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Local Social Impact Investors Are Pulling Chicago Out Of Junk Bond Status.

Chicago's first-ever "social bond" issuance draws local, small-dollar ESG investors to fund the city's post-COVID recovery – and its racial justice goals.

Chicago is a city still notorious for the junk-bond status it finally managed to shed last year. But earlier this year, investing as little as $1,000 of their own savings, a new crop of municipal bond investors helped Chicago open a new chapter of its municipal bond history.

In some ways, the bond offering was similar to any other Chicago municipal bond offering. The city borrowed $160 million dollars from investors, and the city repays investors over time, plus interest, using local tax revenues (in this case local sales tax revenues).

These bonds are specifically funding a set of projects that were already on the City of Chicago's to-do list as part of its post-COVID recovery plan — planting 15,000 new street trees in historically disinvested neighborhoods over the next three years, converting motels and single-room occupancy buildings into housing for people and families transitioning out of homelessness, grants to community and economic development projects on the South and West Sides of the city, and even replacing the city's fleet of gas-powered vehicles with electric vehicles.

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NEXT CITY

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