



AFE: New Jersey

Community Capital

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Introduction and Professional Setting

- Received internship through Wachovia/ DCA Housing Scholars Program
- Interned at New Jersey Community Capital (NJCC), a certified CDFI
- Core Purpose NJCC: “New Jersey Community Capital provides an array of community economic development investment options to socially-conscious investors interested in receiving a financial and a social rate of return. New Jersey Community Capital utilizes its expertise to redeploy these investments to organizations and communities that have compelling needs but may have inadequate access to capital. “
- Has approximately \$62 million capital under management



Goals and Methods

- Learn about how a CDFI functions and deploys capital
- Primarily worked on 3 projects:
 1. A market study
 2. Charter school database and research
 3. A series of Technical Assistance Briefs for funders, borrowers, etc.



Projects: Charter Schools

- NJCC received an \$8.15 million dollar grant from the DOE on my 2nd day
- Updated charter school database
- Learned about the quality of the 55 charter schools in NJ
- Research included making a presentation to the staff on my findings concerning charter schools



Projects: Technical Assistance (TA) Briefs

- Series on how small business owners gain access to capital
 - Difficulties gaining access to capital
 - The needs of small business owners
 - Specifically highlighted SBICs and CDVC funds



Paper Goals and Methods

- Explain the market study process and why market studies are utilized
- Explain why a market study was necessary for NJCC
- Discuss the market study findings, including NJCC's loan portfolio, competition, and the demand for its products
- Future steps resulting from the market study



Paper Goals and Methods

- Looked at NJCC's loan portfolio – sectors and industries in which it was investing and types of loans
- Researched other organizations, including CDFIs, SBICs, SSBICs, and CDVC funds, which were offering similar products as NJCC/ UV
- Presentation to the Board and the staff on findings



Findings

- Market studies are important to clarify goals, the target market, and the product being offered
- Significant findings about loan portfolio included:
 - A third of loans are written for less than one year
 - Loan sizes are becoming increasingly larger
 - Investing in *many* industries
 - Some funds have a significant amount of remaining capital
- Significant findings on competition included:
 - 12 CDFIs in NJ, but many are more geographically based and much smaller
 - 14 SBICs (2 SSBICs) in NJ, most making large equity and near equity investments
 - Many CDVC funds have target areas that include NJ



Limitations

CDFI Limitations:

- Increasing capital
- Rising interest rates

Paper Limitations:

- Portfolio data was only a “snapshot” of data (used March 31, 2006 data)
- Lacked a significant number of qualitative interviews



Skills and Experiences Gained

- Able to develop professional skills
- Strengthened both qualitative and quantitative research skills
- Experience in giving presentations
- Learned more about the field of community development and CDFIs



Lessons and Future Plans

- Lessons:
 1. Be flexible
 2. Take initiative
 3. Ask questions
- Internship reinforced desire to enter the field of community development and gave me practical experience and exposure to the field and community development financing