



City First Enterprises Impact Report | 2017

Impact Driven Lending: Fueling the Local Economy

Through our impact-driven, mission-focused lending, City First seeks to improve the lives and livelihoods of residents in low-income, underserved communities. City First loans help to create secure and affordable housing, equitable economic development and opportunity, and access to arts, education and social services. The outcomes of our investments are represented by safer neighborhoods, higher employment, greater access to quality school seats, and more vibrant, healthy and sustainable communities.

Collective Impact: Doing more together as ONE City First

We are a proud ONE City First Family that includes City First Bank (CFB), City First Enterprises (CFE) and City First Homes (CFH). Our collective ONE City First mission and vision steer us to achieve more together. City First operates under an integrated platform led by CFB. CFB is the only bank in DC to be certified as a **Community Development Financial Institution** (CDFI) and a **B Corp**¹.

We take pride in our ability to support customers who deliver direct social, environmental and economic impacts. Since our founding, deployment of \$1B+ in capital has led to the following cumulative impacts:

- **7,660 affordable housing** units created
- **14,000 quality educational school seats** added
- **18,284 jobs** retained or created
- **785,000 community members served** via increased non-profit capacity
- **More than \$200,000,000** in financing to DC's **Wards 7 and 8**

CFE provides critical gap financing as City First's non-profit CDFI loan fund. In FYE 2017, CFE's lending reflects the following direct outcomes² with **\$3.68 million in new loans** delivering 100% in mission focused activities:

- **237 affordable housing** units created
- **59 jobs** retained or created
- **1 green impact** project

The majority of CFB's lending activity contributed to developing **community facilities, affordable housing, and small businesses** through real estate acquisition or renovation. In FYE 2017, the Bank's lending reflects the following outcomes³ with **\$32 million in new loans** delivering 86% in mission focused activities:

- **103 affordable housing** units created
- **2860 additional clients served**
- **279 jobs** retained or created
- **2 green impact** projects

¹ A B Corp is a for-profit entity that meets environmental and social impact criteria set out for for-profit businesses by the not-for-profit B Lab.

² CFB only counts the net benefit of our financing, not the total impact created by our customers businesses and projects.

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CFE Project Spotlight

Newcomb Street, SE | Project Benefits Voucher Tenants with Supportive Housing

An existing and successful borrower client of CFB purchased this property in the Congress Heights neighborhood of Ward 8 – a low-income census tract – with a plan to maintain current affordable rents. Subsidized by the DC Housing Authority’s voucher program, tenants pay a small portion of their rent, which does not exceed \$58 a month. Residents also benefit from supportive services provided by Catholic Charities, which include preparing tenants for the voucher program by confirming the requisite and often burdensome paperwork. Catholic Charities also provides ongoing housing case management, life skills education, transportation to medical care, and monthly status check-ins.

Through a \$61,000 subordinate loan, CFE partnered with CFB to allow the City First family to provide a \$390,000 “unitranche” loan product in a seamless transaction for the borrower, and ultimately for residents whose options and opportunities will grow based on a foundation of stable and affordable housing.

Mary’s Center | Iconic Health Services Organization Secures Accessibility for Families in Need

Located in the Adams Morgan neighborhood near Kalorama and Ontario Roads, Mary’s Center has provided health services to families in need for 30 years. A near casualty of the area’s explosive growth, the Center negotiated the purchase of a highly valued, much utilized 5,700 square-foot parking lot adjacent to its headquarter building to help ensure client access. The lot had been destined for development by a condominium builder, which would have led to severe disruptions in Center operations (impacting an estimated 1,500 clients). However, loans totaling \$4.5M by CFB and CFE – leveraging the value of two Center-owned facilities – enabled the Center to buy the property from the developer. Mary’s Center is now exploring their own sustainable development options in keeping with the nonprofit’s mission as a community-based, family health services organization.

Missouri Avenue, NW | Tenants Tackle TOPA in Bid for Self-Determination

The tenants of a building on Missouri Avenue, NW in Ward 4 – the majority of whom are Latino with incomes between 0% and 60% AMI – wished to secure permanent affordable housing by taking advantage of DC’s TOPA law (Tenant Opportunity to Purchase Act). Accordingly, they formed a Limited Equity Cooperative (LEC) to purchase their building after the property owner put it up for sale. In partnership with the National Housing Trust, CFE provided \$140,000 in an Earnest Money Deposit (EMD) required by TOPA to convey the tenants’ intent to pursue purchase. Once the EMD is paid, tenants have nine months to decide to purchase. If they proceed, CFE’s principal and interest will be refinanced via the acquisition. If they do not, the deposit will be refunded to repay CFE’s principal, and interest will be waived.

CFE also provided an unsecured \$13,350 pre-construction loan to help tenants pay for costs relating to a Department of Housing and Community Development (DHCD) funding application, which can lead to significant dollars toward acquisition and construction costs. The proceeds of CFE’s loan will go toward third-party reports and a consultant’s assistance, all of which are required for the application. If successful and DHCD awards funding, the loan will be repaid with interest. If the tenants are unsuccessful with DHCD, CFE will forgive the loan. With this project, CFE helped to preserve 22 units of affordable housing located in Ward 4.

61st Street, NE | More Than One Path to Preserve Affordable Housing

Following a well-intended yet ultimately unsuccessful pursuit of a sustained co-op model to preserve the affordability of their 12-unit apartment residence, the tenants of a building on 61st Street, NE in the Deanwood neighborhood of Ward 7 negotiated the sale of the building. CFE, with a \$140,000 loan in partnership with a local bank, financed the developer in purchasing the property from the co-op. The developer agreed to cap the existing owners’ rent for life at their current



rate, with existing renters' rents adjusted to the allowable CPI increases. Remaining vacancies will likely be filled by voucher tenants.

13th & Savannah | Congress Heights Residents Partner to Secure Permanent Affordable Housing

Exercising their rights under TOPA, residents of a newly formed tenants' association in this Ward 8 neighborhood organized to explore purchasing their 65-unit building to match a 3rd party offer. CFE provided the group with a \$170,000 Earnest Money Deposit (EMD) loan which enabled them to maintain control of the building and, ultimately, partner with National Housing Trust (NHT) to purchase the property. In 2018, NHT will pursue DHCD funds and low-income housing tax credit financing to modernize the property and provide long term affordable rental housing for residents living between 30% and 60% AMI. In addition, NHT signed a letter of intent to include the property in the new Douglass Community Land Trust.

Securing EMD funding is a critical first step in pursuing property purchase rights under TOPA, as it provides a building's residents with needed time to assemble the requisite financing or identify a purchase partner.

New Markets Tax Credit Program: Transforming Neighborhoods

City First ranks **19th out of 300+ NMTC allocatees** in the country, with **\$543M in cumulative allocations** solely toward mission-focused development. In 2017, City First deployed **\$45.5 million in below-market NMTC capital** to construct new or expand existing community facilities and commercial real estate in distressed communities. This capital supports:

- college ready education for children from families with low income,
- access to healthy foods and food education in areas without healthy food options,
- greater supportive services East of the River in DC by Martha's Table,
- housing for families with a child who is terminally ill, and
- access to good jobs for individuals from low income communities.

Projected impacts of these NMTC projects in underserved communities include:

- **455 new permanent jobs** and **1080 jobs in construction**
- **42,000 additional low-income client visits⁴** anticipated
- More than 389,000 sq. ft. of commercial space in economically marginalized communities

October 17, 2017: Community Development Conference

Through City First Foundation, we convened our fourth Community Development Finance Conference: **Shared Values, Integrated Solutions** at the Sidney Harman Hall. The Conference welcomed community development stakeholders to identify integrated and meaningful solutions that will deliver on the promise of prosperity for people in low- to moderate-income communities. **More than 400 cross-sector leaders** representing local and national perspectives from public, private and nonprofit agencies and organizations participated, and 10,000+ people viewed our free live stream. Building on our previous conferences, "The Resurgence of Neighborhoods" in 2013, "Equitable Economic Development East of the River" in 2015, and "Commerce, Culture, and Community Investment" in 2016, City First proudly continues our annual gathering that showcases the equitable economic prospects and possibilities of our diverse communities.

City First Foundation serves as the nonprofit outreach and educational division of City First, representing the collective mission of our Family of Companies. The Foundation's mission includes promoting broader knowledge, participation and collaboration in the community development eco-system, particularly in Washington, DC.

⁴ Health center estimates for net new patients served due to facility expansion.

