

2015 ANNUAL REPORT



LOOKING FORWARD

IMAGINING A WELL-HOUSED WASHINGTON STATE

OUR 2015 IMPACTS

\$111,867,896
Capital Leveraged

43,181 Sq Ft
Retail and Industrial
Space Developed

1 Child Care
Facility Financed

579 Affordable
Housing Units
Created or Preserved

31 Affordable Homes
Created or Preserved

Leveraged **\$3.7M** to
Create or Preserve 579

Affordable Housing Units
\$3,682,250 in Loans Closed

LIFETIME IMPACTS FOR NORTHWEST FAMILIES

Since our founding in 2000 Impact Capital has provided more than \$144.7M in Community Development Loans – and leveraged over \$3.4 billion – to create and preserve affordable housing, community facilities, and retail space that enhance the lives of low- and moderate-income residents.

WHAT WE DO

We partner with nonprofits to provide early investment and essential resources to nurture healthy neighborhoods, revitalize commercial districts, and sustain places that diverse people call home.

OUR MISSION

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

Dear Community Partners, Investors, and Colleagues

Like you, we are watching communities across the state struggle to meet affordable housing needs. Along the I-5 corridor from Vancouver to Bellingham, and the I-90 corridor in Eastern Washington from Yakima to Pasco to Walla Walla to Spokane, and countless communities in between, the story is the same – Not enough housing. Not enough affordable housing. And aging housing stock in need of improvement.

As we look forward to continue to meet these challenges, we'd like to acknowledge our activities in 2015. We are grateful to highlight our CDFI award of \$900,000, which will allow Impact Capital to expand preservation work in 2016. Our preservation efforts are essential to cultivating Washington's affordable housing landscape, as you'll read in these pages.

Impact Capital developed a **new strategic plan in 2015**, thanks in no small part to our board and community partners who attended focus groups across the state. We feel confident this plan will guide us into the future and help us sustain affordable communities where people live, work, play, and thrive.

In 2015 we witnessed a rebound in predevelopment loans in our Community Development Loan Fund (CDLF), and closed 10 new loans – an increase of 60% from the last four years. To Impact Capital that signals a busy development pipeline ahead.

Key 2015 Activities:

- Secured a \$900,000 grant from the CDFI fund for affordable housing preservation in 2016
- Extended a \$5M loan with the Washington State Housing Finance Commission (WSHFC)
- Leveraged \$3.7M to preserve or create 579 affordable housing units
- Closed new loans totaling \$3,682,250 that supported affordable housing and poverty relief throughout Washington State
- Helped our national strategic partner Local Initiatives Support Corporation (LISC), in partnership with State Farm, to deliver funding to the City of Tacoma for capacity building

2015 also brought a changing of the guard, as our longtime board member and chair Guillermo Sandoval transitioned to California (where he will do more great work, no doubt). We thank Guillermo for his service, and wish him well.

Looking forward, we are happy to continue working with so many old friends in our communities, and equally excited about new partnerships on the horizon.

Thank you for your continued support.

Sincerely,

Lowel Krueger – Board Chair
Judith Olsen – President





COMMUNITY LENDING FOR NONPROFITS

Capital for new projects can be scarce for nonprofits, housing authorities, and tribal entities. We offer essential early-stage financing not available elsewhere in the marketplace, which jumpstarts development and attracts more financing.

ADAMS: 5	LEWIS: 3
ASOTIN 1	LINCOLN: 4
BENTON: 9	MASON: 2
CHELAN: 13	OKANOGAN: 14
CLALLAM: 9	PACIFIC: 5
CLARK: 20	PEND-OREILLE: 1
COWLITZ: 6	PIERCE: 58
DOUGLAS: 4	SAN JUAN: 13
FERRY: 1	SKAGIT: 13
FRANKLIN: 4	SKAMANIA: 3
GRANT: 15	SNOHOMISH: 37
GRAY'S HARBOR: 2	SPOKANE: 52
ISLAND: 2	STEVENS: 3
JEFFERSON: 3	THURSTON: 5
KING: 305	WALLA WALLA: 6
KITSAP: 6	WHATCOM: 18
KITTITAS: 1	WHITMAN: 6
KLICKITAT: 1	YAKIMA: 26



676 LOANS

MAKING AN IMPACT FOR FAMILIES ACROSS WASHINGTON

Many Lights Foundation



HELPING A NEW NONPROFIT BREAK GROUND FOR FAMILIES

Impact Capital provided Many Lights with an \$85,000 interest-free predevelopment loan to advance the Hope Lights affordable housing project. Currently in pilot, Hope Lights is planned to be a multigenerational community for kinship families, where community and residents are part of the solution. While new to Washington, this innovative concept follows a model applied successfully in other states.

Resident seniors live alongside adoptive and kinship families – largely taking on nurturing roles of care-taker, mentor, honorary grandparents, and surrogate family.

manylights.org

As a young nonprofit, with a big vision of healing traumatized kids, we wouldn't be able to realize the dream of the first multigenerational community that supports stability and permanence for kids in foster and kinship care in our state. Thanks to Impact Capital, we are able to access the consultants and legal services we need as part of the pre-development process to move our project along.

— **Helen Lakeru**, *President & Treasurer, Founder, Many Lights Foundation*

OPAL Community Land Trust



AFFORDABLE HOUSING FOR WORKING FAMILIES ON ORCAS

OPAL (which stands for “Of People And Land”) supports perpetually affordable housing to maintain the character of the Orcas Island community. In 2015 Impact Capital provided early-in, interest-free financing to help cover expenses while OPAL attracts permanent financing. This patient loan gives OPAL the time they need to make their project a reality and build 20-30 units of affordable housing in San Juan County – one of Washington’s least affordable counties. OPAL will also provide 10 units of market rate housing to further relieve the limited supply of rental homes in this market.

opalclt.org

Impact Capital has stepped in as a partner in the earlier stages of design and development. Without a pre-development loan, we could not get a project of this scale or potential positive impact off the ground.

— **Lisa Byers**, Executive Director, OPAL Community Land Trust

Emerald Cities Seattle



Photo by Michael B. Maine

MANAGING LONG-TERM AFFORDABILITY IN SEATTLE THROUGH GREEN CONSTRUCTION AND CONSERVATION

Emerald Cities Seattle (ECS) is part of Emerald Cities Collaborative (ECC), a national nonprofit network working for a sustainable environment and economic opportunities for all. The ECS RENEW program is designed to educate property owners to reduce water and energy consumption among Seattle's existing affordable housing projects, which helps keep rent affordable. ECS will use Impact Capital loan proceeds to streamline initial property evaluation costs, bringing potential projects into their pipeline.

emeraldcities.org/cities/seattle

ECS also leads a multi-stakeholder group to explore policy opportunities to advance energy efficiency in commercial buildings. These green efforts support the City's Climate Action Plan, and put Seattle on a path to become a carbon neutral city by 2050. Read more at emeraldcities.org.

Transitions

BREAKING CYCLES OF POVERTY AND HOMELESSNESS FOR SPOKANE FAMILIES

Transitions works with homeless and low-income single women and women with children to provide a stable environment, and get them out of poverty permanently. Leveraging Spokane's "cottage ordinance," Transitions intends to build 24 small cottages for women and children in Spokane. Impact Capital provided early-in predevelopment financing to help Transitions attract permanent financing for this project, which includes permanent, affordable, supportive housing with onsite job training and skill building programs.

[*help4women.org*](http://help4women.org)

Auburn Youth Resources

ADDRESSING THE EFFECTS OF SUBURBANIZED POVERTY IN SOUTH KING AND NORTH PIERCE COUNTIES

As poverty is being pushed into South King County, local providers are seeing increasing demands for counseling and support services. A loan from Impact Capital helped Auburn Youth Resources (AYR) complete necessary predevelopment work for the acquisition and rehabilitation of an existing medical facility, which will enable AYR to consolidate their mental health resources under one roof. In addition to centralizing their mental health services, this project helps AYR increase capacity while simultaneously freeing up space on campus, enabling them to provide more services to vulnerable children, youth, and families.

[*ayr4kids.org*](http://ayr4kids.org)

Artspace



INTERSECTIONS OF ART, CULTURE, AND EARLY CHILDHOOD DEVELOPMENT

Impact Capital continued its support for the Artspace affordable housing project by stepping in to help bridge a grant from the City of Seattle. The City's grant supports build-out of four commercial units and two patio spaces in the Artspace Mt. Baker Station Lofts project. This commercial build-out will meet the needs of the newly created Hoa Mai Vietnamese Bilingual Preschool. Hoa Mai is a collaborative effort between the Vietnamese Friendship Association and Sound Child Care Solutions, and marks the first Vietnamese-English dual-language child development center in Seattle.

artspace.org

In the field of Early Childhood Education facility use is often a barrier and obstacle for agencies. The Impact Capital Loan was instrumental for the preschool to open its doors to southeast Seattle, the first Vietnamese/English Bilingual Preschool in the Northwest. We are truly grateful.

— **Gloria Hodge**, Director, Hoa Mai Vietnamese Bilingual Preschool

SCIDpda

Seattle Chinatown International
District Preservations and
Development Authority



REBUILDING AND REPURPOSING A COMMUNITY LANDMARK

Impact Capital is proud to support a unique partnership between SCIDpda and the Louisa Hotel, a family-owned building in the Chinatown International District in Seattle. In order to attract the necessary New Markets Tax Credit financing, Impact Capital is providing critical pre-development financing to help ensure this project is shovel ready. This historic Chinatown International District landmark housed some of the neighborhood's longest operating businesses before it burned on Christmas Eve, 2013. The redevelopment of the Louisa Hotel will transform a vacant and unsafe historic building into 8,500+ square feet of neighborhood retail space and 87 units of new housing.

scidpda.org

It is essential for us to preserve family buildings like the Louisa Hotel to protect the character of Seattle's Historic Chinatown. Support from Impact Capital helps us revitalize this essential community hub to better serve our neighborhood families, retail owners, and visitors.

— *Tanya Woo, The Louisa Hotel*

2015 Borrowers

**TOGETHER WE CAN
MAKE A LASTING IMPACT**

2015 BORROWERS

Mental Health Housing Foundation

Auburn Homestead, Auburn

Auburn Youth Resources

AYR Campus Phase I, South Auburn

Congregations for the Homeless

Eastside Winter Shelter, Bellevue

Downtown Emergency Service Center

Estelle Supportive Housing, Seattle

Many Lights Foundation

Hope Lights Community, Tacoma

SCIDpda

Louisa Hotel, Seattle

Art Space

Mount Baker Build Out, Seattle

Housing Authority, City of Kennewick

Nueva Vista Phase II, Kennewick

Seattle Foundation/Emerald Cities Seattle

RENEW, Seattle

Interim Community Development Association

Revolving Line of Credit, Seattle

Homestead CLT

Riverton Park, Tukwila

Opal Community Land Trust

Rose Apartments, Eastsound

Transitions

Transitions Housing, Spokane

Housing Hope

Twin Lakes Landing, Marysville

Mount Baker Housing Association

Village Apartments, Seattle



Thank You

We offer heartfelt thanks to our Impact Capital family of supporters. We are proud to list friends, partners, donors, and colleagues who made everything possible in 2015. Your support helps us build vibrant communities throughout Washington State.

CORPORATE, FOUNDATION AND GOVERNMENT SUPPORTERS

AmazonSmile Foundation
 AmericanWest Bank
 Anonymous Donors
 Bank of America Foundation
 Banner Bank
 Beacon Development Group
 Boeing Employees' Credit Union (BECU)
 Heritage Bank
 JPMorgan Chase Foundation
 KeyBank Foundation
 Local Initiatives Support Corporation (LISC)
 Margaret A. Roberts Charitable Foundation
 Olympia Federal Savings
 The Seattle Foundation
 U.S. Bank Foundation
 Union Bank Foundation
 United States Department of the Treasury
 Washington Community Reinvestment Association
 Washington Federal Foundation
 Wells Fargo Foundation

INDIVIDUAL SUPPORTERS

Susan Duren
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 Bryan Ketcham
 Lowel Krueger
 Jan Laskey
 Ingrid Martin
 Zebedee McCall
 Ann Melone
 Doug Prince
 Randy Robinson
 Jill Summit
 Maiko Winkler-Chin

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

Your Impact Capital Team

STAFF



Judith Olsen
President



Seth Benziger
Vice President, Lending



Chad Janicki
Director, Finance and Administration



Michael Blumson
Program Officer, Lending



Rachel Warren
Assistant Program Officer, Lending



Michael Murray
Assistant Program Officer, Compliance

Not pictured: **Jamie Cook** – Contract CPA



2016 BOARD OF DIRECTORS

OFFICERS

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Finance Committee Chair
Executive Director | Yakima Housing Authority

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

Doug Prince
Board Secretary
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Board Treasurer
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Randy Robinson
Senior Vice President, Community Development Lending | Heritage Bank

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Financial Overview

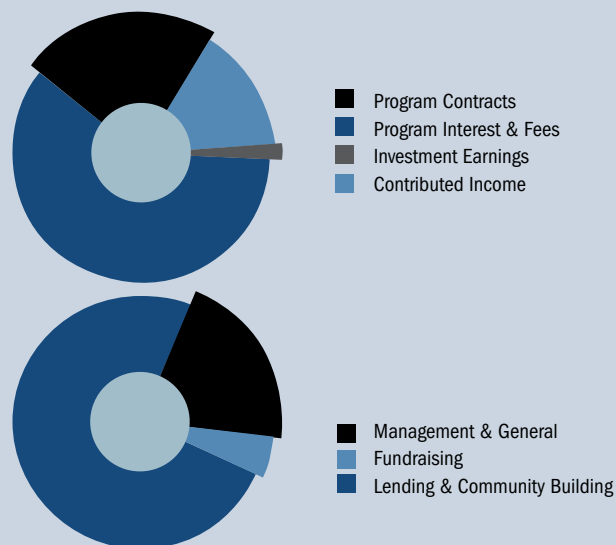
December 31, 2015

REVENUE

Program Interest & Fees	\$935,186
Contributed Income	\$358,977
Program Contracts	\$236,721
Investment Earnings	\$24,052
Total	\$1,554,936

EXPENSE

Lending & Community Building	\$975,199
Management & General	\$264,446
Fundraising	\$63,799
Total Expenses	\$1,303,444
Operating Overhead	25.18%



STATEMENT OF FINANCIAL POSITION

ASSETS

Cash & Investments	\$15,000,072
Loans Receivable	\$5,831,420
Accounts Receivable & Other Assets	\$210,188
Total Assets	\$21,041,680

LIABILITIES & NET ASSETS

Accounts & Other Payables	\$130,755
Loans Payable	\$17,250,000
Total Liabilities	\$17,380,755
Net Assets	\$3,660,925
Total Liabilities & Net Assets	\$21,041,680

STATEMENT OF ACTIVITIES

	Unrestricted	Temporarily Restricted	Total
Revenues	\$1,354,936	\$200,000	\$1,554,936
Net Assets Released from Restriction (\$98,549)		\$98,549	\$0
Total Revenue	\$1,256,387	\$298,549	\$1,554,936
Total Expense	\$1,303,444	\$0	\$1,303,444
Change in Net Assets	(\$47,057)	\$298,549	\$251,492
Net Assets Beginning of the Year	\$1,492,248	\$1,917,185	\$3,409,433
Net Assets	\$1,445,191	\$2,215,734	\$3,660,925

100%

OF OUR FINANCING BENEFITED LOW-INCOME INDIVIDUALS



The line of credit provided by Impact Capital to Emerald Cities Seattle will help us support the development of energy and water efficiency projects for non-profit affordable housing owners. These projects will help reduce operating costs and provide much needed financial stability. Innovation like this from Impact Capital is an example of what is needed to solve our housing and environmental challenges.

— **Steve Gelb**, Local Director
of Emerald Cities Seattle

Photo by Michael B. Maine

PARTNERS FOR STRONG NORTHWEST COMMUNITIES

TOGETHER WE CAN MAKE A LASTING IMPACT



206-587-3200 or 800-336-0679

impactcapital.org