CINCINNATI BUSINESS COURIER

Power 25: Cincinnati Development Fund

Cincinnati Development Fund

Headquarters:	Over-the-Rhine
Leadership:	Joe Huber, president and CEO
Employees:	17
Description:	Nonprofit, nonregulated lender mostly for real estate development

On a whiteboard in a third-floor office above Findlay Market is a messy but tantalizing list of projects in neighborhoods across the city, some ready to start, others proposed and in the offing, many more not guaranteed, rather awaiting sundry pieces of a capital stack.

The office belongs to the Cincinnati Development Fund, or CDF, which may constitute the backbone of the city's development ecosystem, much as the whiteboard may serve as its nerve center.

The nonprofit, nonregulated lender doesn't get involved in every project. Those it does are often mixed-use, mixed-income and located in "pioneering neighborhoods" such as Price Hill, Westwood, College Hill, Northside and Walnut Hills, according to Joe Huber, CDF's president and CEO.

“We can do financing that other banks can’t or won’t,” Huber said. “We can take a chance on a newer developer delivering what the community wants – affordable housing, historic preservation, business district revitalization.”

The nonprofit has evolved significantly since its founding in 1988. For years, it had no capital of its own but served as an intermediary for banks that wanted to make loans to affordable housing projects. CDF generated the deals, but the banks took on the credit risk and ultimately made the lending decisions. That model, however, grew unsustainable.

Today, CDF manages New Market Tax Credits and sources community development loans from the U.S. Treasury Department. At the same time, it has essentially become a bank all its own, borrowing from the likes of Fifth Third Bank, Western & Southern Financial Group and the Greater Cincinnati Foundation, and then taking on the credit risk of loaning capital out to important real estate projects.

The nonprofit can reinvest its retained earnings fees and interest into building its loan capital without having to pay shareholders or executive bonuses. It currently has $80 million in loans outstanding and $40 million in net capital.

“That’s a very enviable position,” Huber said.

In 2022, responding to the huge increase in development costs amid a housing shortage, CDF created the Affordable Housing Leverage Fund to pool and leverage resources committed by Cincinnati and Hamilton County as well as those from private, federal and internal sources.

The fund in its first two years invested $74.3 million, a combination of loans and grants, into 54 projects, creating or preserving more than 1,800 affordable housing units.

The CDF team has grown to carry out the underwriting, construction management and internal controls that loan portfolio demands. Huber referenced the instrumental additions of Luke Blocher, general counsel and chief strategy officer at CDF since 2022, and Kelly Clements, who came on as chief lending officer last year.

With the right team in place, CDF is no longer a lender of last resort. The nonprofit is proactive about pipeline building.

“It’s not like you can just do a couple deals and the neighborhood is stabilized. You have to keep investing in real estate that is mixed-use, mixed-income, inclusive, vibrant and welcoming,” Huber said. “That’s our approach to growth in Cincinnati. We need more of everything.”

– *Brian Planalp*

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