

Implementation Plan: South Memphis Community Development Financial Institution (CDFI)

1. Executive Summary

The South Memphis Community Investment Fund (SMCIF) is a proposed nonprofit Community Development Financial Institution (CDFI) designed to empower the residents and small businesses of South Memphis, Tennessee.

Its mission is to expand access to affordable capital, foster entrepreneurship, and promote financial literacy among historically underserved populations. The institution will bridge financial gaps by offering microloans, small business loans, affordable housing financing, and financial education programs.

Initial Capital Goal: \$5 million

- \$2 million in grant and seed investment
- \$3 million in revolving loan capital for business and housing programs

CDFI Certification Target: Year 3 (after 12–18 months of lending activity).

2. Community Need

South Memphis is a historically rich but economically underserved area of Memphis, Tennessee. It faces systemic barriers to economic growth, with a median household income significantly below the city average.

Many local entrepreneurs—particularly minority- and women-owned businesses—struggle to access affordable credit or startup capital. Additionally, commercial corridors and housing infrastructure show signs of long-term disinvestment.

However, South Memphis possesses strong community institutions, a rich cultural identity, and strategic location within multiple Opportunity Zones. With local initiatives such as Epicenter Memphis, River City Capital, and LeMoyne-Owen College fostering entrepreneurship, there is a clear opportunity to channel investment directly into the neighborhood.

3. Organizational Structure

The South Memphis Community Investment Fund will be established as a 501(c)(3) nonprofit loan fund. Its governance model prioritizes community representation and accountability, with a

diverse Board of Directors drawn from business, finance, education, and faith-based organizations within South Memphis.

Here's a tighter, smoother version that keeps the full meaning:

The **South Memphis Renewal Community Development Center (SMRCDC)** has revitalized South Memphis through **digital literacy**, **entrepreneur training**, and **affordable commercial space development**. With deep community roots and proven impact, SMRCDC is a key partner for SMCIF in combining financial support and local expertise to spur business growth and lasting neighborhood renewal.

Key Staff Roles:

- Executive Director: Oversees strategic vision, fundraising, and partnership development.
- Loan Officer: Manages underwriting, portfolio performance, and borrower relations.
- Financial Education Manager: Designs and facilitates credit, savings, and entrepreneurship workshops.
- Operations & Compliance Officer: Ensures regulatory compliance, reporting, and systems management.

4. Programs and Services

The SMCIF will offer a comprehensive suite of financial and educational programs tailored to South Memphis residents and businesses:

A. Lending Programs:

1. Microenterprise Loans (\$2,500–\$25,000) – Support startups and home-based businesses.
2. Small Business Growth Loans (\$25,000–\$250,000) – Expansion financing for established firms.
3. Affordable Housing Loans – Assist small developers and homeowners in rehabilitating or acquiring affordable housing.
4. Community Facilities Loans – Provide funding to nonprofits and cooperatives delivering essential community services.

B. Capacity-Building and Education:

- Financial literacy and credit-building workshops.
- Business planning and mentorship for loan applicants.
- Youth entrepreneurship programs in partnership with local schools.
- Annual South Memphis Small Business Summit.

5. Market Analysis

The primary market consists of South Memphis residents, minority entrepreneurs, and small real estate developers. Local businesses in retail, logistics, construction, and services show significant demand for flexible capital.

The competitive landscape includes regional entities such as Pathway Lending and River City Capital, though few are physically embedded in South Memphis.

SMCIF's hyper-local approach and emphasis on community trust provide a distinctive competitive advantage.

6. Marketing and Outreach Strategy

SMCIF will employ a grassroots outreach model leveraging local churches, schools, and community centers. Marketing will combine digital engagement, community events, and partnerships with local organizations.

Outreach Channels:

- Neighborhood business fairs and pop-ups.
- Partnership campaigns with local nonprofits and faith-based networks.
- Success stories on social media under the slogan: "We Invest in South Memphis."

7. Financial Plan

Startup Budget (Years 1–2):

- Staffing & Operations: \$450,000
- Legal & Certification Costs: \$75,000
- Technology & Systems: \$50,000
- Loan Capital: \$2,000,000
- Community Outreach & Training: \$100,000
- Total Estimated Startup Need: \$2.68 million

Funding Sources:

- CDFI Fund (Technical Assistance and Financial Assistance programs)
- Philanthropic foundations: Kresge, Ford, Walton, Assisi, and others.
- CRA partnerships with banks such as Regions, First Horizon, and Truist.
- City of Memphis community development funds.
- Individual and community donors.

8. Implementation Timeline (Phase | Activities | Timeline |)

Phase 1: Foundations | Form 501(c)(3); establish Board; secure early partners and seed funding; set lending and compliance policies | Months 1–3|

Phase 2: Operational Setup | Hire core staff; implement loan software; launch outreach; begin building fair-lending ML model | Months 4–6 |

Phase 3: Pilot Lending | Launch microloan pilot; deliver financial literacy sessions; test ML model; monitor early loan performance | Months 7–12 |

Phase 4: Expansion | Add new loan products; integrate ML into underwriting; host small-business summit; grow loan capital | Month 13-18 |

Phase 5: Certification Prep & Scaling | Build lending track record; prepare CDFI certification; expand outreach and loan volume | Months 19-24 |

9. Long-Term Vision

By Year 5, SMCIF aims to deploy over \$10 million in loans, serve 250+ small businesses, and help 500 residents build or repair credit.

It will establish a South Memphis Business and Financial Empowerment Hub providing co-working space, mentorship, and training.

Ultimately, the institution will stand as a model for neighborhood-based CDFIs across the Mid-South, demonstrating how financial equity can drive community transformation.

10. Data-Driven Business Evaluation and Support Model

To enhance lending decisions, optimize impact measurement, and provide personalized support to entrepreneurs, SMCIF will develop an **AI-assisted “Business Success and Sustainability Model” (BSSM)**.

This model will use **locally trained data** and real-world business outcomes from South Memphis to help predict the success and sustainability potential of local ventures — and guide support strategies.

The model’s core purpose is to **analyze and predict the performance, risk, and growth potential** of small businesses applying for financial assistance. It will serve as a **decision-support tool** for SMCIF loan officers and advisors.

Key Parameters for Analysis

The model will evaluate each business using both **quantitative and qualitative parameters**, including but not limited to:

- Revenue and profit growth trends
- Inventory management efficiency
- Local competition density
- Accessibility to target customers
- Access to suppliers, transportation, and broadband
- Alignment with local economic development goals

This innovation will position SMCIF as one of the first **community-grounded, AI-informed CDFIs** in the United States — one that doesn't just provide capital, but **learns and adapts with its community**, improving outcomes for every future entrepreneur in South Memphis.