LISC announces ‘AA’ rating, stable outlook from S&P
‘Very Strong’ rating notes LISC’s growing assets, consistent performance, local impact

NEW YORK (September 20, 2016)—S&P Global Ratings has assigned a ‘AA’ credit rating to one of the nation’s largest nonprofit investors in low-income communities.

Officials at the Local Initiatives Support Corporation (LISC), which raises and invests more than a billion dollars annually to revitalize distressed U.S. neighborhoods, called the “very strong” credit rating a validation of the organization’s financial stability, as well as its comprehensive approach to improving the quality of life in low-income areas.

“The stable outlook reflects our view of LISC’s growing assets base and consistent profitability as well as its high-performing loans,” according to S&P, which cited the organization’s proven capacity to weather economic and real estate crises. S&P said LISC’s loan loss exposure is minimal, finding that it “has more than sufficient equity to cover potential losses.”

LISC made the unusual move of seeking a credit rating—which is more closely associated with corporate and government bond issuers than nonprofits—as a way to demonstrate the value of investing in places typically labeled as too poor or too risky for the private market.

“There are parts of the country that are starving for capital,” said Maurice Jones, president and CEO of LISC, which operates through local program offices in 31 urban areas and a national rural redevelopment program that reaches into 44 states.

“We've been lending, investing and making grants in these places for 36 years,” Jones said. “If we didn't have a proven strategy to fuel new businesses, housing, schools, health centers, jobs and meet other needs in low-income areas, we wouldn’t still be standing here today, in a stronger position than at any time in our history.”

S&P took note of that national model, as well as LISC’s long track record of success as part of its analysis. “We believe the diversified community lending model allows LISC to touch different aspects of the market. We further believe this demonstrates LISC’s ability to sustain its impact within the community while simultaneously maintaining profitability and increasing net assets via its community lending functions,” S&P said.

Michael Hearne, LISC’s chief financial officer, said that financial performance and community impact are dual priorities that underpin LISC ongoing community development efforts.

“Our investment funds hit their targeted returns, and our partners are able to meet their financial, community and regulatory goals—all while we help low-income people and places build a stronger future,” Hearne said. “Those numbers aren’t just an endorsement of LISC’s approach; they speak to the potential for private market participation in place-based redevelopment efforts,” he said.

Despite the strong numbers, this work does, in fact, carry risk, said Denise Scott, executive vice president in charge of LISC’s local program work around the country.
“Let’s be clear: there is no financial windfall in community development,” she stressed. “When you are funding small businesses in abandoned commercial areas or rehabbed housing in places devastated by foreclosure, you need to be patient and flexible, and you need to understand the challenges that residents face. You can’t do that if you aren’t on the ground, deeply engaged in neighborhoods.”

Jones agreed that there is no short-cut to stronger communities. “But, we’ve learned over time how to identify opportunities for real impact and make sound financial decisions that support them. I think that is powerful validation for community development investing and its capacity to help people live better.”

**About LISC**
LISC equips struggling communities with the capital, program strategy and know-how to become places where people can thrive. Since 1980, LISC has invested more than $16 billion to build or rehab 348,000 affordable homes and apartments and develop 56 million square feet of retail, community and educational space. For more, visit [www.lisc.org](http://www.lisc.org).