



# BAY AREA COMMUNITY IMPACT FUND

Updated March 2019

## Program-Related Investments

The Bay Area Community Impact Fund makes Program-Related Investments (PRIs) to nonprofit organizations and social enterprises that serve low-income individuals and families in historically underinvested communities across the Bay Area. PRIs are low-interest, long-term loans and are expected to be fully repaid with interest. Borrowers must have a strong balance sheet and sufficient revenue to qualify.

## Investment Criteria

1. Our Bay Area Community Impact Fund provides debt capital and term loans for projects that are aligned with the Foundation's strategic goals and objectives such as:
  - **Facilities financing** for non-profit groups working in the San Francisco Foundation's program areas, for example community health, education, fresh food access, arts and social justice.
  - **Community development efforts**, including economic revitalization and mobility, entrepreneurship, job creation and affordable housing development, preservation or protection.
  - **Environmental preservation efforts** that reduce carbon and other air pollutants, including transit-oriented development, green buildings, energy efficiency and renewable energy, water conservation and access to clean water, conservation and community resiliency.
2. Borrower must demonstrate impact in SFF's service area of San Francisco, Alameda, Contra Costa, Marin, or San Mateo Counties.
3. The PRI should benefit low- and moderate-income residents.
4. The PRI should have the potential for repaying capital plus a target return of 3-4%. There must be identifiable sources of repayment.
5. The PRI must catalyze or leverage capital from financial institutions and other investors.
6. The PRI must have the potential for significant, measurable impact, e.g., to increase the scale of impact or level of service.

7. PRI borrower must have a minimum of three years' operating experience and a prior track record of repaying loans or other forms of invested capital.

## Loan Terms

- **Minimum Loan Size:** \$250,000
- **Maximum Standard Loan Size:** 10% of the SFF Bay Area Community Impact Fund (currently \$2.2 Million)
- **PRI Sizing Limit:** Loan size is also limited to 20% of an organization's net assets (for full-recourse loans), or 20% of the total fund size (for structured funds). (We may consider a loan size larger than 20% of net assets, if the applicant provides credit enhancement, such as a guarantee or cash reserve.)
- **Term:** Not to exceed 10 years (will consider non-amortizing loans)
- **Collateral:** Our loans are mainly general recourse loans; however, we may consider accepting collateral.

## Process and Information Requirements

The San Francisco Foundation has a three-step application process for its Program-Related Investments.

**Step 1:** After reviewing the criteria, if the applicant finds that the proposal aligns with the Foundation's PRI program criteria, please contact our Program Associate, Melanie Jiménez, to begin conversations with our Program team around the social impact piece.

**Step 2:** Once the Program team and the applicant have reached an agreement that the proposed project aligns with the criteria for a PRI recommendation, the applicant will be asked to complete a PRI Intake Form and to submit financial information. This information enables the PRI staff to engage in a first-phase due diligence process that may lead our Program team to recommend the PRI request to the Foundation's PRI Committee.

**Step 3:** If the first-phase of the recommendation is approved by the Foundation's PRI Committee, then the application will proceed to the underwriting stage that will be the second phase of due diligence on the request. The underwriting stage will involve an on-going communication with PRI staff, as they collect and analyze the application materials. Once the due diligence process is complete, PRI staff will present the full application to the PRI Committee for a vote. If approved, a refundable commitment fee of \$2,500 will be required upon the applicant's acceptance of PRI terms. The commitment fee will be fully refunded to the PRI borrower upon the closing of the loan.

SFF PRI staff considers carefully the following criteria during the application process:

- **Social Impact:** Will the project have a positive impact on low-to-moderate income leveled individuals and communities within the Foundation's five-county service area? Does it meet at least one of the Foundation's programmatic goals? Is it catalytic or scalable? (I.e., will it produce change beyond the immediate project, or will it prove a new model)? What metrics will the applicant track to provide evidence of impact?
- **Repayment:** Will the applicant have sufficient financial capacity and cash flow to repay the loan? Have they used debt successfully? In the case of a financial intermediary, what is the applicant's history with losses and portfolio quality; what are their credit policies and procedures? Is the applicant organization financially secure and well managed to ensure financial stability for the life of the loan and beyond?
- **Organizational Capacity:** Does the organization have sufficient and skilled staff to carry out its basic operations, in addition to the proposed project? Are there sufficient systems to carry out basic operations and any additional projects as proposed, and to ensure repayment of the loan?
- **Board Capacity:** Does the organization's Board of Directors have sufficient expertise to guide the organization, in addition to the proposed project? Are the Board Committees relevant, sufficiently populated and staffed, and actively engaged in appropriate activities?

The application, underwriting, and loan documentation process generally takes from 6-9 months.

## Next Steps

We accept PRI applications on a rolling basis. If your organization or project meets our investment criteria, contact Melanie Jiménez at (415) 733-8540 or [mjimenez@sff.org](mailto:mjimenez@sff.org) to discuss available options.