

IMPACT CAPITAL



2016

ANNUAL REPORT

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

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 \$11.2million, 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*



LOANS PER COUNTY



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 | LINCOLN: 4 |
| ASOTIN: 1 | MASON: 2 |
| BENTON: 9 | OKANOGAN: 14 |
| CHELAN: 14 | PACIFIC: 5 |
| CLALLAM: 9 | PEND OREILLE: 1 |
| CLARK: 21 | PIERCE: 58 |
| COWLITZ: 6 | SAN JUAN: 13 |
| DOUGLAS: 4 | SKAGIT: 13 |
| FERRY: 1 | SKAMANIA: 3 |
| FRANKLIN: 4 | SNOHOMISH: 40 |
| GRANT: 15 | SPOKANE: 52 |
| GRAYS HARBOR: 2 | STEVENS: 3 |
| ISLAND: 2 | THURSTON: 5 |
| JEFFERSON: 3 | WALLA WALLA: 6 |
| KING: 316 | WHATCOM: 21 |
| KITSAP: 7 | WHITMAN: 7 |
| KITTITAS: 1 | YAKIMA: 26 |
| KLICKITAT: 1 | WASHINGTON |
| LEWIS: 3 | COUNTY, OR: 1 |

SEATTLE



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.

Photo courtesy of El Centro de la Raza

“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

WESTERN WASHINGTON

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.

SHELTON



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.

“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.”

SEATTLE

Food Bank

UNIVERSITY DISTRICT FOOD BANK UDFB

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.



Photo by Michael Walmsley

VASHON ISLAND

AFTER



BEFORE

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.

Photos courtesy of Vashon HouseHold

“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.

PULLMAN

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.



2 Building E West Elevation
Scale: 1/8" = 1'-0"



1 Building E East Elevation
Scale: 1/8" = 1'-0"

“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

2016 BORROWERS

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

THANK YOU

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 Blumson
Program Officer, Lending



Rachel Warren
Assistant Program Officer, Lending



Michael Murray
Assistant Program Officer, Compliance

JOINING THE TEAM IN 2017



Lora Smith
Director of Finance



David Tan
Vice President, Lending

2017 BOARD OF DIRECTORS

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

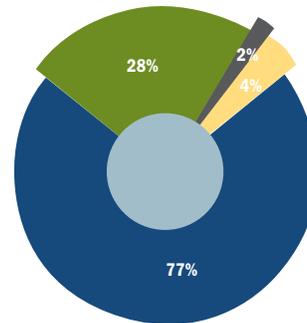
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FINANCIAL OVERVIEW 2016

REVENUE

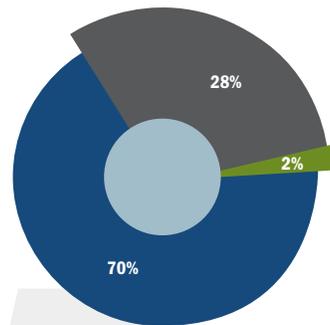
| | |
|-------------------------|------------------|
| Program Interest & Fees | \$438,625 |
| Contributed Income | \$95,681 |
| Program Contracts | \$14,013 |
| Investment Earnings | \$20,869 |
| Total | \$569,188 |



- Program Contracts
- Program Interest & Fees
- Investment Earnings
- Contributed Income

EXPENSE

| | |
|------------------------------|--------------------|
| Lending & Community Building | \$815,401 |
| Management & General | \$325,824 |
| Fundraising | \$28,358 |
| Total Expenses | \$1,169,583 |



- Management & General
- Fundraising
- Lending & Community Building

STATEMENT OF FINANCIAL POSITION

ASSETS

| | |
|------------------------------------|---------------------|
| Cash & Investments | \$10,078,534 |
| Loans Receivable | \$7,453,168 |
| Accounts Receivable & Other Assets | \$83,703 |
| Total Assets | \$17,615,405 |

LIABILITIES & NET ASSETS

| | |
|---|---------------------|
| Accounts & Other Payables | \$94,331 |
| Loans Payable | \$14,000,000 |
| Total Liabilities | \$14,094,331 |
| Net Assets | \$3,521,074 |
| Total Liabilities & Net Assets | \$17,615,405 |

STATEMENT OF ACTIVITIES

| | Unrestricted | Temporarily Restricted | Total |
|--------------------------------------|--------------------|------------------------|--------------------|
| Revenues | \$569,188 | \$0 | \$569,188 |
| Net Assets Released from Restriction | \$490,138 | (\$490,138) | \$0 |
| Total Revenue | \$1,059,326 | (\$490,138) | \$569,188 |
| Total Expense | \$1,169,583 | \$0 | \$1,169,583 |
| Change in Net Assets | (\$110,257) | (\$490,138) | (\$600,395) |
| Net Assets Beginning of the Year | \$982,750 | \$3,138,719 | \$4,121,469 |
| Net Assets | \$2,042,076 | \$2,648,581 | \$4,690,657 |



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