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## **U.S. sees launch of first guarantee pool for community development investments**

***\$33.1 million in commitments from 11 organizations will unlock more than \$150 million in new investments***

NEW YORK, N.Y. — Today, backed by guarantee commitments from 10 philanthropic organizations across the United States and a large health care system, the Community Investment Guarantee Pool (the Pool) announced its formation. [Guarantees are unfunded commitments](#) from an organization's endowment that offer risk mitigation.

The Pool, with guarantee commitments totaling \$33.1 million, is a new tool for community development finance and the first of its kind in the U.S. It is expected to catalyze more than \$150 million in new community investments in small businesses, climate and affordable housing.

LOCUS Impact Investing (LOCUS), a subsidiary of Virginia Community Capital, a nonprofit community development financial institution with \$413 million in assets under management, will serve as the program manager working with the investors, underwriting guarantee commitments as well as monitoring and managing the portfolio for both impact and risk.

“Through the tool of guarantees, socially motivated investors can leverage their balance sheets without requiring current liquidity to create a backstop and help minimize risk, allowing more traditional capital to feel comfortable putting their dollars into community investments.” LOCUS President Teri Lovelace said. “Using guarantees, the Pool will ensure deeper community impact, impact that includes diversity, equity and inclusion across small business, affordable housing and climate investing. We’re excited to get the first guarantees made and start capital flowing to meet critical community development needs.”

The Kresge Foundation incubated the Pool prior to its formal launch. In 2017, Kresge commissioned a study on the [use of guarantees by impact investing and philanthropic organizations](#) through the [Global Impact Investing Network](#). It found that while many organizations had an interest in using guarantees as an additional impact investing tool, they did not always have the skills, knowledge or capacity to take on highly customized transactions.

The study and subsequent focus groups revealed a need for an intermediary who could create efficiencies, centralize a source of credit enhancement and accelerate community investments without requiring current liquidity.

“The U.S. impact investing field is ready for a tool like this, which makes it easier for new guarantors to come to the table,” said Rip Rapson, Kresge’s President & CEO. “Through the Pool, we join our partners, notably including a leading health system, in putting institutional endowments to work in ways like never



before. By collectively committing over \$33 million in guarantees, we are likely to unlock \$150 million or more for investment in new affordable housing units, for small businesses to land the seed money they need to get to work and to allow those communities most affected by climate change to access the leading climate mitigation tools.”

Kresge made an initial \$10 million commitment to the Pool. Other investors in the Pool include [The Annie E. Casey Foundation](#), [The California Endowment](#), [Chan Zuckerberg Initiative](#), [CommonSpirit Health](#), [Gary Community Investments](#), [Jessie Ball duPont Fund](#), [Phillips Foundation](#), [Seattle Foundation](#) and [Weingart Foundation](#). The goal is to grow investor commitments to over \$75 million for greater impact in under-resourced communities across the country. [The Rockefeller Foundation](#) is also expected to provide operational support for the Pool.

“The Jessie Ball duPont Fund is proud to join in this pathbreaking guarantee pool. It will be a game-changer for business owners and entrepreneurs seeking to grow inclusive economies and to foster a sense of belonging in communities,” said Mari Kuraishi, President of the Jessie Ball duPont Fund. “As the only foundation in the southern United States involved in this guarantee pool, we look forward to applying the lessons learned, influencing capital markets to become more equitable and inclusive, and leveraging philanthropic resources to unlock access to capital nationally and in the communities we serve.”

The Pool will span the U.S. with some geographic preference given to California, Colorado, Delaware, Florida, North Carolina, Texas, Virginia and Seattle and will deploy the first guarantees later this year.

### **About The Kresge Foundation**

The Kresge Foundation was founded in 1924 to promote human progress. Today, Kresge fulfills that mission by building and strengthening pathways to opportunity for low-income people in America’s cities, seeking to dismantle structural and systemic barriers to equality and justice. Using a full array of grant, loan, and other investment tools, Kresge invests more than \$160 million annually to foster economic and social change. For more information visit [Kresge.org](https://www.kresge.org).

### **About LOCUS Impact Investing**

LOCUS Impact Investing is a national social enterprise launched by Virginia Community Capital (a CDFI) to empower place-focused institutions to invest their capital locally to build prosperous, vibrant communities. LOCUS offers a continuum of services starting with exploring, unlocking and deploying capital for community economic development all the way through to servicing and monitoring local impact investments as well as aggregating capital for local and regional impact funds.

[Locusimpactinvesting.org](https://locusimpactinvesting.org)

### **About the Jessie Ball duPont Fund**

The Jessie Ball duPont Fund works to expand access and create inclusive growth for the people, organizations and communities that were important to Jessie Ball duPont. We engage in strategic placemaking for the most inclusive growth we can support in the communities specified in Mrs. duPont’s will. We believe that nonprofit and public assets can support inclusive access, benefiting all members of a community and helping to strategically break down structural barriers to opportunity. The Fund has been growing its impact investing activities for the past seven years and currently allocates one-third of its asset portfolio to impact investments including mission-related and program-related investments. Learn more at [www.dupontfund.org/impactinvesting](https://www.dupontfund.org/impactinvesting).