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Municipal Debt Crowdfunding Startup Neighborly Quadruples Capital with \$25M Series A Round.

The company's latest investment comes from Emerson Collective, 8VC, Govtech Fund and others.

[Neighborly](#), a San Francisco startup that helps cities crowdsource their bond financing, more than quadrupled its investment backing in one fell swoop.

Before May 16, the company had raised about \$5.7 million in seed and grant money. Then the company [announced](#) a \$25 million Series A round led by Laurene Powell Jobs' impact investing entity The Emerson Collective along with 8VC. Ron Bouganim's Govtech Fund also participated in the round.

In a [blog post](#), the company cited President Donald Trump's push to cut massive swaths out of the federal budget as one reason cities might be looking to use Neighborly more.

"This comes at a time when the current administration is getting ready to roll out a number of spending cuts that will drastically reduce the amount of funding available to the nation's communities," the post reads.

While Trump faces a long-standing promise to spend \$1 trillion on infrastructure, he has also proposed budget cuts to many federal programs that work with local government.

Neighborly has financed \$25 million in debt for local government customers across the country since the beginning of the year. The company also pointed to increased borrowing rates and an increase in public works backlogs as reasons to expect a growing demand for its services.

"The current financial system is set up in a way that disadvantages and costs communities much more than needed," the blog post reads. "Every basis point in the cost of issuance and borrowing means hundreds of millions of dollars per year that go to paying interest or banker bonuses.

Since the cost of borrowing is so high, municipalities often delay important projects or even forego them entirely. Consequently, our nation's communities are unable to attend to some of the most underserved causes: Schools resort to cutting critical educational programs, communities do without recreation centers, utilities and energy infrastructure remain dilapidated."

The company's solution, as Neighborly pitches it, gives local government access to more capital, allows them to bypass antiquated technology and helps them avoid fees associated with traditional bonds.

This marks the second gov tech investment from the Emerson Collective of the week, with the organization also leading a [\\$30 million Series C round for OpenGov](#). Neighborly's previous backers have included Tumml, 500 Startups and the Knight Foundation.

GOVTECH

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