

Market Comparables Memo

Civic Engine Guaranty Fund | Comparable Transaction Research
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Executive Summary

This memo analyzes comparable structures to the Civic Engine Guaranty Fund. The Fund's Treasury-backed guarantee model draws on precedents from federal programs, foundation PRIs, and CDFI structures that have collectively mobilized tens of billions of dollars for affordable housing and community development.

Six comparable structures are examined: the CDFI Bond Guarantee Program, the Capital Magnet Fund, Enterprise Community Loan Fund, the MacArthur Foundation Windows of Opportunity Initiative, the NYC Housing Acquisition Fund, and the National Housing Trust Fund. Each offers lessons for fund design, investor engagement, and impact measurement.

Key Findings

Treasury guarantees unlock below-market capital. The CDFI Bond Guarantee Program has deployed nearly \$3 billion in Treasury-guaranteed bonds at rates 100-200 basis points below conventional financing, demonstrating the power of federal credit enhancement.

Foundation PRIs leverage at 5-10x. MacArthur's \$42 million in PRIs for housing preservation generated \$5.6 billion in total development activity. The NYC Housing Acquisition Fund's \$5 million PRI foundation layer supported \$415 million in total lending.

Mandated leverage requirements work. The Capital Magnet Fund requires 10:1 leverage, and awardees have consistently exceeded this threshold, demonstrating that explicit leverage mandates attract additional capital.

Long-term, patient capital is scarce and valuable. The CDFI Bond Guarantee Program's 30-year term and the Enterprise Community Impact Note's flexible structure fill gaps in conventional markets that demand shorter tenors.

Comparison at a Glance

Comparable	Size	Leverage	Key Innovation	ADG Relevance
CDFI Bond Guarantee Program	\$3B	N/A (direct)	100% Treasury guarantee	Structure precedent
Capital Magnet Fund	\$246M/yr	10:1 required	Loan loss reserves, guarantees	Leverage model
Enterprise Community Loan Fund	\$1B+	5:1	S&P-rated sustainability bonds	Impact Note model
MacArthur WOO Initiative	\$42M	133:1	Entity-level PRIs	PRI structuring
NYC Housing Acquisition Fund	\$415M	83:1	First-loss layered capital	Tiered structure
National Housing Trust Fund	\$196M/yr	Varies	Dedicated federal funding	Gap financing role

1. CDFI Bond Guarantee Program

Structure Summary

The CDFI Bond Guarantee Program, established by the Small Business Jobs Act of 2010, enables the Secretary of the Treasury to provide a 100% guarantee on bonds issued by qualified CDFIs. Bonds are sold to the Federal Financing Bank, with proceeds used to extend long-term, fixed-rate credit to CDFIs for community development purposes including affordable housing, charter schools, healthcare facilities, and small business lending.

Size and Terms

Parameter	Value
Total Guaranteed to Date	~\$3 billion (since 2010)
FY 2024 Issuance	\$498 million (largest in program history)
Minimum Bond Size	\$100 million per issuance
Maximum Maturity	30 years
Interest Rate	Federal Financing Bank rate (below market)
Guarantee Level	100% Treasury guarantee

Investor Profile

The Federal Financing Bank is the sole purchaser of the guaranteed bonds. CDFIs access capital through qualified issuers (designated CDFIs that aggregate demand), including Opportunity Finance Network, Community Reinvestment Fund USA, and Bank of America CDFI Funding Corporation. Eligible CDFIs include major housing-focused lenders such as Low Income Investment Fund, Greater Minnesota Housing Fund, and The Reinvestment Fund.

Performance to Date

As of August 2024, more than \$1.7 billion in bond proceeds has been disbursed across 32 states and the District of Columbia. The program has financed thousands of affordable housing units, charter schools, healthcare facilities, and small businesses. No defaults have occurred on Treasury-guaranteed bonds. The program has grown from initial issuances of \$100-200 million to the FY 2024 record of \$498 million.

Relevance to the Civic Engine Guaranty Fund

The CDFI Bond Guarantee Program demonstrates that Treasury-backed credit enhancement can unlock significant below-market capital for community development. The 100% guarantee structure and 30-year term are directly relevant to the Civic Engine Guaranty Fund's design. However, the program's \$100 million minimum and CDFI certification requirements create barriers that a private fund can avoid. The Fund's Treasury-collateralized structure achieves similar credit enhancement without requiring CDFI status or federal application processes.

2. Capital Magnet Fund

Structure Summary

The Capital Magnet Fund (CMF) is a competitive grant program administered by the CDFI Fund, established under the Housing and Economic Recovery Act of 2008. CMF awards can be used to create loan loss reserves, revolving loan funds, risk-sharing loans, and loan guarantees for affordable housing development. The program explicitly targets the creation of financing tools rather than direct project funding.

Size and Terms

Parameter	Value
FY 2024 Awards	\$246.4 million to 48 organizations
Cumulative Awards (since 2016)	~\$1.1 billion
Required Leverage	10:1 minimum (private + public)
Actual Leverage (FY 2024)	~36:1 (\$9B projected on \$246M)
Units Created (cumulative)	63,000+ affordable homes
Eligible Uses	Loan loss reserves, guarantees, revolving funds

Investor Profile

CMF does not involve private investors directly; awards are federal grants to CDFIs and nonprofit housing organizations. However, the mandatory 10:1 leverage requirement ensures that each federal dollar attracts substantial private capital. Typical leverage sources include bank loans, LIHTC equity, state housing finance agency programs, and foundation PRIs. Awardees consistently exceed the minimum leverage threshold.

Performance to Date

Since 2016, CMF has financed over 63,000 affordable homes including 55,600+ rental units and 7,400 homeownership units. The program has generated approximately \$7.9 billion in leveraged capital. Approximately 50% of awardees invest in rural areas. The program has demonstrated that explicit leverage mandates drive capital attraction without reducing mission focus.

Relevance to the Civic Engine Guaranty Fund

CMF's emphasis on financing tools (loan loss reserves, guarantees) rather than direct project funding aligns with the Civic Engine Guaranty Fund's approach. The 10:1 leverage requirement provides a useful benchmark for investor communications; the Fund's 5:1 leverage ratio is conservative by comparison. CMF's success demonstrates that affordable housing investors respond positively to structures that maximize capital efficiency.

3. Enterprise Community Loan Fund

Structure Summary

Enterprise Community Loan Fund (ECLF), a subsidiary of Enterprise Community Partners, is one of the largest nonprofit CDFIs in the United States. ECLF raises capital through multiple channels including the Enterprise Community Impact Note (a retail investment product), direct loans from foundations and banks, grants, and sustainability bonds rated by S&P Global. Capital is deployed for predevelopment, acquisition, construction, and permanent financing of affordable housing and community facilities.

Size and Terms

Parameter	Value
Total Enterprise Investment (since 1982)	\$80.9 billion deployed
Homes Created/Preserved	1,000,000+ units
Credit Ratings	S&P rated (issuer and 2018A Bonds); Aeriis rated
Impact Note Terms	Flexible terms; unsecured debt securities
Loan Products	Bridge, construction, permanent, NMTC leverage
Leverage Multiplier	~5:1 (grants generate 5x lending capacity)

Investor Profile

ECLF attracts a diverse investor base including foundations (through PRIs and grants), banks (for CRA credit), institutional investors (through rated bonds), and individual impact investors (through the Community Impact Note). MacKenzie Scott has provided multiple major gifts, most recently \$65 million. The Impact Note is available to both retail and institutional investors seeking mission-aligned fixed income.

Performance to Date

Enterprise has operated continuously since 1982 without a year of losses. The S&P rating provides institutional credibility that enables access to conventional capital markets. Recent LIHTC multi-investor funds have raised \$180-400 million per vehicle. Enterprise's preservation equity fund invested \$35 million to protect 2,488 homes, extending affordability by an average of 23 years.

Relevance to the Civic Engine Guaranty Fund

Enterprise's Community Impact Note provides a direct precedent for the Civic Engine Guaranty Fund's investor product. The combination of credit rating, transparent reporting, and flexible terms has attracted diverse capital. Enterprise's 5:1 leverage on grants compares to the Fund's 5:1 leverage ratio. The S&P rating pathway may be valuable for the Fund's Phase 2 development.

4. MacArthur Foundation Windows of Opportunity Initiative

Structure Summary

Launched in 2000, the Windows of Opportunity (WOO) Initiative committed \$42.25 million in program-related investments (PRIs) to 20 nonprofit housing developers working across 40+ states. Unlike typical project-level PRIs, WOO provided entity-level capital that developers could use for working capital, pre-acquisition financing, or organizational capacity building. This flexible, patient capital enabled developers to move quickly on preservation opportunities.

Size and Terms

Parameter	Value
Total PRI Commitment	\$42.25 million to 20 developers
Total Third-Party Funds Leveraged	\$5.6 billion
Leverage Ratio	133:1
PRI Interest Rate	Below market (0-3% typical)
Term	Up to 15 years
Return to MacArthur	0.81% (positive after loan modifications)

Investor Profile

The John D. and Catherine T. MacArthur Foundation was the sole PRI provider. Since 1986, MacArthur has awarded \$377+ million in PRIs across housing, economic development, and other program areas, with more than \$140 million repaid with interest. PRIs count toward the foundation's 5% annual payout requirement while preserving principal for recycling into future charitable purposes.

Performance to Date

WOO borrowers used the PRIs to make major capital investments and increase staff capacity that improved their ability to preserve affordable housing. Critically, the entity-level capital helped developers survive and thrive through the Great Recession when project-level financing collapsed. An independent evaluation found that borrowers emerged from their loan terms in much stronger financial positions than when they entered.

Relevance to the Civic Engine Guaranty Fund

WOO demonstrates that foundation PRIs can achieve extraordinary leverage when structured at the entity level rather than the project level. The 133:1 leverage ratio far exceeds the Civic Engine Guaranty Fund's 5:1 target, suggesting conservative positioning. WOO's experience through the Great Recession shows that flexible, patient capital creates resilience. The Initiative also demonstrates that foundations will accept modest returns (0-3%) when charitable impact is primary.

5. NYC Housing Acquisition Fund

Structure Summary

Created in 2006, the NYC Housing Acquisition Fund provides acquisition and predevelopment bridge financing to affordable housing developers in New York City. The fund pioneered a layered capital structure: first-loss capital from the NYC Department of Housing Preservation and Development, subordinated low-cost debt from six foundations, and senior loans from 16 financial institutions. This tiered approach enables below-market pricing while limiting risk to each capital provider.

Size and Terms

Parameter	Value
Total Capital Raised/Invested	\$415+ million (over 15+ years)
Foundation PRI Layer	\$5 million (MacArthur + 5 others)
Leverage Ratio (Foundation PRIs)	83:1
Units Financed	12,359 affordable apartments
2019 Capitalization	\$162 million
Structure	Layered: first-loss/mezzanine/senior

Investor Profile

Foundation investors providing subordinated PRIs include the MacArthur Foundation, Rockefeller Foundation, Ford Foundation, FB Heron Foundation, Robin Hood Foundation, and Starr Foundation. The NYC Department of Housing Preservation and Development provides first-loss protection. A syndicate of commercial lending institutions provides senior loans at conventional rates, secured by the subordinated layers.

Performance to Date

Over more than a decade, the Fund has financed 12,359 affordable apartments for low- to moderate-income residents. It has helped anchor revitalization efforts while protecting against displacement. The layered capital structure has proven resilient through multiple market cycles. The fund remains an ongoing investment vehicle with substantial capitalization.

Relevance to the Civic Engine Guaranty Fund

The NYC Housing Acquisition Fund demonstrates that layered capital structures can attract diverse investors with different risk appetites. The 83:1 leverage on foundation PRIs shows the multiplier effect of subordinated, patient capital. The fund's longevity (15+ years) proves that well-designed structures can operate through multiple market cycles. The multi-foundation collaboration provides a model for syndicated PRI participation in the Civic Engine Guaranty Fund.

6. National Housing Trust Fund

Structure Summary

The National Housing Trust Fund (NHTF), established by the Housing and Economic Recovery Act of 2008 and first funded in 2016, provides federal block grants to states for affordable housing production serving extremely low-income (ELI) households at or below 30% of Area Median Income. Funding comes from assessments on Fannie Mae and Freddie Mac mortgage guarantees. States use NHTF as gap financing alongside LIHTC, HOME, and other sources.

Size and Terms

Parameter	Value
FY 2024 Allocation	\$196 million (down from \$740M in 2022)
Peak Allocation (FY 2022)	\$740 million
Cumulative (2016-2024)	~\$3.2 billion
Target Population	Extremely low-income ($\leq 30\%$ AMI)
Affordability Period	30 years minimum
Primary Use	Gap financing for LIHTC projects

Investor Profile

NHTF does not involve private investors; it is a federal grant program to states. However, the program is designed to be combined with private capital sources including LIHTC equity, conventional debt, and foundation support. In 2017, 123 NHTF-assisted projects also used LIHTC equity, demonstrating the program's role as catalytic gap financing that unlocks private investment.

Performance to Date

NHTF is the first new federal housing resource targeting ELI households since 1974. The program has been used strategically in smaller projects not conducive to LIHTC as well as gap financing for larger LIHTC developments. Funding has fluctuated significantly based on GSE mortgage guarantee volumes, from a low of \$174 million in 2016 to \$740 million in 2022, declining to \$196 million in 2024 due to reduced refinancing activity.

Relevance to the Civic Engine Guaranty Fund

NHTF demonstrates the importance of dedicated funding sources for extremely low-income housing, which the Civic Engine projects' 1,600 LIHTC units directly address. The program's volatility (funding dropped 74% from 2022 to 2024) highlights the value of private guarantee structures that are insulated from GSE volumes and federal appropriations cycles. The 30-year affordability period matches the Fund's impact measurement timeframe.

Implications for the Civic Engine Guaranty Fund

Positioning Among Comparables

The Civic Engine Guaranty Fund occupies a distinctive position in the affordable housing finance ecosystem. Unlike the CDFI Bond Guarantee Program, it does not require federal CDFI certification or minimum bond sizes of \$100 million. Unlike the Capital Magnet Fund, it offers investors a financial return rather than functioning as a grant program. Unlike Enterprise's Community Impact Note, the Fund's 100% Treasury collateralization provides absolute principal protection.

The Fund draws structural inspiration from the CDFI Bond Guarantee Program's Treasury-backed credit enhancement while incorporating the foundation-accessible PRI eligibility demonstrated by MacArthur's WOO Initiative. The 5:1 leverage ratio is conservative compared to the Capital Magnet Fund's 10:1 requirement or the NYC Housing Acquisition Fund's 83:1 foundation leverage, positioning the Fund as a lower-risk entry point for impact investors new to housing finance.

Key Differentiators

1. Principal Protection: 100% Treasury collateralization provides security unavailable in any comparable structure. Investors bear no project risk; their capital remains in U.S. government securities throughout the fund term.

2. Integrated Impact: The Civic Engine projects' Passive House construction (70% energy reduction) and Thermal Energy Networks (~104 MW geothermal system across two districts) create impact dimensions (carbon reduction, utility cost savings) absent from conventional LIHTC financing. The 11.4% blended impact IRR quantifies this differentiated value creation.

3. Accessibility: With a \$1 million minimum investment and PRI eligibility, the Fund is accessible to foundations, DAFs, family offices, and impact-focused institutions without requiring the scale or sophistication demanded by CDFI bond programs.

4. Simplicity: Unlike layered structures requiring coordination among multiple capital providers with different return expectations, the single-tier Treasury pool creates operational simplicity while delivering the credit enhancement benefits of more complex arrangements.

HNEL: First Deployment Proof of Concept

The Fund's first guarantee deployment — a \$10 million guarantee for Historic Northeast Lofts, limited to JPMC's SPE capitalization requirement — provides near-term, real-world validation of the guarantee model before scaling to the full program, initially \$30 million and scaling to up to \$200 million at full deployment.

Metric	HNEL (First Deployment)	Full Program (Projected)
Guarantee amount	\$10,000,000	Up to \$200,000,000
Total development cost	\$451M	~\$1.15B
Units	395 (83% affordable)	~4,000 (~1,600 affordable)
Construction standard	Passive House + geothermal	Passive House + TEN
Target closing	June 2026	Phased over fund term

Unlike the comparable structures analyzed in this memo — which are established programs with years of operating history — the Civic Engine Guaranty Fund is deploying its first guarantee into a project already under construction with institutional co-investors (JPMC Federal HTC, Carlyle LIHTC/ITC). HNEL provides a concrete proof point: the guarantee model works at project scale before being extended to the North Loop and Crossroads pipeline.

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