



# Living Cities

**2020** Catalyst Fund Final Fund Report

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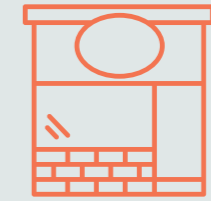


Over the past  
12 years, the  
Catalyst Fund's  
19 investments  
have resulted in:

# CATALYST FUND



**3,000**  
SOCIAL SERVICES  
PROVIDED TO PEOPLE



**60+**  
INCREASED LEVELS OF  
CAPITAL FLOWING TO  
60+ SMALL BUSINESSES

**493,600+**  
SQUARE FEET OF COMMUNITY & COMMERCIAL SPACE



**2,109**



has created employment  
for over 2,109 people

has created over 1,566  
new construction, part-  
time and full time jobs



**1,566**



**16**  
Renovation or  
development of 16  
grocery stores in low-  
income neighborhoods

**2,400**  
units of affordable housing developed



Learning and thought leadership: over the past 12 years the Living Cities Catalyst Funds team has produced over 200 pieces of content in conjunction with partners, most notably around capital absorption, Pay for Success, and using capital to advance the work of Living Cities' Integration Initiative

In addition, the Living Cities Catalyst Funds have been named to the ImpactAssets 50, the only open-source, publicly published database of exceptional impact investing fund managers for ten consecutive years. Living Cities has been included in the ImpactAssets 50 every year since its inception.



IMPACTASSETS

**\$43MM** in 19 investments across the U.S.  
...has a leverage ratio of 23.3X supporting & enabling  
**over \$1B** in additional investment  
...has led to impact on the ground in **16** states across  
the U.S.A. alongside more than **182** financing partners



**16**  
**STATES**  
ACROSS THE US



**182**  
**FINANCING**  
**PARTNERS**

**Neighborhood Development Center:**  
Small business support in twin cities

**IFF:** fresh food financing throughout IL, IA, MO, IN & WI via Healthy Food Access Program

**Southwest Housing Solutions:** development of community space in Detroit

**Massachusetts Juvenile Justice Pay for Success Project (Youth Services Inc.):** reduce recidivism & increase employment in Boston, Chelsea & Springfield

**Twin Cities Community Land Bank:**  
affordable housing & mixed-used projects along transit lines in Twin Cities

**Capital Impact Partners:**  
scale operations to Detroit with focus on redevelopment of abandoned and underutilized properties

**Neighborhood Stabilization Loan Fund:** foreclosure mitigation in Massachusetts

**Craft 3 Capital Corp:** Small business support

**Craft 3(X2):**  
energy efficiency retrofits via Clean Energy Works Oregon

**Social Finance NYS Workforce Re-Entry Pay for Success Project:**  
reduce recidivism & increase employment in Rochester & NYC

**Bay Area Transit-Oriented Affordable-Housing (BATOAH) Fund:**  
early-stage financing for housing & mixed-use developments near transit

**New Teacher Center:** line of credit to education non-profit

**Build NOLA Mobilization Fund:** small business support in New Orleans through New Corps

**Opportunity Housing Cleveland:** foreclosure mitigation in Cleveland

**Greater University Circle Capital Corporation (GUCCC):**  
finance economic development initiatives in Cleveland

**New Jersey Community Loan Fund:** redevelopment & renovation of abandoned or foreclosed homes in Newark

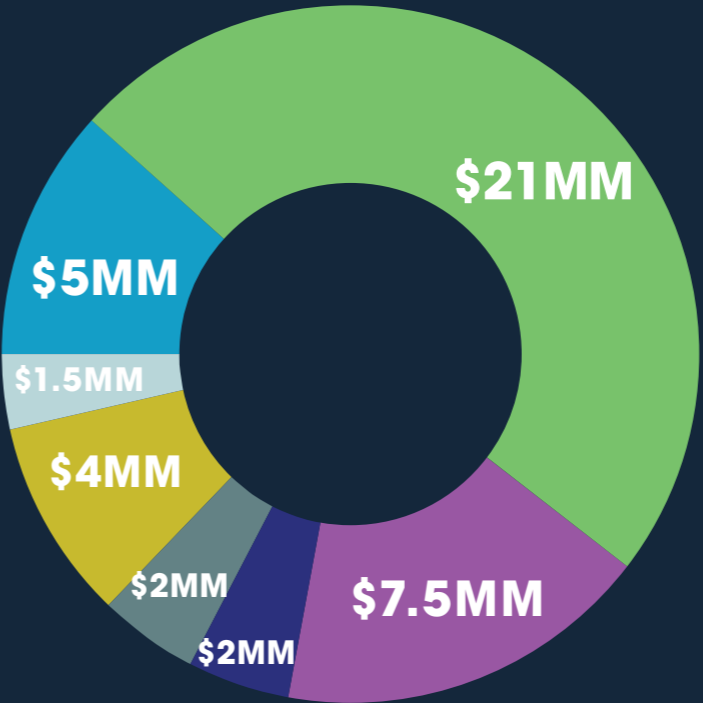
**Reinvestment Fund:**  
scale fresh food financing operation to New Jersey

**Reinvestment Fund:** scale economic development operations to Baltimore



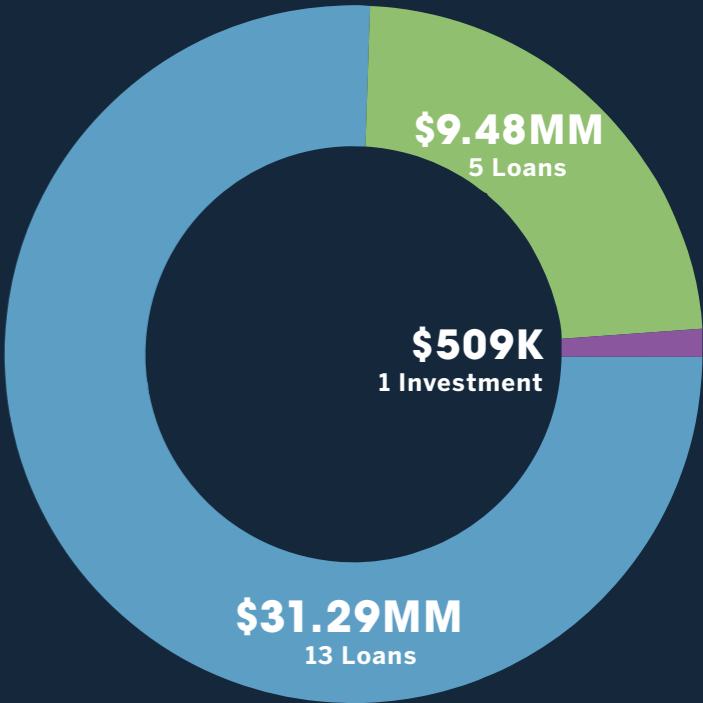
# HAS BEEN INVESTED IN THE FOLLOWING WAYS

**DOLLARS COMMITTED BY INVESTMENT TYPE**



- Fresh Food Financing** ( 11.63% )
- Real Estate** ( 48.84% )
- Small Business** ( 17.44% )
- Pay For Success** ( 4.65% )
- Foreclosure Mitigation** ( 4.65% )
- Energy** ( 9.30% )
- Education** ( 3.49% )

**TYPES OF LOANS ORIGINATED**



- Senior Debt** ( \$31.29MM )
- Subordinate Debt** ( \$9.48MM )
- Equity** ( \$509K )

# Southwest Housing Solutions

\$1.15MM



INVESTEES	TOTAL COMMITMENT	CLOSING DATE	TERM	Living Cities
5716 Lender LLC Sponsor Southwest Housing Solutions	\$1.15 Million	May 4, 2010	6 Years	

## OVERVIEW

Southwest Solutions is a leading provider of human services, and housing and economic development in Detroit, where it is one of the few local institutions with the capacity to handle holistic community development.

Its development arm, Southwest Housing Solutions (SWHS), purchased a four-story historic building located at 5716 Michigan Avenue in Detroit, Michigan. SWHS redeveloped this property to provide low-income community residents with access to a one-stop shop for primary medical care and counseling services. Southwest has consolidated its Juvenile Justice and Child and Family programs on the upper floors, bringing together services that were previously delivered in different facilities without convenient access to transit. Covenant Community Care, a not-for-profit health care provider, is the anchor tenant occupying the ground floor.

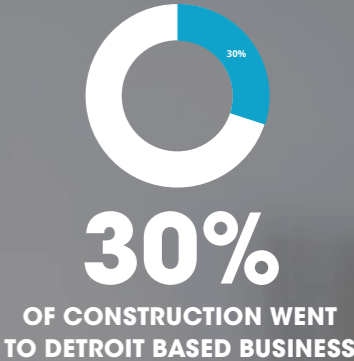
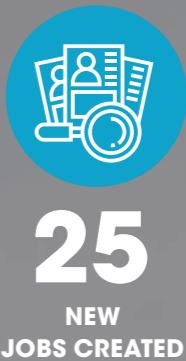
The \$1.15MM leveraged loan from LCCF supported the rehabilitation of this building. The loan was part of a complex financing structure that brought together New Markets Tax Credits (NMTC), federal rehabilitation tax credits, and Michigan state and brownfield tax credits. Other leverage lenders included NeighborWorks Capital and Detroit LISC. JPMorgan Chase purchased the NMTCs and National Development

Council provided the NMTC allocation. The Kresge Foundation and United Way provided grants. Additional funders and investors included Detroit Investment Fund, City of Detroit, Wayne County Economic Development Department, and the Michigan State Housing Development Authority.

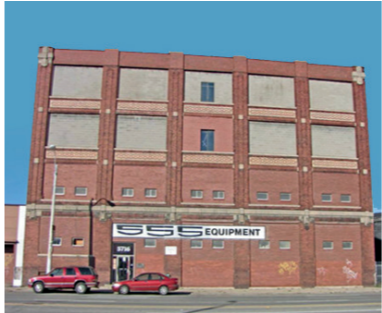
## IMPACT

LCCF support helped move this transaction forward both by providing a critical source of capital and by advising on a structure that met the needs of all participants. In the real estate climate at that time, traditional leverage lenders had pulled back from New Markets transactions. Detroit had been particularly hard hit by disinvestment and job loss.

The redevelopment of 5716 Michigan Avenue has not only anchored the transformation of a neighborhood but has sent the strong signal needed to attract private sector attention and investment to a community which has been impacted by the lack of capital and the larger economic trends of Michigan and Detroit. The facility is providing access to health care and services in a convenient, transit-friendly location, accommodating ~5000 patient visits per year. It has created 75 permanent jobs, 25 of which are new jobs. Thirty percent of the construction jobs on this project went to Detroit-based businesses.



5716 Michigan Ave **Before**



**After**





6MM

IN PAYMENTS TO  
CONTRACTORS



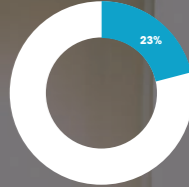
1,784

LOW-INTEREST  
LOANS



400+

EMPLOYMENT FOR  
MORE THAN 400+ WORKERS



23%

OF PILOT DOLLARS TO  
BIPOC SMALL BUSINESSES

INVESTEES	TOTAL COMMITMENT	CLOSING DATE	TERM
Craft3	\$4 Million	March 31, 2010	6.75 Years



OVERVIEW

Craft3 is a non-profit Community Development Financial Institution (CDFI) in Oregon and Washington that finances regional initiatives creating social, economic, and environmental impact. In early 2009, Craft3 collaborated with the City of Portland and Energy Trust of Oregon to launch Clean Energy Works – Portland (CEWP), a first-in-the-nation pilot program for saving energy, improving a home’s comfort and value and reducing carbon emissions while creating high-quality jobs for Portland residents who were historically underserved, such as low-income residents, women and people of color. Recognizing that a major barrier to retrofitting existing homes is the up-front cost of the improvements and information barriers, CEWP was designed to provide a simple financing solution to install energy efficient improvements in 500 Portland homes. The solution CEWP devised was to provide homeowners with technical assistance, certified contractors, and 100% retrofit loan financing at below-market rates.

LCCF committed a total of \$4MM to Craft3. In March 2010, LCCF closed a \$2MM loan to Craft3 to support this program. The pilot launched in the summer of 2009, and CEWP made its 500th loan in late February 2011, bringing the pilot to conclusion. In April 2011, the City of Portland was awarded \$20MM as part of the Obama

Administration’s “Retrofit-Ramp-Up” Award program. This award funded the expansion of the Portland program to a statewide program called Clean Energy Works Oregon (CEWO). As a result, in September 2012, LCCF increased its loan by an additional \$2MM to support Craft3’s statewide expansion through CEWO.

IMPACT

The loan to Craft3 addressed a key Living Cities priority at the time: making the green economy work for low-income people. CEWP intentionally included strategies to better-serve low-income communities, such as offering subsidized interest rates and the Community Workforce Agreement, negotiated with the help of Green for All, which ensured that community stakeholders were present at the table for the crafting of the agreement and required contractors to offer family-supporting wages and benefits as well as hire historically under-represented people for the resulting energy efficiency jobs. CEWP also had significant demonstration value and replication potential. It was one of the first programs in the nation to utilize an on-bill utility repayment mechanism. By linking loan repayments to utility bill payments, the new repayment mechanism was able to simplify repayment for homeowners and reduce repayment risks. The

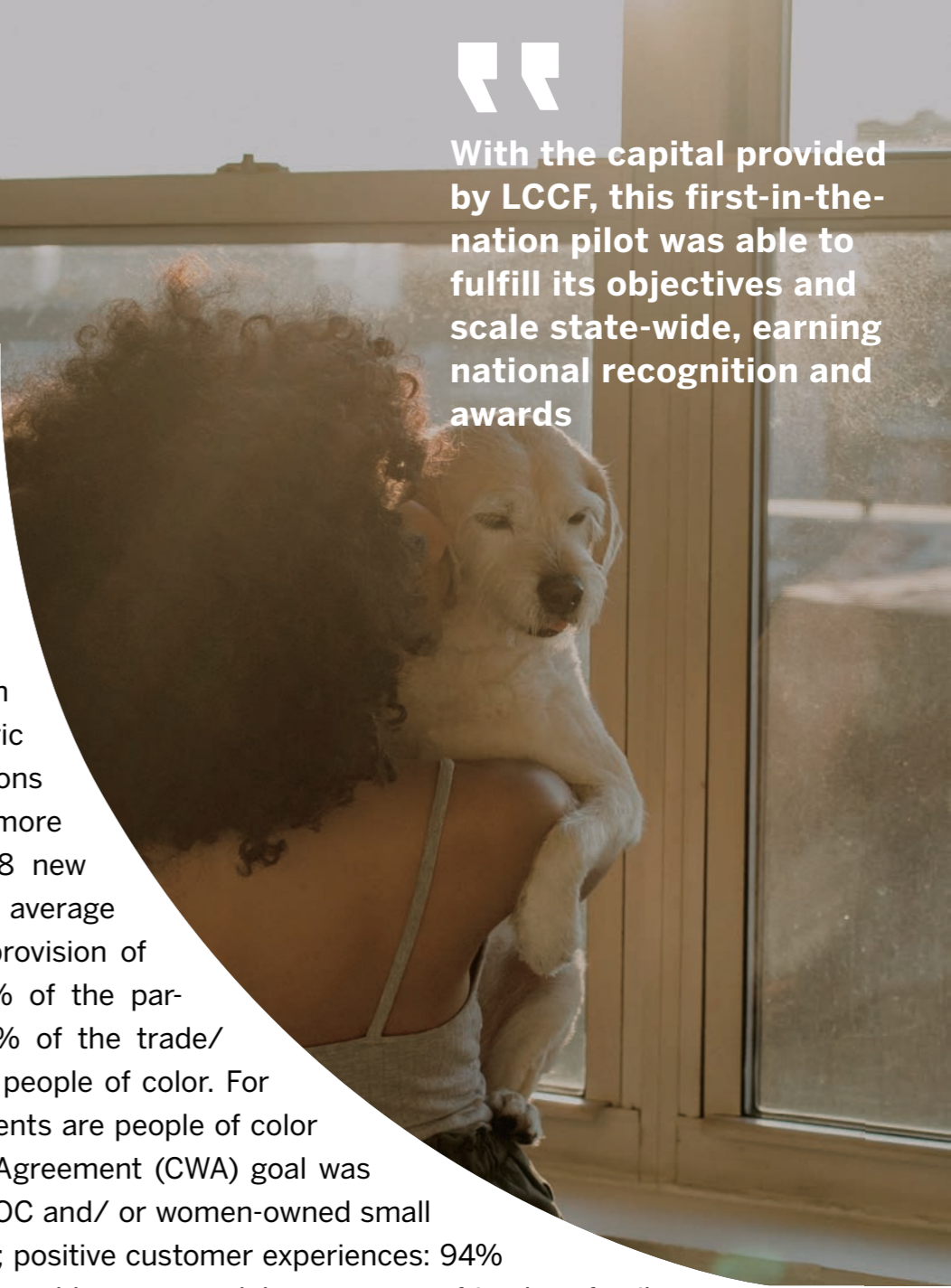
program was also structured for secondary market take-out, which later allowed for the portfolio to be purchased by Self-Help Credit Union in a first-of-its-kind secondary market transaction.

The CEWP pilot program achieved the following results: investment of more than \$6MM (in payments to contractors); 584 low-interest loans for whole-home energy remodels; 20% or greater reduction in energy consumption in most homes; 1,400 metric tons of annual carbon emissions reductions; employment for more than 400 workers, including 48 new hires in the construction trades; average wages of nearly \$20.34/hour; provision of health insurance by nearly 80% of the participating contracting firms; 48% of the trade/technical hours were worked by people of color. For context, 22% of Portland’s residents are people of color and the Community Workforce Agreement (CWA) goal was 30%; 23% of pilot dollars to BIPOC and/ or women-owned small businesses (CWA goal was 20%); positive customer experiences: 94% of participants surveyed said they would recommend the program to friends or family.

In addition, prior to the acquisition of the portfolio by Self-Help, the state-wide program, CEWO, financed over 1,200 projects, had over \$14MM in loan commitments, and no defaults.



With the capital provided by LCCF, this first-in-the nation pilot was able to fulfill its objectives and scale state-wide, earning national recognition and awards



# Neighborhood Stabilization Loan Fund

**\$1MM**

**\$91MM**  
LEVERAGE



REAL ESTATE



**74MM**

INVESTED IN NINE  
COMMUNITIES



**866**

PROVIDED ASSISTANCE  
FOR 866 UNITS



**325**

PROVIDED ASSISTANCE  
FOR 325 BUILDINGS



**127**

HELPED HOMEBUYERS AND  
EXISTING HOME OWNERS

**INVESTEE**  
Neighborhood Stabilization  
Loan Fund, LLC

**TOTAL COMMITMENT**  
\$1 Million

**CLOSING DATE**  
April 9, 2009

**TERM**  
5 Years



## OVERVIEW

The Neighborhood Stabilization Loan Fund (NSLF) was established in 2008 to support the acquisition and rehabilitation of distressed properties in neighborhoods affected by high foreclosure rates throughout the Commonwealth of Massachusetts.

NSLF combined LCCF's \$1MM with \$21MM from other philanthropic, governmental and private sources such as the Boston Foundation; Hyams Foundation; Massachusetts Affordable Housing Trust; Massachusetts Housing Partnership and Massachusetts Housing Investment Corporation to support community development corporations and/or respected private developers.

The array of financial resources enabled NSLF to serve as an efficient one-stop financing program that delivered funds for pre-development, acquisition, construction, gap financing, and homebuyer assistance.

NSLF also received a \$500k grant from Living Cities, alongside our loan, as part of an initiative to support the subprime mitigation work of local partners in ten cities around the country.

## IMPACT

Through its support of NSLF, Living Cities extended the reach of its subprime initiative beyond the largest cities to include smaller

These interventions involved acquisitions and renovations of foreclosed, vacant, and abandoned properties that were then put back on the market. Most of the properties that were targeted for acquisition and rehabilitation under the NSLF were small (81% were 1–3 family properties) and considered “triple-deckers.” The foreclosure of these properties affected both the owner-occupants and the tenants.

NSLF provided support to 30 nonprofit and for-profit developers, seven court-appointed receivers, two city housing agencies, 57 new homebuyers, and 70 existing homeowners.

Over time, the collective impact of redeveloping many small properties had a tremendously positive impact on surrounding areas. For example, in Springfield's Lower Forest Park, streets with multiple abandoned properties became home to a significant number of stable owner occupants and stabilized rental properties. In Worcester's Kilby Gardner Hammond area, demand and prices for new homes increased, and on Boston's Hendry Street, renovated homes filled with new owners and tenants replaced the abandoned homes. Through NSLF, MHIC provided assistance to 866 units in 325 buildings located in 12 communities, with significant investments (\$2MM or more) in nine communities.

These interventions involved acquisitions and renovations of foreclosed, vacant, and abandoned properties that were then put back on the market. They also provided market supports such as homebuyer assistance incentives and homeowner rehab loans. Cumulatively, these efforts helped stabilize local real estate sales prices, increased neighborhood confidence, gave rise to other neighborhood improvement efforts, and led to an increased sense of security. In terms of numbers of units produced, the NSLF program had the greatest impact in Boston, Springfield and Worcester, but visible impacts were made in all areas. NSLF provided support to 30 nonprofit and for-profit developers, seven court-appointed receivers, two city housing agencies, 57 new homebuyers, and 70 existing homeowners.

MIHC credits Living Cities with playing an instrumental role in the development and early years of the initiative through the series of peer learning events Living Cities hosted that brought together national and local leaders who were working to address the foreclosure crisis, to ask “What can be done?”, and for staying actively involved to ensure that what was done was the best it could be under the highly unprecedented circumstances. In addition, with Living Cities' encouragement, MHIC revised its original program to include green rehabilitation targets, which aligned with Living Cities' green energy priorities at the time. In addition, MIHC noted one of the primary keys to its success with NSLF was the collaborative nature of this effort. The cities NSLF worked with, in particular, demonstrated extraordinary capacity. They found creative ways to combine their own financial resources with NSLF; worked across many departments; and supported the developers who boldly took on the challenge of rehabilitating homes that had been foreclosed. Leading nonprofit developers were critical in formulating and implementing responses at the neighborhood level.


One of the learnings MIHC cites is their top developers became more efficient and effective over time and proved that it was possible to compress development timetables and hold down costs relative to those associated with other housing programs, where projects usually have more complex financing structures and lengthier decision-making processes. These efficiencies were gained not from economies of scale, but from working within a predictable process and by moving methodically from one building to the next. Holding properties for shorter time periods also meant lower carrying costs. Strict federal spending deadlines provided another incentive to get things done quickly.

# Reinvestment Fund- 2009

## \$2MM

\$60MM  
LEVERAGE



INVESTEE	TOTAL COMMITMENT	CLOSING DATE	TERM	
The Reinvestment Fund (RF) – 2009	\$2 Million	May 18, 2009	8 Years	

### OVERVIEW

Reinvestment Fund (RF) is a leading Community Development Finance Institution (CDFI) that provides financing to support pre-development, acquisition, construction, and New Markets Tax Credits financing for housing, community facilities, and commercial real estate, including grocery stores, charter schools and other neighborhood services and amenities.

In May 2009, the LCCF closed a \$2MM loan to RF to expand its successful Pennsylvania Fresh Food Financing Initiative to Newark, NJ, with the support of the New Jersey Economic Development Agency. The Pennsylvania Fresh Food Financing Initiative was launched in 2004 and provided innovative financing solutions to super-market operators in underserved communities to improve access to healthy and affordable food. RF planned to provide predevelopment grants and loans, land acquisition financing, equipment financing, capital grants for project funding gaps, and construction and permanent financing, as well as technical assistance and workforce services to operators planning super-markets or grocery stores in low-income communities that lack access to fresh food.

### IMPACT

Delays in the creation of that program resulted in LCCF providing permission for its loan proceeds to be used to develop a refrigerated produce warehouse and distribution center in Newark that served as a critical anchor to attract more grocery store retailers to New Jersey; the lack of warehouse space had constrained the ability of operators to develop new grocery stores in the region. In March 2012, RF relaunched its New Jersey Fresh Food Financing program as New Jersey Food Access Initiative (NJFAI) program with an additional \$12MM commitment from the Robert Wood Johnson Foundation. Sixty-five projects applied for NJFAI funding. RF funded 23 of these projects. In addition, LCCF’s loan supported the creation of 719 full-time, part-time, and construction jobs.

In addition, this loan allowed RF to demonstrate that it could replicate the initial project, and helped RF expand its presence past Pennsylvania into the Mid-Atlantic region.



12MM  
ADDITIONAL \$12MM  
COMMITMENT FROM RWJF



65  
65 PROJECTS APPLIED  
FOR NJFAI FUNDING



23  
PROJECTS  
FUNDED



719  
719 FULL-TIME & PART-TIME  
CONSTRUCTION JOBS CREATED



“This loan is an example of how LCCF sought to scale the capacity of local intermediaries – at the time, RF was largely a local lender, and this helped them scale their presence regionally; today they work nationally”

Grocery stores financed by Reinvestment Fund loan



# Opportunity Housing Cleveland

\$1MM

\$9MM  
LEVERAGE



REAL ESTATE

CLEVELAND,  
OH



## INVESTEES

Village Capital Corporation  
Opportunity Housing  
Cleveland LLC

## TOTAL COMMITMENT

\$1 Million

## CLOSING DATE

December 19, 2008

## TERM

4 Years



## OVERVIEW

Neighborhood Progress, Inc. and the Cleveland Housing Network created a new entity, Opportunity Housing Cleveland, LLC (OHC), to mitigate the impact of the foreclosure crisis on six neighborhoods in Cleveland. OHC invested \$10MM in the redevelopment of 50 vacant structures for homeownership. In addition, OHC worked to keep 100 families at risk of losing their homes by preventing foreclosure.

The \$1MM LCCF loan was part of a \$3MM revolving loan fund that enabled OHC to acquire, rehabilitate, and sell 50 bank-owned properties in six neighborhoods where the City of Cleveland, community development organizations and private foundations had initiated a comprehensive market recovery strategy. Government subsidies helped make these homes affordable to priority recipients.

The six Strategic Investment Initiative (SII) neighborhoods were Buckeye, Detroit Shoreway, Fairfax, Glenville, Slavic Village and Tremont.

Additional investors and funders included Key Community Development New Markets, LLC—a subsidiary of Key Bank; the State of Ohio—Ohio Housing Finance Agency; Enterprise Community Partners; Enterprise Community Loan Fund; Village Capital Corporation (lead lender); the City of Cleveland—Housing Trust Fund; and the

City of Cleveland—NSP-1 Funds. In addition, the OHC program in Cleveland was one of 10 pilots that received grants of \$500,000 from Living Cities to help strong local organizations reduce the impact of foreclosures on their communities.

## IMPACT

The foreclosure epidemic was devastating to Cleveland's neighborhoods. At the time of the LCCF loan, the city was believed to have the sixth highest rate of foreclosure in the nation, with an inventory of over 9,000 vacant homes. Nearly thirty years of investment in the six SII neighborhoods was threatened by the dynamics of the market. The OHC pilot program helped to mitigate the impact of the crisis in these neighborhoods, offering affordable homes to low- and moderate-income buyers. Both Neighborhood Progress and the Cleveland Housing Network had the strong track records and relationships that were essential to making the program a success. The OHC program was considered a "bright spot" for the City of Cleveland and the Ohio State Housing Financing Agency, which sought to replicate the project in other communities throughout the state; the program was also recognized as a "Bright Idea" by Harvard Kennedy School's Ash Center in 2011.



12MM

INVESTED TO MITIGATE THE  
FORECLOSURE CRISIS



6

6 NEIGHBORHOODS  
REACHED



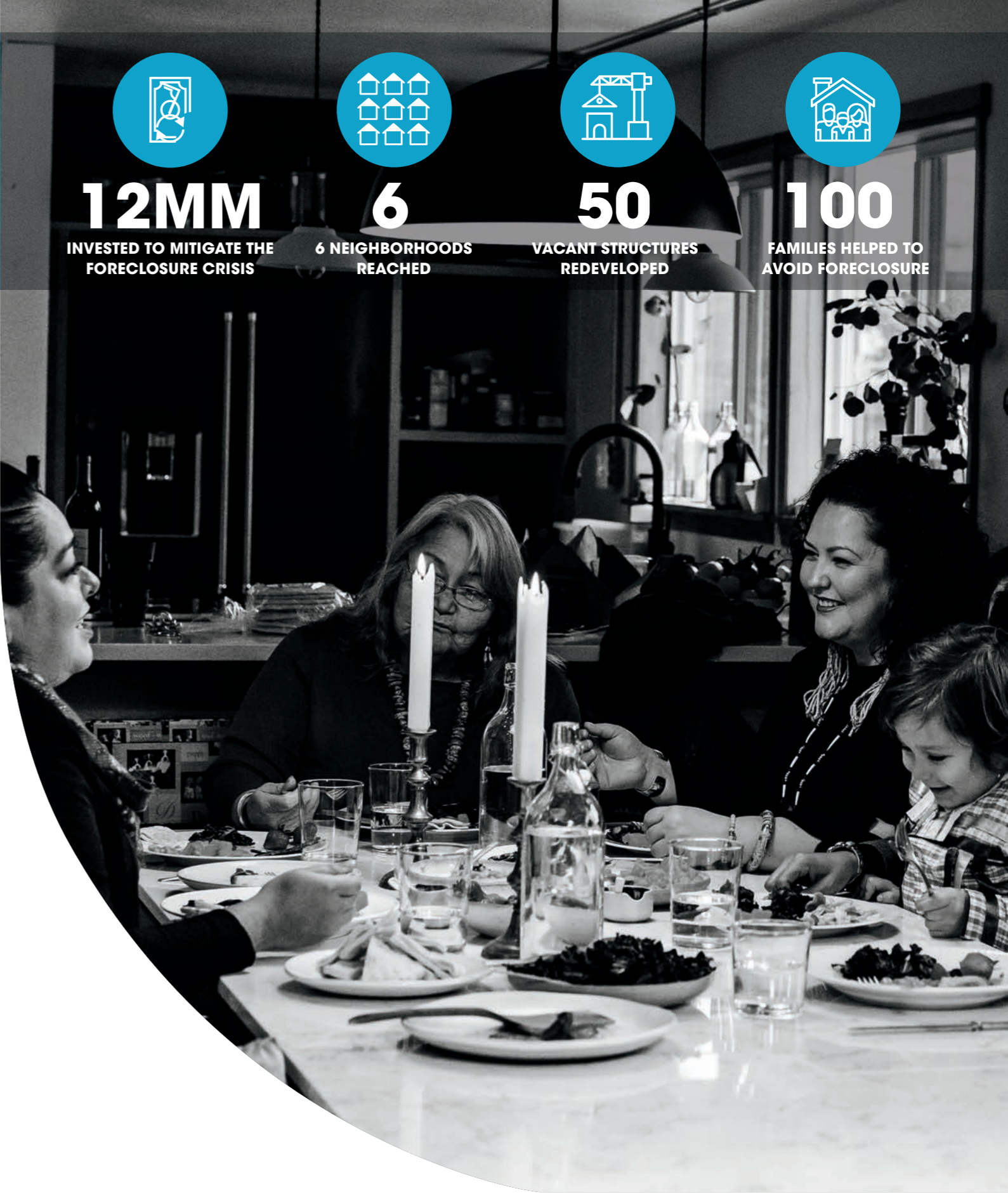
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VACANT STRUCTURES  
REDEVELOPED



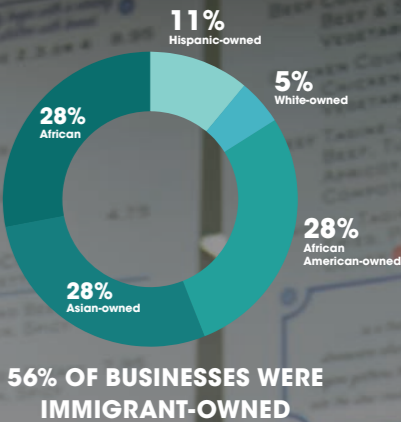
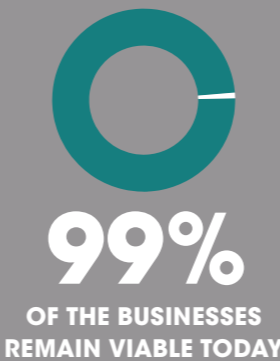
100


FAMILIES HELPED TO  
AVOID FORECLOSURE



# Neighborhood Development Center

## \$2.2MM



INVESTEES	TOTAL COMMITMENT	CLOSING DATE	TERM	
Neighborhood Development Center	\$2.2 Million	May 23, 2011	9.6 Years	

## OVERVIEW

The Neighborhood Development Center (NDC) serves as one of three lending intermediaries for the Twin Cities Corridors of Opportunity Initiative (TCCOI), a Living Cities Integration Initiative site. TCCOI supported development adjacent to the Green Line, a light rail line that connects Minneapolis and St. Paul, which launched in the summer of 2014. TCCOI is credited with creating a more equitable transit plan for the Green Line, maintaining the operation of hundreds of minority-owned small businesses in the corridor, creating and preserving affordable housing, as well as instilling an “equity lens” through the region’s planning systems. In addition, TCCOI seeks to increase the capacity of affordable housing and small business intermediaries in the Twin Cities.

NDC, a Twin Cities non-profit established in 1993, offers training, technical assistance and loans to small, local businesses. NDC’s programs have trained 4,600 low-income neighborhood residents to write business plans. Of those entrepreneurs trained, 85% are people of color and 81% are from families earning below 50% of the area median income. Currently, 550 training alumni are open for business, employing over 2,200 people at an average wage of \$12 an hour; 60% of NDC-businesses occupy a building that was formerly vacant.

NDC participated in the TCCOI, helping to mitigate the effects of construction on small businesses located along transit corridors. Now that the Central Corridor transit line is complete, NDC is continuing to support the Central Corridor businesses’ growth goals as well as to support other small businesses along routes where other transit lines are being developed. NDC provides working capital, equipment and real estate loans as well as technical assistance to help small businesses survive and

## IMPACT

Of the businesses supported with LCCF capital, 56% were immigrant-owned (half of which were Asian-owned, and the other half were African-owned); 28% were African American-owned; 11% were Hispanic-owned; and 5% were white-owned.

Hassan Ziadi, owner of Moroccan Flavors, and beneficiary of an LCCF NDC loan. In 2013, Hassan left Qatar to build a life for his family in Minneapolis. “I told my wife, the best place for us to raise a family is Minneapolis.” Like most immigrants to the US, he realized there would be tremendous obstacles to overcome . “I was new to this country, I had nothing. No one will give me a loan.”

With one of the coveted spots in the Midtown Global Market up for grabs, Hassan sprang into action. Working with NDC, Hassan has received comprehensive business support, including training, financing, interior design, web design, and restaurant management support. After securing a loan with NDC, Hassan focused on creating a restaurant that honored his heritage. His Mediterranean style dishes are unlike anything the Twin Cities have ever seen, creating the first traditional Moroccan restaurant in town.

In addition, prior to the acquisition of the portfolio by Self-Help, the state-wide program, CEWO, financed over 1,200 projects, had over \$14MM in loan commitments, and no defaults.


Entrepreneurs supported by loan




# Reinvestment Fund - 2011

## \$3MM







1MM
  
RENOVATED AN ABANDONED RESTURANT




10
  
RENOVATED 10 HOMES



104
  
104 CONSTRUCTION JOBS INCLUDING 38 FOR LOCALS



1.5MM
  
REHABILITATION OF HISTORIC CENTRE THEATER

INVESTEES	TOTAL COMMITMENT	CLOSING DATE	TERM	
Reinvestment Fund – 2011	\$3 Million	May 25, 2011	9.6 Years	

### OVERVIEW

Reinvestment Fund (RF) is the lending intermediary for Baltimore’s Integration Partnership (BIP), a Living Cities Integration Initiative site. The BIP, led by the Association of Baltimore Area Grant-Makers, is working to create municipal and regional mechanisms to ensure that low-income communities benefit from large-scale development projects and the economic opportunities generated by anchor institutions.

RF is a leading Community Development Finance Institution (CDFI) that has invested over \$1BN to revitalize low-income neighborhoods. With a S&P “AA” rating, RF is an exceptionally strong fund manager. RF has a sound capital structure that can withstand changes in its operating and funding environment, a strong earnings history, excellent liquidity, and a strong track record in managing a high-risk, high-performing community development loan portfolio.

### IMPACT

Through BIP, RF has closed three projects using the LCCF loan: Chesapeake, Remington Row, and the Center Theater.

For Chesapeake, RF applied \$1MM of Catalyst Fund debt towards renovating an abandoned city-owned restaurant near North Station for

commercial use. This project reduced blight, added new neighborhood amenities, and created 34 construction jobs (including 5 for local residents). The project is complete, and RF relocated its Baltimore offices to the Chesapeake.

The second project, Remington Row, utilized \$500,000 of Catalyst Fund debt. The project is complete. The construction financing renovated 10 homes in Remington Village as part of a larger 30-home initiative. Home prices in the project range from \$150,000-\$200,000. The general contractors committed to working with BIP to ensure that at least 20% of construction work hours went to local residents. The renovations created 104 construction jobs (including 38 for local residents).

The third project was the acquisition and rehabilitation of the historic Centre Theater (pictured at right), the largest vacant structure in the Station North neighborhood of Central Baltimore. LCCF disbursed \$1.5MM as a part of the \$18.8MM financing. The building is a multi-tenant commercial property anchored by Johns Hopkins University (JHU) and Maryland Institute College of Art (MICA). This project restored a large, blighted building to productive use. The project is a prime example

of anchor institution engagement, leveraging the strength of JHU and MICA as tenants to attract investment. The project also houses The Impact Hub and The Center for Neighborhoods, a collaborative workspace for nonprofits that serve Baltimore neighborhoods. These uses have increased critical daytime presence in the neighborhood. The project created construction jobs and permanent jobs as well.

In total, the funds from LCCF & AECF leveraged an additional \$188.47MM and supported the creation/preservation of 57 homeownership units and 83 rental units; the creation/preservation of 436 charter school seats; the creation/preservation of 488,200 sq. ft. of retail and office space; and the creation/preservation of 396 permanent jobs as well as 464 construction jobs.

In the spring of 2017, RF closed the \$10MM Central Baltimore Future Fund (CBFF) to support lending in ten neighborhoods around the Johns Hopkins Homewood Campus. The CBFF is supporting the next phase of BIP’s work north and east of the investments made via the LCCF 2011 loan to RF. The CBFF includes investment from local commercial banks, Johns Hopkins, the City of Baltimore, Annie E. Casey Foundation and Goldseker Foundation, in addition to a \$2.5MM investment from Living Cities’ Blended Catalyst Fund. The CBFF follows an extensive three-year community engagement process and is implementing inclusive hiring goals of 30% for minority business enterprises, with a priority for African American owned businesses. The fund will target projects that can deliver a local hiring goal of 51% for permanent hires, primarily from office and retail tenants.



The acquisition and renewal of the historic Centre Theater of Central Baltimore.



Renovated Remington Village homes, part of Remington Row.

# Capital Impact Partners

## \$5.5MM





5.5MM

TOWARD ABANDONED & UNDER UTILIZED PROPERTIES




6

FUNDED SIX PROJECTS



40,000

215 UNITS, 40,00 SQAURE FT OF RETAIL & COMMERCIAL SPACE

INVESTEES	TOTAL COMMITMENT	CLOSING DATE	TERM	
Capital Impact Partners	\$5.5 Million	June 30, 2011	9.5 Years	

### OVERVIEW

Capital Impact Partners (“CIP”) is the lending intermediary for Living Cities’ Integration Initiative work in Detroit, the Woodward Corridor Initiative (“WCI”). From 2011 to 2013 WCI’s revitalization efforts were focused on real estate and city permitting improvements to leverage a new transit line along Woodward Avenue in downtown and midtown Detroit. After 2013, the initiative expanded its geographic focus to other key corridors in Detroit.

WCI has created a model for older industrial cities of “re-densifying” by concentrating population and activity in sustainable corridors, expanding opportunity for low-income residents, and reusing vacant land.

CIP is a leading national CDFI that has invested over \$2.7BN to serve 5 million people and create more than 38,000 jobs in sectors critical to building equitable communities. These sectors include health and elder care, healthy foods, housing, and education in low-income communities. CIP participates in the governance of the WCI and has provided financing to support acquisition, construction and rehabilitation of community facilities, charter schools and mixed-use / mixed-income development along the Woodward Corridor in the Midtown and the North End neighborhoods.

### IMPACT

The Woodward Corridor Initiative in Detroit has created a model for older industrial cities of “re-densifying” by concentrating population and activity in sustainable corridors, expanding opportunity for low-income residents, and reusing vacant land. The LCCF’s \$5.5MM loan supported the redevelopment of abandoned and under-utilized properties and the creation of new mixed-use and community facilities along Detroit’s Woodward Corridor.

CIP used Catalyst funds for six projects along the Woodward Corridor -- the Auburn, the Woodward Theater, the rehabilitation of the Kirby Hebrew Day School, Forest Arms apartments, Restore North End homeowner maintenance program, and the St. Regis Apartments. In total, these projects developed 215 units and 40,000 sq. ft. retail and commercial space.

The Auburn and Woodward Theater completed construction and are in service. The Auburn created approximately 9,100 sq. ft. of rental space for local retailers and 58 units of affordable and workforce housing. The redevelopment of the Woodward Theater, a 32,500 sq. ft. three story historic theater, removes blight on one of the last derelict blocks on Woodward Avenue in Midtown Detroit. The development created 80 construction jobs and 14.5 permanent jobs.

Kirby Center Lofts School and Forest Arms completed in mid-2016. The Kirby Day School in Midtown Detroit was converted to 27 market-rate rental apartments, including expansion of the current building and renovation of an adjacent lot. Forest Arms is a mixed-use development with 75 units over retail in Midtown. Restore North End funding provides grants and loans to 15 North End Homeowners for exterior maintenance through Michigan Lending Solutions. Finally, the Regis House in New Center was completed in November 2015. It contains 58 units and over 5,000 sq. ft. of retail.

In 2019, Capital Impact reviewed its investments through WCIF, revealing several demographic trends. Between 2010 and 2016, population density in Midtown increased by 30%, while Detroit’s overall population decreased by approximately 7%. In addition, between 2013 and 2016, new small businesses moved into the community, joining established businesses that remained. Most businesses were able to retain their employees and 33% of businesses were able to hire new employees. These two statistics indicate that the investment was having the intended effects of increasing neighborhood vitality and economic activity.

As economic opportunity increased, crime rates decreased by 40% in Midtown and 23% across Detroit. In addition, WCIF helped create an environment in which other investors felt comfortable investing in Detroit’s corridors. It showed that investments in Detroit could have positive community impact and financial returns for investors. With improved benefits for residents and businesses living and operating along the corridor, the commitment of financial institutions and philanthropic organizations helped foster an environment focused on inclusive growth and transformative change for communities.



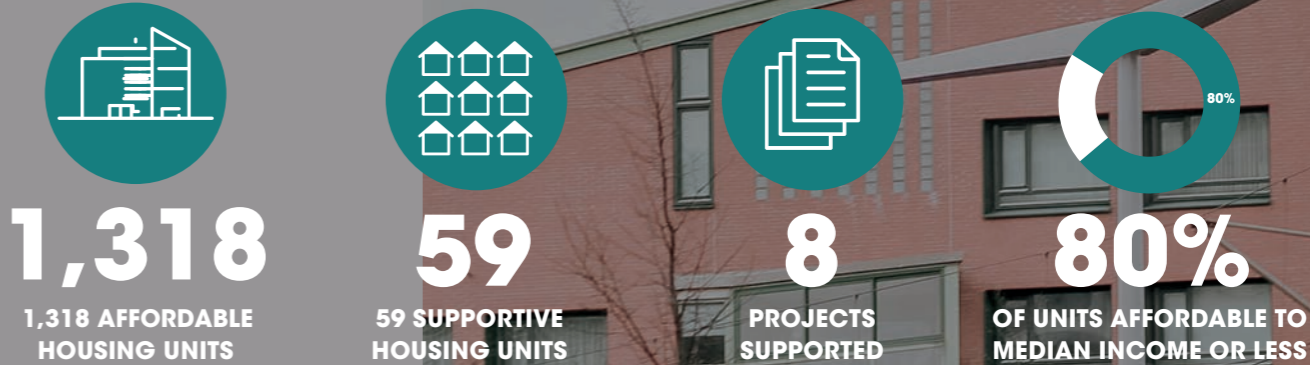
The Auburn Theater along the Cass Corridor



Woodward corridor investment fund fostering community development in Detroit

# Land Bank Twin Cities

## \$2.3MM



INVESTEES	TOTAL COMMITMENT	CLOSING DATE	TERM
Land Bank Twin Cities (TCCLB)	\$2.3 Million	November 11, 2011	9 Years



### OVERVIEW

LCCF has a loan to Land Bank Twin Cities (LBTC) as part of the Twin Cities Integration Initiative, or the Twin Cities Corridors of Opportunity Initiative (TCCOI). This initiative supported development adjacent to the Green Line, a light rail line that connects Minneapolis and St. Paul. The Green Line launched in the summer of 2014, and TCCOI is credited with creating a more equitable transit plan for the Green Line, maintaining the operation of hundreds of minority-owned small businesses in the corridor, creating and preserving affordable housing, as well as instilling an “equity lens” through the region’s planning systems.

LCCF’s \$2.3MM loan to LBTC has supported the acquisition and development of affordable single-family and multi-family residential buildings and the development of mixed-use, affordable housing and community facility projects along the new light rail lines in the Minneapolis/Saint Paul region.

### IMPACT

The LCCF loan supported eight affordable housing and community facility projects along the new light rail lines in the Twin Cities region. This resulted in the creation of 59 supportive housing units and 1,318 affordable units, of

which 80% were affordable to households earning 60% Area Median Income (AMI) or less. The work of LBTC was just a piece of the overall activity to preserve and develop affordable housing along the corridor.

LCCF structured its relationship with LBTC in a way that allowed LCCF to help support the organization’s growth while developing its lending capacity. LCCF’s loan structure and the Catalyst Team’s relationship with LBTC has allowed it to participate in strategic conversations and to influence the organization’s future direction.

Prior to receiving financing from LCCF in 2011, the borrower’s primary activity was the community lending program, whose mandate was to revitalize neighborhoods that had been severely impacted by foreclosures. Under this program, they lent funds to developers for the acquisition/rehabilitation of single-family homes for resale to low- to-moderate income owner occupants.

After receiving the loan from LCCF in 2011, the borrower partnered with Local Initiatives Support corporation (LISC) and expanded their community lending program to include acquisition loans for new multifamily developments. All the work was centered in the Light Rail Transit corridors, mostly along the Green Line.

In the last couple of years, the borrower has increased their strategic acquisition program. This is in response to the fact that as the Twin Cities economy has recovered, land in areas that once offered low-income housing and commercial space is quickly disappearing. Hence the borrower has moved to acquire large strategic sites or has assembled multiple properties for the preservation of opportunities to benefit people with low to moderate incomes.



# New Jersey Community Loan Fund

## \$3MM



3MM

FINANCING MULTIPLE PROJECTS OVER 3 YEARS



53

PRESERVATION OF 53 AFFORDABLE RENTAL UNITS



22

22 UNITS OF AFFORDABLE HOUSING

INVESTEES	TOTAL COMMITMENT	CLOSING DATE	TERM
New Jersey Community Loan Fund	\$3 Million	November 22, 2013	7.1 Years



### OVERVIEW

The New Jersey Community Loan Fund (NJCLF) is the lending intermediary for Newark’s Integration Initiative, Strong Healthy Communities Initiative (SHCI). SHCI, coordinated by The Center for Collaborative Change and the Prudential Foundation, is creating a model to improve the health and wellness of children in Newark’s low-income neighborhoods in order to improve educational outcomes and advance their ability to learn. SCHI has identified low-income, distressed communities as focus geographies in order to track and monitor the initiative’s effective integration and successful implementation.

NJCLF was founded in 1987 as a nonprofit lender designed to meet the capital needs of New Jersey-based affordable housing developers. Since then, NJCLF has expanded to other lending areas - including early care, education, and economic development – and become a CDFI. In 2003, NJCLF and affiliated entities adopted the trade name New Jersey Community Capital.

The LCCF loan was used to fund the acquisition, redevelopment and renovation of abandoned and/or foreclosed housing units in the SHCI designated neighborhoods. JPMorgan Chase, Bank of America, Deutsche Bank Trust Company Americas, Morgan Stanley, and AXA Equitable

Equitable Life provided an additional \$5MM to NJCLF, for SHCI, through separate facilities.

### IMPACT

NJCLF used the LCCF commitment to finance pieces of multiple projects within the context of SHCI.

In December 2013, NJCLF made its first draw for \$375,000 to support three developments that resulted in the creation of seven affordable housing units and eight supportive housing units. In July 2014, NJCLF made its second draw for \$375,000 to support the acquisition, construction, and mini-permanent loan for 12 scattered-site rental units affordable at 67% of Area Median Income (AMI). In November 2015, NJCLF made its third draw for \$487,500 to support the mini-permanent loan refinancing, acquisition, construction, and preservation of 53 affordable rental housing units and 6 homeownership units.

In November 2016, NJCLF drew the remaining \$1,762,500 to fund seven borrowers using construction loans, mini-permanent loans, and a line of credit that financed the creation of 22 units of affordable housing and preservation of 55 units of affordable housing.

NJCLF credits Living Cities role as a “critical friend” in the SHCI, pushing them to think more critically about systems change. This support has enabled NJCLF to engage with other lenders, including major financial institutions, like the ones described below.

#### Wells Fargo Diverse Community Capital Program Expansion

In March 2019, Wells Fargo expanded its existing Diverse Community Capital Program<sup>1</sup> partnership with NJCLF by providing an additional \$3MM in lending capital and \$350k in grants to further NJCLF’s work around lending capital and technical assistance to small, diverse businesses across New Jersey, with a particular focus on supporting women and entrepreneurs of color in low-income communities. The expansion builds off the initial award NJCLF received in June 2018, when they were one of 12 Community Development Financial Institutions (CDFIs) to be selected for Wells Fargo’s Diverse Community Capital Program.

#### Creation of Supportive Housing Fund

In January 2019, Goldman Sachs Social Impact Fund provided a \$15MM investment to NJCLF to establish a Supportive Housing Fund, which will offer non-profits and mission-aligned for-profit organizations flexible financing for the development, acquisition and rehabilitation of single-family, scattered-site, and multi-family units. In partnership with the Supportive Housing Association of New Jersey (SHA), NJCLF will help create supportive housing opportunities in several neighborhoods throughout the entire state.

#### From NJCLF’s various initiatives.





1.35MM

WITH 6  
CONTRACTORS



108

SUPPORTED 108 EXISTING  
AND NEW CONTRACTORS



6,000

OVER 6000  
JOBS CREATED



5,263

SMALL  
BUSINESSES FINANCED

INVESTEES  
NewCorp, Inc.

TOTAL COMMITMENT  
\$1.3 Million

CLOSING DATE  
December 30, 2016

TERM  
4 Years



## OVERVIEW

NewCorp is a small business lender and technical assistance provider to the Network of Economic Opportunity, the New Orleans Integration Initiative. The Network of Economic Opportunity launched in 2014 with the goal of increasing the proportion of African American men earning family-sustaining wages by 2025. When this deal was put together, 52% of working-aged African American men in New Orleans were not formally employed. The Network of Economic Opportunity is attempting to close these gaps by investing in workforce development and disadvantaged business enterprises (DBE), especially those which are minority owned.

The loan to NewCorp is part of the \$1.3MM BuildNOLA Mobilization Fund, which will help finance loans to minority-owned businesses working on publicly funded construction contracts. The fund will help local, small businesses and contractors that have demonstrated the technical capacity to perform work for the city but do not have the cash on-hand or access to traditional financing required to handle unpredictable payment schedules of public sector work. The BuildNOLA Mobilization Fund gives DBE firms bidding as both prime and subcontractors the capital needed to finance project start-up. This includes acquisition of insurance,

bonding, equipment and materials, and, in some cases, even the cost of labor to cover the 60 to 120-day period it takes for contract reimbursement. The BuildNOLA Mobilization Fund is part of BuildNOLA, a comprehensive program that trains and prepares small businesses in construction and professional services for major contracting opportunities, connects DBEs to targeted projects, and provides ongoing post-award technical assistance

Since founding, NewCorp has provided over \$25MM in financing to 5,263 small businesses and helped generate over 6,000 jobs.

## IMPACT

Through its Mobilization Fund platform, NewCorp closed \$1.35MM with six contractors, supporting 108 existing and new employees amongst the financed contractors. The loans have been financed with capital from LCCF and other sources.

The initial \$1.5MM close of BuildNOLA is a test round, allowing (1) NewCorp to build its capacity around using debt and (2) Integration Initiative partners an opportunity to see what barriers arise to supporting disadvantaged small businesses.

NewCorp seeks to become a greater catalytic force in providing access to capital to underserved businesses and entrepreneurs. Through the LCCF loan, NewCorp is building its capacity to grow to meet the current need for mobilization financing in New Orleans. The CDFI already has a strong management team and board of directors that is capable of effectively deploying capital to borrowers. Also, there is an emerging ecosystem for identifying and supporting entrepreneurs in New Orleans, which will help ensure that the businesses can successfully participate in the large-scale construction opportunities.

In July 2018, the early traction and large unmet financing need drove The Kresge Foundation to take the lead in anchoring the new \$10MM fund. Living Cities' underwriting, asset management, and first year program evaluation (published November 2017) were all resources to the Kresge team.

Kresge's subordinated loan has leveraged an additional \$4MM from

Kresge's subordinated loan has leveraged an additional \$4MM from Liberty Bank and NewCorp continues to seek additional senior debt for the \$10MM fund, and an additional \$2MM from the Living Cities Blended Catalyst Fund. The parties' interest in expanding the Fund is testament to the good early programmatic performance and concept validation of the pilot Fund.



# Bay Area Transit Oriented Affordable Housing Fund

\$3MM

\$47MM  
LEVERAGE



50MM  
CREATED A TOTAL  
POOL OF \$50MM

63,980  
63,980 SQUARE FEET FOR RETAIL &  
COMMUNITY HEALTH SERVICES

985  
985 AFFORDABLE  
HOUSING UNITS CREATED

INVESTEE	TOTAL COMMITMENT	CLOSING DATE	TERM
Bay Area Transit Oriented Affordable Housing Fund	\$3 Million	March 30, 2011	9.8 Years



## OVERVIEW

The \$50MM Bay Area Transit-Oriented Affordable Housing Fund (“BATOAH” or the “Fund”) provided revolving early-stage financing for housing and mixed-used developments in mixed-income, transit-oriented development communities in the Bay Area region. BATOAH served as a key regional tool that gave the Bay Area an advantage in leveraging public resources, creating greater capacity to acquire sites and making Bay Area projects more competitive for state and federal programs. The Fund offered a variety of loan products, including secured pre-development, acquisition, construction, bridge, construction-to-mini permanent, and leveraged New Markets Tax Credit loans.

## IMPACT

LCCF was a member of the Fund’s Advisory Board and held a rotating seat on BATOAH’s Credit Committee. BATOAH provided early-stage financing for nine project loans for housing and mixed-used developments across San Francisco, Alameda and Santa Clara counties that resulted in the creation of 985 units of affordable housing, with special targeting of resources to create supportive and transitional housing units. It has also resulted in 63,980 square feet of space for neighborhood retail and community health services. Without the

flexibility and patient sustainable financing offered by BATOAH, these projects may not have survived the market and resource changes they had to weather; they likely would have been lost to the market through price or competition. As the Bay Area’s job and population growth continues to rise, so does the market demand for urban housing near transit. This has created intense competition for limited sites and an abundance of market capital available for financing market rate opportunities. At the same time, state and federal funding sources for affordable housing have been declining, creating an even stronger need for flexible capital that allows developers to acquire eTOD sites for affordable housing.

BATOAH became a national model for financing affordable housing, community facilities, and services near transit. The involvement of San Francisco’s Metropolitan Transportation Commission (MTC) in the Fund has served as an example of how government can spur and leverage private capital; the MTC provided \$10MM in first loss capital for the fund, leveraging \$40MM from other investors to create a total pool of \$50MM.

However, it should be noted that BATOAH did not fully deploy the Fund’s capital, primarily because the cost of capital was too high for the originating lenders, making the Fund an

unattractive source of capital. One of the key learnings for the originating CDFIs was that early-stage financing, like the type BATOAH provides, is best for acquiring and holding quality eTOD sites and bridging them to permanent financing, but the strategy only works - and pipeline only moves forward - if there are permanent financing sources available to takeout the early-stage financing. Thus, funds created for the purposes BATOAH was are better structured solely as acquisition funds, which is a lesson carried forward into the construction of the Regional Equitable Development Initiative (REDI) Fund, a BCF borrower. TOAH 2.0, the successor fund to BATOAH, closed in fall 2018 and incorporated these lessons learned. Specifically, LIIF, as fund manager, structured TOAH 2.0 in a way streamlined the origination process by (1) relying on the originating CDFI’s credit committee for approval instead of needing two credit approvals – one from the originating CDFI and another from BATOAH lenders and (2) building on the existing lending platforms and processes of participating CDFIs (rather than adding to them), to cut down on fund management and administration costs, thus allowing for better pricing of TOAH 2.0 capital.



**BATOAH became a national model for financing affordable housing, community facilities, and services near transit; while not fully deployed, the lessons learned from its structure led future funds to be even more successful.**

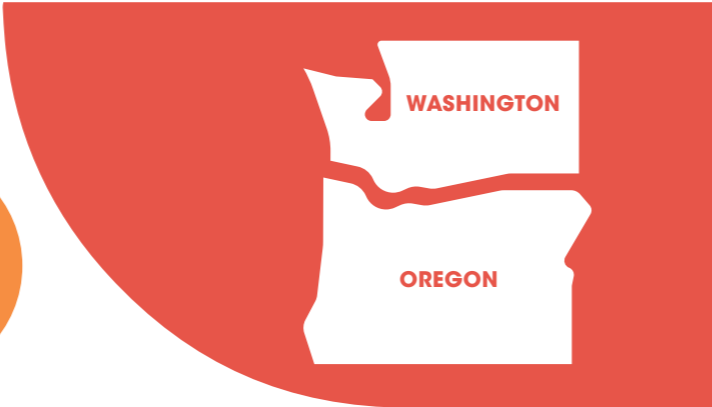


# Craft3 Capital Corporation

## \$4MM

\$95.5MM  
LEVERAGE

SMALL BUSINESS




38  
FUNDED 38 LOANS  
TOTALING \$53.6MM



1,633  
1,633 JOBS  
CREATED



15.8MM  
\$15.8MM SECURED  
FOR CLEAN ENERGY

INVESTEES	TOTAL COMMITMENT	CLOSING DATE	TERM	
Craft3 Capital Corporation (C3CC)	\$4 Million	August 21, 2014	6 Years	

## OVERVIEW

C3CC is a wholly-owned, for-profit subsidiary of Craft3, a leading CDFI based in the Pacific Northwest. Craft3 formed C3CC in 2011 to deploy and manage capital raised through the state of Washington’s State Small Business Credit Initiative (SSBCI). LCCF’s \$4MM loan was part of a \$50MM syndicated facility led by Wells Fargo and included capital from Calvert Social Investment Foundation, Morgan Stanley, Opportunity Finance Network, the F.B. Heron Foundation, and C3CC’s parent, Craft3.

C3CC’s primary purpose was to make small business loans to customers who had historically successful businesses with established management that may have experienced downward trends, losses or a weakened balance sheet during the Great Recession, and this performance combined with tightened bank standards prevented the business from qualifying for a loan from traditional financial sources, creating a niche that C3CC could fill. C3CC focused largely on manufacturing and production businesses, but also worked with service providers. Special efforts were made to ensure women and new majority-owned businesses and businesses in low-income communities had access to financing.

## IMPACT

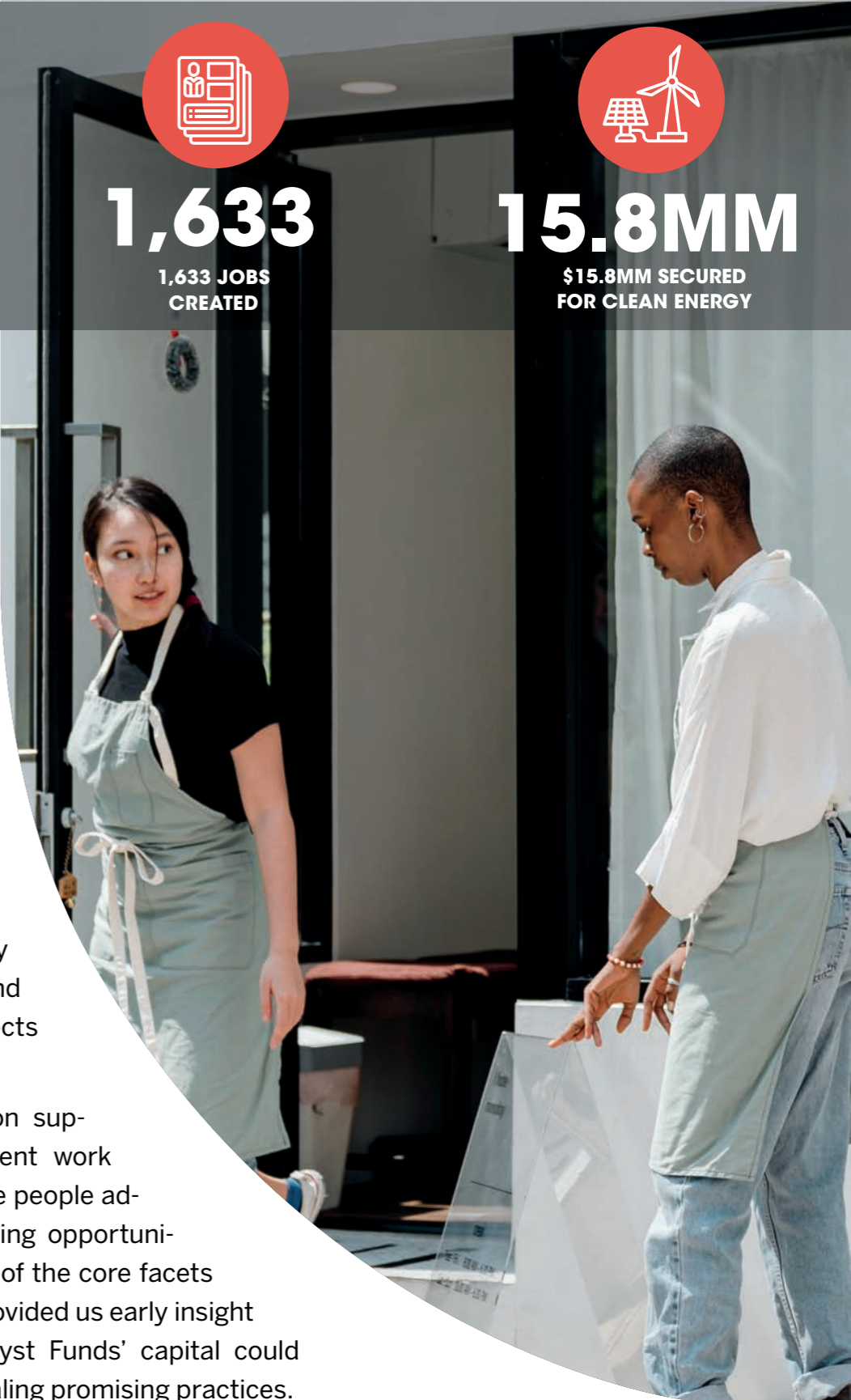
C3CC funded 38 loans totaling \$53.6MM, attracting \$49.5MM from other funding sources, and creating and retaining 1,633 jobs.

A single, syndicated facility provided numerous efficiencies to C3CC. These included: (1) Efficient capitalization and predictable access to monies. (2) Communications to all lenders were efficient and any changes were coordinated. (3) One set of metrics for all C3CC lenders. (4) The structure provided C3CC with discretion as to how they would use the capital to meet the most significant community needs and pivot to meet the changing needs of the market. After origination in 2014, C3CC broadened its programmatic scope to small business lending more broadly - not just lending in order to leverage the US Treasury collateral support program, the State Small Business Credit Initiative, or SSBCI. They also expanded their lending from Washington State to Oregon.

C3CC, because of its size, helped Craft3 achieve increased economies and efficiencies of scale by improving Craft3’s earned income ratio, accelerating development of skills and processes to make and collect seven-figure loans, and encouraging Craft3 to include loan origination as part of their business model.

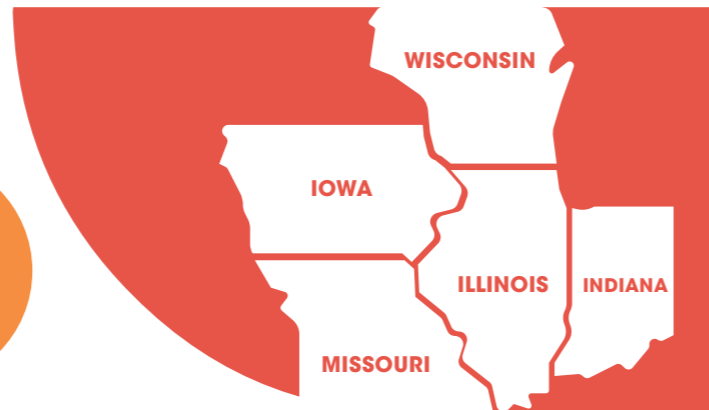
For example, having done C3CC, Craft3 went on to originate a \$10MM charter schools deal with the Bill & Melinda Gates Foundation and a \$10MM USDA guaranteed loan to Fry Foods in Ontario, Oregon. It also gave the Washington Department of Commerce the confidence that Craft3 could establish a ten-year partnership to deliver on \$15.8MM in Clean Energy Fund grants to capitalize loans to clean technology businesses to support commercial energy efficiency, renewable energy, and clean tech manufacturing projects across the state.

When originated, this transaction supported Living Cities’ then nascent work focused on creating jobs that give people adequate income and wealth building opportunities, which has now become one of the core facets of Living Cities work. This loan provided us early insight into the role Living Cities Catalyst Funds’ capital could have in driving innovation and scaling promising practices.



**IFF**  
**\$3MM**

**\$37MM**  
LEVERAGE



**INVESTEES**  
IFF

**TOTAL COMMITMENT**  
\$3 Million

**CLOSING DATE**  
March 15, 2013

**TERM**  
5 Years



## OVERVIEW

Chicago-based IFF is a mission-driven lender, real estate consultant, and developer that helps communities in the Midwest thrive by creating opportunities for low-income communities and people with disabilities

The \$3MM LCCF loan to IFF was utilized to bridge loans made under IFF's Healthy Food Access Program (HFAP) until the time that such loans could be sold into IFF's Healthy Food Access Investor Consortium – a group of 28 financial institutions that regularly bought notes backed by seasoned IFF mortgages that are eligible for Community Reinvestment Act credit. IFF's HFAP financing was available to full-service grocery stores, food cooperatives, and developers partnering with grocery store tenants to locate in USDA Food Deserts, Limited Supermarket Access Areas, or other neighborhoods with documented fresh food access needs. Loans could be utilized to finance predevelopment costs, site acquisition, construction, rehabilitation, and equipment purchases.

## IMPACT

As a part of HFAP, IFF closed 14 loans totaling over \$14MM and leveraged other public and private sources of capital alongside these loans to yield over \$40MM of community investment, which resulted in the creation of over 147,000 sq ft of real estate acquired and/or rehabilitated in 9 USDA food deserts in IL, IA, IN, WI, and MO. These loans helped support over 600 jobs. One of the unique elements of IFF's HFAP program was that participating borrowers were required to implement and sustain a community development strategy that linked grocers to community institutions that could provide the necessary support to influence and encourage healthy eating and shopping patterns in, and outside of, the store. IFF believed this strategy would contribute to improved health outcomes in the communities it sought to serve.



**147,000**  
147,000 SQUARE FT  
OF REAL ESTATE



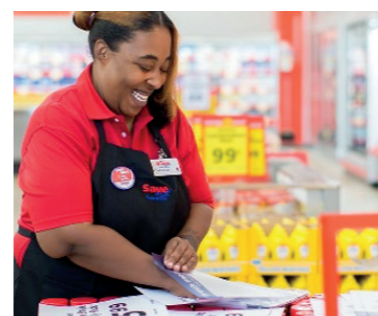
**600**  
LOAN SUPPORTED  
OVER 600 JOBS



**14**  
CLOSED 14 LOANS  
TOTALING OVER \$14MM



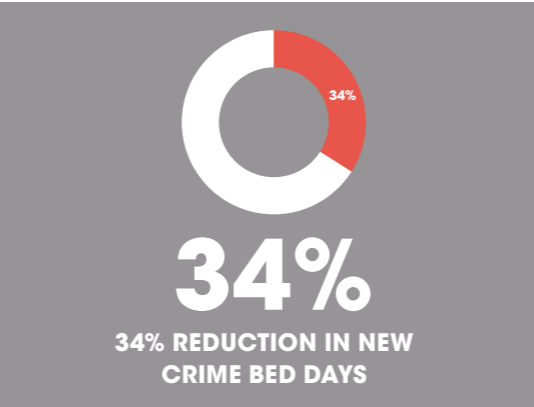
Customers at a Chicago, IL grocery store financed through funding



# Social Finance NY State Workforce Re-Entry PFS Project

\$509K

\$13MM  
LEVERAGE



723  
723 YEARS OF AVOIDED PRISON DAYS FOR PARTICIPANTS

69MM  
\$69MM TO CONTINUE SUPPORT OF PFS FINANCING INITIATIVES

INVESTEES	TOTAL COMMITMENT	CLOSING DATE	TERM	
Social Finance NY State Workforce Re-Entry 2013 LLC – the New York State	\$509,000	June 30, 2014	5 Years	Living Cities

## OVERVIEW

LCCF's \$509k equity investment was part of \$13.5MM in financing closed to support the New York State Workforce Re-Entry Pay for Success Project (NYS PFS Project), which provided working capital to the Center for Employment Opportunities (CEO), a non-profit service provider. Through the NYS PFS Project, CEO delivered supportive services to 2,000 high-risk men leaving the New York State prison system and returning to parole supervision in New York City or Rochester. The goals of the transaction were to increase employment and reduce recidivism. Services provided include life skills training, paid transitional employment, coaching on job readiness, job placement assistance, and job retention services, as well as voluntary skills training leading to certifications for in-demand occupations.

The other key project partners included: Social Finance Inc., the financial intermediary and project manager; New York State, the payor; and the New York Department of Corrections and Community Supervision Division of Program Planning, Research, and Evaluation, the evaluator.

## IMPACT

The project was evaluated using a Randomized Control Trial (RCT), considered to be the “gold

standard” of evaluation, and in which outcomes for individuals who receive project services are compared to a similar group of individuals who have not received services. The evaluation determined that CEO had a statistically significant positive impact on reducing new crimes with longer sentences, achieving a 34% reduction in new crime bed days, which is the equivalent of 4 avoided months of jail time per participant, and 723 years of avoided jail/prison days in total across project participants. The evaluation was used to determine whether success payments should be made to investors, who would only be repaid if the project achieved pre-determined outcomes. Given the strong recidivism outcomes achieved by CEO and its partners, the project was considered to be successful and outcomes payments were made to investors.

In addition, as a result of the strong, positive impacts demonstrated by the NYS PFS Project, New York State continued to fund CEO and committed to use PFS to address other social challenges to ensure taxpayer resources are spent on effective solutions. The NYS Executive Budget for 2019, the year the project concluded, included \$69MM to continue support of PFS and other outcomes-based financing initiatives.

The NYS PFS project was also Social Finance's first project in the U.S., and they noted they, as well as the other partners, have learned many things from it around what does and does not work when it comes to implementing concepts of PFS and PFS financing domestically. Details on these lessons learned are included separately.

Images from CEO's transitional jobs program




# Youth Services, Inc. – Massachusetts Juvenile Justice PFS Project

\$1.33MM

\$18.3MM  
LEVERAGE



INVESTEES	TOTAL COMMITMENT	CLOSING DATE	TERM	
Youth Services, Inc. – the Massachusetts Juvenile Justice Pay for Success	\$1,330,000 Million	January 28, 2014	10 Years	

## OVERVIEW

LCCF’s \$1.33MM loan was part of \$19.64MM in financing for the Massachusetts Juvenile Justice Pay for Success (PFS) Project (MA JJ PFS Project), which was the fourth PFS transaction to close in the United States. The project provides working capital to Roca, a non-profit service provider, to provide supportive services to over 1,000 high- risk young men who, without intervention, are likely to face a future reality of jail, violence, and poverty. The intention of the PFS Project is to reduce recidivism and increase employment.

Roca is an established, nationally recognized non-profit with a mission to help disengaged and disenfranchised young people transition away from violence and out of poverty. Roca implements a four-year cognitive-behavioral intervention model that works with young men involved in the criminal justice system, enabling them to transform their lives and moving them toward the outcomes of economic independence (i.e. successfully keeping a job) and living out of harm’s way (i.e. staying out of prison). Through the MA JJ PFS Project, Roca has continued to provide services at its original Chelsea site, and has expanded its services to the Boston and Springfield sites, serving all surrounding communities.

Other key project partners include: Third Sector, the financial intermediary and project manager; Commonwealth of Massachusetts (“Commonwealth”), the payor; Urban Institute, the evaluator; and the Harvard Government Performance Lab (“Harvard GPL”), which provides technical assistance to the Commonwealth.

## IMPACT

Investor repayment is determined by the results of a Randomized Control Trial (RCT) and depends upon Roca improving outcomes for youth in the treatment group – or those who receive Roca services– relative to the control group, or those who don’t receive Roca services, on two distinct outcomes: (1) Reduction in recidivism and (2) Increase in employment. As this project is still ongoing, final outcomes have not yet been released. However, LCCF, as well as the other partners, have learned many lessons that have informed the development of Pay for Success in the U.S. – MA JJ PFS was Third Sector’s first PFS project, and like Social Finance in the NYS Project, have seen MA JJ as a learning opportunity. Details on these lessons learned are included separately.



1,000  
PROVIDING NON-PROFIT  
SERVICE TO AT RISK YOUTH



19.64MM  
\$19.64MM IN TOTAL  
FINANCING



1.33MM  
LCCF \$1.33MM  
LOAN FOR PFS



LCCF played a critical role in developing MA JJ, which was one of the nation’s first, and largest, PFS deals; the early lessons learned from this project have been instrumental in shaping the landscape of PFS and outcomes-based financing



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