



INVESTMENT SPOTLIGHT

Genesis LA Block by Block

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Investment Spotlight

Genesis LA Block by Block

To advance racial equity in California and address racial, health and economic inequities that have resulted from systemic racism and disinvestment in BIPOC communities, The California Endowment invested in the Genesis LA Block by Block Project, which invests in deeply rooted, place based work capable of transforming neighborhoods over a 10-year period. Genesis LA provides patient, early-stage capital that allows CDCs to acquire critical development sites in a fast paced and competitive real estate environment.



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RECAP



The California Endowment is making a \$10MM debt investment in the Genesis LA Block by Block project to support community power and resilience, expand the scope of traditional community development projects, and transform low income, BIPOC neighborhoods in Los Angeles.

The Need

Most community development programs are reactive. They respond to challenges that have been years in the making. Government programs and funding sources intended to address these challenges often involve highly prescribed solutions and Community Development Corporations (“CDC”) must adapt to the limitations of these funding programs to access the resources they need to create impact.

The Opportunity

The Genesis LA Block by Block is led by an ecosystem of community-centered, and equity leaning partners who have a long history of engagement within the community. To ensure that these partners can be proactive and strategic, the Block by Block Project connects existing elements within the community development ecosystem, organizing them into Teams to achieve collective action, and infusing the capital necessary to jumpstart project pipelines.

The Impact

The Block by Block project and its financing supports a range of projects—including community facilities, economic development, affordable and mixed-income housing designed to expand the scope of traditional community development projects. These inclusive, social investments aim to prevent displacement and gentrification, ensure access to services that improve health outcomes, and develop real estate assets that are owned and/or governed by community for improved quality of life and economic inclusion.

WHO

Genesis LA is a CDFI partner of The California Endowment. Genesis works in close collaboration with the community to finance projects that support nonprofits, affordable housing, community facilities and economic development.

About Genesis LA

Genesis LA was established in 1998 out of the office of former Los Angeles Mayor Richard Riordan. Today, Genesis LA is certified by the U.S. Department of the Treasury as a Community Development Financial Institution (CDFI) and a Community Development Entity (CDE). As a CDFI, Genesis makes direct loans and investments to community and economic development projects through our internally managed Genesis Community Investment Fund (GCIF) as well as through other special purpose capital pools, such as the Block by Block project.

Geography

Los Angeles County

Sectors & SDGs

Community + Economic Development, Housing





“ We invest a significant portion of our money in people we can partner with from the beginning. You can do this when you are intimately connected with the community, the issues, the opportunities and the challenges. We see a real benefit in local stakeholders owning more of the assets in the neighborhood. They can help drive the destiny of the neighborhood. ”

TOM DE SIMONE
GENESIS LA

WHAT

The California Endowment is making a \$10MM, 10-year unsecured debt investment in Genesis LA Block by Block to invest in deeply rooted, place based work capable of transforming neighborhoods. TCE also provided \$3MM in grants to anchor community organizations.

Total Investment

\$10MM PRI

INVESTOR	SIZE	TYPE	POOL	DURATION
The California Endowment	\$10MM	Debt	PRI	10 years

Target Return

2.0%

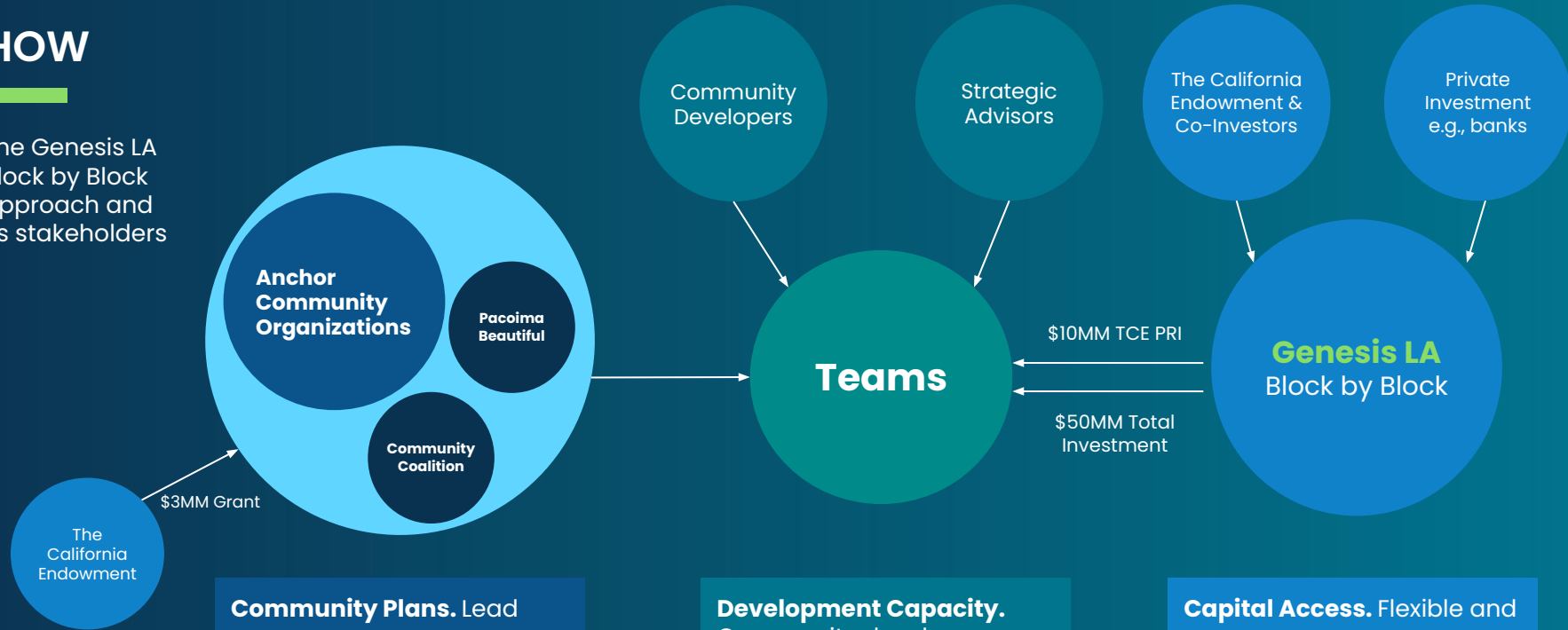
fixed rate

Investment Structure

The debt PRI will be for a 10-year term with a fixed interest rate of 2%. The debt is unsecured—with no recourse, no backstop, or guarantor—and will be used to leverage a total investment raise of \$50MM.

HOW

The Genesis LA Block by Block approach and its stakeholders



Community Plans. Lead “anchor” organization that represents the community and its aspirations and can be a trusted partner to both community stakeholders and the developers needed to undertake projects.

Development Capacity. Community developers translate visions into feasible and viable project plans. These plans are connected with trusted developers who can design and develop projects that achieve the goals of community plans.

Capital Access. Flexible and patient capital pool to support developers as they identify strategic development sites and cultivate a pipeline of projects for neighborhood transformation.

IMPACT & MEASUREMENT



Three primary impact benefits of the Block by Block approach:

1

We can leverage the positive economic impact that other investments are creating. Many of these public and private investments have been made by CDCs, CDFIs, and the public sector, and include affordable housing, schools, economic development projects, and transit infrastructure. These investments create tremendous economic value nearby and our Block by Block Project intends to capture more of this economic value and wealth generation for the benefit of community residents and stakeholders.

2

Second, leveraging these investments mitigates risk to investments made through the Block by Block Project, because preceding investments are creating rising property values and economic feasibility to ensure the viability of the projects that follow.

3

Third, by intentionally leading with a racial justice lens and proactively investing in these Sites, we can minimize displacement and gentrification that is likely to result from increased speculative investment in these Sites as developers attempt to capitalize on new investments nearby.



“ Given the historical under-investment in communities across the country, we need to use all the possible tools in our toolbox to prove the support that’s needed. Access to capital is available to many communities across the country, so why shouldn’t it be available to support community power and resilience? ”

ROBERT K. ROSS

THE CALIFORNIA ENDOWMENT