



MINNESOTA COUNCIL
ON FOUNDATIONS

Minnesota Council on Foundations

Integrated Capital Recovery Program

Date: 1:30-3:30 August 4, 2020

Affordable Housing

- Greater Minnesota Housing Fund
- Duluth LISC
- NeighborWorks Home Partners
- Habitat for Humanity of MN, Inc.
- Twin Cities Habitat for Humanity



Greater Minnesota Housing Fund

Builds partnerships and finances the development of quality affordable housing and communities throughout the state.

Organization History and Scale

- Founded 1996
- Certified as a CDFI in 2013
- Operates in all 87 counties of MN
- 12/2019 Total Assets: \$126,774,961
- 12/2018 Total Assets: \$109,054,94

Team

17 total staff (53% Women, 6% POC)

Use of Funds and timing

Longer term resilience: To maintain and preserve the production of affordable homes. COVID-19 has increased the need for affordable housing, making preservation and production of affordable homes even more critical. This funding will be part of a greater initiative of up to \$26M deployed over the next 1-3 years.

Additional Notes: Leverage ratio of 5:1 on PRIs. 46% (\$34M) of lending capital deployed to women or BIPOC led organizations.

Target Impacts

- DEI: Staff and board majority women, 12% POC; 30% of households served are POC with an average household income of \$21,074.
- 83% of affordable homes were outside of the 7 county metro. 30% POC households, 50% with children, and 12% formerly homeless.

Capital Needs

Loans: \$3,000,000 for 3-5 years. For increased affordable housing development lending and the Naturally Occurring Affordable Housing (NOAH) Impact Fund II.
Grants: \$250,000 for project planning, organizational capacity, initiatives, and critical operations.

PRI/investors

US Bancorp
Wells Fargo
The McKnight Foundation
MacArthur Foundation
USDA
Otto Bremer Foundation
Blandin Foundation
Bank of the West
Margaret A Cargill
Philanthropies
Bank of America

Duluth LISC (Housing Proposal)

Promotes economic mobility and addresses systemic barriers to wealth creation in Duluth by convening partnerships and seeding innovative programs.

Organization History and Scale

- Founded 1997
- Certified as a CDFI in 2013
- Operates in city of Duluth and Greater Duluth area.
- 12/2018 Total Assets: \$821,836,491 (for LISC)

Team

4 total staff (75% Women, 25% POC)
Executive Director for 23 years

Use of Funds and timing

Recovery efforts: Will use this grant money to create a loan fund to address the loss of investment in housing projects that LISC Duluth had been working on with the City of Duluth until COVID-19 caused financial challenges. There are 5 affordable housing projects competing for a potential 9% tax commitment from the Minnesota Housing Finance Agency in need of new gap financing. Duluth LISC will work to fill gaps in affordable housing developments and provide funds for smaller rental properties at risk of loss due to lack of revenue or higher cost of rehab.

Target Impacts

- DEI: Women in leadership, includes POC staff; Housing fund will primarily finance multi-family rental housing
- Focuses on people most affected by the loss of affordable housing, such as BIPOC, women, and families.

Capital Needs

Loans and grants: \$2,000,000 at 0% for the flexible loan fund and \$30,000 for program costs. Total \$2,030,000.

PRI/investors

None

NeighborWorks Home Partners

Empowering individuals and communities by helping people buy, fix and keep their homes through one-on-one and group homeownership counseling/education, community lending (down payment, home repair, first mortgage) and housing development.

Organization History and Scale

- Founded in 1982
- Certified as a CDFI in 2003, other credentials
- Operates in the Twin Cities metro area
- 9/2019 Total Assets: \$16,820,076: 918 \$14,187,631
- Made 1,015 loans totaling \$13,707,881 since 2015

Team

18 total staff (56% Women, 17% POC): CEO for 9 years

14 Board members (42% Women, 50% POC)

Operates revolving loan fund with 773 loans \$10.9M

Use of Funds and timing

Emergency response: Use funds to pre-empt impending foreclosure concerns related to COVID-19

Recovery efforts: to create a pool of dollars for nonprofit CDFI/housing developers to purchase foreclosed properties as a result of COVID to sell to LMI families

Longer term resilience: As one of the few housing focused CDFIs in the Twin Cities, can act as needs arise due to COVID-19 with their community lending programs

Target Impacts

- DEI: Staff majority Women; Serves LMI households
- Serves low income families who do not qualify for traditional mortgages
- Created 251 homeowners and preserved housing for 89 families in 2019: > 60% POC, >70% LMI

Capital Needs

Loans: \$6,000,000, in 3 parts: \$2M at 0-1%, 5-10 yrs; \$1M at 1% 10-15 yrs; \$3M at 0-1% 3-5 yrs

Grants: For loan loss reserve capitalization and operating costs

PRI/investors

Otto Bremer Trust

Wells Fargo

NeighborWorks America

CDFI Fund

Midwest Minnesota CDC

Habitat for Humanity of Minnesota, Inc.

Habitat for Humanity of Minnesota is a Habitat for Humanity Affiliate Support Organization and CDFI who provides community lending that supports the work of affiliates in Minnesota, largely in rural communities.

Organization History and Scale

- Founded 1997
- Certified as a CDFI in 2013
- Operates in 65 counties, 58 in Greater Minnesota
- 6/2018 Total Assets: \$33,264,340

Target Impacts

- DEI: Staff majority Women, no POC; Serves low income families, single heads of households, households with disabled family members, seniors, hard to finance workers, and large families

Team

7 total staff (86% Women, 0% POC)
Executive Director new this year

Capital Needs

Loans: \$400,000
Grants: \$200,000 split in half, affiliate grants and operating funds

Use of Funds and timing

All three areas: For the Habitat Minnesota Disaster Response and Crisis Recovery Fund. These funds will offer a combination of short, medium, and long-term loan and grant capital for affiliates as they respond to the immediate needs of Habitat homeowners experiencing financial crises, then work to recover and maintain long-term stability for their organization to continue serving their community.

PRI/investors

Buuck Family Foundation
InFaith Community Foundation
McKnight Foundation
Otto Bremer Trust
Shavlik Family Foundation

Twin Cities Habitat for Humanity

Twin Cities Habitat is an affordable housing developer and TCHFH Lending Inc. is a our nonproft CDFI. Provides first-time homebuyer financing to LMI households are unable to access traditional financing.

Organization History and Scale

- Founded 1985
- Certified as a CDFI in July 2018
- Operates in seven county Twin Cities metro area

Target Impacts

- DEI: Women-led, staff 100% female; Over last 3 yrs 85% of CDFI clients were households of color, 74% identifying as Black or African American
- Serves LMI households who earn less than 80% median income. Last year supported 92 first-time homeowners.

Team

7 total staff (100% Women, 14% POC)

Capital Needs

Loans: \$500,000, 0-1%, 3-5 yrs
Grants: \$300,000

Use of Funds and timing

Recovery efforts: Grant capital would support existing Habitat homeowners in staying in their homes, which we define as recovery efforts. Loan proceeds would allow us to continue to originate affordable mortgages to current homebuyers in our pipeline who are looking to close on their homes but who may have lost incomes and need Habitat's more flexible mortgage solutions to help them buy their homes. 100% of our clients are low or very low-income households who earn 30-80% area median income.

PRI/investors

F. R. Bigelow Foundation
Otto Bremer Trust
Family Housing Fund



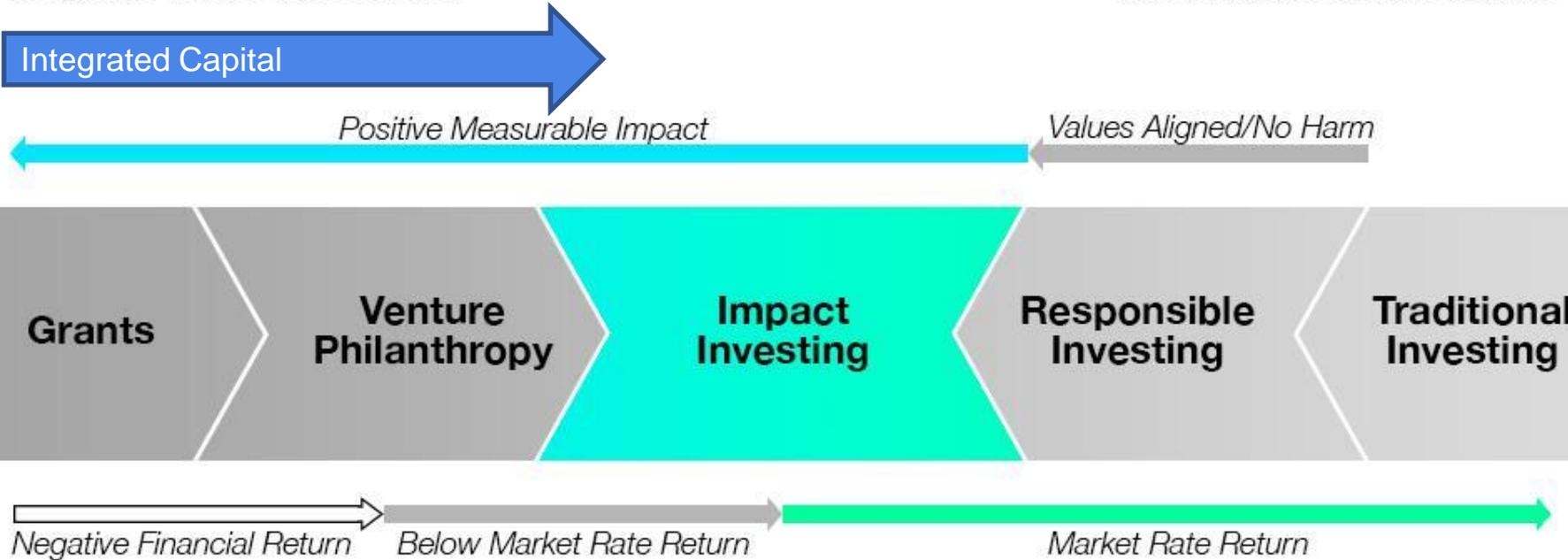
Investing Spectrum

Philanthropic Activities

Program Related Investments

Investment Activities

Mission Related Investments



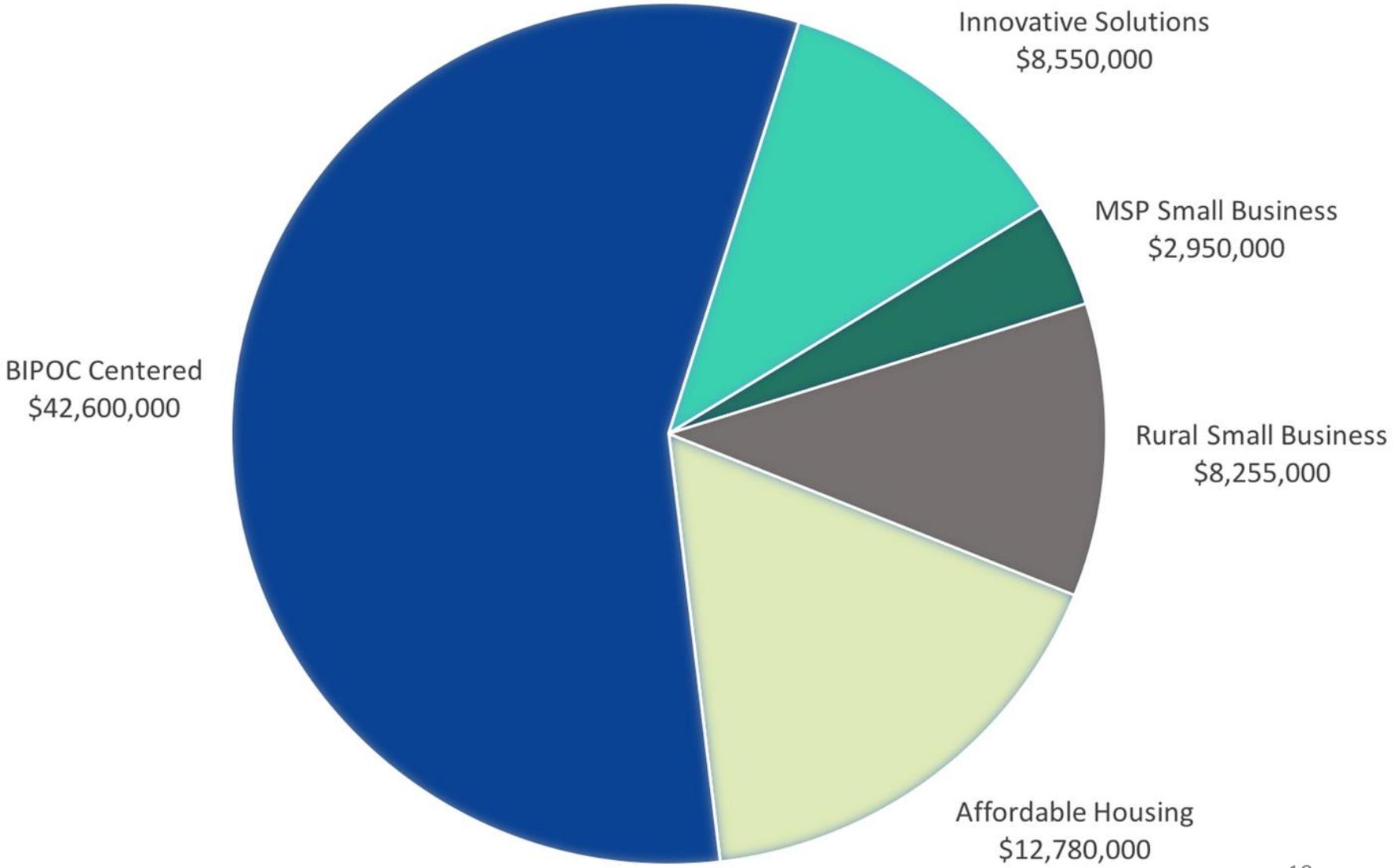
Integrated Capital is:

the coordinated use of different forms of financial capital and non-financial resources to support an enterprise that's working to solve complex social and environmental problems.

RSF Social Finance

TOTAL CAPITAL NEEDS

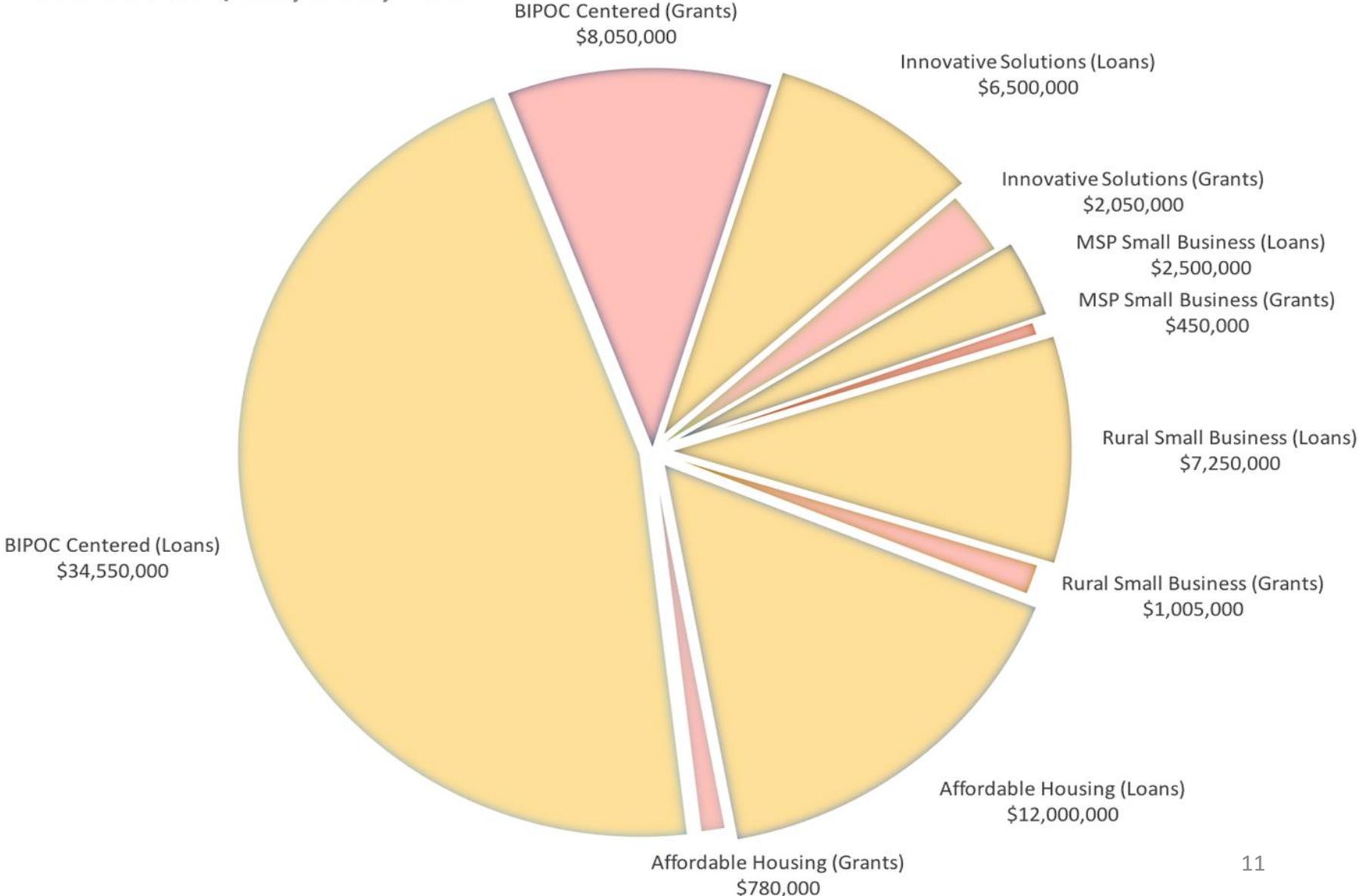
\$75,135,000

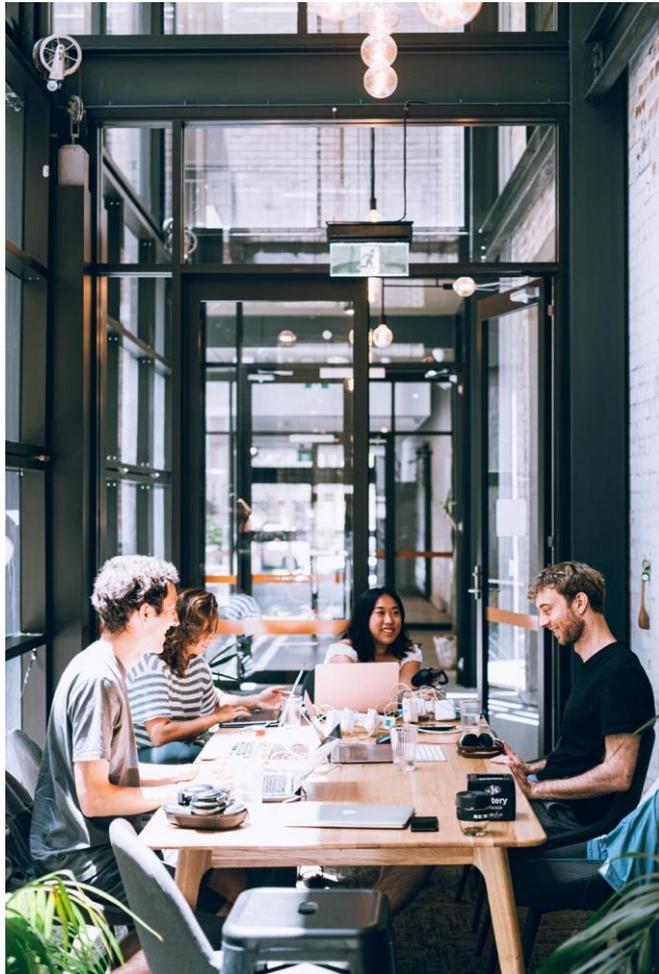


TOTAL CAPITAL NEEDS

LOANS: \$62,800,000

GRANTS: \$12,335,000





Next Steps

What are your next steps?

Whether you plan to invest independently, or as part of MCF's joint program, please connect with Susan Hammel, MCF's Executive in Residence for Impact Investing, to share/discuss your plans.

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