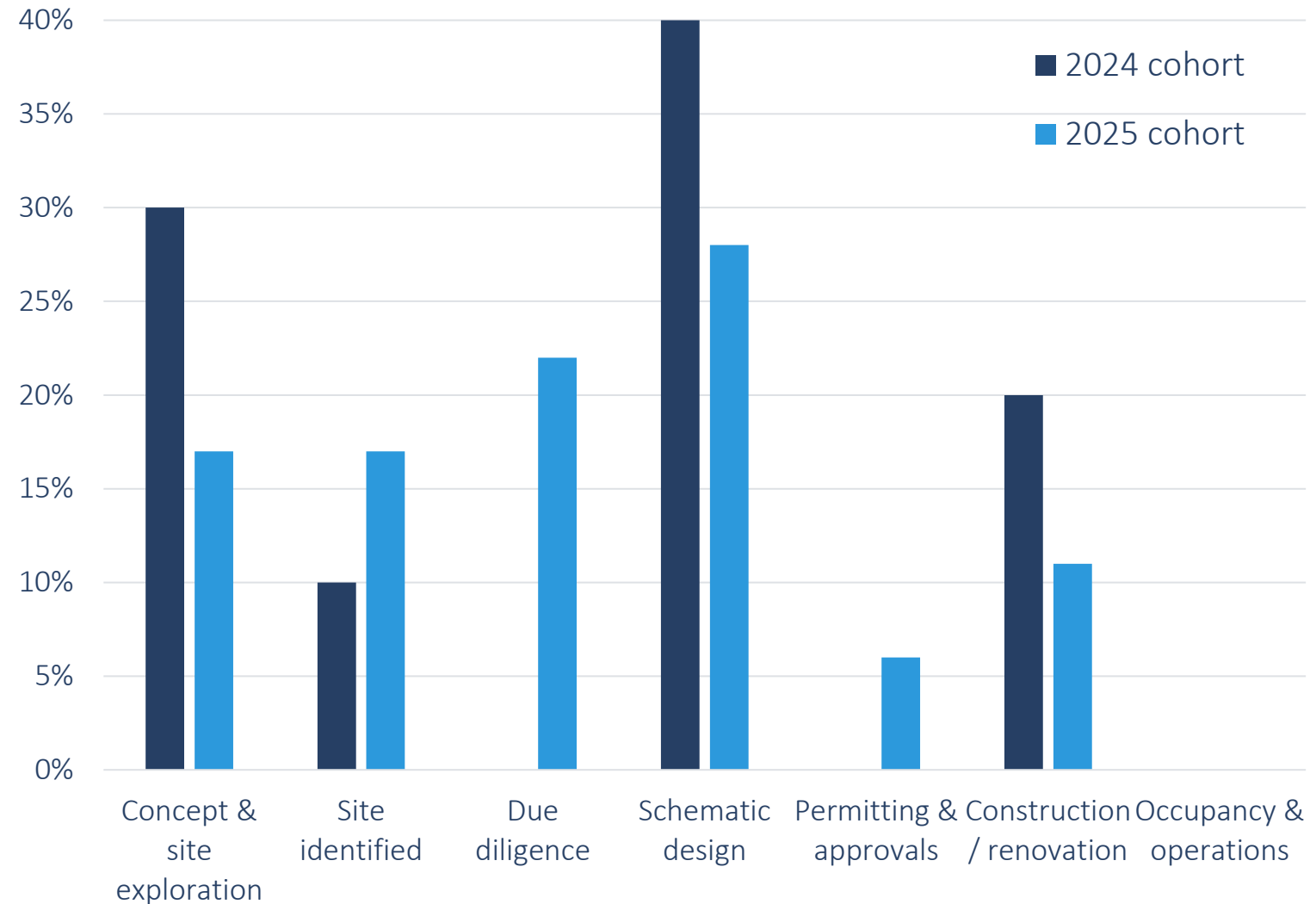
86% noted knowledge/technical expertise

66% highlighted stakeholder connections

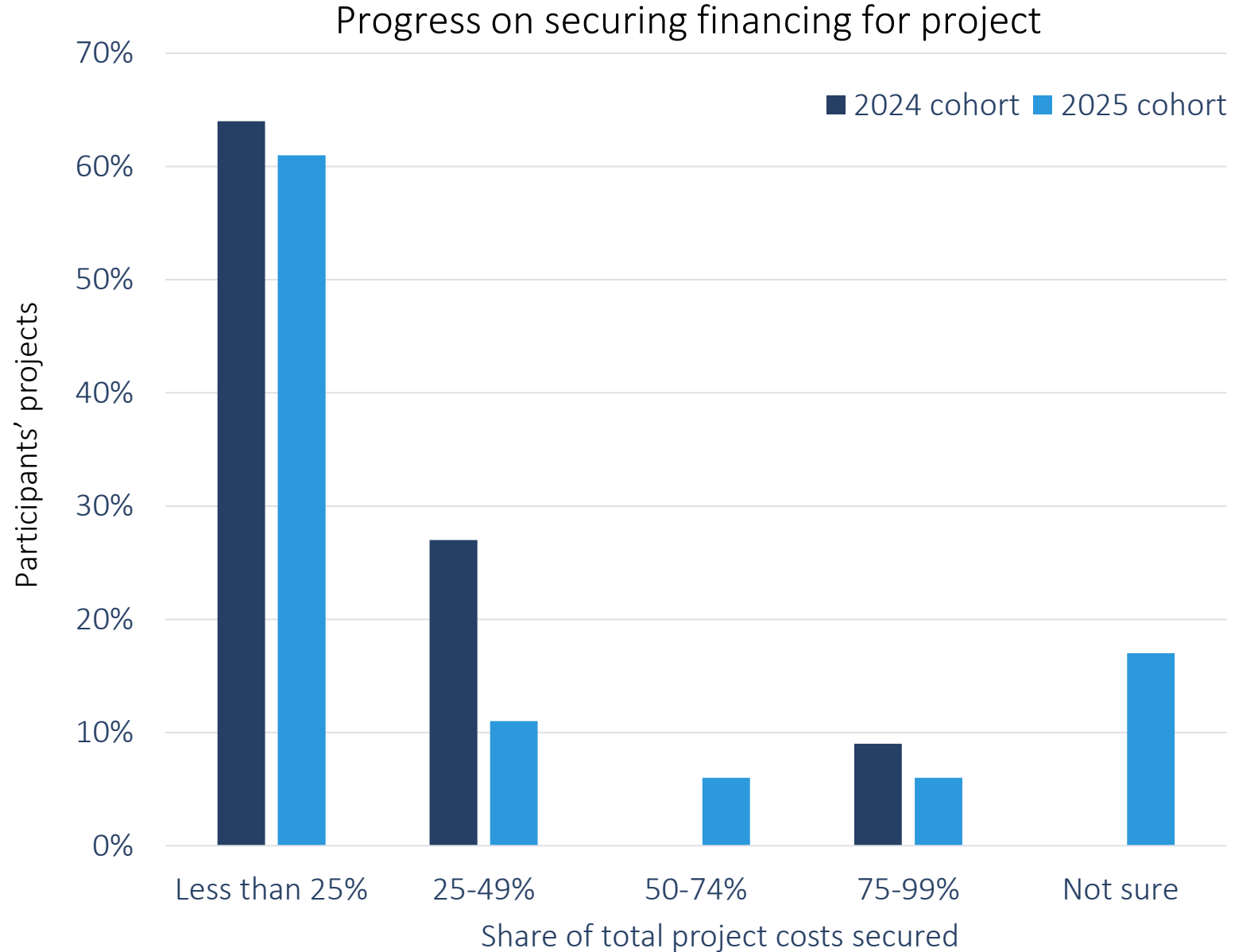
48% named access to financial resources



Project stages across cohorts



Navigating the investment ecosystem and accessing investors remain persistent system-level challenges.



# Summary of program evaluation to date

- 1 Program graduates left the program feeling meaningfully more capable.
- 2 Program graduates highly valued the training experience.
- 3 Learning is translating into action.
- 4 The biggest remaining barrier is ecosystem access and navigation.

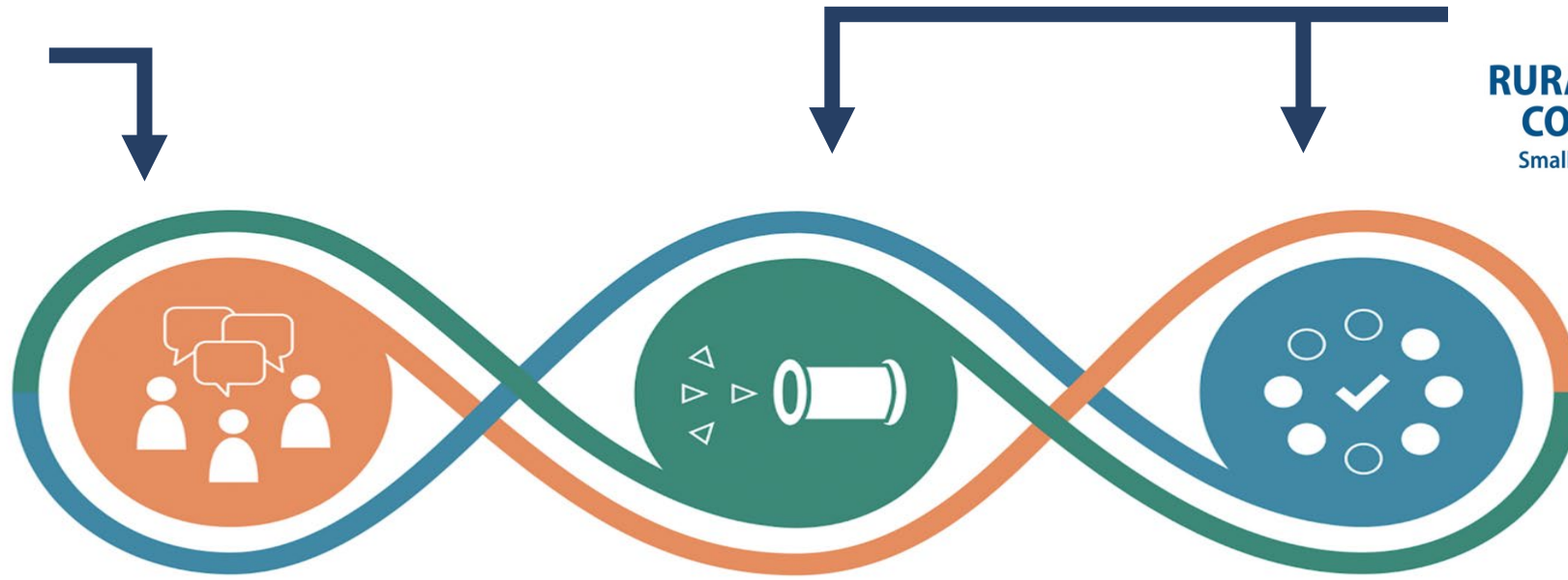
# Other ways to bolster demand for capital



*Primary focus on building cross-sector collaboration, community engagement, and systems change*



**RURAL INVESTMENT COLLABORATIVE™**  
Small towns, big opportunities.™



**Shared Priorities**

**Pipeline**

**Enabling Environment**



*Team approach to building an investable pipeline, but also testing whether existing community-level intermediaries (Main Street organizations) can play a stronger catalytic role in local investment ecosystems*

# What helps

- 1 Fiercely committed leaders who can **engage community** to establish a **shared vision**, collaborate with a **range of stakeholders** to build will and aggregate resources, and **learn from setbacks** to pivot and adapt.
- 2 Thinking **bigger** – more than one project, more than one community.
- 3 Peer learning and **support** to share ideas, connections, and inspiration.
- 4 **State-level intermediary** to connect local efforts to resources and partners.
- 5 **Systems orientation** that not only brings one project to fruition but also make future development better and easier.

# Place-Based Strategies: Strengthening Rural Economies through Investment

## Thank you for joining us!

For more information on place-based community development visit  
[fedcommunities.org](https://www.fedcommunities.org)