



# CALIFORNIA COMMUNITY FOUNDATION

[calfund.org](http://calfund.org)



## ABOUT THIS PROJECT

This grant and loan supported the Supportive Housing Loan Fund (SHLF), which was a response to the crisis levels of homeless people in Los Angeles. SHLF is a \$60-million fund for acquisition and pre-development to create new permanently supportive housing (PSH) units in Los Angeles. The goal of the fund is to triple the city’s current production from 300 PSH units per year to 1,000 PSH units annually. In addition, this investment will catalyze the efforts of the California Community Foundation to engage Donor Advised Funds (DAFs) as a source of low-cost capital for investment funds like SHLF.

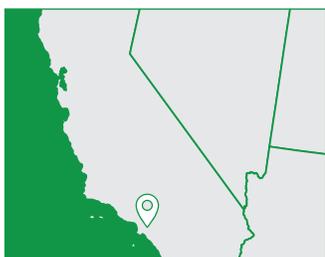
## WHY WAS THIS NEEDED?

**CHALLENGE:** LA has more homeless individuals (41,000) than any other city in the nation. Of those, 12,000 are chronically homeless. Many are high users of public services. Research demonstrates that PSH improves outcomes for this population and reduces costs throughout the service system.

**RESPONSE:** The City and Los Angeles County declared a state of emergency due to the homeless crisis and are partnering to increase the number of PSH units. Kresge’s investment will provide capital to housing developers through SHLF and build capacity within city agencies to help triple the production of PSH units. It will also help to make in-roads to using DAFs for impact investments.

### IMPACTED LOCATION

LOS ANGELES, CA



### YEAR APPROVED

2016

### TYPE OF TRANSACTION

PRI-LOAN

### KRESGE PROGRAM

HEALTH AND  
HUMAN SERVICES

### AMOUNT OF INVESTMENT

\$6M

### GRANT SUPPORT

\$1M

### TERM OF INVESTMENT

10 YEARS



## IMPACT MEASURE

**19 HOUSING PROJECTS**  
IN PREDEVELOPMENT ARE EXPECTED TO  
RESULT IN MORE THAN 1,000 UNITS OF  
PERMANENT SUPPORTIVE HOUSING

## ABOUT THE BORROWER

The California Community Foundation (CCF) is a large, community foundation that has worked in the city since 1915 and has detailed knowledge of the health, social service and municipal infrastructure that serves the City’s homeless population. CCF has assets of \$1.5 billion and has made charitable investments since 2007. CCF is an essential convener and funder that works alongside the City to shape a response to the crisis levels of homeless persons who need permanent supportive housing.

## KEY PARTNERS

In addition to investing \$5 million of its own capital into the SHLF Fund, CCF has worked closely with other funders to assemble \$20 million (including the \$6 million from Kresge) in subordinate capital that is expected to ultimately leverage \$60 million and create 1,000 new units per year. Partners include \$5 million from the City of Los Angeles, \$5 million from the Weingart Foundation, and \$4 million from the Conrad N. Hilton Foundation, among other funders.

## Key Considerations



**Kimberlee Cornett**  
*Managing Director*  
Social Investment  
Practice

- » CCF will market this investment opportunity to existing and new DAFs, aiming to replace up to \$4 million of Kresge’s capital with DAF funds starting in year five of the PRI term.
- » When this capital is returned to Kresge, the Foundation will continue to make available up to \$2 million through the end of the PRI term. This “standby commitment” will provide for the possibility that some DAF investments may require terms that are shorter than that of the PRI (average DAF lifespans are 7-10 years).
- » This investment is recourse to CCF.
- » Having CCF return some capital as it raises money from its Donor Advised Funds gave Kresge an additional reason to make the loan but added several layers of complexity.
- » The City’s commitment of public funds to cover losses that investors may incur in the SHLF Fund was a material consideration
- » This investment represents an integrated set of interests across Kresge’s work in health, human services, housing and capital absorption.