



March 2008

Dear Friends,

The strength of LISC has always rested on the quality and creativity of our partnerships in communities across the country. Looking back at 2007, that has never been clearer. As our Building Sustainable Communities agenda moved forward in full force, LISC partnered with a range of funders, developers, community groups and service providers to post record activity for the year. We infused more than \$1.1 billion in grants, loans and equity into efforts focused on economic development, affordable housing, quality schools, child care facilities, health care, community safety, family wealth building and other critical components of a healthy, sustainable community.

That kind of impact requires innovative collaborations. It requires thinking beyond a collection of individual projects to look at a community as a diverse but integrated functioning unit. What are the elements that make a community “sustainable?” How do we ensure that underserved and disinvested areas have the chance to become good places to live, work, do business and raise families? In truth, the answers are as varied as the communities in which we work.

In the San Francisco Bay Area, for instance, it means working closely with city officials to increase access to healthy food and grocery stores in low-income “food deserts.” In Chicago, Indianapolis and the Twin Cities, it means investing in Centers for Working Families that connect residents with jobs, enhance financial literacy and increase access to public benefits programs. In New York, it means partnering with the New York City Administration for Child Services to connect youth aging out of foster care with affordable housing, and then strategizing on how to provide the employment and educational opportunities they need to thrive. In the Gulf, it means new investments in housing and community facilities that bring our post-hurricane commitment in the region to \$170 million.

Those efforts, and so many others like them across the country, were part of the 20,400 new and preserved affordable houses and apartments financed in 2007, as well as 3.2 million square feet of retail, education and community space undertaken last year. Indeed, we capped off our 27<sup>th</sup> year of work by reaching \$8.6 billion in total investments. We are tremendously proud of those numbers.

Still, despite all that good news, there is no ignoring the issue that dominated the news in the second half of 2007: the mortgage and credit crisis. What has fast become a foreclosure catastrophe is severely impacting many of the communities in which we work.

We don’t claim to have an easy answer to this dilemma. But at the same time, we think LISC’s experience and national/local organizational structure help position us to respond creatively and appropriately to these new challenges. We know that what’s happening in Jacksonville is not the same as what’s happening in Toledo. Challenges in Phoenix are different from those in Indianapolis. The solutions to problems in Providence aren’t necessarily the ones that will

address the concerns facing Houston. We are engaged on the foreclosure issue nationally — as we are on so many of the financial and policy issues that impact our work — but we also know that local knowledge and capacity will be essential in crafting and implementing the most effective solutions. That's the fundamental lesson of our 27 years of successful community development.

I hope you will take a minute to look through the enclosed document, "2007: A Look Back." It offers a sense of how we approach our Sustainable Communities work and illustrates the priorities we are continuing to pursue in 2008.

We look forward to your comments and suggestions as we work together in the many months to come.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Rubinger". The signature is fluid and cursive, with the first name "Michael" and last name "Rubinger" clearly distinguishable.

Michael Rubinger  
President and Chief Executive Officer  
Local Initiatives Support Corporation