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CLIENTS AND FRIENDS,

Our 2022 Impact Report looks beyond housing as shelter, to examine its importance in promoting equity, inclusion and thriving communities. Achieving equity and inclusion in our communities begins with access to safe, secure and affordable housing.

At IMPACT Community Capital (IMPACT), investing in affordable housing is about much more than providing shelter. If the housing is well-planned, it provides access to transportation, jobs and needed services. If it is affordable, residents aren’t left to choose between healthcare, childcare and groceries. At its core, we believe that access to affordable housing can support family stability and more resilient communities.

IMPACT has been investing to create and preserve affordable housing for over 20 years. We understand how the widespread lack of affordable housing adversely impacts families and communities. Consider:

- There is no county, metro area or state, where a person earning the federal or prevailing state or local minimum wage, can afford a modest two-bedroom rental home. These workers can only afford a modest one-bedroom apartment in 9% of counties (274 out of 3000) nationwide.

- The average minimum wage worker must work 96 hours/week to afford a two-bedroom rental or 79 hours/week to afford a one-bedroom rental at Fair Market Rents.¹

How can we hope to promote equity and inclusion if we can’t give everyone a safe, affordable place to live as a starting point? If 30% of all households have unaffordable rent or mortgage payments, if more than one in seven households pay over half of their income on housing², how can we expect to have thriving communities where residents have discretionary spending power to support local businesses, especially if they leave daily to commute long distances for work?

After two decades of investing in affordable housing, we believe that it is the foundation for equity and inclusion and that it is critical to healthy communities. It is why IMPACT has invested over $1.25 billion dollars to create and preserve access to over 49,000 units of affordable housing in 42 states plus D.C. IMPACT is investing to create lasting change at the local level and in this report we will share the impact our investments have had in communities across the country. Moreover, our track record demonstrates that these are disciplined investments, well-positioned for institutional capital.

For any institution that values equity and inclusion, the starting point is a safe, affordable place to live. We feel fortunate to do work that can lead to meaningful change, and we are proud to share our impact in this 2022 report.

Sincerely,

Jeff Brenner
President & Chief Executive Officer, IMPACT Community Capital

¹National Low Income Housing Coalition “Out of Reach 2022: The High Cost of Housing”
²Joint Center for Housing Studies of Harvard University, “The State of the Nation’s Housing 2022”
UNLOCKING VALUE AND BUILDING OPPORTUNITIES

At IMPACT, we are committed to building sustainable, diverse communities. We invest in affordable housing because we believe it is critical to providing a stable foundation for people of all backgrounds. Our track record of investing in affordable housing debt dates back to 1998 and has led to the development of institutional-quality investing strategies that seek to transform communities.

IMPACT has originated more than $2.4 billion in investments that finance new and existing affordable housing developments, help fund healthcare and childcare facilities, and continually uncover other economic opportunities to support underinvested communities.

Our expertise lies in our ability to deliver impact at scale, through disciplined strategies aimed at producing consistent, risk-adjusted returns alongside measurable social change. Through our unique perspective working across different stakeholder groups – our insurance company founders, investors and partners across the affordability ecosystem – we are continuously innovating.

Diversity is the foundation of all thriving and sustainable communities. This shapes the investments we make in our firm and in our culture, which influences our ability to direct capital to areas where it can have the biggest impact.

IMPACT’S FOUNDERS

IMPACT channels institutional capital into underinvested communities

Allstate

FARMERS INSURANCE

Nationwide®

nuveen

A TIAA Company

PACIFIC LIFE
LEVERAGING OUR DIVERSITY TO IDENTIFY OPPORTUNITIES OTHERS OVERLOOK

WOMEN BOARD MEMBERS: 50%

JEFF BRENNER President and CEO
BIN CHEN Financial Analyst
PAUL HWANG Portfolio Manager
MITTY BHARDWAJ Underwriter, Mortgage Investments
DI YAO Financial Analyst

DIVERSITY ACROSS THE ORGANIZATION: 64%

Board diversity statistics based on assumed knowledge.
YEAR IN REVIEW
2021: BRIDGING A WIDENING GAP

From an investment standpoint, 2021 seemed to be a banner year. The total return of the S&P 500 surged by 28%, the real GDP grew at a 5.7% clip, and the U.S. economy added a record 6.4 million jobs.

But the banner year didn’t benefit everyone. Those living paycheck to paycheck saw market-rate rents spike by 15%¹ in 2021, and there are certain disadvantaged populations still being left behind. The Economic Policy Institute found there were 257,700 fewer employed black women in their prime working years in 2021 than before the pandemic. And considering the pressures on lower-income workers, it’s worth noting that women account for 64% of people earning at or below the minimum wage.

These metrics highlight why affordable housing represents a compelling driver for social change, and it is directly aligned to diversity, equity and inclusion. In a year where the challenges for many never seemed so acute, we’re proud of our continued work to efficiently deliver capital to low-income communities, and make positive, systemic change for individuals and families.

2021 HIGHLIGHTS:

- Launched a new strategy, the IMPACT Mortgage Opportunities Fund, to help preserve critically needed affordable housing. The fund closed with $210M in committed capital.

- Financed $64M in affordable housing loans, totaling 1,560 affordable housing units across 12 states.

- Committed over $300M in loans to preserve and build affordable multifamily properties in the U.S.

- Partnered with Freddie Mac on issuance of second social bond backed by $100M in affordable housing mortgages. This issuance was 3X oversubscribed by investors such as insurance companies, asset managers and national banks.

IMPACT’S AFFORDABLE UNITS BY AREA MEDIAN INCOME (AMI) AS OF 12.31.2021

Over 90% of the units are restricted to renters earning 60% AMI or less

- ≤40% AMI: 61%
- >40% AMI and ≤50% AMI: 9%
- >50% AMI and ≤60% AMI: 24%
- >60% AMI: 6%

¹Source: National Low Income Housing Coalition, “Out of Reach 2022”
MEASURABLE IMPACT THROUGH AFFORDABLE HOUSING

LOAN GROWTH, SECURITIZATIONS DRIVE TENANT SAVINGS
Asset growth at IMPACT translates into more affordable housing loans originated, more properties financed, and deeper savings for more tenants. Securitizations create greater liquidity and provide opportunities for more investors to support change.

TACKLING A NATIONAL PROBLEM BY INVESTING LOCALLY

SINCE 2000:
- Affordable Housing Loans Originated: $1.25B
- Affordable Housing Mortgages Securitized: $1.026B
- Total Number of Properties Financed: 640
- Total Number of Units Created/Preserved: 49,242

FROM 2015 TO 2021, IMPACT FINANCED HOUSING FOR NEARLY 29,000 INDIVIDUALS.

1 IMPACT Data as of 2000
2 IMPACT Data as of 2003
SAVINGS, WHEN TENANTS NEED IT MOST

Tangible cost savings, generated by affordable housing, enable individuals and families to allocate resources to other essential areas, such as healthcare, education, childcare and other critical needs. In this way, affordable housing has a ripple effect: Employers benefit, local businesses grow, and communities become stronger.

Since 2015, IMPACT has tracked tenant savings across IMPACT-financed properties by calculating the difference between affordable rent levels and the local fair market rents.1 Last year, the average annual savings, in aggregate, increased by 30% versus 2020.

- Aggregate Annual Savings: $32.6 million per year
- For tenants earning 30% AMI, average savings reached $823/month.
- For tenants living in 3BR units and earning 30% AMI, average savings exceeded $1,190/month.

<table>
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<tr>
<th>Rent Savings at 60% AMI</th>
<th>Rent Savings at 30% AMI</th>
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<tr>
<td>$140</td>
<td>$629</td>
</tr>
<tr>
<td>$128</td>
<td>$647</td>
</tr>
<tr>
<td>$288</td>
<td>$1,192</td>
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Rent savings are by geography, AMI level and bedroom. Annual averages measured between the years 2015-2021.

In 2021, renters experienced rising rents across the U.S. Renters in IMPACT properties received tangible savings from market rate rents in their area.
THE RACE TO KEEP UP WITH DEMAND
HELPING RENTERS KEEP PACE

SCARCITY OF AFFORDABLE HOUSING REACHING CRITICAL MASS

HUD defines “cost-burdened households” as those spending between 30% and 49% of their income on housing expenses, while “severely cost-burdened households” spend 50% or more. Both categories have grown steadily since 2001.¹

FAIR MARKET RENTS BECOME WIDELY UNAFFORDABLE

In 2020, 22% of all renter households were cost burdened with an additional 24% being severely cost burdened.²

- Average Hourly Wages needed for:
  - Fair Market Rent Two-Bedroom: $25.82/hour
  - Fair Market Rent One-Bedroom: $21.25/hour³

- NEARLY 60% OF U.S. WORKERS CANNOT AFFORD A FAIR MARKET-REN 2-BEDROOM

- A worker earning average minimum wage must work 96 hours per week to afford a market-rate two-bedroom rental.

¹HUD's Office of Policy Development and Research (PD&R) CHAS (Comprehensive Housing Affordability Strategy) ²Source: Joint Center for Housing Studies of Harvard University, "State of the Nation's Housing 2022" ³Source: National Low Income Housing Coalition, "Out of Reach 2022"
SEEING THE PARALLELS BETWEEN AFFORDABILITY AND RACIAL EQUITY

The Joint Center for Housing Studies of Harvard University called attention to the pronounced uptick in cost-burden rates over the past year and the extent to which the burden of housing costs disproportionately affects households of color.

The share of Black, Hispanic and Asian households that are cost burdened and severely cost burdened exceeds the proportion across all households. Income inequality continues to contribute to this disparity as 34% of Black households, 28% of Hispanic households and 24% of Asian households are extremely low-income renters compared to 21% of White households.

**PERCENTAGE OF COST BURDENED RENTERS BY RACE IN IMPACT COMMUNITIES**

![Bar chart showing percentage of cost burdened renters by race in Impact communities.]

**IMPACT invests in communities in which Black and Hispanic renters are disproportionately cost burdened.**

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Source: Joint Center for Housing Studies of Harvard University, "State of the Nation’s Housing 2022"

Source: National Low Income Housing Coalition, "Out of Reach 2022"

Source: U.S. Census Bureau, 2019 ACS 1-Year Estimates

Each category may not sum to 100% as some household cost burden could not be computed.

IMPACT’s properties are located in diverse communities, that have **22% HIGHER HISPANIC POPULATIONS** and **5% HIGHER ASIAN POPULATIONS** than the national average.**
The Social Vulnerability Index (SVI), released by the CDC in 2011, examines several social variables – including crowded housing, transportation access and poverty levels – to measure the degree to which a community would be susceptible to crisis or disaster. The SVI can also serve as a proxy to help identify populations with the greatest need for safe, affordable housing.

69% of the counties IMPACT has invested in are MODERATE TO HIGH RISK for SOCIAL VULNERABILITY, underscoring a pronounced need for safe, affordable housing.

Looking through the lens of affordability, three components of the Social Vulnerability Index, in particular, are relevant to supporting diversity and racial equity:

1. Minority Status and Language
2. Housing and Transportation Access
3. Socioeconomic Status

THE ENTRY POINT FOR DIVERSITY, EQUITY AND INCLUSION

By examining the demographics of neighborhoods around our prospective developments, we can focus on building affordable housing in diverse communities to support racial equity and reinforce the resiliency of the communities.
The largest proportion of IMPACT-financed properties are in areas with Moderate to High SVI scores for Housing and Transportation Access. These areas exhibit high levels of the following attributes:

- Multi-Unit Structures
- Mobile Homes
- Crowding Within Households
- No Household Vehicles
- Group Quarters

Building and preserving affordable housing in these areas helps to alleviate crowded living conditions and provide safe, stable homes.

**BUILDING DIVERSE COMMUNITIES**

**ADDRESSING SOCIOECONOMIC DISPARITIES**

While many of our properties address the most vulnerable areas, the affordable housing crisis is very much a national issue. The challenges are equally acute in economically challenged areas marked by the highest poverty rates as they are in the largest gateway cities, such as San Francisco and New York, where rents ascend out of reach to all but the wealthiest populations.

At IMPACT, we believe the key to building healthy, diverse communities is to build affordable housing within mixed-income areas, rather than concentrating affordable housing into segregated areas.

**OVER 80% OF IMPACT PROPERTIES ARE IN AREAS OF HIGH MINORITY STATUS SCORES.**

These areas have lower poverty rates, lower unemployment, better education outcomes and higher incomes.
BUILDING INCLUSIVITY THROUGH OUR INVESTMENTS

Since 2000, IMPACT has financed over 49,000 units of affordable housing across 42 states and D.C. The following pages will highlight four of our properties that exemplify the importance of affordable housing to support seniors, families, individuals and the formerly homeless. These properties provide more than shelter; they offer affordability, security, and, when appropriate, deep supportive services and resources that collectively translate into stability, resiliency and dignity for residents in their homes.
INCLUSIVE IMPACT: 
NEW CONSTRUCTION SUPPORTING FAMILIES

ADDRESSING THE COUNTRY’S HOUSING SHORTAGE:
Housing insecurity is not exclusive to the largest cities. According to the 2022 State of the Nation’s Housing report from Harvard’s Joint Center for Housing Studies, 67 of the top 100 housing markets experienced record-high appreciation over the past year, while rents surged by 12% nationally.

In Owatonna, MN, one hour south of Minneapolis, IMPACT Community Capital provided a [taxable loan](#) to support the development of Eastgate Apartments, creating 36 units of workforce housing. The loan was made through the [IMPACT Community Impact Loan (CIL) Fund](#), which was formed in 2003 to provide continuous availability of capital to fund permanent mortgages on affordable multifamily housing.

THRIVING COMMUNITIES: Eastgate contains eight one-bedroom and 28 two-bedroom apartments, of which single parents occupy 16 units. The community is also home to 30 children under the age of 18.

The importance of housing stability is even more acute for single-parent families. Researchers from Princeton University and [Rutgers](#) quantified that for many families, children represent “a risk factor” that increases the odds of eviction. Eastgate adds new housing stock that brings affordability and stability to families in search of security.

---

**EASTGATE APARTMENTS**

**LOCATION:** 
Owatonna, Minnesota

**LOAN TYPE:** 
Taxable Permanent Loan

**IMPACT FOCUS:**
Multifamily Housing
Healthy Communities
Supporting Single Parent Families

**AFFORDABILITY RESTRICTIONS:**
30% to 60% AMI or between $26,490 and $52,980/year for a family of four

---

Eastgate has given me the opportunity to live in a clean, new two-bedroom apartment to raise my grandson... It gives us a little more spending money for other things. With everything being new, good management, and location: it has made the tragedy in our lives a lot better to deal with psychologically and emotionally.

– Deborah
A critical component to tackling homelessness and building resiliency is to provide holistic, comprehensive resident services.

Through the IMPACT Community Impact Loan ("CIL") Fund, IMPACT provided financing through a tax-exempt loan, which helped create supportive housing in the Watts community in Los Angeles. Completed in 2022, Cadence is a 64-unit new construction property that provides affordable housing and deep supportive services for individuals who previously experienced homelessness.

Residents have access to intensive case-management services provided in partnership with the Los Angeles County Department of Health Services. Residents of 31 apartments, who are living with serious mental illness, receive additional mental health resources.

Additional services to enable residents to thrive in their new homes include: mental and physical health programs, workforce and financial development, substance-use counseling, assistance to obtain benefits, and referrals to additional community-based services and resources.

The day I moved into Cadence, I was amazed. Not only did I have a home, but it was filled with furniture, towels, sheets, dishes—everything I needed. It was warm and welcoming. I didn’t have to worry about where I was going to sleep. I could relax. I could breathe.

— Tammy

UPDATE:
Since moving to Cadence, Tammy graduated from a medical assistant program, found a job, and reunited with her mother and her grown children, after living on the street for decades.

LOCATION:
Los Angeles, California

LOAN TYPE:
Tax-Exempt Permanent Loan

IMPACT FOCUS:
Reduce Homelessness
Support Resident Resiliency
Economic inclusion

AFFORDABILITY RESTRICTIONS:
Limited to formerly homeless individuals and families
30% or below AMI or $35,730/year for a family of four
**INCLUSIVE IMPACT: PRESERVING AFFORDABILITY AND STABILITY FOR SENIORS**

This 18-month bridge loan, completed in September 2020, provided necessary funding to preserve the affordability status of the Ashtabula Towers.

This loan was provided through the **IMPACT Mortgage Opportunities Fund**, a $210 million, 2021-vintage vehicle created to address the increasing affordability gap as affordability restrictions on over 400,000 federally assisted properties are set to lapse over the next five years.¹

Located in Northeast Ohio, Ashtabula Towers contains 200 one-bedroom units tailored for senior tenants.

IMPACT’s financing preserves affordability for seniors seeking stable housing, a dynamic community and dignity as they age.

“I feel safe and am so thankful to call this place home. It’s nice to not worry about maintenance, shoveling or the upkeep of a yard. Our Service Coordinator has been a huge help scheduling doctors’ appointments and figuring out my insurance questions. I have gained my independence back.”

– Betty

“I love being a part of something and seeing the pleasure other tenants get from our weekly activities. There are so many services provided… The Resident Service Coordinator, the after-hours maintenance, the office staff, and the monthly blood-pressure clinic have all been a huge help to me at one time or another. Ashtabula Towers has given me a true home.”

– Carol

¹Source: PAHRC and NLIHC tabulation of NHPD, retrieved January 2021.
UPGRADING AFFORDABILITY: Noland Village, built in 1972, was a public housing complex located in Hagerstown, MD. This housing needed revitalization as it had limited disability access, no air conditioning, and required rehabilitation of the units. The development of McCleary Hill replaced Noland Village with a new construction property, complete with amenities spanning from central air to handicap-accessible units to outdoor space and a 3,800 sq. ft. community center.

McCleary Hill also offers extensive tenant services to benefit adults, children and families. These services are provided in partnership with The Housing Authority of the City of Hagerstown, and include:

- After-school homework club
- Tutoring and educational activities through the Boys and Girls Club
- Parenting education
- Individual case management for tenants with Section 8 assistance
- Job and computer training
- Health and wellness activities
- Mental health and drug abuse counseling

To fund the development, IMPACT Community Capital provided a taxable loan through the IMPACT CIL Fund.

McCleary Hill has been a great experience for me and my family. It gave us the opportunity to be together and point our life in the right direction. We were able to plan for the future… It was more than we could’ve asked for!

– Shakira

We had many adjustments when we moved here and it was all for the better… We are blessed to have a roof over our heads. But when we moved to McCleary Hill, it was an upgrade!

– Lorie
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IMPACT would like to extend our appreciation to the following people and partners who were integral to completing our report:

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- Dana Andrew PR
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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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