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Creating Real Opportunity

By Chrissa Shoemaker Debree

Mark Pinsky wakes up every morning ready to change the world. And every day that he arrives at work, that's exactly what he tries to do, one dollar at a time.

Pinsky heads the Opportunity Finance Network, which oversees and funds a group of financial institutions that, in turn, lend money to help low-income people make their lives better.

The money has been used to build charter schools in Philadelphia, apartment buildings in Morrisville and community centers in Trenton. Soon, it'll be used to provide low-rate mortgages to directly compete with lenders who prey on people with little money and less credit.



"Mark Pinsky, head of the Opportunity Finance Network in Philadelphia, goes to work each day with the goal of making the world better. Behind Pinsky are the Towpath House Apartments in Morrisville, PA, which were built with a loan from The Reinvestment Fund, a member of the Opportunity Finance Network."

In other words, Pinsky said, the Opportunity Finance Network creates opportunity.

"We focus on the 90 percent who want to succeed, not the 10 percent who don't," said Pinsky, a Lower Makefield resident. "People want a chance. They don't want promises."

Pinsky has been head of the Opportunity Finance Network — formerly called the National Community Capital Association — for 12 years. It's a job he was almost born to do.

He grew up listening to stories of how his grandfather stood up to the Cossacks in Russia, then was blacklisted for organizing workers in Connecticut. In the 1950s, Pinsky's mother and father fought to integrate Indiana's public schools. When they moved to Levittown in the 1960s, they helped lead a parents group that was formed to ease racial tensions in the high school.

After graduating from Oberlin College in 1979, Pinsky went to work for Ralph Nader as assistant editor of the Critical Mass Journal, which promoted safe energy. Later, he started his own consulting business out of his Lower Makefield home. His expertise was making policy.

"In order to get out of bed in the morning, I needed to do things to make the world a better place," Pinsky said. "I wanted to work with really talented and dedicated people. And I wanted something that would challenge me."

In 1990, Pinsky attended his first community development finance conference. As he sat atop a heater listening to speakers, he was inspired.

"These people are the smartest, most dedicated, most creative, most entrepreneurial people I've ever known," he recalls thinking. "This was a group of people who were going to solve problems no one else wanted to solve or knew how to solve.

"But they didn't have a clue how relevant they were. They didn't understand the world was coming to their doorstep," he said.

Pinsky decided to put his public policy knowledge to work for the group. He set about creating a public policy agenda for the industry, which caught the attention of a presidential candidate named Bill Clinton.

Clinton made community development financing a platform point in his campaign. A day after his election, the idea was parodied on "Saturday Night Live." Pinsky was watching.

"I sat there and said, 'Oh my God, this is real,' " Pinsky said.

On Sept. 24, 1994, President Clinton created the Community Development Banking and Financial Institutions Act. It empowered — and funded — the growing network of community development finance institutions that made up the association. Pinsky became head of the organization a year later.

Today, the federal government contributes about \$700 million to the \$20 billion industry, Pinsky said. The Opportunity Finance Network distributes the money to member companies, which in turn make the loans.

In 2005, Opportunity Finance Network's 160 members invested \$11.3 billion in more than 35,000 businesses, 484,000 housing units and 5,100 community facility projects. The money helped generate or maintain nearly 172,000 jobs. Only 0.4 percent of the loans were in default, a rate better than traditional banks.

That same year, the Opportunity Finance Network underwent a drastic identity change. It was still known as the National Community Capital Association, a name synonymous with community development. But when people outside the industry thought about community development, Pinsky said, they thought of government bureaucracy, inefficiency and failure. When they think of opportunity, he said, they see hope. "It's a powerful word," Pinsky said. "It's a magic word."

Outsiders may see the name change as semantics, but Pinsky said it's done wonders to change the industry's identity. Already, the Opportunity Finance Network plans to launch new products, including the Opportunity Mortgage Network, a mortgage lender that would compete directly with predatory lenders who target low-income people.

In a speech at the Opportunity Finance Network's annual conference in November, Federal Reserve Chairman Ben Bernanke said community development financial institutions are an important part of the economy.

"CDFIs have ... played a valuable role by analyzing the economic potential of lower-income markets and developing strategies and marshaling resources to tap that potential," Bernanke

said. "Indeed, the surest sign of a CDFI's success is that private investors see viable investment opportunities in neighborhoods in which the CDFI has been operating."

Pinsky said he couldn't agree more. On one of his frequent business trips, he met a 35-year-old widow with no more than a third-grade education. Her only skill was baking. With a community development loan, she opened her own bakery. A few years later, she sold it for \$6 million.

"I get up in the morning and I think, "What can I do today to make the world better?" " Pinsky said. "Then I go to work and do that. Every single penny of what we do is changing the world."