

NORTHWEST BUSINESS

City First Bank celebrates fifth anniversary

By ABID SHAH

Current Staff Writer

2004 marks five years for City First, which was established to provide lending and financial services to neighborhoods east of 16th Street NW.

The local bank was established in November 1998 and will move from 2400 14th St. to a new office at 1432 U St. in January, said Ann Scoffier, vice president for development.

Over five years, the bank has grown on two counts. Its assets increased from \$14.6 million to \$83.8 million at the start of this year. Shareholder capital in the bank has also risen, from \$9.4 million to more than \$15 million today, according to Clifton Kellogg, president and chief executive officer of the bank.

The bank has financed more than 1,000 units of affordable housing and loaned more than \$100 million in the D.C. area.

The bank also specializes in lending to charter schools, investing in nonprofit and church social-service facilities and funding small businesses.

The bank was conceived in a church basement and works as a Community Development Financial Institution. Such institutions are chartered by the U.S. Treasury to focus their loans on underdeveloped areas.

"Our loans are extremely targeted," said Scoffier.

She explained that City First has to diversify regionally as the Office of the Comptroller of Currency, which requires member banks to spread out their customer base, also regulates it. Consequently, the bank has lent to some borrowers who are based in the city's more affluent Connecticut Avenue corridor.

Many of the bank's customers are former skilled

laborers who renovate buildings through financing from City First, according to Scoffier. "What they rehabilitate are small buildings ... from four to 30 units," she said. "Big developers don't like to do these jobs."

City First had its first profitable year in 2003, ending with \$646,000 in the black. "We have been profitable for the past three quarters," she said. "It takes about four to five years for a bank to become profitable."

These results have been possible partially because of grants given by the Community Development Financial Institutions Fund, which infuses capital in institutions that serve distressed communities.

"In our case, the percentage of subsidy has gotten smaller and smaller relative to the core business," said Scoffier.

The bank is aiming to complement its core mission with nontraditional banking activities. One activity includes a real estate fund that gives its investors a tax credit. The bank can use dollars in the fund to make transactions that have a higher risk.

"We are the only New Markets tax-credit fund that is focused exclusively on the D.C. region," said Kellogg. "It's a competitive process [to be able to offer this]. An organization applies to the Treasury Department for allocation of tax credits. We received the award last year."

The bank serves 1,300 small depositors, with most living around Columbia Heights. Kellogg said that the bank's biggest problem is a high demand for loans.

"Right now our loan demand is much higher than we can fuel," he said. "You can be a community activist simply by depositing with us."