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BALTIMORE COMMUNITY LENDING FISCAL YEAR 2018

We ended our Fiscal Year 2018 on a high note. After several years of fiscal challenges we can announce that BCL ended the year with a profit. For the first time in recent history we made enough through our business activities to pay our expenses. We also have been and will continue to be busy fulfilling our MISSION TO SUPPORT THE REVITALIZATION AND STRENGTHENING OF BALTIMORE...
NEIGHBORHOODS THROUGH INNOVATIVE AND FLEXIBLE FINANCIAL ASSISTANCE.

We added another $12.5 million in approvals and closed $8.6 million in lending on top of last year's $6.5 in closed loans. More importantly, as we start this fiscal year we have $5.5 million in approved but not closed and another $9.3 million in loans in our pipeline. This points to our continued growth through doing our business. Thirty one borrowers either closed or are active in our pipeline in various levels working towards closing. To keep doing this business we have active requests to three of our local banks for $6 million in additional capital for real estate lending.

We are committed to our mission of supporting the Baltimore City Community with 60% of our loans going to companies owned by people of color, and 22% to not-for-profit organizations. This mirrors both the demographics of Baltimore City and the most underserved segments of the community.

At the end of the year we can state that our financing resulted 157 new affordable housing units in communities from Orangeville to Pigtown, Forty-five are under construction and not completed as of this Newsletter. Ninety-nine (99) construction jobs and another twenty-nine (29) non-construction jobs were supported by our activity.

Loans such as the one to Southwest Partnership Baltimore for the purchase of the Capital Theatre,

increases in lines of credit to Tadesse and Company after his success in EBDI, a revolving line of credit to help Luvon Dungee resume his work in lower Park Heights, and commitment of funds to Druid Heights CDC were but a sample of the commitments that we made.

We are proud of our involvement and support of Southwest Partnership/University of Maryland Housing Festival and support of both organizations for the University of Maryland Live Near Your Work increase to $1.5 million in closing cost assistance. During the year we supported 9 organizations for a total of $15,000 in sponsorships and participation in various events which were focused on overcoming the challenges faced by Baltimore City and
its residents, or were celebrating organizations which continue to "fight the good fight" to start closing the wealth gap which disproportionately effects people of color.

We created and launched a new small business loan program which is squarely focused on challenging and correcting the lack of access to capital for small business entrepreneurs in Baltimore City. When the reports constantly state that the average household of color in Baltimore had equity of $1,700 to $6,000, when the United States Small Business Agency states that Baltimore City is one of the two lowest participants in SBA lending in the country, when Associated Black Charities, the University of Baltimore BRNI, and Johns Hopkins 21 Century City studies has so clearly and strongly presented the fact that access to capital and opportunity is significantly denied the average resident of the City, we believed that we had to do what we could to begin to address those issues. With the help of the Calvert Foundation, OFN, grants from BB&T, Bank of America, and loans from the State of Maryland Neighborworks for a loan loss reserve which were matched with an allocation of BCL funds to strengthen that reserve, we have been able to secure $1 million in capital from PNC Bank and the Baltimore Community Foundation at a half of a million dollars each. We have requests in to another four local banks for $500,000 each. By this time next year we expect to double that initial $1 million in capital.

We are just weeks away from the inaugural year of the Baltimore African American Home Builders Cooperative. Sponsored and shepherded through their early development by Associated Black Charities, Andre Purnell, recently retired Major from the United States Army, has been hired as their Executive Director. His experience in the Army in logistics, and experience in the private sector in valuation of businesses will be a strong anchor in this effort. Danise Jones-Dorsey chairs the Board of directors, with Diane Bell McCoy, Wanda Best, Jules Howie, Lawrence Campbell, and Dr. Gary Rodwell completing the initial Board of Directors. This organization is committed to purchasing foreclosed properties in strong housing markets, rehabbing and then selling them and then bringing the equity back to the organization. Capitalism at its best. Controlled by Baltimore City community development corporations working in majority minority communities, the expectation is that this will provide the funds for training and mentoring these organizations to improve their capacity and skills to successfully develop housing in their communities and so as they grow they can then also access equity.

As they increase their intellectual bandwidth they will have the financial means to take a stronger and more deliberate role in building their neighborhoods without having to rely on City, State, Federal or Philanthropic funds for their survival and growth. BCL, acting as the lender for this new initiative, has raised $4 million in capital from Bank of America ($2 million), Wells Fargo ($1 million), and PNC ($1 million). We presently have a request to another local bank for the remaining $1 million.

As part of our support for BAAHBC, we had the opportunity to meet and discuss the challenges facing Baltimore’s neighborhoods with the Honorable Mel Watts, Director of the Federal Housing Finance Agency which
Governor Dr. Lael Brainerd oversees FNMA and FHLMC; and Federal Reserve of Richmond Governor Dr. Lael Brainerd. Dr. Brainerd listened to the leadership of BAAHBC in a session to have a greater understanding of issues facing our community. She finished the session saying that she appreciated the input from the community and announcing that the Federal Reserve will be working together with the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation to update the Community Reinvestment Act.

BCL Staff had over three hundred and fifty (350) meetings with prospective borrowers providing information on our programs and guiding them on how to access our capital and in some cases providing the reality that perhaps they needed to work on strengthening their knowledge, understanding of the community, or a development team before they should take on the risk of borrowing funds for development. We hope that our feedback and guidance was supportive and someday they will be back for financing. These activities translate to over thirty meetings a month. Some of these were multiple meetings to assist potential developers working to strengthen and sustain many neighborhoods throughout the City.

To help get cash for construction draws into the hands of our borrowers and contractors more quickly, we introduced - and now over 95% of all of our clients are using - electronic draw requests which decreased the time between request and the wiring of funds by an average of two days. We also added an electronic application on our website and slowly are seeing an increased use of this resource efficient portal.

By the fall, BCL will have a new website that will be more user friendly and easier to find supportive information about the organization, BCL activities, and other activities focused on the growth of Baltimore.

We continue to look at new ideas ranging from a group that has been meeting to create a land trust, another with the concept of using discarded shipping crates to produce stable housing for working homeless, an emerging developer working through the development process to rehab the Emerson Mansion, and a major developer building a fund to finance the build out of space that can be used by emerging light manufacturing entrepreneurs to produce more jobs. We expect that over the next several months we will be able to announce our support of some or all of these projects.

Your support, interest and help continue to challenge us at Baltimore Community Lending to identify flexible solutions and new products to serve the people of Baltimore.
Baltimore Business Lending (BBL) launched on March 28th. It was a "soft launch" to test the program and the software platform before starting a full-blown marketing campaign. That day and in the days since, BBL received several loan inquiries and referrals. Eight small businesses have completed applications for a total of $245,000. Six of the eight businesses are owned by African-Americans, and six are owned, at least in part, by women. These applications were a result of word-of-mouth only. To date, no marketing has been undertaken at all.

BBL expects an exciting influx of applications in response to its first large marketing effort, scheduled for September 13th. Join us for "Coffee with Capital," where entrepreneurs can learn about the BBL program providing new access to capital to start, grow and strengthen their small businesses - a half-day seminar held at the Shake & Bake Family Fun Center on Pennsylvania Avenue.

The event will feature BBL's originating lender and technical assistance provider partners and others, including area business associations, Main Streets, and the Baltimore City Chamber of Commerce. So save the date, and look out for more information about Coffee with Capital later this summer.

For the past three months of operations, BBL has worked to ensure that the small business loan program is effective and efficient in accomplishing its mission - to serve challenged Baltimore City communities by providing capital to emerging and growing small businesses that are otherwise creditworthy but lack the collateral or equity to qualify for traditional lending resources.

BBL continues to evaluate its processes, procedures and parameters. Lessons learned have resulted in some changes to the program, including revisions to the customer entry into the online system and a change in loan amounts to now offer small business loans from $10,000 to $50,000.
Technical assistance (TA) is still required in order to qualify for a BBL loan, and collaboration with new and varied TA Providers is underway. Today, a BBL applicant may obtain technical assistance from SBRC Baltimore, (contact James Peterson, 410-451-7160), while BBL applicants who are MICA students or alumni may obtain technical assistance from MICA’s MICApreneurship program, (contact Stephanie Chin, 410-225-4210). Loans will continue to be made through participating originating lenders, Maryland Capital Enterprises (MCE) at 410-546-1900, (ask for Nick Rudolph), and WACIF at 202-529-5505, (ask for Ian Lawrence). Over the next couple of months, BBL plans to hire its own loan originator/underwriter to make it even easier for budding and existing entrepreneurs to access the capital they need to get started and grow.

We have also received a commitment from Baltimore Community Foundation for another $500,000 in capital that they are lending to BBL to make loans within the program. This brings our total to date to $1 million in capital to serve the people of Baltimore City.

For more information about Baltimore Business Lending, its loan terms, procedures, collaborating partners, and program updates, check out the BBL website at BaltimoreBusinessLending.org.

Loan Approvals and Closings

In the last quarter we approved 5 loans for $2.7 million in new lending as well as another 6 existing clients for $1 million in refinances and extensions.

We are very pleased to have closed a Guidance Line of Credit (GLOC) for Community Solutions for various properties in Lower Park Heights. Luvon Dungee the owner of Community Solutions has extensive experience as a builder/contractor and developer in that area.

Tower Hill II was approved for a $1.56 million Commercial loan for a mixed use project in Mt. Vernon. That project also has a PACE loan and is probably one of the first of those energy efficiency loans in the City.

Schreiber Brothers were approved for a GLOC for $500,000 for scattered site acquisition and rehab of properties throughout the City. We also approved an acquisition loan for Rising Star for $500,000 in the McElderly Park area of East Baltimore. This is anticipated to be a mixed use property with both residential rental units and a medical day care facility for elderly.

We expect that once there are plans and specifications and preliminary approvals for the facility that we will be able to complete
the financing for this project which is immediately east of EBDI.

Finally, as part of the continued evolution of the Capital Theatre project in southwest Baltimore, the Social Investment Development (SID), a partnership among seven local business people and developers purchased 1518 LLC from Southwest Partnership Baltimore (SWP). SID is moving forward with their plans to redevelopment that property providing additional strength in the 1500 block of West Baltimore Street. SID also had worked as a guarantor for the loan for SWP. BCL kept it’s financing in place for that acquisition.

Baltimore Community Lending and the Community

Over the year, BCL was proud to support, and in some cases invest as a sponsor, at a number of community workshops and celebrations. We recognize that we have a responsibility as a part of the community to work to support the efforts of the many organizations striving to develop workforce housing, spur community revitalization, and fight for access to capital for underserved communities throughout the State. In just the last quarter, we continued that activity at a number of functions.

We were one of a number of proud sponsors supporting and attending the 50th year celebration of St. Ambrose Housing Aid Center. With over 300 units of rental housing for families with low income, a very successful and expanding Home Sharing program which has attracted national attention helping elderly age in place and supporting families with limited income, and the leader in housing counseling and foreclosure prevention, St. Ambrose has been in the forefront in protecting the rights of families with low to moderate income for their entire history and has been a strong leader of efforts to support families and individuals of color. Vinnie Qualye founded the organization in 1968 fighting redlining, block busting, and slum landlords. Vinnie’s vision, commitment, and dedication to justice continues to be an example of what is good and right. A Neighborworks USA member, St. Ambrose is now directed by Gerard Joab who has continued and strengthened the organization after succeeding the founder. Gerard is a member of the BCL Board.

We also participated by purchasing a table for both the Associated Black Charities Gala at Martin's West and the Maryland Washington Minority Contractors Annual Conference. In both cases our presence and participation helped to show our support for organizations that are making a difference in fighting for access to capital, opportunities for wealth building, successful achievement of goals, and recognition of what is working in the Baltimore Region. Wayne Fraser, a
past President of the Community Development Finance Corporation, the BCL predecessor, continues to direct and grow the MWMCA as a major promoter of organizations owned by people of color. Celebrating their 15 Annual Spring breakfast, MWMCA honored a number of people with awards focusing on personal, corporate and governmental efforts to promote advocacy for inclusion. One of the honorees was Paul Taylor, Director of the Mayor's Office of Minority and Women owned Business Development. Paul also serves on our Baltimore Business Lending Board.

Outgoing President of HAND, Ray Skinner welcomed over 1,000 participants to the 27th Annual HAND Meeting & Expo. Spotlighting an Exhibit from WE Entitled "Undesign The Redline", the day was spent with a series of thought provoking panels with the theme of "Deconstruct the Past/ Redesign Our Future. As a speaker on one of the panels titled "The impact of redlining on Communities and People: Related Causes, Consequences and equitable strategies", Monica Mitchell Vice-President of Community Development Government and Community Relations at Wells Fargo (and a BCL Board member) explained the work that Wells is doing to serve underserved communities throughout the country. Ernst Valery, who is an active developer in Baltimore, was a panelist on another presentation "How did we get here? Causes and Consequences of Redlining" and talked about focusing on a meritocracy. A number of awards were presented including one to Michael Bodaken, former President of the National Housing Trust one of the largest developer of affordable housing in the country. We also had the opportunity to again witness the Cardinal Sheehan Choir and their rendition of “Rise-Up”

As a lead sponsor for the Lambda Alpha International National Conference, BCL was proud not only to participate with this organization of developers and land use planners but also to be able to have professionals from out of the Baltimore area come to Baltimore and witness both the best and the most challenging of what is happening in Baltimore
City. Ernst Valery welcomed the participants on Thursday April 26 as did BCL Board member Chris Rockey and past President and CEO of BCL Ruth Louie.

Panels included presentations from Ed Beatty of Beatty Development who talked about Harbor East and its positive affect on Baltimore City’s overall economy, Bill Cole Executive Director of Baltimore Development Corporation spotlighting the tens of millions of dollars of development shepharded by BDC going on throughout the City; historian Dave Shulman outlined the history of Baltimore City from several farms along the Jones Falls, to today's metropolis; Seema Iyer provided a statistical presentation on the financial and housing challenges faced by many of our neighborhoods today due to disinvestment; and Diane Bell McKoy focused on the people of color throughout the City challenged by being concentrated in low paying jobs while disproportionately affected by lack of opportunity for promotion and opportunity for growth. In addition to these thought provoking presentations, there were guided tours of neighborhoods including Central Baltimore/Station North, Penn/North, EBDI, Southwest and others. The conference ended with a private meeting with Janet Marie Smith celebrated architect whose design and vision at Oriole Park at Camden Yard revolutionized stadium construction throughout the country.

Bill Ariano and Bonnie Crockett attended a three day conference in Detroit entitled "Moving Main Street Forward" at the end of April sponsored by the Association for Enterprise Opportunity (AEO). This organization works nationally to support small business development by people of color. We were pleased by the interest from a number of people and organizations also in attendance when we explained the creation of the Baltimore Business lending organization and our work with LendingFront. We are a member of AEO and we will have more information in the coming months of how we will be working with AEO to access national capital products for small business lending in Baltimore City.

On May 15 Mayor Pugh was joined by Secretary of Maryland Housing Kenneth Holt, Baltimore City Comptroller Pratt, City Council President Jack Young and others to celebrate the groundbreaking for Baker’s View II. BCL is the construction lender for the Druid City.
Groundbreaking at Baker's View II

Heights CDC Baker's View II housing development. Anthony Pressley, Executive Director of Druid Heights welcomed the participants and was regaled by Councilman Leon Pinkett with one of Mr. Pressley's published poems congratulating him for his vision and dedication to the community. Johndre Jenkins is the Development Director for Druid Heights CDC. Bakers View II will ultimately be another 21 new construction homes in the Pennsylvania/ North Avenue area.

On June 21, BCL sponsored an event jointly organized by BDC and Anne Arundel Economic Development to tour the area now being called Baybrook. Located on the Baltimore City Anne Arundel geographic boundaries this area, which includes Brooklyn, is a challenging community which, because of its location, had not been afforded a lot of attention in the efforts to move Baltimore forward.

It is rich in potential business and economic development opportunities, yet challenged by abandoned properties and housing with deferred maintenance and a struggling commercial area. The tour worked to spotlight the creation of a new Community Development Corporation named Baybrook. It is located just south of the MedStar Harbor Hospital and is within walking distance to the Patapsco River and across from the anticipated development of Port Covington. We hope the organization gains the strength to be an advocate for the reinvestment in this area.

AERIS

AERIS is a national organization that analyzes and rates Community Development Finance Institutions. We recently completed our annual AERIS review and rating and after a five month review. AERIS for the second year provided Baltimore Community Lending with the result that, "The loan Fund has satisfactory financial strength, performance and risk management practices relative to its size and complexity and risk profile. It is stable but sensitive to fluctuations in its operating environment." The report is now posted online.
https://facebook.com/baltimorecommunitylending

ABOUT BCL

Baltimore Community Lending is a US Treasury certified nonprofit community development financial institution that supports the revitalization and strengthening of underserved Baltimore neighborhoods through innovative and flexible financial assistance designed to promote community development. We achieve this mission primarily through lending, an activity that has leveraged $180 million to produce 4,025 affordable homes and 450,000 square feet of commercial and community facility space over BCL's 28 year history. To learn more about BCL, visit www.bclending.org.

ABOUT BBL

Baltimore Business Lending, LLC, a wholly owned subsidiary of Baltimore Community Lending, Inc., is a new small business lending program designed to provide capital to emerging and growing small businesses that are creditworthy, but lack the equity or collateral necessary to qualify for traditional lending resources. www.baltimorebusinesslending.org

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