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A New ‘Sustainability Bond’ Got 10 Times the Investor Interest It Needed.

The Low Income Investment Fund, a San Francisco-based nonprofit, met with 10 times the investment interest it needed to float a $100 million “sustainability” bond last week, indicating strong demand for such bonds. LIIF will use the proceeds to support community development projects.

Demand from buyers including Pacific Investment Management Company, Nuveen, and Neuberger Berman helped the fund lock in durations of seven and 10 years for its debt, improving its credit profile. LIIF says the offering will enable it to lend to developers and nonprofits “with more stable, lower-cost, and longer-term capital, which supports their long-term sustainability and enables them to provide much-needed services in their communities.”

The degree of interest was surprising: To the best of LIIF’s knowledge, similar deals typically have been 1.5 or two times oversubscribed. The fund ascribes the interest to its financial profile; an appreciation of the mission of community-development financial institutions (CDFIs); a “building understanding and education of the market,” and third-party ratification of sustainability. “It all kind of came together,” says Daniel Nissenbaum, LIIF’s chief executive officer.

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