

PARTNERSHIP FOR THE BAY'S FUTURE: INVESTMENT FUND

A Vision for a Vibrant, Inclusive Bay Area

Housing, transportation, and economic opportunity are critical elements to the long-term prosperity of our region. Unless checked, the escalating regional housing crisis will undermine the diverse, inclusive, entrepreneurial, and open spirit that has made the Bay Area such a special place and a historic leader in social mobility. How do we invest now, to create the thriving Bay Area we all want to see 5, 10, and 20 years down the road?

To build a prosperous, inclusive and vibrant Bay Area, we must create new regional solutions to act boldly, engage deeply, and invest significantly in the Bay Area region. That is why leaders from government, business, and civil society throughout the region are coming together around a shared commitment to address these interconnected and urgent and regional issues of housing, transportation, and economic opportunity.

About the Partnership for the Bay's Future

The Partnership for the Bay's Future aims to advance the region's future by solving its interconnected challenges of housing, transportation, and economic opportunity. It is being launched with the support of the San Francisco Foundation, the Chan Zuckerberg Initiative, the Ford Foundation, and Local Initiatives Support Corporation (LISC), Facebook, Genentech, Kaiser Permanente, the William and Flora Hewlett Foundation, the David and Lucile Packard Foundation, and the Silicon Valley Community Foundation.

The Partnership—created in response to the needs expressed by community- and faith-based leaders, housing experts, elected officials, and residents—aims to expand and protect the homes of up to 175,000 households over the next five years, and preserve and produce more than 8,000 homes in the next five to 10 years.

This effort will initially have three components to tackle the problem holistically in a way that's never been done before: a Regional Partnership to foster collaboration between the private sector, public sector, and impacted communities; an Investment Fund focused on increasing the housing supply; and a Policy Fund that supports policies to stem the tide of displacement and preserve and produce housing.

With an initial focus on housing, the Partnership will eventually expand to include work on the interconnected challenges of transportation and economic opportunity, all critical elements to the Bay Area's long-term economic prosperity.

Overview: The Investment Fund

The Investment Fund, one of the nation's largest-ever housing funds, and it is designed to address the many, varied funding gaps that exist in the housing market throughout the region. The lack of affordable homes for families in these areas demands a solution that is uniquely flexible. And it requires coordinated, collective action.

With an initial commitment of more than \$260 million in flexible, low-cost, high-risk capital, the Investment Fund will leverage other financial partners, with the goal of reaching \$500 million within five years. The investments made possible by this fund will directly lead to the preservation

and production of more than 8,000 units, as well as indirectly contributing to the preservation and production of numerous others.

The Investment Fund is unique due to its funding commitment and its flexible, nimble, and creative approach to providing housing resources:

- **Flexible:** The flexibility of this capital will allow the Partnership to provide new financing products not currently available and to operate outside of current system constraints.
- **Nimble:** The Investment Fund is designed to address a wide range of current housing needs in the market and to evolve as the market changes. The Investment Fund will invest in everything from preserving affordable housing options where they currently exist, to building more options for people who are struggling to keep up with high housing costs. It will also help middle-income workers with housing costs, while also speeding up the process of getting people experiencing homelessness into homes.
- **Creative:** The Fund will also demonstrate the viability of creative, community-based solutions that can be replicated and scaled within the Bay Area and beyond.

Investing significant resources in housing affordability and stability today will protect our most vulnerable residents now and into the future and support the long-term economic success and racial diversity of our region.

Guiding Principles

The Investment Fund's financing products will be offered to mission-aligned developers to help build and preserve affordable homes for the neighborhoods they serve. The Fund follows three guiding principles when allocating funding:

- Products should be **additive** to the Bay Area development landscape and work in coordination with products already offered by existing financial institutions.
- Products should be **innovative**, designed to fill gaps and overcome barriers in the current system through strategies that have not been explored before.
- Products will provide **low-cost, risk-tolerant capital**. By being low-cost, and able to take risks, the Investment Fund will provide flexible capital to organizations with the ability to move projects forward, and to investees who historically lack access to capital.

Partners

The Investment Fund will be managed by the Local Initiatives Support Corporation (LISC), with Capital Impact Partners and the Corporation for Supportive Housing (CSH) as the first partners. These three nonprofit Community Development Financial Institutions (CDFIs) are using their combined experience in community development to design investment products informed by the needs of a diverse group of community stakeholders across five focus counties: San Francisco, San Mateo, Santa Clara, Alameda, and Contra Costa counties. Morgan Stanley is also providing capital for the fund.

About LISC

Since 1980, LISC has raised and invested more than \$18.6 billion nationally—which in turn leveraged \$56.2 billion of additional funds—to help produce 376,000 affordable homes and 63 million square feet of retail, community, and educational space. Driven by the guiding principle that affordable homes are the critical foundation necessary for restoring and maintaining an equitable and economically vital community, LISC has spent decades using a wide range of flexible financing strategies to fill funding gaps that inhibit the development of affordable homes.

About Capital Impact Partners

Capital Impact Partners has a 35-year history of delivering capital and commitment to help people build communities of opportunity that break barriers to success. Capital Impact has invested more than \$280 million nationally to support affordable housing and spur inclusive growth. By engaging with communities to create mixed-use, mixed-income neighborhoods with employment opportunities and easy access to critical social services, Capital Impact's mission-driven focus contributes to vibrancy and economic growth across the country.

About the Corporation for Supportive Housing

CSH provides both resources and direct assistance to advance innovation, data-driven solutions, and proven models that utilize supportive housing to improve lives and build healthier communities. Based on national best practices, they have strategically invested over \$750M in loans and grants to provide homes for more than 200,000 vulnerable people across the country. CSH brings supportive housing to those who need it most by offering a comprehensive portfolio of services to over 300 cities and 48 states throughout the U.S., making home a reality for over 200,000 individuals and families.

Leadership

The Investment Fund will be guided by a diverse Advisory Board, which includes investors from the philanthropic and corporate sectors, public sector and policy experts, and community leaders. This Committee will advise both the Investment Fund and Policy Fund.

For more information on the Investment Fund contact BaysFuture@lisc.org.