

Two Stories of Community Investing with Endowment Assets

- **United We Can**
– A social enterprise



- **Mike Gidora Place**
– Affordable Housing



A few lessons learned in Community Investing

- It starts with a willingness to engage in this activity (some tolerance for risk taking and a view to how this fits the mandate of the organization) – often learning by doing, and seeing value in lessons
- Need to set boundaries and objectives for this (often in policy, or a shared understanding)
- Balance the need for structure and boundaries with flexibility (often through processes – using committees or individuals with delegated authority or using the entire Board within tolerances for risk and investment size)
- Capacity is a key challenge (both the capacity of your organization to structure transactions and lend, and the capacity of investees to effectively use repayable capital)
- Relationships are key. It often comes down to trust, and community investments often emerge from existing relationships with organizations

A few lessons learned in Community Investing

- Investment partners help to spread risk and can complement the due diligence process
- Additional risk mitigation tools or “credit enhancements” can be useful (additional loss reserves, risk sharing agreements, rate buy downs, insurance, priority agreements, etc...)
- A portfolio approach helps ensure broader blended returns and helps avoid concentration risk with too few transactions in too few sectors
- A long time frame is important, together with a set of financial and non-financial objectives (including appropriate milestones for development)
- To achieve scale, it will likely be necessary to seek intermediaries with specific expertise and to package transactions for multiple investors