

Increasing Access to Capital For Street Vendors

A Summary of the Rubinger Fellowship

Where do I work?



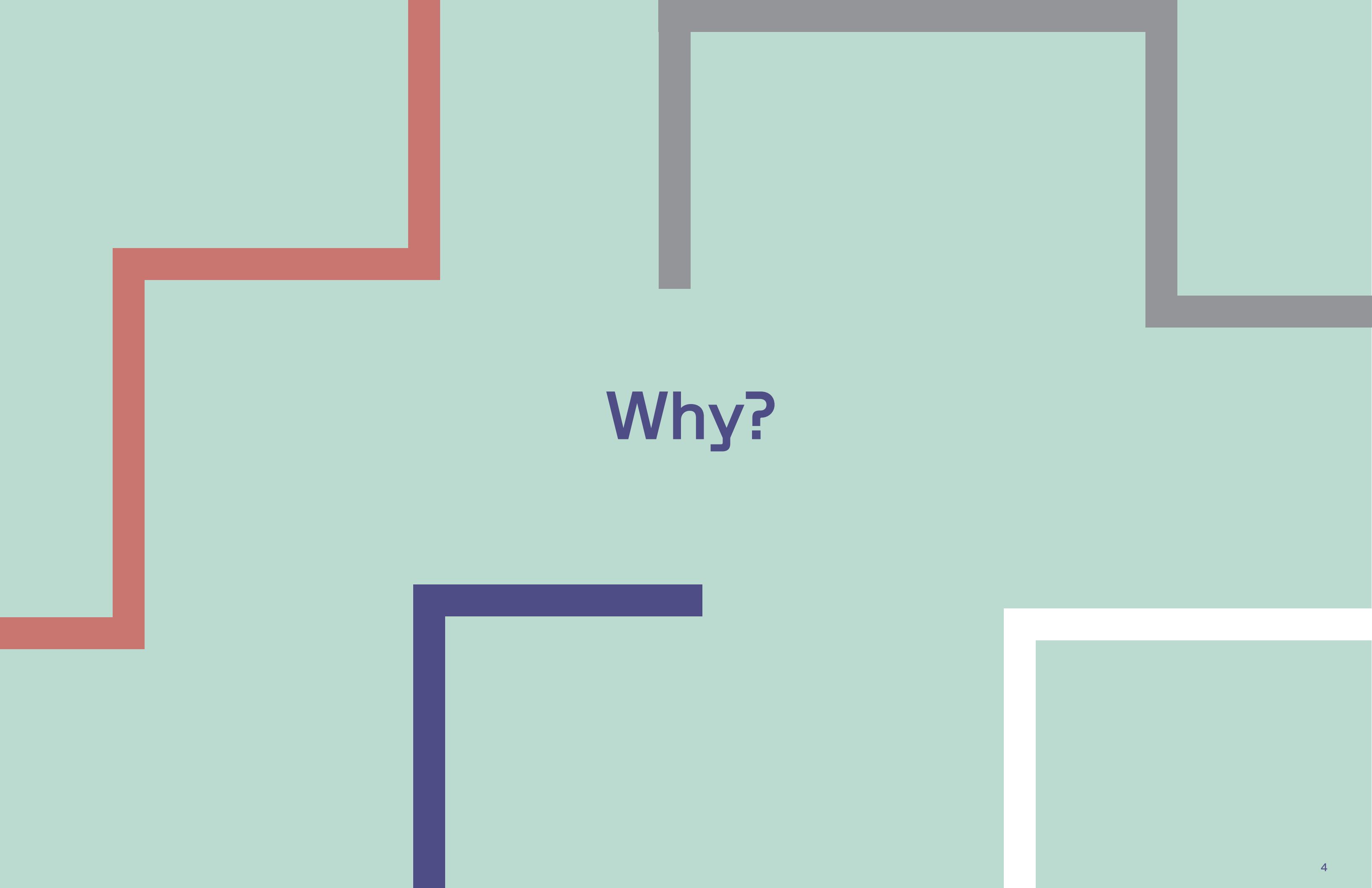
Inclusive Action for the City

- A “laboratory” for community development.
- We have two major priorities:
 - Conducting policy research that informs advocacy for low-income communities.
 - Designing economic development initiatives that focus on asset building in communities of color.
- Systems change + Capital!

The Goal of my Rubinger Fellowship



- Deploy \$300,000 in low-interest loans to street vendors and other micro-entrepreneurs.
- Apply for CDFI certification.
- Capture data on borrowers with new data-tracking system.



Why?

Incomes aren't growing for bottom half

Average post-tax income

Bottom 50%



\$21,000

1980



\$25,000

2014

Top 1%



\$344,000

1980



\$1,000,000

2014

SOURCE: THOMAS PIKETTY, EMMANUEL SAEZ AND GABRIEL ZUCMAN

In Los Angeles, Median Net Worth...

- White Households - \$355,000
- Mexican Households - \$4,000
- Black Households - \$3,500

Laws & capital access reinforce income inequality



- Income inequality isn't an accident. Policies and programs have reinforced it.
- Example: Los Angeles has been one of the only major cities that criminalized street vending.
- But policies that criminalize working people exist all over the country.
- Policies like this impact entrepreneurs, especially low-income business owners.
- Capital interventions must also be grounded in this reality.



Progress Towards Goals

Progress – Our Loan Fund



- We've deployed over \$420,000 in micro-loans
- Over half are street vendors. We diversified our client base to serve other micro-entrepreneurs.
- We integrated a new loan software to track data from clients.
- We obtained our California's Lenders License.
- We worked with LISC-LA to do an assessment of our loan fund. We are now going to apply for CDFI certification.

Progress – Administration & Strategy



- We changed the name of our organization!
- Hosted a staff retreat in Mexico City and Puebla, Mexico.
 - Visited with clients who originate from Puebla.
 - Planned future for the loan fund.
- Will be hiring at least one more full-time under-writer.
- Launched CORE, a commercial real estate project to support small businesses through real estate acquisition. (This is a huge project!)



How did we get here?



- Investing in staff capacity.
- Leveraged partnerships, especially with LISC-LA Office.
- Asked for help from outside consultants.
- Worked in coalitions to advance policy work and new initiatives.

Challenges

Challenges



- Capacity. We do everything because we have to.
- The process of finding the right talent illustrates the need for “field building.”
- Finding time to think about transformation and shifting the field.



Significance of the Work

Significance & Impact



- Our loan fund is demonstrating that underwriting CAN be done differently.
- Our practice is meant to spread the word that the way we use capital in our communities must be completely transformed.
- Capital is not enough, we must be politically active to change the systems that benefit the few.



Reflection & Next Steps

Next Steps



- We hope to obtain CDFI certification in the next 6 months.
- With new staff, we want to double our portfolio of loans to \$1 million.
- With the experience on commercial real estate, we want to think about how we can support communities in acquiring real estate. There is an important service gap.



Reflections



- Building off our practice, we can inform the work of our field.
- The work ahead of us will require us to consider that CDFI industry is not serving its intended purpose.
- The Fellowship offered a “brand” that helped validate our work. Thank you!

Thank you!

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