The Kresge Foundation's Social Investment Practice uses the full spectrum of investing tools with a two-fold mission – to change people's lives for the better today and to influence the capital markets to more effectively serve under-resourced communities in the future.

Grants alone can't solve today's most intractable issues, says Social Investment Practice Managing Director Kimberlee Cornett. That's where impact investments can play an important role, by bringing additional alternative resources and ways of instigating change to communities.

Communities are built on systems, including a complex and often under-recognized and under-resourced community development finance system. Community banks, federal tax credit programs, nonprofit developers, community groups, local political leaders and philanthropy all must work together to align resources to provide the capital needed for schools, parks, affordable housing, small businesses and other community assets to become financially viable.

"Every city relies on a well-resourced and synchronized community development finance system to support the kind of community assets that make a place one of opportunity," Cornett said. "That's how we approach our work, by addressing problems with capital solutions, bringing other investors along as we work together to influence traditional markets. Ultimately, we want to ensure capital flows to where it's needed most."

Kresge's capital tools include cash program-related investments (PRIs) of debt, equity investments and deposits; non-cash guarantees, which work to reduce risk from investments, allowing other investors to sign on; and mission-related investments (MRIs) from Kresge's corpus. Impact investing at Kresge dates to 2008 and has since increased exponentially. In 2015, Kresge's Board of Trustees approved a $350 million pool to be deployed by 2020, with a goal of leveraging $1 billion from other investors along the way.

This commitment, which puts approximately 10 percent of the foundation's corpus to work through impact investments, places Kresge among the philanthropic leaders using these tools, says Kresge's President & CEO Rip Rapson.

"To achieve its most ambitious goals, philanthropy simply cannot ignore the prospect of what is possible when multiple forms of capital are put to work," Rapson says. "As our social investing portfolio has grown, we have expanded the resources dedicated to this work because we believe this all-in capital approach is essential to our mission."

The team’s recent investments have supported, among other projects: a fund to scale pay-for-performance transactions in the U.S.; access to capital for minority-led enterprises in Detroit, New Orleans and Memphis; a fund that helps home-owners save their homes from foreclosure in New England; a breakthrough technology in the college success movement; the financial viability of a neighborhood anchor and private college in northwest Detroit; and the next generation of solar+storage solutions to mitigate the effects of climate change on low-income communities.
INVESTEE: College Forward
PROJECT: Scaling the CoPilot Salesforce Platform
$600,000 loan
Program: Education
City: Austin, Texas
Area-served: National
Website: collegeforward.org/copilot

College Forward’s coaching program offers personalized, near-peer mentoring and a strong support network to guide motivated students to and through college. This program-related investment will allow the organization to invest deeply in its comprehensive student database, CoPilot, supporting its long-term development, marketing, and sales strategy. With CoPilot, student access and success organizations can input and analyze critical student data to deliver targeted interventions that help to ensure college completion.

INVESTEE: Detroit Development Fund
PROJECT: Detroit Entrepreneurs of Color Fund
Up to $800,000 guarantee
Program: Detroit
City: Detroit
Website: detroitdevelopmentfund.com

This community development financial institution assists in revitalizing economically distressed areas of Detroit by providing loans and technical assistance to small-business owners, developers, building owners and contractors. This guarantee supported the second-round funding for the Detroit Entrepreneurs of Color Fund. Through the expansion, DDF sought to increase the fund’s total capacity to at least $19 million. The goal of the EOC Fund is to provide loans between $25,000 and $150,000 to 300 businesses owned by people of color or employing predominantly people of color based in Detroit.

INVESTEE: New York City Energy Efficiency Corporation (NYCEEC)
PROJECT: Financing Resilient Power
Up to $3 million guarantee
Program: Environment
Area-served: National

Financing Resilient Power is a guarantee facility that will increase climate resilience in low-income communities. Backed by the Kresge guarantee, NYCEEC will make investments in solar + storage and stand-alone solar PV projects in multi-family affordable housing, other supportive housing, commercial facilities and mixed-use projects, among others.

INVESTEE: Inclusive Prosperity Capital
PROJECT: Increasing financing for climate resilience
Up to $10 million guarantee
Program: Environment
City: Rocky Hill, Conn.
Area Served: Northeast and Mid-Atlantic; eventually National
Website: inclusiveprosperitycapital.org

Inclusive Prosperity Capital (IPC) addresses the green energy financing gap by increasing access to capital for low-to-moderate income communities and nontraditional borrowers like nonprofits, faith-based organizations, housing authorities, schools, and small businesses. This guarantee will help IPC attract private capital investments to support its financing of clean energy and other climate resilience projects. Projects will include third-party solar for housing authorities, community facilities and municipal buildings. It will also support clean energy for affordable single- and multi-family developments. IPC will also work in partnership with developers operating in underserved markets with technology solutions or business model innovations that have yet to reach adequate scale to attract investment from the capital markets.

INVESTEE: East Jefferson Development Company LLC
PROJECT: Jefferson Chalmers Redevelopment
Up to $2 million equity investment
Program: Detroit
City: Detroit
Area-served: Jefferson Chalmers

East Jefferson Development Company is a for-profit development subsidiary of Jefferson-East Inc. This program-related equity investment will provide patient equity to East Jefferson Development Company to acquire key vacant and blighted buildings in the Jefferson Chalmers neighborhood, all of which are part of a larger development finance plan known as a Targeted-Redevelopment Area. This locally designated tax-increment finance district comprises a cluster of parcels eligible under the Michigan Brownfield Redevelopment Finance Act. The tax capture from the TRA can be used for public-area improvements and support for predevelopment activities such as environmental assessments and remediation. This will be the first active TRA in the state of Michigan.

INVESTEE: NewCorp, Inc.
PROJECT: BuildNOLA Mobilization Fund
Up to $2 million loan
Program: American Cities and Human Services
City: New Orleans, LA

The BuildNOLA Mobilization Fund launched in 2016 as a pilot to test the efficacy of a revolving loan pool to support Disadvantaged Business Enterprises (DBEs) working on public sector projects with a focus on African American-owned DBEs. This program-related investment will support a $10 million fully capitalized fund that over the long-term will strengthen disadvantaged businesses’ ability to bid and execute on a pipeline of public contracts, access roles as prime contractors and, over time, build wealth among these business owners and their employees.

INVESTEE: Pathway Lending
PROJECT: Memphis Small Business Mezzanine Fund
Up to $2.5 million loan
Program: Human Services & American Cities
City: Nashville, TN
Area-served: Memphis, TN
Website: pathwaylending.org

Pathway Lending is a CDFI that provides lending solutions and educational services to support the development, growth, and preservation of underserved small businesses, affordable housing, and sustainable communities. With this program-related investment, Pathway will team with Epicenter Memphis, an entrepreneur hub focused on the underserved, to provide Pathway’s small business investment services to black-led businesses in Memphis, helping them to grow their businesses and drive social and economic mobility for business owners, their employees and communities.

To learn more, visit kresge.org/mission-money-markets
**Why We Do Our Work**

We want to influence and advance how markets work on behalf of low-income people and those who serve them in partnership with practitioners, investors, policymakers and governments.

**The Way We Do Our Work**

We make bold investments that are flexible, patient, creative and responsive to unlock capital for the benefit of low-income people in cities and to demonstrate the role of strategic philanthropy in solving complex social problems.

**2018 Summary**

- Approved 7 investments totaling up to $20.9 million
- 2018 investments leveraged 30 million
Active Program-Related Investments by Team

### American Cities
- **Aura Mortgage Advisors (2017)**
  - $3 MILLION GUARANTEE
- **Colorado Housing Finance Authority (2017)**
  - $2 MILLION GUARANTEE
- **Hope Federal Credit Union (2016)**
  - UP TO $3 MILLION LOAN
- **Living Cities Catalyst Fund (2011/15)**
  - $2 MILLION (CF) LOAN
  - $2 MILLION (BCF) LOAN
- **National Housing Trust – Enterprise Development Corp. (2016)**
  - UP TO $6 MILLION LOAN
- **Port Authority of Cincinnati (2016)**
  - UP TO $5 MILLION LOAN
- **Prudential Financial (2017)**
  - $10 MILLION GUARANTEE

### Arts & Culture
- **Artspace (2010)**
  - $486,000 GUARANTEE
- **Boston Community Capital (2016)**
  - $3 MILLION LOAN
- **EDGE for Memphis & Shelby County (2017)**
  - $1 MILLION LOAN
- **New Jersey Community Capital (2015)**
  - $2.5 MILLION LOAN
- ** Propel Nonprofits (2016)**
  - $1.5 MILLION LOAN
- **Reinvestment Fund (2016)**
  - $3 MILLION LOAN

### Detroit
- **Capital Impact Partners (2015)**
  - $1.3 MILLION GUARANTEE
- **Community Reinvestment Fund (2016)**
  - $6 MILLION GUARANTEE
  - $1.2 MILLION GUARANTEE
- **Detroit Development Fund (2017)**
  - $600,000 GUARANTEE
- **Eastern Market Corporation (2017)**
  - $750,000 GUARANTEE
- **Enterprise Community Loan Fund, Inc. (2016)**
  - $2 MILLION LOAN
- **IFF (2015)**
  - $3 MILLION LOAN
- **Marygrove College**
  - $900,000 GUARANTEE
  - $3.8 MILLION GUARANTEE
  - $500,000 LOAN
- **Council for Adult & Experiential Learning (2015)**
  - $2 MILLION LOAN

### Education
- **Commons Energy L3C (2015)**
  - $2 MILLION GUARANTEE

### Environment
- **Connecticut Green Bank (2016)**
  - $3 MILLION LOAN
- **The Freshwater Trust (2012)**
  - $800,000 LOAN
- **Greenprint Partners (2017)**
  - $750,000 LOAN
- **National Housing Trust (2017)**
  - $2.5 MILLION
- **The Reinvestment Fund, Inc. (2011)**
  - $1.5 MILLION LOAN
- **St. Paul Port Authority (2017)**
  - $3 MILLION LOAN

### Health
- **Capital Impact Partners (2016)**
  - $2 MILLION LOAN
  - $800,000 LOAN (MICHIGAN GOOD FOOD FUND)
- **Cooperative Fund of New England (2017)**
  - $1 MILLION LOAN
- **Direct Dermatology Inc. (2012)**
  - $500,000 LOAN
- **Forward Community Investments (2017)**
  - $1 MILLION
- **Healthy Futures Fund/LISC (2012)**
  - $6,929,561 LOAN
  - $1.9 MILLION GUARANTEE
- **Healthy Neighborhoods Equity Fund/MHIC (2014)**
  - $1.8 MILLION GUARANTEE
- **Housing Partnership Fund (2014)**
  - $3 MILLION LOAN
- **IFF (2011)**
  - $5 MILLION LOAN
- **Low-Income Investment Fund (2012)**
  - PCDC & TRF
  - $3 MILLION GUARANTEE
- **Omada Health Inc. (2014)**
  - $500,000 LOAN
- **Seamless Medical Systems (2014)**
  - $750,000 LOAN
- **Self-Help Ventures Fund (2017)**
  - $3 MILLION LOAN
- **SPARCC Initiative (2017)**
  - Enterprise Community Loan Fund
  - $2.5 MILLION LOAN
- **South Carolina Community Loan Fund (2014)**
  - $500,000 LOAN

### Human Services
- **Council for Native Hawaiian Advancement (2017)**
  - $500,000 LOAN
- **Goodwill Industries International (2013)**
  - $2,900,200
- **Inclusiv (2017)**
  - $1 MILLION
- **NeighborWorks Capital (2014)**
  - $5 MILLION LOAN
- **Social Finance**
  - $100,000 EQUITY INVESTMENT
  - $350,000 EQUITY INVESTMENT

### 2018 Social Investment Practice Grants
- **Aeris Insight, Inc.**
  - $50,000
- **Beeck Center for Social Impact and Innovation at Georgetown University**
  - $50,000
- **Calvert Impact Capital Inc.**
  - $390,000
- **Council of Development Finance Agencies**
  - $10,000
- **Enterprise Community Partners**
  - $50,000
- **Net Impact**
  - $50,000
- **Opportunity Finance Network**
  - $50,000
- **ULI Foundation**
  - $100,000

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