Capital markets should work for all people everywhere. But in the U.S., that’s not the reality. Low-income communities and communities of color consistently find themselves cordoned off from the benefits of America’s economic might.

That’s why the Kresge’s Social Investment Practice works alongside our seven program teams to find ways to unlock more capital to those places and projects that improve equitable outcomes. We believe all communities hold value and power and deserve investment. We use 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 communities of color and other under-served communities in the future.

Impact investments can provide both for-profits and nonprofits with a different approach to solving a problem that isn’t fixable with traditional sources of capital, said Aaron T. Seybert, Kresge’s managing director, Social Investment Practice.

“That traditional capital does not reach the most vulnerable places because, as designed, markets discriminate against low wealth places and communities of color,” Seybert says. “Kresge’s Social Investment Practice works to bend markets to serve better Americans living with fewer opportunities and in urban areas where it is needed most.”

Communities are built on systems, including a complex and often under-resourced community development finance system. Community banks, credit unions, federal tax credit programs, nonprofits, developers, community groups, and community development financial institutions – these are but just a sliver of the entities and policies that make up this system. All must align around goals and projects to see capital needs met in communities traditional markets ignore.

“We have a two-fold mission,” said Seybert. “One is to change people’s lives for the better today, which means capital investment. And then within that, we look at how we change the capital markets to be more effective for communities of color and underserved communities in the future.”

Kresge works within that system deploying program-related investments (PRIs) including debt and equity investments, strategic deposits, and unfunded guarantees, which reduce the risk for other investors. We also work with our endowment partners to deploy mission-related investments (MRIs) from Kresge’s corpus. Impact investing at Kresge dates to the financial crisis of 2008 and has since increased exponentially. In 2015, Kresge’s Board of Trustees approved a $350 million impact investing pool to be deployed through 2020. They also set a goal to leverage $1 billion from other investors, a goal surpassed in 2019.

“We are an impact investor,” Seybert said. “We use our capital to change people’s lives, and we are interested in making a difference.”

The Practice’s recent investments have supported, among other projects: guarantees to embed transparency and outcomes reporting in Opportunity Zones funds; a loan to a housing authority to support Creative Placemaking in a central neighborhood hub in Anchorage, Alaska; a secondary capital pool to expand community development credit unions to reach 30,000 more people across the South; and a guarantee to help establish a new pooled vehicle that will serve the community development sector for decades.
Opportunity Zones are more than 8,000 designated mostly low-income Census tracts across the country. In 2019, Kresge approved two unfunded guarantee commitments to back Opportunity Zones fund managers who have both scale and commitment to social impact, and whom would agree to a certain amount of transparency lacking in the market. Kresge’s hope was to create proof points of how to ensure this new tax incentive works for low-income communities and not solely for the wealthy investors who will get capital gains tax relief through them.

Investee: Arctaris Impact Fund  
Project: Opportunity Zones Fund  
UP TO $15 MILLION GUARANTEE  
City: Boston, Mass. • Area-served: National • arctaris.com

The Arctaris Impact Fund invests in the growth of small and medium-sized enterprises located in low-income areas, as well as businesses willing to relocate or expand to these areas. The Arctaris Opportunity Zones Fund was created in partnership with the Initiative for a Competitive Inner City. It was expected to close at more than $500 million and invest via equity investments in operating businesses location in Opportunity Zones. Arctaris seeks to create living wage jobs through capital access, entrepreneur training and working training.

Investee: Community Capital Management  
Project: Opportunity Zones Fund  
UP TO $7 MILLION GUARANTEE  
City: Weston, Florida • Area-served: National • ccminvests.com

Community Capital Management is an independent impact investment manager that invests along 18 impact themes (environment, homeownership and 16 more) and has more than $2.5 billion in assets under management. The CCM National Opportunity Zones Fund was expected to close at more than $350 million and invest via equity commitments in single asset, lower-tier real estate partnerships.

Investee: Arctaris Impact Fund  
Project: Opportunity Zones Fund  
UP TO $10 MILLION GUARANTEE  
City: Boston, Mass. • Area-served: National • arctaris.com

Investee: Massachusetts Housing Investment Corporation  
UP TO $5 MILLION GUARANTEE  
City: Weston, Florida • Area-served: National • mhic.com

Investee: Cook Inlet Housing Authority  
UP TO $3 MILLION PROGRAM-RELATED INVESTMENT LOAN  
Program: Arts & Culture  
City: Anchorage, Alas.  
Area-served: Anchorage’s Spenard neighborhood • cookinlethousing.org

Cook Inlet Housing Authority’s mission is to create housing opportunities that empower people and build communities. This program-related investment loan and $500,000 companion grant will help the Authority continue its Creative Place-making work in the Spenard neighborhood of Anchorage. The loan dollars will be invested in three nearby commercial developments to accelerate CIHA’s vision for a comprehensive corridor approach to community development in Spenard.

Investee: LOCUS Impact Investing  
Project: Community Investment Guarantee Pool  
UP TO $10 MILLION GUARANTEE  
City: Richmond, Virg.  
Area-served: National • locusimpactinvesting.org

LOCUS Impact Investing is an investment advisory firm and subsidiary of Virginia Community Capital, a community development financial institution. It is the program manager for the Community Investment Guarantee Pool, a first-of-its-kind vehicle to allow organizations to pool unfunded guarantee commitments, allowing them to share risk and achieve greater societal impact. The Pool launched in January 2020 with $33.1 million in guarantee commitments from 11 organizations, including national funders, community foundations, health funders, and family offices. The Pool is expected to leverage five dollars to every dollar of guarantee commitment and will back loans in three sectors — affordable housing, small business and climate.

Investee: IFF  
Project: Marygrove Campus Transformation  
UP TO $3 MILLION GUARANTEE  
Program: Detroit  
City: Detroit  
Area-served: Livernois-McNichols neighborhood • iff.org

This 15-month guarantee will permit the Marygrove Conservancy to obtain an unsecured line of credit of up to $3 million from IFF, a community development financial institution working in the Midwest, to serve as a bridge to cover the initial capital payments for construction of a new early childhood center, part of the cradle-to-career campus at Marygrove.

Investee: Inclusiv  
Project: Inclusiv Southern Equity Fund  
UP TO $5 MILLION EQUITY INVESTMENT  
Program: Human Services  
City: New York, New York  
Area-served: 17 Southern states • inclusiv.org

Inclusiv is an association of community-development credit unions that advocates for and provides debt and equity-like capital to its members. It also works to improve the quality and scale of responsible and equitable financial services in underserved communities. The Inclusiv Southern Capital Fund is the first, multi-investor fund for secondary capital investments, which are subordinated loans that low-income serving community development credit unions can count toward regulatory equity minimums. Fund commitments topped $40 million dollars, led by this equity investment.

Investee: Massachusetts Housing Investment Corporation  
UP TO $5 MILLION PROGRAM-RELATED INVESTMENT LOAN  
UP TO $1 MILLION GUARANTEE  
Program: Health  
City: Boston, Mass.

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 people in low-wealth communities and those who serve them in partnership with practitioners, investors, policymakers and governments.

### The Way We Do Our Work

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

### By The Numbers

<table>
<thead>
<tr>
<th>Total</th>
<th>Committed</th>
<th>Available</th>
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</thead>
<tbody>
<tr>
<td>$350M</td>
<td>$292M</td>
<td>$58M</td>
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- **$42M Available**
  - Guarantee
- **$16M Available**
  - Program-Related Investments (PRI)
  - Cash
- **$108M Committed**
  - Guarantee
- **$50M Committed**
  - Mission Related Investments (MRI)
- **$134M Committed**
  - Program-Related Investments (PRI)
  - Cash

### 2019 Summary

- Approved 8 transactions totaling up to $49 million
- 2019 investments leveraged: $182 million
Active Investments through 2019

American Cities

Aura Mortgage Advisors (2017)  
$3 MILLION GUARANTEE

Colorado Housing Finance Authority (2017)  
$2 MILLION GUARANTEE

Hope Federal Credit Union (2016)  
$3 MILLION GUARANTEE

Living Cities Catalyst Fund (2011/15)  
$1.3 MILLION (CT) LOAN  
$2 MILLION (BC) LOAN

Council for Adult & Experiential Education

$500,000 GUARANTEE (2017)

$900,000 GUARANTEE (2016)

Marygrove College

$3 MILLION LOAN

IFF (2015)  
$2 MILLION LOAN

Loan Fund, Inc. (2016)

Enterprise Community Loan Fund

$750,000 GUARANTEE

Eastern Market Corporation (2017)

$750,000 GUARANTEE

$3 MILLION GUARANTEE

Detroit

Capital Impact Partners (Detroit Neighborhood Fund) (2015)  
$1.3 MILLION GUARANTEE

Community Reinvestment Fund (Detroit Home Mortgage)  
$6 MILLION GUARANTEE (2016)  
$1.2 MILLION GUARANTEE (2017)

Detroit Development Fund

(Entrepreneurs of Color Fund)  
$1.4 MILLION GUARANTEE (2017)

East Jefferson Development Company LLC  
$2 MILLION EQUITY INVESTMENT

International Community Development Trust Inc.

$2 MILLION GUARANTEE

Enterprise Community Loan Fund, Inc. (2016)  
$2 MILLION LOAN

IFF (2015)  
$3 MILLION LOAN

Marygrove College

$900,000 GUARANTEE (2016)  
$500,000 LOAN (2017)

Education

Council for Adult & Experiential Learning (2015)  
$2 MILLION LOAN

College Forward (2018)  
$600,000 LOAN

Environment

Commons Energy L3C (2015)  
$2 MILLION GUARANTEE

The Freshwater Trust (2012)  
$800,000 LOAN

Greenprint Partners (2017)  
$750,000 LOAN

Inclusive Prosperity Capital  
UP TO $10 MILLION GUARANTEE (2018)  
UP TO $3 MILLION LOAN (2016)

National Housing Trust (2017)  
$2.5 MILLION GUARANTEE

UP TO $3 MILLION GUARANTEE

The Reinvestment Fund, Inc. (2011)  
$1.5 MILLION LOAN

St. Paul Port Authority (2017)  
$1.1 MILLION LOAN

Health

Cooperative Fund of New England (2016)  
$1 MILLION LOAN

Direct Dermatology, Inc. (2012)  
$500,000 LOAN

Forward Community Investments (2017)  
$1 MILLION LOAN

Healthy Futures Fund/LISC  
$6.9 MILLION LOAN (2012)  
$1.9 MILLION GUARANTEE (2015)

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, PCDC & Reinvestment Fund (2012)  
$3 MILLION GUARANTEE

Self-Help Ventures Fund (2017)  
$3 MILLION LOAN

SPARCC Initiative (2017)  
Enterprise Community Loan Fund  
UP TO $2.5 MILLION GUARANTEE

Low Income Investment Fund  
UP TO $2.5 MILLION GUARANTEE

South Carolina Community Loan Fund (2014)  
$500,000 LOAN

Human Services

Council for Native Hawaiian Advancement (2017)  
$500,000 LOAN

Inclusiv (2017)  
$1 MILLION LOAN

NeighborWorks Capital (2016)  
$5 MILLION LOAN

Social Finance (2017)  
$350,000 EQUITY INVESTMENT

Strong Families Fund (2014)

Cinnabar  
$500,000 GUARANTEE

Community Development Trust, Inc.  
$1.4 MILLION LOAN

National Affordable Housing Trust

$1.9 MILLION GUARANTEE

Youth Services Inc (fbo Roca) (2013)  
$1,332,243 LOAN

Social Investment Practice

Opportunity Finance Network (2011)  
$10 MILLION LOAN

Cross-Team

California Community Foundation (2016)  
$5.5 MILLION LOAN

Health & Human Services

Health & Human Services

Maycomb Capital (2017)  
$10 MILLION GUARANTEE

Health & Human Services

NewCorp Inc. (2018)  
UP TO $2 MILLION LOAN

AMERICAN CITIES & HUMAN SERVICES

PATHWAY LENDING (2018)  
UP TO $2.5 MILLION LOAN

AMERICAN CITIES & HUMAN SERVICES

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