



NEIGHBORHOOD IMPACT
INVESTMENT FUND

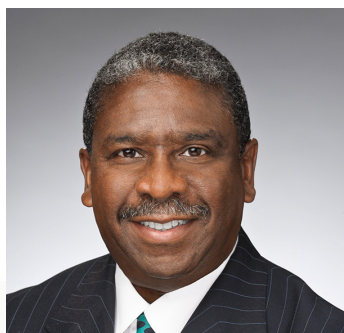
INVESTING IN A BETTER BALTIMORE

ANNUAL REPORT

2020



MESSAGE FROM THE CHAIR AND CEO



Chairman
Arnold Williams



CEO
Mark Kaufman

The City created and capitalized the Neighborhood Impact Investment Fund (NIIF) with a vision of generating catalytic investment in Baltimore's neighborhoods. Having assembled a team with a commitment and passion for Baltimore and for supporting inclusive, equitable growth, we are working to make that vision a reality. We have been thrilled to begin delivering much needed capital - over \$10 million in loan commitments for the year ended June 30, 2020 and \$13 million through August 31, 2020 - to

support communities that have been ignored for too long.

Yet we recognize that this is only a start. Events of the past year have only served to underscore the need for action, for proactive and intentional efforts to begin to address decades of inequity and structural racism. They call on us to redouble our efforts at NIIF and to work collaboratively to meet this challenge in our community and in our nation. NIIF prides itself on working in alignment with City leadership and in partnership

with developers, entrepreneurs, neighborhood leaders, federal and state government agencies, foundations and other committed believers who share our vision. The work that we have done reflects this approach, and we are eager to expand our efforts, deepen existing relationships and create new ones.

NIIF is off to an exciting start as you will discover in the following report. We hope that you will join us as we work together to build a better Baltimore.

INVESTMENT ACTIVITY

10

Transactions Closed

\$13.3M

Committed by NIIF

\$64.6M

Invested in NIIF Transactions

INVESTMENT IMPACT

118

Permanent Full-Time Equivalent Jobs

259

Construction Full-Time Equivalent Jobs

240

Housing Units Created or Preserved

2

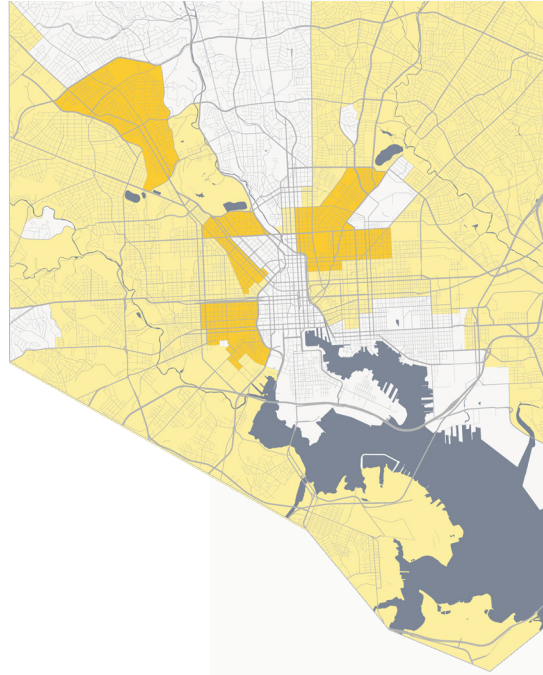
Number of Small Businesses Financed

This Report of the Neighborhood Impact Investment Fund, covers the fiscal year beginning July 1, 2019 and ending June 30, 2020 ("Fiscal 2020"). Fiscal 2020 is the Fund's first full year of investing operations. Given NIIF's limited operating history, and to provide greater visibility, this report also includes two investments made in July and August 2020.

BACKGROUND

Launched in 2019, The Neighborhood Impact Investment Fund (“NIIF”) delivers capital and promotes inclusive, equitable growth in Baltimore’s historically disinvested neighborhoods. Initially capitalized with a \$51.7 million loan from Baltimore City, NIIF supports communities by providing loans and investments that accelerate economic growth, catalyze business activity, deliver needed services, and create greater economic opportunity for residents.

NIIF is a place-based fund with investments targeting specific Eligible Neighborhoods defined by Baltimore City. Located outside the downtown core and waterfront areas, these neighborhoods have suffered for decades from a lack of investment, segregation, and racial discrimination. NIIF, in collaboration with public and private sector partners, works to support these communities with affordable, flexible financing that is not otherwise available.



“Neighborhood investment in Baltimore is highly concentrated in ways that reinforce patterns of racial and economic inequality...Our study underscores the need to more evenly distribute capital investments across racial and economic lines and to double down on the public and philanthropic commitments necessary for expanding the footprint of community development to protect Baltimore’s future.”

NEIGHBORHOOD INVESTMENT FLOWS IN BALTIMORE
Urban Institute
September 29, 2020

INVESTMENT OVERVIEW

NIIF has a two-pronged approach that combines direct project investments with strategic fund investments to efficiently deploy capital across multiple market segments. NIIF completed five direct project investments and three strategic investments in Fiscal 2020. The Fund completed two additional investments in the first two months of Fiscal 2021.



DIRECT INVESTMENTS

NIIF invests in impactful development projects through loan products that can be accessed at any point in the timeline, including acquisition, predevelopment, construction, and term financing. NIIF also provides bridge financing to accelerate grants or other future funding sources and subordinate loans to complement other lenders. NIIF financing is used for housing, commercial development, community facilities and mixed-use projects.

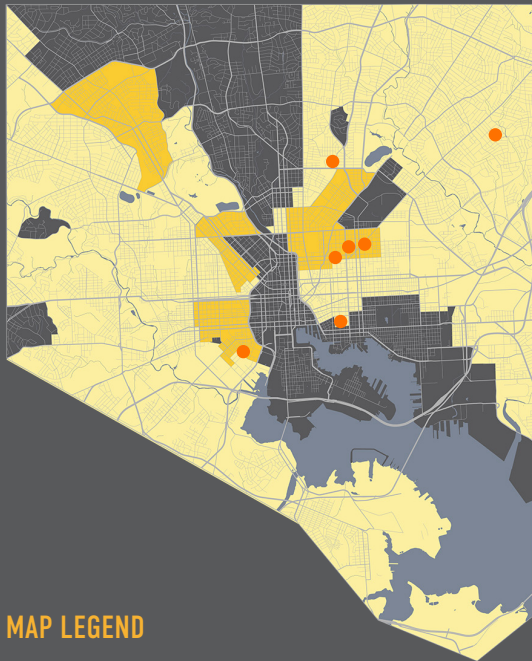


STRATEGIC INVESTMENTS

NIIF invests in non-bank, mission-oriented lenders who serve market segments that the Fund is less well positioned to serve on its own. NIIF has made initial investments in funds that originate small business loans. Small business lending is a critical need in our neighborhoods that is advanced more quickly and effectively through collaboration with experienced intermediaries who have specialized lending infrastructures.

NIIF total commitments through August 2020 are approximately \$13.3 million, of which \$9.4 million has been deployed. Our investments leveraged significant additional resources, with total project level investment in these transactions at closing of \$64.6 million.

	End of FY 2020 (6-30-20)	Fourteen Months Ended (8-31-20)
LOANS CLOSED	8	10
DIRECT PROJECT INVESTMENTS	5	7
STRATEGIC FUND INVESTMENTS	3	3
NIIF FUNDS COMMITTED	\$10,056,592	\$13,259,875
NIIF FUNDS DEPLOYED	\$5,866,324	\$9,386,632
Total NIIF + Leveraged Commitments	\$48,714,040	\$64,616,938



MAP LEGEND

- NIIF Direct Investments
- Impact Investment Areas
- Eligible Neighborhoods

NEIGHBORHOOD FOCUS

NIIF's Eligible Neighborhoods are designated by Baltimore City as part of its broader community development strategy. These communities are highly diverse, comprise roughly 65% of the city, and are home to 75% of its residents. More than 90% of Baltimore's Black citizens reside in the Eligible Neighborhoods.¹

Increasing investment in these communities is critical to creating equitable economic opportunities that provide residents with access to the amenities, services and resources they need. A 2020 study by the Urban Institute reveals that Baltimore neighborhoods which are less than 50% Black receive 3.3 times more investments than neighborhoods that are greater than 85% Black.² These disparities range from mortgage lending and commercial real estate to small business lending.

Within the Eligible Neighborhoods, four clusters have been designated Impact Investment Areas, pursuant to the Community Development framework released by the Department of Housing and Community Development.³ NIIF seeks to align its resources to support ongoing development activities in these areas.

IMPACT OF NIIF INVESTMENT

NIIF is a mission lender, and opportunities are evaluated using a mission screen throughout the investment process. Each investment presented for credit approval is rated based on the expected outcomes that the investment will deliver. NIIF monitors measurable impacts in key areas that include jobs and housing units created and small businesses assisted. The data presented reflects (1) projected outcomes expected from a financing round in which NIIF is a participant and (2) projected outcomes once the project is fully completed, including additional financing that may be required. The small business data reflects activities by intermediaries for financing provided by NIIF to small businesses in Eligible Neighborhoods.

	Projected to Result from NIIF Financing	Projected to Result from Project Completion
PERMANENT FULL-TIME EQUIVALENT JOBS	118	218
CONSTRUCTION FULL-TIME EQUIVALENT JOBS	259	707
HOUSING UNITS CREATED OR PRESERVED	240	526
NUMBER OF SMALL BUSINESSES FINANCED	2	52

1. American Community Survey data
 2. <https://www.urban.org/research/publication/neighborhood-investment-flows-baltimore-case-study-east-baltimore-development-initiative>
 3. <https://dhcd.baltimorecity.gov/sites/default/files/DHCD%20Framework%20September%20Interim%20Update%20Reduced%20File.pdf>

HOW WE INVEST MATTERS

NIIF prioritizes investments that promote racial, ethnic and economic diversity, equity and inclusion. Beyond the numbers, NIIF looks at how projects impact a community. This includes job opportunities and training for residents; services such as health care; retail outlets and grocery stores; projects that create affordable rental or homeownership opportunities; and investments that create wealth building. NIIF projects are aligned with broader neighborhood strategies developed with input from the community and fit within the City's Community Development Framework.

Investment	Job Creation	Neighborhood Services	Affordable Housing	Wealth Building
Village Center		✓	✓	
Paul's Place - Groundwork Kitchen	✓	✓		
Baltimore Community Lending / Baltimore Business Lending	✓		✓	✓
Perkins Homes Phase I			✓	
Arctaris - Baltimore Fund	✓			✓
Hoen Lithograph	✓			
Mary Harvin - Southern Streams	✓	✓		
Mary Harvin - Southern Village		✓	✓	
Holly Lane Apartments			✓	

NIIF recognizes that "who" is as important as "what" when it comes to investing. We purposefully work to meet the needs of minority borrowers and non-profits that face particular challenges in accessing capital.

	End of FY 2020 (6-30-20)	Fourteen Months Ended (8-31-20)
SPONSOR/BORROWER IS NOT-FOR-PROFIT	5	6
SPONSOR/BORROWER IS M/WBE OR NFP WITH BLACK LEADERSHIP	3	4
INVESTMENT IS IN PARTNERSHIP WITH A CDFI	5	5

1. <https://dhcd.baltimorecity.gov/sites/default/files/DHCD%20Framework%20September%20Interim%20Update%20Reduced%20File.pdf>

SPOTLIGHT - DIRECT INVESTMENTS



Groundwork Kitchen by Paul's Place

Paul's Place has served the Southwest Baltimore community and beyond for more than 30 years, providing hot meals, a food pantry, support groups, and other resources to those in need. To expand its job-training program, Paul's Place launched construction of Groundwork Kitchen in October 2019. The new 15,000-square foot building, located on Pigtown's Main Street, will include a culinary arts training facility, 150-seat restaurant, and a catering business.

INVESTMENT SUMMARY

NIIF commitment:

\$2.0M

bridge loan to support construction

Total transaction size:

\$10.6M

Impact Drivers

Employment:

125 construction jobs
13 permanent full-time jobs
70 individuals to receive culinary training annually

Neighborhood Services:

150 seat restaurant

Financing Partners

Enterprise Community Loan Fund, Baltimore DHCD, Maryland DHCD, Cinnaire, JPMorgan Chase



"We're incredibly excited to be expanding our workforce development services to provide much needed job training and real world experience in food services and to create a wonderful addition to the Southwest Baltimore community. NIIF's support was critical to making this vision a reality."

William McLennan, Executive Director

Village Center at Stadium Place

In September 2019, Govans Ecumenical Development Corporation (GEDCO) and Commercial Development broke ground on the new Village Center at Stadium Place. GEDCO, an interfaith non-profit with diverse leadership, is the master developer for Stadium Place.

This \$26-million mixed-use project is located in Ednor Gardens at the former Memorial Stadium site on 33rd Street. Village Center will offer 70 units of senior housing, including 14 long-term affordable units. In addition, the project includes 30,000 square feet of medical office and retail space that will provide employment opportunities and services for community residents.



INVESTMENT SUMMARY

NIIF commitment:

\$750,000

subordinate loan participation with Baltimore Community Lending

Total transaction size:

\$26.3M

Impact Drivers

Housing:

70 senior housing units
14 income restricted

Neighborhood Services:

health care, retail

Financing Partners

Baltimore Community Lending, Fulton Bank, SunTrust, Harbor Bank, Baltimore DHCD, Maryland DHCD



“At Stadium Place, GEDCO works to provide housing and supportive services to seniors of all incomes and backgrounds. Working together, NIIF and Baltimore Community Lending provided key support that enabled us to unlock the potential of this transaction.”

Nichole Battle, CEO of GEDCO



Perkins Homes, Phase 1

In February 2020, NIIF joined with Reinvestment Fund and the Housing Authority of Baltimore City to provide predevelopment financing to McCormack Baron Salazar for the first phase redevelopment of Perkins Homes, a distressed public housing complex. This project is part of a broader Choice Neighborhoods redevelopment in which the City is working with a private development team to create more than 1,300 new, mixed income rental units that will include one-to-one housing replacement for current residents.

INVESTMENT SUMMARY

NIIF commitment:

\$425,000

predevelopment loan

Total transaction size:

\$1.5M

Impact Drivers

102 Units
92 affordable with one-to-one replacement for legacy residents

Financing Partners

Reinvestment Fund, Housing Authority of Baltimore City



Hoen Lithograph Infrastructure

In March 2020, NIIF extended a \$1.9 million bridge loan to support infrastructure and tenant improvements in conjunction with the renovation of the Hoen Lithograph Building on Biddle Street in Broadway East. Renovation of the 85,000 square foot building began in 2018 and has involved nearly \$30 million of private and public investment. NIIF's loan is being used to provide secure parking and infrastructure improvements that are critical to this project's success.

The Hoen Building provides much-needed workforce training in Broadway East. Associated Builders and Contractors (ABC), the largest provider of construction training in the region, is a major tenant. ABC estimates that its education and training programs will serve more than 800 clients per year. NIIF's loan is also supporting infrastructure for Morgan State University, which is leasing space for academic instruction.

INVESTMENT SUMMARY

NIIF commitment:

\$1.9M

bridge loan for infrastructure

Total transaction size:

\$2.6M

Impact Drivers

Clients receiving training and education:
800+ annually

Financing Partners

Baltimore DHCD, Maryland DHCD, US Dept. of Commerce Economic Development Agency

Southern Streams, Southern Villages

NIIF made investments in two projects sponsored by the Mary Harvin Community Development Corporation (MHCDC) and Southern Baptist Church. Both transactions complemented grant support from the Maryland Department of Housing and Community Development.

In December 2019, NIIF closed on a \$1.0 million predevelopment bridge loan for Southern Streams, a proposed 100,000 square foot project that will house commercial, medical / office and community facilities space. Medical services will be provided through a partnership with Johns Hopkins Medicine. The project is located on the site of the former Bugle Laundry facility, which was vacant for more than 30 years and creating blight before the CDC demolished it.

In July 2020, NIIF closed on a \$1.4 million site acquisition loan for Mary Harvin to acquire a warehouse site located in Broadway East for future construction of Southern Villages. This proposed mixed income housing / commercial development is slated for more than 180 units.



INVESTMENT SUMMARY

NIIF commitment:

\$1.0M

bridge loan for predevelopment

\$1.4M

acquisition loan

Total transactions size:

\$2.4M

Impact Drivers

Affordable housing

Community facilities including health center

Financing Partners

Maryland Department of Housing and Community Development



“These projects are critical components of the East Baltimore Revitalization Plan that will further actualize the Mary Harvin Center’s vision of restoring people as we rebuild properties. NIIF is a key resource in bringing this vision to fruition.”

Bishop Donte Hickman, Pastor, Southern Baptist Church



Holly Lane Apartments

NIIF provided a subordinate loan of \$1.8 million as part of a larger \$14.5 million dollar financing package to support the acquisition and preservation of this 170-unit apartment complex in Northeast Baltimore. These affordable garden-style units were originally constructed in 2007 to provide quality housing that is accessible to nearby services and opportunities in the Frankford neighborhood. This acquisition is part of a multi-step process designed to preserve long-term affordability and finance improvements through Low Income Housing Tax Credit refinancing.

Holly Lane has been acquired by Tristar Group, which owns and manages five multi-family properties, including two affordable properties in Baltimore City.

INVESTMENT SUMMARY

NIIF commitment:

\$1.8M

acquisition loan

Total transaction size:

\$14.5M

Impact Drivers

170 units of affordable rental housing, including 21 units designated for non-elderly disabled individuals.

Financing Partners

Baltimore DHCD and Key Bank



“Tristar is committed to preserving and operating quality, community-focused affordable housing. Holly Lane is our third investment in Baltimore and we pleased to be working with NIIF, the City and other partners to provide long-term affordable housing solutions for our residents.”

Steve Briggs, Managing Partner

SPOTLIGHT - STRATEGIC INVESTMENTS

Baltimore Community Lending

In December 2019, NIIF closed a \$2 million low-interest loan to Baltimore Community Lending (BCL). With a 30-year history of providing loan capital for development, BCL is an established Community Development Financial Institution and leader in mission lending in Baltimore. BCL has extensive construction finance experience, and the NIIF loan will support additional lending within Eligible Neighborhoods.

BCL recently launched Baltimore Business Lending, an innovative small-business lending subsidiary focused on meeting the capital needs of emerging small businesses in Baltimore. \$1 million of the NIIF commitment is dedicated to supporting Baltimore Business Lending, making NIIF one of the largest sources of financing for this initiative.



Arctaris Baltimore

In January 2020, NIIF closed a \$1 million commitment to Arctaris Impact Investors to establish the Arctaris Baltimore initiative. Arctaris, a national business-lending fund, provides larger loans of \$1 to \$5 million for small business expansion. NIIF's loan supplemented a \$4 million commitment from the Abell Foundation. The combined commitment supports a \$25 million fund for investment in Baltimore City. For the NIIF funds to be fully drawn, Arctaris must invest at least \$12.5 million in Eligible Neighborhoods.



FINANCIAL REVIEW

Statement of Financial Position (as of June 30)

	2020	2019
Assets		
Cash, Cash Equivalents and Investments	\$47,733,484	\$51,956,119
Grants and Other Receivables	2,003,000	-
Loans Receivable	4,426,821	-
Loan Loss Reserve	(275,881)	-
Other Assets	842,139	13,442
Total Assets	\$54,729,563	\$51,969,561

Liabilities and Net Assets

Liabilities		
Loan Payable	\$51,700,000	\$51,700,000
Other Liabilities	45,606	53,634
Total Liabilities	\$51,745,606	\$51,753,634

Net Assets		
Unrestricted	\$983,957	\$215,927
With Donor Restriction	2,000,000	-
Total Net Assets	\$2,983,957	\$215,927
Total Liabilities and Net Assets	\$54,729,563	\$51,969,561

Statement of Activities (period ended June 30)

Revenue		
Interest and Other Earned Revenue	\$963,238	\$611,709
Grants and Contributions	3,006,400	5,100
Total Revenue	\$3,969,638	\$616,809

Expenses		
Program Services	\$657,321	\$252,033
Provision for Loan Loss Reserve	275,881	-
Management, General and Other	268,406	148,849
Total Expenses	\$1,201,608	\$400,882
Change in Net Assets	\$2,768,030	\$215,927

Board of Directors

Chairman	Arnold Williams Managing Director and Founding Partner of Abrams, Foster, Nole & Williams
Director	Ernst Valery Co-Managing Member of SAA-EVI
Director	John Hamilton President, Municipal Employees Credit Union of Baltimore
Director	Mary Miller Former Treasury Undersecretary of Domestic Finance
Director	Joyce Moskovits Former SVP and Director of FHA Lending at Bank of America
Director	Lori Chatman President, Enterprise Loan Fund
Director	Augie Chiasera SVP and President of M&T Bank for Baltimore and Chesapeake Regions
Director	Dana Johnson President, Homes for America
Director	Marc Broady VP of Community Affairs, Weller Development
Director	Rodney Boyd Partner, Nexus Group
City Director	Paul Taylor Director, Mayor's Office of Minority and Women-Owned Businesses
City Director	Jalal Greene Deputy Director, Department of Housing and Community Development
City Director	Colin Tarbert President, Baltimore Development Corporation

STAFF

Mark Kaufman
President and CEO

Lori Glass
Chief Lending Officer

THANK YOU

To all our partners and fellow Baltimoreans who are working to build a better, more equitable Baltimore.

PHOTO CREDITS

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DESIGN BY

REJ & Associates, Inc.