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# Growing Black-owned businesses: Urban League seeks status as community development lender

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## See Correction/Clarification at end of article

The Columbus Urban League is hoping to bolster Black-owned Central Ohio businesses by helping expand access to financing that could help them grow.

Urban League CEO Stephanie Hightower said the organization is in the initial planning stages of becoming a federally recognized Community Development Financial Institution that would focus on helping Black-owned businesses.

“We strongly believe that’s what needs to happen if our community wants to begin to set a national trend or best practices in order to help Black businesses grow in this community,” Hightower said. “That’s what our goal is long-term.”

CDFIs are “specialized organizations that provide financial services in low-income communities and to people who lack access to financing,” according to the [U.S. Treasury’s CDFI Fund](#).

Ohio has 27 of these federally designated lenders, which can be regulated institutions like banks or credit unions, or simply exist as loan or venture capital funds.



The Columbus Urban League is hoping to become a community development financial institution.

Columbus alone has five CDFIs: the Economic and Community Development Institute, the Finance Fund Capital Corporation, Ohio Capital Finance Corporation, The Affordable Housing Trust for Columbus and Franklin County, and Telhio Credit Union, according to the U.S. Treasury.

Besides the credit union, the other four are loan funds. ECDI describes itself as a statewide U.S. Small Business Administration lender that was started in Columbus but now also operates in Cleveland, Akron, Cincinnati, Toledo and Canton.

Hightower said the Urban League's future CDFI will be "culturally responsive to Black-owned businesses" but accessible to all races and genders.

"When black folks go to these other institutions, they feel discriminated against," Hightower said. "We want a place where Black people can feel comfortable, that there's no barriers, (where) we've removed the barriers, (where) we're going to help you remove the barriers so that you can be successful. That cultural responsiveness and relevancy is what this will be about."

Melinda Carter, the organization's vice president, said having a Black-led organization in the space "makes a difference."

"There's a cultural difference in the way we consider wealth, and the way our money has to extend," Carter said. "There's some historical truths (including) your cultural ideas about wealth, and money, and how you build security. We build security (by) investing in people. ... And that has an impact on business."

J. Averi Frost, program manager at the Urban League, said that she believes having "multiple players" in the space is a positive thing in general.

"It's just the same as having multiple banks," Frost said. "Every bank isn't the right fit for everyone. To give people options and opportunities, I think we need to have additional lines in the environment.

"One thing that we've seen is really clear is the financial infrastructure for entrepreneurs in Columbus has some holes and some gaps. We definitely need to fill some things in as far as micro lending (and) different types of creative financing."

For instance, Frost said, ECDI focuses on U.S. Small Business Administration loans. (ECDI did not immediately respond to a request for comment.)

“We do know a lot of folks who are not eligible for SBA loans,” Frost said. “Some of it is about remediation as well, making sure you have the programs in place to help people figuring out tax issues, to make sure they have the documents, the financial statements in place.”

Hightower said bolstering Black businesses in this manner could have powerful long-term ripple effects.

“This is about unemployment rates going down,” Hightower said. “This is about wealth-building for us. I want Averi to be able to say that she’s been able to create five new millionaires in this city. That’s what this is about for us.”

The creation of a CDFI could take a year or more, Hightower said.

It will require both private fundraising and building a track record in micro-lending, the organization said.

Currently, the Urban League has brought together a working group looking at research, design and structure of the organization, Hightower said.

The Urban League has been busy during the pandemic creating a track record of success in helping small businesses secure access to grants and other capital.

Since April, the Urban League said it has helped more than 1,110 applicants apply for funding from Columbus and Franklin County’s Covid-19 grant and loan program. We recently reported that fund has sent \$8.3 million in loans and grants to 850 small businesses while some 150 applications still being processed.

The Urban League has also helped more than 100 companies apply for federal Paycheck Protection Loans, and helped 40 companies apply for loans through ECDI.

In addition, it has received more than 950 inquiries and interest forms for a new Franklin County Community Equity Fund. The fund received grant requests totaling more than 10 times the amount of money available within just a week. Grants will total more than \$1.6 million.

That work has allowed them to build the infrastructure necessary to expand their work in the lending space, Frost said.

The demand is certainly there.

“It’s been constant,” Frost said. “People are referring their friends ... to what we’re doing and the word is spreading. I’m amazed at how it has not really let up.”

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#### **Correction/Clarification**

The original version of this story incorrectly stated the number of CDFIs in Columbus. There are five.

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