

House Development Committee
Interested Party Testimony, House Bill 96 (Stewart)
Dione Alexander, President, Village Capital Corporation
Wednesday, March 5, 2025

Chair Hoops, Vice Chair Lorenz, Ranking Member Abdullahi and members of the House Development Committee, thank you for the opportunity to present Interested Party Testimony on House Bill 96, the main operating budget for fiscal years 2026 and 2027.

My name is Dione Alexander and I am the President of Village Capital Corporation, a Cleveland, OH-based CDFI. I am testifying today to respectfully request the Legislature include a new proposed \$50 million CDFI Fund Program in House Bill 96, the state's Main Operating Budget.

Community Development Financial Institutions, or "CDFIs" are mission-driven lenders. My organization is a loan fund, along with another dozen or so in Ohio and hundreds across the country. We are certified and regulated by the U.S. Department of Treasury.

My CDFI, Village Capital Corporation, lends to small businesses, commercial real estate developers, community development corporations, and nonprofits and primarily serves Cuyahoga County though we have worked in Summit, Mahoning, and Trumbull counties. Despite lending and working with borrowers who might not qualify for traditional bank loans or might need flexible capital to help incentivize bank lending, Village Capital Corporation has historically had low default rates. We manage a healthy loan portfolio by providing consistent, personal engagement with borrowers and community stakeholders.

The demand for more personalized and patient capital is great and CDFIs often get referrals from banks and return to the banks a more loan-ready, long-term customer. In order to serve more Ohio businesses, CDFIs need access to more capital available for lending and resources to provide technical assistance and financial education to borrowers.

Michigan's Legislature saw similar trends and wanted to do something that would encourage more entrepreneurs, build more housing units, return under-utilized commercial properties to use, and expand existing businesses. In 2022, Michigan created a \$75 million Michigan CDFI Fund for the loan funds operating in Michigan. In 2023, Michigan allocated another \$19 million to fuel investment in rural and low-income areas, and last year, Michigan allocated an additional \$5 million to its CDFI Fund.

The Ohio Department of Development already works with several CDFIs in Ohio. Since 2022, ODOD has run the CDFI Loan Participation Program. This program, per federal guidelines, is specifically for small business borrowers.

We are now asking the Ohio General Assembly to follow other states, like Michigan and New York, and invest in all CDFI loan activity: small business lending and real estate lending.

A \$50 million grant to the members of Ohio's CDFI Network will get lent out over and over, having much greater and longer-lasting impact than a one-time grant to a small business owner or housing developer.

Chair Hoops and members of the House Development Committee, thank you for the opportunity to provide interested party testimony on a tool that will have ongoing impact throughout Ohio for years to come.