LIVING CITIES
CATALYST FUND

Annual Report

JULY 2011 – JUNE 2012

LIVING CITIES
INNOVATE ▸ INVEST ▸ LEAD

1040 Avenue of the Americas, Floor 17, New York, NY 10018 • 1601 Connecticut Avenue NW, Suite 400, Washington, DC 20009

Catalyst Fund Letter

Dear Friends:

It is our pleasure to report to you on the fourth year of operations for the Living Cities Catalyst Fund. The Fund currently has loan commitments of $34.6 million from ten investors. Since inception, our total cumulative lending of $24.65 million has sparked initiatives with total funding of nearly $400 million.

In recognition of our work and our engagement with the social impact field, we also are delighted to report that the Catalyst Fund was selected for the second year for the *ImpactAssets 50* – a public database of private debt and equity fund managers that deliver social and environmental value in addition to financial returns.

Other key developments of the year included:

New Investments: This year, we closed two additional loans to borrowers participating in Living Cities' signature Integration Initiative. We expect to close the final loan in this program in the next few months. In addition, we provided a $2MM increase to our loan to Craft3 to support their industry leading single family energy efficiency retrofit program in September 2012.

Providing Flexible Capital: We continue to look for ways to support our borrowers who are working to create opportunities and benefits for low-income communities. This year, we made a policy decision to decrease the rate charged to all of our Integration Initiative borrowers to 2% - the lowest rate the Catalyst Fund has ever charged. As these borrowers are working in weak market cities with declining subsidies, we hope this rate decrease can help unlock transactions and increase the pace of deployment.

Operational Improvement: We are happy to report that in June 2012 several of our investors – Casey, Deutsche Bank, Kresge, MacArthur and Robert Wood Johnson – decreased the interest rates they charge to the Fund to 1%. RWJF has also accepted a temporary return of capital. These actions help increase the Fund's overall self-sufficiency. We expect to save over $120,000 per year in interest expense.

Integration with Program: We increasingly recognize the value of more tightly coordinating the Catalyst Fund's activities with Living Cities other programmatic activities. As such, staff has dedicated significant time this year to integrating the Catalyst Fund work with our program work. As part of our recognition as an *ImpactAssets 50* fund, we will soon be releasing an Issue Brief which explores the potential for greater coordination between impact investments and grants to increase the flow of capital to the critical social and environmental issues confronting our world today.

Thank you for your continued support and guidance. We appreciate your commitment to the Catalyst Fund and the low-income communities we serve. Please let us know if you have any questions or ideas.

Ben Hecht
October 2012

Robin Hacke

Amy Chung

Catalyst Fund Overview

INVESTORS

As of June 30, 2012, the Catalyst Fund had commitments of $34.6 million from ten investors. This is the first full year in which the Fund's activities were segregated into three pools – Pools A, B and C – to better align the Fund with the programmatic activities of Living Cities. Please see below for a list of the investors.

INVESTORS

Ford

Casey

Metlife

RWJ

Kresge

DB

MacArthur

AARP Foundation

Dignity Health

KcKnight

PORTFOLIO SNAPSHOT

The A Pool consists of the existing Catalyst loans and commitments as of December 2010. The B Pool is comprised of loans to intermediaries participating in the Living Cities Integration Initiative (TII). The C Pool is funding new, non-TII loans that align with Living Cities' programmatic priorities. As of June 30, 2012, the Catalyst Fund had a closed portfolio of $21 million across 9 transactions[1]. The Fund has a commitment to close an additional $3 million loan for the remaining Integration Initiative site and closed a $2 million increase to Craft3 in September 2012.

The table below provides a snapshot of the loans in the Catalyst portfolio.

QUALIFIED EXPENDITURE REPORT

Commitment Date	Origination Date	Borrower	Investment Type/ Program Area	Description	Rate	Term	Most Recent Risk Rating	Amount	Balance Out **(6/30/12)**	Payment Status	Catalyst Pool
4/9/09	10/23/09	NSLF - Mass	Loan	Foreclosure Mitigation	5%	5 yrs	4	$1MM	$1,000,000	Current	A

[1] Two loans were fully repaid early and one loan was cancelled in 2011.

Catalyst Fund Overview (cont'd)

QUALIFIED EXPENDITURE REPORT cont.

Commitment Date	Origination Date	Borrower	Investment Type/ Program Area	Description	Rate	Term	Most Recent Risk Rating	Amount	Balance Out **(6/30/12)**	Payment Status	Catalyst Pool
5/18/09	5/27/09	TRF	Loan	Fresh Food Financing	4.5%	8 yrs	5	$2MM	$2,000,000	Current	A
3/31/10	10/10/10	Enterprise Cascadia	Loan	Energy Efficiency Retrofits	4%	7 yrs	4+	$2MM	$2,000,000	Current	A
03/30/11	06/11	Bay Area TOAH Fund	Loan	TOD	4%	10 yrs	4	$3 MM	$463,774	Current	C
5/23/11	N/A	NeDC	Loan	Small Business	2%	10 yrs	4	$700M	0	N/A	B
5/25/11	N/A	TRF	Loan	Affordable Housing	2%	10 yrs	5	$3 MM	0	N/A	B
6/30/11	12/15/11	NCB Capital Impact	Loan	Acquisition	2%	10yrs	5	$4 MM	$750,000	Current	B
11/11/11	N/A	Twin Cities Community Land Bank	Loan	Affordable Housing & Mixed Use	2%	9 yrs	4	$2.3 MM	0	N/A	B
1/12/12	N/A	Greater University Circle Capital Corporation	Loan	Commercial Real Estate	2%	9 yrs	3+	$3 MM	0	N/A	B

REPAID/CANCELLED LOANS

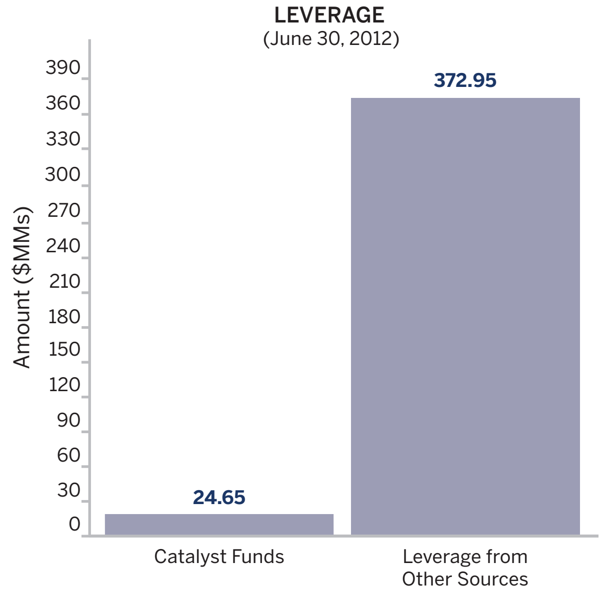
Commitment Date	Origination Date	Borrower	Investment Type/ Program Area	Description	Rate	Term	Most Recent Risk Rating	Amount	Balance Out	Payment Status	Catalyst Pool
12/19/08	5/27/09	VCC - Cleveland, OH	Loan	Foreclosure mitigation	4.5%	4 yrs	5	$1MM	Repaid	Paid in Full – June 2011	A
5/4/10	5/6/10	5716 Lender LLC	Loan	NMTC - Health & Wellness Facility	4.5%	6 yrs	4	$1.15MM	Repaid	Paid in Full – August 2011	A
12/16/10	N/A	New Teacher Center	Line of Credit	Education	4%	18 mos	N/A	$1.5MM	N/A	Cancelled –July 2011	A

Notes:
1. *Commitment Date* is the date of the loan closing.
2. *Origination Date* is the date of the first draw request funding.
3. *Risk Ratings* were determined by the Credit Committee as part of the portfolio annual review process or at the time of loan closing.
4. The Catalyst Fund uses a 9-point risk rating system with 5 being "Satisfactory" and 1 being "Doubtful."

Catalyst Fund Overview (cont'd)

In June 2012, staff conducted annual reviews of all the existing loans. The Credit Committee approved risk ratings and loan loss percentages for the portfolio. These risk ratings are reflected in the chart above. The Fund has experienced no losses to date.

During fiscal year 2012, the Catalyst Fund made $5.3 million in two new loan commitments, raising the cumulative total commitments to $24.65 million (across 12 transactions) since inception. Our $24.65 million in loan capital has helped launch initiatives with total funding of nearly $400 million from numerous public, private and philanthropic financing partners; and resulted in a leverage ratio of 16x.



Social Impact & Charitable Indicators

Schedule 5 of the Amended and Restated Catalyst Fund loan agreement identified a number of indicators that we committed to track. The following section summarizes our progress to date.

Timely repayment of Qualified Expenditures by Qualified Recipients: At present, all borrowers are current on their interest payments. Last year, the Opportunity Housing Cleveland and 5716 Lender loans were both fully repaid ahead of schedule.

Number of non-Living Cities investors who join the fund or invest alongside it: Dignity Health was our first non-member to invest in the Fund. Across the twelve closed transactions we have worked with nearly 90 financing partners. In the Bay Area Transit-Oriented Affordable Housing Fund, we are one of eleven lenders. In our Integration Initiative cities, we are lending alongside seven of our financial institution members as well as a range of other partners including the federal government, Trinity Health and PNC Bank.

Number of investors new to PRIs who join the fund or invest alongside it: Last year, we closed a $3 million commitment from the McKnight Foundation, a relatively new PRI investor. The AARP Foundation, who made its first $250K PRI with the Catalyst Fund, made an additional $1MM investment to the Fund in 2011. Kresge and RWJ both made their initial commitments to the Catalyst Fund in 2008 as part of their new PRI programs.

Dollars leveraged by Living Cities: $24.65 million in Catalyst funding has supported initiatives with total funding of nearly $400 million.

Number and dollar amount of Qualified Expenditures originated to high impact organizations doing innovative work in Living Cities priority areas: All twelve Catalyst loans have been made in Living Cities priority areas. In this fiscal year, we made two new loan commitments as part of Living Cities signature Integration Initiative.

Compliance by the Catalyst Fund with covenants agreed to in our documents: We have complied with all our covenants except for the deployment covenant. The Fund met the December 31, 2011 deployment covenant for the B Pool in January 2012. Since then, we have been in compliance with all of our covenants.

Impact of the debt on borrowers, especially those using debt for the first time (growth, financial stability, programmatic scale, access to commercial capital): This year, we made a commitment to the Twin Cities Community Land Bank, a new CDFI in the Twin Cities as part of the Twin Cities Integration Initiative (Pool B). We have structured our relationship with the TCCLB with an eye toward helping this organization grow and also develop its lending capacity.

Last year, we closed a loan with the Neighborhood Development Center (NeDC) in the Twin Cities, another relatively new user of debt. We hope that our loan can help NeDC transition their lending organization away from a grant-based model to a debt-based model.

Impact achieved by our Qualified Recipients in their fields (e.g. number of new outlets for fresh foods; number of children assisted by education programs we fund, etc.). Qualified Recipients will be asked to propose relevant indicators before Qualified Expenditures are originated: Please

Social Impact & Charitable Indicators (cont'd)

see below for a summary of the impact achieved by each of our loans. The older loans in the A Pool have achieved the most concrete results so far but we are also seeing promising results for our newer loans that have recently closed in the last two years.

We are committed to social impact reporting and have begun to explore the social impact metrics field to better understand how Catalyst reporting could best be aligned with reporting in the larger impact investing field.

POOL A:

Neighborhood Stabilization Loan Fund (foreclosure mitigation)

As of June 2012, the Neighborhood Stabilization Loan Fund (NSLF) had acquired or had under agreement approximately 494 units across 153 buildings. Construction is complete on 319 units, 121 units are under construction, and 17 are in predevelopment. 30% of these units were targeted for residents at 50% AMI or below, 6% were between 50-80% AMI, and 31% were between 80-120% AMI. 128 of the units are in Boston, 132 are in Worcester, and 96 are in Springfield with the remaining units spread among several other cities.

As acquisition for properties under the current model (which uses significant NSP subsidy for eligible construction costs) is largely complete, MHIC is focused on moving properties from acquisition to construction and take-out. As the federal NSP requirements require that all their funds be drawn by February 2013, MHIC is targeting construction completion on most of the NSLF's properties by the end of 2012.

Conversations with the fund manager, MHIC, indicate that the take-out process is moving along relatively smoothly with the majority of properties achieving take-out financing with no issues.

As MHIC is largely done with new property acquisitions under the current model, which relies heavily on NSP subsidy dollars, MHIC is considering the future of the fund in a post-NSP environment. MHIC is currently conducting a demand study and we expect them to propose several potential options for the NSLF in the coming months.

In September 2012, HUD recognized The Boston Foundation, one of the Catalyst Fund's co-lenders in the NSLF, with a Secretary's Award for Community Foundations for its role in the NSLF.

The Reinvestment Fund (health and wellness)

Our $2MM loan to TRF funded the construction of a large refrigerated produce warehouse and distribution facility called the New Farmers Market in Newark, NJ. As of June 30, 2012, this facility was substantially complete and had created approximately 400 construction jobs and 240 full-time jobs. The building has a gross footprint of 167,025 sq. ft. including 10,800 sq. ft. of office space. In addition to the Living Cities' loan, the project received about $40 million in other funding, including New Markets Tax Credits and borrower equity.

This warehouse facility is a critical anchor serving to attract more grocery store retailers to New Jersey as the lack of warehouse space has constrained the ability of operators to develop new grocery stores in the region. In conjunction with the expected completion of this facility, TRF relaunched its New Jersey Food Access Initiative program, with a $12MM commitment from the Robert Wood Johnson Foundation in March 2012.

As of June 2012, TRF had 21 applications requesting funding under the program and had approved financing for three stores. One loan is for the construction of a new 79,000 square foot single-building anchored by a Shoprite supermarket and includes other tenants such as a federally qualified health center in Vineland,NJ. The second loan is for the acquisition of equipment and leasehold improvements on two Save-a-Lot stores located in Rio Grande and Millville, NJ. The Millville store is located in an area with a population at less than 50% AMI and the Rio Grande store is located in an area with a population at less than 80% AMI.

Craft3 (green economy)

In March 2010, we closed a $2 million loan to Craft3 to support their participation as a lender in Clean Energy Works – Portland (CEWP), a single family energy efficiency retrofit program that provides technical assistance, certified contractors and 100% retrofit loan financing at below-market rates.

In April 2011, the City of Portland was awarded $20 million as part of the Obama Administration's "Retrofit-Ramp-Up" Award program. This award funded the expansion of the Portland program to a statewide program called Clean Energy Works Oregon (CEWO). Craft3 also received a prestigious 2010 $2.75 million Wachovia Wells Fargo NEXT Award in recognition of its lending in this program.

Due to the high demand for these energy efficiency loans, Craft3 quickly utilized the capital allocated to these energy efficiency loans and asked Catalyst to increase our loan amount. In September 2012, we provided a $2 million increase in our loan commitment to Craft3 for this program.

As of June 2012, Craft3 had over 1400 outstanding loans totaling over $17 million. Due to the CEWO's strong Community Workforce Agreement, the average wage for all hours of work performed on these energy efficiency retrofits was $23/hour[2]. Over 40% of the work was performed by people of color and 30% of the work was performed by businesses owned by women or minorities. 33% of the projects are located in CDFI hot zones and 48% of the borrowers are in households with self-reported income less than 100% AMI.

Craft3 is also in process of pursuing a secondary market sale of its energy efficiency portfolio. The CDFI anticipates selling to a regional bank with a structure that would involve a subordinate tranche of capital supporting their market-rate capital. They anticipate completing a sale in 2013. We are monitoring this development closely as it would be one of the first secondary market sales of an energy efficiency portfolio and have critical implications for the energy efficiency field.

POOL B:

***The Integration Initiative* Overview**

In January 2010, Living Cities announced *The Integration Initiative (TII)*. TII is providing a package of grants, below-market rate debt (from Catalyst), and commercial loans to five sites to support multi-sector approaches to improve the lives of low-income people. Five sites – Baltimore, Cleveland, Detroit, Newark and Twin Cities – were selected in July 2010.

In March 2012, the Catalyst Fund decreased the interest rate charged to all of our TII borrowers from 3.5% to 2%. As our TII borrowers are working in weak market cities with declining resources, we hope that this rate decrease will help unlock transactions and increase the pace of deployment. We are pleased to be able to provide our borrowers with more flexible capital as part of this exciting initiative!

[2] Figures likely also include the Seattle energy efficiency lending program, which has been immaterial relative to the Oregon program.

Portfolio Review (cont'd)

In October 2012, Mt. Auburn Associates, our national TII evaluation firm, completed the *Integration Initiative Midterm Outcome Report* which provides a broad overview of our TII work in the five sites over the first 18 months of the Initiative. The report focuses on what has been happening at each of the sites during the period and looks across the work in the five sites to assess the progress that has been achieved against the goals of the Initiative. This report provides candid feedback to Living Cities about the strengths and challenges of TII. We will be posting a copy of the report on the Living Cities website in the new few weeks.

As of June 2012, we have closed deals in four of the TII cities. The Newark transaction is still in negotiation and is expected to close in the next few months. Descriptions of the closed loans are below.

Baltimore: The Baltimore Integration Partnership (BIP) is creating a model that systematically harnesses the power of anchor institutions, substantial infrastructure investments and local and state workforce development resources to create economic opportunity for low-income people.

In May 2011, Living Cities closed a $3MM general recourse loan to TRF. The loan supports predevelopment, acquisition, construction and New Markets financing of affordable housing, charter schools, grocery stores and other community facilities in East and Central Baltimore and along the Red Line transit corridor.

BIP has closed 4 transactions – two single family home projects; one multifamily project; and one commercial real estate project called the Chesapeake. The Chesapeake is the only project anticipated to use Catalyst funds; the remaining 3 projects will be funded from LC predevelopment grants funds, commercial capital from LC financial institution members and Casey funds committed to TII.

The Chesapeake will use $500,000 of Catalyst Funds. In August 2012, TRF made its first draw of $250,000 to support this project. This project will renovate a long abandoned City-owned restaurant in Station North for local small businesses. Total development costs are $2.1 million. In addition to reducing blight, this project will create new amenities for the neighborhood as well as create construction and permanent jobs.

As part of the BIP, TRF helped establish the process for identifying local employment opportunities in BIP capital projects and helped develop the Workforce Resources Plan that all developers (including the Chesapeake developer) sign in conjunction with the BIP loan closing.

Detroit: The Woodward Corridor Initiative in Detroit is creating a model for older industrial cities of "redensifying" by concentrating population and activity in sustainable corridors, expanding opportunity for low-income residents, and reusing vacant land.

In June 2011, Living Cities closed a $4MM general recourse loan to NCB Capital Impact to support the redevelopment of abandoned and under-utilized properties and the creation of new mixed-use and community facilities along Detroit's Woodward Corridor. $1 million of the facility must be used specifically to support lending in the North End neighborhood.

NCBCI became the first of our TII borrowers to draw on Catalyst capital. In December 2011, NCBCI drew $500,000 from the Catalyst Fund and $1MM from the commercial debt facility to support the Auburn, a 56,000 sq.ft. mixed use commercial and residential development near Wayne State University in the heart of Midtown Detroit, just one block west of Woodward Avenue. The ground floor will offer approximately 9100 sq. ft. of rental space for local retailers and the upper floors will offer 58 units of affordable and workforce housing. Total development costs are approximately $12 million.

In May 2012, NCBCI drew another $250,000 from the Catalyst Fund to provide bridge financing to support the redevelopment of the Woodward Theater LLC, a 32,500 sq. ft. three story historic theater which will serve as the cornerstone to the multi-phase redevelopment of one of the last derelict blocks on Woodward Ave. in Midtown Detroit. This block is also located directly across the street from the Detroit Medical Center. Total development costs are $12.4 million and this project is expected to create 80 construction jobs and 14.5 permanent jobs.

NCBCI is in process of closing another deal in 2012 that would renovate 15,000 sq. ft. of currently vacant commercial space to serve as the new home for the Avalon Bakery, one of Midtown Detroit's most successful small businesses. The CDFI also has a pipeline of several additional projects which they expect to close and fund in the coming year.

As there are additional deals beyond the TII pipeline, NCBCI is working with Kresge, Skillman and other Detroit community development leaders to develop a new financing structure for its next batch of projects.

Twin Cities: The Corridors of Opportunity Initiative in the Twin Cities has been established to create a regional model of cross-sector collaboration that leverages investments in high-quality regional transit to improve the lives of low-income people, their businesses and neighborhoods.

Three intermediaries participate in this Initiative: LISC has borrowed from the commercial lenders only, while the Neighborhood Development Center and the Twin Cities Community Land Bank have borrowed from the Catalyst Fund. The Family Housing Fund, the parent entity of the Land Bank, is supporting the initiative with a guarantee of the TCCLB loan and a $2 million subordinated loan.

In May 2011, Living Cities closed a $700,000 general recourse loan to the Neighborhood Development Center. NeDC's role in the TCCOI is to support small businesses along the Central Corridor in the cities of Minneapolis and St. Paul in Minnesota. In addition to lending to these businesses, NeDC is providing training, technical assistance and façade grants. As the Central Corridor is currently undergoing light rail construction, NeDC's lending and technical assistance is intended to help these businesses survive during the construction period and capitalize on the potential increase in real estate values and increased foot traffic that will come with the light rail completion.

Portfolio Review (cont'd)

As of June 2012, NeDC had approved three loans through its credit committee, and has targeted $120,000 of the Catalyst funds for these loans. NeDC has not yet drawn on Catalyst capital but has indicated that they expect to draw funds in 2012.

The CDFI was selected to administer a forgivable loan program for the City of St. Paul. NeDC was also the recipient of a $25,000 Community Impact grant from the NEXT Awards for Opportunity Finance in 2011.

In November 2011, Living Cities also closed a $2.3MM general recourse loan to the Twin Cities Community Land Bank which is being guaranteed by the Family Housing Fund. This loan supports the acquisition and redevelopment of affordable single-family and multi-family residential buildings and the development of mixed-use, affordable housing and community facility projects along the new light rail lines, primarily the Central Corridor, with the potential for some activity along the Hiawatha and/or Southwest lines in the Minneapolis/St. Paul region.

One single family preservation loan and two new TOD developments have been approved through the TCCOI approval process.

In September 2012, the TCCLB made its first draw of $200,000 to support the acquisition of Prior Crossing LLC, a .9 acre site located one block from the Fairview Avenue Station on the Central Corridor. Prior Crossing will be developed into a 44-unit permanent supportive housing project for young people ages 16-21 transitioning out of homelessness. Its proximity to a transit stop as well as employment and services make it a compelling location for connecting low-income, at-risk youth to regional opportunities. The anticipated development costs are $5.7 million.

In mid June 2012, Sandra Oakes joined the Land Bank as President. The founder and president of the TCCLB, Rebecca Rom, retired in March 2012. The TCCLB is currently engaging in a business planning process.

Cleveland: The Greater University Circle Initiative focuses on leveraging the procurement power of anchor institutions to benefit local communities through attracting and creating businesses and jobs locally.

In January 2012, we closed a $3,000,000 to the Greater University Circle Capital Corporation (an SPE managed by the National Development Council) to finance conventional real estate loans and loans for New Markets Tax Credit real estate transactions which include upper tier leverage loans and direct loans to Qualified Active Low-Income Community Businesses.

NDC has been working to develop a strong pipeline for the Initiative and relationships with target area businesses, developers and anchor institutions.

Portfolio Review (cont'd)

POOL C:

Bay Area Transit-Oriented Affordable Housing Fund (TOD)

In March 2011, we closed a $3MM loan to the Bay Area Transit-Oriented Affordable Housing Fund which was sponsored by the Great Communities Collaborative, a 24-member collective of Bay Area nonprofits, national organizations, and regional philanthropic entities. This fund provides early-stage financing for housing and mixed-use developments in mixed-income TOD communities. Loan products include pre-development, acquisition, construction to mini-perm, construction bridge and NMTC leverage loans. The Low Income Investment Fund (LIIF) manages the 9-county fund and act as administrative agent; six CDFIs are serving as originating lenders.

In June 2011, the Fund made its first draw of $292,481. The funding is part of the first loan approved by the fund, a $7.2 million, 7 year loan for a 100% affordable, 14-story, 153 unit building in the Tenderloin district of San Francisco. The loan, which is being originated by LIIF and guaranteed by the Tenderloin Neighborhood Development Corporation, will also support development of a grocery store in what is currently a food desert. The site is 2 blocks from BART.

In October 2011, we funded an additional draw to support the second loan approved by the fund, a $3 million, 4 year loan for the acquisition of a vacant parcel in San Jose. The parcel will be developed into a mixed-use project with 64 one-bedroom units for seniors age 55 and over, affordable to households that earn at or below 35-60% of AMI. Thirty-five percent of the units will be set aside for residents who receive in home services. There will also be 7,000 square feet of dental offices on the ground floor. In addition, the development will be LEED Gold certified. The site is located 0.4 miles from the Fruitdale/Southwest Expressway station of the Santa Clara Valley Transportation Authority (VTA) light rail system.

In December of 2011, CA's redevelopment agencies were ordered to dissolve. As these agencies were a large source of affordable housing subsidy dollars, the ability for the Fund to close additional loans was challenged. LIIF has been tracking this issue and had conversations with local officials. The local development community's response to this uncertainty has been to re-size deals and to also increase the market rate component of affordable housing projects. LIIF expects to close several additional transactions by the end of the year.

Craft3 (green economy)

In September 2012, we provided a $2 million increase to our loan to Craft3. This $2 million increase has been allocated to Pool C. Please see the overview of this transaction in the Pool A section.

LIVING CITIES CATALYST FUND

CATALYST FUND PORTFOLIO (Pool A)

BORROWER:	The Reinvestment Fund (TRF)
AMOUNT:	$2 million
CLOSING DATE:	May 2009
LOAN TERM:	8 years

PROGRAM OVERVIEW: The Reinvestment Fund (TRF) is one of the premier community development financial institutions in the country. Since its establishment in 1985 as a small community development loan fund for affordable housing in the Philadelphia metropolitan area, TRF has evolved into a comprehensive regional financing intermediary.

In collaboration with the Commonwealth of Pennsylvania, The Food Trust and the Greater Philadelphia Urban Affairs Coalition, TRF launched the Pennsylvania Fresh Food Financing Initiative in 2004. This program provides innovative financing solutions to supermarket operators in underserved communities to improve access to healthy and affordable food. The program has become a national model, winning an innovation award from Harvard's Kennedy School of Government and serving as the model for the national Healthy Foods Financing Initiative and several state programs. TRF has committed over $60 million in grants and loans to nearly 70 stores across the state, creating more than 3,700 jobs.

The Catalyst Fund's $2 million loan was intended to be used to replicate TRF's successful Fresh Food Financing Initiative in Newark, NJ, and potentially also in Baltimore. TRF planned to provide predevelopment grants and loans, land acquisition financing, equipment financing, capital grants for project funding gaps, and construction and permanent financing, as well as technical assistance and workforce services to operators planning supermarkets or grocery stores in low-income communities that lack access to fresh food. Although TRF has moved forward with a NJ Fresh Food Financing program, delays in the creation of that program resulted in Living Cities granting permission for its Catalyst Fund loan to be used to develop a refrigerated produce warehouse and distribution center in Newark.

PROGRAMMATIC SIGNIFICANCE: The loan to TRF addresses several key Living Cities priorities. Access to affordable fresh foods, often lacking in low-income urban communities, is critical for good health. Mounting evidence on social determinants of health suggests that access to fresh foods reduces the risk of developing diet-related diseases such as obesity, heart disease and diabetes. In addition to supplying fresh, affordable foods, supermarkets help create jobs and serve as retail anchors in underinvested communities.

ADDITIONAL FUNDERS:

- New Jersey Economic Development Authority
- Brick City Development Corporation (TBD on a project-by-project basis)
- ING
- TD Bank
- Robert Wood Johnson Foundation

DESCRIPTION OF THE LOAN: The Catalyst Fund has provided $2 million in general recourse debt to TRF.

LEVERAGE: $2 million from the Catalyst Fund is leveraging at least $60 million from other sources.

LIVING CITIES CATALYST FUND

CATALYST FUND PORTFOLIO (Pool A)

BORROWER:	Neighborhood Stabilization Loan Fund, LLC
AMOUNT:	$1 million
CLOSING DATE:	April 2009
LOAN TERM:	5 years

PROGRAM OVERVIEW: The Neighborhood Stabilization Loan Fund, LLC (NSLF) was established in 2008 as a limited liability corporation to address foreclosure problems throughout the Commonwealth of Massachusetts. NSLF is managed by the Massachusetts Housing Investment Corporation (MHIC), a nationally recognized and well-regarded community development intermediary with nearly two decades of experience working in Massachusetts.

NSLF combines the Catalyst Fund's $1 million in patient capital with $21 million from other philanthropic, governmental and private sources to support community development corporations and/or respected private developers that are acquiring and rehabilitating distressed properties in neighborhoods affected by high foreclosure rates.

PROGRAMMATIC SIGNIFICANCE: NSLF received a $500,000 Living Cities grant as part of the organization's program to support the subprime mitigation work of local partners in 10 cities around the country. NSLF is one of only two of these local partners to have received both a Living Cities grant and Catalyst Fund financing.

Unlike the other foreclosure mitigation strategies that Living Cities has supported, NSLF makes funding available statewide. Geographic target cities include Boston, Brockton, Chelsea, Lawrence, Lowell, New Bedford, Springfield and Worcester. Through its support of NSLF, Living Cities is extending the reach of its subprime initiative beyond the largest cities to include smaller industrial cities destabilized by foreclosures.

Many of the properties that NSLF works with in the program are "triple-deckers." The foreclosure of these properties affects both the owner-occupants and the tenants.

In addition, this transaction has enabled Living Cities to combine its "green" agenda with its subprime mitigation work. With Living Cities' encouragement, MHIC revised its original program to include green rehab targets.

NSLF has attracted the support of local foundations and not-for-profits as well as government agencies. This cooperative approach is a cornerstone of Living Cities' integrative approach to urban revitalization.

ADDITIONAL FUNDERS:

- Boston Foundation
- Hyams Foundation
- Massachusetts Affordable Housing Trust
- Massachusetts Housing Partnership
- Massachusetts Housing Investment Corporation

DESCRIPTION OF THE LOAN: The $1 million Catalyst loan is part of a $4 million subordinated term loan that has been combined with senior debt and a loss-buffer loan to enable NSLF to support the acquisition and rehabilitation of distressed properties throughout the Commonwealth of Massachusetts. Senior debt is being provided by the Massachusetts Housing Investment Corporation and the Massachusetts Housing Partnership. The Massachusetts Affordable Housing Trust is providing the loss-buffer loan.

LEVERAGE: $1 million from the Catalyst Fund is leveraging $21 million from other sources.

LIVING CITIES CATALYST FUND

CATALYST FUND PORTFOLIO (Pool A and Pool C)

BORROWER:	Craft3
AMOUNT:	$4MM loan
CLOSING DATE:	March 2010
LOAN TERM:	Approximately 7 years

PROGRAM OVERVIEW: Craft3 is a non-profit Community Development Financial Institution in Oregon and Washington that finances regional initiatives that create social, economic and environmental impact.

In early 2009, Craft3 collaborated with the City of Portland and Energy Trust of Oregon to launch Clean Energy Works – Portland (CEWP). This program was established to overcome the initial cost and information barriers to single-family home retrofit financing by providing homeowners with technical assistance, certified contractors and 100% retrofit loan financing at below-market rates. Loan repayment occurs through an innovative on-bill utility repayment mechanism. As part of the program, Craft3 structured a subsidized interest rate that is only available for low-income families. The program also crafted a Community Workforce Agreement for participating energy efficiency retrofit contractors.

In March 2010, the Catalyst Fund closed a $2 million general recourse loan to Craft3 to support this program.

In April 2011, the City of Portland was awarded $20 million as part of the Obama Administration's "Retrofit-Ramp-Up" Award program. This award funded the expansion of the Portland program to a statewide program called Clean Energy Works Oregon (CEWO).

In September 2012, The Catalyst Fund increased our loan by an additional $2 million.

PROGRAMMATIC SIGNIFICANCE: The CEWP loan addresses a key Living Cities priority: making the green economy work for low-income people. The program has several benefits for low-income communities. It planned to target low-income participants and offer them a subsidized interest rate. The Community Workforce Agreement, negotiated with the help of Green For All, is one of the strongest to date. This Agreement requires contractors to offer family–supporting wages and benefits and hire historically under-represented people for the resulting energy efficiency jobs.

The program also has significant demonstration value and replication potential. It is one of the first programs in the nation to utilize the much discussed on-bill utility repayment mechanism. It is expected that this repayment mechanism, by linking loan repayments to utility bill payments, will simplify repayment for homeowners and potentially reduce repayment risks. This program is also being structured for secondary market take-out and is a potential leader in developing the much needed secondary market for energy efficiency transactions.

In October 2010, Craft3 received a $2.75MM Wachovia Wells Fargo NEXT Award for Opportunity Finance in recognition of this energy efficiency program.

ADDITIONAL FUNDERS:

- City of Portland - $2.5MM grant
- Energy Trust of Oregon (amount to be determined on a loan-by-loan basis)
- Department of Energy's "Retrofit Ramp-Up" Award — $20MM
- Wachovia Wells Fargo NEXT Award for Opportunity Finance — $2.75MM

DESCRIPTION OF THE LOAN: The Catalyst Fund has provided a $4MM general recourse loan to Craft3. This loan is being used to provide retrofit loans to single family homeowners under the CEWO.

LEVERAGE: $4MM from the Catalyst Fund is leveraging at least $25.25MM from other sources.

LIVING CITIES CATALYST FUND

CATALYST FUND PORTFOLIO (Pool A) – Repaid

BORROWER:	Opportunity Housing Cleveland LLC
AMOUNT:	$1 million
CLOSING DATE:	December 2008
LOAN TERM:	48 months
REPAYMENT DATE:	June 2011

PROGRAM OVERVIEW: Neighborhood Progress, Inc. and the Cleveland Housing Network created a new entity, Opportunity Housing Cleveland, LLC (OHC), to mitigate the impact of the foreclosure crisis on six neighborhoods in Cleveland. OHC invested $10 million in the redevelopment of 50 vacant structures for homeownership. In addition, OHC worked to keep 100 families at risk of losing their homes from being foreclosed upon and planned to demolish 100 blighted structures that are not suitable for rehab.

Catalyst Fund financing supported the acquisition, rehabilitation and sale (or lease-to-own) of 50 units of bank-owned (REO) single family housing in six neighborhoods where the City of Cleveland, community development organizations and private foundations have initiated a comprehensive market recovery strategy. The six Strategic Investment Initiative (SII) neighborhoods are Buckeye, Detroit Shoreway, Fairfax, Glenville, Slavic Village and Tremont.

The homes were targeted to potential buyers with a combined household income of between 60 and 120 percent of the AMI (area median income). Government subsidies helped make these homes affordable to the target population. Rehabs met the high energy efficiency standards of the “Green City/Blue Lake” initiative.

The OHC program in Cleveland is one of 10 pilots that received grants of $500,000 each from Living Cities to help strong local organizations reduce the impact of foreclosures on their communities.

PROGRAMMATIC SIGNIFICANCE: The foreclosure epidemic was devastating to Cleveland’s neighborhoods. At the time of our loan, the city was believed to have the sixth highest rate of foreclosure in the nation, with an inventory of over 9,000 vacant homes. Nearly thirty years of investment in the six SII neighborhoods was threatened by the dynamics of the market. The OHC pilot program helped to mitigate the impact of the crisis in these neighborhoods, offering affordable homes to low- and moderate-income buyers. Both Neighborhood Progress and the Cleveland Housing Network have the strong track records and relationships that were essential to making the program a success.

LOAN REPAYMENT: In June 2011, due to the program’s success in selling the rehabilitated homes, this loan was fully repaid, nearly two years ahead of schedule. The program leadership is working with the City of Cleveland and the State of Ohio on the next phase of this successful pilot program.

In addition, at the time of our loan repayment, the program had exceeded its demolition targets. Approximately 150 blighted structures had been demolished. Unfortunately, prevention of foreclosures has proven difficult. By mid-2011, the program had helped approximately 40 families avert foreclosure and OHC was revising its processes and priorities in this area.

ADDITIONAL FUNDERS:

- Key Community Development New Markets, LLC—a subsidiary of Key Bank
- State of Ohio—Ohio Housing Finance Agency
- Enterprise Community Partners; Enterprise Community Loan Fund
- Village Capital Corporation (lead lender)
- City of Cleveland—Housing Trust Fund
- City of Cleveland—NSP-1 Funds

DESCRIPTION OF THE LOAN: The Catalyst loan was part of a $3 million revolving loan fund that enabled OHC to acquire and rehab 50 foreclosed homes. Key Bank provided senior debt that was repaid upon sale or lease of each unit. The state and city funds subsidized the units to reduce the sales price.

LEVERAGE: $1 million from the Catalyst Fund leveraged $9 million from other sources.

LIVING CITIES CATALYST FUND

CATALYST FUND PORTFOLIO (Pool A) – Repaid

BORROWER:	5716 Lender LLC (sponsor: Southwest Housing Solutions)
AMOUNT:	$1.15 million leveraged loan
CLOSING DATE:	May 2010
LOAN TERM:	Approximately 6 years
REPAYMENT DATE:	August 2011

PROGRAM OVERVIEW: Southwest Solutions is a leading provider of human services, and housing and economic development in Detroit, where it is one of the very few local institutions with the capacity to handle holistic community development. Its development arm, Southwest Housing Solutions, purchased a four-story historic building located at 5716 Michigan Avenue, Detroit, Michigan.

SWHS redeveloped this property to provide low-income community residents with access to a one-stop shop for primary medical care and counseling services. Southwest has consolidated its Juvenile Justice and Child and Family programs on the upper floors, bringing together services that previously were delivered in different facilities without convenient access to transit. Covenant Community Care, a not-for-profit health care provider, is the anchor tenant occupying the ground floor.

The $1.15 million leveraged loan from the Living Cities Catalyst Fund supported the rehabilitation of this building. The loan was part of a complex financing that brought together New Markets Tax Credits, federal rehabilitation tax credits, and Michigan state and brownfield tax credits. Other leverage lenders included Neighborworks Capital and Detroit LISC. JPMorgan Chase purchased the New Markets Tax Credits and National Development Council provided the New Markets Tax Credit allocation. The Kresge Foundation and United Way provided grants.

PROGRAMMATIC SIGNIFICANCE: Catalyst support helped move this transaction forward both by providing a critical source of capital and by advising on a structure that met the needs of all participants. In the current real estate climate, traditional leverage lenders have pulled back from New Markets transactions. Detroit has been particularly hard hit by disinvestment and job loss.

The redevelopment of 5716 Michigan Avenue will not only anchor the transformation of a troubled neighborhood but will also send the strong signal needed to attract private sector attention and investment to a community which has been impacted by the lack of capital and the larger economic trends of Michigan and Detroit. The facility is providing access to health care and services in a convenient, transit-friendly location, accommodating 5000 patient visits per year. It has created 75 permanent jobs, 25 of which are new jobs. 30% of the construction on this project went to Detroit-based businesses.

LOAN REPAYMENT: In August of 2011, the Catalyst loan was fully repaid ahead of schedule, in part due to the project receiving a coveted Capital Magnet Fund grant.

ADDITIONAL FUNDERS:

- Neighborworks Capital
- Detroit LISC
- Detroit Investment Fund
- JPMorgan Chase
- The Kresge Foundation
- United Way
- National Development Council (NMTC allocation)
- City of Detroit
- Wayne County Economic Development Department
- Michigan State Housing Development Authority

DESCRIPTION OF THE LOAN: The Catalyst Fund provided a 4.5%, $1.15MM leveraged loan for a term of approximately 6 years. This loan supported construction and was intended to provide part of the mini-permanent financing for the project.

LEVERAGE: $1.15 million from the Catalyst Fund leveraged approximately $10 million from other sources.

LIVING CITIES CATALYST FUND

CATALYST FUND PORTFOLIO (Pool B)

BORROWER:	NCB Capital Impact
AMOUNT:	$4 million
CLOSING DATE:	June 30, 2011
LOAN TERM:	~10 years

PROGRAM OVERVIEW: NCB Capital Impact (NCBCI) is the lending intermediary for Detroit's Woodward Corridor Initiative (WCI), a Living Cities Integration Initiative site. The WCI, led by Midtown Detroit, is working to "redensify" Detroit's urban core by improving safety, schools, employment, and small business opportunities. Specifically, WCI is encouraging anchor institutions to "live local, hire local, and buy local" and fostering land use planning, transit corridor development and neighborhood revitalization designed to secure direct benefits for residents while attracting new investment. The initiative will also work to make Detroit more "business friendly" by streamlining municipal processes.

NCBCI is a leading national Community Development Finance Institution (CDFI) which has invested over $1.7 billion to improve access to high-quality health and elder care, healthy foods, housing, and education in low-income communities. NCBCI will participate in the governance of the WCI and will provide financing to support acquisition, construction and rehabilitation of community facilities, charter schools and mixed-use/mixed-income development along the Woodward Corridor in the Midtown and the North End neighborhoods.

PROGRAMMATIC SIGNIFICANCE: The Integration Initiative supports cities that are harnessing existing momentum and leadership for change, overhauling long obsolete systems and fundamentally reshaping their communities and policies to meet the needs of low-income residents. Through the Integration Initiative, Living Cities is helping to:

- Build a resilient civic infrastructure – one table where decision-makers from across sectors and jurisdictions can formally convene and work together to define and address complex social problems;
- Move beyond delivering programs and instead focus on transforming systems such as transportation, health, housing and jobs;
- Bring disruptive innovations into the mainstream and redirect funds away from obsolete approaches toward what works; and
- Supplement traditional government and philanthropic funding streams by driving the private market to work on behalf of low-income people.

Access to capital and financing expertise in Detroit has been limited. By bringing Catalyst funding along with $15 million in commercial debt from Living Cities members and by inviting NCBCI to participate at the governance level in the initiative, the WCI is helping to "unfreeze" a pipeline of catalytic transactions and bring to Detroit significant national expertise in structuring complex deals. The mix of local and national capacity may prove to be a useful model for other cities that have lacked strong, locally based CDFIs.

ADDITIONAL FUNDERS:

- 7 Living Cities member financial institutions
- PNC Bank
- Trinity Health
- Invest Detroit
- Partners for the Common Good
- CDFI Fund Financial Assistance & Healthy Foods Financing Initiatives
- New Markets, State & Federal Historic Preservation and State Brownfields Tax Credits

DESCRIPTION OF THE LOAN: The Catalyst Fund provided a $4MM general recourse loan to NCBCI. $3MM is targeted for projects in the Midtown neighborhood and $1MM is reserved for projects in the North End neighborhood.

LEVERAGE: $4MM from the Catalyst Fund is leveraging at least $29MM from other sources.

LIVING CITIES CATALYST FUND

CATALYST FUND PORTFOLIO (Pool B)

BORROWER:	Neighborhood Development Center
AMOUNT:	$700,000
CLOSING DATE:	May 23, 2011
LOAN TERM:	~10 years

PROGRAM OVERVIEW: The Neighborhood Development Center (NeDC) serves as one of three lending intermediaries for the Twin Cities Corridors of Opportunity Initiative (COI), a Living Cities Integration Initiative site. The COI, led by the McKnight Foundation and the Saint Paul Foundation, will advance the development of a regional, cross-sector framework for equitable Transit-Oriented Development that ensures that low-income residents, businesses and neighborhoods along the existing Hiawatha line and planned Central Corridor and Southwest lines benefit from transit-related investments. In addition, the COI seeks to increase the capacity of affordable housing and small business intermediaries in the Twin Cities.

NeDC, a Twin Cities non-profit established in 1993, offers training, technical assistance and loans to local small businesses. NeDC will participate in the COI by helping to mitigate the effects of construction on small businesses located along transit corridors. NeDC will provide working capital, equipment and real estate loans as well as technical assistance to help small businesses survive and grow.

PROGRAMMATIC SIGNIFICANCE: The Integration Initiative supports cities that are harnessing existing momentum and leadership for change, overhauling long obsolete systems and fundamentally reshaping their communities and policies to meet the needs of low-income residents. Through the Integration Initiative, Living Cities is helping to:

- Build a resilient civic infrastructure – one table where decision-makers from across sectors and jurisdictions can formally convene and work together to define and address complex social problems;
- Move beyond delivering programs and instead focus on transforming systems such as transportation, health, housing and jobs;
- Bring disruptive innovations into the mainstream and redirect funds away from obsolete approaches toward what works; and
- Supplement traditional government and philanthropic funding streams by driving the private market to work on behalf of low-income people.

Thriving small businesses are critical to the success of any community. In the Central Corridor between Minneapolis and St. Paul, immigrant-owned and other small businesses have been mainstays of the community, creating jobs and a unique sense of place. Although the addition of transit can benefit small business owners by increasing the flow of potential customers, the disruptions caused by construction can prove fatal if businesses are not prepared. NeDC is working with nearly 100 small businesses along Twin Cities transit corridors to prepare them for the coming of transit, helping them purchase their buildings, market themselves more effectively, survive the construction period, and expand and create jobs.

NeDC has historically used grant funding to make its loans. Borrowing from the Catalyst Fund enables the organization to gain experience with the use of debt, which is likely to be an important source of capitalization in the future, as NeDC grows and grants become increasingly scarce.

ADDITIONAL FUNDERS:

- Central Corridor Funders Collaborative
- Living Cities Integration Initiative grant funds
- City of St. Paul
- McKnight Foundation

DESCRIPTION OF THE LOAN: The Catalyst Fund has provided a $700,000 general recourse loan to NeDC.

LEVERAGE: $700,000 from the Catalyst Fund is leveraging at least $200,000 from our sources.

LIVING CITIES CATALYST FUND

CATALYST FUND PORTFOLIO (Pool B)

BORROWER:	The Reinvestment Fund
AMOUNT:	$3 million
CLOSING DATE:	May 25, 2011
LOAN TERM:	~10 years

PROGRAM OVERVIEW: The Reinvestment Fund (TRF) is the lending intermediary for Baltimore's Integration Partnership (BIP), a Living Cities Integration Initiative site. The BIP, led by the Association of Baltimore Area Grantmakers, is working to create municipal and regional mechanisms to ensure that low-income communities benefit from large-scale development projects and the economic opportunities generated by anchor institutions.

TRF is a leading Community Development Finance Institution (CDFI) that has invested over $1 billion to revitalize low-income neighborhoods by improving access to affordable housing, schools, small business capital, and commercial real estate. TRF is participating in the governance of BIP and providing financing to support pre-development, acquisition, construction, and New Markets Tax Credits financing for housing, community facilities, and commercial real estate, including grocery stores, charter schools and other neighborhood services and amenities.

PROGRAMMATIC SIGNIFICANCE: The Integration Initiative supports cities that are harnessing existing momentum and leadership for change, overhauling long obsolete systems and fundamentally reshaping their communities and policies to meet the needs of low-income residents. Through the Integration Initiative, Living Cities is helping to:

- Build a resilient civic infrastructure – one table where decision-makers from across sectors and jurisdictions can formally convene and work together to define and address complex social problems;
- Move beyond delivering programs and instead focus on transforming systems such as transportation, health, housing and jobs;
- Bring disruptive innovations into the mainstream and redirect funds away from obsolete approaches toward what works; and
- Supplement traditional government and philanthropic funding streams by driving the private market to work on behalf of low-income people.

Although TRF had previously developed affordable housing in the East Oliver neighborhood of Baltimore, they had not been a major presence in shaping Baltimore's community development strategy. TRF's involvement in BIP may serve as a model for how high performing intermediaries can bring their capacity to additional locations.

Borrowers using TRF funds are negotiating Workforce Resources and Inclusion Plans that require them to commit that a certain percentage of construction hours will be completed by local workers (Baltimore City, with a preference for targeted areas). BIP workforce providers are being offered the opportunity to provide candidates for hiring consideration for available positions identified by the developer. In this way BIP is maximizing the linkage between physical redevelopment and human capital development.

ADDITIONAL FUNDERS:

- 7 Living Cities member financial institutions
- Federal Neighborhood Stabilization Program and Social Innovation Fund
- Annie E. Casey Foundation
- City of Baltimore HOME
- Maryland Department of Housing and Community Development LIHTC
- Bank of America

DESCRIPTION OF THE LOAN: The Catalyst Fund provided a $3MM general recourse loan to TRF.

LEVERAGE: $3MM from the Catalyst Fund is leveraging nearly $39MM from other sources.

LIVING CITIES CATALYST FUND

CATALYST FUND PORTFOLIO (Pool B)

BORROWER: Greater University Circle Capital Corporation
AMOUNT: $3 million
CLOSING DATE: January 12, 2012
LOAN TERM: 9 years

PROGRAM OVERVIEW: The Greater University Circle Capital Corporation (GUCCC) is a special purpose lending fund that is serving as the financing vehicle for Cleveland's Greater University Circle Initiative (GUCI), a Living Cities Integration Initiative site. The GUCI, led by The Cleveland Foundation, is focusing on leveraging the procurement power of anchor institutions to benefit local communities through attracting and creating businesses and jobs locally.

GUCCC is a $12.8 million special purpose lending fund, being managed by the National Development Council (NDC), a national community and economic development organization focused on increasing the flow of capital for investment, jobs and community development in under-served urban and rural communities. Total capitalization for the GUCCC includes $9 million of commercial debt from Living Cities financial institution members, $3 million from the Catalyst Fund and $800,000 in debt service reserve from NDC. The Cleveland Foundation has also provided $3 million in credit enhancement. NDC is using the GUCCC funds to provide conventional real estate loans, NMTC leverage loans and small business loans to support the GUCI.

PROGRAMMATIC SIGNIFICANCE: The Integration Initiative supports cities that are harnessing existing momentum and leadership for change, overhauling long obsolete systems and fundamentally reshaping their communities and policies to meet the needs of low-income residents. Through the Integration Initiative, Living Cities is helping to:

- Build a resilient civic infrastructure – one table where decision-makers from across sectors and jurisdictions can formally convene and work together to define and address complex social problems;
- Move beyond delivering programs and instead focus on transforming systems such as transportation, health, housing and jobs;
- Bring disruptive innovations into the mainstream and redirect funds away from obsolete approaches toward what works; and
- Supplement traditional government and philanthropic funding streams by driving the private market to work on behalf of low-income people.

Access to capital and financing expertise in Cleveland has been limited. NDC's involvement in the GUCI, through the GUCCC, may serve as a model for how high performing intermediaries can bring their capacity to additional locations. In addition, the GUCCC is testing models for how financing can be deployed in alignment with anchor institution priorities to benefit the local community.

ADDITIONAL FUNDERS:

- 7 Living Cities member financial institutions
- The Cleveland Foundation
- National Development Council
- City of Cleveland
- Cuyahoga County
- Greater Cleveland Partnership

DESCRIPTION OF THE LOAN: The Catalyst Fund has provided a $3MM loan to the GUCCC.

LEVERAGE: $3MM from the Catalyst Fund is leveraging approximately $15 million from other sources.

LIVING CITIES CATALYST FUND

CATALYST FUND PORTFOLIO (Pool B)

BORROWER:	Twin Cities Community Land Bank
AMOUNT:	$2,300,000
CLOSING DATE:	November 11, 2011
LOAN TERM:	9 years

PROGRAM OVERVIEW: The Twin Cities Community Land Bank (TCCLB) serves as one of three lending intermediaries for the Twin Cities Corridors of Opportunity Initiative (COI), a Living Cities Integration Initiative site. The COI, led by the McKnight Foundation and the Saint Paul Foundation, will advance the development of a regional, cross-sector framework for equitable Transit-Oriented Development that ensures that low-income residents, businesses and neighborhoods along the existing Hiawatha line and planned Central Corridor and Southwest lines benefit from transit-related investments. In addition, the COI seeks to increase the capacity of affordable housing and small business intermediaries in the Twin Cities.

Twin Cities Community Land Bank was established in 2009 by Family Housing Fund as an innovative tool to help spur land acquisition and site control in response to the region's foreclosure crisis. Family Housing Fund is supporting the COI with a guarantee of the Catalyst Fund loan and a subordinated loan to the TCCLB.

TCCLB and LISC (the other real estate CDFI participating in the COI) are working together to jointly fund and originate project loans as part of the COI. The CDFIs are offering loans to support single and multi-family preservation of affordable housing as well as loans to support the development of new affordable housing/mixed-used developments. All loans funded will support properties that are located along transit lines.

PROGRAMMATIC SIGNIFICANCE: The Integration Initiative supports cities that are harnessing existing momentum and leadership for change, overhauling long obsolete systems and fundamentally reshaping their communities and policies to meet the needs of low-income residents. Through the Integration Initiative, Living Cities is helping to:

- Build a resilient civic infrastructure – one table where decision-makers from across sectors and jurisdictions can formally convene and work together to define and address complex social problems;
- Move beyond delivering programs and instead focus on transforming systems such as transportation, health, housing and jobs;
- Bring disruptive innovations into the mainstream and redirect funds away from obsolete approaches toward what works; and
- Supplement traditional government and philanthropic funding streams by driving the private market to work on behalf of low-income people.

Equitable transit oriented development and preservation has the potential to create opportunities and benefits for low-income communities. The TCCLB's financing in partnership with LISC, can help serve as a national model for the challenges and opportunities for financing equitable TOD. In addition, as the TCCLB is a newly developing CDFI, the Catalyst loan is helping the CDFI gain experience with the use of debt, which will likely be an important source of capitalization in the future.

The Twin Cities Community Land Bank was chosen by the Center for Community Progress as the Urban Land Bank of the Year in 2012. The award honors land banks for their outstanding performance and commitment to putting vacant, abandoned and problem properties back into productive use.

ADDITIONAL FUNDERS:

- 7 Living Cities member financial institutions
- Family Housing Fund

DESCRIPTION OF THE LOAN: The Catalyst Fund has provided a $2,300,000 general recourse loan to TCCLB.

LEVERAGE: $2.3 million from the Catalyst Fund is leveraging at least $12 million from other sources.

LIVING CITIES CATALYST FUND

CATALYST FUND PORTFOLIO (Pool C)

BORROWER:	The Bay Area Transit-Oriented Affordable Housing Fund
AMOUNT:	$3 million
CLOSING DATE:	March 30, 2011
LOAN TERM:	~10 years

PROGRAM OVERVIEW: The Bay Area Transit-Oriented Affordable Housing Fund (TOAH) is a public-private, structured financing mechanism for the development of affordable housing and community services near transit in a nine-county Bay Area region. The Great Communities Collaborative (GCC), a 24-member group of Bay Area nonprofits, sponsors the Fund, while the Low Income Investment Fund (LIIF) manages it.

The Fund, which was seeded by a $10MM recoverable grant from the Metropolitan Transportation Commission, blends this first-loss money with loans from participating Community Development Financial Institutions (CDFIs), philanthropic investors and banks to reach a total pool of $50MM. The Fund offers a variety of loan products, including secured pre-development, acquisition, construction bridge, construction-to-mini permanent, and leveraged New Markets Tax Credit loans. Up to 15% of the funds may be invested in retail and community facilities, including child care centers and grocery stores.

PROGRAMMATIC SIGNIFICANCE: Transit-Oriented Development (TOD) is an integrated approach to land use and transportation development that has the potential to provide equitable access to opportunity for all members of the community, while increasing sustainability and supporting healthy lifestyles. The need for and importance of TOD in the Bay Area is particularly acute, as families making $20,000 to $50,000 pay as much as 57% of their income in housing and transportation. Public transportation can save families as much as $9,000 annually and it effectively connects low- and moderate-income families to the regional economy.

Through the Fund, developers of affordable housing, community services, fresh food markets and other catalytic neighborhood developments will have access to capital that will allow them to move quickly to purchase available property near transit lines. By giving developers the tools they need to create complete communities, the TOD Fund will help change the landscape for low-income residents throughout the Bay Area.

The Fund is an innovative national model in several important respects. As a cooperative effort with six participating CDFIs, TOAH extends across an entire region, spanning nine counties. The Fund design, with its multiple products, is flexible enough to accommodate varied and changing market conditions. The precedent-setting involvement of the MTC is also an example of how government can spur and leverage private capital.

ADDITIONAL FUNDERS:

- Metropolitan Transportation Commission
- LIIF, Enterprise Community Partners, LISC, Corporation for Supportive Housing, Northern California Community Loan Fund, Opportunity Fund
- Ford Foundation
- San Francisco Foundation
- Morgan Stanley
- Citi Community Capital

DESCRIPTION OF THE LOAN: The Catalyst Fund has provided a $3MM third loss loan to the Fund.

LEVERAGE: $3MM from the Catalyst Fund is directly leveraging over $47MM from other sources, in addition to the funding secured by the projects themselves.