FEDERAL RESERVE BANK *of* NEW YORK

Making Missing Markets: An Update

Community Advisory Group Meeting
March 26, 2025

Making Missing Markets: A Refresher

Connect $2.4 Trillion in Need to $2.4 Trillion in Resources

- The Community Development (CD) Team at the Federal Reserve Bank of New York sees opportunities to make markets that don't currently exist, but which have the potential to fund solutions, and address opportunities and problems in historically under-resourced communities.

- Making a missing market involves working within existing ecosystems and/or creating new ones to:
  1) Connect new sources of capital to community needs;
  2) Scale existing sources of capital that meet a community need;
  3) Connect previously unlinked buyers and sellers to work together to finance solutions that create value and wealth.

Note: The Making Missing Market Initiative is the evolution of the Community Development Team's strategic plan — with guidance from the Bridgespan Group.

Aligning Resources to Needs

Vulnerabilities overlap – interventions should overlap, too

- Correlation of social issues: Neighborhoods most vulnerable to extreme weather often possess poor health outcomes and high unemployment & poverty rates.
- U.S. maintains high poverty rates and poor health outcomes despite the level of social welfare spend.
- Investments in struggling communities have not successfully ignited local economies.
- **Try something new:** Support cross-sector/place-based interventions to invest upstream in communities to avoid downstream costs. Promote ***clusters of interventions***.
- Social and economic benefits from clusters of interventions require financial innovations to channel capital to struggling communities: “plumbing” re-imagined.

Making Missing Markets: Milestones

- November 2023 Conference: Partner closely with impact investors:
  - Result: Twenty work groups —Design Teams— created to solve problems of making missing markets.
- November 2024 Conference: Focus on blending funding streams from health and climate adaptation with social investing.
  - John Williams presents keynote speech: *"X Marks the Spot: Making Missing Markets."*
- November 19th & 20th, 2025 Conference.
  - Spotlight successful examples in making missing markets within the Second District.

New Business Models: Design Teams and Pilots

Explore new business models with outside experts and volunteers

Themes	Tools/Plumbing	Pilots/Clusters
Rural Development	Secondary Market	Investing in Youth
Improve Social Determinants of Health	Enterprise Capital for Nonprofits	Artist-led Revitalization
Partnerships with Impact Investors	Employee Ownership	Eastside Investing
How Communities Absorb Investment Effectively	Community Ownership	NY State Medicaid 1115 Waiver Sites
Extreme Weather Adaptation	Broadband Connectivity	
Consumer Finance and Disaster Preparedness	Artificial Intelligence	
	New Approaches to Insurance	

Design Team Case Studies

Innovative Experiments Organized Around a Theme, Tool, or Pilot

Theme Case Study: Partnerships with Impact Investors

- Collaboration between traditional community capital development providers – including Community Development Financial Institutions, Community Banks, and Minority Depository Institutions – and the new wave of impact investors.

Tool Case Study: Enterprise Capital for Non-Profits

- Long-term, flexible funding builds sustainability while enhancing effectiveness of nonprofit organizations. Design team hopes to solve nonprofits' longstanding obstacle to growth and experimentation (which for-profit firms enjoy by selling stock.)

Pilot Case Study: Investing in Youth Well-Being

- Design and deploy a new integrated approach to enhance outcomes for vulnerable youth and their families.
- Catalyze and increase investment by overcoming current service, opportunity, and financial fragmentation.