

## **NEF launches \$100M investment fund to fuel minority-led development firms, expand affordable housing**

CHICAGO (Nov 18, 2020)—National Equity Fund, Inc. is launching a \$100 million Emerging Minority Developers Fund (EMDF) to connect promising but often overlooked development firms with capital and technical support to build affordable housing, especially utilizing the Low Income Housing Tax Credit (LIHTC).

The move by NEF, which has invested some \$17 billion in affordable housing nationwide, is designed to make the LIHTC market more equitable by helping bridge capital gaps facing minority developers and focusing on less experienced firms that are not generally able to access LIHTC financing.

NEF is working with a range of its existing investors to raise the fund and already has commitments in excess of \$80 million. Investors are carving out a portion of their traditional community development capital to fuel minority-led developers.

“If you look at our portfolio, and the nearly 200 funds we have under management, it might seem that we are already addressing racial equity concerns,” said Matt Reilein, president and CEO of NEF. “After all, we make many of our investments in communities of color, and we take on difficult deals that some other syndicators and investors might avoid.

“But that doesn’t really get at the systemic challenges,” he explained. “The LIHTC market represents billions of dollars in affordable housing capital every year, and smaller, newer affordable housing developers—many of which are led by people of color—can’t really get a piece of that, mostly because they don’t have the track record to compete. That means the communities they serve have less access to capital, the jobs they could create are lost, and the much-needed housing they could build stays on the drawing board. Additionally, it limits the developers’ ability grow their companies, scale their operations and ultimately build their net worth.”

In response, NEF is rethinking the traditional approach to LIHTC project underwriting with EMDF, taking into account the financial circumstances of smaller firms, the risk appetite of investors, and the services needed to ensure positive outcomes for residents and communities, according to Mark Siranovic, NEF senior vice president/capital markets.

For instance, NEF will fund a financial backstop for EMDF-financed projects to mitigate risk, while also providing an on-staff “advocate” to help developers build their balance sheets and expand their development capacity for the future.

“This is about breaking down historical barriers and testing an approach that others can replicate,” noted Michael Jacobs, NEF senior vice president/originations, whose team works with developers on more than 100 LIHTC deals every year. “NEF already invests more than \$1

billion annually in affordable housing, so we feel like we have a good understanding not only of what makes a successful development, but what kinds of strategies developers need to expand their businesses and their impact.”

Reilein said he hopes the fund will demonstrate that traditional approaches to risk and return sometimes overlook the range of opportunities to meet both financial and community impact objectives.

“This is about building the next generation of LIHTC developers,” he said. “If we are going to solve the country’s affordable housing crisis, and if we want to help make our economy fairer and more robust, then we need to think, act and invest differently. That’s what this fund is all about. The measure of success will be in 10-15 years, when we see this cohort of developers with multiple properties and scaled businesses.”

For more on EMDF, contact Mark Siranovic (for investors) at [msiranovic@nefinc.org](mailto:msiranovic@nefinc.org) or Mike Jacobs (for developers) at [mjacobs@nefinc.org](mailto:mjacobs@nefinc.org).

#### **About NEF**

National Equity Fund, Inc., based in Chicago, is a leading nonprofit investor and lender in affordable housing and one of the nation’s largest syndicators of federal Low Income Housing Tax Credits. Since 1987, NEF has invested \$17 billion in 2,800 developments, supporting more than 187,000 affordable homes and fueling more than 228,400 jobs nationwide. NEF is an affiliate of the nonprofit Local Initiatives Support Corporation (LISC) and has made more than \$180 million in grants to support LISC’s broad-based community investment efforts throughout the country. For more information, visit [www.nefinc.org](http://www.nefinc.org).