



## THE KRESGE FOUNDATION **Social Investment** PRACTICE

**We work to expand opportunity, strengthen neighborhoods and improve quality of life in America's cities by providing access to capital.**

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.

"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.

"Whether you care about affordable housing, job creation, and small business, access to health care, the spread of green infrastructure or local arts ecosystems, the community development finance system is a cornerstone to positive outcomes," Seybert says.

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.

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](http://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 located 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](http://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: Cook Inlet Housing Authority**

UP TO \$3 MILLION PROGRAM-RELATED INVESTMENT LOAN

Program: Arts & Culture

City: Anchorage, Alaska

Area-served: Anchorage's Spenard neighborhood  
[cookinlethousing.org](http://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 Placemaking 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, Virginia

Area-served: National  
[locusimpactinvesting.org](http://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](http://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](http://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 Secondary 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.

Area-served: Boston  
[mhic.com](http://mhic.com)

Massachusetts Housing Investment Corporation (MHIC) is a private financier of affordable housing and community development throughout Massachusetts. This program-related investment loan and guarantee investment is a collaboration between the Conservation Law Foundation and MHIC through which the partners expect to make at least three investments in health-oriented enterprises in New England. Projects will be businesses and social enterprises located in low-income neighborhoods that are intended to have a positive health impact on residents.



To learn more, visit  
[kresge.org/mission-money-markets](http://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

**\$350M**

Total



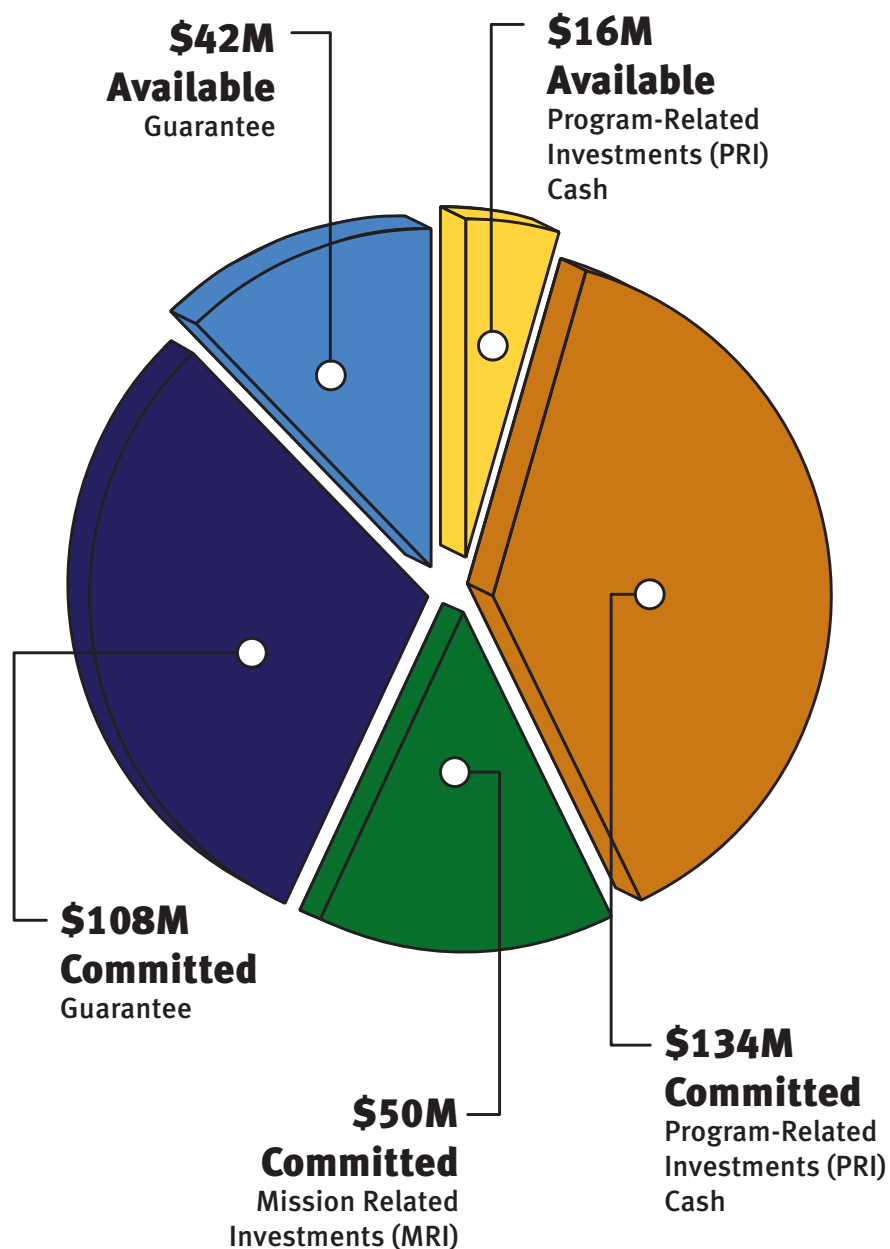
**\$292M**

Committed



**\$58M**

Available



### 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 LOAN

**Living Cities Catalyst Fund (2011/15)**  
\$1.3 MILLION (CF) LOAN  
\$2 MILLION (BCF) LOAN

**National Housing Trust – Communities (2016)**  
\$6 MILLION LOAN

**Port Authority of Cincinnati (2016)**  
\$5 MILLION LOAN

**Prudential Financial (2017)**  
\$10 MILLION GUARANTEE

### Arts & Culture

**Artspace (2010)**  
\$407,000 GUARANTEE

**Blue Hub Loan Fund (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 (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

**Eastern Market Corporation (2017)**  
\$750,000 LOAN

**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 LOAN

**New York City Energy Efficiency Corporation (NYCEEC) (2018)**  
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 (2014)**  
\$5 MILLION LOAN

**Social Finance (2017)**  
\$350,000 EQUITY INVESTMENT

**Strong Families Fund (2014)**  
*Cinnaire*  
\$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*

**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*

## 2019 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

## FOR MORE INFORMATION

**Aaron T. Seybert**  
*Managing Director*  
atseybert@kresge.org

**Joe Evans**  
*Portfolio Manager*  
jevans@kresge.org

**Julie L. Burlingame**  
*Social Investment Assistant*  
jlburlingame@kresge.org

**John William Guzman**  
*Social Investment Analyst*  
jwguzman@kresge.org

**Krista Jahnke**  
*Senior Communications Officer*  
kajahnke@kresge.org

**The Kresge Foundation**  
3215 W. Big Beaver Road  
Troy, Michigan  
248-643-9630

 kresge.org

 kresge.org/subscribe

 @thekresgefoundation

 @kresgesocin

 facebook.com/  
TheKresgeFoundation

 youtube.com/  
TheKresgeFoundation