

S.F. Foundation OKs new \$5M fund

Vol. 24, No. 18

December 4 – December 10, 2009

By SARAH DUXBURY, San Francisco Business Times



Venugopal: A PRI allows the foundation to go beyond traditional grantmaking. Photo: Spencer Brown

San Francisco Foundation's board has approved a \$5 million program-related investment — PRI — fund whose money will be loaned, and re-loaned, to organizations looking to achieve expensive social objectives.

Each investment will be up to \$500,000. They will generate up to a 3 percent return, and each loan will be for terms of seven to 10 years. San Francisco Foundation expects the \$5 million fund from its endowment will be matched by donors.

The foundation will spend the full fund within 18 months, and the first two investments will be made by year end. One will go to an organization that supports nonprofit housing developers and will be used to retrofit 600 affordable housing units to be more energy efficient.

Vanitha Venugopal, program officer for community development at San Francisco Foundation, said that all of the foundation's program related investments will be made to preserve affordable housing units, to generate or preserve jobs or to protect the environment.

"The PRI is really a very low-cost capital and patient capital which normally would be hard to get, but in these times is even more difficult," Venugopal said. "Grantmaking is great, and our organizations love grants, but we are limited in what we can do. PRI's create a level of flexibility that allows us to go beyond what we could do with traditional grantmaking."

For example, a \$500,000 loan to a nonprofit housing developer is pooled with, and helps attract, other institutional money. So \$500,000 has impact beyond those dollars.

"One of the things we have tried to do is think narrowly about the impact of individual programs, but also more broadly about how to scale those," said Andy Ballard, a San Francisco Foundation board member and a partner at Hellman and Friedman.

Some large foundations like Rockefeller and Kellogg have PRI funds, but San Francisco Foundation may be the first community foundation to set up one.