

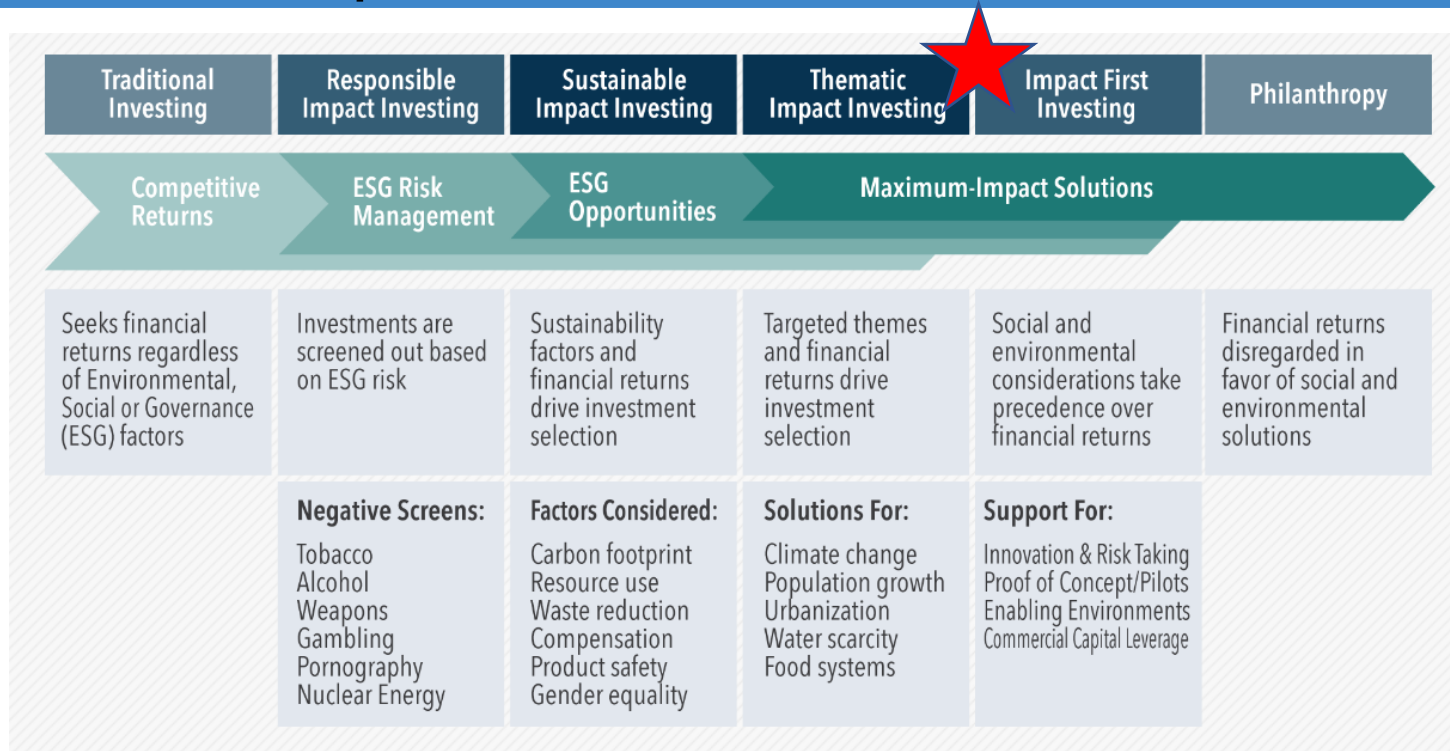
# Conservation Law Foundation

## Impact Investment

An overview with Gina Foote  
Director of Impact Investment

June 11, 2022  
The Ruth and Hal Launders Charitable Trust  
Board of Trustees Meeting

# What is Impact Investment?



Source: Sonen Capital

# Who are impact investors?

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- Institutional Foundations
- Family Foundations and Offices
- High Net Worth individuals
- Banks
- Health Systems

# Themes to consider

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- Root problems (i.e. hunger, healthy food access, regenerative agriculture)
- Geography (i.e. place-based / national / international)
- Rural vs. urban
- Populations (i.e. refugees, immigrants, black and brown communities, children)
- Sectors (i.e. climate, housing, urban forestry, community development)
- Business Stage (Start up, Growth, Mature)

# Impact Investment Terms and Tools

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## TERMS

- Flexible, low-cost, patient capital
- Blended capital

## TOOLS

- Loans
- Equity
- Guarantees
- Recoverable Grants
- Program Related Investments (PRIs)

# Impact Investment Strategies

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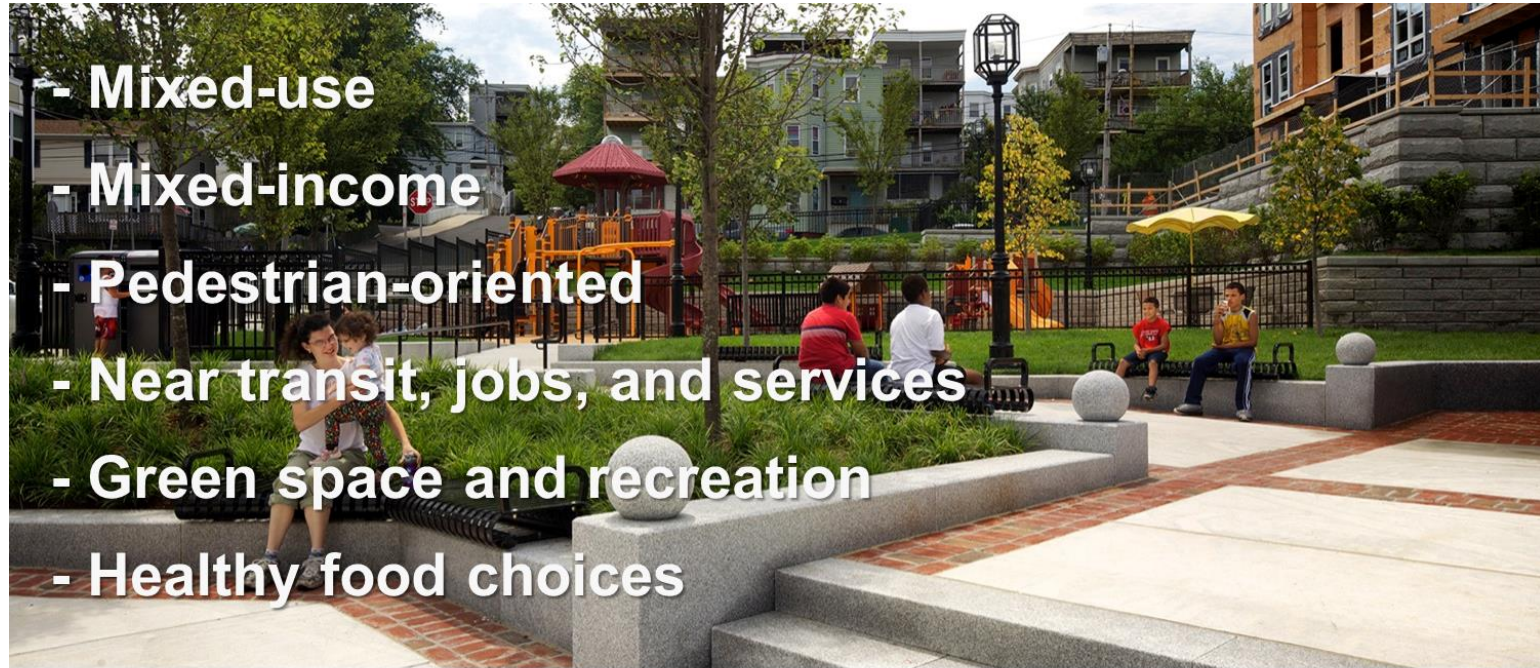
- Direct Investments
- Financial Intermediaries:
  - Community Development Finance Institutions
  - Economic Development Corporations
- Pooled Capital Funds
  - Loan Fund
  - Equity Fund



**HEALTHY  
NEIGHBORHOODS**  
EQUITY FUND I LP

Investing in the building blocks of  
healthy communities in Massachusetts

# Building Healthy Neighborhoods



*Landscape design by CBA Landscape Architects/Photograph ©Ed Wonsek*

# Why Invest in HNEF?

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- **OPPORTUNITY:** compelling Theory of Change, need for capital
- **RETURNS and METRICS:** Financial + environmental, health and equity
- **TIMING:** Convergence of public policy and market demand for transformative TOD in Massachusetts
- **RISK MITIGATION:** Blended fund structure reduces risk and enhances yield to Class A investors in HNEF I
- **TEAM:** Strong management team

# HEALTHY NEIGHBORHOODS EQUITY FUND II: Theory of Change



HEALTHY  
NEIGHBORHOODS  
EQUITY FUND II LP



## PROBLEM

In greater Boston, the lack of safe, stable, and affordable housing near public transit, coupled with an increase in concentrated poverty, is impacting the health of families and communities. Over the long term, these patterns of concentrated disadvantage will be further magnified by the climate crisis.



## ACTIVITIES

HNEF II invests in mixed-income, mixed-use real estate developments that respond to community needs; catalyze the creation of walkable, transit-oriented neighborhoods; and demonstrate low-carbon, climate-resilient design.



## NEAR-TERM OUTCOMES

In combination with other public and private investment, HNEF II will:

- Catalyze neighborhood transformation through the development of new mixed-income housing and commercial space;
- Increase housing stability and economic opportunity for low- and moderate-income people and communities of color; and
- Accelerate the development of walkable, low-carbon, and resilient neighborhoods.

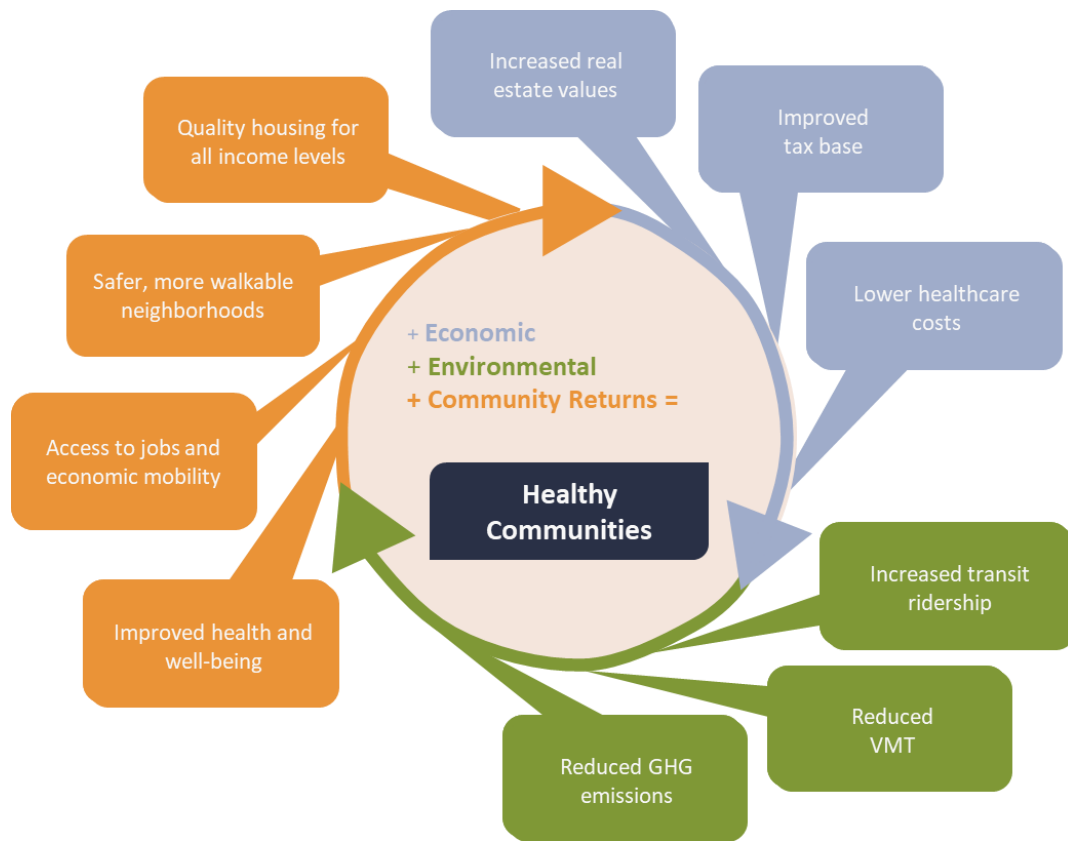


## LONG-TERM OUTCOMES
















Over the ten-year life of the fund, HNEF II investments will contribute to the following outcomes:

- More equitable, healthy, and resilient communities;
- More cohesive and socially connected neighborhoods; and
- Lower emissions from buildings and transportation.

# HNEF: More than Financial Returns



# HNEF HealthScore: Screening for Impact

NEIGHBORHOOD	PROJECT	
 <b>COMMUNITY VISION AND PRIORITIES</b>	 <b>NEIGHBORHOOD WALKABILITY</b>	 <b>GREEN SPACE ACCESS</b>
 <b>OPPORTUNITY TO REDUCE HEALTH DISPARITIES</b>	 <b>RESPONSIVE AND INCLUSIVE DEVELOPMENT</b>	 <b>LOW-CARBON BUILDINGS</b>
 <b>TRANSPORTATION ACCESS AND UTILIZATION</b>	 <b>HOUSING CHOICE AND AFFORDABILITY</b>	 <b>SUSTAINABLE TRANSPORTATION</b>
 <b>OPPORTUNITY TO ADVANCE REGIONAL EQUITY</b>	 <b>ECONOMIC OPPORTUNITY</b>	 <b>CLIMATE-RESILIENT SITES</b>
	 <b>HEALTHY FOOD ACCESS</b>	 <b>OPERATIONAL HEALTH AND SAFETY</b>

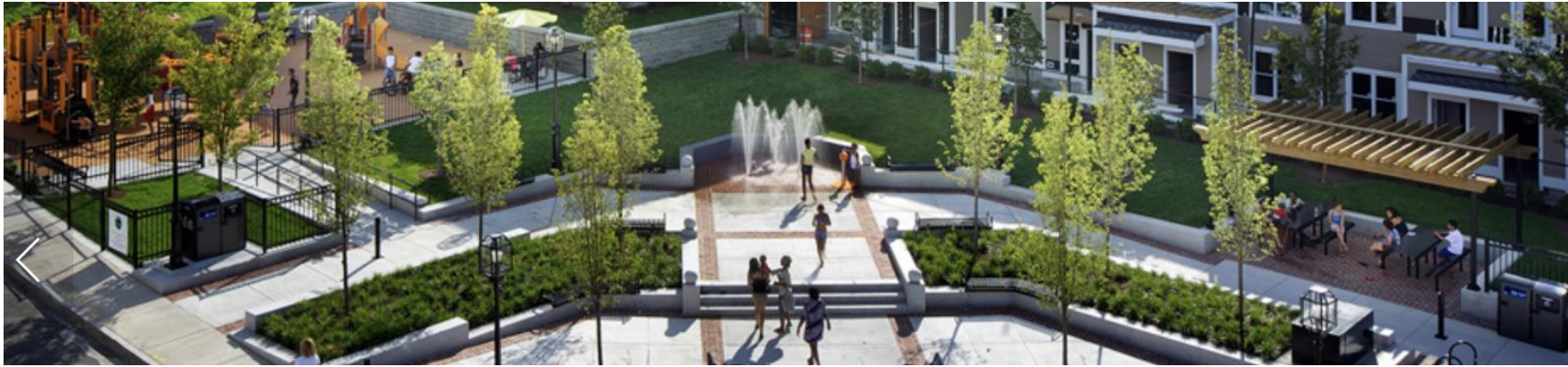
## Transformative Impacts of Healthy Neighborhoods Equity Fund I

In neighborhoods where HNEF has invested, residents are 50% more likely than the average Massachusetts resident to be admitted to a hospital for diabetes, and nearly 57% of renters are housing cost burdened, constraining their ability to afford other basic necessities. HNEF Investments are designed to address this health and housing crisis, creating transformative impacts by investing in mixed-income housing and commercial developments near public transit.



## HNEF I Impacts

# HNEF I Investment: Chelsea Flats



**96 mixed-income rental homes** in a small industrial city north of Boston  
Adjacent to **new transit**; part of a large **multi-year redevelopment plan**  
Redevelopment of the Box District has created **248 new homes with**  
**nearly half deed-restricted** at affordable rent levels for at least 30 years.

# Healthy Retail and Commerce Fund

Low-interest loans for health-promoting  
small businesses



## What is the Healthy Retail and Commerce Fund?



- Provides low-interest loans for small businesses across New England
- Enables health-promoting enterprises like healthy food retailers
- Focuses on low-income communities
- Leverages hospital, health plan, and philanthropic investments
- Supports healthier, walkable communities



Photo credit: Kortney Higginbotham

# Why Healthy Retail and Commerce?



# HRCF Eligibility and Community, Health, and Environmental Impacts

Eligible projects will meet most criteria listed below:

- Provide accessible and affordable goods and services to community residents
- Located within ½ mile of public transit
- Located in or proximate to residential areas
- Located in a low or moderate-income census tract
- Generate quality jobs for low and moderate-income residents

Impacts for which all HRCF investments are screened and monitored:

- **Employment** (e.g., job creation, compensation)
- **Street Activation** (e.g., increased walkability)
- **Food Access** (e.g., increased healthy food access & affordability)
- **Local Economy** (e.g., local purchasing & sales)
- **Connectivity** (e.g., improved local access to resources provided by enterprise)
- **Social Cohesion** (e.g., community gathering space onsite)
- **Alignment with Community** (e.g., products provided align with community needs)
- **Environmental Sustainability** (e.g., zero waste initiative, renewable energy use)

# Why Should Hospitals and Health Plans Invest in Building Healthy Communities?



1

National movement by health care sector to invest capital in social determinants of health

2

Health systems have unique assets beyond clinical expertise:

- community connections and relationships
- ability to make loans and investments
- expertise in real estate, finance, and project management

3

Health systems benefit from this approach:

- financial returns on investment
- indirect returns from improved community health
- healthier workforce
- less crime in the community
- stronger community relations
- higher property values

**\$600,000  
Healthcare  
Investor**



**\$60,000  
MHIC**

**\$540,000  
Kresge**



**\$1,200,000  
HRCF Loan  
to Stop and  
Compare**

- Capital needed by Stop and Compare: *\$1,200,000*
- HRCF funds raised to date: *\$600,000* (50%)
  - *\$540,000* loan from The Kresge Foundation (45%)
  - *\$60,000* loan from MHIC (5%)
- Financing gap: *\$600,000* (50%)
- MHIC is seeking a *\$600,000* loan from a healthcare investor to match existing funds raised
- MHIC will serve as a financial intermediary and lend the *\$1,200,000* to Stop and Compare
- MHIC and CLF team will ensure project supports community health, track impacts, and report outcomes

## By the Numbers

2  
1

### Loan Characteristics

- Loan sizes up to **\$3.5MM**
- Up to **7-year** terms
- Interest rates starting at **3%**

### Loans Closed

- **4 loans** closed for total of **>\$8.6MM**
- Borrowers include **2 grocery stores** and **2 food system nonprofits** in MA and RI

### Funds Raised

- **Over \$6.4MM** in blended capital raised from The Kresge Foundation
- **Over \$3.95MM** raised from health system investors (Boston Medical Center, Mass General Brigham, Tufts Health Plan Foundation, Blue Cross & Blue Shield of RI, and Neighborhood Health Plan of RI)
- **At least 5%** match from MHIC

### Next Steps

- **Raise \$1.15MM** of additional capital from health system investors
- **Deploy \$2.3MM** of uncommitted capital by July 2023
- **Evaluate loan program structure and benefits to borrowers**
- **Expand HRCF** to serve more health-promoting enterprises

# NUBIAN SQUARE MARKET

**Nubian Square Market** is a community grocery store co-located within Bartlett Station, a 2018 Healthy Neighborhoods Equity Fund mixed-use real estate investment in Nubian Square in Boston.

2  
2



Our \$2 million loan was funded by The Kresge Foundation, Boston Medical Center, and MHIC's **Neighborhood Commerce Fund** and is allowing Nubian Square Market to build out and equip the new 6,800 sq. ft. store, which will:

- Create 18 full-time equivalent jobs
- Include a community room, cafe with outdoor seating, and an emphasis on Halal food
- Be within ¼ mile of Nubian Station in Roxbury



### **Southside Community Land Trust (SCLT)**

founded in 1981, works in South Providence, Pawtucket and Central Falls to help people grow food for their families and for sale to their neighbors.

SCLT supports 25 farmers and 355 gardeners through a network of 52 gardens and both urban and rural farms. Food grown on SCLT land feeds more than 15,000 people each year. Farm revenues average an astounding \$6,000 per quarter acre.

### **Our \$2.15 million HRCF loan will support SCLT's 404 Broad Street expansion:**

Matching loans from Blue Cross & Blue Shield of Rhode island, as well as Neighborhood Health Plan of Rhode Island.

404 Broad Street will include a farm to market center, commercial kitchen, office space for SCLT, a youth center, and retail spaces for up to 3 healthy food businesses.

It will create 18+ new FTE jobs, allow SCLT to serve 6+ new farms, and triple the value of SCLT farm produce sold annually.