Objectives

- Examine access to business capital from sources other than mainstream financial institutions and the SBA
- Community Development Financial Institutions (CDFIs)
- New Market Tax Credits (NMTCs)
- Revolving Loan Funds (RLFs)
- Equity Investors – venture capital – angel investors
CDFI Lending in Region, 2007 and 2010

• Most CDFI lending from outside region
• Lending increased 88 percent between 2007 and 2010
  – from $197 MM to $371 MM
• Targeted to disadvantaged counties
  – Central and South Central Appalachia
  – small metro and rural counties
CDFI Lending by Region

- Northern Appalachia: $85.8 million (2007), $67.5 million (2010)
- South Central Appalachia: $20.7 million (2007), $17.8 million (2010)
- Southern Appalachia: $10.1 million (2007)
CDFI Lending by County Type

- Large Metro (1 million + people)
  - 2007: $29.1
  - 2010: $56.9
  - Total: $86

- Small Metro (< 1 million people)
  - 2007: $60.8
  - Total: $139.1

- Nonmetro, Adjacent to Large Metro
  - 2007: $3.2
  - 2010: $2.5
  - Total: $5.7

- Nonmetro, Adjacent to Small Metro
  - 2007: $21.7
  - 2010: $48.1
  - Total: $70.7

- Rural (Nonmetro, Nonadjacent)
  - 2007: $82.3
  - 2010: $124.2
  - Total: $206.5

(Millions of Dollars)
CDFI Lending to Business

• Decreased as a percent of overall lending
  – due to large increase in overall lending in Appalachia

• Increased in total amount loaned
  – from $142 MM to $231 MM

• Increased relative to CDFI lending nationally
  – from 4.4% of national total to 6.1%
CDFI Business Lending, 2007 and 2010
NMTC Investment, 2000 to 2010

- Most NMTC investment is from outside the region
- About 3.4 percent of credit authority invested nationally is in Appalachia – about $707 million of $21 billion
- Heavily concentrated in Northern Appalachia and in large and small metro counties
NMTC Investment by Region, 2007 and 2010

- **Northern Appalachia**: $99.9 million in 2010, $14.6 million in 2007
- **North Central Appalachia**: $12.1 million in 2010, $2.9 million in 2007
- **Central Appalachia**: $13.0 million in 2010, $20.5 million in 2007
- **South Central Appalachia**: $43.5 million in 2010, $41.9 million in 2007

Millions of Dollars

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NMTC Investment by County Type, 2007 and 2010

- Large Metro (1 million + people): 2007 - $53.1 million, 2010 - $69.8 million
- Small Metro (< 1 million people): 2007 - $6.7 million, 2010 - $77.7 million
- Nonmetro, Adjacent to Large Metro: 2007 - $0.0 million, 2010 - $0.0 million
- Nonmetro, adjacent to Small Metro: 2007 - $1.7 million, 2010 - $20.4 million
- Rural (Nonmetro, Nonadjacent): 2007 - $1.2 million, 2010 - $21.5 million

Millions of Dollars
Amount of NMTC Investment, 2000-2010
ARC-funded RLF Loans, 2007 and 2010

• Small contributor to overall lending
  – but RLF funds leverage additional funding

• ARC-funded RLFs loans
  – 87 loans, $7.7 MM in 2007
  – 73 loans, $6.5 MM in 2010

• Loans concentrated in Northern and Southern Appalachia, transitional counties
ARC-funded RLF Loans by Region, 2007 and 2010

- Northern Appalachia: $3,428.5 in 2007, $3,165.0 in 2010
- North Central Appalachia: $1,118.9 in 2007, $748.0 in 2010
- Central Appalachia: $514.9 in 2007, $100.0 in 2010
- South Central Appalachia: $0.0 in 2007, $0.0 in 2010
- Southern Appalachia: $2,625.9 in 2007, $2,501.5 in 2010
ARC-funded RLF Loans by Economic Status, 2007 and 2010

- **Distressed**
  - 2007: $341.5
  - 2010: $771.5

- **At-Risk**
  - 2007: $1,162.5
  - 2010: $1,182.1

- **Transitional**
  - 2007: $4,474.2
  - 2010: $4,375.9

- **Competitive**
  - 2007: $615.0

- **Attainment**
  - 2007: $0.0
  - 2010: $0.0

**Thousands of Dollars**
Venture Fund Investment, 2007 and 2010

• Highly concentrated near medical, computer, and knowledge-based centers – less than 2 percent in Central Appalachia, rural, and at-risk counties

• Investment declined by 27 percent between 2007 and 2010
Amount of Venture Fund Investment, 2007 and 2010

Map Title: Investments Made by Venture Capitalists in 2007
Data Source: Price Water House Coopers 2007

Map Title: Investments Made by Venture Capitalists in 2010
Data Source: Price Water House Coopers 2010
Angel Investors

• Invest own money in companies owned by unrelated entrepreneurs
  – not family and friends
• Concentrated in software, healthcare, and biotechnology
• Tend to invest in nearby companies
• Investment declined by 22 percent between 2007 and 2010
Angel Capital Association Members
Community Development Financial Institutions, New Market Tax Credits, Revolving Loan Funds, and Equity Investors as Sources of Business Capital in Appalachia, 2007 and 2010

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