

# 25 YEARS OF IMPACT

**IMPACT  
REPORT**  
**2023**



A PIONEERING HISTORY

2022: REACHING  
NEW HEIGHTS

BUILDING A  
TRANSFORMED FUTURE

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## ABOUT IMPACT COMMUNITY CAPITAL

Founded in 1998 by leading insurance companies to generate institutional-quality, purpose-driven investments, IMPACT Community Capital is a leading investment manager in impact investing. One of the first managers to use mortgage-backed securitization to deliver capital in scale for affordable housing, the firm has now originated \$2.4 billion investments to provide affordable housing, healthcare, childcare and economic opportunities. IMPACT delivers institutional investment solutions that unlock value for investors while advancing opportunity in underinvested communities through impact driven investments.

# LETTER FROM JEFF BRENNER

PRESIDENT & CEO

25<sup>TH</sup>  
ANNIVERSARY

Clients and friends,

For IMPACT Community Capital, this year marks a proud milestone: our 25th anniversary of investing at scale to transform communities. Founded in 1998 with a name that foreshadowed an industry, we were investing for impact long before anyone called it “impact investing.”

Over these 25 years, our impact mission has not wavered, even as we have innovated and evolved. We have sharpened our understanding of the asset classes that best support scalability and market-rate returns. We have pioneered holistic impact measurement and reporting. We have demonstrated that institutional capital can play an important role in driving real-world impact. IMPACT’s track record demonstrates that investments can deliver for investors and for the communities in which we invest.<sup>1</sup>

It is tempting to celebrate these accomplishments in a vacuum, but the reality is complicated. Even after IMPACT’s 25 years of investment largely focused on affordable housing, our nation is in crisis: Not a single U.S. state has an adequate supply of affordable rental housing for its lowest-income renters.<sup>2</sup> So, even as we reflect on the past, our focus is squarely on the future.

As we look ahead to our next 25 years, the IMPACT team is thinking about how our deep experience and hard-won knowledge can be leveraged for greater impact. We are developing a plan to use our institutional-scale platform for affordable housing investment to create new types of investment and impact. Our goal is to offer more institutional investors access to the same opportunities for scalable returns and impact that we gave our earliest investors.

In this next stage of growth, we will be investing to foster communities of opportunity, alongside the affordable housing financing for which we are best known. Such communities offer their residents more than just affordable housing; they also offer the resources and services that allow people to prosper. Residents will have convenient access to doctors, grocery stores, and other essentials; reliable transit to get them to and from work; and more sustainable communities.

For IMPACT, this vision for our next 25 years is a natural extension of the 25 years that preceded it: building opportunities in every community in every part of our country. We have demonstrated what is possible, and we are ready to do far more.

Sincerely,



Jeff Brenner

*President & Chief Executive Officer, IMPACT Community Capital*



JEFF BRENNER,  
*President and CEO*



<sup>1</sup> Past performance is not a guarantee for future results.

<sup>2</sup> National Low Income Housing Coalition. *The Gap: A Shortage of Affordable Homes*. 2023.

# A PIONEERING HISTORY 25 YEARS OF IMPACT



When IMPACT Community Capital was founded in 1998, the concept of intentionally investing for positive social outcomes and competitive financial returns was novel. But our founders — a group of leading U.S. insurance companies — shared the belief that institutional investment could help address great challenges, like poverty, homelessness, and inequality. Together, they recognized the power of unleashing their capital at scale to advance opportunity in underinvested communities. Since the very beginning, IMPACT has been a pioneer in impact investing.

Over the 25 years since then, we have invested more than \$2.4B in affordable housing, healthcare, childcare, and job creation. Those investments represent a proud track record that proves the vital role of institutional capital in transforming American communities. Our investment solutions have unlocked value for investors while opening the door to greater equity and inclusion.

## INNOVATING SCALABLE INVESTMENTS IN AFFORDABLE HOUSING

Best known for our industry-leading work in housing, IMPACT believes that a safe, affordable home offers residents much more than just shelter. Well-planned affordable housing has a ripple effect of positive benefits: It provides improved access to jobs and services and offers the cost savings that allow residents to afford other essentials. Indeed, affordable housing is the stable foundation of inclusive, thriving communities.

Over the past quarter-century, we have made history with securitizations that ultimately amplify our impact. In 2000, we completed our first securitization, backed by \$40M in affordable multifamily mortgage loans. Then, in 2014, we partnered with Freddie Mac, a leader in multifamily housing finance, for the first Q-Series issuance, backed by \$215M affordable housing mortgages. And most recently, in 2020, we partnered with Freddie Mac again on its first Social Bonds offering.

All told, IMPACT has financed more than 50,000 housing units, changing lives and communities throughout much of the United States.



Building transformative impact, person by person: **IMPACT** financed housing for approximately **38,000** individuals between 2015 and 2022.

### IMPACT'S AFFORDABLE HOUSING RESULTS OVER 25 YEARS

Properties Financed:

**661**

Units Financed:

**53,034**

Total Assets Originated:

**\$2,471,641,356**

Total Assets in Securitizations:

**\$1,062,924,122**

*IMPACT Community Capital: Data as of 12/31/2022*

### IMPACT'S FOUNDERS



**Allstate**  
You're in good hands.



**FARMERS**  
INSURANCE



**Nationwide**

**nuveen**  
A TIAA Company



**PACIFIC LIFE**

# A PIONEERING HISTORY 25 YEARS OF IMPACT



## INCLUSIVE IMPACT: INVESTING IN THE UNDERINVESTED

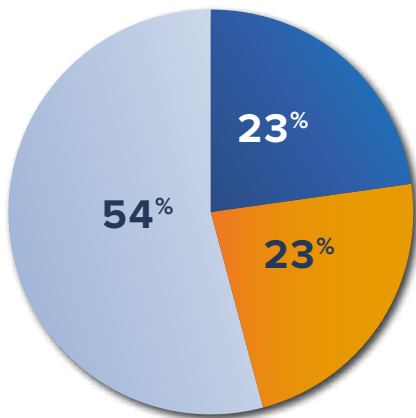
For 25 years, IMPACT has intentionally targeted investment in traditionally underserved and underinvested communities. This focus means that our work has supported renter communities facing heavy cost burdens and has centered in areas where overcrowded housing is disproportionately common.

IMPACT's track record demonstrates how we have delivered for individuals and families who need it the very most.

### COST-BURDENED RENTERS

Percentage of Cost-Burdened Renters in Counties where IMPACT Invests

IMPACT Community Capital: Data from 2015 - 2022

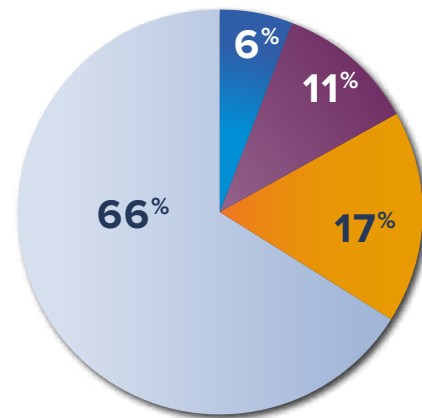


- Cost Burdened
- Severely Cost Burdened
- Not Cost Burdened

### INCOME RESTRICTIONS ON IMPACT PROPERTIES

IMPACT's Affordable Units by Area Median Income (AMI)

IMPACT Community Capital: Data from 2015 - 2022



- ≤ 30% AMI
- > 30% AMI and ≤ 50% AMI
- > 50% AMI and ≤ 60% AM
- > 60% AMI



# A PIONEERING HISTORY 25 YEARS OF IMPACT



## A TRACK RECORD OF CREATING OPPORTUNITY ACROSS COMMUNITIES

IMPACT's team has always recognized that affordable housing is needed in all areas of the U.S. However, there are regions where capital can make an even greater impact.

Using U.S. Census data and the CDC Social Vulnerability Index (SVI), we are able to evaluate which counties are more vulnerable. SVI ratings are a broad metric accounting for socioeconomic status, household composition, ethnicity and other indicators of social vulnerability. High SVI scores indicate communities that are highly vulnerable to disruption and health problems.

Census data demonstrates our history of financing in areas of diversity and high social vulnerability, reflecting our mission to support communities and improve the lives of residents.

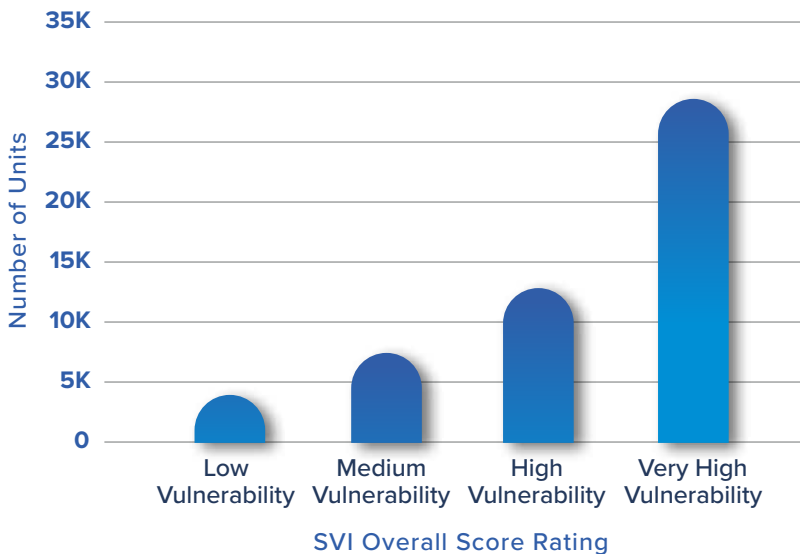


More than **25,000** units are located in counties with "very high" social vulnerability.

Source: US Census data and IMPACT Community Capital data

### SOCIAL VULNERABILITY INDEX RATINGS ACROSS ALL IMPACT COUNTIES

U.S. Census data



### IMPACT PROPERTIES HIGHLIGHTS

U.S. Census data

**55%** of IMPACT's properties are in counties with majority-minority populations.

Source: US Census data as of 2021

**75%** of IMPACT properties are in areas of 30 min or less average travel time to work.

Source: US Census data as of 2021

**59%** of IMPACT properties are located within 0.25 mi of public transportation.

Source: PolicyMap

# 2022: REACHING NEW HEIGHTS



2022 was a record-setting year for IMPACT. We financed our largest-ever dollar amount in American communities – more than doubling our previous record, which we set just the year before. This large-scale investment capital financed thousands of new housing units and generated meaningful rent savings for residents while also delivering long-term value for our investors.

IMPACT's record year came at a time of urgent need: The United States housing affordability crisis is hitting low- and middle-income households the hardest, and lower-rent units are becoming harder to find.

Amidst this backdrop, IMPACT is especially proud of the high bar our team set last year – but equally, we are gratified by the real-world progress toward more equitable, inclusive communities that our new records represent.

## 2022 YEAR IN REVIEW A BANNER YEAR FOR IMPACT

*IMPACT Community Capital: Data as of 12/31/2022*

**TOTAL INVESTED: \$152,668,865**

- Total Properties Financed: **41**
- New Units Financed: **3,447**
- Annual Rent Savings Across Properties Financed in 2022: **\$6,732,000**

### IN THE CONTEXT OF CRISIS

Throughout 2022, the housing affordability crisis ignited during the global pandemic only worsened, according to Harvard University's Joint Center for Housing Studies. The Center's research found that the number of cost-burdened renters who pay more than 30 percent of their incomes on rent hit a 20-year high of 21.6 million households in 2021, and the data indicates that the strain lingered – and potentially deepened – in 2022.\*

Meanwhile, lower-rent units have become harder and harder for American families to find. "The lowest-income renters in the U.S. face a shortage of 7.3 million affordable and available rental homes," according to the National Low Income Housing Coalition.\*\*

This troubling data showcases the ways in which IMPACT's record-setting year came at a time of profound national crisis – illustrating why our work is more urgent now than ever.

*\*Harvard University's Joint Center for Housing Studies. The State of the Nation's Housing: 2022 report.*

*\*\*National Low Income Housing Coalition. The Gap: A Shortage of Affordable Homes. 2023.*

IMPACT financed affordable housing in **33 American cities** across 17 states during 2022.

IMPACT's 2022 investments created new homes for **8,852 individuals, more than double our 2021 total** of 3,863 individuals, when accounting for the number of new bedrooms in each of the new units we financed.



# 2022: REACHING NEW HEIGHTS



## RECORD-SETTING INVESTMENT. REAL-WORLD IMPACT.

Our banner year delivered on-the-ground benefits for residents of IMPACT-financed properties through tangible monthly rent savings. On average, residents earning 30% of their area’s median income saved \$602 each month last year. Those recurring savings can be allocated to other essentials, helping families avoid the damaging trade-offs that come when high housing costs prevent them from paying for healthcare, childcare, groceries, and the like.

Because IMPACT targets our financing primarily toward housing that is reserved for renters making two-thirds or less than the area’s median income, we deliver for communities that need our impact most.

In 2022, **93%** of new units financed by IMPACT were reserved for renters making 60% or less than their area’s median income.

### TENANT AMENITIES ACROSS IMPACT'S PROPERTIES FROM 2015-2022

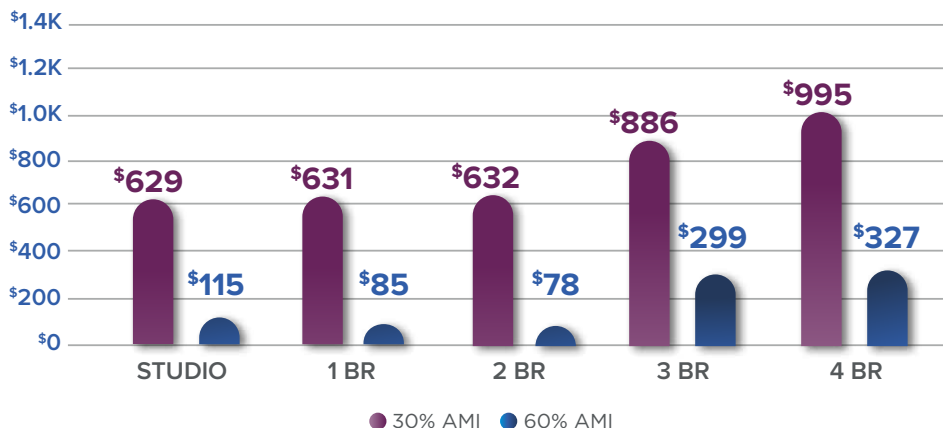
COMMUNITY ROOM:	525
PLAYGROUND:	309
FITNESS CENTER:	248
PICNIC AREA:	150
POOL:	144
AFTER SCHOOL PROGRAM/DAY CARE:	75



### MONTHLY RENT SAVINGS AT IMPACT PROPERTIES

Gap Between Market-Rate Rents vs. IMPACT-Financed Property Rents, By Bedroom Count and Area Median Income Segment

IMPACT Community Capital: Data from 2015 – 2022







# BUILDING A MORE EQUITABLE FUTURE



As we look to the future, the IMPACT team is convinced that our impact investments will become even more critical in the years ahead as demand for affordable housing will continue to substantially outpace the affordable housing supply.

So, IMPACT is investing today to build a more equitable tomorrow. Our funding commitments presently exceed more than \$750 million. That committed investment capital will deliver much-needed new housing units and will drive future rent savings that are estimated to be even larger than the rent savings of today.

In the coming years, these commitments will continue to deliver on our mission of unlocking value for investors and investing in necessary infrastructure in underinvested communities. Over time, this new affordable housing stock will help address the ongoing shortfall and build a future of more resilient communities.



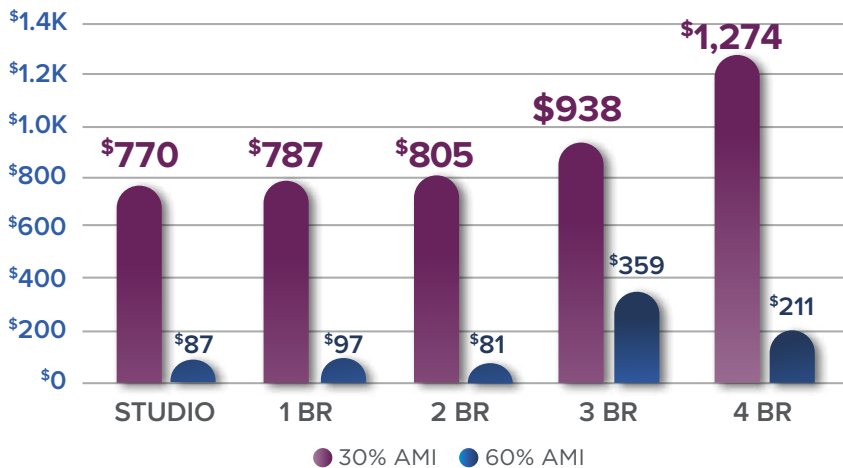
In Harvard University's Joint Center for Housing Studies' *The State of the Nation's Housing: 2022* report, researchers found that even at the elevated construction pace of 2021, "[C]ompletions of new rental housing have not caught up with the record-breaking growth in absorptions... It will take a significant increase in housing production for the rental supply to match such strong demand."\* Even more concerning is the Center's finding that the majority of new rental construction is targeted at the market's high end.

\*Harvard University's Joint Center for Housing Studies: *The State of the Nation's Housing: 2022* report.

## FUTURE MONTHLY RENT SAVINGS AT COMMITTED IMPACT PROPERTIES

Estimated Gap Between Market-Rate Rents vs. IMPACT-Financed Property Rents, By Bedroom Count and Area Median Income Segment

IMPACT Community Capital: Data from 2015 - 2022



## LOOKING AHEAD: FUTURE IMPACT COMMITMENTS

IMPACT Community Capital: Data as of 12/31/2022

- Future Commitments: **\$771,192,383**
- Future New Properties: **90**
- Future New Units: **9,250**
- Estimated Future Rent Savings Per Year:\* **\$27,250,000**

\*For committed new units, based in current rent prices.

# IMPACT IN ACTION

## BURLINGTON COMMONS

Knoxville, Tennessee



At IMPACT, we know that well-planned affordable housing delivers far more than shelter. Such housing can generate a ripple effect of benefits for residents and their families, and the newly-opened Burlington Commons community – financed by IMPACT with a \$4,550,000 tax-exempt loan – is a perfect example.

Located in East Knoxville, this 50-unit property sits directly along a city bus route, offering residents convenient access to transportation, jobs, and needed services. The community is also within easy walking distance of a major grocery store, public library, veterinary hospital, and post office.

The new-construction complex is restricted to families making 60% of the area’s median income or less – delivering on IMPACT’s commitment to affordability that saves residents from choosing between paying rent and paying for other essentials. The property consists primarily of two- and three-bedroom units and includes amenities that support an active lifestyle for residents and their families.

### BURLINGTON COMMONS

#### IMPACT FINANCING:

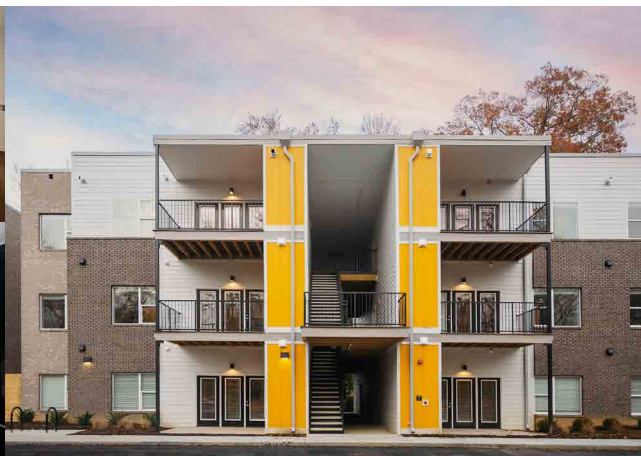
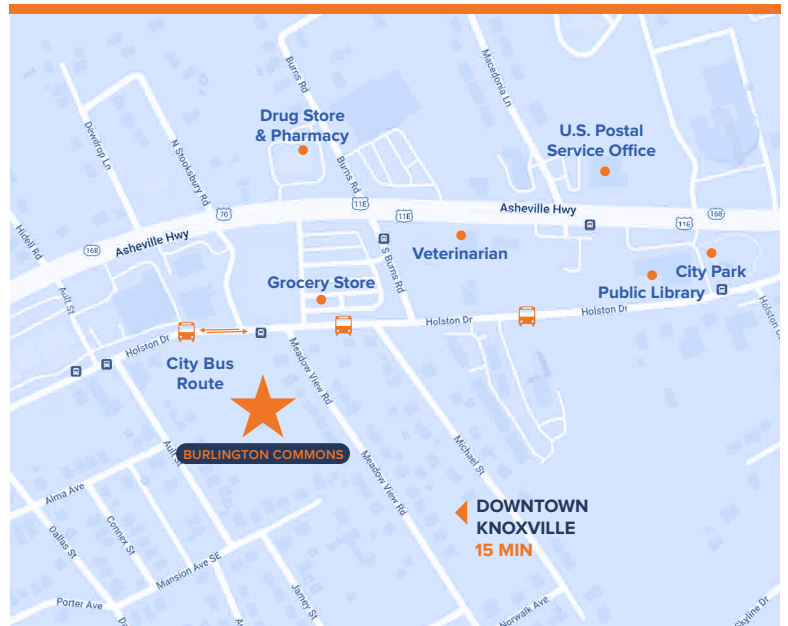
- \$4,550,000 tax-exempt loan
- Originator: Churchill Stateside Group

#### AMENITIES:

- On-site playground & playing field
- Picnic area
- Computer room
- Subsidized internet service
- Energy Star certified

#### AFFORDABILITY RESTRICTIONS:

- Limited to individuals and families making 60% AMI or lower



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# THANK YOU



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THANK YOU to all our investors, owners, employees and lending partners for supporting our mission and vision.

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