

In the editor's *Opinion*

When They Said It Couldn't Be Done, They Were Wrong

In the late 1970's, the District of Columbia was not a pretty picture. Huge areas that had been burned during the riots of the 1960's remained boarded up. Housing projects were failures. Slums were getting bigger and worse. When community groups asked financial institutions to take a risk and make conventional loans in the District, the financial institutions and many others said it couldn't be done. The District was simply too far gone. All the good loans and all the opportunity was in the suburbs. The inner city could only hope for government programs. Private money was not a possibility.

Not everyone agrees with the mainstream. During the 1970's, there were neighborhood advocates – people who believed that their inner city neighborhoods had merit and were worth saving. Out of the efforts of these people came several significant legislative developments: CRA and HMDA. These two laws drew attention to financing activity in America's inner cities. They forced financial institutions to find ways to make loans that couldn't be made. They exposed lending patterns to the public. In short, they began the slow process of change. For the inner cities, change was good and needed – but too slow. In the District of Columbia there were still many large areas where lenders feared to tread.

In the United States of America, we can count our best successes as those generated by those who didn't follow the mainstream thinking and instead forged their own path. In the District of Columbia was a small group of people who believed that a financial institution could succeed by going where others would not go.

Believing in the goal of a District-based financial institution to redevelop the District of Columbia is difficult. Creating it is even more difficult. There were many skeptics who said it couldn't be done. But, this group of believers did it – and succeeded.

City First Bank of D.C. has just celebrated its fifth anniversary and many successes. It's accomplishments are impressive. During 2003, the Bank originated more than \$45 million in new loans, financed 415 new affordable housing units, created or retained 306 jobs and turned a profit.

These accomplishments are even more impressive when put into the context of the Bank's market in the District of Columbia. The Bank's target market is the part of D.C. where other institutions don't want to go: east of the Anacostia River and east of 16th Street NW. It includes the areas burned out by riots, slums created by public housing projects, and some serious poverty. The Bank's market includes most of the District's low-income census tracts.

While most institutions and developers would see hopeless slums, City First Bank and its borrowers see a future and they are making that future a reality. Many of the developers that the Bank finances are individuals – a fireman, a policeman, a retired Air Force Colonel – who manage rehab projects in their off-time. They are creating affordable housing – solid housing – sometimes one unit at a time. Rehabbing the city's magnificent brownstones is an art and these part-time developers do it with skill and care.

Then there are the new businesses – the ones most banks wouldn't touch. The Bank has financed gas stations located in areas that had none (but lots of cars) and new businesses including some to provide health care services and social services. The Bank also supports non-profits that provide needed social or educational services – and jobs.

The list of accomplishments is long and impressive – especially considering that the Bank is still only five years old. The difference the Bank has made is even more impressive. There is a health and vitality returning to the abandoned and forgotten parts of D.C. There is hope. And there are City First Bank of DC signs everywhere. And there is a bricks and mortar bank where it is most needed. Congratulations, City First!