

# Northern California Community Loan Fund Social Impact Report for the Fiscal Year Ended September 30, 2012



## Social Impact at NCCLF

NCCLF has worked since 1987 to promote economic justice and alleviate poverty by increasing the financial resilience and sustainability of community-based nonprofits and enterprises. Through flexible financial products and sound advice, we create opportunities to make socially responsible investments that revitalize low-income communities in the 46 northernmost counties of California--with special focus on the active Bay Area market and the high-need Central Valley.

The fiscal year ending September 30, 2012 was a period of exceptional achievement for NCCLF. As Table 1 shows, we closed 19 new loans, totaling \$13,520,374, to benefit projects serving low-income residents of nine counties. The projects financed by these loans created or preserved 1,449 jobs, 85 low-income housing units, and 129,696 square feet of community facility space. We closed three New Market Tax Credit transactions totaling over \$25.5 million, fully deploying our NMTC allocations awarded to date. These three projects--the San Jose Environmental Innovation Center, the SFJAZZ Center, and a line of credit for San Francisco Habitat for Humanity--created or preserved 85,000 square feet of facilities, 36 units of housing, and 641 jobs.

Our Consulting and Training Department completed 44 engagements and 14 workshops. Our staff expanded NCCLF's commitment to California's Central Valley, launching the NCCLF Community Facilities Challenge, a real estate feasibility competition in cooperation with the California State University, Fresno. In addition, our staff conducted two training sessions for the Central Valley Coalition for Human Services and the Alliance for California Traditional Arts on "Mission and Money: Using Financial Statements for Better Community Impact."

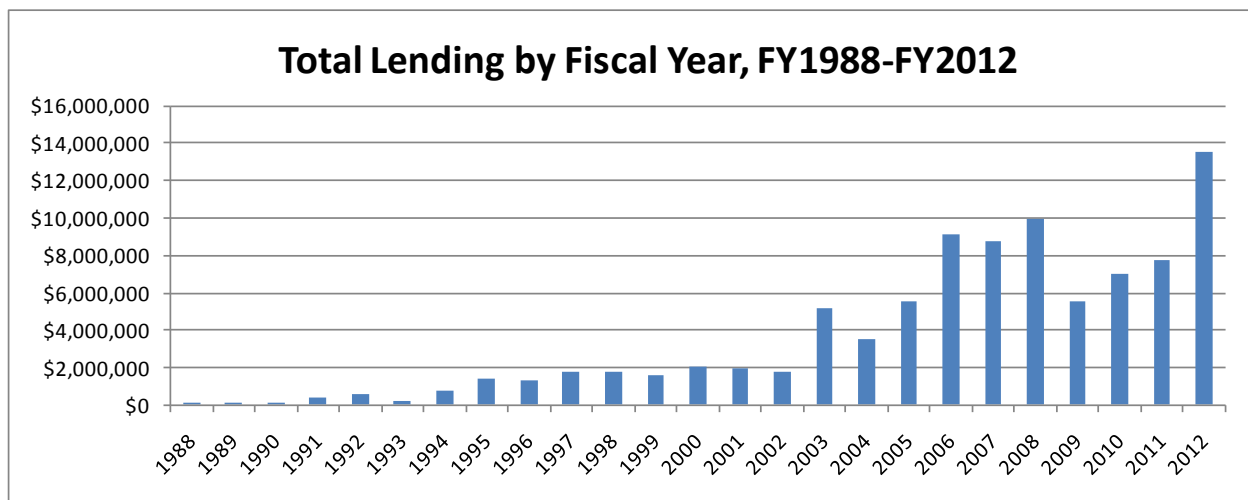
At year end, our loan fund capital included 214 investments totaling \$27,842,063. These included 154 investments by individuals. The average size of these investments increased to \$34,812, a new high. Including increases in permanent capital, the loan fund totaled \$37.3 million at the end of FY2012, exceeding goals set out in our FY2011-2013 strategic plan for the end of FY2013. The impact of these lending, consulting, and investment activities is described in detail below.

**Table 1: NCCLF's Social Impact in FY2012**

<b>Lending Impact</b>	<b>FY2012</b>	<b>Life to date (through end of FY2012)</b>
Total number of loans closed	19	290
Total dollar amount of loans closed	\$13,520,374	\$91,669,816
Facility square feet created or preserved	129,696	1,517,845
Housing units created or preserved	85	5,742
Amount of total that is nonprofit working capital lending	\$1,375,000	\$12,224,048
Number of permanent and construction jobs created or preserved	1,449	14,459
Individuals served by these projects	105,513	703,108
Total other financing dollars leveraged	\$50,372,799	\$1,069,586,077
<b>New Market Tax Credits Impact</b>	<b>FY2012</b>	<b>Life to date (through end of FY2012)</b>
Total number of NMTC projects closed	3	5
NMTC allocations distributed	\$25,625,000	\$59,235,000

*Social Impact Report for FY2012  
Northern California Community Loan Fund*

Facility square feet created or preserved	85,000	167,000
Housing units created or preserved	36	36
Number of permanent and construction jobs created or preserved	641	2294
Individuals served by these projects	155,100	176,316
Total other financing dollars leveraged	\$82,075,000	\$105,231,382
<b>Total community investment (loan fund lending plus NMTC financing closed)</b>	<b>\$39,145,374</b>	<b>\$150,904,816</b>
<b>Consulting Impact</b>	<b>FY2012</b>	<b>Life to date (through end of FY2012)</b>
Number of consultations completed	44	311
Financial management consultations	15	168
Real estate consultations	29	143
Workshops held	16	116
Workshop participants	214	1,753
Organizations reached by workshops	159	1,420
Grants distributed	\$11,363	\$8,756,178
<b>Investor Impact</b>	<b>FY2012</b>	<b>Life to date (through end of FY2012)</b>
Investments closed	70	1,072
Renewal rate	75%	74%
Average size of investment/Individual	\$ 34,812	\$ 22,367
Average size of investment/Organization	\$374,683	\$253,093
Amount of investor capital lost	\$0	\$0



**Figure 1: Total Loans Closed by Fiscal Year**

*Social Impact Report for FY2012  
Northern California Community Loan Fund*

## Lending Outcomes

Fiscal year 2012 was outstanding in many respects, including dollar amount of loans closed, \$13,520,374, which far exceeded the previous high of just under \$10 million in 2008 (see Figure 1). In total, NCCLF closed 19 loans--two housing loans, nine facilities loans, and eight business (working capital) loans. Please refer to Table 2 for a summary breakdown of these loans and their impact.

**Table 2: Impact of Loans Closed in FY2012**

Organization Name	Project County	Amount	Total Development	Amount Leveraged	Commerical Square Feet	Total Housing Units	Clients Served	Total Jobs
<b>Housing Loans</b>								
Christian Church Homes (CCH)	Shasta	\$104,167	\$13,000,000	\$12,895,833	16,542	60	80	268
South County Housing Corporation	Santa Cruz	\$2,000,000	\$14,794,884	\$12,794,884	-	19	40	32
<b>Subtotals</b>		<b>\$2,104,167</b>	<b>\$27,794,884</b>	<b>\$25,690,717</b>	<b>16,542</b>	<b>79</b>	<b>120</b>	<b>300</b>
<b>Community Facility Loans</b>								
San Francisco Community Music Center	San Francisco	\$1,040,000	\$5,599,834	\$4,559,834	3,250	-	21,000	10
Girls, Inc.	Alameda	\$576,114	\$9,700,000	\$7,346,293	34,000	-	7,500	82
Girls, Inc. <sup>1</sup>	Alameda	\$1,777,593	\$0	\$0	-	-	-	-
San Francisco Camerawork	San Francisco	\$100,000	\$125,000	\$25,000	3,634	-	19,349	3
Hub Bay Area	San Francisco	\$450,000	\$450,000	\$0	18,500	-	1,500	19
First Place for Youth	Alameda	\$500,000	\$500,000	\$0	11,500	-	1,621	65
Axis Community Health	Alameda	\$1,997,500	\$3,148,455	\$1,150,955	24,000	-	12,000	155
LifeLong Medical	Alameda	\$2,500,000	\$14,100,000	\$11,600,000	12,000	-	22,000	200
Asian American Recovery Services	San Mateo	\$1,100,000	\$1,100,000	\$0	4,770	-	4,100	140
<b>Subtotals</b>		<b>\$10,041,207</b>	<b>\$34,723,289</b>	<b>\$24,682,082</b>	<b>111,654</b>	<b>-</b>	<b>89,070</b>	<b>674</b>
<b>Business Loans</b>								
Mission Neighborhood Centers	San Francisco	\$260,000	\$260,000	\$0	-	-	3,000	176
Baker Places, Inc.	San Francisco	\$350,000	\$350,000	\$0	-	-	1,500	199
Housing California	Sacramento	\$100,000	\$100,000	\$0	-	-	1,200	7
Zen Hospice Project	San Francisco	\$130,000	\$130,000	\$0	1,500	6	54	14
Self-Help Enterprises	Fresno	\$250,000	\$250,000	\$0	-	-	1,500	10
Los Cenzontles Mexican Arts Center	Contra Costa	\$50,000	\$50,000	\$0	-	-	433	8
Sacramento Self Help Housing, Inc.	Sacramento	\$75,000	\$75,000	\$0	-	-	2,500	12
Coastal Health Alliance	Marin	\$160,000	\$160,000	\$0	-	-	6,136	49
<b>Subtotals</b>		<b>\$1,375,000</b>	<b>\$1,375,000</b>	<b>\$0</b>	<b>1,500</b>	<b>6</b>	<b>16,323</b>	<b>475</b>
<b>Totals</b>		<b>\$13,520,374</b>	<b>\$63,893,173</b>	<b>\$50,372,799</b>	<b>129,696</b>	<b>85</b>	<b>105,513</b>	<b>1,449</b>

<sup>1</sup> Impact data for Girls Inc. counted on one loan only in order to avoid double counting.

## Housing Lending

NCCLF's two housing loans in FY2012 totaled \$2.1 million and leveraged an additional \$25.7 million in other financing. Combined, these loans created or preserved a total of 79 units of low-income housing.

- NCCLF underwrote and closed a \$5.0 million construction loan to South County Housing nonprofit housing developer. Our \$2.0 million lead lender participation leveraged an additional \$3.0 million to finance construction of 19 attached single-family for-sale affordable homes in Aptos, CA.
- As lead lender for the Redding Affordable Housing Loan Fund, we provided Christian Church Homes \$104,000 of a \$625,000 predevelopment loan for the rehabilitation of the historic Lorenz Hotel in downtown Redding, CA. The building will provide 60 units of affordable housing for very low-income seniors.

In addition to these two loans above directly supporting housing projects, we provided four cash flow loans to organizations that provide or support low-income housing: Baker Places, Housing California, Self-help Enterprises, and Sacramento Self Help Housing.

## **Facilities Lending**

Community facilities lending rose sharply in FY2012. NCCLF closed nine loans totaling over \$10 million to finance eight facilities projects, leveraging almost \$25 million in additional financing. The projects will create or preserve 674 permanent jobs and will develop over 111,000 square feet of facility space, while providing over 89,000 low-income people with much needed services. Here are some highlights from this remarkable year:

- Girls, Inc. of Alameda County works to meet the needs of disadvantaged girls ages 5 to 18 and their families. It serves 7,500 girls each year with academic enrichment, leadership and fitness programs, and mental health counseling services. NCCLF and its participants provided \$6.2 million in two loans that helped finance an \$18 million renovation of its new 34,000 square foot headquarters in Oakland's Downtown Historic District.
- Axis Community Health provides healthcare services to low-income and working-poor residents in eastern Alameda County. NCCLF provided a \$1,997,500 loan to finance the acquisition of a 24,000 square foot community facility in Pleasanton.
- LifeLong Medical Care provides quality healthcare and social services to underserved and uninsured people of all ages in ten clinics in the Bay Area. NCCLF provided a \$2.5 million loan to finance the renovation and expansion of its clinic in West Berkeley.

## **Business Lending**

NCCLF's business lending helps nonprofits manage their cash flow and provides working capital for expanding services and new projects. We closed eight business loans in FY2012 totaling \$1,375,000, higher than last year. These include:

- A \$260,000 line of credit to Mission Neighborhood Center to help it manage its cash flow for its youth program. The loan will enable the Center to maintain its programs as it begins work on several new contracts.
- A \$75,000 line of credit to Sacramento Self Help, a nonprofit organization whose mission is to assist individuals and families who are homeless or in crisis secure affordable housing in the Sacramento area. It currently provides 160 permanent and transitional rental housing units to homeless individuals and families, and assists approximately 2,500 individuals per year with housing counseling services.
- A \$150,000 working capital loan to the Zen Hospice Project, which provides residential hospice care, volunteer caregiver support, and public education about end-of-life care.

Together, these business loans support projects that are expected to create or preserve 445 permanent jobs and help organizations continue to serve 12,645 clients annually.

## **New Markets Tax Credits Outcomes**

Our FY2011-FY2013 strategic plan committed us to completing implementation of a New Markets Tax Credit (NMTC) program to meet the financing needs of nonprofits for large projects. We achieved this goal in FY2012 by closing three NMTC transactions, completing deployment of \$60 million in tax credits allocated to NCCLF by the federal government in a highly competitive national process. The three FY2012 transactions generated significant benefits for the targeted low-income communities: creating or renovating 85,000 square feet of facilities to serve 155,000 clients annually. The cumulative social impact of our NMTC projects is summarized above in Table 1.

## **NMTC Transactions**

### **San Jose Environmental Innovation Center**

NCCLF NMTC allocations used in project: \$7.3 million

- The San Jose Environmental Innovation Center project finances the renovation and new construction at a roughly 50,000 square foot community facility near downtown San Jose.
- It will host two nonprofit tenants: The Clean Technology Demonstration Center and the Habitat for Humanity ReStore.
- The project will create 95 permanent jobs and 45 construction jobs. It expects to serve 30,000 clients annually.

### **SFJAZZ Center**

NCCLF NMTC allocations used in project: \$7.6 million

- The SFJAZZ Center will be the first permanent home of the nonprofit organization SFJAZZ, a leader in jazz education and performance.
- The project will create or preserve 55 permanent jobs and 272 construction jobs.
- The 35,000 square foot facility expects to serve 125,000 clients annually.

### **SF Habitat for Humanity**

NMTC allocations used in project: \$10.3 million

- The funds increase SF Habitat's capital base allowing it to develop affordable housing projects in the coming years.
- The first such project is the \$15 million construction of a four-story, 90,000 square foot condominium development in Daly City.
- It will include 34 three-bedroom and two two-bedroom units, and will house first-time homeowner families with income at or below 80% of area median income.
- The project is expected to create or preserve 13 permanent jobs and 37 construction jobs.

## **Consulting and Training Department Outcomes**

During FY2012, C&T achieved several important milestones. In our FY2011-FY2013 strategic plan, we committed to building both the capacity and the scope of services that C&T offers, particularly in our financial consulting practice. We planned to assess our existing consulting services and invest in product development. In FY2012, these goals were addressed in the following ways:

- We completed 43 consultations, 14 on financial management, and 29 on real estate issues.
- We conducted 16 workshops, six on financial management topics, and 10 on real estate issues.
- We revised and expanded our financial management consulting products.
- We developed and implemented the first annual NCCLF Communities Facilities Challenge, a competition engaging five teams of students at California State University, Fresno to conduct real estate feasibility analyses for Central Valley nonprofits that serve low-income communities.
- We received a \$1.5 million grant from the US Treasury's CDFI Fund, a portion of which will support our work with consulting and training clients, particularly in California's Central Valley.

## **Consulting and Training in FY2012: Highlights**

The breadth and depth of challenges our C&T program faces, and the creative solutions they offer our clients, can be grasped by surveying some of our highlights:

- For Leadership Public Schools in Oakland, California, NCCLF provided consulting assistance to structure financing leveraged by New Market Tax Credits and Qualified School Construction



*Social Impact Report for FY2012  
Northern California Community Loan Fund*

Bonds. Leadership's mission is to serve diverse and traditionally underserved students by building a network of outstanding small public high schools. It currently seeks to develop a new charter high school and middle school.

- Our engagement with the St. Anthony Foundation helped them \$5 million in financing for the expansion of its community kitchen facility, including the creation of 90 units of low-income senior housing in San Francisco.
- For Berkeley Food and Housing Project in Berkeley, California, NCCLF reviewed site acquisition feasibility and other issues related to this project. The organization provides emergency food and shelter, transitional housing, permanent housing, and housing placement with support services to homeless individuals and families.
- For the San Francisco Jewish Film Festival, a year-round media arts organization that promotes awareness, appreciation, and pride in the diversity of the Jewish people, NCCLF provided a financial consultation including assistance with its FY2011 year-end close and preparation for audit and recommendations for best practices policies and procedures for financial management.
- For San Jose-based MACLA/Movimiento de Arte y Cultura Latino Americana, a community arts organization grounded in the Chicano/Latino experience, NCCLF provided training sessions to the MACLA staff on budget development and monitoring, and worked with the staff to develop program views of its FY2012 budget.
- NCCLF continued its work with the city of San Francisco, providing 16 consultations to arts organizations in the city, including The Magic Theater. NCCLF completed an assessment of this nonprofit theater's finances and estimated revenues needed to support a larger 400-seat facility.
- For the Powerhouse Science Center in Sacramento, NCCLF assessed its financial position as the organization embarks on a major facility acquisition project financed in part by New Market Tax Credits. Located on the bank of the Sacramento River, the Center will be the premier science learning center in Northern California.

## Central Valley Initiatives

To meet strategic goals, C&T deepened our commitment to clients and projects in California's Central Valley in a number of ways during FY2012:

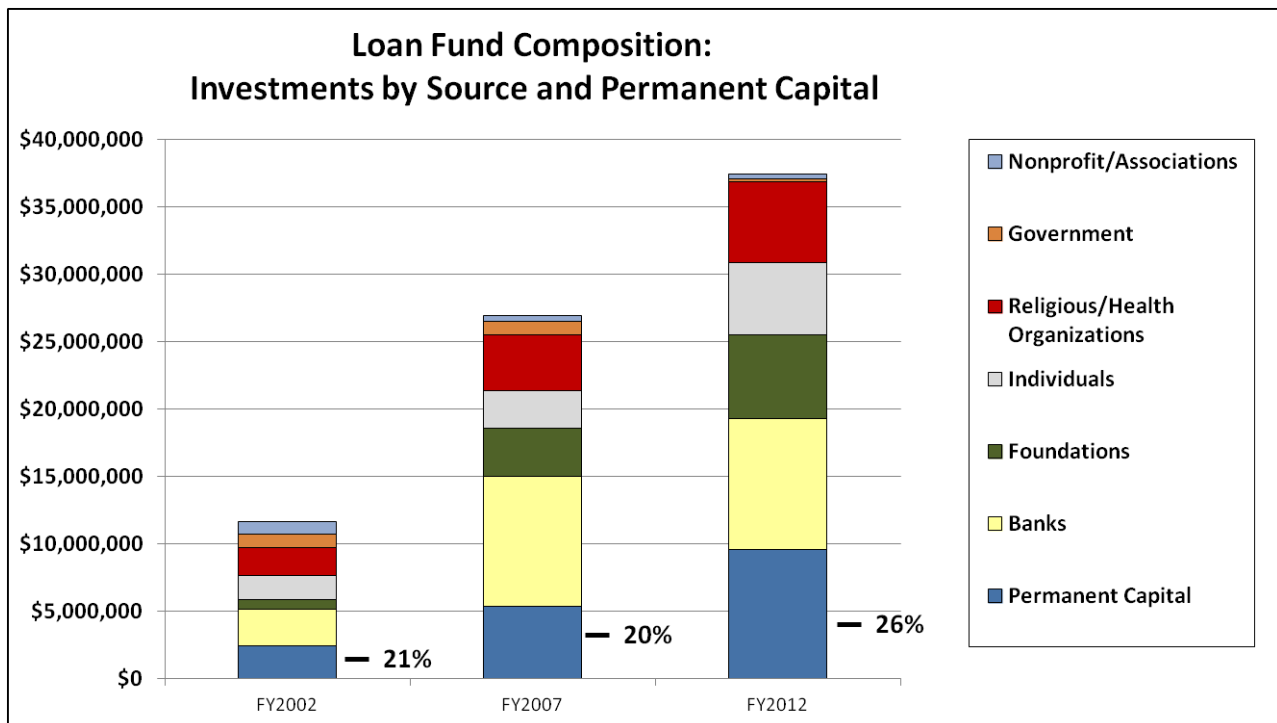
- Seven of our 44 consulting clients were located in the Central Valley, and staff members from 42 different organizations based in the Central Valley attended at least one of our workshops.
- We continued to develop our partnership with California State University, Fresno to build and support an interdisciplinary program to train students in real estate finance and construction project management. We created the Community Facilities Challenge and internship opportunities at area nonprofits for CFU students.
- We provided workshops for the Central Valley Human Service Coalition and the Alliance for California Traditional Arts entitled "Mission and Money: Using Financial Statements for Better Community Impact."
- We improved our capacity to host video conferences and conduct webinars to support consulting and training projects for rural nonprofits.

## Investing Impact

NCCLF is proud to provide an effective impact investment vehicle to our individual and institutional loan fund investors. CARS™, the CDFI Assessment and Ratings System, is the only comprehensive, third-party assessment of a CDFI’s financial strength and performance and, most importantly, level of community impact. NCCLF is one of only five CDFIs to receive a “AAA1” rating, the highest rating possible. With the “AAA” corresponding to community impact, and the “1” evaluating risk, NCCLF is able to provide an extremely attractive regionally focused community investment vehicle.

We closed 70 investments in FY2012, bringing our total loan fund investments, life-to-date, to 1,072. The renewal rate of maturing investments was 75%, almost identical to our historical rate of 74%. The renewal rate for individuals and religious institutions was even higher, again consistent with historical averages, at over 90%. The cumulative loss rate of our fund over 25 years is 1.62%, and we have never lost a dollar of investor capital.

The loan fund received strong support from investors during FY2012, helping us surpass our goal of \$35 million in lending capital by the end of FY2013, over one year ahead of schedule. In total, 29 new or increased investments totaled almost \$2.4 million, well exceeding the amount of maturing investments repaid to investors at under \$1.7 million. As of September 30, 2012, the fund was composed of a diverse portfolio of 214 investments totaling over \$27.8 million (Figure 2). The number of individual investors reached 154, the highest number ever. Their combined amount invested grew by 22% to \$5.36 million—yet another high in NCCLF’s history. This portion of the fund increased to its highest level since inception at \$9.5 million, or 26%, making the total fund size \$37.3 million. Notable infusions of permanent capital came in the form of a \$2 million grant from Chase Bank and another from the Create Jobs for USA Fund at OFN in the amount of \$178,000. These funds allow us to make larger loans and provide additional security against risk.



**Figure 2: Loan Fund Composition: Investments by Source and Permanent Capital; percentages indicated are amount of loan fund that is permanent capital.**