

Growing Jobs and a Stronger Economy in Maine

The Maine license plate boasts “*Vacationland*” thanks to the state’s stunning natural areas, but behind its reputation as a summer paradise is a reality of high rates of rural poverty and unemployment. One in every eight Maine residents lives below the poverty line and the food insecurity rate is one of the highest in the nation, ranking eleventh.

Coastal Enterprises, Inc. (CEI), which is celebrating its 39th year, is dedicated to creating solutions for Maine that bring together economic prosperity and environmentally healthy communities. CEI serves many people who are outside the economic mainstream. **“We work with small business owners in rural areas who are trying to create employment for themselves and others,”** said Keith Bisson, President of CEI. **“We help them build their own wealth and assets and contribute to a healthy community.”**

“Maine has a history of exporting our natural products such as agriculture, fish and timber out of state for processing,” said Elizabeth Rogers, Senior Vice President of Marketing & Communications for CEI. “That means we’re not holding onto those jobs. One solution is to finance processing facilities to keep those jobs here.”

An example is Blue Ox Malthouse, a CEI client that purchases grain from local barley and wheat growers and malts it for the burgeoning microbrewery sector. “Joel Alex had a dream of opening a brewery,” said Rogers, “but he realized that what the area needed was a malt house so that brewers wouldn’t have to keep buying their malt from out of state.”

Similarly, the owners of Vintage Maine Kitchen are now making small-batch, hand-made potato chips from locally grown potatoes—and the owners of CEI client Done Roving, who make artisanal hand-painted yarn, are buying the wool for their products from small sheep farms in rural Maine. It’s a strategy that keeps Maine products, and Maine jobs, in the rural communities that need them.

“The church community was core to the founding of the CDFI field,” said Bisson. “It’s a relationship that’s been around from the beginning, and it’s very important to us. Sr. Corinne has supported our work for a long time now, and RCIF is furthering our mission by creating a bigger capital pool for us to work with.”



Joel Alex, founder of Blue Ox Malthouse, checks grain in his warehouse.



A worker at Done Roving works on artisanal yarn.

Legacy Builds Change One Business at a Time

Legacy Redevelopment Corporation (LRC) demonstrates every day that small but thoughtful actions can lead to large-scale changes. Since 2003, LRC has been making loans to local businesses in Milwaukee's distressed central city district, home to a predominantly African-American population. The nonprofit lender focuses on housing and commercial loans, especially vacant properties that are a blight on the neighborhood.

"Our average loan size is about \$100,000," said Ngozie Omegbu, LRC's Chief Operations Officer, "so we're not big enough to rehab an entire block. We're doing it building by building, business by business. For example, one of our clients bought a building that was in total disrepair with bricked up windows and turned it into a restaurant. Now the restaurant employs many people, and it's had a ripple effect on the whole neighborhood." Another of LRC's clients was a nonprofit agency that used a small LRC working capital loan to organize and stabilize and has begun large-scale commercial projects that have attracted private financing.

LRC plays a crucial role because after the 2009 real estate crisis, many banks hesitated to lend to businesses in the central city area. "We've been catalytic in getting reinvestment started again in this community," said Omegbu, "and that's something we're particularly proud of."

LRC's staff is keenly aware that each loan they make means the world to a low-income entrepreneur. "Our clients worry," said Omegbu. "These businesses are their livelihood. They give us all the credit for saving their businesses and that really helps us stay motivated as staff." One grateful client who needed the flexibility of reduced payments during a difficult period sent a handwritten note with her monthly payment recently, saying, "Your hard work really does make a difference in my life, in my neighborhood, in all of the lives I now can impact, in my city, in the universe...and I never quit working hard either!"

LRC's staff have a similar appreciation for the impact of RCIF's investment, which goes beyond the dollars loaned. "What's different about working with RCIF is that they're a sophisticated

investor," said Omegbu. "They understand what we do and can be analytical about our impact and make recommendations. They ask intelligent, tough questions and actually make us more accountable, which is welcome. **It's really stimulating to have an investor do that rather than being only focused on the payments we make and not caring about the impact. It's a mutual love affair, and it's great to see what we're all capable of doing in this troubled world.**"



Cafe Corazon, in Milwaukee's Riverwest neighborhood, was able to grow into a thriving destination thanks to an LRC loan.



Customers crowd into Cafe Corazon.



Demetta L. Thomas, owner of Delta Ice Box in Helena, Arkansas.



Regina Jackson (right), owner of Southern Bancorp client PrintMania in Arkadelphia, Arkansas.

Southern Bancorp Serves the Arkansas-Mississippi Delta

Some people look at rural Arkansas and rural Mississippi and see two different communities separated by a state line and the Mississippi River. Southern Bancorp, which provides financial services to low-income residents in the region, prefers to see the bond between the communities instead.

“Our founders envisioned Southern as a driver of economic opportunity in disadvantaged rural communities,” said Dominik Mjartan, CEO of Southern Bancorp Community Partners. “We realize that state boundaries create different environments in Arkansas and Mississippi, but the people and the challenges they face are very similar. **We want to build on the synergies between our communities and let the Mississippi River be not a divider but rather a uniting force.**”

It’s a big task. The Arkansas-Mississippi Delta is the single

largest most persistently poor area in the country. As agrarian jobs have declined due to increased mechanization, many people have moved to urban centers in search of work. “The most vulnerable and systematically disadvantaged people remain because they don’t have the mobility to leave,” said Mjartan. “That creates a trend in the region where communities become more and more distressed over time.”

But Southern Bancorp’s unique financial development approach to the region is working. Supporting local businesses on one side of the river has a noticeable impact on businesses on the other side, as measured by factors ranging from traffic counts to collected sales taxes. “When we support local entrepreneurs in a way that attracts tourism and then we encourage those tourists to go across the river to one of our other communities as well, we find that the dollars double instead of taking away

from each other,” said Mjartan. “There’s a real economic benefit to focusing on communities with similar economies and coordinating our efforts rather than acting in isolation. It also lets us take the lessons we learn in one community to another, which makes us more efficient and productive as well.”

RCIF’s loan to Southern Bancorp Community Partners, a nonprofit CDFI that works in concert with its CDFI bank partner Southern Bancorp, came at a time when the agency was making programmatic shifts to help them make their investments more strategically. “Because of the changes, we were deploying funds at a faster rate than staff could raise them,” said Mjartan. “The investment from RCIF was an important signal to other investors. Their investment was catalytic—it was an important milestone investment and helped us attract other investors so we could continue to expand our impact.”