



Racial Equity in Capital Deployment

*Strength Matters Financial Management
Conference 2021*

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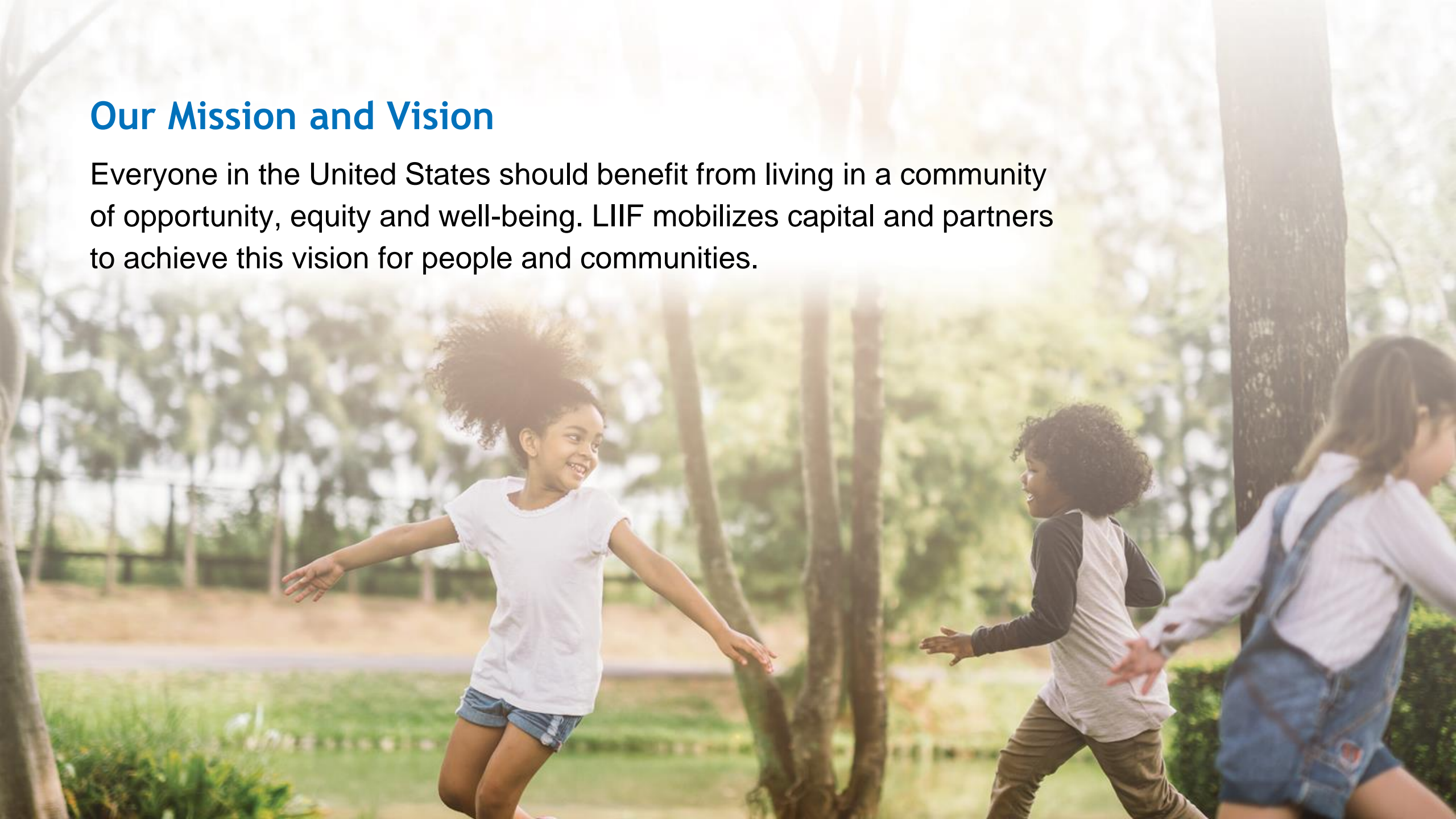


About LIIF



Our Mission and Vision

Everyone in the United States should benefit from living in a community of opportunity, equity and well-being. LIIF mobilizes capital and partners to achieve this vision for people and communities.



37 Years of Investing in Communities

NATIONWIDE INVESTING

\$2.9 billion
invested

\$250 million
deployed annually

100%
of investors repaid in full and on-time

IMPACT DELIVERED

2.3 million
people served

\$72 billion
in family & societal benefits*

97%
of families served earn < \$28,400 per year **

* LIIF uses a proprietary Social Impact Calculator that leverages social science research to monetize the impact of our investments.

** 94% of people served by LIIF-financed facilities qualify as low income – defined by HUD as earning < 80% of Area Median Income (AMI). For a family of 4, the national threshold is \$28,400 per year

National Reach, Targeted Solutions

Lending & Fund Management

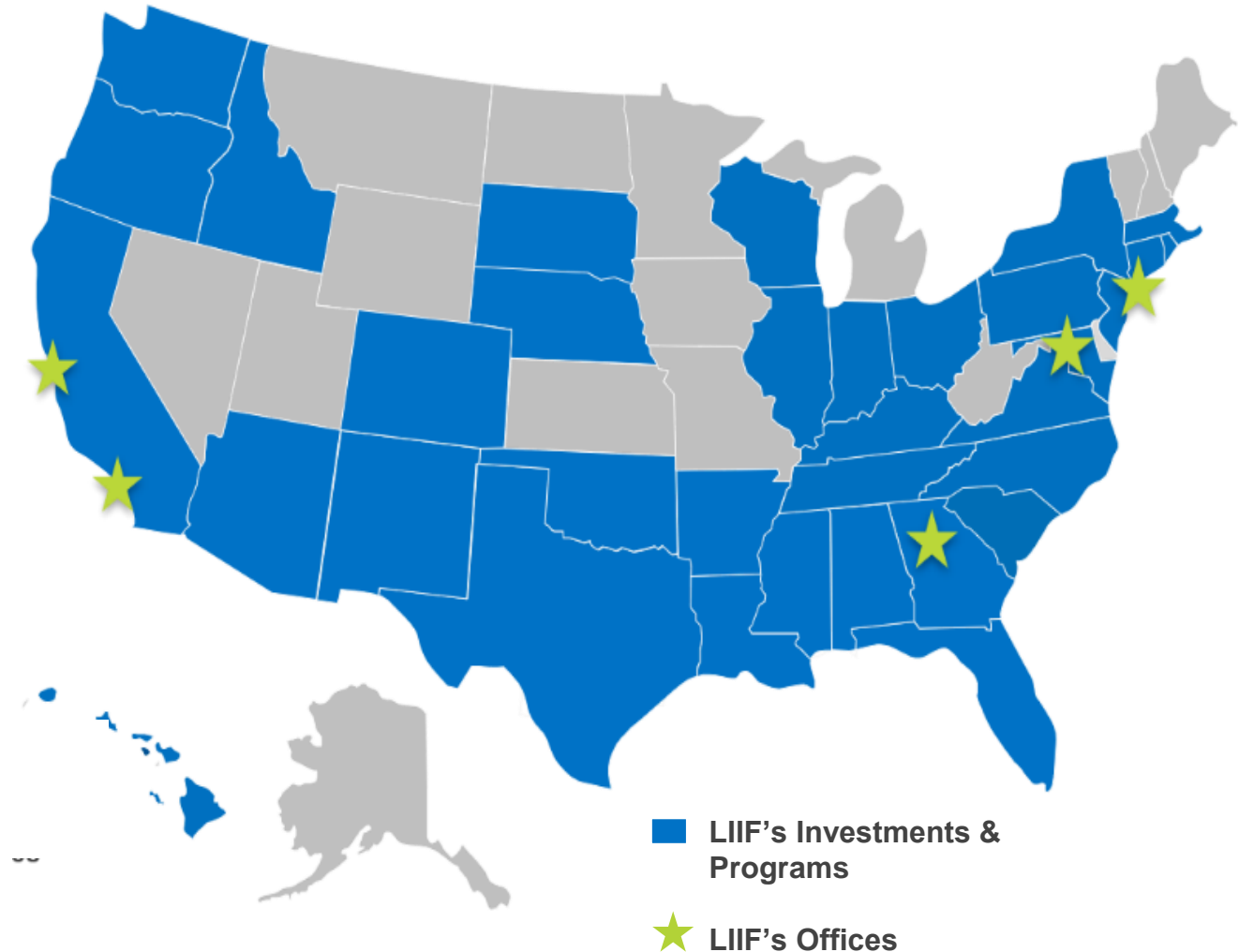
\$2.9 billion deployed across 31 states

Programmatic Initiatives & Capacity Building

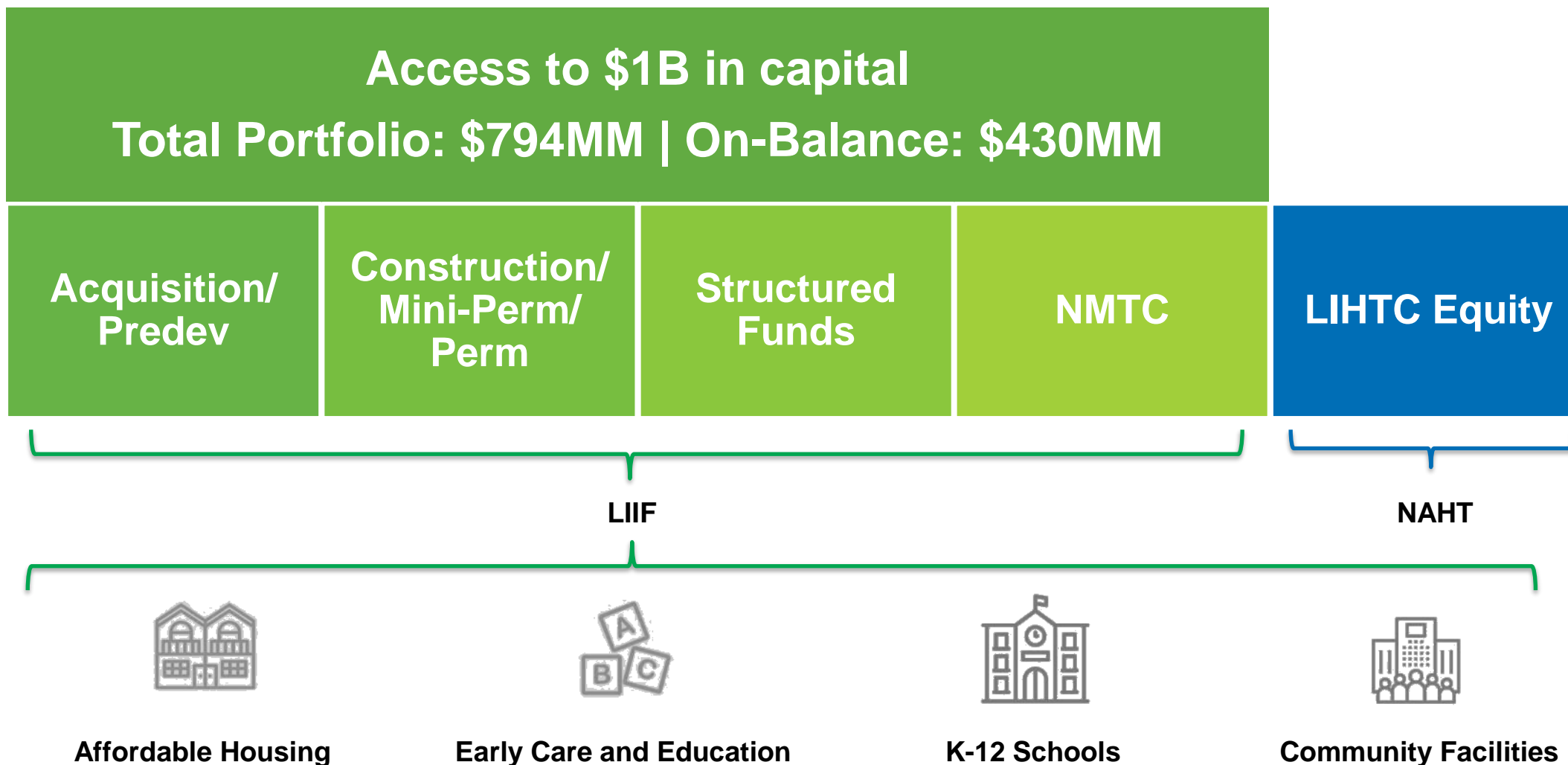
Philanthropic programs that advance equity and community development, technical assistance & business capacity building

Policy & Advocacy

Federal and state policy that support solutions that work



Robust Capital Platform



Our FY21-24 Strategic Plan Priorities

LIIF's strategic plan articulates a refined programmatic focus to ensure greater impact in three key areas and highlights the cross-cutting approaches that will guide our work to advance communities of opportunity, equity and well-being.



Social Justice and Racial Equity

OUR IMPACT AREAS



Impact-Led
Lending



Affordable
Housing



Early Care and
Education

OUR INTENTIONAL APPROACH

Increasing financial and organizational sustainability

Broaden influence to drive policy and practice

Building the foundation for innovation and learning

Centering Racial Equity

The very inequities that made people most vulnerable to today's crises—in housing, education, jobs and health—are also deepening in their wake.

Over the next three years, LIIF will focus the way it works to play a leadership role in tackling systemic racial injustices.

We are working toward an **equitable recovery** that addresses those most impacted by COVID-19 and reverses practices that have sustained inequity and injustice over time.



Drive **\$5 billion**
in investments over
the next decade to
advance racial
equity

Strategic Plan in Action



NAHT-SAHF-LIIF Joint Venture



ECE COVID-19 Emergency Response



Racial Equity Initiatives



Impact-Risk-Profitability Framework



Impact-Risk- Profitability Framework



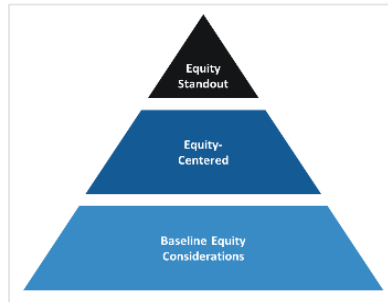
Impact-Risk-Profitability (“IRP”) Framework

- **Over the past year, LIIF has been developing an Impact-Risk-Profitability Framework for more intentional and balanced decision-making around impact and sustainability of its lending business**
- Tools to assess Impact, Risk, and Profitability of a loan have been developed as independent workstreams
- Long-term: set lending goals and drive business development based on portfolio-level impact goals

Dimensions of Impact

Four dimensions of impact will guide both ex ante sourcing & diligence and ex post evaluation

DIMENSIONS OF IMPACT



Racial Equity

Likelihood of driving racially equitable outcomes and alignment to core principles of social justice and racial equity

Quality

Richness and robustness of an offering

Catalytic Impact

Impact beyond the 'walls of the project' by influencing the field or driving broader transformation in a community

Role for LIIF

Extent to which LIIF's capital, structuring, and TA differentially drives impact

Racial Equity Tiers

A lending opportunity in this tier...

Equity Stand-Out

Drives systemic progress toward a society characterized by justice & racial equity by building power & agency for Black, Latino, and POC individuals and communities*

Equity-Centered

Centers transformative outcomes for Black, Latino, and POC individuals and communities

Equity-Serving

Meaningfully increases access to critical resources or opportunities for Black, Latino, and POC individuals and communities

**Drawing from our anti-racism statement, we are not exclusively focused on any community but are focusing on those facing the deepest inequities. Nationally across LIIF's portfolio, these communities tend to be Black and Latino, but locally this may differ.*

Impact Scorecard - *Work In Progress*

LIIF is developing an Impact Scorecard to assess lending opportunities using the Dimensions of Impact and Racial Equity Tiers.

Racial Equity Tier		Dimensions of Impact	
Equity Stand-out	POWER & AGENCY/ SYSTEMIC CHANGE	Power & Control	Ownership and control by Black, Latino, and leaders of color; project sponsors with demonstrated commitment to racial equity
		Community Voice & Agency	Delegated decision-making to community members intended to benefit from the project
		Systems Change	Reducing structural barriers, creating structural enablers to build pathways to racially equitable outcomes
Equity Centered	TRANSFORMATIVE OUTCOMES	Population Served	Individuals/families facing deepest inequities in access due to intersecting identities
		Location	Increased choice, displacement prevention, preservation of community assets
		Quality	High quality facility; quality services and programs that augment outcomes
		Catalytic Impact	Comprehensive community plan addressing multiple SDOH; innovative project type
Equity Serving	ACCESS TO CRITICAL RESOURCES/ OPPORTUNITIES	Access	Increase/preserve access to critical resources or opportunities for Black, Latino, and other communities of color facing the deepest inequities
	ADDITIONALITY	Role for LIIF	<i>Additionality of LIIF's capital and role in the transaction</i>

Power & Control: Example Framework

ADVANCING THE MISSION:

Tools for Equity, Diversity, and Inclusion



A Learning Continuum for Race-Focused Work

←————→
Color-blind • Diversity-only • Race-tentative • Equity-focused

**Racial equity
approach**

My organization:

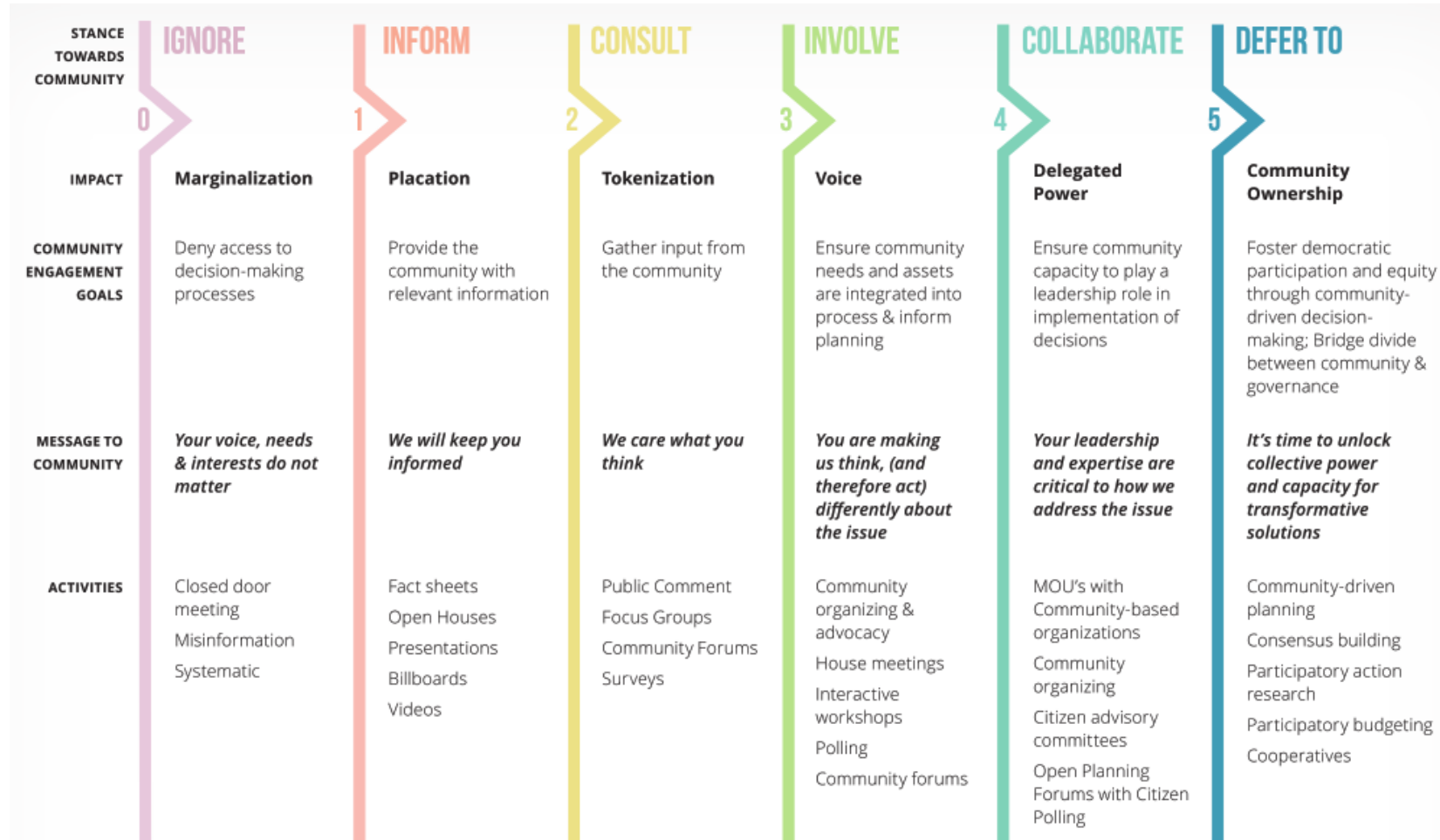
- ☐ Understands and communicates that reducing racial inequities is mission-critical
- ☐ Routinely collects, disaggregates, and analyzes data by race/ethnicity in programmatic and operational work
- ☐ Proposes targeted strategies that have been put through a racial impact analysis
- ☐ Views diversity as a value-added feature of organizations, and Inquires about the cultural competence of staff and grantees to work with diverse groups
- ☐ Has mechanisms for management accountability for equity, diversity, and inclusion
- ☐ Has mechanisms for staff accountability for equity, diversity, and inclusion
- ☐ Supports the efforts of affinity groups working on issues of equity, diversity, and inclusion

Community Voice: Example Framework

THE SPECTRUM OF COMMUNITY ENGAGEMENT TO OWNERSHIP

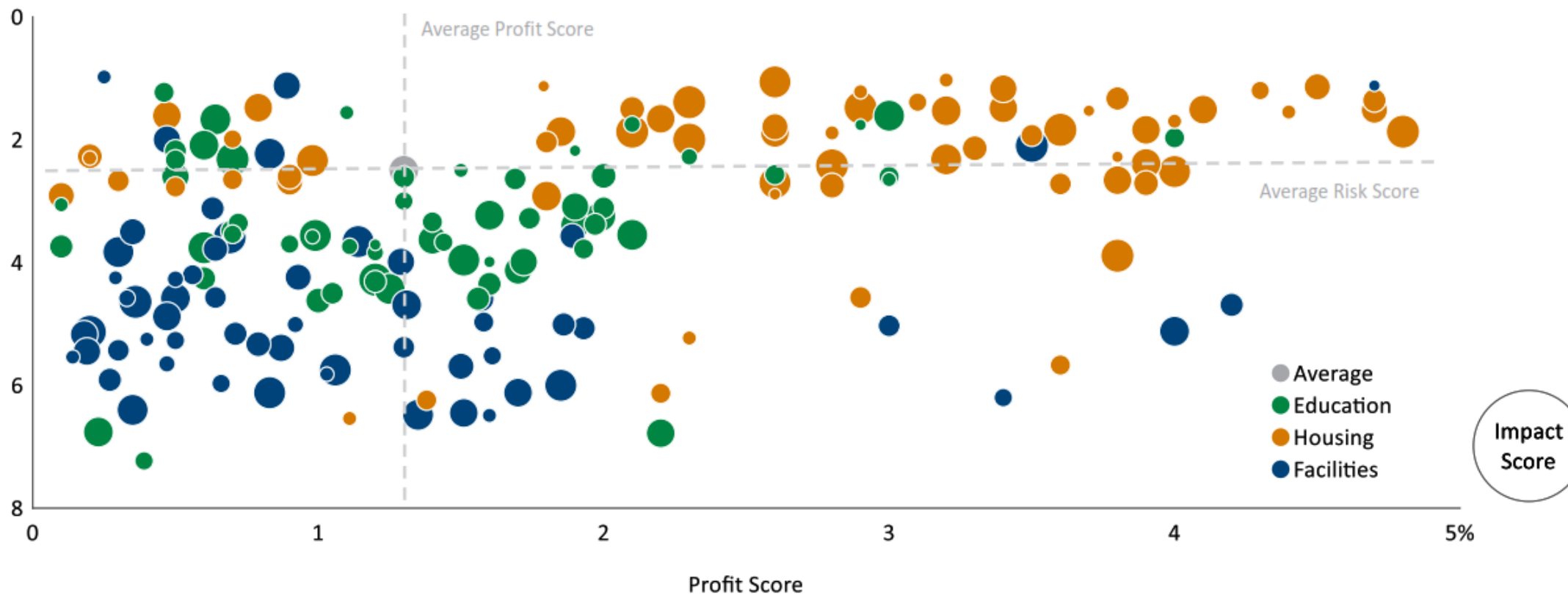


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IRP Tool: Example Portfolio View

Risk Score



Racial Equity in Action



REATE for Charter School Lending

- **Racial Equity Assessment Tool for Education (REATE)**
guides lenders in evaluating a school's institutional commitment to racial equity
- Adapted from the Racial Equity Matrix, research-based assessment tool developed for the CDFI Racial Equity Collaborative for Education by Discriminology, Village of Wisdom, and we are (Working to Extend Anti-Racist Education)

REATE for Charter School Lending

- REATE uses four Equity Focus Areas:
 - Family Engagement;
 - Discipline & Social Emotional Support;
 - Culturally Relevant Pedagogy & Social Justice Curriculum;
 - Staffing Strategies
- 12-Month Pilot launched March 2021
- Integrated into Impact Scorecard

Black Developer Capital Initiative (BDCI)

Launched by the Low Income Investment Fund (LIIF) and National Affordable Housing Trust (NAHT), BDCI is a **\$70 million** initiative providing capital to support the growth of Black-led for-profit and nonprofit affordable housing developers.



Rather than asking 'how Black developers should change to access capital,' LIIF and NAHT are asking how we should change.

BDCI: Goals

- Grow the wealth and representation of Black developers in the affordable housing industry
- Support Black developers that have a strong track record of experience but lack access to capital that would enable them to grow their businesses
- Identify opportunities to evolve LIIF & NAHT lending practices and policies to advance racial equity

Resources



Resources

- Annie E. Casey Foundation: <https://assets.aecf.org/m/resourcedoc/aecf-AdvancingtheMissionRESPECT-2009.pdf>
- Facilitating Power: <https://movementstrategy.org/wp-content/uploads/2021/08/The-Spectrum-of-Community-Engagement-to-Ownership.pdf>
- Impact Management Project: <https://impactmanagementproject.com/>
- Racial Equity Asset Lab: <https://racialequityassetlab.org/>
- CDFI Racial Equity Collaborative on Education: <https://cdfiequitycollab.org/>