



Community Investment Guarantee Pool

# Genesis LA's Block By Block Program

An Exemplar Use Case

A “But for” guarantee supporting  
an innovative “What if” idea

Prepared by:

The CIGP Learning & Evaluation Team:  
Jane Reisman and John Sherman

October 2025

# Genesis LA's Block By Block Program: An Exemplar Use Case For The Community Investment Guarantee Pool

A "But for" guarantee supporting an innovative "What if" idea

As a critical part of its capital stack, the innovative use of a financial credit enhancement tool, guarantees, structured through a shared risk pool of funders, [Genesis LA \(Genesis\)](#) launched **Block by Block (BxB)**, a new way of spearheading community development in neighborhoods that have lacked capital investment for decades.

BxB creates opportunities for previously siloed community development actors – community organizations, housing developers, city regulators, and capital providers – to work in partnership to revitalize under resourced communities. It prioritizes the people who live in the community over those seeking to gentrify it.<sup>1</sup>

## Background

In 2019, philanthropic impact investors created an unfunded guarantee pool to increase the flow of capital in community finance. Widely accepted in financial markets such a pooled structure ("syndicate") for guarantees rarely occurred in philanthropic contexts. The pool sought to serve three purposes:

- Demonstrate that, as an *unfunded* pool, its philanthropic guarantor members could **extend their impact** beyond their requisite 5 percent payout without immediately tapping their grantor endowment funds.
- Provide community financial institutions with guarantees to test new, innovative products and programs that pushed beyond their currently accepted financial risk boundaries or those of conventional finance.
- Move more capital moving to businesses that otherwise would have no or little chance to access such resources.

The pool of investors are sixteen philanthropic and mission-oriented impact investors (the guarantors) and a program manager, the advisory services arm of [Locus](#), a [community development finance institution](#) (CDFI). Together, they represent the [Community Investment Guarantee Pool \(CIGP\)](#). Through its first five years (12/31/24), fifteen community finance institutions received CIGP guarantees. With plenty of start-up lessons learned, CIGP successes include:

- Moving \$38.2 million of guarantee capital to support 18 innovative funds or loan products launched by those 15 community finance institutions.
- Unlocking an expected \$287 million of capital for those guarantee recipients and their borrowers; more than a 7-to-1 leverage ratio of capital unlocked to guarantee amounts committed.
- Paying out only \$1.5 million (4% of total capital committed) in guarantee calls.

## Genesis LA

Emerging in 1998 out of the then Los Angeles Mayor Richard Riordan's office, Genesis LA's raison d'être – to facilitate the flow of capital to Los Angeles County's most economically distressed communities – remains unchanged. As a CDFI, Genesis LA helps create and nurture the community-developer-financial partnerships in such undercapitalized neighborhoods to enable community-centered economic development to occur. It makes loans, provides services to strengthen the capacity and balance sheet of potential borrowers and builds community-anchored partnership to ensure long term success and sustainability of its projects.

CEO Tom De Simone speaks to Genesis LA's DNA as entrepreneurial with a healthy suspicion

<sup>1</sup> Block by Block embodies the key functions of the [Center for Community Investment's Capital Absorption Framework](#) for community-centered development – "articulating a shared priority, creating and executing an investable pipeline of projects, and improving the enabling environment."

of both the private and public sectors' ability to singularly address capital issues in low-income communities. "Within the board, and I think our team, there's a little bit of a skepticism of both and a belief that there's a third way, a different way to do economic and community development. We (our board and staff) see finding that other way a fun challenge, a good problem to solve; it is something we can all rally around."

Thus, while Genesis LA began as a Mayor-driven top-down creation, its entrepreneurial solve-the-problem culture allowed it to transition to its current bottom up, listen-to-and-partner-with-community practice. De Simone notes, "And you can see how there's consistency that from the perspective of entrepreneurialism and healthy skepticism, systems change can live in the top down or the bottom up approaches. And I think that's where we've been able to shift the way we show up and the way we work in the community."

Others see the unique value of Genesis LA, too. Karly Katona, a 17-year veteran in local government focused on redevelopment, notes "I first learned about Genesis because they had the reputation of being willing to take on complex projects that no one else wanted to touch. So what is so special about Genesis is that it is not just about the balance sheet, it's really understanding what can support catalytic changes in underserved communities."

### **Block by Block: Genesis LA's "What If" Project**

With over 200 projects completed and \$640 million of loans deployed, Genesis LA clearly shows up. Yet, in 2023 it knew it could do more, differently. De Simone, reflecting on Genesis LA's experience, observed that "developers, by necessity, go one by one for each deal they want to do. Each deal requires its own capital stack, its own acquisition funding, and its own pre-development sources. All of which stands as a barrier to development happening at all. Moreover, there are very few neighborhood-based developers in LA, like [Little Tokyo Service Center](#), capable of bringing together all of the necessary parts of successful community development – real estate expertise, financial capacity, community organizing and advocacy, and understanding and perhaps providing social services."

Given this dearth of such stewarding entities, Genesis asked the question, "what if we, as a community development financial institution, can compensate for that gap in untraditional ways." Its answer? A 10-year, \$50 million, community development effort focused on "bringing people to the table and creating the conditions that help foster a pipeline of projects in the neighborhood, supported and owned by the community, with capital ready to move to make that happen."

Titled the **Block by Block program (BxB)**, its foundational element centers on intentional partnerships with grassroots-based community development organization "anchors" in its target places; ones with a track record as trusted community organizers, and policy and community advocates. These groups anchor the development process, ensuring it serves their community. They help set the table, participate and lead meetings with the other equal partners including the developers and the capital providers such as Genesis LA. Sometimes they may even own the redeveloped properties.

Importantly, Genesis LA works closely with these anchors to strengthen their capacity to engage in the financial investment, development, and property management processes. As Genesis LA's Elias Salgado observed, "We come to the work as partners working shoulder to shoulder throughout the whole process from planning to predevelopment, acquisition, construction, and management. So if things go awry, not only are we already apprised of the situation, but we have the trust from the borrowers to help them work through that issue." Genesis LA has come to call this approach to community finance "accompaniment" after a peer institution in the field suggested that Genesis LA accompanies its borrowers through the journey of community development.

### **Why a Guarantee?**

De Simone spoke about Block by Block, and Genesis and its community partners as first movers. He noted, "The deals that we're doing through Block by Block involve neighborhoods where there's just no investment. So to attract developers, we need a little bit of a carrot to say, 'Hey, we will fund you. We will help you buy the site. We will give you a high LTV<sup>2</sup>.'"

With the potential of several such developments in a couple of neighborhoods, it's a pretty aggressive offering – one that would require up to a third of Genesis' \$150 million balance sheet. The Genesis LA board wanted some of its financial risk mitigated. Genesis turned first to California-based foundations to take some top loss. Helping its cause and signaling its belief in the effort, Genesis committed \$5 million of its own funds to the work.<sup>3</sup>

Needing a bit more coverage to make its board comfortable, Genesis approached CIGP for a guarantee. As this was the type of innovative program that is in CIGP's sweet spot, it awarded Genesis a \$2.5 million guarantee. Essentially, this means that CIGP agreed to take a second position in any losses that might occur up to \$2.5 million, after deducting the first loss positions shared by participating California foundations and Genesis.

**How important was the guarantee?** De Simone asserted, "With Block by Block not only do we provide a huge amount of unsecured exposure on loans up to 165% LTV, but we are doing it with deals that do not go through predictable subsidized financing, such as LIHTC. With so much capital in an unsecured exposure and lacking the clockwork nature of LIHTC financing, ***the guarantee was the critical 'but for' that ensured BxB went forward.***"

## The Community Partners

BxB's success hinges on the success of its community partner anchors. Thus, Genesis LA chose to work with ones they knew well – the Community Coalition (CoCo) and Pacoima Beautiful (PB). CoCo's work in south LA focuses on a section of Vermont Avenue (highlighted below); Pacoima Beautiful centers its efforts in the north LA Pacoima community. In both places Genesis along with CoCo and Pacoima Beautiful partner closely with experienced, trusted developers.

## The Community Coalition (CoCo)

Founded in 1990, the [Community Coalition](https://cocosouthla.org) (CoCo) "works to help transform the social and economic conditions in South LA that foster addiction, crime, violence, and poverty..."<sup>4</sup> Located on Vermont Avenue not too far south of LA's city center, CoCo seeks to "build a community institution that involves thousands in creating, influencing, and changing public policy."<sup>5</sup>

Its work includes dealing with nuisance properties and businesses, such as rent-by-the-hour motels and liquor stores not operating by the rules. Winning these land use battles helped make their community and built environment better. It opened the door for them to address developments or proposed redevelopments in their neighborhood. In an unusual move supported by CoCo, LA County asserted eminent domain on a derelict, rundown 4 acre property.

### Pacoima Beautiful

Genesis LA's other current project is in partnership with Pacoima Beautiful (PB), a non-profit community organization with whom it has worked over several years. As with CoCo, Genesis supports PB in advancing its financial and development skills in its work with trusted local developer to develop a community hub in downtown Pacoima.

CoCo's associate director of community planning Oscar Alvarez noted, "with this 4-acre site, we wanted to set a precedent on how development should engage in the community. Our organizing around the development brought us into close

<sup>2</sup> LTV – loan to value is a ratio of the worth of a property to how much capital an investor will provide. Conventional lenders will allow LTV up to 80 percent (or 80 cents of loan for every dollar of actual value); Genesis LA will go up to 165 percent LTV.

<sup>3</sup> The \$5 million came from the first of two MacKenzie Scott grants Genesis LA has received. It chose to invest the money into the community as the most direct way to meet its mission.

<sup>4</sup> The Community Coalition, <https://cocosouthla.org/who-we-are/>

<sup>5</sup> *ibid*

communication with the developers. A couple of them met the moment, working with us to develop the site including putting up some small businesses into the retail development and local hire practices.”

### Genesis LA – Partnership Plus

“When the first ICE raid happened, we had a vigil the next day. We also invited a lot of partners, community investors, and developers literally the next day to talk about what are we going to do about the raids. Genesis LA showed up, and it was not the first time.”

- Oscar Alvarez, CoCo

Genesis LA played a significant role as a key financial backer of the development though its relationship with CoCo began years before. In 2012, Genesis financed renovation of CoCo’s headquarters as well as helped with the 2021 acquisition of CoCo’s second location, home of its Center for Community Organizing. This history of building trust, solving problems together, and making physical and economic differences in the neighborhood primed both parties – Genesis and CoCo – for BxB. And with CoCo’s positive experience with some local developers, the third key player of the BxB partnership fell into place.

Through the BxB, CoCo acquired its first property for redevelopment, one it intends to be a community hub that includes local food establishments, retail spaces, and community events. As Alvarez notes, “Genesis LA provided us a \$3 million loan including some grants; all which helped us secure a \$2 million loan from LA County to acquire the property. Genesis, LA made understanding the loan process easy.”

Regarding CoC’s first acquisition, Katona observes, “Genesis LA could have behaved like other lenders and just said, ‘congratulations CoCo, here’s a loan. You met all the guidelines, you checked all the boxes. Good luck and let us know how things go.’ But they didn’t; instead they are committed to figuring it

out as a partner with this team, anchored by CoCo with the developer, and the potential operator of the redeveloped building.” Genesis LA continues to play an active role in convening CoCo, the developer, and the expected property operator to advance predevelopment efforts and raise additional capital to close construction financing in 2026.

Oscar Alvarez summarized the BxB effort noting, “For us, it’s been absolutely transformational to sit with developers and Genesis LA and talk about our community’s stake in development, to have access to capital and to build our team’s capacity to engage in these development conversations. This will serve our community for a long time to come.”

### In a nutshell

Block by Block illustrates the “but for” impact of CIGP’s guarantee which allowed Genesis to stretch its credit box and loan terms to ensure development creates and sustains a safe, healthy, and vital neighborhood for the residents who live there.