



Testimony Regarding City Council Bill # 210956
Regarding the Philadelphia Public Financial Authority
Andrew Toy for PACDC
December 13th, 2021

Greetings Chairperson Green and Members of City Council's Committee on Finance. My name is Andy Toy and I am the Policy Director for the Philadelphia Association of Community Development Corporations (PACDC). I am writing on behalf of PACDC and our constituent CDCs in support of Bill Number 210956 that establishes a public financing entity to promote community economic development.

We know from our experience and hearing from PACDC Members and neighborhood businesses and developers, that financing new projects, improvements, and working capital is difficult at best in lower income neighborhoods that have seen many years of disinvestment. We also know that entrepreneurs, particularly BIPOC, and smaller/newer non-profit and for profit developers often do not have a deep network of family or friends' wealth to draw from. The lack of wealth in Black and Brown communities to begin with creates a vicious cycle that makes it harder to acquire and pass down wealth for future generations to achieve their greater potential as entrepreneurs or just to live in safe stable housing.

PACDC is encouraged by recent initiatives to create alternative paths to capital access as traditional banks and other lenders often cannot, or find it difficult to invest in atypical or unique situations. The Accelerator Fund is one good example as are the growing number of Community Development Financial Institutions (CDFIs) out there. But there is room and a need for more.

The Financial Authority would be able to support the credit ecosystem by being able to backstop loans where a Letter of Credit from the borrower may not be available (due to lack of personal wealth!). Or perhaps credit enhancements for Co-Ops which are odd entities for banks to deal with. Or perhaps backstopping/guaranteeing loans or direct investments in portfolios of CDFIs. All of these strategies and others should make access to capital easier while also potentially bringing down the interest rates, due to lower risk, that the borrowers will face.

We applaud the concept of finding additional ways to enhance capital availability to those with the greatest need, often in neighborhoods where our Member CDCs work. We look forward to working together to ensure the best and most impactful implementation of this Financial Authority as it moves forward.

We appreciate Councilmembers Green, Gauthier and Gilmore Richardson's leadership on this issue.

Thank you
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