

## The Role of Philanthropy in Affordable Housing:

### Summary of social finance models used by Community Foundations\*

*Prepared by: Stuart Reid, Executive Director, Community Foundation Grey Bruce*

Impact investing is an approach that intentionally seeks to have a positive social and/or environmental impact while also generating a financial return.

#### Streams of Investment include:

##### Program-Related Investments

- Aligned with, or will advance the foundation's mission
- Can deliberately target a lower return rate in exchange for a deeper impact in line with a foundation's charitable goals
- Can reduce overall cost of capital for housing projects
- Pave the way for other investors to participate with larger investments

##### Mission-Related Investments

- Prudent in the context of risk, return and other investment goals, but at market-rate return
- Align money with values – investments working towards the world you want to create – “housing for all”
- Investing in private markets can reduce portfolio risks and create growth through diversification
- Attractive to young investors, entrepreneurs and trustees who believe in market-based solutions to social and environmental issues.

#### Examples of Investable Products:

##### Investment Funds

- Having access to sufficient equity is often the most significant barrier to building new affordable housing -- Vancity's [New Market Funds](#) Rental Housing Fund supports construction of affordable housing in Canadian cities
- On behalf of Community Foundations and other investors, the [Community Forward Fund](#) provides loans for local non-profits as an intermediary

##### Direct Investments

- In partnership with Credit Unions, many foundations have started **local loan programs** to address capital needs such as affordable housing in their communities.
- **Community bonds** (an interest-bearing loan) can support new housing starts

### Public Equity

- **Environmental, Social and Governance (ESG) criteria** in investment decisions mitigate risk and identify opportunities
- Deliberately select and support organizations and projects that share your housing mission

### **Community Foundations Principles\*\***

Community Foundations will nurture and build on our community's strengths and assets. Communities are strengthened by initiatives which increase the capacity of organizations and individuals to respond to challenges and opportunities, develop local leadership, promote self-reliance, emphasize prevention, and mobilize civic participation and resources

### **Developing Partnerships**

Since more can be accomplished when communities act together, Community Foundations will form, encourage, and support partnerships among individuals, neighbourhoods and community groups, service clubs, foundations, professional advisors, businesses, governments, the media, and others, based on shared vision and mutual responsibility.

### **Creating Opportunities for Dialogue**

Because of a broad mandate to nurture a vital community, Community Foundations will bring together people with different ideas and points of view and create opportunities for respectful dialogue on issues of importance to our communities. By creating environments in which people can share information and opinions respectfully, community foundations can help people find joint solutions to local issues.

\*with information from *The Impact Investing Guidebook for Foundations*; Purpose Capital, Philanthropic Foundations Canada, Community Foundations of Canada; 2017.

\*\*with information from *2nd Edition of Explorations: Principles for Community Foundations*, Community Foundations of Canada, 2001.