

Capital Impact Partners



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Vision and Mission

Vision: Our vision is a nation of communities of opportunity built on a foundation of equity, inclusiveness, and cooperation.

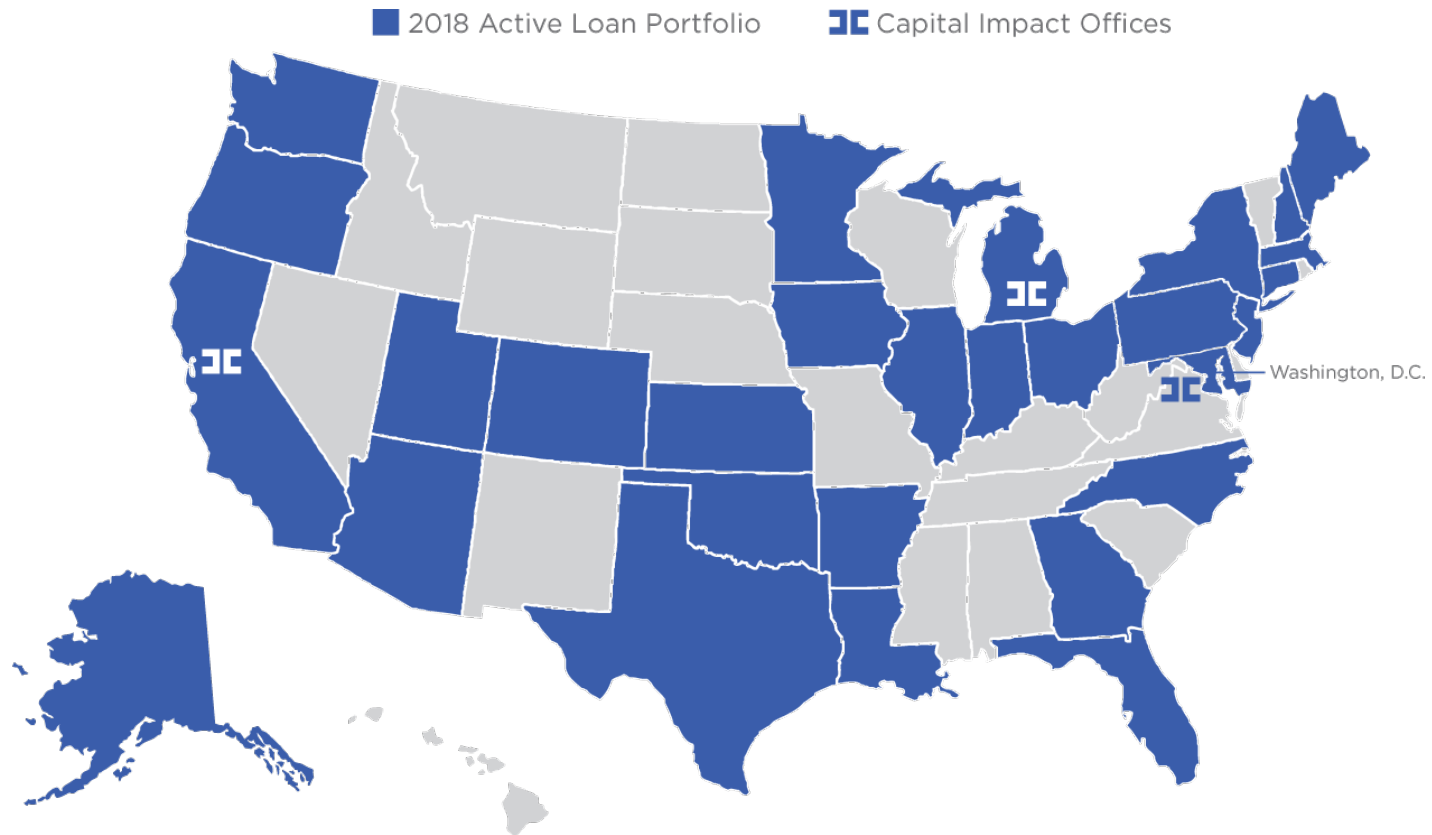
Mission: Through capital and commitment, Capital Impact Partners helps people build communities of opportunity that break barriers to success.





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Creating Social Impact from Coast to Coast





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How We Create Social Impact

What We Do

Mission Driven Lending

- ▶ Aggregate & Direct Capital

Policy to Practice

- ▶ Fund & Program Incubation
- ▶ Partnerships & Convenings
- ▶ Cutting Edge Research

Impact Investing

- ▶ Investment Notes
- ▶ Innovative Investment Portfolio

Public Policy

- ▶ Advocate for Federal, State, & Local Programs

Where We Focus



Health Care



Education



Aging in Community



Fresh and Healthy Foods



Affordable Housing



Place-Based Revitalization



Cooperative Development

How Communities Benefit



Address Systemic Poverty

Effect systemic change at scale—from social systems to government programs—so that all people have paths out of poverty



Create Equity

Support equitable access to quality services and economic opportunity regardless of race, ethnicity, gender, income or geography



Build Healthy Communities

Foster connections and social supports that strengthen the links between health, education, housing and opportunity that help people and communities thrive together



Promote Inclusive Growth

Build diverse, mixed-income communities that promote economic mobility and empower individuals to break the barriers to success



Programs & Initiatives



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Detroit Program Overview

Mission

Catalyze Inclusive Growth in Detroit: CIP aims to contribute to building opportunity rich, mixed-income neighborhoods in Detroit that increase density, de-concentrate poverty, improve neighborhood assets, and increase residents' access to services and amenities.

Projected Impact

- Real estate market stabilization (self-sustaining real estate market)
- Stable, mixed-income neighborhoods
- Economic mobility for residents
- Healthy communities

Areas of Focus

- Programs
- Research & Policy Development
- Catalytic Financing
- Partnerships





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Detroit Activities Snapshot

Program Investments

- Equitable Development Initiative
- Stay Midtown resident retention program
- Capacity-building for local community-based partners

Research & Policy Development

- City of Detroit Affordable Housing Preservation Plan
- City of Detroit Inclusionary Housing Plan
- Mixed-Income Attainability – National Scan
- 6 Neighborhood Centers Market Study
- MIT Food Access Financing in Detroit Study
- Greater Downtown Displacement Risk Analysis
- Toward Inclusive Growth Update

Lending Goals & Initiatives

- \$30MM per year (primarily mixed-income housing and education)
- Woodward Corridor Investment Fund
- Detroit Neighborhoods Fund
- Ford Predevelopment
- Balance sheet lending
- Capital Magnet Fund

Partnerships

- >30 community-based, municipal and private partners in addition to borrowers, lending partners, and funders
- CDFI Coalition executive and policy leadership
- Detroit Housing Compact
- Year-15 LIHTC Technical Group
- Building the Engine of Community Development in Detroit (BECDD)

DELIVERING INCLUSIVE GROWTH FOR ALL DETROITERS

\$185
MILLION+

FINANCING

41
Projects



CREATING

1,243
Housing Units





Research, Evaluation and Policy



Research Overview

Fall 2015

2016

2017

2018

2018+



Toward Inclusive Growth in Detroit

Scenarios for mixed-income development in select corridors



1) Baseline Study of Displacement

Displacement trends and responses in downtown Detroit

2) Density and Diversity

Place-based strategy eval.



Toward Inclusive Growth Update

Scenarios for mixed-income development in 18 mixed-use corridors using 2014-2015 data



3) Six Detroit N'hoods Market Study

Demand for multifamily housing across income levels in six Detroit neighborhoods

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Year One Evaluation of the Detroit Program and Stay Midtown

1) Stay Midtown Evaluation

Evaluation of Phase 1, Stay Midtown

2) Mixed Income Attainability Analysis

Analysis of attainability of density and mixed-income thresholds defined in TIG research

Potential / Upcoming

- (1) Woodward Corridor Investment Fund – Evaluation
- (2) Equitable Development Initiative – Evaluation
- (3) Additional multifamily market studies at the neighborhood level

Example 1: Relocation/Displacement in Greater Downtown Detroit, 2016

Spr/Sum 2016



By adopting an array of tools, practices, and strategies we can mitigate the costs and challenges of displacement and relocation while building a greater downtown and city that welcomes all who are here, intend to stay, or hope to take part in Detroit's resurgence.

Baseline Study of Displacement

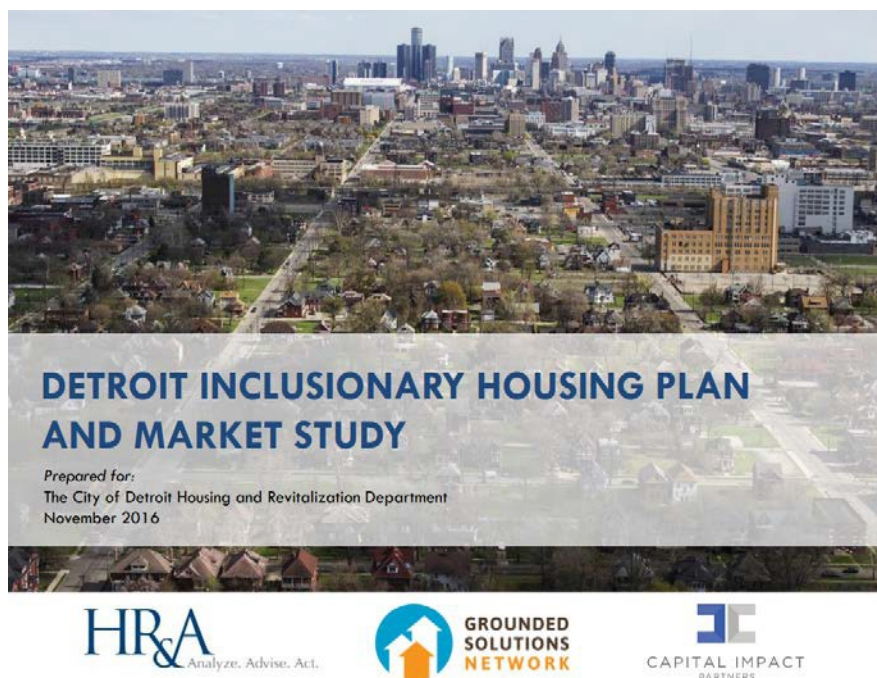
Displacement trends
and responses in
downtown Detroit

FIGURE 22. TABLE – RISK OF DISPLACEMENT

	Risk of Displacement	Happening in Detroit?	Relevant Case
Naturally affordable rental to...			
...subsidized affordable	Moderate	Occasionally	680 Delaware
...market average or above	High	Somewhat Frequently	711 W. Alexandrine 680 Delaware 663 Prentis
...condominium	High	Rarely	15 E. Kirby
Subsidized affordable rental to...			
...refinanced/renewed contract w/subsidies	Low	Frequently	N/A ⁴⁴
...market-rate rental	High	Occasionally	1214 Griswold
...condominium	High	Rarely	N/A

Example 2: City of Detroit Inclusionary Housing Plan and Market Study

- Provided local data, analysis and connections to support City of Detroit Inclusionary Housing Study, 2016
- Recommendations focused on removing geographic boundaries and including market triggers for application of ordinance
- Detroit City Council approved a version of the ordinance on Tuesday, 9/19/17.



Example 3: Target Market Analysis, Six Detroit Neighborhoods

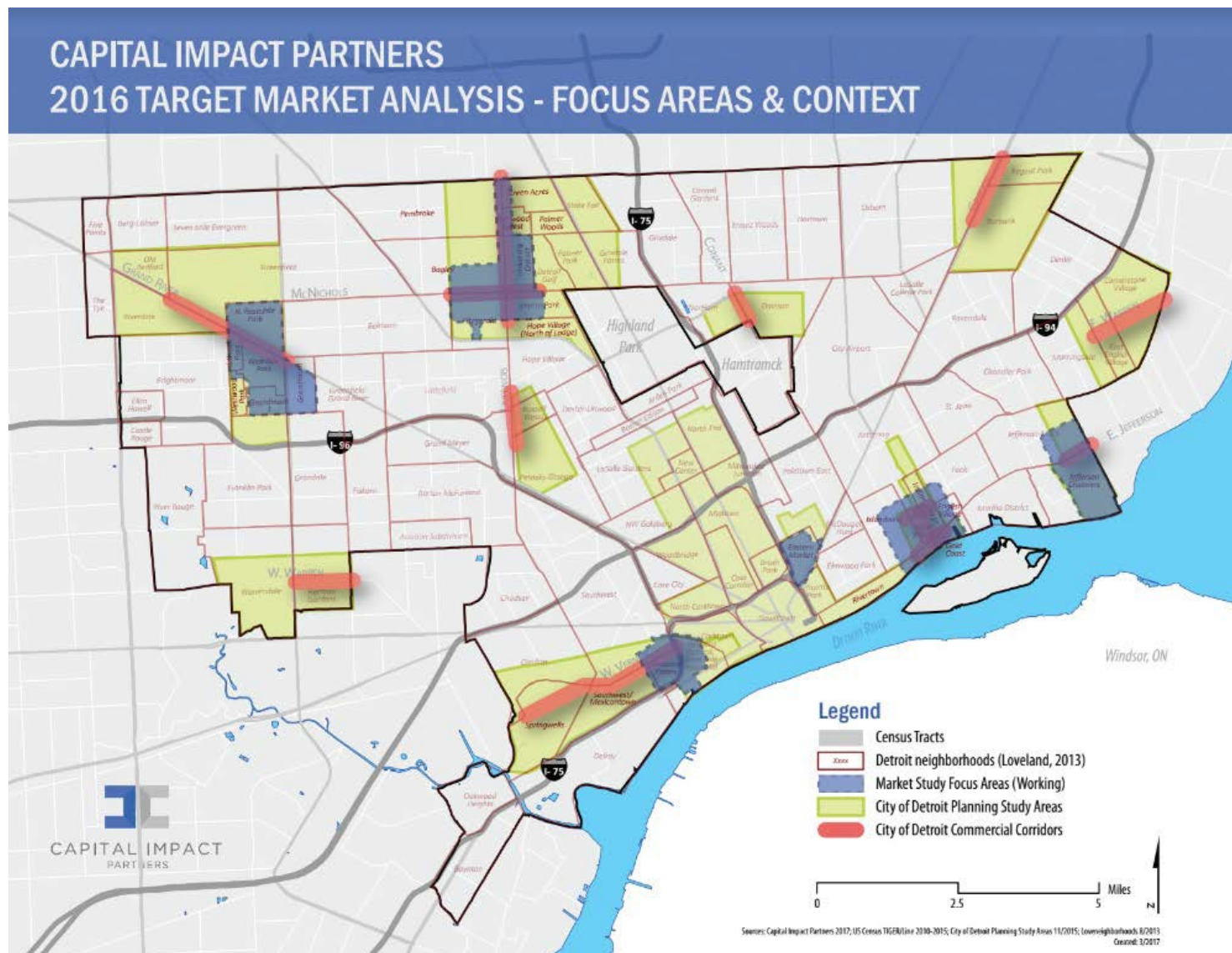
Fall 2016

CAPITAL IMPACT PARTNERS 2016 TARGET MARKET ANALYSIS - FOCUS AREAS & CONTEXT



Six Detroit Neighborhoods Market Study

Demand for multifamily housing across income levels in six Detroit neighborhoods





Equitable Development Initiative



Density and Diversity:

Evaluating Capital Impact's Place-Based Revitalization Strategy in Detroit's Underwater Market

...

Diana Cristina Searl
MIT | DUSP

May 27, 2016

Trends Across the Detroit Portfolio

- 81% of loans to Experienced and Very Experienced Developers
- 69% of funds spent in Midtown and New Center
 - 6 in Midtown
 - 5 in New Center
 - 1 each: Downtown, Corktown, Northwest, West Village, Woodbridge (adjacent to Midtown)
- Majority of loans to high wealth developers (closed DNF or WCIF loans only)
 - Projects where 50% or more of involved had a net worth of over \$1 million
 - 9 of 12
 - Projects where 50% or more of involved had a net worth of over \$2 million
 - 6 of 12
 - Projects where 1 individual had a net worth of over \$10 million
 - 5 of 12

2016 Developer Survey: Key Takeaways

Given the demographics of Detroit's developer community – particularly with those with projects that may be eligible for Capital Impact's financing, there is demand in the market for development financing and support for:

- More developers of color
- Lower net worth developers
- Less experienced developers





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Detroit Program Example

Equitable Development Initiative



The Program combines Capital Impact's role as a provider of catalytic capital and its development expertise into a program that supports local minority developers with formalized technical assistance and development financing.

The program aims to:

- Ensure minority developers are able to participate in Detroit's revitalization
- Increase participants' knowledge of the entire real estate development process in Detroit
- Develop experience, expertise, and relationships within Detroit's entrepreneurial and development communities
- Retain minority developers who are likely to continue to invest in real estate projects in Detroit in the future
- Finance undercapitalized developers



EDI Program Components

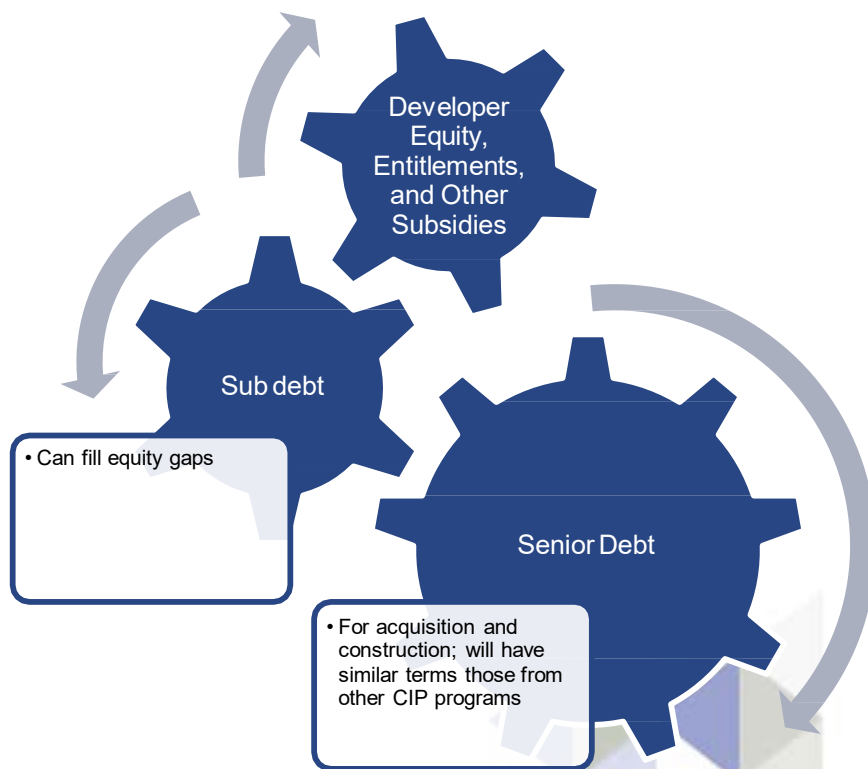
Technical Assistance & Training

The Technical Assistance component of the Program builds on Capital Impact's lending expertise, the knowledge of its partners, and its analysis of the projects it has and hasn't financed over the past 2-3 years.



Loan Program

The Loan Program will be built to finance projects with an average budget of \$5MM, and will provide both senior debt (for acquisition and construction), and subdebt to finance the equity gap expected with these projects.





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Detroit Program

Equitable Development Initiative

2018 & 2019 Outcomes



200

emerging real estate
developers interested
in the Equitable
Development Initiative



28

participants
supported through
60+ hours of training
and mentorship

- 200 Applicants
- 47 Program Participants
- 30 Training and Technical Assistance Sessions
 - 12 full-day multifamily/mixed-use training sessions focused on all aspects of the process including developing a capital stack
 - 16 half-day sessions focused on Detroit's real estate development contexts and participants' requests, e.g. a session on raising equity and growing a real estate development business
- 10 Technical Assistance Providers
- Free Urban Land Institute conference attendance and membership
- 5 networking events with local partners
- 2 projects in early stages in predevelopment financing stage

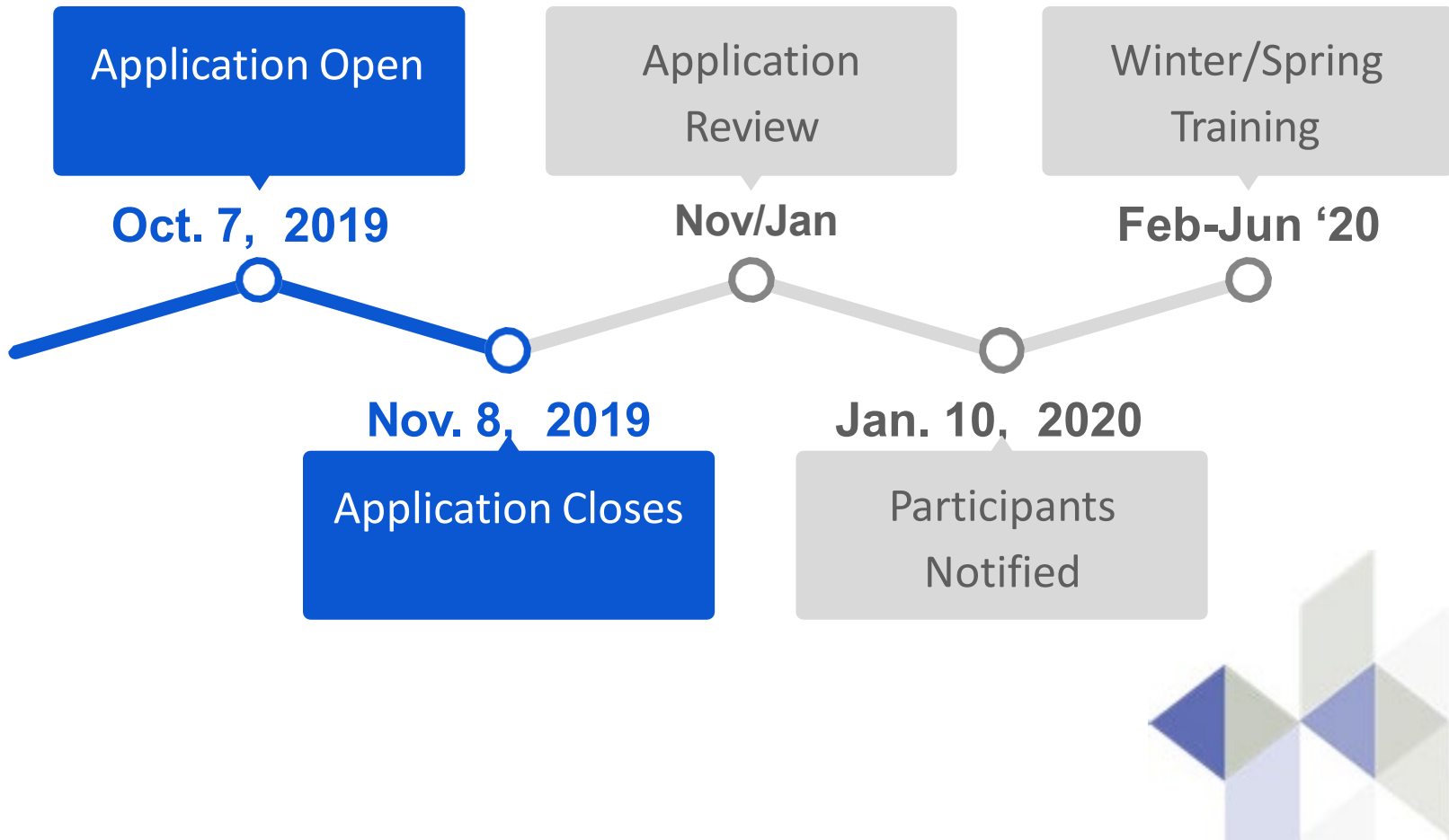




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Detroit Program Example Equitable Development Initiative

2020 Outlook





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THANK YOU.