

Guarantee Case Study

Low Income Investment Fund (LIIF)



Date Closed
12/17/2025

Fund
Community Investment
Guarantee Pool (CIGP)

Guarantor(s)
17 Foundations & Impact
Investors

Sector(s)
Affordable Housing

Guarantee Beneficiary/Lender(s)
Low Income Investment Fund (LIIF)

Location
National

Credit Enhancement Amount
\$2 million

Expected Leverage (total community investment/guarantee amount)
10x

Guarantee Use Case

The Problem

LIIF sought to address a persistent gap in access to credit for high-impact affordable housing, early care and education, and community facilities projects in low- and moderate-income communities. Many of the projects with the strongest social benefit do not fit neatly within standard underwriting criteria, which can limit LIIF's ability to finance community-based sponsors, smaller developers, and other mission-aligned borrowers.



Proposed Lender Solution

LIIF's solution was to use its Integrated Risk and Impact Performance (IRP) Framework as a formal capital allocation and decision-making tool to better balance impact, credit risk, and financial return across its portfolio.

With the guarantee in place, LIIF can apply this framework to support more "Stand Out" loans,

defined as loans with high impact scores, while continuing to use disciplined underwriting and risk rating standards. LIIF's goal is to increase "Stand Out" loan volume as a percentage of total volume to 30% annually (over the three-year deployment period) from the current three-year average of 16%.

The Credit Gap

LIIF needed credit enhancement because many of the high-impact loans it wants to make involve defined credit policy exceptions, such as weaker financial ratios, lower equity contributions, or higher loan-to-value ratios. Although LIIF has the financial strength to take on moderate risk and is contributing a \$1 million first-loss position, the guarantee provides additional protection that enables it to extend credit more confidently in a volatile environment where lenders are otherwise tightening credit.

Expected Impact

Direct Impact Metrics

Expected Community Investment

\$20 million

Indirect Impact

This guarantee supports systemic change by helping LIIF test and scale a new institution-wide framework for integrating impact and risk into lending decisions. Beyond the direct borrowers financed, the program builds LIIF's long-term capacity to expand its credit box for high-impact community development transactions and could influence how mission-driven lenders evaluate and approve similar loans across the sector.

To learn more about credit enhancement funds, email guarantees@locusimpact.org.