



## Community Reinvestment Fund

[crfusa.org](https://crfusa.org)

### ABOUT THIS PROJECT

The 2020 CARES Act established the Payment Protection Program (PPP), a loan guarantee program that offered federal assistance to businesses and nonprofits in response to the economic fallout of the COVID-19 pandemic. Its first round allocated \$350 billion in guarantee authority on a first-come-first-serve basis to qualifying entities. Small Business Authority lenders, including certain CDFIs, could issue PPP loans. PPP presented a significant opportunity for entities to secure emergency financing to keep their staffing and core operations intact for the short term. However, the program was not designed with the nonprofit sector in mind. Our investment in a mission-aligned CDFI provided cash earmarked for place-based nonprofit support, to help move those critical entities to the front of the line.




Detroiters attend the opening of an exhibit at the Detroit Artists Market in 2020. The DAM received support through the CFP to gain access to PPP funding.

### WHY WAS THIS NEEDED?

**Challenge:** The COVID-19 pandemic wrought economic hardship across sectors, and the nonprofit sector was no exception. For the first time, nonprofits were deemed eligible to participate in SBA programs, but without significant intervention, they found it challenging to gain access to this federal program because most traditional banks focused on existing for-profit clients and high-value prospects.

**Solution:** With an infusion of capital and a mandate to provide loans to nonprofits, Community Reinvestment Fund could quickly generate a pipeline of loans to critical human services, arts, youth-focused, legal aid and other agencies that were serving the Detroit community with essential services during the pandemic.

IMPACTED LOCATION	YEAR APPROVED	KRESGE PROGRAM	GRANT SUPPORT
 Detroit, Mich.	2020	Detroit	\$150,000
	TYPE OF TRANSACTION	AMOUNT OF INVESTMENT	TERM OF INVESTMENT
	PRI Loan	\$2 million	0% interest



The Charles H. Wright Museum of African American History received PPP loan support through the CRF initiative.

## ABOUT THE PARTNER

The Minnesota-based nonprofit Community Reinvestment Fund’s mission is to improve the lives of disadvantaged people and strengthen distressed communities through innovative finance. Since 1988, CRF has combined social investments, grants and federal tax credit programs to harness the power of the capital markets for the betterment of underserved communities, supporting the full ecosystem of businesses, entrepreneurship, housing, daycare, healthcare facilities and schools in low-income neighborhoods. CRF’s purpose is to create good jobs rooted in underserved communities and to foster an environment that supports job growth within those communities. Overall, CRF has provided more than \$1.5 billion in financing that has improved communities and changed lives.

## IMPACT MEASURE

\$6.8 million in PPP loans to 37 nonprofits

## KEY PARTNERS:

Apparatus Solutions (TA provider)

## Key Considerations



### Aaron Seybert

Managing Director  
Social Investment Practice

- » The Kresge loan backed the first round of PPP availability.
- » At that time, the estimate was that nonprofits would likely wait as many as 120 days or more for an application review, without an existing bank or credit union relationship.
- » The entire \$350 billion was estimated to be fully allocated within a month, pushing us to act quickly to structure and release this investment with expediency.
- » With PPP loans, rates were capped at 1% and the loan forgiven if employers maintained current staffing and payroll for eight weeks.
- » This investment was fully repaid ahead of schedule.



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