

# THE IMPACT INVESTOR

SPRING 2021

Our spring 2021 issue of *The Impact Investor* newsletter is now available. Highlights of this edition include our 2020 Impact Report and webinar, new report "Addressing the Black Homeownership Gap in America," new video about CCM, and investment examples with a focus on affordable homeownership. We always welcome ideas for future newsletters and like-minded organizations to spotlight. If you have suggestions or would like to be featured, please email [jhorwitz@ccminvests.com](mailto:jhorwitz@ccminvests.com).

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## 2020 IMPACT REPORT & WEBINAR



### Impact Report

We are pleased to share our [2020 Annual Impact Report](#), now in its 8th edition. We believe the challenges faced in 2020 have reinforced the importance of and commitment to our mission – to deliver superior risk-adjusted returns through investment strategies that contribute to positive environmental and social outcomes. Highlighted in the report are several new initiatives that were launched to expand and amplify our purpose as well as contributions made by our diverse and talented team.



### Webinar

CCM's impact team – David Sand, chief impact strategist, and Jessica Botelho, director of CRA and impact research – [share details on our 2020 Impact Report in a recent webinar](#). Highlights include impact metrics and outcomes, impact stories, impact reporting, and more.



### NEW REPORT

## ADDRESSING THE BLACK HOMEOWNERSHIP GAP IN AMERICA

**AFFORDABLE HOMEOWNERSHIP SERIES**

For millions, owning a home remains at the heart of the American dream but many Black Americans have been left out. Our new report, [Addressing the Black Homeownership Gap in America](#), which is part of a new series we recently launched on affordable homeownership, shares details on this economic inequality. Highlights include redlining, legislative actions, the long-term economic benefits of owning a home, and the 2008 housing crisis and its impact on the homeownership gap.



# INITIATIVE UPDATE: MINORITY CARES & COVID-19 RELIEF



In 2020, CCM created two initiatives, [COVID-19 Relief and Minority Community Advancement Racial Empowerment Strategy \(Minority CARES\)](#) to help increase the flow of capital to underserved people and communities. We are pleased to report that we have invested \$72 million and \$315 million, respectively, in both initiatives from their inception to 12/31/2020. We know that impact and ESG investing is not a magic wand that alone can resolve many of our country's economic issues and deep-rooted problems, but we believe that capital can be a powerful tool in providing solutions to many of today's most pressing issues. We continue to see interest and assets in both programs and are happy to answer any questions you may have on these programs.

Our 4Q20 impact report for Minority CARES is available at [www.ccminvests.com](http://www.ccminvests.com).



## IMPACT INVESTMENTS WITH A FOCUS ON AFFORDABLE HOMEOWNERSHIP

### City and County of San Francisco<sup>1</sup>

#### San Francisco, CA Sector: Taxable Municipals

Proceeds are being used to fund loans to finance or refinance the acquisition, improvement, and rehabilitation of at-risk multi-unit residential buildings and to convert such structures to permanent affordable housing. Per the City and County of San Francisco, the proceeds of CCM's purchase can be attributed to affordable housing projects where the majority (over 51%) of the residents have incomes below 80% of the median family income, as adjusted for household size, for San Francisco County, as determined by United States Department of Housing and Urban Development (HUD).

The Preservation and Seismic Safety Program (PASS) plays a critical role in the city's anti-eviction and preservation strategy by financing the acquisition and rehabilitation of at-risk multifamily buildings, removing them from the speculative market, and preserving them as permanently affordable housing. PASS provides access to a nimble source of low-cost and long-term financing that is not currently available on the conventional market. It is anticipated that in aggregate, the PASS Program will facilitate the preservation of up to 1,400 apartments, reduce the need for other public resources, support the long-term financial feasibility of participating developments, and allow preservation-oriented sponsors to compete more effectively in the acquisition of at-risk buildings offered in the open market.

As of June 2020, PASS has provided permanent affordability for 189 at-risk affordable housing units across 13 projects, equating to 305 residents remaining in their homes. Household incomes average less than 60% of the area median income (AMI) and include seniors, multigenerational families, and people of color.

Eligible projects to be funded include smaller sites (generally buildings with 5-25 apartments), larger multi-unit and mixed-use residential buildings, and single-room occupancy hotels. The city does not plan to use proceeds of bonds issued under the Propositions to fund new construction projects or the acquisition without rehabilitation of affordable housing units.

The city currently has identified approximately 33 projects, with an estimated total of 473 affordable housing units, eligible for funding. These projects are intended to benefit priority and at-risk populations, consisting of seniors, persons with disabilities, low-income households, and those at risk of eviction pursuant to the Ellis Act, a state law that allows landlords to evict residential tenants in order to leave the rental business.

#### IMPACT THEMES THIS INVESTMENT HELPED SUPPORT:



Affordable Housing



Seniors and the Disabled

On November 8, 2016, City of San Francisco voters approved Proposition C (Proposition C (2016), and collectively with Proposition A (1992), the Propositions), which amended Proposition A (1992) to allow as an additional purpose the incurrence of bonded indebtedness to finance the acquisition, improvement, and rehabilitation of at-risk multi-unit residential buildings and to convert such structures to permanent affordable housing, and to perform needed seismic, fire, health, and safety upgrades or other major rehabilitation for habitability.



Projects funded through below-market loans will have permanent affordability restrictions, and projects funded through market-rate loans will prohibit landlords from passing on to tenants the costs of certain capital improvements to the property. In order for a project to be financed or refinanced through bond proceeds, the Mayor's Office of Housing and Community Development (MOHCD) has established maximum average monthly rent and annual household income levels for tenants, at 80% of the AMI and capped at 120% of AMI.

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# IMPACT INVESTMENTS

## City of Boston<sup>2</sup>

Boston, MA

Sector: Taxable Municipals

The City of Boston, Massachusetts bonds will be used to support the development of affordable housing in partnership with the Boston Housing Authority (BHA) through the construction of necessary public infrastructure. Projects to be funded include Phase 1 of the Bunker Hill public housing development, which involves demolishing 111 existing housing units and constructing 247 new housing units. One of the new buildings will be 100% affordable while the other buildings will provide mixed-income housing. The project is located in the Charlestown neighborhood of Boston in a low-income, majority-minority, and high-poverty census tract where 61% of the population is comprised of minorities and 34% live below the poverty line.

The bonds will support the initial demolition of the existing buildings, installation of utilities, sidewalks, roads, lighting, and open space. Once completed, the Bunker Hill housing development project is expected to include the new construction of 2,699 mixed-income residential units, including the replacement of 1,010 units of affordable housing, approximately 73,000 square feet of retail and civic space, off-street parking, and a new public open space. The project is expected to provide over \$36 million in public benefits including:

- The development of a 14,000-square-foot community center and subsidy of its programming and operations
- The creation of over seven acres of open space, including 2.8 acres of publicly accessible open space
- Off- and on-site transportation improvement measures
- Retail space offered at affordable rates

Both 100% affordable and mixed-income building types are expected to provide resident amenities, including a business center, welcome desk, bike repair, a transit screen to display public transportation options and schedules, a fitness center, club lounge, and a community kitchen.

Proceeds also are expected to support the renovation of buildings in several BHA-owned elderly and disabled communities. Exterior improvements include the installation of new roofs, masonry, window, and balcony repairs, and the installation of new doors.

Walk Score  
**83**

Bike Score  
**73**

Transit Score  
**70**

**Walk Score's** mission is to promote walkable neighborhoods. Walkable neighborhoods are one of the simplest and best solutions for the environment, our health, and our economy.<sup>3</sup>



The city is designating the bonds as Social Bonds based on the intended use of the proceeds for the financing of affordable housing projects. The city's Social Bond designation is consistent with the Social Bond Principles promulgated by the International Capital Market Association (ICMA).



### The Social Bond Principles

**Social bonds** are use of proceeds bonds that raise funds for new and existing projects with positive social outcomes. The Social Bond Principles (SBP) updated as of June 2020 promote integrity in the social bond market through guidelines that recommend transparency, disclosure, and reporting. They are intended for use by market participants and are designed to drive the provision of information needed to increase capital allocation to social projects. For more information on the SBPs, click [here](#).

#### IMPACT THEMES THIS INVESTMENT HELPED SUPPORT:



Affordable Housing



Environmental Sustainability



Healthy Communities



Minority Advancement



Neighborhood Revitalization



Poverty Alleviation

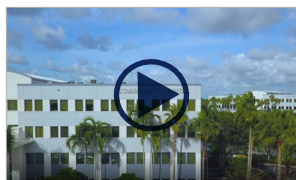


Seniors and the Disabled



Transit-Oriented Development





## CCM VIDEO



We are proud to work with and provide impact customization to a variety of clients, including faith-based investors, endowments, foundations, healthcare organizations, non-profits, public funds, banks, and high net worth individuals. Our new video shares details on our 21-year history of client customization and how investors can direct their investment capital to specific geographies or impact themes, aligning their investments with their values. The video is available at [www.ccminvests.com](http://www.ccminvests.com).

# SOCIALLY RESPONSIBLE INVESTMENT GUIDELINES

As mentioned in our new CCM video, we look to network and connect with like-minded organizations. Among our many partnerships and collaborations, we are a signatory to the United Nations Principles for Responsible Investment (UNPRI), and our investment strategies align with the UN Sustainable Development Goals (SDGs) and United States Conference of Catholic Bishops (USCCB) socially responsible investment guidelines. Overviews of these three guidelines are highlighted below.

## UNPRI

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system. More information is available at <https://www.unpri.org/>.

Signatory of:



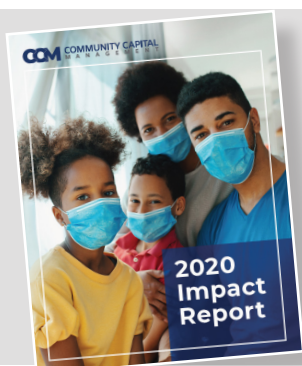
## UN SDGs

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which are an urgent call for action by all countries — developed and developing — in a global partnership. More information is available at <https://sdgs.un.org/goals>. More information on how CCM aligns its 18 impact themes with the SDGs is available [here](#).



## USCCB Socially Responsible Investment Guidelines

The Guidelines offer a clear, concise summary of strategies the church uses to invest its assets based on Catholic principles and offer Catholics a broad view of the opportunities to invest for positive effect in the world through a prudent, common-sense philosophy. The complete Guidelines are available at <https://www.usccb.org/about/financial-reporting/socially-responsible-investment-guidelines>.



## VISIT [CCMINVESTS.COM](http://CCMINVESTS.COM) TO:

- ✓ Download our [2020 Impact Report](#) and listen to the webinar [replay](#)
- ✓ Read our new report, "[Addressing the Black Homeownership Gap in America](#)"
- ✓ Check out our latest [Perspectives](#)

<sup>1</sup> <https://sf.gov/> <sup>2</sup> <https://www.boston.gov/> <sup>3</sup> <https://www.walkscore.com/>

Community Capital Management, Inc. (CCM) is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Registration as an investment adviser does not imply a certain level of skill or training. The verbal and written communications of an investment adviser provide you with information you need to determine whether to hire or retain the adviser. Past performance is not indicative of future results. CCM has distinct investment processes and procedures relating to the management of investment portfolios for institutional clients. The firm's strategies are customized, rather than model-based, and utilize an innovative approach to fixed income and equity by combining the positive outcomes of impact and environmental, social, and governance (ESG) investing with rigorous financial analysis, an inherent focus on risk management, and transparent research. Bonds are subject to interest rate risk and will decline in value as interest rates rise. Stocks will fluctuate in response to factors that may affect a single company, industry, sector, or the market as a whole and may perform worse than the market. A sustainable investment strategy which incorporates ESG criteria may result in lower or higher returns than an investment strategy that does not include such criteria. Any of the securities identified and described herein are for illustrative purposes only. Their selection was based upon non-performance based objective criteria, including, but not limited to, the security's social and/or environmental attributes. It should not be assumed that the recommendations made in the future will be profitable or will equal the performance of the securities identified. Impact figures mentioned are approximate values.