The Reinvestment Fund (TRF) is a national innovator in capitalizing distressed communities and stimulating economic growth for low- and moderate-income families. TRF takes a comprehensive approach to community development, focusing always on both financial and social outcomes. TRF is committed to making an impact through its loans and investments, and sees the two as inextricably linked. Affordable residential units create family equity; commercial real estate leads to jobs and quality goods and services; community facility loans to charter schools and child care centers connect families to stable institutions and labor market opportunities; equity investments in businesses maximize high quality employment in firms with a domestic future; and sustainable energy investments create “green” solutions for the physical plants of older towns and cities.

TRF takes a market-oriented approach to community investment. While this means different things in distinct contexts, there are six consistent themes to our work: 1) the use of market data; 2) a pragmatic orientation regarding customers; 3) a regional perspective on markets and opportunity; 4) a cautious approach to subsidy; 5) the maintenance of an investment oriented culture, and 6) the ability and willingness to innovate.

Market Data: TRF is an information intermediary as well as a financial intermediary. We use data to understand the demand for and impact of everything we finance, from supermarkets to charter schools. For distressed residential real estate markets we have developed a customized market value analysis (MVA) which provides us with a window into such complex markets. Using geographically-specific indicators of an area’s population and housing, we uncover the market trends that impact the households we target. We then use that information to create statistical frameworks that facilitate market entry by private and public investors. Several municipalities—Philadelphia, Baltimore, and Camden—have used the customized MVA for large scale public investment and planning initiatives. The data-driven analysis of market opportunities pushes us to think beyond the “status quo” and carefully consider how the projects we finance will offer opportunities for investment and wealth building. We also work to capture outcomes on a database that has an interactive geographical information component. In-depth studies are conducted on different parts of our portfolio each year as a way of helping us with ongoing asset allocation and planning decisions.

Customers: TRF has an entrepreneurial orientation toward customers and projects. We pursue many paths in search of impact and productivity, such as financing nonprofit developers and nonprofit service providers, for-profit developers, conventional entrepreneurs, large institutions such as hospitals and colleges, and quasi-public development entities. This has led to new partnerships and new innovations in serving low-income communities. In 2004, for example, TRF, in collaboration with the State of Pennsylvania and...
other partners, launched the Pennsylvania Fresh Food Financing Initiative, which funds supermarkets in underserved urban and rural areas across Pennsylvania.

**Regional Perspective:** While we focus a great deal of activity on low-income places within central cities, we have always approached our work through a regional lens as this relates to three kinds of markets: business location, residential real estate, and labor. People sell their labor into a regional market, and places compete for investment and residents within a regional framework. Moreover, regions compete nationally and internationally for investment and talent. TRF data analyses and investments have been used to support a variety of regional efforts including opening up suburban real estate opportunities for low-income families and supporting policies to use transportation and workforce dollars to better link the supply and demand for labor throughout the regional marketplace.

**Smart Subsidy:** Community investment projects and development corporations are driven by philanthropic and public subsidy. The TRF strategy is to limit the amount of subsidy required for project financing operations and identify the best uses for smart subsidy—subsidy that has a market building impact and does not constrain competitiveness and efficiency. Our ideas about smart subsidy involve targeting funds for specific uses that cannot be addressed through the market; using a developmental framework for measuring the reduction of subsidy needs over time, and asserting a willingness to give up the use of subsidy when it is clear that it supports inefficiency rather than catalyzes change.

**Investment Oriented Culture:** We think of ourselves as niche investors that use specialized market data. We are accountable to investors, although we are not owned by investors. We represent a public interest and can therefore be profitable without being profit-maximizing. Still, it is the investor orientation in our culture that forces us to be disciplined and systematic about mission and sustainability. Just as important, it is this investment orientation that allows us to fulfill our financial intermediation role and identify new ways to bridge capital sources and markets. For example, TRF has successfully created a dedicated fund for charter school financing that uses a U.S. Department of Education grant as the first loss reserve to leverage additional capital from several regional and national banks.

**Willingness to Innovate:** TRF has an innovation culture around how we approach markets, organize business processes, develop products, and use information. Innovation comes from a willingness to reflect on practice and listen to old and new customers. We learn from frequent mistakes, allocate internal subsidy for new efforts, work with philanthropic partners on promising new strategies, and never are satisfied with the status quo of our organization or our field. The innovation orientation has to be balanced against the need to manage ongoing, profitable production and an attention to those few things that we do best. But the life energy of the organization is a willingness to try new things and take thoughtful risks.

The success of The Reinvestment Fund in achieving its social and financial mission shows how a data-driven and strategic approach to financing community development can lead to neighborhood revitalization. We believe that this is a time for breakthrough change in the community development field, one that will represent the best of American culture; entrepreneurial in approach, civic in its intent, and open to ongoing transformation.

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**Interested in learning more about The Reinvestment Fund’s Market Value Analysis?**

Join us for the 2006 National Community Reinvestment Conference: Winning Strategies for Community Development, where Sean Closkey and Ira Goldstein of The Reinvestment Fund will lead a workshop on how to target community development projects and investments more effectively through the use of data and neighborhood market analysis.

Visit [www.frbsf.org/community](http://www.frbsf.org/community) to access the conference brochure and to register online. Please note that the deadline for registration is March 3rd, and the deadline for group rate hotel reservations is February 15th.