COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS (CDFIS): AN ANALYSIS WITHIN THE POLITICAL AND ECONOMIC CONTEXT OF NEOLIBERALISM

By

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ABSTRACT

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS (CDFIS): AN ANALYSIS WITHIN THE POLITICAL AND ECONOMIC CONTEXT OF NEOLIBERALISM

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This thesis explores Community Development Financial Institutions (CDFIs) business models by examining the organizational structures, procedural operations, services, and geography. It aims to understand its overall behavior as a financial institution providing low-income communities financial services and ultimately the role it plays within the neoliberal context. The research identifies that CDFIs ultimately hold a mission that promotes economic prosperity from within the neoliberal project by expanding free-market capitalist beliefs and practices when servicing low-income communities. Additionally, the findings suggest that CDFIs take on the role of the neoliberal state by operating in tandem with the Nonprofit Industrial Complex (NPIC), which fundamentally supports the promotion of economic and business expansion. The research is based on content analysis of 11 California CDFI organizations websites, and one in depth analysis of a Humboldt County CDFI organization that examines the organizational structure, operations and services offered. In addition, the research explores the local communities CDFIs serve based on geospatial analysis of 95 California CDFI organization locations and a Humboldt County, California CDFI loan site. This

research identifies that although CDFIs appear to be servicing communities of moderate income levels, they are committed to providing community development through the neoliberal tools of business and urban expansion.

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CHAPTER ONE: INTRODUCTION

Low-income communities and rural communities suffer when it comes to access to obtaining financial services. The lack of access to financial services that low-income communities face has a historical pattern of having low-amounts of financial institutions within their communities (Benjamin et al 2004). The problem low-income communities face concerning the lack of access to affordable and safe financial services has caused various problems, such as, historical patterns of discrimination, suburbanization, the capital flight out of the inner city, profitability concerns, and the financial sector restructuring (Benjamin et al 2004). Prior research has identified that it is fundamental for communities to have access to safe financial institutions in order for communities to improve their health conditions and economic conditions (Benjamin, Rubin, and Zielenbach 2004).

Economic geographers have extensively investigated the correlation between personal financial exclusion and alternative finance available (Appleyard 2011). Personal financial exclusion includes the lack of access to financial services due to factors including income level, poor credit scores, and typically experiencing high cost for financial transactions. Thus, CDFIs originally arose as a response to the economic problems that low-income communities and households experienced (Rubin 2008).

CDFIs operate as both non-profit or for-profit organizations to provide financial services to low-income and marginalized communities. The main objective of CDFIs is to improve the economic conditions for the communities of low-income individuals and households (Benjamin et al 2004). CDFIs hold social missions that are dedicated to servicing low-income communities with access to financial services. CDFIs accomplish this objective by supporting job creation, stabilizing population decline, increasing women and ethnic minority owned businesses, environmentally sustainable businesses, housing development, and increasing the number of community facilities (Rubin 2008).

The Financial sector, including the CDFI sector has greatly undergone structural transformations due to multiple economic factors. More specifically, The United States Financial industry within the past 40 years has experienced a drastic transformation of small local banks to large multistate firms (Mencken and Tolbert 2018). This thesis examines the financial sector transformation within the context of the neoliberal project, that promotes the enhancement of free-market capitalism under the guise of community development. The restructuring of the financial sector is due to the modification of financial laws that fundamentally center around market concentration that has created increased market competition (Mencken and Tolbert 2018). Additionally, within the United States Financial Industry, there has been a continuous progression towards asset stripping rather than asset building, creating financial insecurities across all communities but with even more insecurities concerning those in low-income and marginalized communities (Nembhard 2013).

The political landscape in the neoliberal project also went under a reshaping that was focused on the advocacy of the market while holding resentment towards government intervention in the form of welfarism. This ushered in an era focused on the, financialization, deregulation, deduction for corporate taxation, labor markets continually being deinstitutionalized, and the excelling growth of market globalization (Cohen 2019). Neoliberalism holds a central belief that the organizing principles of political, social and economic choices should be based upon optimizing free market outcomes (Giroux 2016).

The Government's role under the neoliberal project has retreated from providing services to low-income and minority communities and instead acts through nonprofits and for-profit organizations to perform their social services duties (Schram, Soss, Houser and Fording 2010). The Welfare state under neoliberalism, is not so much reduced as in 'rolled back,' but is rather 'rolled out' where welfare is being pushed out to the diverse locals of non-state actors and organizations (Schram et al 2010). This resistance to the welfare state is due to neoliberalism's core belief in promoting free-market capitalism and constant expansion of the market.

Within this thesis research, CDFIs are identified as one of the nonprofit and for-profit industries operating and acting in the form of the neoliberal state. Many debate whether the nonprofit sector generally benefits impoverished communities and question if nonprofit institutions adequately provide the services that the government fails to provide (Joassart-Marcelli and Wolch 2003). Although the nonprofit sector is looked at as the organizations that deliver the social support and services, they too are faced with changes and challenges that limit their capacities, such as, lack of funding in addition to the increased competition for funding especially with private for-profit sectors due to market-based policies of the neoliberal project.

The goal of this thesis research is to analyze the business models of CDFIs through examining their organizational structures, procedural operations, and the geographical locations of the CDFIs organizations and loans. The research aims to understand its overall behavior as a financial institution providing low-income communities financial services and ultimately the role it plays within the neoliberal context. More specifically, it draws to identify its role within the neoliberal state and the Non-profit Industrial Complex (NPIC) in advancing the neoliberal project through providing low-income communities social services that hold a focus on market and economic enhancement. Additionally, this research identifies the regions that CDFIs are most located in and the communities that CDFIs are servicing the most based on average income levels. Through conducting content and geospatial analysis of this specific low-income financial industry, I evaluate the ways that CDFIs operate within the neoliberal context and how they take on the role of the state, as well as, establishing partnerships with the state and a variety of other entities in providing social services, while essentially operating in the NPIC, and promoting free market values.

In Chapter two, a review of the relevant literature that pertains to the research topic and theoretical framework that prior scholarship has produced on CDFIs will be presented. The research topic, CDFIs, is introduced and explored concerning the organizational structure, ruling legislation, funding sources and programs, and problems being faced in the industry is briefly discussed. The literature on the historical development of neoliberalism is then presented., Following that, I provide a sketch of the neoliberal state that examines the state's role within neoliberalism and the neoliberal agenda supporting market-based principles. Concluding is the examination of the Non-profit Industrial Complex (NPIC) and further examination of the state within the NPIC context.

Chapter three, features the methodological approaches utilized within this research. The methods introduce the research setting where this research collected data and examined CDFI organizations, essentially providing the demographic information of the regions and sites examined. Background on the sampling process and recruitment of the data utilized in this research is provided, along with the justification of why the participants qualified to participate in this research. An explanation of the research instrument used and justification of why it was the best method to approach this research is provided. I conclude with a summary on the data analysis process to provide a summary of the methodological process that took place in this research that conducted content analysis of CDFI website data in the State of California and geospatial analysis of both CDFIs locations and a CDFI in Humboldt County, California loan sites.

Chapter four, presents the findings and analysis that the research found and identified. The chapter presents the emergent themes identified in the content analysis of the CDFI organizations websites. It also presents the regions and income levels of the locations of California CDFI organizations and loan sites of a Humboldt County, California CDFI through geospatial analysis. In addition, based on the CDFI organization in Humboldt County, I present the majority of loan types that this specific CDFI provides to low-income communities. The theoretical analysis in this research utilized the theory of neoliberalism and is grounded in the discourse of the neoliberal state, NPIC and uneven development concerning the public sphere and urban development. I present CDFIs as an industry created to participate in the expansion of neoliberal economic practices, an organization playing out the state's role through the NPIC, and is essentially contributing to the overall expansion of uneven development throughout society.

Chapter five, is the concluding chapter of this thesis research. This chapter provides a brief overview of the main findings that this research discovers. In addition, a discussion of the limitations found when conducting this research is presented and different approaches this research would have taken if the available resources were attainable. It concludes, with discussion on what future research would like if this research were to be examined further and if other researchers would want to perform this research again.

CHAPTER TWO: REVIEW OF LITERATURE

"Financial exclusion" has become a central concept in the study of economic geography, which examines and investigates the relationship that is between financial exclusion and alternative forms of finance (Appleyard 2011). This chapter covers the prior research and scholarship examining the topic of CDFIs. In addition, this chapter covers the scholarship of the theoretical orientation utilized in the project of neoliberalism and the non-profit industry complex (NPIC). Prior research focuses on the purpose of CDFIs and the CDFI organizational structures. Scholarship as well highlights the changing environment of the CDFI landscape. The neoliberalism scholarship highlights the beliefs and practices concerning free market principles and the reorganization of the elite class. This scholarship also examines the state's role under the neoliberal project. Lastly, NPIC literature explains the NPIC structure, as well as the roles of the state and vital partnerships formed in order to non-profits and the neoliberal agenda to be successful.

The Problem

Rural and low-income communities greatly suffer in access to financial services and institutions which greatly impact the overall health of the community and its members. Communities looking to improve their economic health, need to have access to affordable capital in order to build and develop the amenities and services that help improve community conditions. Unfortunately, low-income communities and rural communities have had a long history of limited access to financial services located in their communities (Benjamin et al 2004). Communities need and require accessible capital and financial services to have healthy conditions and neighborhoods (Rubin 2008). It is dire to communities' health to have access to affordable credit, basic and safe financial services, and capital for investment (Benjamin, Rubin, and Zielenbach 2004). Access to affordable financial services allows individuals to obtain mortgages for homes, financing to develop commercial properties, start-up businesses, community amenities, affordable housing, banking services, and asset building (Rubin 2008; Benjamin et al 2004).

The problem low-income communities face concerning lack of access to affordable and safe financial services has caused various problems such as, historical patterns of discrimination, suburbanization, the capital flight out of the inner city, profitability concerns, and the financial sector restructuring (Benjamin et al 2004). Economic geographers have extensively investigated the correlation between personal financial exclusion and alternative finance available (Appleyard 2011). A response to the economic problem that low-income communities and households experienced, that contributed in improving the economic environment are CDFI organizations (Rubin 2008).

CDFIs were specifically formed to progress low- income households and communities' economic circumstances by servicing these communities with an array of financial services and products (Rubin 2008). CDFIs mostly cater to financing low-income housing, but other CDFIs choose to provide consumer credit, and or invest in business development in districts considered to be poor (The Economist 1998). The financial services that CDFIs provide to low-income communities are not normally available from the larger mainstream lending and financing organizations serving the general public (Benjamin et al 2004).

Most individuals and organizations financed by these financial institutions cannot obtain capital and financial services from the traditional financial institutes (Rubin 2008). CDFIs further their services offered by providing services that are not offered from the traditional banks, such as offering a range of educational and financial counseling to assist in improving their borrowers' economic potential and success (Benjamin et al 2004). CDFIs have objectives that are greatly centered around advancing social goals of low income communities, that is to improve the economic conditions for the communities of low-income individuals and households (Benjamin et al 2004; Rubin 2008).

CDFIs Landscape: What Are They?

Community Development Financial Institutions (CDFIs) are non-profit, and for-profit organizations that provide financial services to rural and low-income populations. CDFIs provide access to financial resources such as community development loans, personal loans such as home mortgages, and general banking services (Rubin 2008). CDFIs generally provide financial capital to community developers but also loans to other non-profit organizations in addition to personal loans to individuals. CDFIs provide communities access to financial services that are typically obtained through more traditional financial institutions such as big banks that see rural and low-income populations as too high risk to lend capital too and do not meet minimum eligibility requirements (Benjamin et al 2004).

The main objective of CDFIs is to improve the economic conditions for the communities of low-income individuals and households (Benjamin et al 2004). CDFIs accomplish this objective by supporting job creation, stabilizing population decline, increasing women and ethnic minority owned businesses, environmentally sustainable businesses, housing development, and increasing the number of community facilities (Rubin 2008). CDFIs have four different organizational structures that include: community development banks, venture capital funds, loan funds, and credit unions (Benjamin et al 2004 as cited in Rubin 2008). Historically, CDFIs relied on below-market rate loans and subsidized grants to capitalize the financial services they provide (Rubin 2008).

CDFIs Organizational Structure and Standard Operating Procedures

CDFIs have four different types of organizational structures: community development banks, venture capital funds, loan funds, and credit unions (Benjamin et al 2004 as cited in Rubin 2008). The majority of CDFI organizations function with similar legal structures of non-profit organizations (Rubin 2008). CDFI institutional types range from being heavily regulated as banks or unregulated in the forms of nonprofits and for-profit loan funds (Benjamin et al 2004). This has caused a history of CDFIs establishing partnerships with local governments, nonprofits, financial lending institutions, community organizations, and public agencies to assist in the funding and operations (Drnevich 1995). Historically CDFIs relied on below-market rate loans and subsidized grants to capitalize off their financial services provided (Rubin 2008). The financial industries environment undergoing the large change has caused the CDFI environment as well to experience a dramatic change since the 2000s, leaving many to question the future success of CDFIs and the services they provide (Rubin 2008).

The United States needs good lenders more than ever now as the pricing of loans, funding, and portfolio management are vastly complex, but CDFIs face many challenges when providing financial needs as they are firstly obligated to meet their mission goal of serving low- and moderate-income communities and in addition to simply lacking the necessary tools (C. Tansey, M. Tansey, Swack, and Stein 2010). Analysis from prior research has found that CDFIs are actively involved in their missions of providing credit to underserved groups and communities which the CDFI Fund was created for, but there are concerns concerning CDFI impacts and if CDFIs can survive given their funding needs and limitations (Swack, Hangen, and Northrup 2014). CDFI organizations have a “double-bottom line” agenda that includes both social and financial objectives and their model only works if the loans they provide are generating revenue rapidly and are obtaining repayment to generate funds for future operations and to signal the loan as successful (Rubin 2008).

CDFI Legislation: Community Reinvestment Act (CRA)

The 1977, Community Reinvestment Act (CRA) required the banking institutions that were federally backed and insured be examined of their records in helping to meet credit needs of not only their local communities, but low-income communities (Avery, Canner, Mok 2005). The 95th United States Congress enacted the 1977 CRA with an agenda to combat bank discrimination practices against lending to low income communities (Mencken and Tolbert 2018). From the early 2000s the CRA past 25 years seek to equalize credit opportunities for communities of all income levels (Macinnes 2002). Over time, the CRA has become recognized as a beneficial tool that produces economic development by expansion of CRA scoring that includes loans to small businesses and government loan programs for small businesses (Mencken and Tolbert 2018).

Four Federal agencies in charge of supervision over the banks and their activity revised the CRA regulations in 1995 which were intended to emphasize performance over process for the purpose of reducing regulatory burden (Avery et al 2005). The Four Federal Agencies include, the Board of Governors of the Federal Reserve System, The Comptroller of the Currency, Office of Thrift Supervision, and the Federal Deposit

Insurance Corporation (FDIC) (Macinnes 2002). The 1995 regulations outlined standards to measure performance rather than establishing CRA lending ranges for rating standards, instead the standards are flexible and measured in the context based on details of the institutions, it's community, and their competitors (Avery et al 2005). The new rules to the CRA regulations incorporated the desire to strengthen the CRA and decrease the CRA administrative burden to win over and satisfy the banking industry as it better reflected the practical reality of the credit market and banking industry (Macinnes 2002).

The CRA particularly instructs federal agencies in charge of supervisions of the banking industry in two assessing guidelines, one, asses' institutions record meeting the community credit needs through examination and two, when examining the institutions CRA record to consider the institutions application for deposit insurance, office relocation, and merger or acquisition (Avery et al 2005). The CRA essentially takes in consideration if the banking institutions are meeting the CRA credit before approving and granting an institution's request of opening to branches or holding mergers and acquisitions (Fishbein 2003). The CRA regulators have two responsibilities which include scoring lending institutions and examining their practices the institutions take when extending credit to both small businesses and government business loan programs, for example the Small Business Association (SBA) (Mencken and Tolbert 2018). The CRA rating of institutions purpose is to reflect each banking institution's combined performance within the local communities they operate business in (Fishbein 2003). To conclude such an assessment the regulators hold routine CRA examinations that they hold on-site (Fishbein 2003). Once regulators complete their examination process the banking institutions will be assigned one of four CRA ratings, which includes, outstanding, satisfactory, needs to improve, or substantial noncompliance (Macinnes 2002).

CRA eligibility is based on regulators evaluation of the financial institutions investments based on if the financial institutions are banks that are defined as intermediate small or large and if designated as wholesale or limited purpose (Yardwood 2018). “Large” institutions were generally considered to be institutions holding assets of $250 million plus and are evaluated in a three-part test while “Small” institutions generally hold assets of less than $250 million run subject to a more efficient and streamline evaluation (Avery et al 2005). Annual data from the large financial institutions are required to be reported concerning certain types of CRA-related loans such as small-business or farm and based in the geographic area such as census data, while the small institutions are exempted from reporting (Avery et al 2005).

CRA allows the regulatory agencies auditing the banking industry broad discretion when implementing the law (Avery et al 2005). The CRA legislation consists of broad statements on banks providing capital when meeting development needs within the economic circuit for minority communities (Bates and Robb 2015). For instance, the CRA does not define or have a set definition of “low- or moderate-income neighborhoods" or an established definition of the banking institution’s “community;” instead, the CRA leaves the definitions to the agencies discretion (Avery et al 2005). Although, the CRA statute does consist of a few specifics that direct the regulators in implementing the CRAs internet (Bates and Robb 2015). Qualified investments to meet CRA qualifications include lawful investments, deposits, and shares or grants that have a central mission meeting at least one community development initiative, including affordable housing which includes rental housing, community services, activities that promote development through financing business or farms, and activities that assist to stabilize low and moderate-income communities (Yardwood 2018).

The CRAs revised legislation led to great emphasis on creatively utilizing CDFIs to meet the CRA compliance (Macinnes 2002). In the process to expand lending to low- and moderate- income communities banking institutions have taken on the approach of developing or participating in “CRA special lending programs” (Avery, Bostic, and Canner 2000). One major change from the CRAs revised legislation included investing in the local community organizations and building working partnerships focused on supplying financial services, such as loan counseling (Holyoke 2004). The CRA special lending programs included programs that were offered or developed conjunctionally with third parties including nonprofit organizations, government agencies, or lending consortiums that offer lending programs that institutions can participate with (Avery et al 2000). The result has induced a shift away from a strong focus on direct lending to individuals into a practice that focuses on the long-term investment developments by creating and establishing partnerships with local non-profits focused on development and specializing in finance, such as CDFIs (Holyoke 2004).

Banks today recognized and learned they could make profit by lending to the community members of low- and moderate- income areas (Fishbein 2003). Instead of only fulfilling the CRA credit requirements through risky direct loans, banks have been encouraged to make sizeable investments in community development nonprofits to not only meet their CRA requirements, but as well, to provide equity and capital that the nonprofit maybe able to turn it around and lend to local community members (Holyoke 2004). Third party special lending programs activities included reducing the risk and cost of default loans that traditional banking institutions could possibly incur by providing risky loans to minority and low- and moderate- income populations (Avery et al 2000).

CDFI Funding Programs

The CDFI fund program held an official mission to increase economic opportunity and the promotion of community development investments in distressed communities; to carry out this mission the fund is consisted and organized of several programs to address the multiple needs of the distressed communities (Lowry 2013). The Fund Programs offers two types of monetary awards that consist of financial assistance (FA) and technical assistance (TA) (Lowry 2013). FAs are provided to qualifying entities in the form of loans, grants, deposits, equity investments and credit union shares (U.S Department of the Treasury 2020). TAs are offered grants to help CDFIs and certified CDFIs in building and organizing their organizational capacity (U.S Department of the Treasury 2020).

The CDFI Fund

The CDFI fund is an agency that operates within the Department of Treasury that manages several programs that encourage CDFI operations and other organizations that are similar, to take part in community development (Lowry 2013). The CDFI Fund sought to grow availability of the affordable capital that the historically underdeveloped and underserved communities did not have access to (Benjamin et al 2004). The creation of the CDFI Fund enabled the already established network of CDFI organizations the needed capital they required to provide low income and distressed communities loans and investments (Greer and Gonzales 2017). The funds primary focus was to encourage development of loan funds, banks, credit unions, venture capital one funds and other financing entities that hold a central mission of expanding economic opportunities and development to low income and distressed communities (Benjamin et al 2004).

The CDFI fund core program was approved by the Community Development Banking and Financial Institutions Act of 1994 within the Riegle Community Development and Regulatory Improvement Act of 1994 (Lowry 2013). The Fund was created as a completely independent owned government corporation by the Riegle Act while a supplemental appropriation of the bill had the Fund have a 15-member Community Development Advisory Board within the Treasury Department (Lowry 2013). The Fund is led by a Director that does not go under the subject of the senate and is selected and appointed by the Secretary of the Treasury (Lowry 2012). The Fund opened its first funding round in fall of 1995 with nearly 300 organizations applying with 31 chosen organizations receiving 35.5 million (Rosenthal 2018). When the CDFI Fund brought federal investment to a reality it caused CDFIs to multiply, consisting of both new community development banks forming and other various kinds of community organizations rebranding and reconfiguring themselves to meet the CDFI qualifications (Rosenthal 2018). The CDFI Fund from its legislation origins held a belief that it must avoid developing into a continuous annual grant program and ensure that Awardees do not become dependent on funding assistance, rather Awardees must raise private-sector matching funds (Rosenthal 2018).

The New Market Tax Credit (NMTC)

The Clinton administration in 2000 signed into law the bipartisan legislation, the Community Renewal Tax Relief Act, which created the NMTC program (Rosenthal 2018). When the Clinton administration was approaching a close, a renewed focus and interest on forming a program to effectively address the economic underdevelopment problems that both urban and rural communities faced across the country (Greer and Gonzales 2017). Congress created the NMTC program in part of the Community Renewal Tax Relief Act of 2000, which is in the Consolidated Appropriations Act, 2001 (Lowry 2013).

The New Market Tax Credit (NMTC) is a tax credit that is non-refundable that holds a purpose of encouraging private capital investments and qualifying investors to qualifying low-income communities (Marples 2013). In addition, the NMTC stimulates and promotes the qualifying investors to invest into the community development entities (CDEs) that have operations within the eligible low-income communities (Lowry 2013). The NMTC program history is inherently connected to targeted place-based investments which are also directly correlated to the concept of enterprise and empowerment zones (Greer and Gonzales 2017).

The NMTC program is a highly competitive program that CDFIs along with other CDEs compete for allocations of tax credits which are sold or passed along as incentives to investors to finance eligible enterprises and businesses in low income communities (Rosenthal 2018). NMTCs are managed and distributed through a competitive application process through the Community Development Institutions Fund, which is a bureau in the United States Department of the Treasury (Marples 2013). The CDFI Fund allocates the New Market Tax Credit to thousands of investment channels that are eligible to low income communities, including nonprofits and businesses (Lowry 2012). The NMTC gives 39 percent of the investment amount into the CDE to the investor and has an allowance period that is claimed for over seven years (Lowry 2013).

CDFIs Environment Today and Gaps in Literature

As stated above, CDFI organizations have a “double-bottom line” agenda that includes both social and financial objectives and their model only works if the loans they provide are generating revenue rapidly and are obtaining repayment to generate funds for future operations to signal the loan was successful (Rubin 2008). Appleyards study comparing the default rates of the loans that CDFIs provide from the United States and the United Kingdom found that United States CDFI default rates ranged between 3% and 30%, while the United Kingdom ranged from 8% to 22% (2011). Appleyard study found these default rates reflect that CDFIs are experiencing failure, as not only are they failing to serve their mission but also lack in receiving sufficient public aid and subsidies (2011). C. Tansey, M. Tansey, Swack, and Stein study on the other hand found that out of 480

CDFIs held a net loss rate at .46 percent which is not higher than tradition prime mortgages in the traditional banking industry but are considered to be riskier assets (2010). The CDFI Fund is one of the few sources CDFIs have available for funding (Rubin 2008). A study examining the funding provided from the CDFI fund and its correlation to new business operations found that the number of projects funded does not have significance in the amount of new businesses starting up as the findings negatively exceed the cutoff range of 0.70 to 0.l90 as it held a value of -24.18. (Harger, Ross, and Stephens 2019).

As prior research shows CDFIs successes are varied based on a variety of contributing factors. Prior research also addresses the regulations including the Community Reinvestment Act (CRA) and the CDFI Fund reporting methods, which raises questions about the accuracy of the data. For example, only CDFIs that have financial assistance awards are required to report their data and may represent the whole industry differently (Swack, Hangen, and Northrup 2014). In addition to reporting requirements, not all CDFIs reported borrower characteristics making it difficult to determine if borrowers held low-income status (Swack, et al). In conclusion, although reporting’s find a variety within the success of CDFIs and the regulation of the CRA to assist in increasing loans, data that is analyzed in research may hold missing data.

The Historical Events of Neoliberalism Development

Neoliberalism is a political theory of economic practices that suggest that human-well-being is best advanced through liberating entrepreneurial freedom and skills of individuals inside an institutional framework that is distinctive in free markets, strong property rights and free trade (Harvey 2005a). Neoliberalism is a political and culture movement that is designed to eradicate public concerns, deplete the welfare state and have politics be a market-driven project exclusively (Giroux 2016). The transformation to the neoliberal order appears to lack a single origin date, as it lacks an official text or consist of any "generic and trans-historical definition of neoliberalism," but there does appear to be consistency surrounding its policies such as deregulation and privatization (Biebricher 2018). The first turn to neoliberal practices that consisted of the restructuring of the state first emerged after the Second World War as a preventative method to inhibit and avoid the recurrence of the poor and threatening conditions to the capitalist order that was experienced within the 1930s (Harvey 2005B). Essentially, neoliberalism was implemented after the Second World War as a reaction against liberal-socialist policies (The late 1930s, more specifically 1938, was an extra challenging time for liberals that argued that socialism could not be successful, as the Soviet Union's Bolshevik Communism thrived, there was no reason to assume its collapse. Additionally, European Fascism and German National Socialism were also taking hold (Biebricher 2018). According to some theorists, Neoliberalism is perhaps the greatest collectively organized political thought of the post-Second World war era (Dean 2014).

Around the 1950s, neoliberal thought took on a rather positivist position, as neoliberals were glad to be producing a new form of liberalism that would produce a positive definition that aligned with the neoliberal agenda by establishing a role for the state within the overall conditions that were necessary for the successful operations in order for global markets to operate freely (Dean 2014). By the 1960s, competition from abroad caused the United States government to react to the concerns of capital, by attacking worker's rights. the government increased their subsidies and gave multiple tax cuts to large businesses and deregulations were being provided to the market capitalist (Girdner 2007). The late 1970s and early 1980s was an even greater turning point concerning the worlds social and economic history and turn towards neoliberalism, as monetary policy went under dramatic changes with the fight against inflation rates, orders to control trade union power, and overall revitalization of the economy through policies and actions focused on curbing the power of labor, deregulation of industry, and overall liberating the powers of finance (Harvey 2005a). Since the 1970s, neoliberalism has been the response to Keynesians macroeconomics and the welfare state, in addition to state economic planning, economic protection, state regulation, state intervention, large social programs, and economic protection (Dean 2014). The 1970s went under the social restructuring of economies that put forward the practices of capitalization, privatization, corporation, and financialization in everyday life (Low and Smith 2006). The implementation of the restructuring of these social and political processes is the shift that took place in the twentieth century that essentially broke the connections to liberalism and transformed the political and social atmosphere to neoliberal politics and practices (Low and Smith 2006). It was the leading upper-class members that influenced and promoted the market while holding hostility towards governments that was highly effective in reshaping the political landscape after the 1980s (Choen 2019).

For neoliberalism in the 1980s it was the elections of United States President Ronald Regan and the Prime Minister of Britain Margaret Thatcher that set the turn of policies focusing on unregulated legislation for the market and the beginning of cutbacks to welfare programs (Peck 2010). Although, it was Roland Regan that brought cutbacks to welfare programs and construed images of the welfare queen, Neoliberalism only furthered in the 90s, Clinton's administration was the beginning of welfare cuts and the constant surveillance of anyone who is receiving any form of welfare aid (Girdner 2007). Today, neoliberalism, continues with deregulation, free trade deals, market and industry expansion and essentially the state partnering with business interest and ultimately playing the role as regulators that contradictory promote business and market focus legislation (Harvey 2005a).

The Theory of Neoliberalism

Neoliberalism in its most basic form is known and seen as the doctrine of self-regulating markets, but as many neoliberalist theorists suggest neoliberalism is much more than just an economic structure of self-regulating markets, as it includes linked dimensions of politics, society, and the economy (Biebricher 2018). The movement of neoliberalism is not just a theory of economics, but is an in-depth theory of politics, law, and the history of both economics and sociology (Dean 2014) Neoliberalism holds a centric belief that the organizing principles concerning the political, social and economic choices should be the market (Giroux 2016). At the core of neoliberalism ideology is the promotion for laissez-faire capitalism and the resistance to a large welfare state (Azevedo, Jost, Rothmund, and Sterling 2019). In addition, neoliberalism has been interpreted as a reorganizing project of international capitalism and even more so as a political project that entails the order of restructuring the capital accumulation conditions and the restoration of the economic elite power (Harvey 2005b). The restructuring practices that are associated with neoliberalism, drive policies that entail the reductions of state governments, the blatant downsizing of social services, a decrease in the workforce and the creation of low-skilled workers, lack of job market security, decrease in decent social wage, and ultimately the creation of a culture based on insecurities (Giroux 2016).

Neoliberalism's main achievements and ideological purpose consist of redistributive power rather than the generative meaning it promotes the redistribution of power, wealth, income, and asset transfers to the top elites and holders of political power (Harvey 2005b). The Public Sphere under neoliberalism faces being underfunded, privatized, eliminated, and ultimately under matters of corporate ownership (Giroux

2016). Neoliberalism has been successful in its purpose of restoring class power by putting the power back in the hands of the elites and the overall restructuring class formation (Harvey 2005B).

Neoliberalism's Political Landscape

The political landscape went under a reshaping that was focused on the advocacy of the market while holding resentment towards government intervention in the form of welfarism. This ushered in an era focused on the, financialization, deregulation, deduction for corporate taxation, labor markets continually being deinstitutionalized, and the excelling growth of market globalization (Cohen 2019). Neoliberalism accentuates contractual relations and holds a strong belief that the social good will grow to its greatest potential through the increased frequency of market transactions and by all human actions taking place within the domain of the market (Harvey 2005a). New government programs and foundation programs passed within the past decade are filled with ideas of free market efficiencies, privatization, outcome orientation, consumer responsiveness, individual responsibility, and personal choice (Swenson 2008). Neoliberalism's disciplined focus advocating for the markets and market based incentives carry methodological individualism and mathematical formalism which create barriers in any successful large-scale reforms (Cohen 2019).

Neoliberal ideology underwent change with the participation of united action and national organizations putting forth change within the social order that caused individuals to think differently towards corporations, law, culture, and individuals for the purpose of corporate pursuit in political power (Harvey 2005a). Neoliberalism, for many, is considered an intellectual movement that made the market the referee of all values that is structurally installed in cost-benefit analysis of regulations (Naidu, Rodrik and Zucman 2019). Politics' principle feature tool is the power of education, as education compasses knowledge, skills, and social relations in which individuals are capable of identifying themselves as social and political agents that engage in the political sphere (Giroux 2016). Neoliberalism rhetoric holds a foundation around the belief of individual freedoms for its purpose of triumphing over state power through its practices that splits off identity politics, multiculturalism, narcissistic consumerism, and libertarianism that is held in the idea of social agency for social justice (Harvey 2005a). Essentially, neoliberal ideology has transformed into both a political and culture movement that is organized to eradicate public concerns, drain the welfare state, and have all politics as a project that is strictly market-driven (Giroux 2016). The strong intellectual influence many of whom are economists, still have a strong bias of market based policy solutions that often tend to focus on addressing market failures (Cohen 2019).

The State and Government Roles Under Neoliberalism

Neoliberal thought consists of investing a great amount of time spent in determining the state's proper place and role to play in the economy and society (Biebricher 2018). The allocative supremacy of the market that the neoliberal belief holds is also associated with the skeptical belief in that the state has any capability of solving and achieving collective and social goals of society, this results in favoring private organizations with the thought that government should not engage in providing services and public infrastructure (Dodson 2006). The theories of neoliberal ideology propose a tremendous amount of confidence in the market to solve the social and economic conditions and displays a disapproval in governmental efforts providing social welfare and the regulating of business (Azevedo et al 2019). Neoliberalism's process, involved the destruction of traditional and prior institutional frameworks and powers, such as, state sovereignty as well as the prior forms consisting of welfare provisions, labor divisions, social relations, ways of life and thought, technological mixes, and attachments to the land and habitual practices (Harvey 2005a).

The state plays a crucial role in both backing and promoting the neoliberal process through its monopoly of violence and power in defining legislation (Harvey 2005a). Neoliberal ideology supports the sovereignty of the market rather than the sovereignty of the public good and democratic state (Giroux 2016). The theory of neoliberalism and its practice holds a strong centrality to the state although its contradictory nature is strong in that neoliberalism's main focus is to conquer the state from having any participation in the market; but at the same time places the state role under neoliberalism as the crucial instrument in establishing and outlining conditions for the functioning market (Biebricher 2018). Rather, the state is no longer compartmentally organized as the left and right hands of the state but are instead organized harmoniously to create new forms of 'active-and-punitive statecraft' within the oppositional order of 'deregulated capitalism' (Peck 2010). Ultimately, the state plays as the institutional model outline for non-governmental organizations and institutions to look at how to operate and organize (Bierbricher 2018).

The arrival of neoliberal thought becoming the foundation for government policy is associated with the "rollback" of state activity (Dodson 2006). Under neoliberalism, state regulated sectors are obligated to become unregulated and given over to the private sphere to ensure any state interference is cleared (Harvey 2005A). The ideology endorsed the conviction that the government should not hold any power outside of its sphere as it will take full control of the power as it cannot have enough of it (Dean 2014). Government-funded programs can often be over-designed that hold strict compliance and regulation, rather than providing functioning leadership roles (Swenson 2008). The belief is that the free market can take care of any problems without the government's involvement (Azevedo et al 2019). Instead what occurred is a neoliberal regime of too much power by the market overtook control of the government and state, rather than a neoliberal state where governments hold too much power (Dean 2014). Essentially, the state in effect has become the power force that internalized class relations (Harvey 2005a).

The Neoliberal position argues that the nation-state is deficient as it is too large and structure less to produce a legitimate political community for the public to experience and that it is not large enough to confront the most critical matters and problems as they are only solvable from a trans- or supranational level (Biebricher 2018). Intimate collaboration with corporations and business owners not only takes place with state actors but many take on strong positions in writing legislations, deciding public polices and outlining regulatory frameworks (Harvey 2005a). Corporate power, through its outlet of education, forces the dominant culture to grow their freedom when it comes from any form of political limitations (Giroux 2016). The states agendas do appear to not have only transformed into implementing and enforcing the "rules of the game," but actually directing the market and market interventions into the workings (Biebricher 2018).

Dismantling of the Welfare State

Governance under the philosophy of neoliberalism has taken on new forms where the state operates through non-profits and for-profit agents in achieving their goals in governing dispositions of low-income populations (Schram, Soss, Houser and Fording 2010). The welfare structure of the United States has been under a process of becoming un-developed and more punitive in nature (Girdner 2007). The transition from social to more penal reforms in poverty management can be highlighted within the methodology of neolibral process (Peck 2010). Neoliberalism core ideology is the resistance to welfare and promotion for laissez-faire capitalism and the advancement of the market (Azevedo et al 2019). Under neoliberalism, states respond by seeking to repair their diminishing legitimacy by destroying the ‘rights-based’ practice of welfare through forcing marginalized populations into ‘workfare’ practices that essentially promote neoliberalism market beliefs of low-scale work including low-wage, low-benefit, and low security markets (Wimmer 2014).

The decentralization and transfer, of the federal government that once held the responsibility of domestic programs, to states and localities has been a policy move that all presidents since the Regan administration followed (Smith 2008). As stated prior, the neoliberalism process comes along with the belief of the self-responsible individual and under Bill Clinton’s presidency this continued the belief with the additional promise to end welfare as it has been traditionally practiced (Peck 2010). President Bill Clinton's agenda to ‘reform’ welfare materialized in 1996 when he enacted Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) (Schram et al 2010). Empirical trends under neoliberalism have consisted with the restructuring and transformation of state institutions and class inequalities (Wimmer 2014). Welfare policy under neoliberalism suggests that human services should be based on a market approach (Swenson 2008) An outgrowth from the policy practice of transferring domestic program responsibility federal agencies and state and local governments to state governments created the policy approach of increase contracting with nonprofits and for-profit organizations in providing public services, as well as, being policy implementing agents (Smith 2008). This results in more flexible labour markets, union decline, increasing outsourcing and globalization causing the deconstruction of societies 'Fordist' welfare model (Wimmer 2014).

The Welfare state under neoliberalism, is not so much reduced as in 'rolled back,' but is rather 'rolled out' where welfare is being pushed out to the diverse locals of non-state actors and organizations (Schram et al 2010). Since the postwar welfare state, social programs have dramatically changed and seen immense cut backs having many looking towards the voluntary and non-profit sectors as the institutions of hope in delivering services for those in need of assistance (Chouinard and Crooks 2008). Neoliberalism policy has established the market-conforming state-sponsored approach to both economic and social restructuring which has created the approach of restructuring by the private, public and third (nonprofits and voluntary) sectors that highlights the contribution of the third sector between the market and state (Fyfe 2005). Welfare reform has transformed federal and state welfare expenditures; shifting from traditional low-income cash assistance programs towards the nonprofit sector to deliver such antipoverty services (Joassart-Marcelli and Wolch 2003).

The United States government structure currently is referred to as the "hollow state," as the government has disconnected from providing services and outputs and instead establishes contracts and creates agreements with organizations to perform and provide those social services (Smith 2008). The "Shadow State," describes the contemporary rise of the nonprofit and voluntary sector that is associated with directly providing social services and the dismantling of the previous practice of the New Deal/Great Society public agencies that once provided the social services (Gilmore 2007). Prior to the early 1980s recessions, but also more recently, public services were allocated and distributed through different levels of governments based on a hierarchical system; currently, today being in an age where government is tight on public spending governments have had to rely heavily on third parties to not only finance but to design and build the public infrastructure entirely (Smith 2008).

The Non-Profit Industrial Complex (NPIC)

The nonprofit sector is the center foundation in the partnership model concerning corporatist relationships between the state and capital (Wolch 1999). The non-profit industrial complex (NPIC) is defined as the interactional relationship linking the political and financial technologies of the state and owning classes that are controlling the public ideology through surveillance (Smith 2007). The nonprofit environment can be seen as processes of the restructuring relations between the state, nonprofits, and private providers of welfare services due to the neoliberal process (Chouinard and Crooks 2008). The NPIC functions as the ‘shadow state,’ as it manages and controls dissent by incorporating it to the states framework through a network of institutions carrying out what government agencies are supposed to perform and provide with tax money within the areas of social services (Smith 2007).

As the federal government began to redirect social spending through the NPIC, many championed the third sector non-profit industries as the cure to the deficient welfare state that refrains from providing community initiatives (Fyfe 2005). As these conditions have developed and undergone changes, the nonprofit sector has progressively been depended on to assist in-providing in-kind income transfers and anti-poverty services (Joassart-Marcelli and Wolch 2003). Under neoliberalism, fears of decreased political participation, anxiousness about the failure to meet welfare needs, and worries of citizenship it has led many to regard the ‘third sector’ as the location where politics can be democratised, strengthen citizenship, and reinvent the public sphere (Fyfe 2005).

Due to the welfare reform and the government’s increased support for growth of the nonprofit sectors within the human service sector it has led to the analysis that suggests the nonprofit sector has become the ‘shadow state’ or ‘third party government’ (Joassart-Marcelli and Wolch 2003). The “hollow state,” in reference to the current state of the United States government structure has consisted of a process undergoing decentralization of governmental social services programs transforming into increased partnering and contracting with nonprofits and for-profit agencies (Smith 2008). Governmental branches, such as the legislature and executive branches have reorganized bureaucracies to perform more policing duties such as setting regulations and establishing examplitory models through setting qualifications, by establishing their role to be overseers rather than service providers themselves (Gilmore 2007). A growing amount of governmental resources have been allocated towards the nonprofit industry in the make of 'purchase-of-service' contracts and tax and regulatory breaks (Joassart-Marcelli and Wolch 2003). Rather than services being provided to the direct populations of low-income communities, resources and services were being provided to local community organizations on behalf of presumed social services program recipients (Greer and Gonzales 2017).

This alternative practice that is now the predominant model uses incentives based within tax codes that encourage private entities, such as, business and non-profit organizations to meet the objective of public policy by providing the services through the means of the private market (Greer and Gonzales 2017). The claimed benefits of third party contracting include the incentive of private investments, efficiency in service delivery due to reducing transaction costs, and the capacity to produce and capitalize on social capital at the local level (Smith 2008). Noneless, globalization links have caused policy adjustments that formulates the nonprofit industries ability to form stable state partnerships (Wolch 1999).

Many debate whether the nonprofit sector generally benefits impoverished communities and question if nonprofit institutions provide the services that the government fails to provide (Joassart-Marcelli and Wolch 2003). Although the nonprofit sector is looked at as the organizations that deliver the social support and services, they too are faced with changes and challenges that limit their capacities, such as, the lack of funding, increased competition for funding with private for-profit sectors due to market-based favoring policies. Additionally, they must navigate the difficulties in acquiring and adapting operations and challenges retaining skilled staff due to wage levels and deteriorating working conditions (Chouinard and Crooks 2008).

Consequently, when social programs that the non-profit partners provide experience defunding from the government, the sectors' vulnerability is highlighted within its holding positions as a contractor or 'shadow state' (Wolch 1999). The nonprofit industrial complex promotes an organizational environment and culture that is not collaborative, as they are narrowly focused and competitive as the different groups or organizations must compete with one another in the hopes of capturing the support of benefactors (Smith 2007a). The neoliberal landscape that emphasizes competition and privatization has transmuted the sectors environment as increasingly competitive in-service delivery where nonprofits bid against, not only each other, but also against private sectors firms to provide such welfare services (Chouinard and Crooks 2008). Ultimately, this results in nonprofit institutions being co-opted by the state through the need for federal and state funding (Smith 2007a). Associated with this comes an emphasis on accountability where the state manages the competition with the use of public funds through the process of an environmental shift away from providing nonprofits long-term core funding into favoring short-term contract or project based funding (Chouinard and Crooks 2008).

CHAPTER THREE: METHODS

This research is based on content analysis of 11 California CDFI organizations websites, website documents and geospatial analysis of 95 California CDFI organizations' and 54 loan sites of Humboldt County, California CDFI conducted in 2018-20. The organizations were found through the internet website CDFI Coalition document "CDFIs in California: Community Development Financial Institutions" and the internet website Opportunity Finance Network. This research utilized a content analysis of California CDFI website pages and documents and geospatial analysis based on Natural Earth urban populated areas geospatial data and U.S. Census Bureau average income levels geospatial data on the 95 California CDFI organizations and loans from a Humboldt County CDFI.

This study utilized a theoretical framework of Neoliberalism and the NPIC to examine the practices that the CDFI industry uses to promote economic expansion through market-value principles, which lead to the continuation of the uneven development of urban spaces through the public/private space discourse. I furthermore utilized the neoliberal framework to examine how CDFIs have taken on the role of the state through the discourse of the neoliberal state and NPIC. Geospatial analysis assisted in strengthening the theoretical analysis of neoliberalism as well as identifying the region and communities based on income levels that CDFIs serve. The research questions include:

1. What are the primary organizational and business models of CDFIs ?

2. Whom and what regions/communities are CDFIs servicing?

3. Where are CDFIs located, and what roles does the CDFI industry play within the neoliberal context?

Research Setting

This research examined CDFI organizations in the state of California (see Figure 1), with a specific examination of one CDFI organization in Humboldt County, California (see Figure 2). California is the most populated state in the United States, as the United States Census Bureau estimates its population in 2019 at 39.51 million (U.S. Census Bureau 2020). There are a total of 58 counties in the state of California with both highly populated urban regions and less populated rural regions (U.S. Census Bureau 2020). According to a 2014-2018 estimate, there are 12,965,435 residential households with 2.96 persons per household and a median household annual income of $71,228. Additionally, there is an estimated total of 3,548,449 business firms with 1,619,857 being minority owned firms and 1,819,107 non-minority owned firms (U.S. Census Bureau 2020). California's estimated poverty rate is 12.8 percent (U.S. Census Bureau 2020), with a 2017 federal poverty rate based on one individual household income of $12,060 (U.S. Department of Health and Human Services).

Figure 1: Research Setting California State

Organizations

The organizations studied were all CDFI organizations operating in the state of California and CDFI loan sites from one CDFI organization in Humboldt County, California. A total of 95 California CDFI organizations were incorporated into this study and they were located throughout the state of California, with the majority operating in the larger counties of the state, such as Los Angeles, San Francisco and Alameda County. More Specifically, the majority of CDFI organizations, around 21 percent (20 CDFIs), were located in Los Angeles county, San Francisco followed with around 13 percent (12 CDFIs) and Alameda county had around 8 percent (8 CDFIs) (see Table 1).

Table 1: California CDFI Locations Based on Average Income Levels (FY17)

County	**Number of CDFI Organizations**	**Percentage**
Alameda County	8	8.4%
Butte County	1	1.1%
Contra County	2	2.1%
Del Norte County	1	1.1%
Fresno County	3	3.2%
Humboldt County	3	3.2%
Imperial County	1	1.1%
Kern County	1	1.1%
Los Angeles County	20	21.1%
Mendocino County	2	2.1%
Monterey County	1	1.1%
Orange County	5	5.3%
Placer County	1	1.1%
Riverside County	1	1.1%
Sacramento County	6	4.7%
San Bernardino County	4	4.2%
San Diego County	4	4.2%
San Francisco County	12	12.6%
San Luis Obispo County	2	2.1%
San Mateo County	3	3.2%
Santa Barbara County	2	2.1%
Santa Clara County	2	2.1%
Santa Cruz County	2	2.1%
Siskiyou County	2	2.1%
Solano County	2	2.1%
Sonoma County	2	2.1%
Tulare County	1	1.1%
Ventura County	1	1.1%
Total	**95**	**100.0%**

In order to gain a better understanding of how CDFIs market their organization and the services they provide, I randomly selected 11 organizations to perform a content analysis of website data. The 11 California CDFIs randomly chosen for content analysis included Pacific Coast Regional Small Business Development Corporation, Women Economic Ventures, Desert Valley Federal Credit Union, Mission Asset Fund, Community Bank of the Bay, California Coastal Rural Development Corporation, Mission Community Fund, American Plus Bank, Economic Development and Financing Corporation, PACE Finance Corporation and Mission Economic Development Agency.

The content analysis revealed that nine of the 11 operated in the legal structure of nonprofits while only one operated in the legal structure of for-profit. Out of the 11 California CDFIs, seven operated in the organizational structures of loan funds, with two operating as community development banks and with one operating as a credit union. (see Table 2). The sole organization operating as a for-profit institution is American Plus Bank, and it operates as a community development bank. Table 2. The 11 California CDFI Organizations (Content Analysis: Website Data)

Table 2: The California CDFI Organizations (Content Analysis: Website Data)

CDFI Organization Name	**Legal Structures**	**Organizational Structures**
Women Economic Ventures	Non-profit	Loan Fund
Desert Valley Federal Credit Union	Non-profit	Credit Union
Mission Asset Fund	Non-profit	Loan Fund
Community Bank of the Bay	For-profit	Community Development Bank
California Coastal Rural Development Corporation	Non-profit	Loan Fund
California Capital Financial Development Corporation	Non-profit	Loan Funds
American Plus Bank	For-profit	Community Development Bank
Economic Development and Financing Corporation	Non-profit	Loan Fund
PACE Finance Corporation	For-profit	Loan Fund
Mission Economic Development Agency	Non-profit	Loan Fund
Humboldt County, California CDFI	Non-profit	Loan Fund

Rural Focus

Additionally, I conducted a closer examination of one specific CDFI organization that provided loan sites in Humboldt County, California (see Figure 2). Humboldt is located in the northwest region of California and is considered to be an urban-rural community that is semi-close to the California and Oregon Border. According to the Census Bureau 2013-2017 American Community Survey, Humboldt County, California has a total population of 135,490 with only about 45,255 residing in the two more urban communities of the county Eureka and Arcata, California (U.S. Census Bureau 2020). Residential households are estimated at 63,315 with 2.43 persons per household with a median household income of 45,528. In addition, 2017 estimates project 12,821 business firms with 1,853 being minority owned and operated firms and 10,333 non-minority owned firms (U.S. Census Bureau 2020). Humboldt County, California's 2018 estimated poverty rate was at 20.3 percent (U.S. Census Bureau 2020). I chose to further examine a CDFI in Humboldt County California, the county where I was residing during this study. Humboldt County, California is a remote rural county that is predominantly characterized by low-individuals along with the community itself emphasizing a value and need of community development. Due to these characteristics and values of the community I felt it was important to examine CDFIs activity within the region in an attempt to better understand how a rural CDFI operates and its potential value.

Figure 2: Research Setting Humboldt County, California

A total of 54 CDFI loan sites from a CDFI organization in Humboldt County, California were analyzed in this research. The loan sites were examined based on the city they were located in within the county. Out of the 54 loan sites the majority were found to be located in the larger cities of the county, with about 52 percent a total of 28 of loans provided in Arcata, about 24 percent provided in Eureka with a total of 13 and about 11 percent with a total of 6 loans provided in Fortuna (see Table 3). One loan was outside of Humboldt County, and was in Del Norte County and more specifically, Crescent City.

Table 3: Number of Humboldt County Loans per City

City	Number of Humboldt County Loans	Percentage
Eureka	13	24.1%
Arcata	28	51.9%
Blue Lake	2	3.7%
Trinidad	1	1.9%
Willow Creek	1	1.9%
Fortuna	6	11.1%
Bayside	1	1.9%
Crescent City	2	3.7%
Total	**54**	**100.0%**

Data Collection

Data for this research was collected through multiple online sources and website data. The multiple website sources include the CDFI Coalition, Opportunity Finance Network, Natural Earth, United States Census Bureau American Community Survey, Humboldt County, Google and Google Maps. The 95 California CDFI organizations were obtained from the CDFI Coalition document, “CDFIs in California: Community Development Financial Institutions”. The CDFI Coalition document provided the names of the 95 California CDFI organizations, which allowed the collection of the addresses of the California CDFI organizations. The California addresses were copied and pasted to a working Microsoft Excel file. In addition, google maps was utilized to collect the latitude and longitude data needed to conduct the geospatial analysis. The address was copied and pasted into Google Maps, once identifying the latitude and longitude data it was uploaded into the same working Excel file.

The website data for the content analysis of the 11 California CDFI organizations, was obtained through the 95 California CDFI organizations identified from the CDFI coalition document. The 11 California CDFI organizations were randomly selected from the working Excel file of the California CDFI data. After the 11 California CDFI organizations were selected, they were each individually analyzed to find their organizations website. Once identifying, examination and analysis of the data to find emerging themes was conducted.

The 54 loans sites from the Humboldt County, California CDFI organization was obtained from the Opportunity Finance Network, “CDFI Coverage Map” (2020). Due to the fact that the “CDFI Coverage Map” does not provide a direct address of the loan sites on their polygon shapefile associated with the loan, I utilized Google Maps in collecting the data. Addresses from Google Maps appearing around the region of the CDFI Coverage Map loan polygon shapefile were copied and pasted into the Coverage Maps search bar to identify the loan sites (see Figure 3). Once the address matched the loan polygon shapefile, the address was inputted into a separate Excel file for the loan sites. In total, 95 California CDFI organizations, 10 out of 95 California CDFI organizations, and 54 loan sites were established for analysis.

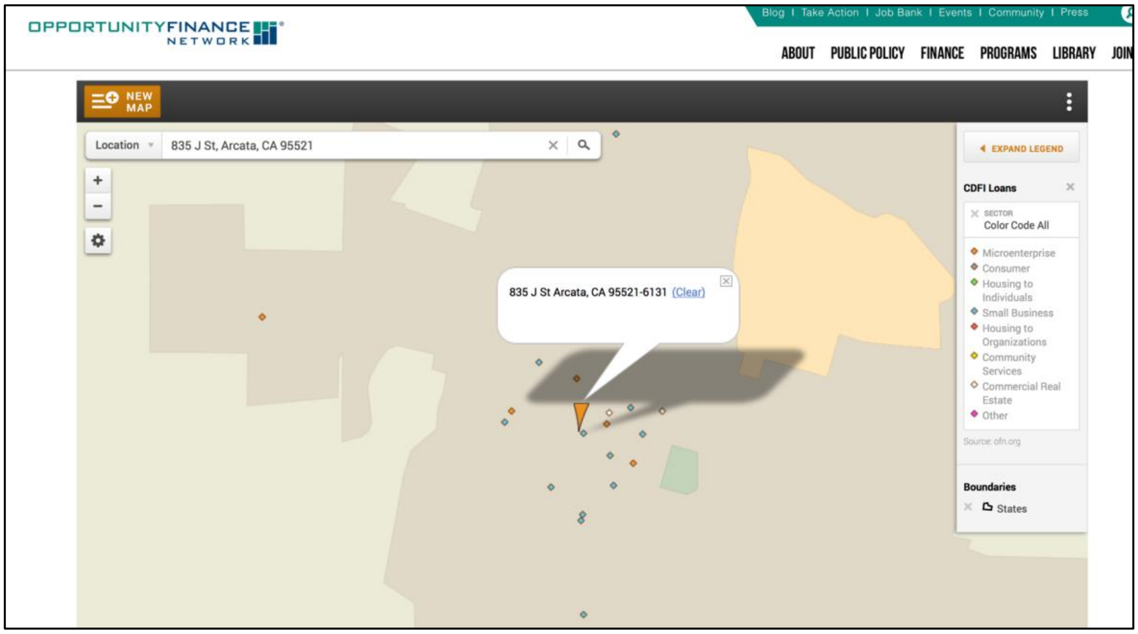


Figure 3: CDFI Coverage Map from Opportunity Finance Network Identifying Humboldt County CDFI Loan Sites (2020)

Additionally, geospatial data was obtained through the websites including Natural Earth, the United States Census Bureau, and Humboldt County, California. Natural Earth Urban Areas and State Provinces shapefile was downloaded and defined to the appropriate spatial reference, World Geodetic System (WGS 1984). The data included the United States Census Bureau American Community Survey of both years 2012 and 2017 TIGER shapefile and GEOID data of the 2017 California Average Income Level block data, which as well defined to the appropriate spatial reference, World Geodetic System (WGS 1984).The United States Census Bureau American Community Survey data of the California Average Income Level block data included both years of 2012 and 2017 due to the data being utilized for both analysis of the California CDFI Organizations and the loan sites of the Humboldt County CDFI organization. The California CDFI organization data was based on the CDFI locations in the year 2017. There was more updated California CDFI organization data from the CDFI coalition including year 2018, but the United States Census Bureau American Community Survey data of the California Average Income Level block data only went up to the year 2017. Due to maintaining consistency within data I chose to analyze 2017 data.

The 2012 United States Census Bureau American Community Survey data of the California Average Income Level block data was used to analyze the Loan sites from the Humboldt County CDFI organization. The 2012 year was chosen based on high frequency of the loans closing year dates were in 2012 and that it was in the middle of the closing years of the loans being represented. Closing year loan dates included years from 2010 to 2015 dates. Only one loan closed in the year 2015 out of the 54 loans, taking that into consideration 2012 was identified as the middle of the years represented in the loans closing years. Lastly, Humboldt County boundary shapefile was downloaded from the county website.

Procedures Overview

This research conducted content analysis of websites along with website documents and geospatial analysis. Content analysis and geospatial analysis allowed for this research to identify emerging themes based on prior CDFI research and through the lens of the neoliberalism framework. First, the 95 California CDFI Organizations were identified through the CDFI Coalition FY 2017 website document “CDFIs in California: Community Development Financial Institutions" (2020). Once the 95 organizations were identified their organization's name was inputted to Google Search Engine to identify their address location. Their address locations were compiled in an Excel file sheet next to their organization’s name. From there, utilizing Google Maps the latitude and longitude data of each organization was collected and also added to the same Excel file sheet. Through collecting the data and inputting into an Excel file sheet a database was created and named California CDFI 2017 database.

The California CDFI 2017 database Excel file was then saved as a CSV. file and uploaded to the geospatial program ArcMap 10.6.1 by ESRI, establishing a layer of the 95 California CDFI organizations. The organizations were identified through circle points of their locations in California based on the geospatial data Natural Earth State Provinces shapefile. In addition, the CDFI organization layer was as well layered on top of the Natural Earth Urban Area shapefile layer, for examination of the CDFIs organizations locations region in the context of urban and non-urban. A second examination, with the CDFI organization layer was conducted, as the CDFI organizations were layered on top of the United States Census Bureau 2017 Average income levels (see Figure 4). The GEOID data was joined to the 2017 Average Income layer and the quantities were broken down to the 16 income levels, to be consistent with the Census Bureau data collection of income levels (see Table 4).

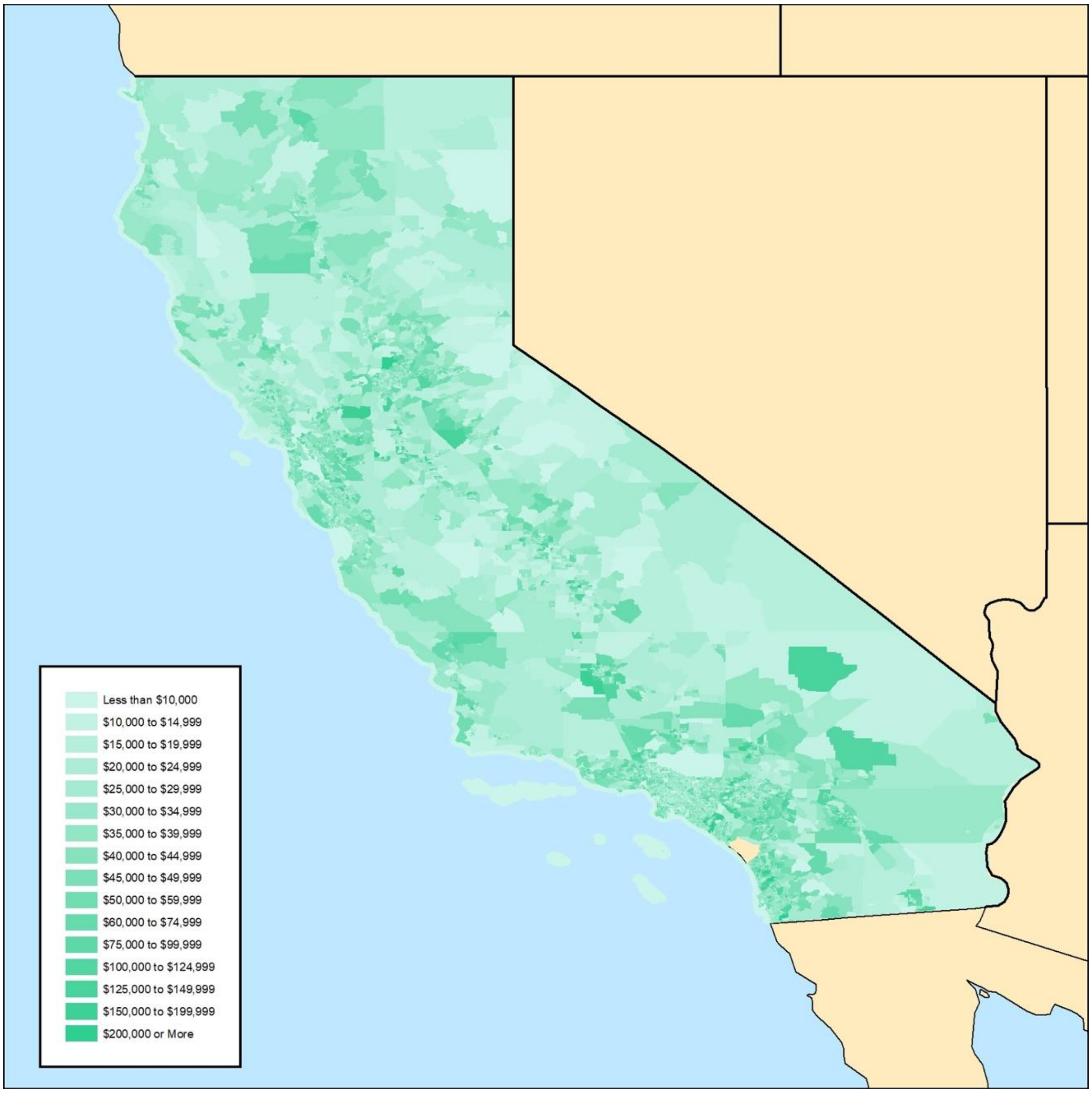


Figure 4: 2017 California Average Income Levels from US Census Bureau

Table 4: United States Census Bureau Income Level Ranges

United States Census Bureau Income Level Ranges
Less than $10,000
$10,000 to $14,999
$15,000 to $19,999
$20,000 to $24,999
$25,000 to $29,999
$30,000 to $34,999
$35,000 to $39,999
$40,000 to $44,999
$45,000 to $49,999
$50,000 to $59,999
$60,000 to S74,999
$75,000 to $99,999
$100,000 to $124,999
$125,000 to $149,999
$150,000 to $199,999
$200,000 or More

Lastly, I analyzed 54 loans geographical site locations from Humboldt County, California CDFIs. HC CDFI Loan Sites 2012 database Excel file was then saved as a CSV. file and uploaded to the geospatial program ArcMap 10.6.1 by ESRI, establishing a layer of the 54 loan sites. The loan sites were identified through circle points of their locations in California based on the geospatial data Natural Earth State Provinces shapefile. In addition, the loan sites layer was as well layered on top of the Natural Earth Urban Area shapefile layer, for examination of the CDFIs organizations locations region in the context of urban and non-urban. A second examination, with the loan sites layer was conducted, as the CDFI organizations were layered on top of the United States Census Bureau 2012 Average Income Levels (see Figure 5). The GEOID data was joined to the 2012 Average Income layer and the quantities were broken down to the 16 income levels, to be consistent with the Census Bureau data collection of income levels (see Table 4).

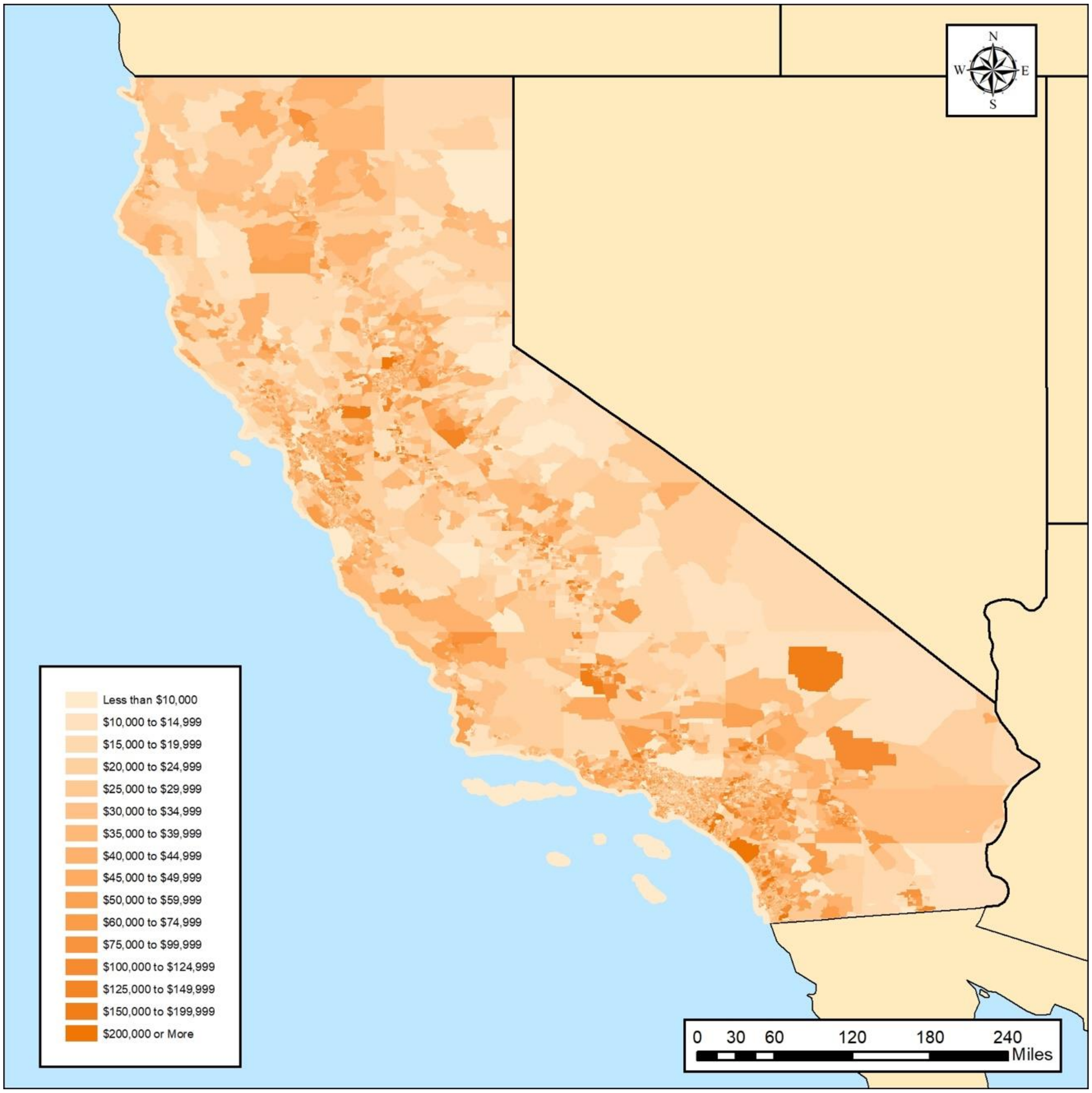


Figure 5: 2012 California Average Income Levels from US Census Bureau

CHAPTER FOUR: NEOLIBERLISM, NEOLIBERAL STATE, NONPROFIT INDUSTRIAL COMPLEX, AND UNEVEN GEOGRAPHICAL DEVELOPMENT

In this thesis, I apply a neoliberal lens to my analysis of the CDFI organizational discourse of community development by examining the business models, services, and geospatial locations of CDFIs and CDFI loan sites. In doing so, I interrogate the neoliberal project of market expansion and its belief that human development and well-being is best achieved through the market. Additionally, I examine the neoliberal state and the NPIC to show how the CDFI industry is a potential site that takes on the state's responsibilities while operating within the NPIC. Lastly, I critically analyze the CDFI industry as a major player in producing the uneven development within the state of California.

Neoliberalism and Market Expansion

Neoliberalism, defined by David Harvey, is a political theory that promotes free market economic practices and conveys that the best method in advancing human-well-being is through liberating entrepreneurial freedoms and individual skills (Harvey 2005a). This means that as the neoliberal logic spreads, an increasing number of human interactions are taken to be exchanged within the marketplace. This can be seen within the CDFI industry as it promotes a discourse of community development through the expansion of economic development. This is supported by the neoliberal logic that believes human enhancement will increase as long as the market economy achieves growth. In addition to neoliberalism's emphasis on free market beliefs, it also promotes strong property rights, deregulation of industry, limiting labor power, increase of free trade and overall liberating the powers of finance (Harvey 2005a). This again, accentuates the CDFI framework as it provides deregulated financed services to marginalized low income communities. Fundamental to the Neoliberal belief is that the end to poverty is best achieved through free trade and free markets (Harvey 2005a). Neoliberalism has been interpreted as a reorganizing project of international capitalism and even more so as a political project that entails restructuring the conditions of capital accumulation and the restoration of economic elite power (Harvey 2005b).

The social restructuring that followed this economic transformation consisted of implementing the processes of capitalization, privatization, corporatization and financialization of common day life (Harvey 2005a). According to Harvey, public assets, state ran institutions and social programs undergoing corporatization, commodification and privatization are signifying characteristics of the neo-liberal process (2005b). The primary purpose behind privatization is to establish new industries in search of capital accumulation (Harvey 2005b). As a result, areas that had typically been closed off to profit-making, such as social welfare services, public utilities and public institutions, now became new sites for capital accumulation (Harvey 2005b). These new areas of private interest included services such as social housing, healthcare, education, water, and transportation (Harvey 2005b). Inherently, this process of privatization was associated with cutbacks in regulatory frameworks and the use of state power driving the processes into place with or without public support (Harvey 2005b).

Public assets are the public benefits that the state manages and holds for the citizens it represents (Harvey 2005b). Privatization consists of the transferring of public assets from the state to private business and companies (Harvey 2005b). Essentially, the state sells off the public assets it is holding for its citizens over to private businesses to control and manage, while at the same time making profit off those assets. This is seen as the state is now providing the grant funding source of the CDFI fund to this industry, rather than providing it social service programs.

In connection to CDFIs, when the state puts the taxpayers' public money into grant funds for CDFIs to apply for, rather than directly providing low-income individuals social service welfare programs, this can be seen as the state privatizing public assets. Such processes transfer common property rights t into private territory, which is one of the most harmful policies causing dispossession and uneven geographies.

Int his way, even public welfare becomes part of a redistributive chain of capital accumulation that transfers public funds to the elite class (Harvey 2005b).

Deregulation is what created the financial system to be one of the main hubs in establishing redistributive ventures to the elite and privatized corporate powers (Harvey 2005b). Asset stripping through mergers and buyouts, stock promotions, stock and credit manipulation, inflation, increased debt levels and emphasizing stock values and stock options all display the mechanics of a financialized state where even human welfare is for sale (Harvey 2005b). Thus, the expansion of finance services to low-income communities through the CDFI framework, again displays how this industry is taking part in the expansion of the neoliberal project.

Life under neoliberalism fundamentally means the “inalienable rights of individuals,” including corporations, is essentially controlled through the ideas of private property rights, independence from state interference, and freedom of choice within the marketplace of commodities (Harvey 2005b:56). Although individuals value these individual freedoms, the underlying core behind them promote capital accumulation and economic growth for the top elite power.

As neoliberalism prioritizes capital accumulation, politics has become a site where capital influences the policy realm. Thus, those with the most capital are inherently the ones who influence legislation. This is how the elite control the market and essentially create systems that allow them to obtain more power through capital accumulation.

Additionally, neoliberalism is distinguished by society's infused relationship to the state and economy, as the state has continuously progressed towards supporting economic prosperity over human liberation and development (Low and Smith 2006).

The Neoliberal position argues that the nation-state is deficient as it is too large to produce a legitimate political community for the public to experience. Ironically enough, at the same time the nation-state is not large enough to confront the most critical matters and problems. Instead neoliberalism sees the problems only being able to be solved from a trans- or supranational level. Essentially, meaning that the problems are only able to be solved from the world global free market.

Intimate collaboration with corporations and business owners not only takes place with state actors but many take on strong positions in writing legislations, deciding public polices and outlining regulatory frameworks (Harvey 2005a). 2018). when it comes to the neoliberal state a paradox arises, where the state appears to be withdrawing, but has in fact become more central than ever to the global capitalist project. The state expands its' realm by promoting and creating the conditions for the market capital accumulation. This can be seen as the state potentially created the CDFI industry by pulling out from providing social community development services and promoted legislation and sources of funding for the CDFI industry directly. Ultimately, creating a new industry for the market, while having that industry promote the market development at the same time.

Neo-liberal State

The neoliberal state emphasizes and highly supports individual property rights, the rule of law, free markets and free trade (Harvey 2005a). More so, the neoliberal state's core mission and purpose is to create a strong business environment with a focus on optimizing conditions for capital accumulation (Harvey 2005b). Due to the core mission of the neoliberal state producing a healthy business environment, it prompts and incentivizes investments and other business interests (Harvey 2005b). The neoliberal state encourages business investments through incentives including tax breaks, infrastructure distribution, and organizational guidelines through the expenses of the state (Harvey 2005b). This is seen in the government's legislation including the Community Reinvestment Act (Avery et al 2000), New Market Tax Credit and the CDFI Fund

(Lowry 2013). As these legislations provide incentives for private entities to invest within the CDFI industry through tax credits and deregulation in their market endeavors.

Infrastructure provisions from the state often can be organized in the form of legislation that determines access to governmental support such as tax breaks and sources of capital funding, such as grants. Such an agenda incentivizes a business focused environment that promotes the “privatization of assets” as a primary method of establishing new developments in accumulating capital (Harvey 2005b). In addition, the state under neoliberalism promotes business development through the breakdown of previously state or regulated sectors, including welfare programs (Harvey 2005b). These sectors that were once governed by the state are then directed to the private and non-profit sector for the driving purpose of capital accumulation. As seen in the CDFI industry, more specifically in the Clinton Administrations 2000 legislation of the Community Renewal Tax Relief Act that created the NMTC incentivizing the private industry to provide funding to the CDFI industry (Rosenthal 2018).

The fluidity of capital mobility between sectors and industries that is associated with the deregulation of industries under the neoliberal state is a crucial element in the regeneration of profit rates and capital accumulation. Neoliberalism's legal framework operates around the negotiated contractual commitments that take place amongst the market sector and “judicial individuals” (Harvey 2005a:64). The institutional framework pertaining to the free market, which the state regards as fundamental goods and assets causes the state to prioritize this framework by using its forces in promoting and protecting the functionality of the neoliberal institutional framework (Harvey 2005a).

Prioritizing the continuous function of this institutional framework is additionally due to businesses and corporations being acknowledged as individuals and requires the state's power in order to operate within this framework (Harvey 2005a). The state as well promotes this institutional framework as there is a strong belief that the key to innovative wealth creation is by private enterprise and providing entrepreneurial initiatives (Harvey 2005a). Neoliberalism is continuously promoting the privatization of assets (Harvey 2005a).

The Non-Profit Industrial Complex (NPIC)

The non-profit industrial complex (NPIC) is defined as the interactional relationship connecting the political and financial technologies of the state and owning class essentially control the public ideology through surveillance of political discourse (Smith 2007:8). Due to the historical process seen from governmental bodies pulling away from their duties of tending to social and public needs by providing social services and welfare support programs, nonprofits are now being left with the responsibility of providing those social needs and services (Smith 2007). This is seen within the CDFIs industry as CDFIs are commonly the providing source of debt capital to low-income communities. The governmental pull back has caused nonprofits to become the responsible institution of the social issues in society as they are now the leading institutions providing the needed social services. The historical process of individual charities transitioning into the NPIC has caused non-profit organizations to focus heavily on administrative and financial operations of the organization. Rather than focusing on social justice and the social movement to bring about social change (Smith 2007). This inherently is present within the CDFI industry as CDFIs are highly focused on partnerships within their larger network of funding sources. These organizations operating within the NPIC are primarily focused on obtaining funding for operations and administrative duties. Additionally, CDFIs are achieving community development by providing interest debt capital to low-income communities, which CDFIs claim is to assist within their funding and administrative needs.

The nonprofit environment can be seen as a process of the restructuring relations between the state, nonprofits, and private providers of welfare services due to the neoliberal process (Chouinard and Crooks 2008). The NPIC is currently functioning as the 'shadow state,' as it manages and controls dissent through incorporation of the state's framework through a larger network of institutions carrying out what government agencies traditionally performed (Smith 2007) Additionally, these organizations carrying out the states roles are provided with citizens tax money in the forms of grants that traditionally would have serviced social services programs (Smith 2007). The CDFI industry represents this directly, as the state is implicitly controlling the CDFI institutional framework through the grant funding sources. As the United States Department of the Treasury (2020) outlines the behaviors of the organizations by setting requirements the organizations must meet in order to receive the CDFI Fund grant (2020). Essentially, this is the state incentivizing the development of the CDFI industry as well as controlling their behavior by offering grant funding.

The “hollow state,” in reference to the current state of the United States government structure has consisted of a process undergoing decentralization of governmental social services programs that has transformed into increased partnering and contracting with nonprofits and for-profit agencies (Smith 2008). Essentially the programs that the state once provided through taxpayers capital are increasingly cut back or diminished completely. Rather than permanently funding programs through taxes, the states are providing limited sources of grant money to qualifying nonprofits (Smith 2007). While at the same time the state outlines the organizations behavior and structure through setting the qualifications to receiving grant funding. Without a permanent fixed budget, nonprofits have to depend on other industries and partnerships to sustain their financial needs. These additional partnerships include businesses, foundations, as well as other nonprofit organizations, as seen within the CDFI network.

The partnerships that nonprofit’s focus their organizational structure around is inherently tied to making the wealthiest individuals, even more wealthy. The foundations that nonprofits receive their grant money from are foundations that are created by some of the elite members of society (Smith 2007). The elite create these foundations behind a philanthropic approach to not have their money taxed and instead provide a certain percentage of their income to a grant fund. In addition, foundation money that many nonprofits receive sources of funding from are inherently private untaxed money (Smith 2007). As foundations are fundamentally elite capital put into an elite established organization that hold philanthropic beliefs and missions for the purpose of circulating their elite capital to avoid taxation (Smith 2007).

Fundamentally this circulating process in avoiding taxation on the wealthy's capital makes the foundations private businesses and its funding capital as private untaxed money (Smith 2007). It is also important to mention that the receipts of non-profits as well are not taxed; this potentially creates a loop hole structure where the elite can cycle their untaxed money from their foundation back to their own created non-profit all while making an asset profit. This continues the growth of social problems as the untaxed money that would have originally been put back in the governmental funds for the government to provide social services are never taxed and cycled through a pool to make the wealthy increase their wealth (Smith 2007). Ultimately, creating more inequality between the elites and the poor.

Uneven Geographical Development

Uneven development is the social inequalities and exploitation of certain spaces that is displayed through the geographical landscape (Smith 1990). The pattern of uneven geographical development is essentially the development of one side of the pillar and the underdevelopment at the other side of the pillar (Smith 1984). Essentially, uneven development is the idea of certain areas being more developed and holding more investment opportunities where on the opposite end are the areas that are being displaced due to their lack of investment opportunities. Fundamentally, within uneven development certain areas are seen as holding more values and are implicitly the areas that will continue to have more investment and capital circulating within as investors and capitalists see opportunity. On the other end of the spectrum the regions that lack investment opportunity are continuously left behind due to investors not wanting to put any capital within the communities, as they do not see a potential return. This essentially creates and continues a process of displaced communities and bodies, ultimately creating the sites of uneven development.

Uneven development patterns are identifiable in the landscape under capitalism and can be differentiated through scales based on developed and underdeveloped regions (Smith 1990). These developed and undeveloped regions include urban and rural and suburban and inner city (Smith 1990). Uneven development is seen as the product of capitalist practices as the main objective is capital accumulation. Essentially with capital accumulation being the main focus and objective of the neoliberal project, investors main agenda is to only invest in areas that will make a profit return. Fundamentally, meaning that the financial interest and corporate interest take presence over the general well-being of a greater population. This resulting in capital being unevenly distributed and invested only into spaces that offer opportunity in capital accumulation. That will continue as neoliberal and capitalist practices continue and expand. Uneven development becomes more extreme as the accumulation process under capitalism increases (Smith 1984).

The logic of uneven development is fundamentally invested in capital production based on surplus value and the expansion of profit from the built environment or region's space (Smith 1984). Meaning that uneven development is due to the level of profit rate that a specific region can obtain. At the same time, the capital is constantly moving throughout different spaces as the capital will be withdrawn from a built environment and reinvested within a space that holds higher profit rates at the time. This process is due to the pursuit in taking advantage of gaining surplus value from investment capital (Smith 1984). This displays how within the neoliberal project capital accumulation is the main objective and is the cause of the continuation of uneven developments.

Investments of the built environment define the spaces by region with a purpose of effectively circulating capital (Harvey 2005b). This is where we see locations being defined as urban vs rural, based on defining characteristics. Within each defined location, regional identities become established within the space's collective characteristic. The regional spaces are typically defined through production, distribution, consumption, exchange, supply and demand, culture, and class struggle (Harvey 2005b). For instance, urban spaces are highly developed with business districts that are identified by shopping centers, town centers, shopping malls, and plazas. In addition, to larger populations that will provide circulating capital to the market through consumption within these spaces. The defining characteristics of the region essentially establishes a niche market for that given space as well as a coherent system and structure that essentially operates with one another (Harvey 2005b). The modes of consumption within the defined spaces become geographically distinguished based on the region's distribution of wealth and power (Harvey 2005B).

The geographical world that capital accedes within is an existing complex spatial pattern based on the differentiation of the given space, in that the patterns are organized into a "systematic hierarchy of spatial scales" (Smith 1984:181). Meaning that space is defined in an organized pattern that outlines the type of behavior that happens within a given space.

Within this spatial systematic hierarchy three dominant scales emerge in accordance with the “production of space,” that includes the urban space, nation-state, and the global space (Smith 1984). The urban space is essentially the everyday space that outlines and sets the boundary fraction of the labor force (Smith1984). As a result, the labour market’s geographical boundaries indicate the spatial combination and integration within an urban context (Smith 1984). Therefore, the geographical limits of the urban scale layout the primary systematic boundaries and differentiation of the space of work and the space of residence (Smith 1984). Meaning that urban spaces are the defined locations for business and business interactions such as purchases that move capital through the market. The urban arena is where activity of labor and consumption takes place. Essentially t the “urban unit,” is the defining fraction of space defined by the labour force and it’s collective consumption (Smith1984:136)

The growth of the urbanized space not only includes the continuous centralization of the productive forces and the overall growth of concrete labor within the daily system, but also the growth of the geographical space of abstract labor which is connected to business (Smith 1990). Expansion of geographical space requires the synchronized behavior of expansion between the value that is based on accumulation (Smith 1990). In essence, development perhaps includes “absolute urban expansion,” but can as well accomplish expansion through the intensifying existing space consumption or by restructuring and reproducing sections of the spaces (Smith 1990:137).

Given that Geographical space is considered as a social product, it as well means that geographical space is inherently connected to human practices and behaviors.

Essentially, each given scale has been differentiated historically prior to capitalism's emergence, but have been significantly transformed due to capital. Space therefore becomes the product of both social and historical practices (Smith1984). Ultimately meaning, that the interactions that take place in space define what kind of space it is. This definition of the space, ultimately is what guides investors and developers in providing investment capital within a Region.

Public and Private space brings insight to gain a further understanding of uneven development and how the transitions of spaces take place. Essentially, the defining characteristics of public space includes "geographies of daily movement. This includes a variety of geographical spaces including rural, urban, local, regional, global, institutional and electronic (Low and Smith 2006). Today, public space is highly tied to the economy, political, and social aspects and contrast characteristics of the public and private space (Low and Smith 2006). Neoliberalism practices have caused the reconstructing and transfiguring of the public space and sphere to be under the control of the state and corporate (Low and Smith 2006). Essentially, the repoliticization of public space suggests that there are different policitis of public spaces (Low and Smith 2006).

Public space is conventionally characterised by defining rules of access, behaviors acted out by the individual and collective, supervision over entry to the space and space utilization rules (Smith 2006). Public space entails ranges of social locations provided from the streets, parks, malls, neighborhoods, governments, nations and local community neighborhoods (Low and Smith 2006). Presently, public space is commonly examined and contrasted with private space as it is difficult in outlining public space without the “social generalizations” of private space (Smith 2006). Fundamentally, the private space is determined and shielded from the state's regulations concerning private property as well as its regulations on public space (Smith 2006). Under the neoliberalism political structure that increasingly becomes defined with majority private property, public space becomes increasingly defined as private property as it becomes controlled by rules and regulations of private spaces. These spaces become abstractedly private as businesses invest and take over these public spaces. The state regulates spaces of business and essentially considers them as a form of private property although they still function within the public realm. Meaning that public spaces are essentially privatized in a way as they become exclusive spaces that determine the actions that take place as well as control who utilizes the spaces. CDFIs take part in this as they provide loan services for the purpose of business development, which inherently controls the spaces it moves into.

Public space within the neoliberal framework is foundational to characteristics of “public-private partnership” and “business improvements districts” (BIDs) which are funded and financed through local business (Low 2017). Public spaces have become commonly associated with private features and services such as security guards and devices, landscape maintenance and gates that have the ability to be closed (Low 2017). Inherently, this means that many public spaces are consequently private in that they are privately owned, managed and have regulated elements concerning the public sphere (Low and Smith 2006). Land claims that established private property immediately established the logic of “special interests and created the outcome of evictions and dispossessed of certain bodies, including the peasants, workers, and the poor (Low and Smith 2006:2).

Property rights determining spatial relations created the basis of the new ideologies around the public spaces commons and urban centers, such as, town squares, plazas, and downtown centers (Low and Smith 2006). Within the process of public spaces becoming privatized there have been an emphasis towards the development of the new private suburbs and the progressively gentrified urban centers. Through this process and the development of the privatized urban spaces caused political struggles to develop concerning one's individual socio-economic characteristics (Low and Smith 2006).

This again is what ultimately creates uneven geographies, as investors are not as willing to provide investment capital to non-urban regions, due to the lack of business opportunities. Intrinsically due to the urban arenas daily activities characterized by capital movement throughout the market investors commonly invest within the urban areas. Overall, investors focusing their investments on urban business dominated regions, is what continues to displace non-urban communities and fundamentally create uneven geographical development.

CHAPTER FIVE: FINDINGS

My research focuses on interrogating five components of the CDFI business model: Mission Statements, Financial Services Offered, Financial Resources/Tools, Partnerships, and Financial Reporting. My analysis reveals that while CDFIs operate through the rhetoric of ‘community development,’ in fact, their organizational model is designed to promote the neoliberal agenda of deregulated capital and privatized interest.

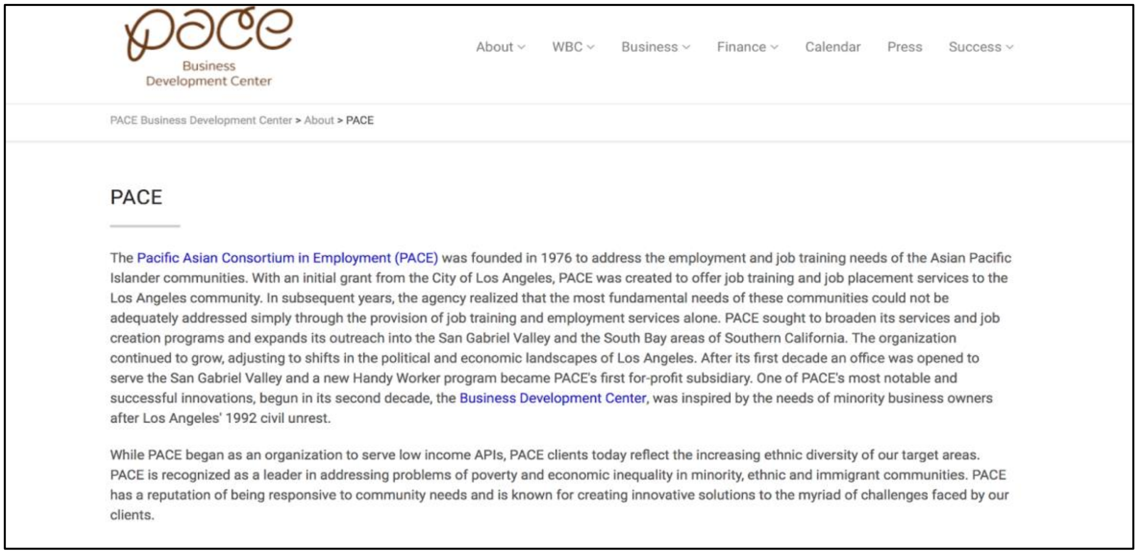
Mission Statements as the Role of that State

The Mission Statements of CDFIs include the organization’s goals and define the population the organization has committed to serving. Prior research has stated that CDFIs were specifically formed to progress low-income households and communities’ economic circumstances by servicing these communities (Rubin 2008). The main difference of CDFIs from a traditional financial institution is that they are to operate around their defining mission and advancing social goals (Rubin 2008). When analyzing the organizations’ websites, all 11 of the organizations had a page or section dedicated to their mission statement, which defined their servicing population.

The organizations mission statements define the population they choose to provide financial services whether its, low-income communities in general or a specific population based on demographics, such as, race, ethnicity, or gender. For example, both PACE Finance Corporation and Mission Economic Development Agency choose to focus on providing to marginalized ethnic minority communities (see figure 6). While this may at first appear benevolent and charitable in nature, in fact, it reflects a hallmark characteristic of the neoliberal state.

This reflects the neoliberal state, as the populations that PACE Finance Corporation and Mission Economic Development Agency focuses servicing, traditionally, could have participated in equitable programs that the traditional state would have provided. Such equitable programs that the traditional state would provide that prevent displacement in these ethnically, racially, and gendered communities, include affordable housing, access to food, quality transportation and living wage employment. As neoliberalism progresses, the neoliberal state enters a process of pulling back from providing social services to low-income and marginalized communities and rather, promotes economic expansion by opening social services to industry and the market for profit gain. The CDFI industry is representing this as seen in the mission statement of PACE Finance Corporation providing services to low-income Pacific Islander communities.

Additionally, when examining PACE Finance Corporation's mission statement more closely, the market goal that the industry holds which is obscured through the discourse of community development can be identified. Within their mission statement, PACE Finance Corporation, states, the organization when established, provided employment services, such as job training and job placement (see Figure 6) (2020). The mission statement further goes on to state, that they eventually realized employment training and placement was not enough to adequately address the problems the community faces. This led the organization to expand its services to provide business loans and expand their outreach to a larger population size. The services that the organization provides including job employment services, exhibits the organizations ideology of community development through the market and market expansion. Clearly, the organization believes that providing low-income individuals services and support that will essentially assist them in being successful within the market. Additionally, the organization furthers their service to providing business loans, which are inherently tied to expansion of credit markets. The organization providing business loans displays the CDFI industry promoting community development through the idea of interest-owed, economic development. As PACE Finance Corporation fundamentally provided deregulated capital with interest through their business loan service to the low-income community of Pacific Islanders, it can be seen how the CDFI industry is fundamentally connected to business growth and capital accumulation through providing services for economic development.



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PACE

The Pacific Asian Consortium in Employment (PACE) was founded in 1976 to address the employment and job training needs of the Asian Pacific Islander communities. With an initial grant from the City of Los Angeles, PACE was created to offer job training and job placement services to the Los Angeles community. In subsequent years, the agency realized that the most fundamental needs of these communities could not be adequately addressed simply through the provision of job training and employment services alone. PACE sought to broaden its services and job creation programs and expands its outreach into the San Gabriel Valley and the South Bay areas of Southern California. The organization continued to grow, adjusting to shifts in the political and economic landscapes of Los Angeles. After its first decade an office was opened to serve the San Gabriel Valley and a new Handy Worker program became PACE's first for-profit subsidiary. One of PACE's most notable and successful innovations, begun in its second decade, the Business Development Center, was inspired by the needs of minority business owners after Los Angeles' 1992 civil unrest.

While PACE began as an organization to serve low income APIs, PACE clients today reflect the increasing ethnic diversity of our target areas. PACE is recognized as a leader in addressing problems of poverty and economic inequality in minority, ethnic and immigrant communities. PACE has a reputation of being responsive to community needs and is known for creating innovative solutions to the myriad of challenges faced by our clients.

Figure 6: PACE Business Development Center Mission Statement (2020)

Another example of the state's role being taken on by the CDFI industry and its purpose in promoting economic development as the desired form of community development can be seen in the mission statement of Women’s Economic Ventures. The Women’s Economic Ventures has primarily taken on the mission of assisting women in obtaining financial services. Their mission statement states, “…we have worked diligently to create an equitable and just society through the economic empowerment of women” (2020). Again, we see how the state’s withdrawal from providing social services has been passed over to the CDFI industry to manage social needs through private-public partnerships that promote gender equality through a capitalist framework.

Furthermore, within the Women’s Economic Ventures mission statement, it is again seen how the organization promotes social development through the economic framework that the neoliberal project promotes. The organization recognizes economic empowerment as the primary measure of a just and equitable society for those who are marginalized. Thus, the language of, "...economic empowerment of women" replaces the state's responsibility to provide numerous necessary resources for the community. Although, women and marginalized populations do need financial services to operate within modern society, the neoliberal ideology promotes economic development and human development as one in the same. Rather than providing more human needs, such as access to food, public health, mental health, education, and transportation there is a clear economic and business agenda which leaves out the larger 'community' needs. The focus is clearly business driven and does not focus on the human element of community development.

Many CDFIs, as seen, choose to service specific marginalized communities where other organizations choose to serve the entirety of the low-income communities, such as the CDFI organization Economic Development and Financing Corporation (EDFC). The connection the CDFI industry holds to finance capital and development can again be seen in EDFCs mission statement as they utilize the language, "vibrant local economy" (see Figure 7) (2020). This again highlights that the neoliberal project defines the economy as the only source that improves the quality of life. CDFIs more specifically achieve this by providing services they call as community development in the form of finance capital. EDFC even goes so far to promote the available natural resources as a source for economic opportunity (2020). Additionally, EDFC advertises the social capital of the community as another form of economic opportunity, essentially advertising the communities' identities, norms or values as something that should be taken to the market for the purpose of capital accumulation (2020).

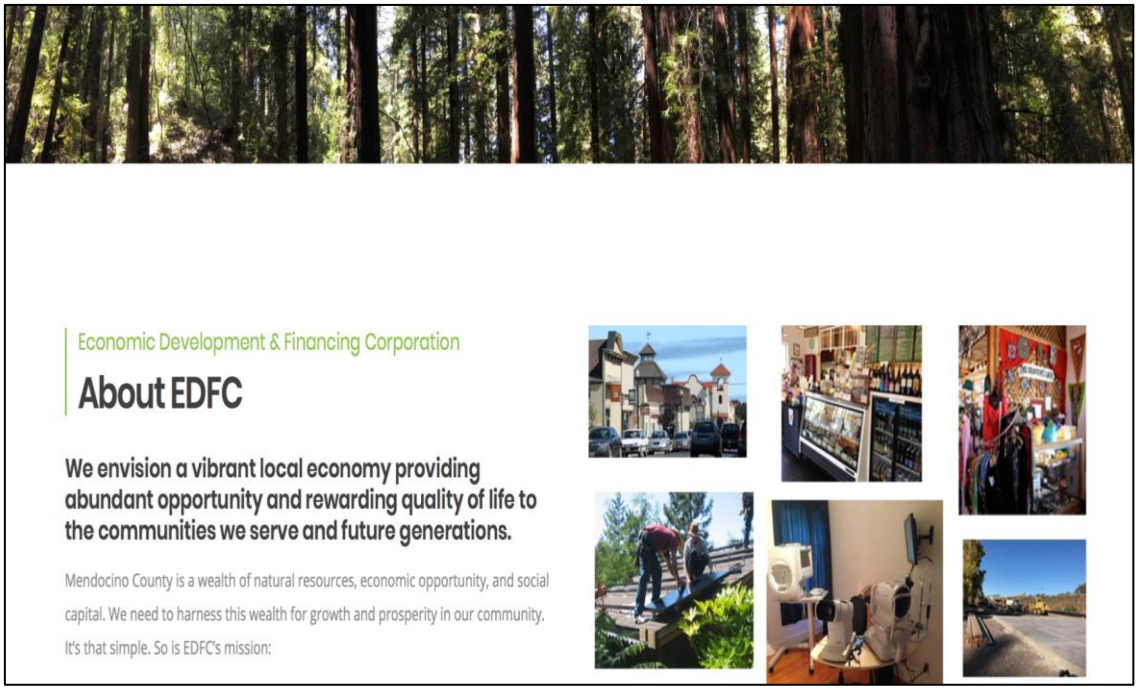


Figure 7: Economic Development and Financing Corporation Mission Statement (2020)

The mission statements of the CDFIs fundamentally display how the CDFI industry promotes economic development through a discourse of community development. The mission statement utilizes language that promotes human development through economic prosperity. Additionally, through the mission statements of the CDFIs, it is clear that the CDFI industry is taking place in the state, and the state's role in providing social services to marginalized communities. Furthermore, the mission statements display how the government promotes market expansion, by having the CDFI industry provide social services that promote the market at the same time by providing finance capital. The State has CDFIs provide finance capital rather than themselves providing social programs such as, food assistance programs, family assistance programs, and mental health development programs. Essentially displaying how the government has opened up social services to the market for profit gain and capital accumulation.

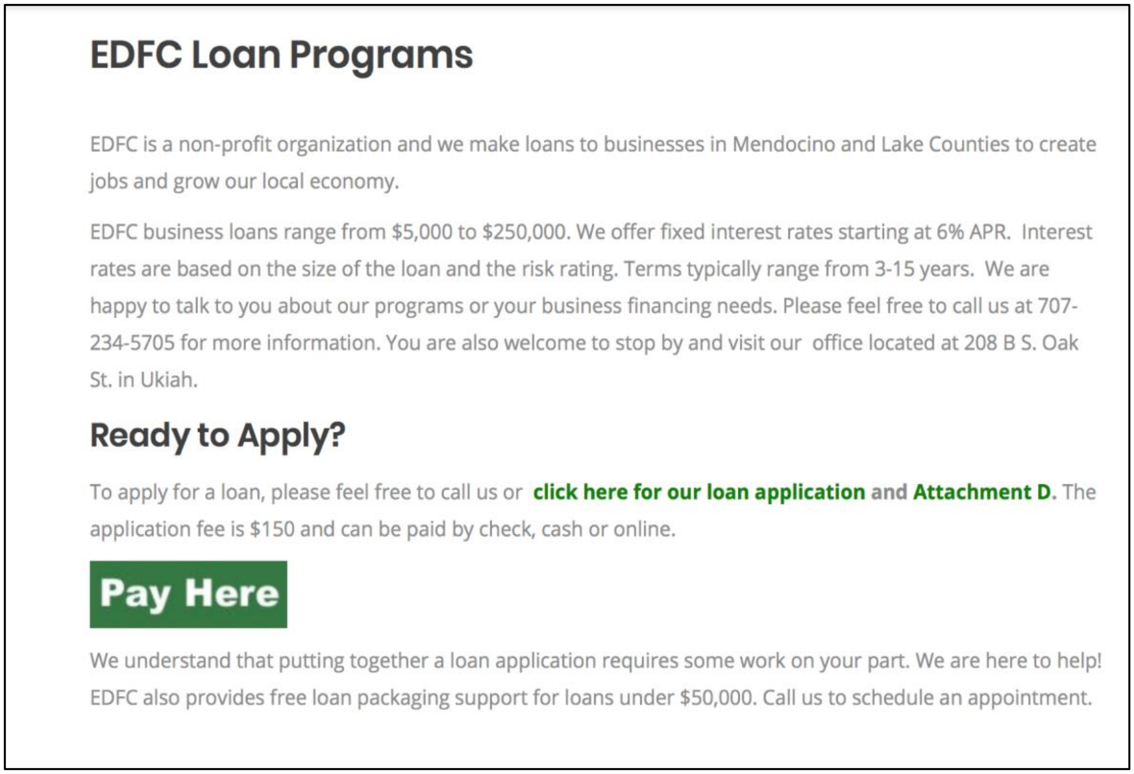
Financial Services Offered

Financial Services Offered is another emerging theme as financial services are the main purpose of the CDFI industry. Prior research has identified the main objective of CDFIs is to improve the economic conditions for communities of low-income individuals and households (Benjamin et al 2004). CDFIs provide access to financial resources such as community development loans, personal loans such as home mortgages, and general banking services (Rubin 2008). CDFIs generally provide financial capital to community developers but also loans to other non-profit organizations in addition to personal loans to individuals.

All 11 CDFIs organizations advertise the financial services they provide, which consist of finance loans and financial accounts. The services offered differed based on the identified CDFI organization structure. For instance, the for-profit community development banks and non-profit credit unions CDFIs provided individual financial services including checking accounts, saving accounts, credit cards, certificates of deposits, mortgage loans, and retirement plans. While the loan fund CDFI strictly provided financial services only in the forms of debt loans. Although the services that the organizations offered are based on the organizational structure that the CDFI operates within, every CDFI examined offered services in the form of financed loans.

The loan debt services that CDFIs offer to low-income communities express the neoliberal agenda, as it promotes accumulation through capitalization and financialization. Neoliberalism's goal is to constantly create new industries within the market based on financialization with a goal of capitalization (Harvey 2005b). This focus that all CDFIs have in providing loans, indicates that CDFIs hold a profit-making agenda through the financialization of loans that hold interest rates. Substantially, CDFIs display the discourse that community development is only achieved through finance capitalization by providing loans with interest rates to marginalized and low-income communities.

The highlighting point of CDFIs services that they advertise is that their loan services are offered at lower interest rates and lower account fees. EDFC, for example, offers their loans at a fixed rate of 6% (see Figure 8) while the Women's Economic Ventures offer their loans at a fixed rate of 10% to 15% (2020). When comparing the CDFI interest loan rate to a traditional Financial institution, Wells Fargo, you can see that the CDFIs interest rate could be considered as very similar or even higher as Wells Fargo offers a business loan with a fixed rate of 7% (2020).



EDFC Loan Programs

EDFC is a non-profit organization and we make loans to businesses in Mendocino and Lake Counties to create jobs and grow our local economy.

EDFC business loans range from $5,000 to $250,000. We offer fixed interest rates starting at 6% APR. Interest rates are based on the size of the loan and the risk rating. Terms typically range from 3-15 years. We are happy to talk to you about our programs or your business financing needs. Please feel free to call us at 707-234-5705 for more information. You are also welcome to stop by and visit our office located at 208 B S. Oak St. in Ukiah.

Ready to Apply?

To apply for a loan, please feel free to call us or **click here for our loan application** and **Attachment D**. The application fee is $150 and can be paid by check, cash or online.

Pay Here

We understand that putting together a loan application requires some work on your part. We are here to help! EDFC also provides free loan packaging support for loans under $50,000. Call us to schedule an appointment.

Figure 8: EDFC loan interest rate at 6%APR

This suggests that despite the rhetoric, CDFIs are not providing better interest rates or at least interest rates that are not far off from traditional financial institutions. More so, this means that CDFIs are approving and offering services to populations that do not have the credit score requirements or income levels that traditional financial institutions require. Meaning that the CDFI business model is technically that of a traditional financial institution, but holds a main purpose to provide *access* rather than more affordable financial services.

CDFIs providing financial services with interest rates in general demonstrates the neoliberal agenda of advancing financialization into new market industries. CDFIs demonstrate this by expanding out the ‘financialization of everything’ (Harvey 2005b) by providing interest debt services to marginalized communities, oftentimes at higher interest than traditional institutions. Although financial services is not a new industry, CDFIs are essentially expanding these services out to a larger population that previously could not gain access within the industry. Although CDFIs are appearing to be providing a needed social service in providing access through the lens of community development, in general they are providing interest rates similar to traditional financial institutions to clients that would have been typically considered as lacking the ability of repayment. In general, this shows the 'financialization of everything' that the neoliberal agenda wishes to constantly expand by financializing the poor.

The non-profit loan fund organizations are only providing financial services within the framework of loans, hence their organization structure name loan fund. Additionally, all eight CDFI loan fund organizations main loan service is providing business loans. Out of eight loan fund CDFIs, four of them provided the government's Small Business Administration (SBA) Loans. The additional loan categories that the non-profit Loan Fund organizations provided include micro loans, following with commercial loans, and farm/agriculture loans. In addition, the farm loans that the organizations provided, which was a total three organizations, consisted of the government's USDA funding.

The loan fund CDFIs providing governmental loans such as loans through the SBA loan program and USDA funding program exhibit the CDFI industry interaction within the NPIC and the neolinberal state. The CDFIs providing deregulated debt capital through governmental funding highlights the partnerships that are fundamental to the non-profit industry in obtaining funding for the success of their operations. This is a part of the NPIC where the state pulls back in providing social programs and increasing contracts and partners with nonprofits (Smith 2008). Within the contract with nonprofits, the state supplies sources of capital that used to be permanent funds for state-run programs that were funded by tax-payers dollars. The taxpayers dollars now essentially are funding grants for the qualifying nonprofit organizations (Smith 2008). The CDFIs offering governmental capital is directly exemplifying the CDFIs taking part in the NPIC and essentially taking on the role of the state by partnering with governmental agencies.

More so, the CDFIs performing financial service operations through governmental sources of funding demonstrates how CDFIs are not only playing the state's role, but also, the degree to which their operations are integrated with, and controlled, by the state. Through the state's grant and governmental loan services that CDFIs are obtaining and offering, the state is inherently controlling their organizations' activity. When the state provides funding it automatically outlines the organization's behavior and structure as it sets the qualifications to receiving the grant funding (Gilmore 2007). As such, the state becomes the regulator of these services and monitors of industry (Gilmore 2007) that promote the market (Harvey 2005a), rather than service providers. Although it is clear that CDFI organizations are taking on the role of the state, the state itself is still controlling the CDFI industry by funding their operations. Ultimately, the CDFI providing government funded loans implies that the state inherently created the CDFI industry with a purpose of market expansion, as it is providing sources of deregulated capital for interest loan debt services.

As stated, the main loan offered is business loans. Business is a main theme within the majority of other loan types CDFIs offer. The following loan types that the majority of CDFIS provided include micro loans and commercial real estate loans. Out of the 11 organizations four organizations appeared to provide commercial loans and five provided micro loans. Commercial real estate loans are to assist in the purchase, expansion or remodeling of a commercial real estate or multi-family properties, such as apartment buildings as defined by American Plus Bank (see Figure 9) (2020). Commercial loans substantially assist in the process of business development by providing capital to purchase spaces for business operations. Micro loans provide capital for business expenses including machinery, tools, and other resources needed for business operations. Micro loans are also utilized for business start-ups as seen in PACE Business Development Centers loan description (see Figure 10) (2020).

Figure 9: Commercial Loans Purpose Defined by American Plus Bank (2020)

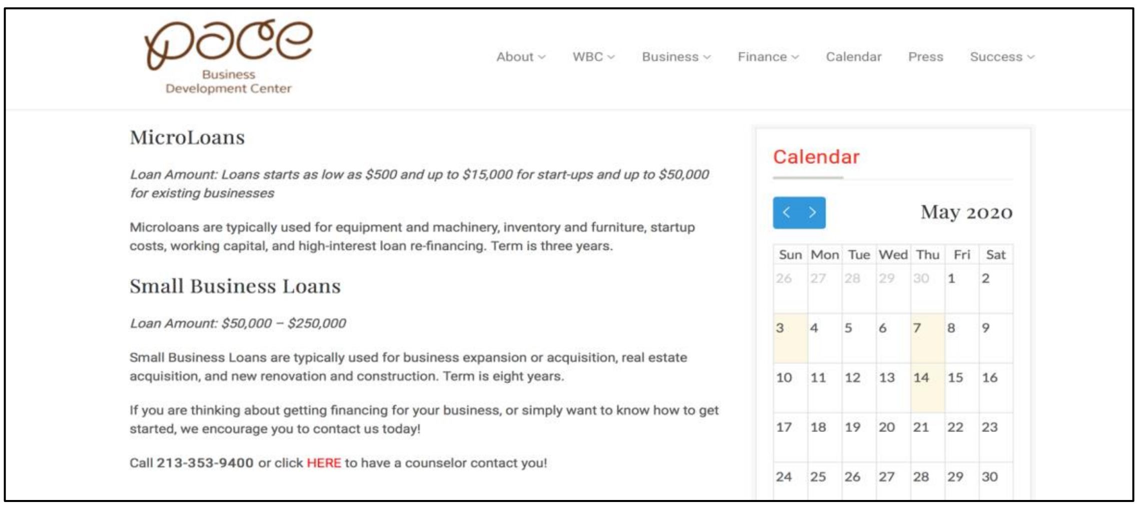


Figure 10: Micro Loans Purpose Defined by PACE Business Development Center (2020)

Although all CDFIs provide loan services, the community development bank and credit union CDFIs additionally provide personal financial services. The personal financial services are services that are conventionally seen in traditional financial institutions including checking and savings accounts, debit cards, and credit cards. Examining the conventional personal financial services the neoliberal projects profit driven motives can again be seen acting within the CDFI industry framework. The individual’s services of financial accounts hold the same characteristics of traditional banking accounts, such as the minimum opening deposit, minimum balance, and cost for overdraft protection fee. Additionally, the monthly services fees that are associated in keeping the account active, such as transfers and withdrawals, are as well applied in the CDFI model.

The service fees can be seen in the Community Bank of the Bay model, as they apply service charges for opening and holding savings accounts. Although their savings accounts clearly do hold lower minimum account balances than traditional banks they do hold higher overdraft charge fees (see Figure 11). For instance, their minimum balance without receiving a $10 dollar charge is $200 dollars (Community Bank of the Bay 2020) while a traditional bank like Chase bank holds a minimum balance of $300 dollars but only charges a $5 dollar charge fee if lower (Chase Bank 2020). This as well is displayed in the interest charges for credit cards. As the community development banks do provide lower interest such as 0% to 3% interest rate for the first year, following with 12% to 22% after the first year (American Plus Bank 2020 and Community Bank of the Bay 2020). This again displays the capitalization and financialization of everything that the neoliberal project promotes, as explained in interest rate of loans. Again the CDFI industry holds a business model that capitalizes off their financial services offered. As well, as offer finance services that as well creates capital gain for their organizations. Characteristically displaying the profit motives of the neoliberal project.

	ESSENTIAL SAVINGS	INDIVIDUAL MONEY MARKET	INDIVIDUAL RELATIONSHIP MONEY MARKET
Best for ...	Building savings and earning interest at the same time.	Those who keep higher balances and want to earn higher interest and write checks.	Business owners & operators who have a business relationship with CBB.
Minimum Opening Deposit	$500	$500	$20,000
Minimum Balance	$200 to avoid a monthly $10 service fee	$1,500 to avoid a monthly $20 service fee	$25,000 to avoid a monthly $20 service fee
Annual Percentage Yield (APY)	See all Savings rates	See all Money Market rates	See all Money Market rates
Transfers & Withdrawals	Savings accounts are limited to 6 online transfers or automated transfers per month.	Money Market accounts are limited to 6 withdrawals per month by check or online transfer.	Money Market accounts are limited to 6 withdrawals per month by check or online transfer.

Figure 11: Community Bank of the Bay Services Individual Services Offered (2020)

All the CDFI loan products evidently hold a theme around business. The theme around business depicts the market focus that CDFIs hold when defining community development. Examining CDFIs behavior and services it is significant that CDFIs claim community development is best achieved through business developments. Community development being centered around business development is comparatively the neoliberal ideology. As neoliberalism believes human-well-being is best achieved through the economy. Through the financialization and capitalization of loans CDFIs expand the market and promote economic development.

In general, CDFIs have an emphasis in business loans in terms of the financial services they provide. This focus on providing low-income individuals services that increase debt, displays the expansion of financialization that neoliberalism wishes to expand to all areas, life. The CDFI industry is clearly appearing to be the new form of social service and acting out of the states role but as well being controlled and monitored as the state regulates through providing governmental funding.

Additional Financial Resources/Tools Services

The third theme consisted of additional services the organizations offered. Additional services included workshops and tools to assist their client in achieving success. As prior research has found, CDFIs further their services by providing services not offered by the traditional banks, such as offering a range of educational and financial counseling to assist in improving their borrowers' economic potential and success (Benjamin et al 2004).

More specifically, additional services CDFIs provide consist of training, workshops, webinars, consultation, certifications, and programs to participate in. These additional services appeared to only be provided from the non-profit loan fund organizations. The additional services non-profit loan fund organizations provide cover a variety of topics that all hold a theme of business. Topics covered include software programs to enhance business research, business training programs, borrowing smart training, and developing business plans.

The emerging theme around business is fundamentally correlated to economic development and market expansion that the CDFI is continuously representing. Additional business theme workshop training included borrowing smartly, starting businesses, operating business during economic crises, legalities of businesses, tax credits/tax preparations, and learning technological/computer tools to assist in business development. An example of business workshops CDFI loan funds provide is displayed from California Capital Financial Development Corporation (see Figure 12) (2020). The organization's educational videos from California Capital Financial Development Corporation, displays how the CDFI industry advocates community development through economic development, as these videos are to enhance business success. Neoliberalism framework promotes free market economic practices and conveys the best method in advancing human-well-being is through liberating entrepreneurial freedoms and individual skills (Harvey 2005a). The additional educational services the loan fund CDFIs are providing is directly the development of individual skills believed to be assisting in the liberating factor in achieving entrepreneurial freedoms. As the organizations are providing skill development that promotes business skills, it is clear the CDFI industry believes community development and individual well-being will be most successful within the marketplace.

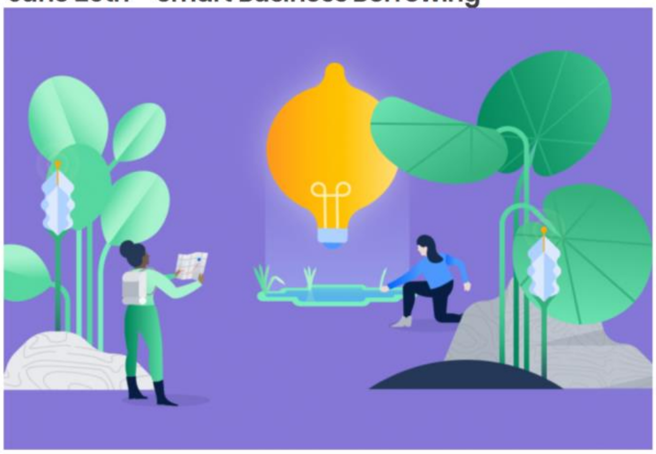
Additionally, as seen in the California Capital Financial Development Corporation snapshot (see Figure 12) there is one workshop on financing your business.

This again exhibits how the CDFI industry promotes the idea and practice of financialization in achieving capitalization through low-income communities. As known from prior sections, this is inherently a part of the neoliberal project that believes in expanding capitalization and financialization to all areas of the market by creating new industry. This is achieved as the organizations are not only providing finance services to marginalized communities, but additionally providing them training on financing their business. Although, the training is definitely a needed and valuable resource it still presents how CDFIs are an industry that promotes the neoliberal project as it inherently expands financilizations practices within the market by promoting it through their training workshops.

Figure 12: Business Workshop Services from California Capital Financial Development Corporation (2020)

Another example of the workshops being offered to the clients of CDFIs loan fund organizations include a workshop from Economic Development and Financing Corporation, “Smart Business Borrowing” (see Figure 13) (2020). This workshop focuses on maintaining healthy credit with a focus on business prosperity, as it provides information on local business resources that won’t ruin the clients credit. This again displays how CDFIs are an industry taking on the state roles while again promoting financialization to low-income communities. Although, the CDFIs are providing educational resources when it comes to their clients financialization knowledge, it is inherently tied in the message that promotes taking out debt and financing businesses developments, which expands capital accumulation through market expansion.

June 25th – Smart Business Borrowing



Learn how to make your business dreams a reality while still maintaining healthy credit.

This free session will cover:

- The characteristics of a predatory loan
- How much it really costs to use a credit card
- Local resources available to help you start a business without ruining your financial status.

We will be offering a limited number of free individual credit consultations to anyone who contacts us ahead of time.

Figure 13: Workshop Training Provided by Economic Development and Financing Corporation (2020)

The Economic Development and Financing Corporation additionally provided a workshop training on utilizing a computer GIS database software tool that allows business and community developers to identify zoning locations of commercial real estate and business districts (2020). This training on the GIS tool directly states it is for the use of community developers, which directly communicates this organization is wanting to provide services to community developers. The website utilizing the language community developers exhibits how their organization holds a purpose regarding development and essentially investment development. Additionally, the tool is to inform users of the available sites for investment and economic development. Essentially, this tool the CDFI is teaching its clients is focused on identifying investment locations. Meaning this organization is potentially a part of creating urbanized spaces and participating within the privatization of public spaces.

Overall this displays the message that CDFIs engage in community development through the activity of economic investment and sees it is the best method when providing services to marginalized communities. The additional services the CDFI organizations offer again display the theme around business development. The majority of the CDFI loan fund organizations offer these services through workshop training programs. Overall, it appears the additional services hold a central point of business and business development through financialization and investment to create urban economic development. Fundamentally this comprehensively means their services and purpose as an industry is to increase the expansion of the neoliberal project through urbanization and economic development.

CDFIs Partnerships

Partnership is a common theme within the CDFI industry, which consists of the partnerships the organizations have with other entities within the realms of the private, governmental, and other non-profit industries for funding and organization support. As stated, the majority of CDFI organizations function with similar legal structures of non-profit organizations (Rubin 2008). CDFI institutional types range from being heavily regulated as banks or unregulated in the forms of nonprofits and for-profit loan funds (Benjamin et al 2004). Additionally, CDFI organizations have a “double-bottom line” agenda that includes both social and financial objectives and their model only works if the loans they provide are generating revenue rapidly and are obtaining repayment to generate funds for future operations to signal the loan as successful (Rubin 2008). The CDFI industry has been having trouble in obtaining the financials needed according to prior research despite their interest debt services (Rubin 2008). This has caused a history of CDFIs establishing partnerships with governments, nonprofits, financial lending institutions, community organizations, and public agencies to assist in the funding and operations (Drnevich 1995).

A key finding when analyzing the CDFIs websites is that there is a larger network within the CDFI community as not only do CDFIs commonly work in partnership with one another they also have partnerships with private financial institutions including banks, non-profits, foundations, and governmental organizations. The organization partnerships within this larger network of various institution types again displays how the CDFI plays the states role and participates in NPIC. The nonprofit environment can be seen as processes of the restructuring relations between the state, nonprofits, and private providers of welfare services due to the neoliberal process (Chouinard and Crooks 2008). NPIC functions as the ‘shadow state,’ as it manages and controls dissent by incorporating it to the states framework through a network of institutions carrying out what government agencies are supposed to perform and provide with tax money in funding social services (Smith 2007). Within the NPIC, a cycling of money throughout the network naturally happens, as elite individuals or business owners provide funding to the CDFIs organizations to avoid being taxed. As well as creating their own organizations that they provide funding to, to cycle their money for the purpose of avoiding taxation.

The majority of organizations examined appear to have partnerships with governmental bodies besides the credit union and one loan fund organization. The CDFI for-profit community development banks appear to have the least partnership with governmental organizations but also only advertise partnership with governmental agencies. Partnerships CDFI hold with governmental agencies, include, the United States Department of the Treasury- CDFI Fund, United States Small Business Administration (SBA), United States Department of Agriculture, United States Department of Housing and Urban Development, United States Department of Health and Human Services in addition to Cities, States, and Counties.

The partnership with governmental bodies for most organizations is essentially for their funding needs in a non-profit legal structure. Although, this is also seen with the for-profit banks as they as well enjoy the funding privileges from the government. This directly highlights the state’s role pulling back from providing social services that traditionally provide capital money to assistance programs to low-income individuals.

Rather the states redirect tax money to grant pools for non-profit, as well as, for-profit organizations to apply and obtain. This is demonstrated by the governmental partnering that CDFIs form to obtain funding. This is the state process in controlling the CDFI industry activity as they set requirements of who is eligible for the grant funding based on their organizations' operations and procedures.

CDFI organizations as well have made partnerships with traditional financial banks and credit organizations. Six CDFI loan fund organizations established partnerships with traditional banking institutions. Common partnership with traditional banking institutions identified include Wells Fargo Bank, Union Bank, JP Morgan Chase & Co., City National Bank, Bank of America, CitiBank, Umpqua Bank, Tri Counties Bank and other local banks in the organizations region (see Figure 14) (California Capital Financial Development Corporation 2020). Through the Community Reinvestment Act (CRA) and its loophole allows banks to provide the required annual percentage of their financials to CDFIs, rather than directly to low-income communities (Macinnes 2002). It is not a surprise to see so many CDFIs partnered with private banks and private businesses to obtain funding needs. This as well, shows the network partnership of the NPIC throughout the non-profit, private and governmental bodies. Essentially the CDFI industry is operating in the NPIC and functions as the 'shadow state,' as it is managing and controlling dissent by incorporating it to the states framework through a network of institutions carrying out what government agencies are supposed to perform by providing financial services to marginalized communities.

Figure 14: Example of California Capital Financial Development Corporation Partnerships (2020)

In addition to CDFIs holding partnerships with private banks, they as well had partnerships with private entities. Three of the CDFI loan fund organizations partnered with other private entities outside of the financial banking industry. These private entities the Women’s Economic Ventures, PACE Business Development Center and the Mission Economic Development Agency organizations partner with include business and organizations including Facebook, Twitter, LinkedIn, GoDaddy, Ikea and Southwest Airlines (2020). The New Market Tax Credit promotes and provides private entities incentives, such as tax write-offs, in the exchange of investing into CDFIs organizations

(Marples 2013). This partnership loophole shows the state providing incentives within the ideology of the neoliberal free-market as it provides incentives for private industry to take part in providing to low-income communities, as the government pulls out. This promotes an industry of deregulated capital with the goal of capitalization to serve the economy. The economy is seen as the best method in the enhancement of human-well-being pushed out to the market.

Lastly, CDFI organizations had established relationships with other non-profit organizations and foundations, both within the CDFI industry as well outside the industry. As prior research has stated, in this historical process of governmental pull back and individual charities transitioning into the NPIC it has caused non-profit organizations to focus greatly on administrative and financial structures of the organization then the mission (2007). These organizations rather than focusing on their missions or providing services have to focus on obtaining funding. They focus on partnerships with foundations and other non-profit organizations.

Nine out of the 11 CDFIs had established partnerships with foundations, excluding the two community development banks. More specifically when looking at the non-profit credit union Desert Valley Credit Union, it can be seen that they have developed their own foundation (see Figure 15). The credit union states the foundation purpose was created to assist educational purposes in teaching children financial literacy (Desert Valley Credit Union). Teaching financial literacy to children shows how the

CDFI industry is looking at the market as the only source for human-well-being and how to build community development.

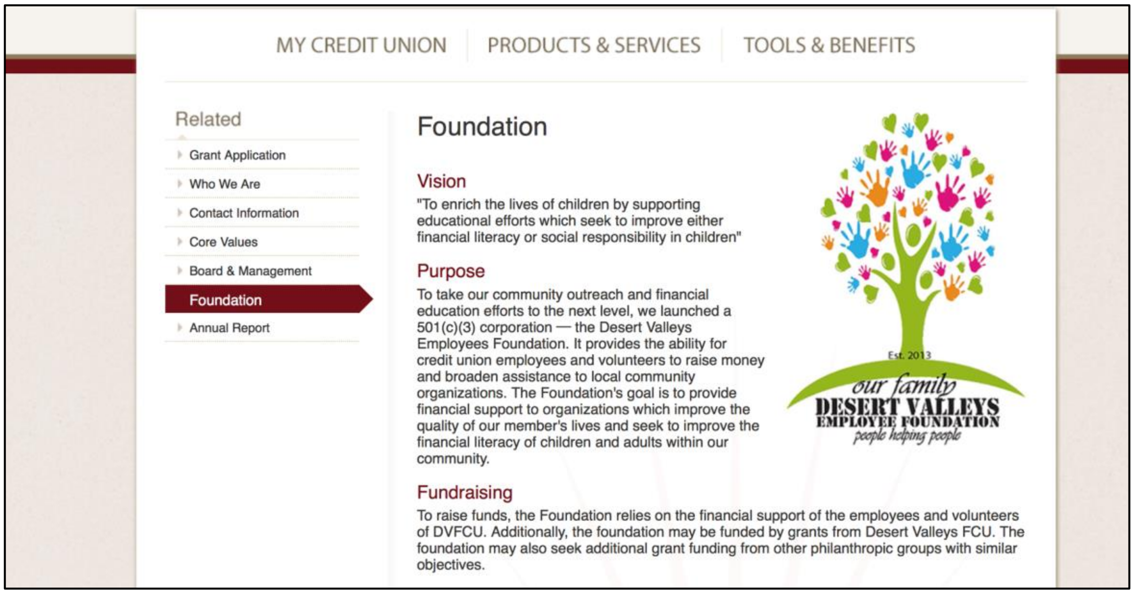


Figure 15: Desert Valley Credit Union Self-Created Foundation (2020)

Partnering with foundations is a fundamental characteristic of the non-profit industry as it has been found that many elite individuals will open and operate a foundation with a philanthropic mission and grant pool to funnel through their capital in order to avoid taxation on their large amounts of profit. Many times, the founders' foundations are also the founders of the non-profit organization, meaning their capital is avoiding taxation and essentially funneling back to them in a continuous cycle. This could potentially be happening within the Desert Valley Credit Union as its own organization and employees are funding it (2020). This represents the neoliberal project reorganization of the political and economic sphere to bring capital and economic power back in the hands of the elite.

Overall, the CDFI organizations all had partnerships with governments, nonprofits, financial lending institutions, community organizations, and private agencies. The larger network of partnerships established for the purpose of funding needs as the CDFIs and prior research present and can potentially indicate CDFIs participation within the NPIC. The state's role is ingrained within the NPIC, but again it can be seen how the states partnering with CDFIs are the states way of providing financials to a market industry that continues to make profit capital through the capitalization process. This essentially continues the cycle of money through the market based on the taxpayers' money.

Financial Reporting

The final theme was the reporting methods of the financial reports of the CDFI organization. Due to the majority of CDFIs operating in the legal structure of nonprofits, they must report their financial reports and activities to the public as it is public information, but as the state does not regulate the non-profit their reporting method and industry itself is highly unregulated (Smith 2007). Within the CDFIS organization reporting methods, CDFI non-profit loan fund organizations all have similar methods of what they report on and how they present their financials in their annual reports. The organizations financial reports include topics such as, businesses created, job creation/retention, business survival rate, average annual revenues, total of loans to clients, and client's repayment loans

With the consideration of what the organizations are commonly reporting in their financial reports, there is an identified theme of organizations reporting their business success. As CDFIs' operations and practices have been identified to promote the neoliberal agenda through business focus goals their financial reports once again display this common trend. Essentially, for the majority of organizations rather than providing balance reports of where their capital is going, the organization is choosing to highlight what their funding has created in the business realm in aggregate form. This can be seen in Mission Economic Development Agency financial report (see Figure 16) as they highlighted the 201 jobs created, and 99 businesses created or expanded. This is as well seen in the Women's Economic Ventures financial report (see Figure 17) that reported the number of businesses started, new jobs created, business survival rate, aggregated business sales and aggregated increased household incomes.

Figure 16: Financial Report Example from Mission Economic Development Agency (2020)

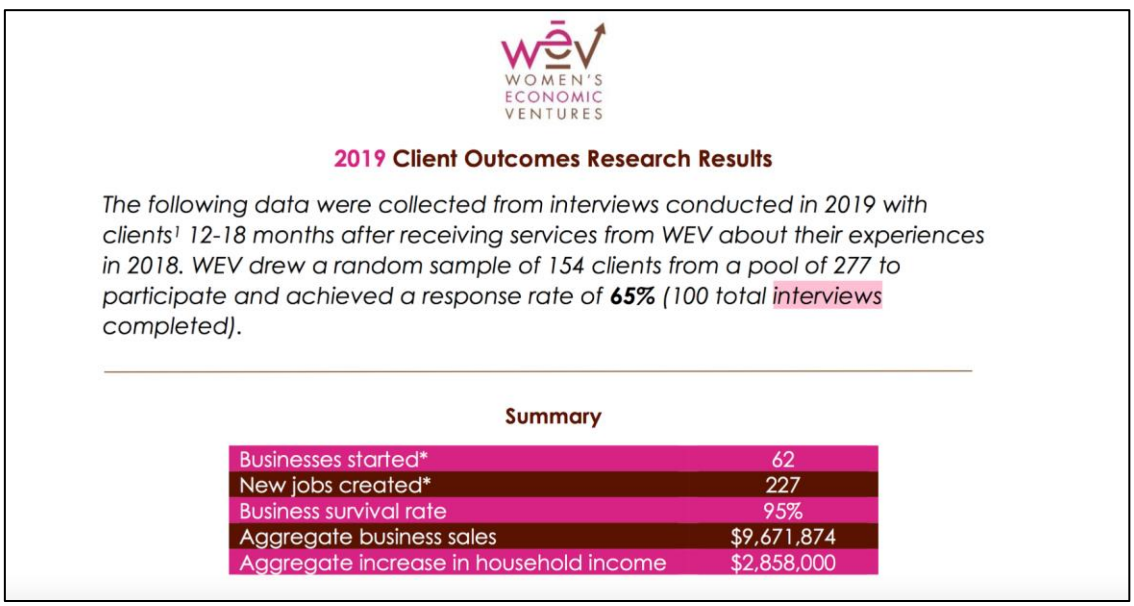


Figure 17: Financial Report Example from Women's Economic Ventures (2020)

The common narrative within the reports of CDFIs highlights the industry's definition that community development is only achieved through market development. As the Mission Economic Development Agency report states, "...dream of building wealth by starting a small business" as well as using the language that businesses are 'vital' to a thriving neighborhood (see Figure 18). CDFIs again express the improvement and vitality of a community is achieved through improving the economic circumstances of the clients. Although having access to financial services and capital is an important factor for these communities to have, the underlying message behind the vitality of a community is business development is essential to support the economy rather than community development. Additionally, the Mission Economic Development Agency states their capital is used for anti-displacement (see Figure 18). Anti-displacement in marginalized communities needs to be addressed, despite the reality that only specific communities with urban development and investment opportunities will be serviced. Especially when taking into account CDFIs clearly hold a business development mission. Many communities will still experience displacement although, CDFIs claim their services are providing anti-displacement capital.

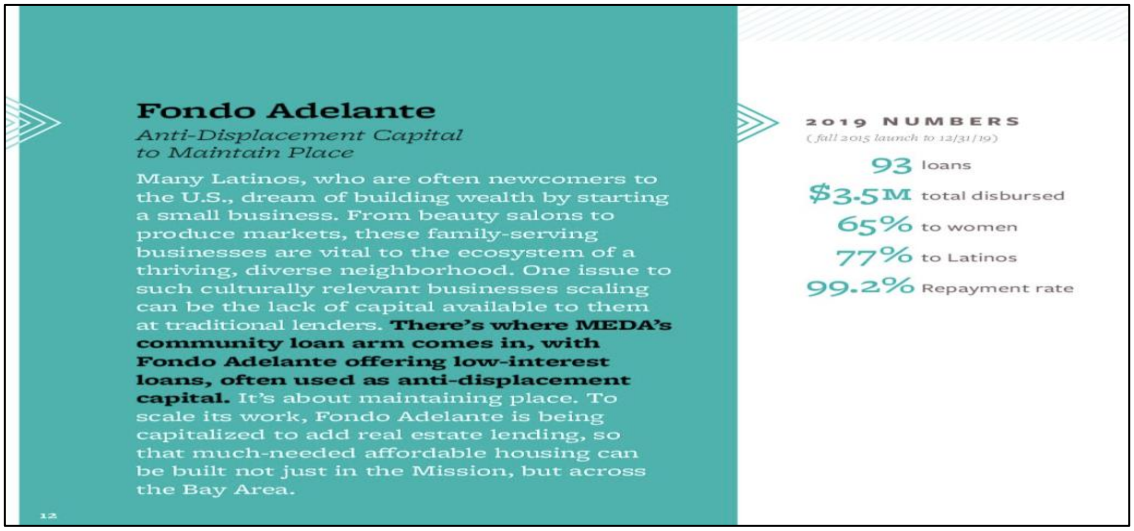


Figure 18: Financial Report Example from Mission Economic Development Agency (2020)

Overall, through the CDFIs reporting methods within their annual reports, we can solidify that CDFIs hold an even greater mission of expanding the neoliberal project. This is shown in the CDFIs financial reports as they highlight their organizations success within the business realm. CDFIs financial reports clearly displayed that when it comes to community development it is best achieved through market focus practices and expanding these practices to the needy communities. This not only reiterates the ideology that the individual is responsible for their own-well-being but it is best achieved through participating within the market. CDFIs ultimately provide low-income communities social services with a bigger focus on creating a stronger business environment.

California CDFI Organizations Urban vs Non-Urban

This research identified a total of 95 CDFI organizations within the state of California as of 2017. Out of the 95 California CDFI organizations locations 21 percent of organizations are located within Los Angeles County with a total of 20 organizations. Thirteen percent of organizations are located within San Francisco County with a total of 12 organizations and 9 percent of organizations are located within Alameda County with a total of 8 organizations (see Table 1). Out of the 95 California CDFI organizations 88 percent are located within urban populated areas with a total of 84 organizations (see Figure 19) (see Table 5). Only 12 percent of California CDFI organizations are located within non-urban regions with a total of 11 organizations. Overall, this research identified the majority of California CDFI organizations are located within urban regions, with the largest number of CDFIs operating in Los Angeles, California. Utilizing the uneven development theory, it is clear that CDFIs are residing within locations that inherently hold investment opportunities.

Table 5: California CDFIs Organization Location Type Urban vs Non-Urban

Populated Areas	Number of CA CDFI Organizations	Percentage
Urban	84	88.4%
Non-Urban	11	11.6%
Total	**95**	**100.0%**

Figure 19: California CDFI Organizations Based on Urban vs Non-Urban Regions

The majority of CDFIs being located within urban spaces display the public/private space phenomena within the neoliberal framework, which is characterized and foundational to “public-private partnership” and “business improvements districts” (BIDs). Within this phenomena, the urban areas become funded and financed through local business. Public space has experienced transformation where essentially, public spaces are becoming privatized as businesses move into the spaces and control the access of who can utilize it. Through this process of business development, the spaces naturally form into urban spaces that essentially transform the urban space into investment opportunities. The CDFI organizations, positioning their operation sites within predominantly urban regions imply CDFIs hold a focus on operating where there are investment opportunities, rather than regions that may need community development, but don't have investment or more specifically business investment opportunities. This ultimately, creates and continues a phenomena of displacement and displaced bodies as the CDFI industry leaves behind regions that do not offer substantial investment opportunities. Additionally, CDFIs locating within urban dominated areas, once again displays how the CDFI industry as a whole is operating through a definition of community development meaning economic development.

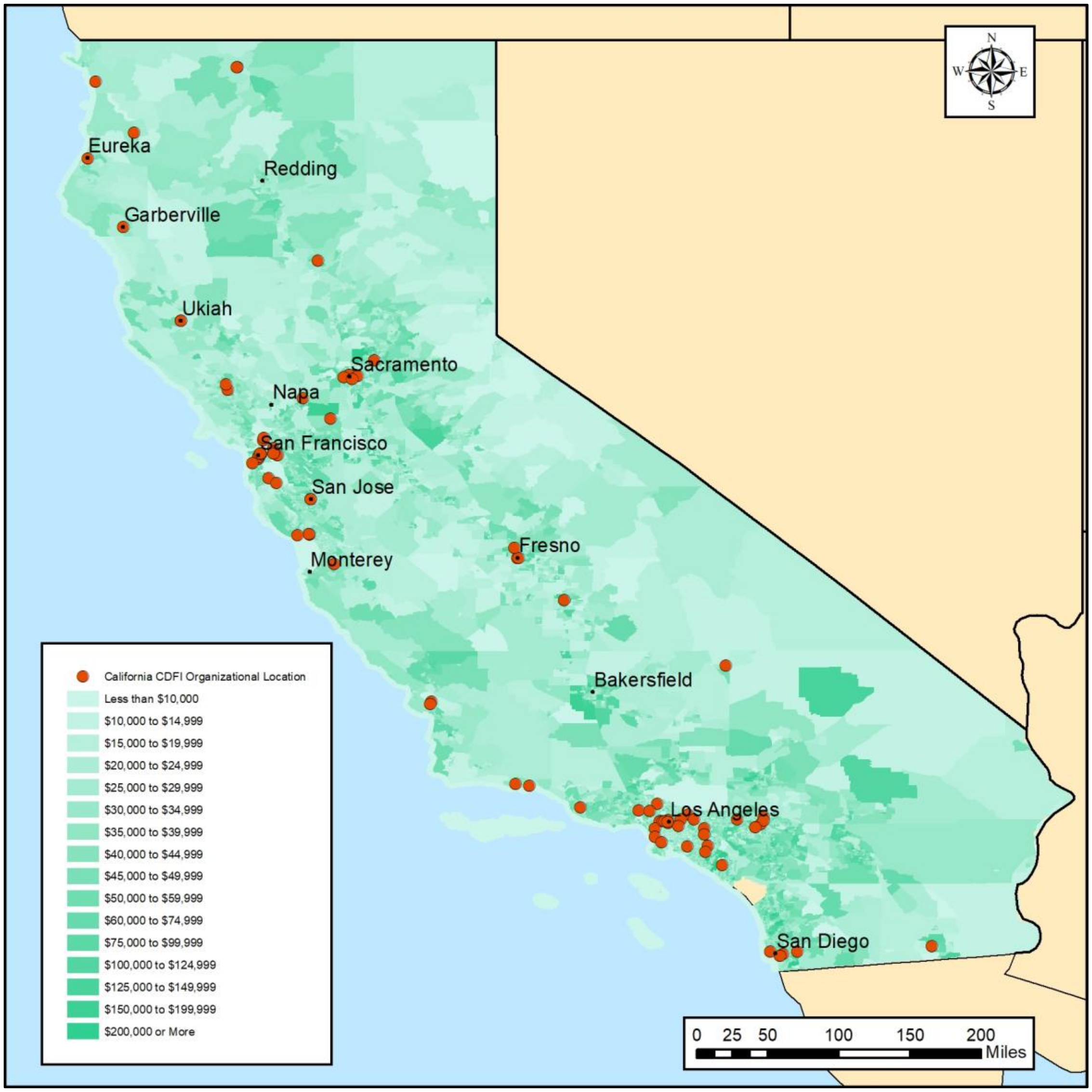


Figure 20: California CDFI Organizations Locations Based on 2017 Average Income Level

Additionally, when examining the locations of the California CDFI organizations locations based on the average income level of the area it can implicitly inform us of the communities CDFIs are aiming to serve. Based on the findings, about 17 percent of the

CDFI organizations are located within the income level range of $45,000 to $49,999, 15 percent are located within the $30,000 to $35,999, 12 percent are located within in the $40,000 to $45,000 and another 12 percent are located within the $25,000 to $25,999 (see Figure 20) (See Table 6). Based on the income levels that the majority of the CDFI organizations are located within, it is clear the CDFI industry is focusing on providing their services to moderate income level communities, rather than surviving the lower-end of income levels of low-income communities, such as $15,000 or lower. Due to the organizations, higher quantity being placed within moderate income communities it implies again the narrative that CDFIs are focused on investment opportunity, rather than providing to communities with need. The economic focus CDFIs are displaying is showing how CDFIs are promoting the neoliberal project by focusing on investment in urban market development through a rhetoric of community development.

Table 6: California CDFI Organizations 2017 Average Income Levels

Income Level Ranges (FY17)	**Number of Organization Sites Per Income Level**	**Percentage**
Less than $10,000	1	1.1%
$10,000 to $14,999	5	5.3%
$15,000 to $19,999	5	5.3%
$20,000 to $24,999	8	8.4%
$25,000 to $29,999	11	11.6%
$30,000 to $34,999	14	14.7%
$35,000 to $39,999	5	5.3%
$40,000 to $44,999	11	11.6%
$45,000 to $49,999	16	16.8%
$50,000 to $59,999	4	4.2%
$60,000 to $74,999	8	8.4%
$75,000 to $99,999	4	4.2%
$100,000 to $124,999	0	0.0%
$125,000 to $149,999	2	2.1%
$150,000 to $199,999	1	1.1%
$200,000 of More	0	0.0%
Total	**95**	**100.0%**

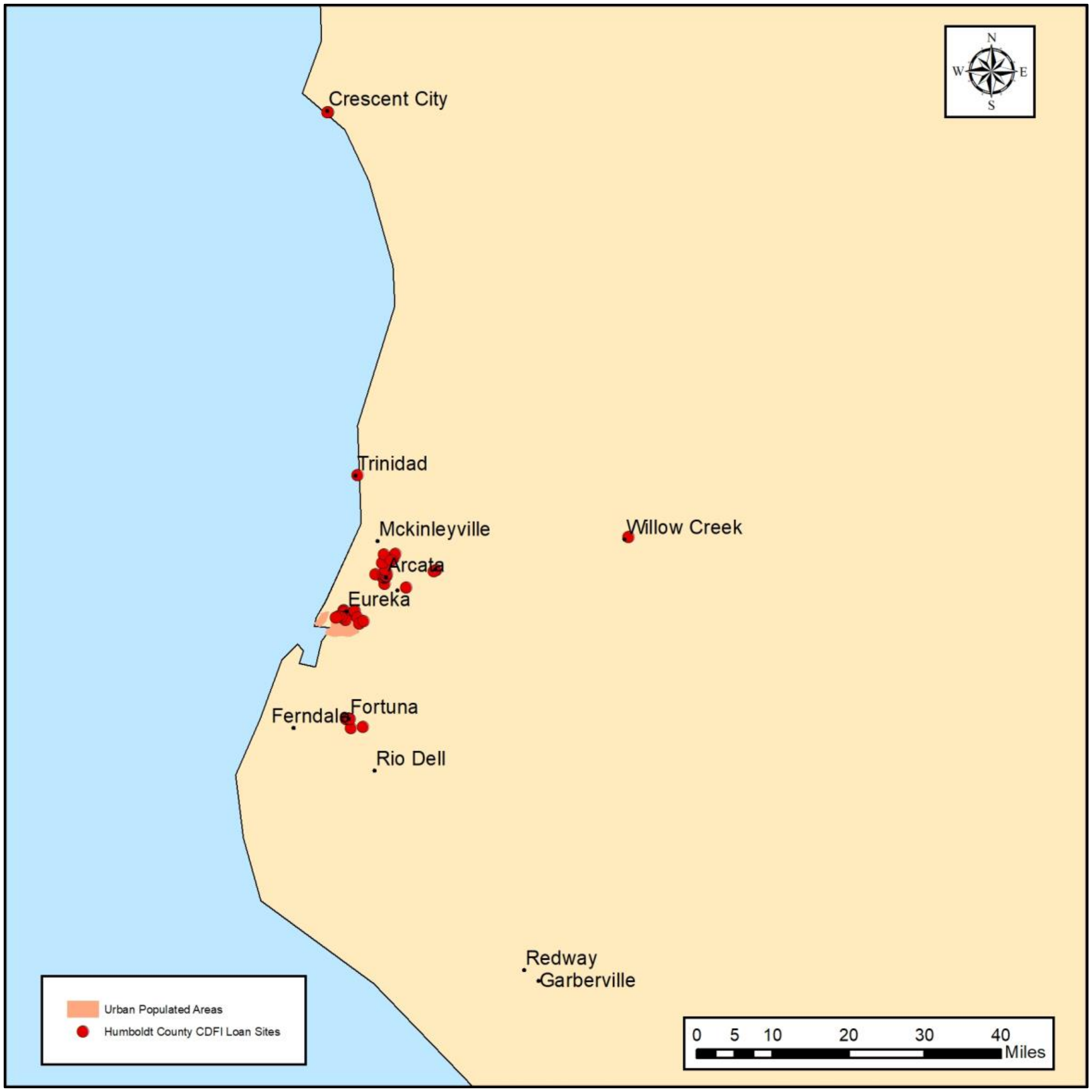


Figure 21: Humboldt County Loan Sites Based on Urban Areas

A closer examination of a predominantly rural community CDFI organization is loan sites in Humboldt County, California was conducted to identify patterns of CDFI activity. As seen in the examination of the larger scale of California CDFI organization locations it is seen that the majority of organizations reside in urban developed areas, which is why it is important to see the activity within a predominantly rural community. Based on this research, the majority of loan sites were located within non-urban areas of the county, 81 percent, where only 19 percent were located in urban areas (see Figure 21) (see Figure 22) (Table 7). Although this finding is not surprising given the majority of the county is considered rural there is still much to be said about where the loans are located within the context of urban dominated regions.

The cities with the highest number of loans include Arcata with 52 percent of loans consisting of a total of 28 loans and Eureka with 24 percent consisting of a total of 13 loans. One area within Humboldt County was considered an urban area, which was within the city of Eureka (see Figure 22). The City of Eureka was the city with the second highest amount of loans throughout the county that the Humboldt County CDFI served as it had 24 percent of the loan sites. The loan sites that are located within the City of Eureka, are mostly within the city downtown area called Old Town Eureka or off the 101 Highway. The businesses within Old Town Eureka consist of being higher end shops, restaurants, and bars while the 101 Highway shops consist of grocery stores, more restaurants, fast food restaurants, hardware shops, sport and good shops and auto shops. These areas are dedicated to business and business real estate, essentially the loans sites are again funding urban economic development. Additionally, the loans within the City of Eureka outside of the urban developed space, consisted to be within the cities' subsector communities that have their own business developed areas, such as Myrtle

Town and Cutten. Fundamentally, implicating that CDFIs even in rural communities are as well focused in economic development as its form of community development.

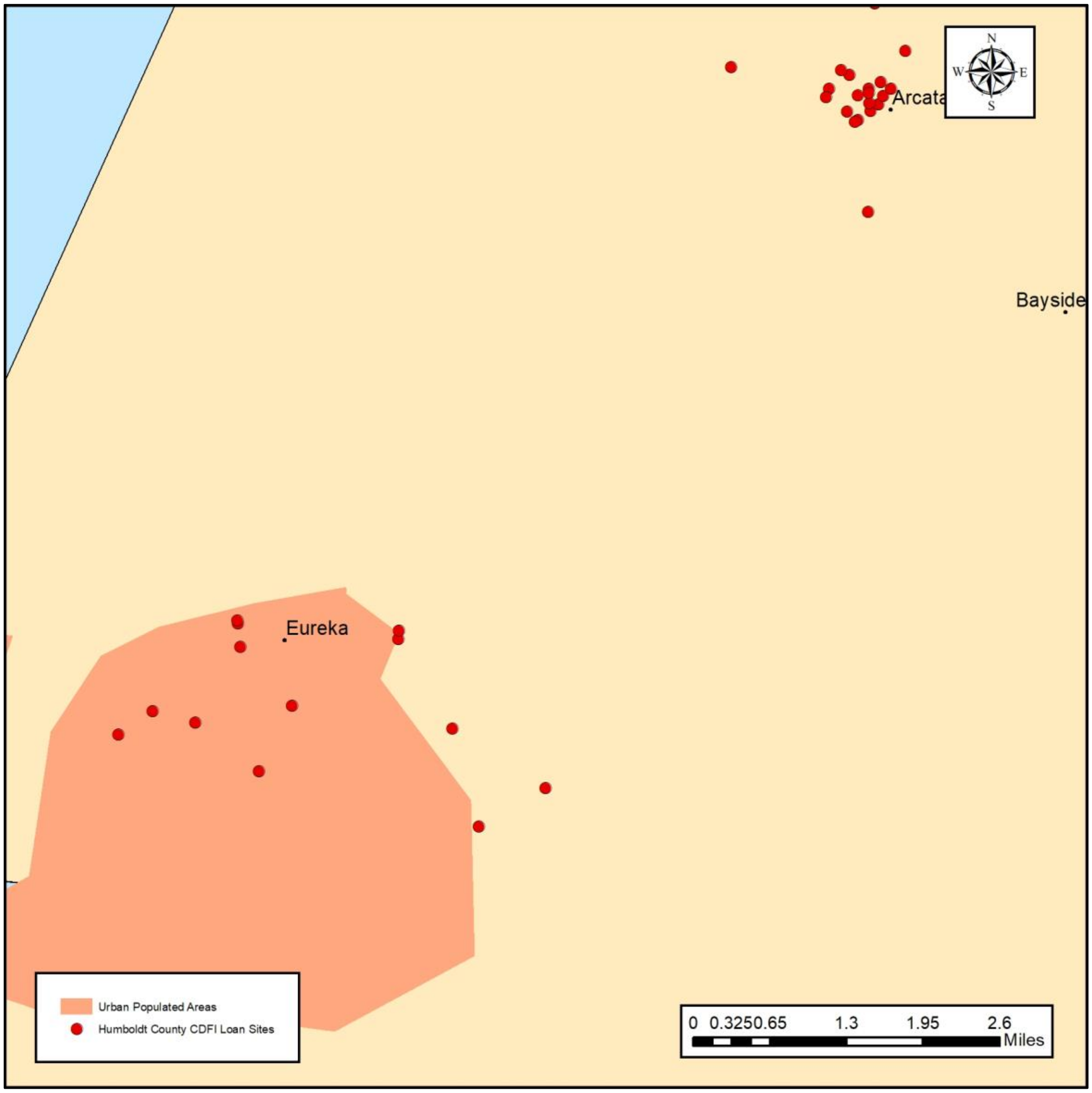


Figure 22: Humboldt County CDFI Loan Sites in Urban Areas of Humboldt County

The city with the most loans sites was the City of Arcata with 52 percent loans. Although the City of Eureka is the only city considered urban it is also important to acknowledge where the Arcata city loans are located. With closer examination of the City of Arcata loans there is a clear distinction that the loans are being provided in high frequency to a specific area within the community, on or around the Arcata Plaza Square. The square and the area around the square is heavily business development oriented and is essentially the town main business districts. The shops within this business development are essentially filled with higher end shops including restaurants, bars, clothing shops, furniture shops, and two movie theaters. Additionally, the following area with loans was in a developed business center, off of the 101 highway Giuntoli exist in Arcata, California. This area is dominated with restaurants, cafes, coffee shops, and a grocery store is the focal point of the center. This once again shows how even in a rural community, the CDFIs are providing their loans to business developed spaces.

The CDFIs loan sites being invested predominantly into urbanized areas implies the CDFI industry is fundamentally a part of the creation and expansion of uneven development. As prior research has identified, investors provide capital to areas that have profit making potential. This is associated with the uneven development often seen within predominantly low-income communities. Community regions offering sites of low returning profit development, essentially remain undeveloped. This is present within the findings of the Humboldt County CDFI loan sites. As business development is receiving the capital rather than low-income communities needing assistance.

Table 7: Loan Category Types

Category of Loan	Number of Loans	Percentage
Business	42	77.8%
Community Development	9	16.7%
Housing	2	3.7%
Non-Profit Organization	1	1.9%
Total	**54**	**100.0%**

This focus on business investment was as well seen in the City of Fortuna is 6 loans representing 11 percent of the total loans. These loans sites all fell on the Main Street of Fortuna which consist of business. Again, we see this theme continue of investment to business districts. In addition, when examining the total amount of loans that the Humboldt County, CDFI provided a total of 78 percent represented loans that were provided to businesses, 17 percent provided to community development and only 4 percent provided to housing developments (see Table 7). This again highlights how the CDFI industry even within rural communities are still holding a focus on servicing investment opportunities that expand the economic system and market of the community. As stated, only 17 percent of the loans were provided to community development projects, the community development projects consisted of community centers, social clubs, and health clinics. Even when examining what the small amount of community development sites consisted of, it can again be seen that the CDFI industry is defining community development through economic development.

Furthermore, an analysis of the income ranges of where the loan sites are placed was conducted (see Figure 23). Twenty-eight percent of the loans were within the income level range of $30,000 to $35,000, 22 percent were located within $35,000 to $39,999, and 19 percent $20,000 to $24,999 (see Table 8).

Based on the income level findings of the loan sites, it can again be seen that CDFIs are servicing's more moderate-income level communities. Although, closer examination of the CDFI does reveal they are servicing lower-income ranges - for example, the 19 percent of loans falling within the $20,000 to $24,999 range - the majority of loans are still being provided to moderate income-level ranges. The failure to directly invest in the most needy segments of society demonstrates how CDFIs can contribute to the eventual displacement of individuals. When the lowest-income communities are not provided services, vulnerable individuals find themselves at-risk of transience and displacement. We should not be surprised that community development tethered to a neoliberal agenda focused on restructuring the political and economic sphere for the purpose of capital accumulation yields such harsh outcomes for those who have little value in business markets. The neoliberal agenda is clearly designed to promote the interest of the wealthy: to make profit off the rest of the population and if they cannot make profit off low-income communities, then those communities will continuously be left behind.

Table 8: Humboldt County Loan Sites 2012 Average Income Levels

Income Level Ranges (FY12)	**Number of Humboldt County CDFI Loan Sites**	**Percentage**
Less than $10,000	0	0.0%
$10,000 to $14,999	1	1.9%
$15,000 to $19,999	2	3.7%
$20,000 to $24,999	10	18.5%
$25,000 to $29,999	5	9.3%
$30,000 to $34,999	15	27.8%
$35,000 to $39,999	12	22.2%
$40,000 to $44,999	4	7.4%
$45,000 to $49,999	1	1.9%
$50,000 to $59,999	4	7.4%
$60,000 to $74,999	0	0.0%
$75,000 to $99,999	0	0.0%
$100,000 to $124,999	0	0.0%
$125,000 to $149,999	0	0.0%
$150,000 to $199,999	0	0.0%
$200,000 of More	0	0.0%
Total	**54**	**100.0%**

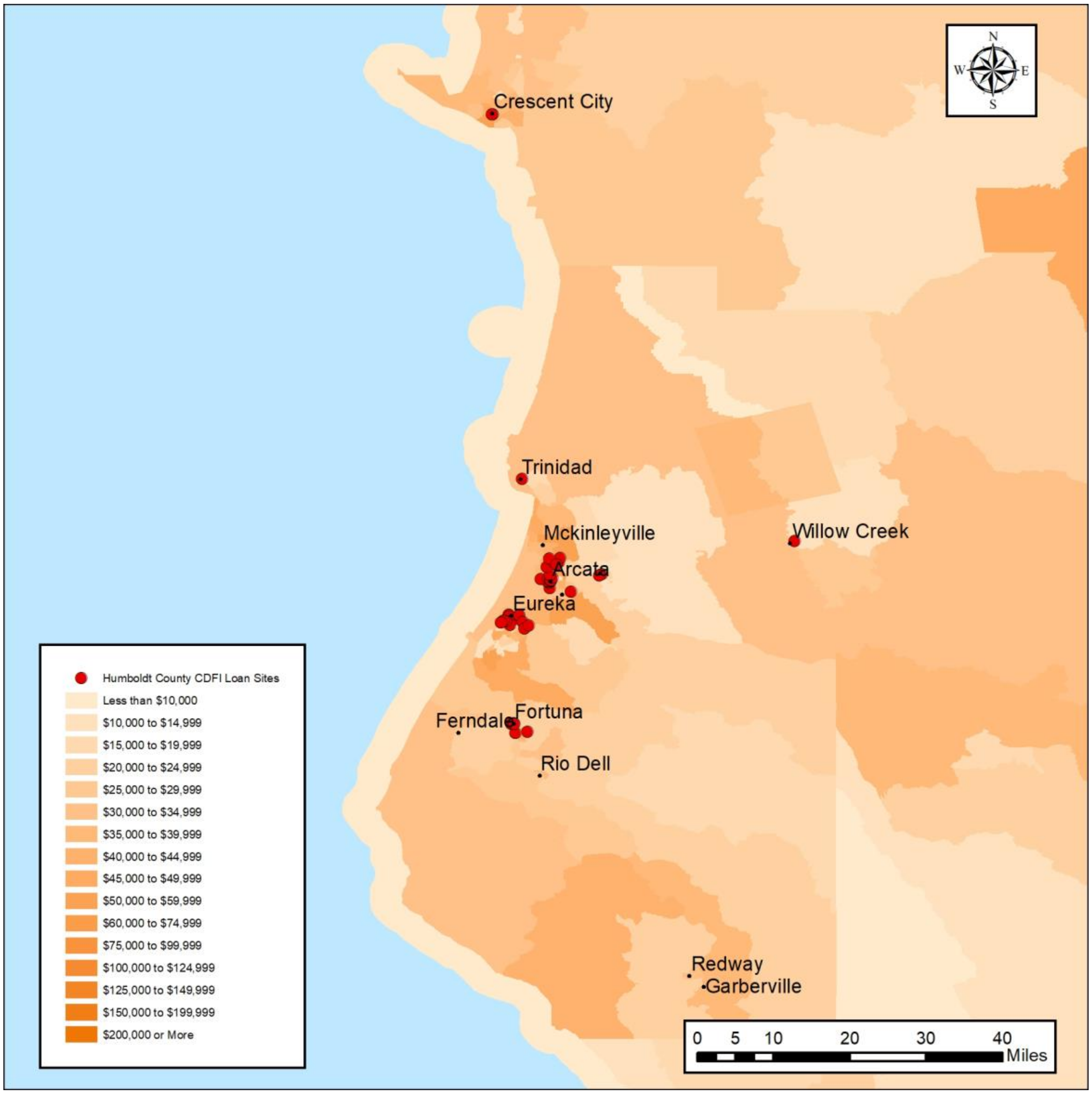


Figure 23: Humboldt County Loan Sites Average Income Level 2012

DISCUSSION

As illustrated in this research, CDFIs appear to hold a focus on economic investment as it plays the states' role in providing social services through a community development discourse. This research applied a neoliberal framework influenced by the NPIC theory. My analysis demonstrates how both these theories influence the activity of CDFIs when providing community development to low-income marginalized communities. More specifically both the neoliberal project and NPIC work together and are seen as a part of each operation procedure when examining the business models of CDFI organizations.

My research finds CDFIs are promoting community development through a definition of economic development and investment opportunities that inherently promotes the growth of the market with a goal of profit and capital accumulation. This is due to neoliberalism's belief that promotion of the free market economic practices is the best method in advancing human-well-being through liberating entrepreneurial freedoms and individual skills (Harvey 2005a). Fundamentally, CDFIs are implying the market is the only definition of community development. Essentially, CDFIs are not providing community development services in the form of programs that enrich the lives of community members such as mental health programs, food assistance programs, art enhancement, or community gathering places.

My research also identifies CDFIs are essentially operating in the nature of the state's role as it promotes a rhetoric of servicing low-income communities. Additionally, my research identified CDFIs are fundamentally a site of a larger network, operating within the NPIC, that promotes and participates within the expansion of the neoliberal project. CDFIs are essentially a site that promotes the neoliberal project as they encourage market expansion by providing deregulated loan debt services to marginalized communities. In addition to the loan debt services CDFIs provide, their services inherently hold a commitment to market expansion. As this research found all organizations provide some form of a business loan.

Although CDFIs hold a discourse of community development that they provide to marginalized communities, my research identified CDFIs are actually focused on business investment opportunities. As CDFIs main service provided appeared to be business loans, based on geospatial analysis of loan sites within rural Humboldt County, the majority of loans were provided to businesses. Additionally, my research identified that the majority of loan sites were found within already developed business districts. The loan sites identified the loans were being provided to the communities majors shopping and urban developed centers. Uneven development in essence, perhaps includes the “absolute urban expansion,” and as well accomplish expansion through the intensifying existing space consumption or by restructuring and reproducing sections of the spaces (Smith 1990:137). This urban economic development focus implies the CDFI industry promotes and enhances the displacements of non-urban and more specifically rural communities. This displacement, my research identified, is tied to the uneven geographical development seen within communities that lack potential business opportunities and offer investment returns.

This research is not without limitations. The scope of this project was inherently large and could have been narrowed further. Future research should ultimately perform research based on one of the themes identified within this research. This can assist in providing a better understanding, for example, future research could include a narrower examination of the partnership network and essentially the NPIC being played out within the CDFI industry. The cycling of money throughout this industry is an important aspect of the CDFI industry but was beyond the scope of this research. Additionally, narrowing of the themes identified should be conducted as this is a dynamic industry with a large amount of players controlling the activities taking place within the CDFI organizations.

This research only conducted an analysis of one CDFI organization loan site within a rural community. Although findings significantly outlined a pattern of loans being directed to business development, additional research should examine an additional organization for a comparative analysis. More specifically, future research should conduct a comparative analysis between rural and urban CDFI organizations. This can assist in better understanding the CDFI industry as a whole to examine if there are any differences within urban and rural contexts.

Additionally, the data collection process did have potential room for error in locating sites, as the direct site address was not provided. Instead the process explained in the methods utilizing Google Maps and the CDFI Coverage Map search engine on Map from Opportunity Finance Network was utilized to identify loan sites. Although this process was able to identify sites, some could potentially be wrong locations or some business/operations could have changed from the original client taking the loan out. Future research should seek to obtain definitive addresses of loans provided so an analysis of the types of businesses they are funding can be examined. As there is potential identifying information based on who utilizes the business based on the business type. This can assist in identifying who the location sites are in place for to utilize.

Lastly, this research did not perform an analysis of CDFIs client demographics. In order to identify if CDFIs are servicing marginalized low-income communities an analysis of the population demographics should be conducted. Although my research did examine the income level ranges, they did not examine the income level ranges of the CDFI clients. Rather examinations of the organizations operating locations were examined and the loan sites provided from one CDFI. Although the analysis identified CDFI servicing moderate income level communities, this is based on the loans operation sites and not the clients demographics.

In conclusion, the CDFI industry is a large industry with a lot of factors and players participating within its operations. Based on this study, CDFIs are servicing moderate income level regions that hold investment and development opportunities within them. This research identifies CDFIs as a site that promotes the neoliberal project of economic expansion through their business loan debt services. CDFIs also were identified as a project that participated in the creation and expansion of uneven development as they are inherently interested in providing their services to urbanized areas and business districts that offer investment opportunities and market expansion.

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