

▼ Dow	-133.47	9,110
▼ Nasdaq	-59.41	1,404
▼ S&P 500	-21.17	968
▼ Amex	-2.81	890
▼ 30-yr. bond	-0.03	5.48%

# Business

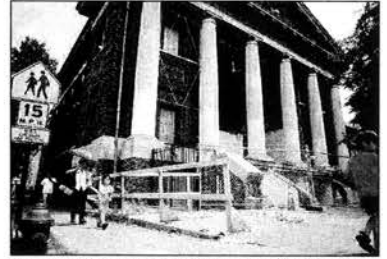
# Northwest bank puts COMMUNITY FIRST

By Mari Slater  
THE WASHINGTON TIMES

**C**ity First Bank, a community-development bank in Northwest, has won \$2 million in funding from the Treasury Department. The 3-year-old bank in Columbia Heights will use the money to fund new projects as it enters its "second stage of growth."

"In the next five years, we will make more than \$100 million in development loans," said Clifton Kellogg, president and chief executive of City First. "We will finance over a thousand units of affordable housing, and we will open 2,000 low-cost bank accounts for Columbia Heights residents."

Community-development banks are opening in inner-city neighborhoods across the country with a mission to revitalize the surrounding communities. They are federally insured and offer the same services as conventional banks, but they use customer deposits to fund projects and start-up businesses in inner-city and underdeveloped



A new charter school under construction at 15th and Irving streets in Northwest is being funded in part by City First, a community-development bank with low-cost accounts.

neighborhoods.

"At one level, we're expanding the marketplace of what can be financed. At another level, we're benefiting the community by the work our customers do. We're lending to

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## City First to use \$2 million from Treasury on projects



Rosalyn Wright filled out a deposit slip at City First Bank Friday afternoon. The 3-year-old bank is located in Columbia Heights.

Photo by Lindsay Miller/The Washington Times

# BANK

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build affordable housing. We're lending for the nonprofit facilities like the charter schools and homeless facilities and churches," Mr. Kellogg said.

Community investing grew by 41 percent between 1999 and 2001, according to a report by the Washington-based Social Investment Forum. Community-development banks are part of a category titled CDFIs, or community-development financial institutions. CDFIs also include lending, credit unions and venture-capital funds.

Assets in the institutions totaled \$7.6 billion in 2001, up 41 percent from \$5.4 billion in 1999. Community-development banks have the greatest amount of assets, totaling \$3.14 billion.

Todd Larsen, spokesman for the Social Investment Forum, said about 500 community-investment institutions are around the country. Community investing is increasing, he said, which leads to a more vibrant community.

"Growth in community-development banks is up about 7 percent from '99 to '01," Mr. Larsen said. "It's a matter of knowing where your money is going. It has direct impacts that you can see."

City First — the only community-development bank in the District — has financed more than 190 loans since it opened in November 1998.

"We often say you can be a social activist simply by depositing with City First. Our depositors help us achieve our mission simply by banking with us," Mr. Kellogg said.

The projects City First finances are east of 16th Street and east of the Anacostia River. By financing small businesses and local charter schools, Mr. Kellogg said City First has helped to create more than 600 jobs in lower-income neighborhoods.

The bank has funded the construction of more than 25 percent of the city's charter schools.

"Those schools are pivotal in revitalizing those neighborhoods. They're providing school choice and they're providing school jobs, and they're creating local control," Mr.

Kellogg said.

Currently, City First is funding a new Capital City Public Charter School and the New School for Enterprise and Development.

The bank has one location in the Nehemiah Center in Columbia Heights, with four automated teller machines throughout the city. As of the end of March, the bank's assets were just over \$50 million and the bank's loan portfolio was just over \$30 million.

The original lead investor in City First Bank was Georgetown University. The bank then received funding from the Department of Housing and Urban Development, and shareholder banks, including Bank of America, Allfirst, First Union (now Wachovia), Citicorp and corporate investment from Fannie Mae.

The larger banks are essential to City First's success. Larger banks refer small customers to City First. If a loan is too large for City First to handle, officials send a piece of the loan to a larger bank.

Tim Elliott, an Allfirst vice president, said even though Allfirst invests in community projects, bank officials believe it is important to do more.

Bigger banks could accomplish the feats that City First has accomplished, Mr. Kellogg said, but City First "lives and breathes this everyday."

The original members — community members, not bankers — met in a church basement in 1993, a time when the city was in bad shape. The group did not know what exactly a community-development bank was, but decided there should be one in the Washington area, based on the success of a similar institution in Chicago.

Greg Maison has used City First financing to buy and renovate about a dozen apartment buildings in the city.

Many were on their last legs when he bought them. Some were even boarded up.

Mr. Maison said City First has filled a void by venturing into neighborhoods other banks may avoid.

"I would like to call them a maverick in their own way. They are definitely one of a kind," Mr. Maison said.