



by Keith Hammonds

IFF

Trinita Logue
President and CEO
Chicago, Illinois
iff.org

This real-estate lender to the nonprofit world makes below-market property loans to organizations that serve low-income and special-needs communities. Since 1990, IFF has financed or developed more than 7 million square feet of space, saving clients \$16 million in interest and consulting fees. It also helps borrowers secure land, navigate zoning restrictions, and choose properties.

Reprinted from Fast Company's December 2007/January 2008 issue and from FastCompany.com. The Fast Company and Social Capitalist logos are property of Fast Company.

From FastCompany.com

For nearly two decades, IFF has proven that investing in communities can advance vital needs and strengthen already well-run nonprofit corporations while providing sufficient income to sustain operations. As a Community Development Financial Institution (CDFI), IFF provides below-market rate real estate loans and real estate consulting to nonprofit corporations that serve low-income communities in Illinois, Indiana, Iowa, Missouri and Wisconsin.

IFF was founded in 1990 around a central innovation: financing for nonprofits that otherwise couldn't afford to own the buildings from which they deliver community services. IFF recognized that by owning facilities, these nonprofits could control their destinies and better serve their neighborhoods as anchors of community development. However, nonprofits couldn't get affordable long-term loans due to fundamental characteristics that were unlikely to change.

IFF analyzed traditional financing models and structured its own model around the needs and realities of this nonprofit market. Most nonprofit service providers meeting community needs function just as a for-profit business except for one or two areas where mission trumps the bottom line when it comes to decision-making.

They are stable borrowers providing a different type of long-term value in community services. "As an unregulated lender we created a new system, and changed the economics of these borrowers to help them achieve financial stability through stronger balance sheets," says IFF President and CEO Trinita Logue.

One IFF borrower, a rural agency providing supportive and residential services for youth wards of the state, demonstrated strategic leadership in a turnaround situation while never losing sight of its mission. With six months notice, two dozen state funding programs for

residential services were eliminated. Responding to a 70 percent decrease in revenues, the agency's management team reduced staff from 70 to 32 and focused on diversifying revenues and finding new uses for its real estate. By the next fiscal year, it had secured grants from two different state departments to provide low-income, at-risk youth and young adults with a GED and construction trade skills, to expand its transitional living program, and to open a special education school. Within two years, the agency had successfully redeployed its real estate and needed additional capacity. IFF approved a 15-year loan for more than \$600,000 to expand the agency's administrative building.

IFF funding initially came from local foundations. Today it receives investments from banks, religious orders, mutual funds and foundations. Every dollar lent by IFF leverages additional outside funding, resulting in total capital investment of \$2.50. What's more, IFF's lending model has demonstrated that nonprofit projects are not inherently more risky, as the default rate of its portfolio is about half that of traditional lenders.

Its growth strategy has enabled IFF to attract new regional and national investors that support its mission and reward its track record. "IFF's experience and reputation in community development finance makes them an ideal investment partner," says Northern Trust Corporation Senior Vice President and Corporate CRA Officer Deborah Kasemeyer. "Northern Trust supports IFF's growth and increased ability to provide nonprofits with access to capital for essential community projects."

Since its creation IFF has made over 560 loans totaling more than \$170 million, resulting in community facility projects valued at more than \$400 million. To learn more about investment opportunities in IFF, contact Director of Development Sarah Bush at (312) 596-5133.