

IMPACT CAPITAL

ANNUAL REPORT



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

OUR 2017 IMPACTS

CAPITAL
LEVERAGED

\$300,797,845

LOANS
CLOSED

\$17,537,508

AFFORDABLE
HOUSING
UNITS
CREATED OR
PRESERVED

1245

MODULAR
CONSTRUCTION
FINANCED

1

2017

Community Partners, Investors, and Colleagues:

As you drive through your communities, you will see housing of all types and sizes, and collectively they meet that community's distinctive needs. As a Community Development Financial Institution (CDFI), we respond to our partners' capital needs to fund projects that might be a new idea or don't fit into a conventional funding box. We have the capability to be flexible, and because of that flexibility, we meet the different and changing needs of communities with creative loan products. Our loan pool looks much like our neighborhoods—no two loans are alike.

In 2017, Impact Capital continued to work in urban and rural communities in Washington and Oregon, closing 21 new loans for an aggregate dollar amount of \$18,132,508, which is up 38% from 2016. Thank you to all our partners, funders and investors, who entrust us with flexible capital. Thank you to our board of directors for the time and expertise they bring to the board table. It has been a good year in the face of much uncertainty, and we want to celebrate these important partnerships.

This year we welcomed Ann Melone, Business Development Officer at U.S. Bank, back to our board. In 2017 we were also awarded \$766,500 from the U.S. Treasury CDFI Fund, so thank you to the Fund and all who continue to support federal funding of this program. We want to thank one new investment partner, Heritage Bank, and our investment partners who increased their investment in our loan pools: Yakima Federal Savings & Loan, Northern Trust and U.S. Bank. It is our investors who bring the flexible capital to our loan pools that allow us to be creative, be innovative and to meet community needs.

As you read through our report you will see some new developments, an existing development and future developments. As you will see, each one is unique. We hope you enjoy reading about Twin Lakes Landing in Marysville, B-North/Station House at the light rail station on Capitol Hill in Seattle, Veterans Supportive Housing in Yakima, Ya-Po-Ah Terrance in Eugene, 23rd & Jackson in Seattle, and Bicycle Apartments in Yakima.

As we move into 2018 and beyond, we look forward to hearing from our many partners and investors. We want to know how you think Impact Capital can help the communities you serve, and how our loan products can help you meet your goals.

Sincerely,

Saeed Hajarizadeh, Board Chair
Judith Olsen, President



LOANS PER COUNTY



NEW LOANS PER COUNTY IN 2017

KING : 11
 KITTITAS: 1
 PIERCE: 2
 SKAGIT: 1
 SNOHOMISH: 3
 WASHINGTON (OR): 1
 YAKIMA: 2

TOTAL LOANS PER COUNTY

ADAMS: 5	FRANKLIN: 4	LEWIS: 3	SNOHOMISH: 42
ASOTIN: 1	GRANT: 17	LINCOLN: 4	SPOKANE: 52
BENTON: 9	GRAYS HARBOR: 2	MASON: 2	STEVENS: 3
CHELAN: 14	ISLAND: 2	OKANOGAN: 14	THURSTON: 5
CLALLAM: 9	JEFFERSON: 3	PACIFIC: 5	WALLA WALLA: 6
CLARK: 21	KING: 326	PEND OREILLE: 1	WASHINGTON COUNTY, OR: 2
COWLITZ: 6	KITSAP: 7	PIERCE: 63	WHATCOM: 19
DOUGLAS: 4	KITTITAS: 3	SAN JUAN: 13	WHITMAN: 7
FERRY: 1	KLICKITAT: 2	SKAGIT: 14	YAKIMA: 28
		SKAMANIA: 4	





Twin Lakes Landing

Nurturing Families in Marysville, Arlington and Smokey Point

For over three years Impact Capital has supported Housing Hope with predevelopment loans and financing to advance the predevelopment, acquisition and development of Twin Lakes Landing. The first of its kind in the Puget Sound region, Twin Lakes Landing was developed with modular design and off-site construction. The above-ground portion of Twin Lakes Landing was installed within eight days from delivery of modular units to completed installation.

Featuring 50 units, Twin Lakes Landing serves low-income families and people experiencing chronic homelessness. Critical services are provided both for residents and people in the surrounding Marysville, Arlington, and Smokey Point communities. Resident families transitioning out of homelessness have access to a family support coach, adult life skills classes, and child development services through the Housing Hope ChildHope initiative.



5

“Housing Hope enjoys a strong relationship with Impact Capital because they understand our organization and the unique complexities of affordable housing development. Impact Capital has the flexibility to tailor predevelopment funding to meet the needs of a particular project and non-profit developer.”

Fred Safstrom, CEO, *Housing Hope*
Photos courtesy of Housing Hope

B-North

Funding Predevelopment of Transit-Oriented Development Around Puget Sound

In 2017 Impact Capital provided \$1 million in predevelopment financing for B-North, which will create 110 homes above Seattle's Capitol Hill Link light rail station. Transferred to Capitol Hill Housing from Sound Transit specifically to develop affordable homes, the site of B-North will be transformed into studios, one-, two-, and three-bedroom units, plus a 1,400 square-foot ground-floor community center available to the Capitol Hill neighborhood. B-North will provide homes for working families earning below 30-60% of area median income.

To date, Impact Capital has supported transit-oriented development by leveraging nearly \$24 million to provide 23 loans for projects in King (17), Pierce (4), Kitsap (1) and Snohomish (1) counties. These 23 projects have created 1,520 units of affordable housing, a food bank, and an early learning center.



6

Our project at the Capitol Hill light rail station is a unique one. It comes after years of community activism to shape development around a major transit investment in one of Seattle's densest neighborhoods. The predevelopment funding with flexible, tailored loan terms we received from Impact Capital was critical to the success this complex project.

Ashwin Warrior, Senior Communications Manager, Capitol Hill Housing

Images courtesy of Capitol Hill Housing & Schemata Workshop



Veterans Supportive Housing and Service Center

Quality Affordable Homes for Yakima Veterans and Their Families

Yakima's U.S. Marine Corps Reserve armory on Tahoma Avenue will get a new life as homes for veterans. Thanks in part to the McKinney-Vento Act—which grants federal resources for homeless shelter programs—plus a 2017 predevelopment loan from Impact Capital, Yakima Housing Authority will transform the armory into permanent supportive housing for 41 veterans' households.

The Veterans Supportive Housing and Service Center will include mostly studios with some one- and two-bedroom units for families. Planned in partnership with the local Veterans Affairs, the Housing Authority's vision is to centralize services scattered around the region in a one-stop Service Center with shower and laundry facilities, case management, and a small medical and dental clinic managed by Yakima Neighborhood Health Services. The property will also feature a veteran's memorial.

7

“

Impact Capital has been, and continues to be, an amazing partner for creative financing of affordable housing in the communities that the Yakima Housing Authority serves. Impact Capital ability to be flexible and think outside the box have made developments possible that otherwise would not be feasible.

”

Lowel Krueger, *Executive Director, Yakima Housing Authority*
Images courtesy of Yakima Housing Authority & SMR Architects

Ya-Po-Ah Terrace

Preserving Affordable and Supportive Senior Communities in Eugene

In Eugene, the Evergreen Union Retirement Association (EURA) will soon resyndicate and rehabilitate all 222 homes at the Ya-Po-Ah Terrace senior community, with the help of a 2017 predevelopment loan from Impact Capital—our first one in Oregon. Owned and operated by EURA since 1968, Ya-Po-Ah Terrace residents average 77.5 years old with average incomes of \$15,910 (39% of area median income).

8

In addition to beautiful views of the Willamette River and surroundings, Ya-Po-Ah offers supportive services to promote independence, including transportation and group trips, picnic areas, gardens, dining room, grocery store, and beauty salon. Preserving Ya-Po-Ah's 210 Section 8 subsidized homes is crucial for maintaining rent affordability, and will achieve 75% of the City of Eugene's five-year goal to rehabilitate 280 units of low-income rental housing.



Impact Capital provided the funds we needed, when we needed them. No other lender we approached was able to match their terms. Impact Capital's team was responsive to our particular needs and flexible in designing a solution for EURA, and they were great to work with throughout the process!

Philip Dochow, *Senior Project Manager, Housing Development Center*
Photo courtesy of EURA



23rd & Jackson

Creating Stability for People with Behavioral Health Issues in Seattle

Community House Mental Health Agency (CHMHA) is expanding supportive housing and services in Seattle's Central District neighborhood with the help of a \$1.63 million predevelopment loan from Impact Capital in 2017. Located at 23rd and Jackson, the planned community includes Patricia K Apartments with 53 homes serving people with chronic mental illness, an upgraded CHMHA facility below, and an adjacent 75 units of affordable workforce housing for residents earning less than 60% of area median income. These facilities will be constructed simultaneously, and will include a daycare center, kitchen, medical consultation rooms, case management offices, dining and multi-use space, as well as expanded administrative offices and meeting space.

9

We have worked with Impact Capital on many projects over the years. The process is always straightforward, and the underwriting process is quick. Impact Capital understands the business we do, and that makes everything so much easier. Traditional lenders may not have the ability to offer flexible loan products that fit with our non-profit business and the complexity of our non-traditional developments.

Chris Szala, Executive Director, Community House Mental Health Agency
Image courtesy of CHMHA & Environmental Works

Bicycle Apartments

Permanent and Accessible Homes for Yakima Families

Next Step Housing's new Bicycle Apartments will create 80 affordable homes in Yakima, thanks in part to an \$885,000 Impact Capital acquisition loan for property on North 50th Avenue. These 80 permanent homes are for residents earning 50% of area median income or less, with 40 set aside for people experiencing chronic homelessness, 12 for people with developmental disabilities, 8 for veterans, and 4 for people with chronic mental illness.

10

Next Step Housing, local agencies, and subcontracted service providers will refer residents and provide on-site and off-site services and resources. To ensure that previously homeless residents thrive and sustain their permanent housing, Next Step Housing case managers will provide support services to help each person learn and maintain personal and household self-sufficiency.



NSH has been working with Impact Capital for over 20 years. Over the years, IC have provided critical technical assistance on deals as well as funding for strategic planning. IC has also provided predevelopment funding on many of our affordable housing developments. Their vote of confidence regularly assures major funders of a development's viability. They are a very strong ally and the first resource we call when we need help and we need it fast. They have always pulled through for us.

John Mifsud, Executive Director, Next Step Housing
Images courtesy of Next Step Housing & ZBA Architects

2017 BORROWERS

Capitol Hill Housing
Station House (B North), *Seattle*

Capitol Hill Housing
Lake City, *Seattle*

Cocoon House
Colby Avenue Youth Center, *Everett*

Community House Mental Health Agency
23rd & Jackson, *Seattle*

Compass Health
Bailey Campus, *Everett*

Compass Housing Alliance
Broadview, *Seattle*

Downtown Emergency Service Center
N96, *Seattle*

Evergreen Union Retirement Association
Ya Po Ah Terrace, *Eugene, OR*

Filipino Community of Seattle
Filipino Community Village, *Seattle*

HopeSource
Spurling Court, *Ellensburg*

HopeWorks Social Enterprises
HopeWorks Station II, *Everett*

Housing Authority of Skagit County
Skagit County Seasonal Farmworker
Housing, *Burlington*

Imagine Housing
30Bellevue, *Bellevue*

InterIm CDA
Little Saigon/Acme Apartments, *Seattle*



Mount Baker Housing Association
McClellan Strip, *Seattle*

New Phoebe House Association
New Phoebe House, *Tacoma*

Next Step Housing
Bicycle Apartments, *Yakima*

Transitional Resources
Yancy Street PSH, *Seattle*

Yakima Housing Authority
Veterans Supportive Housing, *Yakima*

YWCA of Pierce County
Broadway Project, *Tacoma*

THANK YOU

CORPORATE, FOUNDATION AND GOVERNMENT SUPPORTERS

AmazonSmile Foundation
Banner Bank
Boeing Employees' Credit Union (BECU)
Columbia Bank
Emeralda Works
Heritage Bank
KeyBank Foundation
Olympia Federal Savings & Loan Association
United Way King County
U.S. Bank Foundation
U.S. Department of Treasury
Washington Federal Foundation
Washington Community Reinvestment Association
Wells Fargo Foundation
Yakima Federal Savings and Loan

INVESTORS

1ST Security Bank of Washington
Banner Bank
Boeing Employees' Credit Union (BECU)
City of Seattle, Office of Housing
City of Tacoma
Heritage Bank
Key Community Development Corporation
King County
Northern Trust Company
Snohomish County
U.S. Bancorp Community Development Corporation
State of Washington Department of Commerce
Washington State Housing Finance Commission
Yakima Federal Savings and Loan

INDIVIDUAL SUPPORTERS

Leanne Antonio
Susan Duren
Kim Etherton
Saeed Hajarizadeh
Kim Herman
Lowel Krueger
Donald M. Nelson, Sr.
Doug and Cathy Prince
Randy Robinson
Mark Smith
Anonymous Donors



2017

IMPACT CAPITAL STAFF



STAFF

Judith Olsen
President

David Tan
Vice President, Lending

Lora Bourelle
Finance Director

Rachel Mokry
Relationship Manager

Melanee Nelson
Office Manager

2017 BOARD OF DIRECTORS

OFFICERS

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

Kim Herman
Vice Board Chair
Executive Director | Washington State Housing Finance Commission

Doug Prince
Board Secretary
Partner | Foster Pepper PLLC

Susan Duren
Board Treasurer
President | Washington Community Reinvestment Association

Lowel Krueger
Immediate Past Board President
Executive Director | Yakima Housing Authority



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

Ann Melone
Business Development Officer | U.S. Bancorp Community Development Corporation

Judith Olsen
President | Impact Capital

Randy Robinson
Senior Vice President, Community Development Lending | Heritage Bank

Mark Smith
Executive Director | Housing Consortium of Everett and Snohomish County

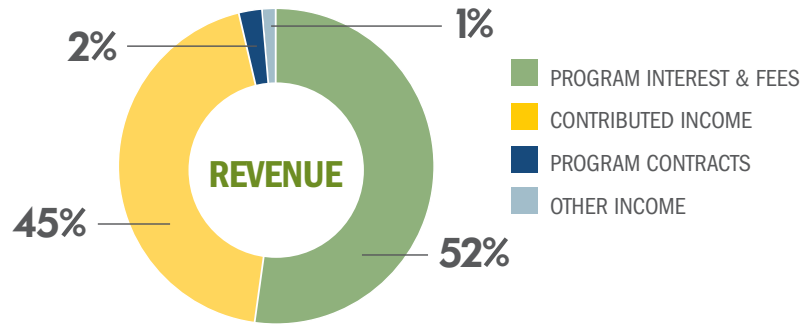
Steve Walker
Director | Office of Housing, City of Seattle

Greg Winter
Executive Director | Opportunity Council, Bellingham

FINANCIAL OVERVIEW 2017

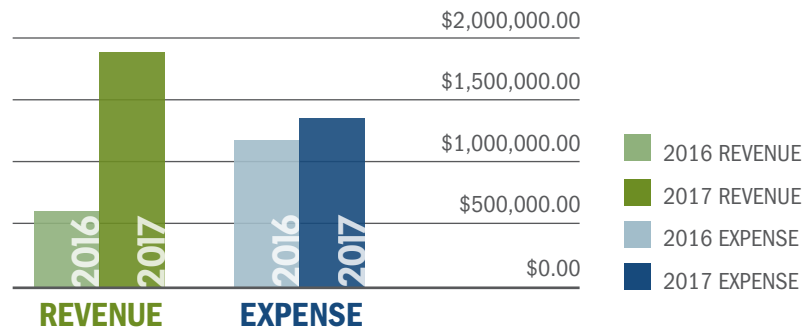
REVENUE

Program Interest & Fees	\$990,739
Contributed Income	\$872,585
Program Contracts	\$32,000
Other Income	\$12,643
Total Revenue	\$1,907,967



EXPENSE

Lending	\$804,119
Management & General	\$452,767
Fundraising	\$25,497
Total Expenses	\$1,282,383



15

STATEMENT OF FINANCIAL POSITION

ASSETS

Cash & Investments	\$2,461,091
Loans Receivable	\$16,752,636
Accounts Receivable & Other Assets	\$60,015
Total Assets	\$19,273,741

LIABILITIES & NET ASSETS

Accounts & Other Payables	\$127,081
Loans Payable	\$15,000,000
Total Liabilities	\$15,127,081
Net Assets	\$4,146,660
Total Liabilities & Net Assets	\$19,273,741

STATEMENT OF ACTIVITIES

	Unrestricted	Temporarily Restricted	Total
Total Revenue			
Revenues	\$1,066,589	\$781,500	\$1,907,967
Net Assets Released from Restriction (\$29,939)		\$29,939	---
Total Revenue	\$1,096,528	\$811,439	\$1,907,967
Total Expense	\$1,282,383	---	\$1,282,383
Change in Net Assets	(\$185,855)	\$811,439	\$625,584
Net Assets Beginning of the Year	\$872,493	\$2,648,581	\$3,521,074
Net Assets	\$686,638	\$3,460,020	\$4,146,658

PLEASE PASS IT ON

Do you like the stories in this report?
Please share them with your friends and colleagues.



701 Pike Street
Suite #1645
Seattle, WA 98101
(206) 587-3200
(800) 336-0679
impactcapital.org

*Front cover: Villa Santa Fe, Catholic Housing Services of Western Washington
Photo by We-Capture Photography, courtesy of Tonkin Architecture*

*Back cover photo: Nisei Veterans Committee
Opening Celebration, Hirabayashi Place*