

# Investing in California's San Joaquin Valley Communities

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## Setting the Stage: The San Joaquin Valley

California's San Joaquin Valley is one of the most culturally diverse and economically important parts of the state. Its eight counties<sup>1</sup> cover an area larger than West Virginia and are home to more than 4 million people and a strong agricultural industry that generates almost \$40 billion in crops each year. The rich cultural diversity of the Valley—which includes Latinx, Southeast Asian, African American, Indigenous, refugee, and other racial and ethnic communities—brings vibrant cultural practices, strong family networks, entrepreneurship and vital workplace skills to the regional economy. Furthermore, local community-based organizations are building on the United Farm Workers' legacy of community organizing to “build the capacity of immigrants, people of color and low-income populations to advocate for policies and systems that promote equity.”<sup>2</sup>

Despite these economic and social assets, more than 25% of the population lives in poverty,<sup>3</sup> and more than one in four of the region's children under the age of 18 live in households with incomes below the federal poverty level.<sup>4</sup> When the proportion of children under the age of 6 living in poverty is examined by race, the disparity is stark: While approximately 20% of white children are living under the poverty line, that percentage increases to 30% for Asian and multiracial children, 40% for Latinx children, and 60% for African American children.<sup>5</sup> Economic inequities in the region are compounded by histories of racial and ethnic residential segregation. Over 30% of the population lives in unincorporated areas with little infrastructure to support clean drinking water, sewage treatment and other services, as well as physical resources like sidewalks.<sup>6</sup> Disparities in living conditions and other social determinants of health have contributed to the region's high rates of asthma, obesity, heart disease mortality and homicide, among other health issues.<sup>7</sup> In 2020, high rates of COVID-19 infection, along with some of the most intense forest fires in decades, intensified regional health and economic risks. These risks were heightened particularly among essential workers in the food system and others

whose outdoor jobs required exposure to fire-related poor air quality.

While the need for investment in the region and its residents is great, historically the per capita support from federal agencies has been less than 75% of the national average. The region's nonprofits also have fewer resources. According to an analysis of data from the National Center for Charitable Statistics, nonprofits in the Valley are funded at only 50% of the national average.<sup>8</sup>

## **Strategies for Investing in the San Joaquin Valley**

### *The Center at Sierra Health Foundation and the San Joaquin Valley Health Fund*

The Center at Sierra Health Foundation (The Center) was incorporated as a 501(c)(3) in 2012 and operates as an independent nonprofit organization supported by the leadership, staff and infrastructure of Sierra Health Foundation. The Center's mission is to eradicate health and racial inequities and advance racial justice throughout California. Currently, The Center serves as an intermediary or managing partner for more than 20 projects by aggregating and then dispersing funds from multiple sources, including philanthropic organizations, impact investors, and local and state governments.

The Center serves as the managing partner of the San Joaquin Valley Health Fund (SVJVF). SVJVF is a community-driven funder collaborative launched in 2014 in recognition of the historical and often institutionalized inequities, as well as the public and philanthropic underinvestment, across the region. The initial five-year vision for the SVJVF was twofold: (1) to advance health and racial equity in the San Joaquin Valley by investing at least \$10 million in community-based organizations that would advocate for policy and systems changes across the region, and (2) to build and support a network of 100 funded community-based partner organizations to deepen their partnerships and build their capacity for policy and systems change. Initial funding for the SVJVF came from Sierra Health Foundation and The California Endowment. By February 2021, the SVJVF had grown to nearly \$29 million in contributions from more than 30 philanthropic entities, as well as from individual donors, and with over 160 funded community-based partner organizations included within its regionwide network.

SVJVF is unique among funder collaboratives because it is community-driven, meaning that the community partner organizations, not the contributing funder partners, set the priorities and direction of SVJVF.<sup>9</sup> As an

example, each year the SJVHF community partners—through the SJVHF policy committee—develop and adopt a policy platform that guides the year’s activities, including SJVHF grant-making, capacity-building and networking activities, and advocacy. Over the last several years, the SJVHF policy platform has been organized around the following community-identified priority areas: immigration, health, housing, education, environmental justice, and land use and planning (IHHEEL). In the annual published SJVHF policy platform, each IHHEEL priority area includes a vision, the data behind the need to pursue the vision and the pathway toward achievement of that vision. The annual SJVHF policy platform is designed to take advantage of opportunities that arise and be aspirational: a reflection of the priorities and commitment of the SJVHF’s community and organizational leaders to advancing health and racial equity and racial justice in the San Joaquin Valley. Undergirding the SJVHF policy platform is acknowledgment of the critical importance of grassroots leadership development, community organizing and power-building to the policy and systems changes needed to achieve inclusive community economic development and other opportunities.<sup>10</sup>

### **Tailored**

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Beginning in 2019, some of the SJVHF grant-making opportunities have been organized around “clusters,” or themes, drawn from the community-driven policy platform. The cluster concept has been helpful in cultivating funder support for the SJVHF. By offering funders the opportunity to contribute to an issue-based SJVHF cluster, funders have additional assurance that their investments in the SJVHF will further their own foundations’ priorities. From the community partner and SJVHF staff perspective, there are also advantages to organizing SJVHF grant-making around clusters. Since each cluster supports a number of community partner organizations, cohorts of community partners are established with each cluster. SJVHF

## Collaborative

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Examples of current SJVHF clusters are included in the table below. The newest cluster, funded in March 2021, is the SJVHF Wildfire Resiliency Cluster, which will support four organizations representing a \$500,000 philanthropic investment.

The 2019 passage of the Safe and Affordable Drinking Water Fund (SB 200) is one of the best examples of how the advocacy work supported by the SJVHF can have a lasting impact on rural communities. Under SB 200, the California legislature allocated up to \$130 million per year to help water systems provide an adequate, affordable supply of safe drinking water in the near and long

TABLE 1

### Examples of SJVHF Clusters

Name of SJVHF Cluster	AS OF MARCH 1, 2021	
	Number of Funded Community Partner Organizations	Total Philanthropic Investment
SJVHF Census Outreach Cluster	48	\$3,184,330
SJVHF COVID-19 Response Cluster	76	\$7,488,529
SJVHF Drinking Water Cluster	3*	\$2,227,000
SJVHF Immigrant Rights and Protection Cluster	16	\$1,500,000

\* Expected to expand to 16 organizations and 50 individual community leaders.

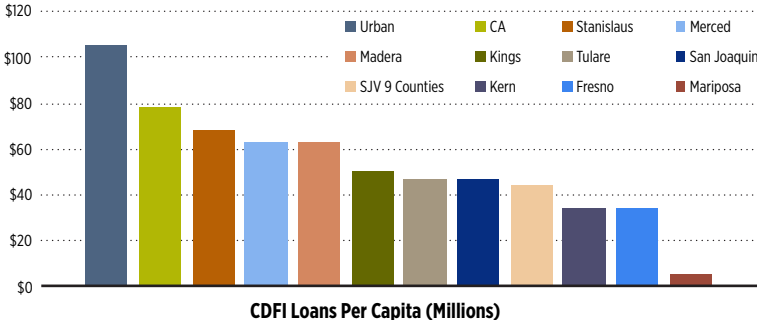
SOURCE: The Center at Sierra Health Foundation

terms. Over several years, many variables aligned for this bill to pass. However, the work by SJVHF partners—including Leadership Council for Justice & Accountability, Community Water Center, and Self-Help Enterprises—was instrumental in raising awareness of the issue and garnering the political will. Ensuring effective implementation of SB 200<sup>11</sup> and the Sustainable Groundwater Management Act (SGMA),<sup>12</sup> and supporting power-building are the cornerstones of the above-referenced, multiyear SJVHF Drinking Water Cluster, which is dedicated to ensuring low-income communities of color in the San Joaquin Valley benefit from and inform the implementation of these laws.

*The San Joaquin Valley Impact Investment Fund*

Despite the fact that the SJVHF raised more than \$29 million in grants from over 30 philanthropic partners between 2015 and 2021, philanthropy alone cannot address the socioeconomic and environmental inequities in the San Joaquin Valley. Similar to the historic low level of federal and philanthropic support flowing to the region, today’s impact investment capital, which seeks social and environmental benefits alongside a financial return, trails in the San Joaquin Valley compared to the flow to California’s large metropolitan areas. While there are a number of high-performing community development financial institutions (CDFIs) serving the region, the per capita flow of dollars from even these mission-driven intermediaries has trailed that of larger urban centers (Figure 1). The scale and range of needs call for significant private investment.

FIGURE 1  
**CDFI Loan Volume Per Capita 2017 (Millions)**



SOURCE: Opportunity Finance Network  
 NOTES: *Urban* is an aggregate of counties in California’s three largest MSAs—Bay Area, Los Angeles and San Diego. *CA* is an aggregate of all counties statewide.

In response, The Center created the San Joaquin Valley Impact Investment Fund (SJVIIF) with a goal of harnessing investment capital to sustain and scale the community-based social and environmental initiatives catalyzed by SJVHF's grant-making and policy work.

The SJVIIF is building on the SJVHF's vision of strengthening community-based organizations and reinforcing the agenda of community leaders to build inclusive, healthy and sustainable rural and urban economies throughout the region (Figure 2). To ensure broad-based and lasting change, the SJVIIF is implementing a three-pronged strategy:

1. Target investment capital to proven CDFI intermediaries and partners that are advancing healthy communities by investing to increase equitable access to health, housing and education, and to improve environmentally sustainable business and job growth in the region
2. Partner with regional CDFI banks and credit unions to meet the financial services needs of unbanked and underbanked businesses, organizations and households
3. Promote learning about the power of place-based impact investing among all stakeholders through an Impact Investing Learning Network that encourages long-term, inclusive investment in the region

## **Resilient**

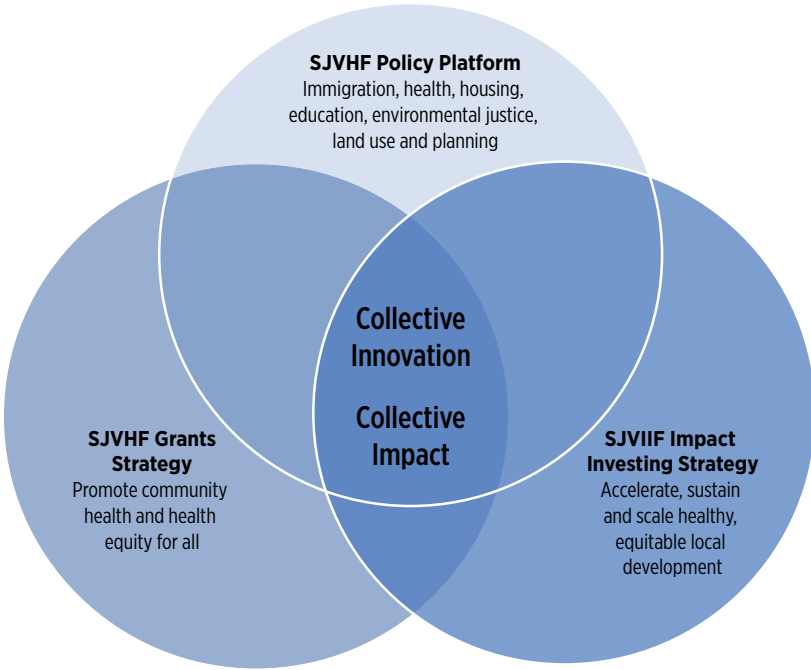
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While continuing to raise capital toward its \$25 million target, the SJVIIF has also begun to deploy investments in regional organizations serving those most in need. Initial investments in the Self-Help Federal Credit Union and Self-Help Enterprises demonstrate how the SJVIIF is helping to scale mission-driven organizations that are addressing both long-term systemic barriers and emergency needs, including the COVID-19 pandemic and recent forest fires.



FIGURE 2

## Relationship between the SJVHF and SJVIIF



### Evergreen Cycle of Health Innovation and Sustainability

Community grants, regional cluster grants, policy efforts and impact investing

SOURCE: The Center at Sierra Health Foundation.

**Self-Help Federal Credit Union (SHFCU):** With a mission to create and protect ownership and economic opportunity for all—especially people of color, women, rural residents and low-wealth families and communities—this multistate CDFI credit union is a member-owned financial institution that serves low- to moderate-income businesses and households throughout the San Joaquin Valley. SHFCU’s six full-service branches in the region provide financial education and nonpredatory savings, financial services (including but not limited to mobile banking, bank cards, check-cashing, bill payment, money orders and wire transfers) and loans. Statewide in California, SHFCU

originated 4,208 loans totaling \$232 million in 2020. Of this amount, 1,608 loans (38%) totaling \$70 million (30%) were in the San Joaquin Valley.

In response to the COVID-19 pandemic, SHFCU was on the forefront of ensuring that Paycheck Protection Program (PPP) loans reached both small businesses and nonprofit organizations. Throughout its multistate footprint, the CDFI made 1,758 PPP loans totaling \$183 million in 2020, 66% of which went to nonprofit organizations. Nearly 60% of SHFCU's PPP loans were extended to businesses or nonprofit organizations led by people of color. With a median loan amount of \$21,000, SHFCU was able to maintain 18,895 jobs through its PPP lending.<sup>13</sup> Within the San Joaquin Valley, SHFCU's 125 PPP loans totaled \$7.3 million and preserved 1,059 jobs.

**Self-Help Enterprises (SHE):** Incorporated in 1965 to serve several counties around Visalia, California, SHE is the most prolific mutual self-help housing organization in the country. Mutual self-help housing engages cohorts of rural low-income families to work together in building single-family homes that the families then own, within communities formed through the building process.

SHE has dramatically expanded its scope of services and footprint over the decades, while maintaining the organization's commitment to creating opportunities for people to build and sustain healthy homes and communities. The organization's core activities of affordable housing and infrastructure development require investment capital; they cannot be executed through the limited amounts of capital available through either grant-funding or government subsidies. Accordingly, SJVIIF's investment in SHE helps the organization to deliver its expanded affordable housing and infrastructure development throughout the San Joaquin Valley through the provision of flexible capital for real estate purchase and predevelopment costs. SHE's activities include developing both self-help ownership and multifamily rental housing; managing residential properties; providing flexible mortgages to first-time homebuyers; providing technical assistance to homebuyers for self-help and traditional single-family housing (including leadership development activities for community residents); providing infrastructure development for real estate projects and disadvantaged rural communities (including ensuring access to clean water); catalyzing community-based renewable energy and transportation systems; and administering loan programs on behalf of municipalities around the San Joaquin Valley.

Between 1965 and 2020, SHE assisted 6,390 families in the construction of their own homes, developed more than 1,724 units of affordable rental housing that it owns and operates, and provided 32,868 water and sewer systems to families (Table 2).

SHE enhanced its Emergency Services program—created to respond to emergency water needs during California’s extreme drought of 2014-17—to address permanent solutions. The organization was therefore prepared to support low-income residents affected by the COVID-19 pandemic and recent forest fires, and to provide preparation outreach for earthquakes and climate-related disasters. Focused on engaging diverse and vulnerable populations in crisis response, the organization was able to quickly mount pandemic relief, while also remaining prepared for natural disasters such as fire. Together with its local partners, SHE promoted the importance of emergency preparedness and COVID-19 prevention in multilingual outreach, including through the state-funded Listos California campaign, which between August 2019 and December 2020 reached nearly 16 million Californians.

With the igniting of the Creek Fire on Sept. 4, 2020, nearly 380,000 acres burned until full containment was achieved on Dec. 24, 2020. SHE’s initial response was to safeguard staff and water delivery contractors in danger,

TABLE 2

**Self-Help Enterprises: Impact in the San Joaquin Valley**

TOTAL COMPLETIONS	IN 2020	CUMULATIVE
Self-Help Housing Units	44	6,390
Multifamily Housing Units	196	1,724
Homebuyer Assistance Programs	27	2,140
Infrastructure—Water and Sewer Systems	327	32,868
Rehabilitation Programs	22	6,753
Emergency Services Temporary Solutions*	3,133	4,503
Emergency Services Permanent Solutions**	91	419
COVID-19 Assistance***	62	62
Gateway Program Counseling Sessions	973	14,544
New Grant Applications Written	36	579
Grants Managed	9	
Loans in Portfolio		2,115
Loan Portfolio Dollar Total		\$60,931,427

\* Emergency Bottled Water Delivery

\*\* Wells Constructed, Filtration Systems Installed

\*\*\* Rent, Mortgage, Utility (in addition to Pandemic Relief Fund)

SOURCE: Self-Help Enterprises.

while hauling water or conducting inspections in or near active fires. SHE soon learned that temporarily installed resident water tanks were melting as a result of the heat produced by the fires, disrupting safe delivery of water into homes. SHE sought funds to help with fire damage caused to residences with water tanks. The Creek Fire was of particular concern to SHE's Valley Oaks Apartments, a 24-unit complex located in Oakhurst. SHE's Resident Services and Emergency Services teams and its property management partner mobilized necessary service providers, connected with volunteers and arrived at the property immediately. Within a few hours, residents had an evacuation plan in place. Years of building solid communication channels and relationships with other nonprofits, community-based organizations, municipalities and counties had established SHE as a trusted partner, enabling an effective emergency response to protect residents.<sup>14</sup>

## **Conclusion: What Coordinated Capital Means for Rural Communities**

Although the San Joaquin Valley is home to several modestly sized cities, most of the region is considered rural, including many communities that are isolated, sparsely populated and poorly supported by infrastructure. In a region with relatively scarce local philanthropy or impact investing (compared to the state's more densely populated urban areas), place-based intermediaries are needed to recruit capital at a scale to meet local needs. Working in tandem, the SJVHF and SJVIIF serve as vehicles to support local residents in improving their quality of life and economic well-being. The partnership between the SJVHF and SJVIIF brings a shared commitment to health, racial justice and supporting residents in forging long-term solutions to persistent inequities and environmental risks. By combining grants for advocacy to change state and local policies with investments in local businesses, nonprofit organizations and households, the two funds work together to create opportunities in both the rural and urban areas of the region. With resilient community leadership and a growing financial support infrastructure taking shape, local organizations are laying the foundation for inclusive, sustainable economies, while also developing needed protections for residents when emergencies arise.

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## Endnotes

- <sup>1</sup> The eight counties are Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus and Tulare. The San Joaquin Valley Health Fund and San Joaquin Valley Impact Investment Fund regions also include Mariposa County.
- <sup>2</sup> See Hartzog et al., October 2017.

- <sup>3</sup> See Abrams et al.
- <sup>4</sup> See Hartzog et al., January 2017.
- <sup>5</sup> Ibid.
- <sup>6</sup> See Flegal et al.
- <sup>7</sup> See Hartzog et al., January 2017.
- <sup>8</sup> See Great Valley Center.
- <sup>9</sup> See Braff-Guajardo et al.
- <sup>10</sup> See The Center at Sierra Health Foundation for the 2021 SJVHF policy platform.
- <sup>11</sup> See Office of Governor Gavin Newsom.
- <sup>12</sup> See California Department of Water Resources.
- <sup>13</sup> See Self-Help Credit Union.
- <sup>14</sup> See Self-Help Enterprises.