The Raza Development Fund (RDF) provides capital, technical assistance, and training to stimulate opportunities for underserved Latinos by strengthening the capacity of our community development partners. RDF – a support corporation of the National Council of La Raza (NCLR) – was established in 1999 as the community development lending arm of NCLR. Since then, with investments from Bank of America, State Farm Insurance Companies, and the Fannie Mae Foundation, RDF has become the largest Latino Community Development Financial Institution (CDFI) in the United States. The mission of RDF’s Hope Fund is to provide flexible high-quality loans, along with technical assistance, to NCLR Affiliates and entities that provide services and opportunities to low-income Latino families, and is consistent with and complementary to NCLR’s mission, which is to improve opportunities for Latinos.

Products
To date, more than 110 organizations serving the Latino community have received technical assistance and loans. Since 1999, RDF has closed 130 loans totaling more than $55 million while leveraging more than $330 million in project costs. RDF provides capital for a wide variety of community development projects, including pre-development, construction, and rehabilitation loans; lines of credit; and acquisition and mini-permanent loans for charter schools, community health centers, program facilities, and affordable housing.

The capital provided by RDF is both patient and affordable, enhancing and leveraging other private and public funds to create development solutions for many of our borrowers which would otherwise not be attainable. Since 2002, RDF has developed key participation lending relationships with many large financial institutions including Bank of America, Citibank, JPMorgan Chase, and Prudential Social Investment, all of which have led to significant investment of capital into Latino communities and projects. The RDF portfolio of loans was more than $30 million as of September 30, 2005, representing loans to 48 borrowers in 17 states. The direct community impact of the current RDF portfolio includes charter school projects serving over 13,500 students; developments that created housing for more than 1,000 families; and community health, day care, and other programs that serve more than 44,000 patients and families annually.
Charter School Facilities Financing

With over 42% of the current RDF portfolio, financing for charter school facilities has been a significant and successful loan program for RDF. In early 2001, RDF created a Credit Enhancement for Charter School Facilities Financing Program which is supported by grants awarded to RDF by the U.S. Department of Education totaling more than $12 million. Since then, the RDF program has become a critical catalyst for expanding school choice in communities where large numbers of low-income and/or minority students are poorly performing in traditional public schools, many of which are identified as “needs improvement” or “needs corrective action” under the Annual Yearly Progress (AYP) requirements of No Child Left Behind (NCLB).

Since 1999, RDF has provided direct lending or enhancements for 35 charter schools in 13 states and in 23 communities. Every charter school RDF has financed is a Title I eligible school. RDF has provided direct facilities financing to 22 standalone schools, four schools in networks or which are part of emerging charter management organizations (CMOs), and six schools managed by established CMOs.

Site Acquisition Fund

The Site Acquisition Fund is a new vehicle created in order to help community developers effectively compete for site control in hot real estate markets.

Within the last five years, it has been commonplace in nearly all growth markets nationally for raw and improved land prices to have increased 50% and, in many cities, nearly 100%. Further exacerbating the challenge for nonprofit developers is both the short fuse on purchase agreements and the working capital and equity required by lenders (between 25% and 50%) for such loans. The Site Acquisition Fund is a resource for affordable housing developers and community service providers purchasing commercial real estate for educational, health and other neighborhood program centers. The goal is to provide affordable priced loans at a high loan-to-value to borrowers with committed operating or sales contracts.

The Fund is a partnership with JPMorgan Chase Bank, which provides loan capital as well as grant funds for subordinate debt and guarantees. The combination of the Chase and RDF capital allows RDF to make loans up to 24 months, at below prime rate with up to a 90% loan-to-value.
Latino Social Venture Fund

This year, RDF, along with NCLR and Arizona State University’s Center for Civil Rights and Community Development, is creating a competitive venture capital fund for entrepreneurial community-based organizations and initiatives. The Latino Social Venture Fund was conceived as a way to invest in organizations serving the Latino family as it emerges as a significant population in the national workforce and as a growing political force in the U.S. RDF recently participated in a major study which surveyed a diverse segment of the Latino population to identify top priorities. In order of priority, a quality education for their children; affordable, essential family health care; and the opportunity to own their own home were the top three. The Fund seeks to invest in a range of organizational responses that will bring these essential opportunities to Latino families.

Recognizing the significant and growing geographic shift of the U.S. Latino population in the last 15 years, the Fund will initially give priority to geographic areas that have not traditionally had a large Latino population base and have experienced significant recent increases. The Fund seeks to enter into multiyear collaborations and investments that will promote and improve the integration of this new population into the local economy and the essential life services of education, primary care, and homeownership. Selected applicants (from six to eight) will be provided with a range of planning and predevelopment resources over a two- to three-year period enabling them to both achieve estimated program impact and deal with attendant real estate solutions.

The Fund will encourage the following types of organizations to apply:
1. Current NCLR Affiliates who are expanding their organizational services into new Latino growth areas
2. Other existing Latino organizations, or those in the process of formation, serving new Latino populations
3. Organizations working with local Latino and business and government leaders to develop concrete public- or private-sector strategies to address the issues cited above

Selected grantees will participate in a multiday forum at Arizona State University in Tempe, Arizona. The forum will convene professors and professionals to address key development and operational themes and principles related to assisting grantees with developing or revising business plans and completing all program agreements and implementation discussions.

The Fund seeks to invest in initiatives which have the most demonstrable impact in improving educational, health care, and homeownership opportunities for Latino families. Specifically, the Fund is targeting:

- **Education**: Programs of high quality and proven success with Latinos, including preschools and pre-kindergarten models, elementary and secondary charter and private schools, alternative and vocational programs, and adult education programs
- **Primary health care**: Culturally-appropriate, quality health care and educational outreach to unacculturated and underinsured families
- **Homeownership**: Bilingual and bicultural outreach and education and new homeownership development opportunities