

## COMMUNITY INVESTING

### *Accelerating the U.S. Social Investment Sector*

Innovative social investment practices can transform the traditional community finance sector, though this market faces real challenges in attracting mainstream private investors at scale. The 2014 Community Investing Working Group will focus on actionable strategies to broaden the U.S. social finance market to put private capital to work in the areas of health, affordable housing, small business lending, and community and economic development. Specifically, participants will identify approaches to accelerate the development and deployment of investment products and platforms, improve industry education, and advance market structures to scale successful community initiatives.

### OBJECTIVES

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- Develop technical solutions, including products, services, and industry infrastructure to address crucial gaps and impediments in the community investing market that can yield Commitments to Action.
- Identify actionable strategies to create a broader market of social investment opportunities to attract mainstream investors to a range of community development initiatives.
- Develop strategies for community development investments at scale.
- Advance social impact performance data collection and dissemination strategies to unlock capital.
- Strengthen Commitments to Action through new partnerships and develop networks for further collaboration.

### Working Group Advisors

- **Kimberlee Cornett, Managing Director, Social Investment Practice, The Kresge Foundation**
- **Daniel Nissenbaum, Managing Director, Urban Investment Group, Goldman Sachs**

### Working Group Manager

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## SUBTOPICS

### HEALTH AND COMMUNITY INVESTMENT

Increasingly health is recognized in an important ingredient in building productive communities. This subtopic will focus on the convergence of community development practitioners and health care providers to develop new partnerships, opportunities and methods of monetizing health improvements. Participants will discuss new investment products and capital sources that improve patient care; improve the health of populations and; reduce costs while addressing the social determinants of health via partnerships with the community development sector.

### HEALTHY FOOD FINANCING

Improving access to healthy food in underserved communities is a proven tactic to promote small business development, job creation and positively impact health outcomes for vulnerable populations. Participants will examine opportunities to replicate successful fresh food financing initiatives and develop a strategy and the tools required to scale these models nationally.

### LOCAL INVESTMENT

With constrained public budgets, communities are looking for new sources of capital, including from local residents. Participants will evaluate lessons from crowdfunding and discuss how local investment tools can expand the community development capital market.

### OUTCOMES-BASED FINANCING

Pay for Success transactions present an exciting opportunity to introduce new investors and capital to high-impact social programs. Participants will explore the market tools required to scale and accelerate these transactions, with a particular focus on strategies to improve the collection and dissemination of social impact data within the community development sector.

### SMALL BUSINESS LENDING

Despite banks increasing small business lending and the surge of alternative lenders with online and technology-driven platforms, persistent lending gaps remain for businesses seeking \$100,000 - \$300,000 loans and for minority borrowers and those in distressed geographies. CDFI lenders are challenged by increasing demand, dated operational approaches, and a nonexistent secondary market for unenhanced loans. Participants will focus on partnership opportunities for conventional and alternative lenders, and strategies to engage secondary markets and reach underserved businesses.

### THE COMMUNITY DEVELOPMENT MARKETPLACE

Community development transaction costs remain high, with investors in search of more efficient ways to source potential deals and communities looking for more effective ways to connect investment-ready projects to capital. Participants will explore the creation of a marketplace to better connect local investment opportunities identified through Federal place-based programs to philanthropic and for-profit investment.

### THE HOMEOWNERSHIP SUPPLY CHAIN

Today, low- and moderate-income borrowers are increasingly shutout of homeownership opportunities when wealth building is most likely to be realized. Participants will examine interventions to better match homebuyers with affordable and fair lenders and explore new opportunities to responsibly originate to borrowers in underserved markets.

**SESSION 1**  
**IDENTIFYING OPPORTUNITIES FOR ACTION**

*Tuesday, June 24*

*11:00 AM – 12:30 PM*

*Governor's Square 10, Plaza Building, Concourse Level*

**Expected Outcomes**

- Identify and prioritize concrete opportunities for new and collaborative Commitments to Action within subtopics.
- Introduce assets and capabilities of Working Group participants.
- Review relevant Commitments to Action within table subtopics.

**Framing Questions**

- With an understanding of the market taxonomy and the needs of mainstream investors, what are concrete and actionable strategies and tools to attract new capital and investors and take successful community development programs to scale?
- What assets and capabilities can participants bring to specific solution sets and Commitment ideas?
- Within the table subtopics, what are potential opportunities for new and collaborative Commitments?

*Table Subtopics*

- Community Development Marketplace
- Health and Community Investment
- Healthy Food Financing
- Homeownership Supply Chain
- Local Investment
- Outcomes-Based Financing
- Small Business Lending

## SESSION II DESIGNING SOLUTIONS

*Tuesday, June 24*

*2:45 PM – 4:45 PM*

*Governor's Square 10, Plaza Building, Concourse Level*

### **Expected Outcomes**

- Within table subtopics, discuss concrete strategies to advance collaborative ideas and market-wide tools.
- Test the feasibility of potential strategies and new tools and “reality check” proposed solutions against market dynamics and investor needs.
- Begin design process of proposed solutions by identifying resources required, necessary stakeholders, and near-term challenges to overcome.
- Prepare concepts to pitch to Working Group for further discussion.
- Develop an understanding of CGI's Commitment to Action model.

### **Framing Questions**

- How will proposed solutions overcome key market and industry dynamics that prevent this approach from occurring in today's market?
- How can this group strategically leverage the assembled assets and capabilities to meaningfully advance suggested solutions?
- What stakeholders are necessary for success, but currently missing from the discussion?
- What are the onramp opportunities for critical partners?

### *Table Subtopics*

- Community Development Marketplace
- Health and Community Investment
- Healthy Food Financing
- Homeownership Supply Chain
- Local Investment
- Outcomes-Based Financing
- Small Business Lending

**SESSION III**  
**ACTION PLANNING & IMPLEMENTATION**

*Wednesday, June 25*

*10:30 AM – 1:30 PM*

*Governor's Square 10, Plaza Building, Concourse Level*

**Expected Outcomes**

- Refine the key elements of proposed solutions identified in the previous sessions.
- Develop an action plan for the next three months, identify and outline concrete next steps, and delegate responsibilities to continue momentum beyond CGI America.
- Ensure that participants are aware of all ideas and how to advance efforts after CGI America.
- Formalize actionable solutions into CGI America Commitments to Action.

**Framing Questions**

- What immediate next steps are required to take these ideas from concept to reality? What resource and capacity commitment are participants willing to make (or consider making) to advance proposed commitment ideas?
- Who will manage and shepherd this initiative in the near-term? And in the long-term?
- Who are the necessary stakeholders required for successful implementation? How can this initiative incorporate onramps for others to contribute to its success?

*Table Subtopics*

- Community Development Marketplace
- Health and Community Investment
- Healthy Food Financing
- Homeownership Supply Chain
- Local Investment
- Outcomes-Based Financing
- Small Business Lending

## SELECT 2014 COMMITMENTS

*Click [here](#) for a complete list of past commitments*

### **Presto Loans: Empowering Everyday Entrepreneurs, 2014**

**Commitment by:** Accion (New Mexico - Arizona - Colorado – Nevada)

In 2014, Accion (New Mexico - Arizona - Colorado – Nevada) committed to launch a new small enterprise loan product of up to \$8,000—the Presto Loan—to bridge the critical gap in rapid, affordable business credit for low- to moderate-income, minority and women entrepreneurs. For the first time, a nonprofit microlenders will offer business loans with rapid, one-hour turnaround. Over the next six months, Accion will issue 500 Presto Loans, deploying approximately \$2,000,000 in small business lending. Approximately 40% of these Presto Loans will be for new and start-up small businesses.

### **ReFresh – Scaling Access to Healthy Food, 2014**

**Commitment by:** The Reinvestment Fund

**Partners:** JPMorgan Chase Foundation; Robert Wood Johnson Foundation; Capital Impact Partners; IFF; Low Income Investment Fund; Northern California Community Loan Fund; Finance Fund Capital Corporation; Florida Community Loan Fund; Colorado Enterprise Fund

In 2014, The Reinvestment Fund (TRF) committed to significantly expand its ReFresh initiative by working in partnership with CDFIs, capital providers, policymakers and other healthy food access stakeholders to leverage \$100 million of investments for healthy food projects nationally over the next three years. TRF will also work with partners to update its Limited Supermarket Analysis, a food access mapping tool that displays areas of the nation where Americans do not live within a reasonable travel distance of a supermarket and provide in-depth, geographically targeted market analyses to better identify and target communities for fresh food access. Through these efforts, nearly 3,000 construction and retail jobs will be created.

### **Providing Catalytic Capital for Healthy Food Financing, 2014**

**Commitment by:** UpLift Solutions

In 2014, UpLift Solutions committed to increase capacity of healthy food financing initiatives with the creation of a new Community Development Financial Institution (CDFI) focused on bundling equity-like capital and expert technical assistance to facilitate community development through supermarket projects nationally. Over the next three years, UpLift will finance five retail health clinics located within supermarkets, make five pre-development supermarket loans, and provide permanent financing for three supermarkets. UpLift will work with CDFIs, foundations, food manufacturers, health insurance companies and other financial institutions to capitalize a sectoral specific healthy food retail fund providing mezzanine capital.

### **Collective Data Initiative, 2014**

**Commitment by:** CoopMetrics

**Partners:** F. B. Heron Foundation; National Cooperative Grocers Association; Next Street Financial

In 2014, CoopMetrics committed to scale its social impact data tools for the wider social sector in order to stimulate \$100 million in new impact investment over three years. CoopMetrics allows enterprises and investors to have a common basis for understanding financial performance and its link to social outcomes. CoopMetrics will put powerful data tools in the hands of social enterprises, nonprofits and impact investors, expanding the use of its tools to 10 mission investors and 10 new networks of social enterprises and

nonprofit organizations who are collaborating to transform sectors of the economy such as education, health care, and housing. These network sponsors will reach at least 1,000 nonprofits and small businesses.

### **Building a new mortgage supply chain with technology, 2014**

**Commitment by:** Cambridge Financial Technology

**Partners:** The Ford Foundation; Community Capital Management; Massachusetts Affordable Housing Alliance; Massachusetts Housing Partnership

In 2014, Cambridge Financial Technology (CFT) committed to build and launch the technology, platform and services to support a new and sustainable mortgage supply chain that connects low and moderate income home-buyers to the services, loan programs, and lenders that best meets their needs. Over the next 18 months, CFT expects 10,000 homebuyers will utilize the platform and associated services to connect with fair and affordable lenders and housing counseling services. Cambridge Financial Technology is first launching its platform with partners in Massachusetts, and will add additional home buyers and organizations as the platform is tested, revised and scaled nationally.

### **Monetizing the Social Value of Community Investments, 2014**

**Commitment by:** Low Income Investment Fund

**Partner:** The Ford Foundation

In 2014, the Low Income Investment Fund (LIIF) committed to launch an open-source social impact calculator, along with a suite of innovation tools to spur large-scale systems change in the community development sector. Specifically, LIIF will share its social impact calculator methodology, leveraging high-quality academic research to translate output data into monetized impact estimates. LIIF will continue to improve and share its methodology, ultimately developing an internal rate of return (IRR) for community capital investments. LIIF will also develop simple digital tools for community development financiers and practitioners to use. This commitment will encourage change in how the community development sector thinks about measuring impact and lead to new resources, capital solutions and public policies that support highly effective and impactful projects.

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