



Impact Themes

April 2021

Impact Themes

Throughout our two-plus decades of work in impact and Environmental, Social, and Governance (ESG) investing, we have developed a series of 18 impact themes, where one or more theme is aligned with each of our investments. While the 18 themes are distinct and diverse, certain common characteristics can be found in all of them, which are included below. We continually seek to advocate for greater investment product creation in support of our existing and future impact themes, and by communicating this need to the broader capital markets, we expect to play an ongoing, catalytic role in the creation of impact investment opportunities.

At the beginning of each calendar year, our Impact and CRA Committee has a meeting to review our impact themes and make suggestions for modifications. As a result of this year's first quarter gathering, we made slight updates to some of our impact theme definitions in addition to the larger adjustments listed below. All of these updates are reflected in this piece.

- Arts and Culture impact theme now includes the creative economy.
- Government Supported Communities impact theme is consolidated into a new impact theme, Poverty Alleviation, with additional statistical measures added for tracking.
- Rural Community Development impact theme includes additional metrics for tracking.
- Transit-Oriented Development now includes High Transit Scores.

Common Characteristics Found in All of CCM's Impact Themes

- Each theme looks to have positive environmental and/or social outcomes that we believe are societal benefits as a result of capital provided by our investors.
- We look for liquid investment opportunities that contribute to the portfolio's overall risk/return that are in alignment with each impact theme.
- We must be able to measure, monitor, and track the expected positive outcome(s) in an effort to maintain transparency in our client reporting, which has become a trademark of the firm since its inception in 1999.
- We must believe that market-rate opportunities will exist to allow client commitments to individual themes to be fulfilled over time.



Affordable Health and Rehabilitation Care

Creating and retaining affordable health care services and rehabilitation facilities for low- and moderate-income (LMI) and medically underserved persons and investing in opportunities that promote wellness and access to high-quality health care for communities. Also looking to dismantle barriers to inequities in health care.



Affordable Housing

Financing for affordable homeownership to LMI borrowers and affordable rental housing properties, including workforce housing, and investing in opportunities that promote affordable homeownership, down payment assistance, first-time home buyer programs, and access to quality living.



Arts, Culture, and the Creative Economy

Supporting educational programs, businesses, organizations, and the development of properties involved with visual, performing, design, literary, and other art-related works. Also investing in support of ethical fashion, sustainable food, social impact media, creative places, and other elements of the creative economy.



Disaster Recovery, Resilience, and Remediation

Supporting economic development activities in designated disaster areas and physical and civic infrastructure to better prepare communities for the effects of climate change, natural disasters, and widespread health emergencies. Investments in recovery, resilience, and remediation can stimulate community and economic development, build strong infrastructure, and promote sustainability, all while empowering people and protecting our planet.



Economic Inclusion

Assisting and supporting the process of bringing targeted groups, individuals, and communities, including immigrants and refugees, closer to the economic mainstream and capital markets. Examples of economic inclusion opportunities include financial literacy training, loans to first-time homebuyers, small business loans, rent-to-own housing programs, and "banking the unbanked" initiatives.



Education and Childcare

Providing education and/or childcare services primarily in LMI communities, improving the quality of educational services and facilities, and offering broad-based youth development programs that look to have a beneficial impact to children.



Enterprise Development and Jobs

Providing small businesses with access to capital, creating jobs, retaining jobs, and offering job training programs. Supporting entrepreneurship, decent work for all, and an inclusive and sustainable growth strategy that looks to secure stable employment.



Environmental Sustainability

Supporting activities that look to conserve natural resources and protect ecosystems to support health and wellbeing, now and in the future. Examples can include properties, projects, companies, and small businesses implementing sustainable initiatives such as adaptive reuse, energy efficiency, Leadership in Energy & Environmental Design (LEED) certification, renewable energy, water and land conservation efforts, brownfield development, pollution prevention and control, clean transportation, and high Walk Scores.



Gender Lens

Benefiting women and girls, primarily those that are LMI, including women-owned businesses, educational programs, health-related services, and affordable homeownership. Investing in opportunities with women leadership, workplace equity, products and services beneficial to women and girls, and related shareholder engagement and policy work.



Healthy Communities

Establishing and maintaining effective strategies to achieve health equity in neighborhoods such as multi-use trails, high Walk Scores and high Bike Scores, community parks, access to nutritious foods, and investing in opportunities that promote health and wellness.



Human Empowerment

Assisting individuals and families, including immigrants and refugees, through resources and programs designed to achieve personal goals, greater self-sufficiency, and upward mobility.



Minority Advancement

Supporting high minority census tracts, majority-minority census tracts, racially or ethnically concentrated areas of poverty (R/ECAP), programs offering equal access to jobs, economic development, and affordable housing. Investing in opportunities with ethnic minority leadership, workplace equity, services beneficial to ethnic minorities, and related shareholder engagement and policy work.



Neighborhood Revitalization

Transforming blighted neighborhoods into areas of opportunity and vibrant, safe places to live by assisting in the revitalization of community facilities and improvement in the quality of life for all residents. Focus areas can include health, education, amenities, economic opportunities, transportation, beautification, housing, and safety measures.



Poverty Alleviation

Poverty is one of the most persistent of economic problems in the U.S. with many census tracts and counties scoring below national averages in income, wealth, education, employment, health outcomes, economic mobility, and generational advancement. This impact theme uses statistical measures, including persistent poverty counties (PPC), high poverty counties, and R/ECAP scores, along with federal/state agency designations to track investments benefiting people and communities of persistent poverty.



Rural Community Development

Investing in loans, small businesses, activities, and economic opportunities that aim to improve the welfare and livelihoods of people living in rural areas. Rural community development includes counties that are not part of a Metropolitan Statistical Area (MSA) or a census tract in an MSA that is outside of the MSA's Urbanized Areas, as designated by the U.S. Department of Agriculture's (USDA) Rural-Urban Commuting Area (RUCA) Code #1, and outside of tracts with a housing density of over 64 housing units per square mile for USDA's RUCA Code #2.



Seniors and the Disabled

Offering affordable living for seniors and/or disabled individuals, including physical, social, and psychological services. Ensuring that elderly residents, especially those who are frail or at-risk, and non-elderly residents with disabilities are linked to the supportive services they need to continue living independently.



Sustainable Agriculture

Supporting agriculturally sustainable businesses and initiatives such as those that engage in pesticide-free agriculture, hydroponics, aquaponics, and vertical farming. Sustainable agriculture looks to promote environmental stewardship and enhance the quality of life for farm families and communities.



Transit-Oriented Development

Creating vibrant, livable, and sustainable communities through the integration of compact, walkable, pedestrian-oriented, mixed-use communities centered around high-quality train systems. Investments that align with this theme also include those with a high Transit Score.

Low- and Moderate-Income (LMI)

A low-income person is someone whose total annual income is 50% or less of the area median income (AMI) or average income for the community where he or she lives. A moderate-income person is someone whose total annual income is above 50% but less than 80% of the AMI or average income for the community where he or she lives.

Area Median Income (AMI)

AMI is the midpoint of a region's income distribution — half of families in a region earn more than the median and half earn less than the median. For housing policy, income thresholds set relative to the area median income — such as 50% of the area median income — identify households eligible to live in income-restricted housing units and the affordability of housing units to low-income households.

Medically Underserved Areas

Medically Underserved are areas or populations designated by HRSA (U.S. Department of Health and Human Services, Health Resources and Services Administration) as having too few primary care providers, high infant mortality, high poverty, and/or high elderly population.

Workforce Housing

The Urban Land Institute defines workforce housing as housing that is affordable to households earning 60% to 120% of AMI. Workforce housing typically includes middle-income workers such as police officers, firefighters, teachers, and health care workers. Households who need workforce housing may not always qualify for housing subsidized by the Low-Income Housing Tax Credit (LIHTC) program or the Housing Choice Vouchers program (formerly known as Section 8), which are two major programs in place for addressing affordable housing needs.

About Walk Score®

Walk Score's mission is to promote walkable neighborhoods. Walkable neighborhoods are one of the simplest and best solutions for the environment, overall health, and the economy. CCM tags investments that have high Walk, Bike, and Transit Scores above 70.

- **Walk Scores** of 90–100 are considered a “Walkers Paradise” where daily errands do not require a car, and Walk Scores of 70–89 are considered “Very Walkable” where most errands can be accomplished on foot.
- **Bike Scores** of 90–100 are considered a “Biker's Paradise” where daily errands can be accomplished on a bike, and Bike Scores of 70–89 are considered “Very Bikeable” where biking is convenient for most trips.
- **Transit Scores** of 90–100 are considered a “Rider's Paradise” where world-class public transportation is available, and Transit Scores of 70–89 are considered “Excellent Transit” where public transit is convenient for most trips.

Majority-Minority Census Tract

Majority-minority census tracts are those where minority households represent over 50% of the population.

High Minority Census Tract

A high minority census tract is one where minority households represent over 85% of the population.

Racially or Ethnically Concentrated Areas of Poverty (R/ECAPs)

The U.S. Department of Housing and Urban Development (HUD) has developed a census tract-based definition for R/ECAPs that must have a non-white population of 50% or more. Regarding the poverty threshold, neighborhoods of extreme poverty are census tracts with 40% or more of individuals living at or below the poverty line. Because overall poverty levels are substantially lower in many parts of the country, HUD supplements this with an alternate criterion. Thus, a neighborhood can be a R/ECAP if it has a poverty rate that exceeds 40% or is three or more times the average tract poverty rate for the metropolitan/micropolitan area, whichever threshold is lower.

Persistent Poverty Counties (PPC)

PPCs are defined by Public Law 112-74 (enacted on December 23, 2011) as counties where 20% or more of their population lives in poverty as measured by the U.S. Census Bureau (1990 and 2000 decennial censuses, and 2006–2010 American Community Survey).

High Poverty Counties

High poverty counties are those that have a poverty rate greater than 20% per the Federal Financial Institutions Examination Council (FFIEC), which is tracked annually.

Designations by the U.S. Government and Federal/State Agencies

- **Distressed or Underserved Census Tracts:** Non-metropolitan middle-income geographies located in counties with: (1) an unemployment rate of at least 1.5 times the national average; (2) a poverty rate of 20% or more; or (3) a population loss of 5% or more in a five-year period preceding the most recent decennial census.
- **Difficult Development Area (DDA):** Areas with high land, construction, and utility costs relative to the area median income and are based on Fair Market Rents, income limits, the 2010 census counts, and 5-year American Community Survey (ACS) data.
- **HUBZone:** HUBZone is a United States Small Business Administration program for small companies that operate and employ people in Historically Under-utilized Business Zones.
- **Empowerment Zone (EZ), Enterprise Community (EC), and Renewal Community (RC):** Initiatives sought to reduce unemployment and generate economic growth through the designation of federal tax incentives and award of grants to distressed communities.

Metropolitan Statistical Area (MSA)

A geographical region with a relatively high population density at its core and close economic ties throughout the area.

LMI Census Tract

A property or business in a low-income census tract is where the median family income (MFI) of residents residing in the census tract is less than 50% of the MFI of the MSA or non-MSA. A property or business in a moderate-income census tract is where the median family income of residents residing in the census tract is greater than or equal to 50% and less than 80%.

<https://data.hrsa.gov/tools/shortage-area/mua-find>

[https://ced.sog.unc.edu/what-exactly-is-workforce-housing-and-why-is-it-important/#:~:text=in%20their%20communities.,Definition,area%20median%20income%20\(AMI\)](https://ced.sog.unc.edu/what-exactly-is-workforce-housing-and-why-is-it-important/#:~:text=in%20their%20communities.,Definition,area%20median%20income%20(AMI))

https://hudgis-hud.opendata.arcgis.com/datasets/56de4edea8264fe5a344da9811ef5d6e_0

<https://www.fhfa.gov/DataTools/Downloads/Pages/Duty-to-Serve-Data.aspx>

<https://www.walkscore.com/>

<http://www.ruralhome.org/sct-initiatives/mn-persistent-poverty>

https://hudgis-hud.opendata.arcgis.com/datasets/1101a6c1e2364302b70485ca99fc7e69_0

<https://www.sba.gov/federal-contracting/contracting-assistance-programs/hubzone-program>

<http://tod.org/>

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