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LIIF Launches Black Developer Capital Initiative

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08.02.21

CDFI Partners with National Affordable Housing Trust to Address Systemic Market Gaps

SAN FRANCISCO (August 2, 2021) – The Low Income Investment Fund (LIIF), in partnership with National Affordable Housing Trust (NAHT), announced the launch of the \$70 million (and growing) Black Developer Capital Initiative (BDCI), which will provide capital to support the growth of Black-led for-profit and nonprofit affordable housing developers. Bank of America and Wells Fargo each provided \$10 million in long-term, low-cost capital to launch the pilot program. NAHT will provide developers with access to a national \$50 million Low-Income Housing Tax Credit (LIHTC) Equity Fund.

“We made a significant commitment because we recognized that decades of institutional and structural racism have led to a persistent and growing racial wealth gap in the U.S.,” said Kimberly Latimer-Nelligan, LIIF’s president. “The Black Developer Capital Initiative is one of the many results of this commitment and will give our organization – and industry – an opportunity to assess and re-think how we perceive risk and engage with historically excluded and systemically oppressed communities.”

BDCI Line of Credit (BDCI LOC) is the first lending product developed as part of LIIF’s commitment to drive \$5 billion in capital over the next decade to advance racial equity. This innovative LOC will provide Black developers with early-stage capital to move multiple projects forward and support business growth. The capital provided by Bank of America and Wells Fargo will enable LIIF to provide borrowers with highly advantageous average interest rates. LIIF revised its internal credit limits for this product, requiring no minimum thresholds for sponsor liquidity and net worth to reflect an emphasis on a developer’s experience and demonstrated industry success, as opposed to personal wealth.

The creation of the BDCI LOC product grew from a diverse coalition of staff at LIIF initiating conversations that intentionally centered the experiences of Black developers and voices and leadership of Black staff and board members.

“Rather than asking ‘how Black developers should change to access capital,’ LIIF and NAHT are asking how we should change. Therefore, the BDCI LOC product focuses on experience rather than wealth as the main underwriting criteria for qualification,” said Elisa Frazier, director of racial equity and impact lending at LIIF. “We are looking to continuously learn from developers what we can do to help grow their businesses and strengthen the representation of Black leaders in the affordable housing field.”

In addition to the funding from the banks, Arnold Ventures, grant funding from Santander Bank and LIIF’s prior award from Mackenzie Scott will support the BDCI LOC product at launch. The organizations will pilot the program in LIIF’s Southeast and Mid-Atlantic markets with a goal of developing and offering more products that advance racial equity nationwide.

NAHT’s BDCI LIHTC Fund aims to create more equitable access to LIHTC investment capital. Through the BDCI Fund, NAHT will work directly with Black developers as partners to secure market equity at market terms. The LIHTC Fund product will serve as catalytic capital to build wealth for and invest in developers who are representative and reflective of the communities LIIF and NAHT serve. Developers specifically identified barriers to access capital as a key obstacle to business growth; this initiative responds to that call for change.

“We are excited about our BDCI partnership that will energize the NAHT and LIIF collaboration, the developers involved and their important work in communities,” said Brian Robinson, senior vice-president of originations and capital markets at NAHT. “This initiative provides NAHT and LIIF with new opportunities to expand the reach of impactful capital. Providing reliable sources of capital is critical to the continued success and growth of our BDCI partners. And most importantly, supporting the ingenuity of our BDCI developers creates new possibilities for the communities they serve.”

The BDCI LOC is the first new product LIIF created explicitly to advance its goal of evolving its lending practices to be more intentionally anti-racist. The organization is committed to reviewing its lending practices to diversify its customer base, with an initial focus on Black developers.

To learn more about its commitments and how it is creating more inclusive lending for the long-term, [click here \(https://www.liifund.org/about-liif/anti-racism-journey/\)](https://www.liifund.org/about-liif/anti-racism-journey/).

Contact

Headquarters

49 Stevenson St., Suite 300

San Francisco, CA 94105

T: 415.772.9094

F: 415.772.9095

E: info@liifund.org (<mailto:info@liifund.org>)

[Contact LIIF’s Other Offices](#) (<https://www.liifund.org>)

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Contact:

Carolyn Smith
Vice President Strategic Communications
(470) 381-2264, csmith@liifund.org

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About the Low Income Investment Fund

The Low Income Investment Fund (LIIF) is a national community development financial institution (CDFI) that invests in communities of opportunity, equity and well-being. As a CDFI, LIIF supports projects that have high social value but lack access to traditional financial institutions. Since 1984, LIIF has deployed more than \$2.7 billion to serve more than two million people in communities across the country from its five offices. An S&P-rated organization, LIIF funds healthy communities by providing innovative capital solutions.

About National Affordable Housing Trust

National Affordable Housing Trust (NAHT) is a nonprofit low income housing tax credit (LIHTC) syndicator, specialized financial intermediary and development advisory firm. NAHT raises LIHTC equity from national and regional investors and provides this equity to mission-driven developers and owners who provide quality affordable housing, with resident-focused solutions. NAHT's mission is to help create and preserve homes for those in need. NAHT is a joint venture of Stewards of Affordable Housing for the Future (SAHF), and Low Income Investment Fund (LIIF). Together, our innovative approach elevates tenant voices and community needs when it comes to creating new developments, generating greater social impact, as well as financial return for investors.

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