

Making Stone Soup:

New Ways to Fund and Leverage Capital

Moderated by Amy Chung, The California Endowment



Nancy O. Andrews



\$1.7 billion
invested

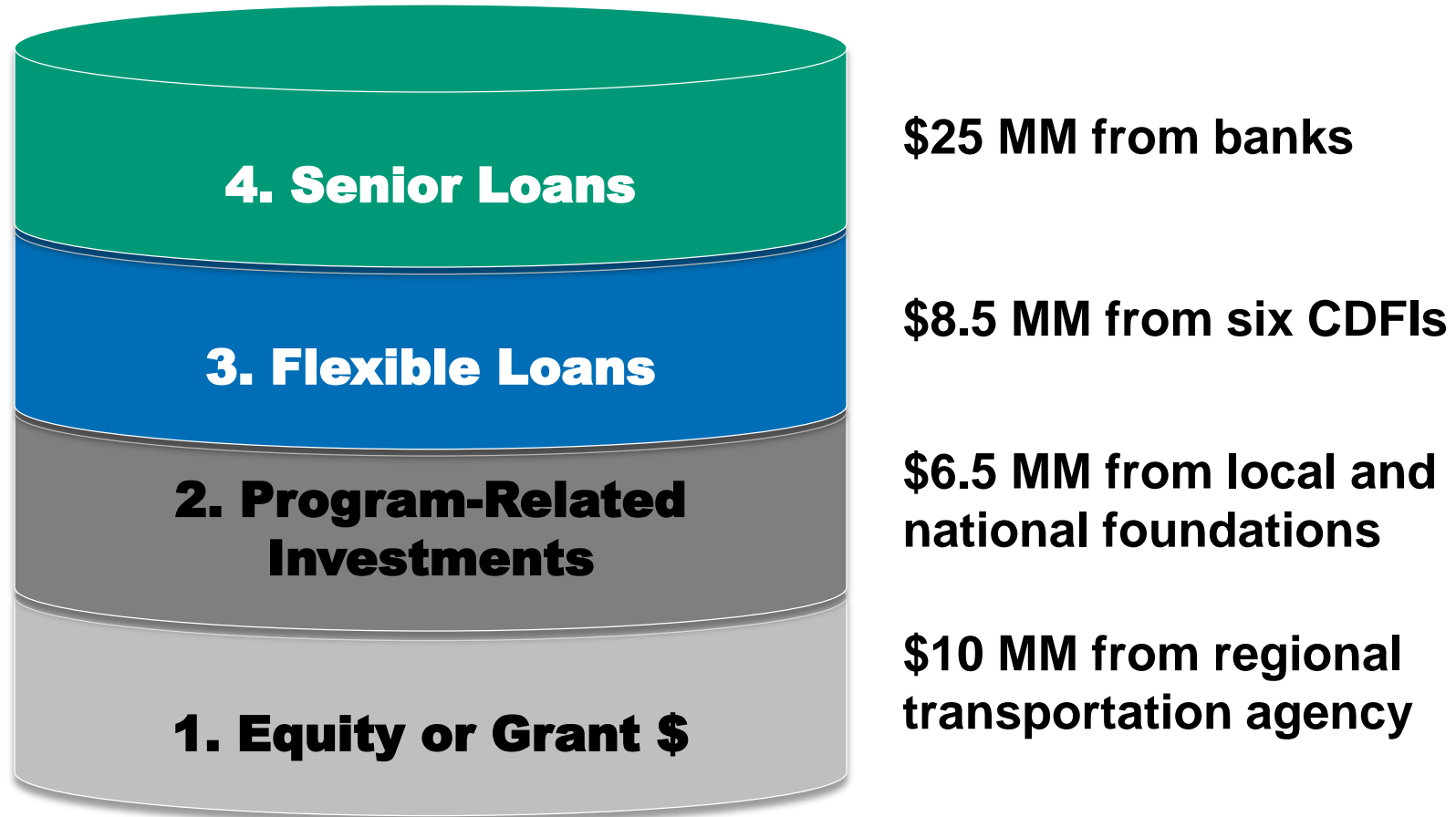
\$8.1 billion
leveraged

\$45 billion
social value



Bay Area Transit-Oriented Affordable Housing (TOAH) Fund

Bay Area TOAH Capital Stack



Bay Area TOAH Sites

*Eddy & Taylor
San Francisco*



*Leigh Avenue Senior Apartments
San Jose*





Eileen Nealy



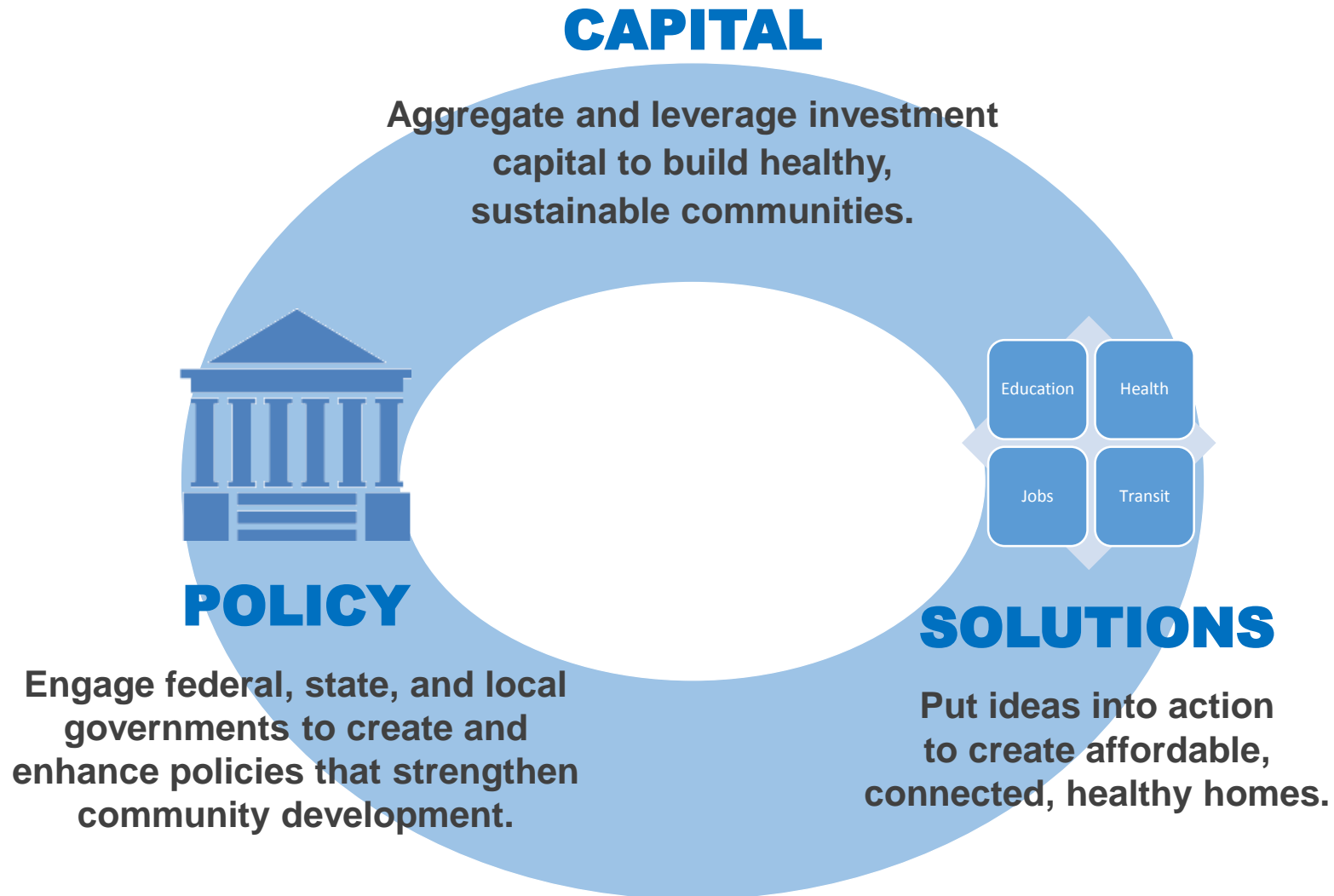
Julia Shin

ENDING HOUSING INSECURITY

Housing insecurity ends with homes that are:

- **Affordable** to low income families
- **Available** in markets with growing supply gap
- **Healthy**, well designed and sustainable
- **Connected** to jobs, healthcare, schools, transit

HOW WE WORK



CAPITAL INVESTMENTS

Since 1982, Enterprise has raised and invested over \$18 billion in equity, grants and loans to help build or preserve nearly 340,000 affordable homes, as well as community health centers, schools and other vital community assets.



Low-Income
Housing Tax
Credits



New Markets Tax
Credits



Development &
Consulting



Grants



Multifamily &
Commercial Real
Estate



Asset
Management



Conventional
Equity



Community Loan
Fund

PAY FOR SUCCESS

- Pay-for-Success: Category of contracts that look to “results/outcomes” vs. “activity/outputs”
- Social Impact Bonds: Pay-for-Success financing structure that captures public savings to fund social programs



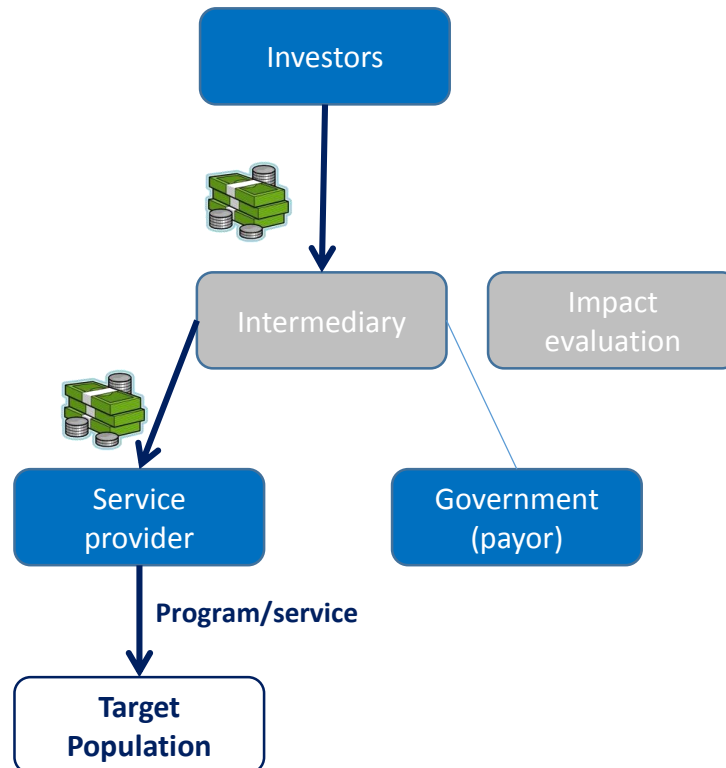
The US market is growing steadily, with 8 PFS contracts executed

- 30+ states and local governments working on projects.
- Addressing homelessness, health (mental health, asthma), child welfare, dual involved youth, early childhood, teen pregnancy, recidivism, work force, education, etc.

PFS FINANCING AND HOW IT WORKS

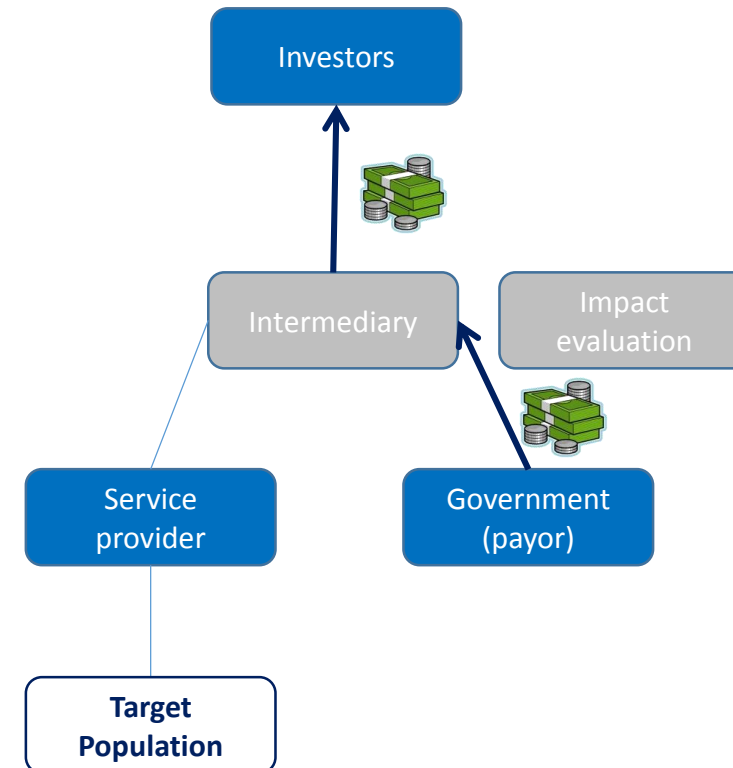
Step 1: Launch stage

- Intermediary structures transaction
- Investor provides upfront funds for the program
- Service provider launches the program



Step 2: Completion of program

- Auditor verifies achievement of set goals
- Government repays investors subject to success of the program



PFS FINANCING AND HOW IT WORKS

Transaction Coordinator

Government

Intermediary

Service Provider

Funder(s)

Evaluator

1 **GOVERNMENT** constructs the PFS contract with project stakeholders, **SERVICE PROVIDER(S)** designs the intervention, **EVALUATOR** creates evaluation plan, **FUNDERS** negotiate funding terms, and **INTERMEDIARY** creates special purpose vehicle

2 **FUNDERS** provide upfront financing to **INTERMEDIARY** to pay for services provided by **SERVICE PROVIDERS**

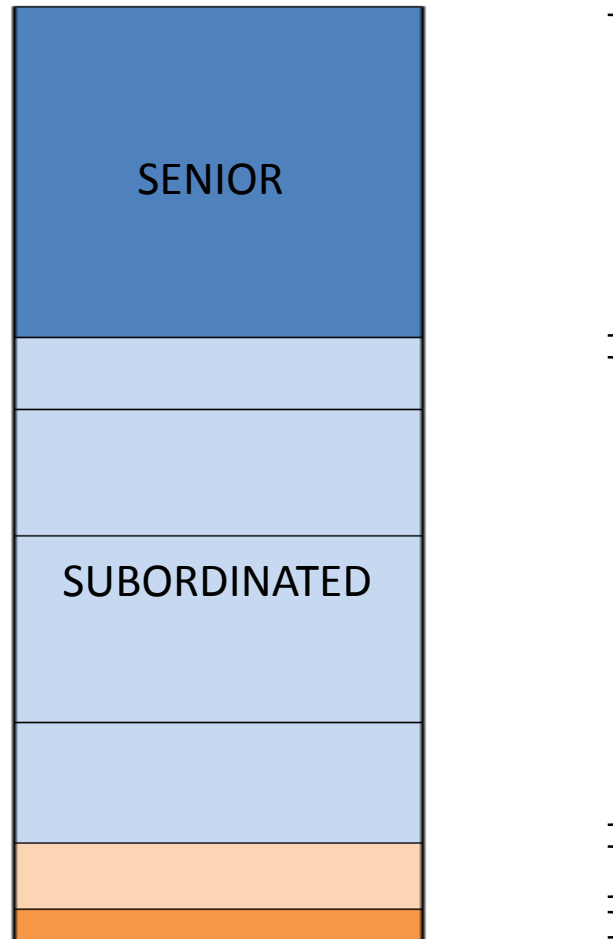
3 **SERVICE PROVIDERS** deliver services to the target population

4 The **EVALUATOR** measures success outcomes and determines total success payments due

5 If success outcomes are achieved, the **GOVERNMENT** provides success payments to **INTERMEDIARY** that are used to repay **FUNDERS**

SAMPLE PFS FUNDER STACK

\$[] Million in Total PFS Financing:



- \$[] million in senior loans
 - \$[] mm: National Banks
 - \$[] mm: National CDFIs
 - \$[] mm: High Net Worth Investors
- \$[] million in subordinate loans
 - \$[] mm: National / Local Foundations
 - \$[] mm: National / Local CDFIs
 - \$[] mm: High Net Worth Investors
- \$[] million in recoverable grant / guarantee
 - \$[] mm: National / Local Foundations