We provide access to capital to low- and moderate-income communities in the Northwest.
Our 2016 Impacts

Capital Leveraged
$158,665,668

Retail and Industrial Space Developed
60,137 sq. ft.

Affordable Housing Units Created or Preserved
986

Affordable Homes Created or Preserved
15

Loans Closed
$11,198,309

Food Banks Financed
1

“Without Impact Capital, we couldn’t have built our new food bank. Their team was responsive to our needs and really easy to work with. Their flexibility created a financing solution that met the needs of our housing partner, the construction lender, and our many project funders including the City of Seattle and State of Washington. Not to mention, Impact Capital worked alongside us throughout the project to ensure that the best financing outcome was possible for us at the end of construction when we took ownership of our new University District Food Bank.”

— Joe Gruber, Executive Director, University District Food Bank

Cover Photos and This Page by Michael Walmsley
Community Partners, Investors, and Colleagues,

Thank you for your dedication to making our communities in the Pacific Northwest stronger. In 2016, Impact Capital had a busy year with new partners, new board members, and a new loan product. We are happy to announce our new investor, Yakima Federal Savings Loan, and welcome three new board members: Leanne Antiono, President Yakima Federal Savings; Mark Smith, Executive of the Housing Consortium of Everett & Snohomish County; and Greg Winter, Executive Director of the Opportunity Council.

It has been a challenging year for many, with our state in an affordable housing crisis. Vacancy rates across the region are at historically low levels, waiting lists are growing for affordable rental units, and home prices continue to rise at an unprecedented rate. The result has left many individuals and families homeless.

In response, Impact Capital developed a new preservation loan product, in hope of finding a solution to the lack of affordable housing and an aging housing stock. Our new loan is designed to help our partners quickly purchase housing units at risk of going market rate, stabilize and rehabilitate them, and then secure permanent financing at a later date.

In 2016, Impact Capital continued to work in urban and rural communities in Washington State, as follows:

- We closed 22 loans, for a total of $11.2 million, creating and/or preserving 1,183 units of affordable housing,
- $2.8 million (of the $11.2 million) was for new preservation loans, preserving 200 units of affordable housing, and
- We grew the number of new loans funded in our Community Investment Fund Portfolio by 200% (or 6 loans).

As we move forward into 2017 and beyond, we look forward to hearing from our many partners and investors. We want to understand how Impact Capital can help the communities you serve, and how our loan products can help you meet your goals.

Impact Capital provides access to capital to help build communities that are equitable and safe, with access to affordable housing, health care, schools, parks, jobs, and transportation. You can support our ongoing efforts by making a donation (at www.impactcapital.org) or by sharing this report with your colleagues.

Sincerely,

Lowel Krueger, Board Chair
Judith Olsen, President
NEW LOANS PER COUNTY IN 2016
KING: 11
SNOHOMISH: 3
CHELAN: 1
CLARK: 1
WHATCOM: 3
KITSAP: 1
WHITMAN: 1
WASHINGTON (OR): 1

TOTAL LOANS PER COUNTY
ADAMS: 5
ASOTIN: 1
BEETON: 9
CLAYTON: 14
CHELAN: 14
CLALLAM: 9
CLARK: 21
COVILLE: 6
DOUGLAS: 4
FERRY: 1
FRANKLIN: 4
GRANT: 15
GRAYS HARBOR: 2
ISLAND: 2
JEFFERSON: 3
KING: 316
KITSAP: 7
KITTITAS: 1
KLIKAITAS: 1
LEWIS: 3
LINCOLN: 4
MASON: 2
OKANOGAN: 14
PACIFIC: 5
PEND OREILLE: 1
PIERCE: 58
SAN JUAN: 13
SKAGIT: 13
SKAMANIA: 3
SNOHOMISH: 40
SPOKANE: 52
STEVENS: 3
THURSTON: 5
WALLA WALLA: 6
WHATCOM: 21
WHITMAN: 7
YAKIMA: 26
WASHINGTON COUNTY, OR: 1
El Patio
EL CENTRO DE LA Raza

Impact Capital provided $1.65 million for construction and preservation financing to El Centro de la Raza to rehabilitate an existing 14-unit affordable housing project located in Seattle. The project is undergoing renovations to address deferred maintenance issues, improve energy efficiency, and to preserve and extend the project’s useful life. The loan will be repaid through El Centro fundraising efforts, and possible additional investment from public funders.

“Mil Gracias to Impact Capital for supporting the rehabilitation and preservation of fourteen units of affordable housing located two blocks from the Beacon Hill light rail station, for families at risk of displacement, and for standing with El Centro de la Raza to address the affordable housing crisis in our city.”

— Estella Ortega, Executive Director, El Centro de la Raza
Safe Streets
CATHOLIC HOUSING SERVICES OF WESTERN WA (CHSWW)

CHSWW, a long-term partner, has a flexible, revolving line of credit (LOC) from Impact Capital to cover critical pre-development expenses in advance of awards from public funders. This LOC allows CHSWW to access funding quickly at predictable rates and fees. CHSWW can draw up to $750,000, allowing the organization to move forward and stay on track with two projects simultaneously.

One of CHSWW’s projects is Everett Safe Streets Supportive Housing, which recently received public funding awards. The project is a 70-unit, permanent, residential facility with support services on site.

“The line of credit from Impact Capital allows CHS to complete important predevelopment work that allows us to build housing for some of the poorest and most vulnerable in our communities. Additionally, it provides capacity to work on multiple projects across Western Washington simultaneously. Impact processes draws quickly allowing for prompt payment to our vendors.”

— Patrick Tippy, Senior Housing Developer, Catholic Housing Services of Western Washington.
“At Impact Capital, we derive a great deal of pride from our ability to be creative and flexible in developing funding solutions for our affordable housing development partners,” says David Tan, IC’s VP of Lending. “Whether its providing an active developer like Catholic Housing Services with a consistent source of funds, or assisting MCHA reposition an asset for long-term success, we help our partners bridge the gap between concept and realization.”

Kneeland Park
MASON COUNTY HOUSING AUTHORITY (MCHA)

Impact Capital provided a construction and predevelopment loan for MCHA’s Kneeland Park project. Located in Shelton, this is a former tax credit project that was taken over by MCHA and is currently five years past its 15-year compliance period, but the property still has a deed restriction requiring the preservation of affordable housing. This loan is being used to pay for expenses related to resolving deferred maintenance, and for in-unit repairs to expedite re-occupancy.
Impact Capital provided a bridge loan to the University District Food Bank for their capital campaign. The campaign was intended to raise over $3 million for the 32-year-old food bank to move out of its leased space in a cramped church basement to a larger space in a new mixed-use affordable housing complex. Impact Capital played an instrumental role in the project by providing a guarantee to the construction lender that IC would cover the financing to repay that loan in full, regardless of the performance of the Food Bank’s capital campaign.

The University District Food Bank’s new facility expands their distribution capacity to individuals and families who are in need. This enables the Food Bank to better connect its customers to community resources that allow them to achieve self-sufficiency.
“Community Land Trusts are a fantastic way to create long term affordable homeownership. Generations of people are guaranteed the opportunity to own a home in their lifetime.”

— Chris Szala, Executive Director, Vashon HouseHold.

Sunflower Project
VASHON HOUSEHOLD

In 2016, Impact Capital provided a $2,000,000 revolving construction loan to Vashon HouseHold for their Sunflower Project. The project resulted in the creation of 14 tiny-homes for individuals and families earning 80 percent or less of the area median income. The homes are a part of the small home movement and are roughly 720 square feet in size, including a main floor and loft. Vashon HouseHold sold each of the homes for $170,000 – like all land trust models, the low-cost lease for the land reduces the cost of the homes.
Riverview Housing
WHITMAN COMMUNITY ACTION CENTER (CAC)

Impact Capital provided an $85,000 predevelopment loan to Whitman CAC, the primary housing developer in Whitman County, for their Riverview Housing Complex. This project will result in 52-units of affordable housing, including units dedicated for special populations, such as homeless and large families, veterans, and people with disabilities. The project will have covenants and income restrictions ensuring it serves very-low and extremely-low income people.

“Based on the housing need study completed by AHAB, Whitman County has more of an affordable rental housing gap than most areas in the state with only 10 affordable homes for every 100 households with incomes at or below 30% of median. It’s important for everyone across the state to realize that the need for affordable housing in rural areas is relevant.”

— Dale Miller, Manager of Housing Development, Community Action Center of Whitman County
Mason County Housing Authority
  Kneeland Park, Shelton
Mt. Baker Housing Association
  Big Buy Syndication, Seattle
Catholic Housing Services of Western WA
  Mt. Baker Apartments, Bellingham
Athele LLC (Imagine Housing)
  Athene Project, Seattle
Housing Hope
  Twin Lakes Landing II, Marysville
Capitol Hill Housing
  Liberty Bank, Seattle
Vashon Household
  Sunflower Subdivision, Vashon
Second Step Housing
  The Meadows, Vancouver
El Centro de la Raza
  El Patio, Seattle
Catholic Housing Services of Western WA
  Line of Credit (multiple projects)
University District Food Bank
  University Commons (Marion West), Seattle
Homestead Community Land Trust
  Nova Townhome, Seattle
Mount Baker Housing Association
  Hooe-Neiders, Seattle
Mount Baker Housing Association
  McClellan Strip, Seattle
Opportunity Council
  North 22, Bellingham

Denise Louie Education Center
  Early Childhood Education Center-Building 9, Seattle
Whitman CAC
  Riverview Housing, Pullman
Compass Housing Alliance
  Broadview Apartments, Seattle
Kulshan Community Land Trust
  Telegraph Towers, Bellingham
Bienestar
  Cornelius Place, Cornelius (Oregon)
Cocoon House
  Colby Avenue Youth Center, Everett
Catholic Charities Housing Services
  Wenatchee Supportive Housing, Wenatchee
CORPORATE, FOUNDATION AND GOVERNMENT SUPPORTERS

AmazonSmile Foundation
Bank of America Charitable Foundation
Boeing Employees’ Credit Union (BECU)
Catholic Charities Housing Services of Yakima
Columbia Bank
First Sound Bank
Heritage Bank
KeyBank Foundation
Olympia Federal Savings & Loan Association
The K Foundation
United Way King County
Umpqua Bank Charitable Foundation
U.S. Bank Foundation
Washington Community Reinvestment Association
Washington State Housing Finance Commission
Wells Fargo Foundation

INDIVIDUAL SUPPORTERS

Matt Baney
Jade Blackwater
Susan Duren
Kim Etherton
Maureen Fife
Saeed Hajarizadeh
Kim Herman
Bryan Ketcham
Doug Prince
Randy Robinson
Steve Walker
Kathi ‘george’ Wheeler

INVESTORS

1ST Security Bank of Washington
Banner Bank
Boeing Employees’ Credit Union (BECU)
City of Seattle, Office of Housing
City of Tacoma
Columbia State Bank
Key Community Development Corporation
King County
Northern Trust Company
Snohomish County
State of Washington Department of Commerce
U.S. Bancorp Community Development Corporation
Washington State Housing Finance Commission
Yakima Federal Savings and Loan
IMPACT CAPITAL STAFF

IMPACT CAPITAL 2016 STAFF

Judith Olsen
President

Seth Benziger
Vice President, Lending

Michael Murray
Assistant Program Officer, Compliance

Rachel Warren
Assistant Program Officer, Lending

Michael Blumson
Program Officer, Lending

JOINING THE TEAM IN 2017

Lora Smith
Director of Finance

David Tan
Vice President, Lending
OFFICERS

Lowel Krueger  
Board Chair  
Executive/Finance Committee Chair  
*Executive Director | Yakima Housing Authority*

Saeed J. Hajarizadeh  
Vice Board Chair  
*Deputy Director | Vancouver Housing Authority*

Doug Prince  
Board Secretary  
*Partner | Foster Pepper PLLC*

Susan Duren  
Board Treasurer  
*President | Washington Community Reinvestment Association*

Kim Herman  
Immediate Past Board President  
*Executive Director | Washington State Housing Finance Commission*

MEMBERS

Leanne Antonio  
*President, CEO | Yakima Federal*

Kim Etherton  
*Relationship Manager | Umpqua Bank, Spokane*

Maureen Fife  
*Executive Director, CEO | Tacoma-Pierce County Habitat for Humanity*

Bryan Ketcham  
*Director | Catholic Charities Housing Services of Yakima*

Randy Robinson  
*Senior Vice President, Community Development Lending | Heritage Bank*

Mark Smith  
*Executive Director | Housing Consortium of Everett and Snohomish County*

Steve Walker  
*Director | Office of Housing, City of Seattle*

Greg Winter  
*Executive Director | Opportunity Council, Bellingham*

Judith Olsen  
*President | Impact Capital*

Please Pass it On

Do you like the stories in this report?  
Please share them with your friends and colleagues.
## Financial Overview 2016

### Revenue

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Interest &amp; Fees</td>
<td>$438,625</td>
</tr>
<tr>
<td>Contributed Income</td>
<td>$95,681</td>
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<tr>
<td>Program Contracts</td>
<td>$14,013</td>
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<tr>
<td>Investment Earnings</td>
<td>$20,869</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$569,188</strong></td>
</tr>
</tbody>
</table>

### Expense

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending &amp; Community Building</td>
<td>$815,401</td>
</tr>
<tr>
<td>Management &amp; General</td>
<td>$325,824</td>
</tr>
<tr>
<td>Fundraising</td>
<td>$28,358</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$1,169,583</strong></td>
</tr>
</tbody>
</table>

### Statement of Financial Position

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Investments</td>
<td>$10,078,534</td>
</tr>
<tr>
<td>Loans Receivable</td>
<td>$7,453,168</td>
</tr>
<tr>
<td>Accounts Receivable &amp; Other Asse</td>
<td>$83,703</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$17,615,405</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts &amp; Other Payables</td>
<td>$94,331</td>
</tr>
<tr>
<td>Loans Payable</td>
<td>$14,000,000</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$14,094,331</strong></td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td><strong>$3,521,074</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities &amp; Net Assets</strong></td>
<td><strong>$17,615,405</strong></td>
</tr>
</tbody>
</table>

### Statement of Activities

<table>
<thead>
<tr>
<th>Category</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$569,188</td>
<td>$0</td>
<td>$569,188</td>
</tr>
<tr>
<td>Net Assets Released from Restriction</td>
<td>$490,138</td>
<td>($490,138)</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$1,059,326</strong></td>
<td>($490,138)</td>
<td><strong>$569,188</strong></td>
</tr>
<tr>
<td>Total Expense</td>
<td><strong>$1,169,583</strong></td>
<td>$0</td>
<td><strong>$1,169,583</strong></td>
</tr>
<tr>
<td>Change in Net Assets</td>
<td>($110,257)</td>
<td>($490,138)</td>
<td>($600,395)</td>
</tr>
<tr>
<td>Net Assets Beginning of the Year</td>
<td>$982,750</td>
<td>$3,138,719</td>
<td>$4,121,469</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td><strong>$2,042,076</strong></td>
<td><strong>$2,648,581</strong></td>
<td><strong>$4,690,657</strong></td>
</tr>
</tbody>
</table>
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