

# OUTCOMES REPORT

2013 - 2018

*5 years in the making*



## THE SOCIETY

### sponsors

**Bealight Foundation**



**Tides Canada**



**Vancity**

Community Foundation



**TRICO**

CHARITABLE FOUNDATION

La Fondation

**McConnell**  
Foundation

### charitable purpose

The purpose of New Market Funds Society is to provide a benefit to the community by assisting and improving the efficiency and effectiveness of charities through the following 9 areas:

- ✓ investment management
- ✓ networking/liaising
- ✓ fundraising services
- ✓ mentoring and coaching
- ✓ grant, contract and project administration
- ✓ financial services
- ✓ administrative support
- ✓ human resources support
- ✓ research

## PLATFORM

### mission

The Society will provide strong community-based non-profits and blended value businesses with **access to investment capital** while developing **impact investment opportunities for foundations and others.**

### vision

*A new market in which investors can create value that includes clear social and environmental outcomes as well as financial returns.*

### mandate (2013)

- 1 Develop, raise, deploy and manage impact investment funds
- 2 Use larger complex transactions and risk layering to explore new sectors/models
- 3 Build on successes in real estate assets to take on broader impact funds
- 4 Initially western Canada focused, but with aspirations to broaden to a national focus

### platform (today)

community real estate



NEW MARKET FUNDS



NEW COMMONS DEVELOPMENT

community lending & investing

COMMUNITY FORWARD FUND

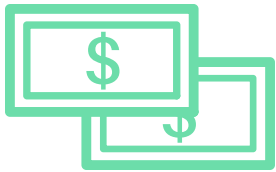


CCIF

canadian co-operative investment fund

## OVERVIEW

For five years, New Market Funds Society has provided a benefit to the community by assisting and improving the efficiency and effectiveness of charities. This report summarizes and highlights the work done throughout these first five years of operation, the evolution of the Society and the platform, as well as our lessons learned to date and our visions for the future.



**\$65MM**

assets under management



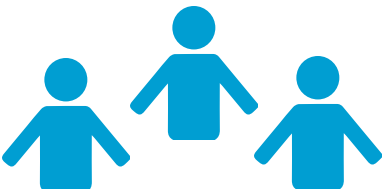
**64**

investors, including 26 foundations



**4**

funds providing capital that invests in community and strengthens community organizations



**14**

staff across the platform



**2**

Vancouver and Toronto offices

## PROGRESS TO DATE

### Community Real Estate Practice *market-rate returns*



#### NMF Rental Housing Fund I

- NMF Rental Housing Fund I closed at **\$24.72MM** in April 2017
- **56% committed** on **407** affordable housing units
- Targeting to finance more than **700** units from Fund I

*pages 8-11*



#### New Commons Development I LP

- NCD LP pool closed at **\$4MM** in September 2017
- **14 active projects** in ON and BC
- Targeting to develop more than **1,750** affordable housing units in first 5 years

*pages 12-16*

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### Community Lending & Investing Practice *concessionary returns*



- **\$11.28MM** loan fund for non-profits and charities
- **Managed by CFFAC**, registered investment fund manager
- Advanced **over \$16MM across 48 loans**
- **Fund operations integrated with NMF platform** in Q4 2017

*pages 17-21*



- **\$25MM** fund for co-operatives
- **Managed by CFFAC**, with support from New Market Funds
- **Fund operations integrated with NMF platform** in Q4 2017

*pages 22-24*

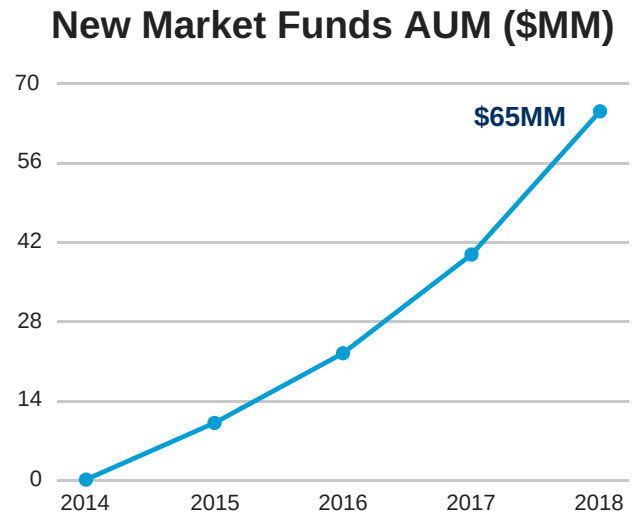
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## TIMELINE

## SECTOR CONTEXT

### Canadian Fund Establishment

Since the establishment of the Society in July 2013, despite a significant number of announced initiatives and dialogue about impact investing becoming more mainstream, **the community impact investing sector in Canada has been marked by only a modest level of growth as measured by new capital.**



**early funds** - new managers having limited success closing funds over \$20mm\*

**new entrants** - small number of other new fund managers raising \$5mm - \$20mm\*\*

**institutional leadership** - no significant (> \$20mm) deployments to the sector by large financial institutions or government\*\*\*

**level of interest** - increased attention in the use of capital for social change but few new concepts have been successfully closed\*\*\*\*

Source: OpenImpact

\*NMF Rental Housing Fund I, Canadian Co-operative Investment Fund, GreenSoil Building Innovation Investment Fund, Deetken, CoPower

\*\*OikoCredit, Community Forward Fund

\*\*\*with the exception of a significant commitment by the Co-operators

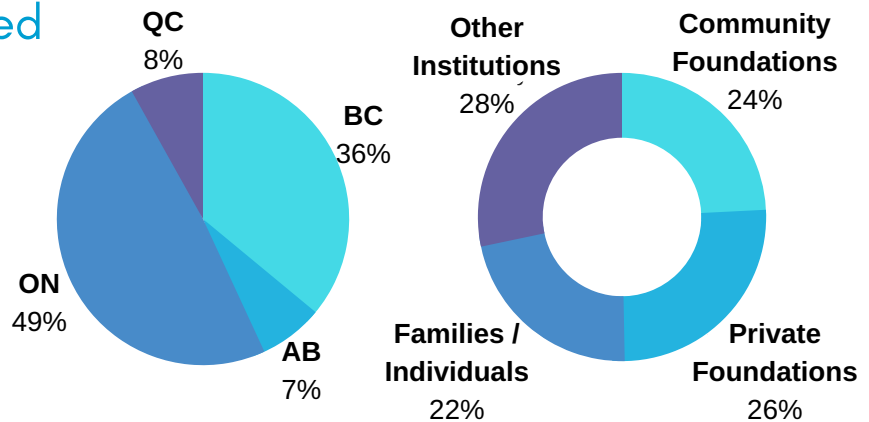
\*\*\*\*not including work done by pre-existing groups: the Chantier, Renewal Funds, Sarona, InvestEco, Social Enterprise Fund, Solar Share, Immigrant Access Fund

## OVERVIEW

### fund to date

- ✓ developed and managed by New Market Funds
- ✓ 407 affordable units
- ✓ 33 investors
- ✓ \$24.72mm raised
- ✓ 56% committed

### investors

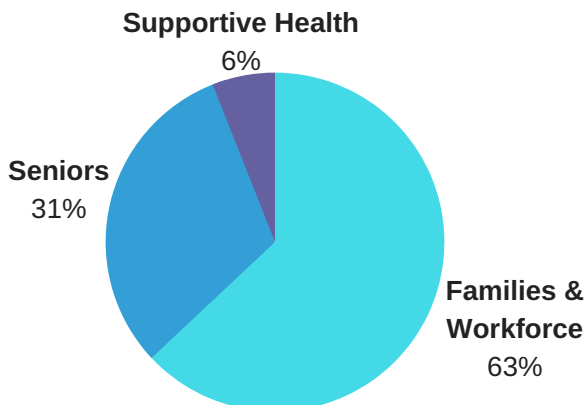


### investments and commitments to date



Madrona - Victoria, BC

### residents to date



- Innovative **private/public/social partnerships**
- Planned, developed, managed and stewarded by **leading non-profit and co-operative operators**
- **99-year affordability** restriction
- **97 units** stabilized; **310 units** under construction
- **1,000+ residents** housed\*
- Target rents affordable between **20-86% of median income\*\***

\* based on 1.5 people per bedroom; estimate only for current 5 sites

\*\* affordable is defined as using no more than 30% of income for rent

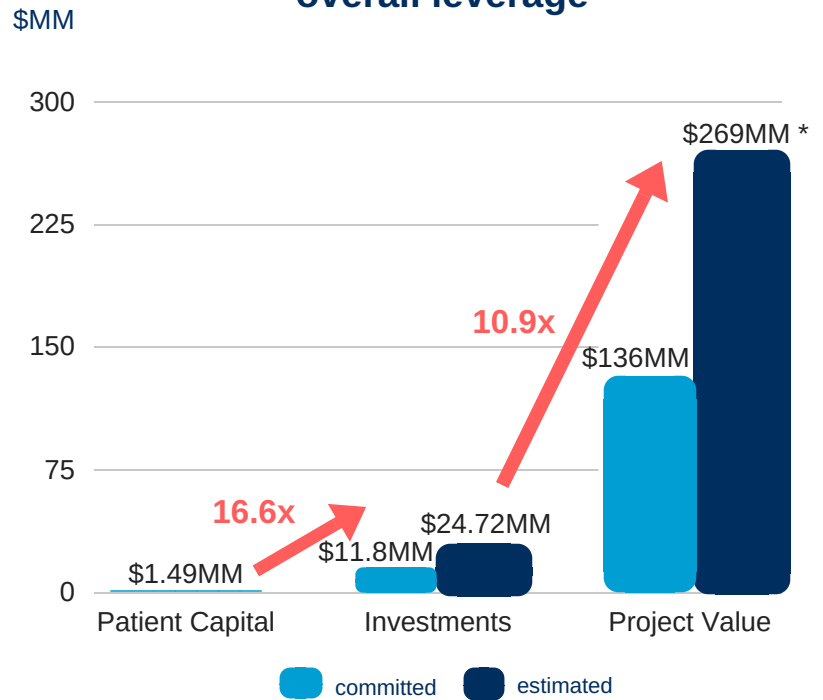


## MODEL

### tool

- First of its kind in Canada
- Post-construction mid-term equity investments
- Risk-adjusted market-rate returns for investors
- Structured sale to non-profit or co-operative
- Social impact and long-term community benefit
- Affordable on average < 80% of median income by household size
- Replicable and scalable model

### overall leverage



### scale



#### committed investments

- 1-3 projects
- 4+ projects

#### in discussion

- 1-3 projects
- 4+ projects

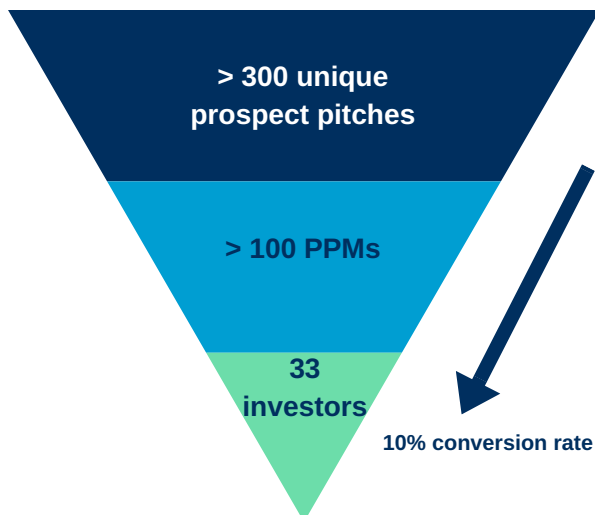
## PROCESS & INVESTORS

### timeline



total time for raise = 3 years

### funnel



### investors \*



LesLois Shaw Foundation

Michael Young Family Foundation

Northpine Foundation

APYC Holdings Inc. Stephen Nairne & Erin Seeley

\* not all investors consented to being named

### investor testimony

"Investors in the Meritas SRI Funds want competitive financial returns along with a positive social and environmental impact," says **OceanRock CEO Fred Pinto**. "Our investment in New Market Funds meets our Impact Investing criteria—it offers competitive risk-adjusted financial returns, along with a positive long-term impact on people and communities."

## CASE STUDY:

### Vancouver Community Land Trust

- Established in 2014 as a non-profit society to acquire, create and preserve affordable housing for future generations
- Its goal is to make land permanently available for housing, targeting low to moderate income households, seniors and special interest groups
- Partnered with NMF in 2015 to develop 358 affordable homes on four City-owned sites with 99-year leases
- All homes will be operated by local co-op and non-profit organizations and will be affordable on average at less than 80% of median income by household size

"Typically non-profits and co-ops in Canada have been able to access either grant capital...[or] mortgages for project funding; the New Market equity provides a tool to access investment capital that they haven't previously been able to access...[the] funding was the last bit of cash equity that unlocks the financing of this project."

- Patten, Kristin. *Vancouver Community Land Trust Foundation Case Study*. February 2015, page 20.  
Vancity, personal communication, February 10, 2015



- 48 low-rise units targeting residents requiring supportive health
- Operated by Sanford Housing Society
- Stabilized March 2018
- Total value \$14mm



- 32 townhouse units targeting families
- Operated by Tikva Housing Society
- Expected stabilization by March 2019
- Total value \$13.5mm



- 188 units in two towers targeting families and seniors
- Operated by Fraserview Housing Co-op
- Expected stabilization by March 2019
- Total value \$56.2mm



- 90 townhouse and low-rise units targeting families
- Operated by Fraserview Housing Co-op
- Expected stabilization by December 2018
- Total value \$35.7mm

renderings courtesy of DYS Architecture

## ORGANIZATION OVERVIEW

non-profit development company

- ✓ developed and managed by New Market Funds
- ✓ \$445k grant capital raised
- ✓ \$4mm LP pool closed
- ✓ 14 active projects in Ontario and British Columbia
- ✓ dedicated to keeping community-owned assets in the hands of the community
- ✓ partners with leading non-profit and co-operative community organizations

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### sponsors

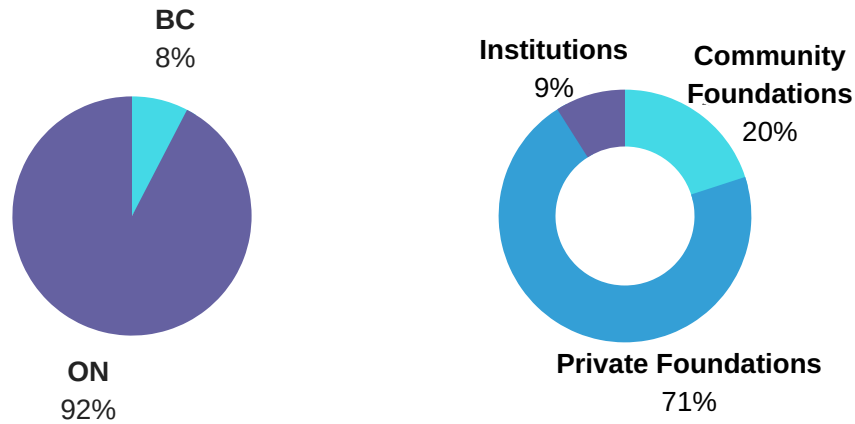


# FUND OVERVIEW

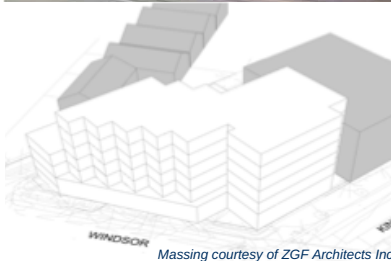
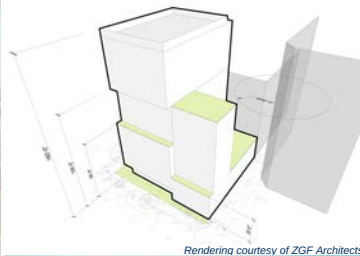
fund to date

- ✓ Fund dedicated to providing capital to New Commons Development
- ✓ 91% of investors are foundations
- ✓ 7 new impact investors to the NMF Platform

investors



## New Commons Development current projects



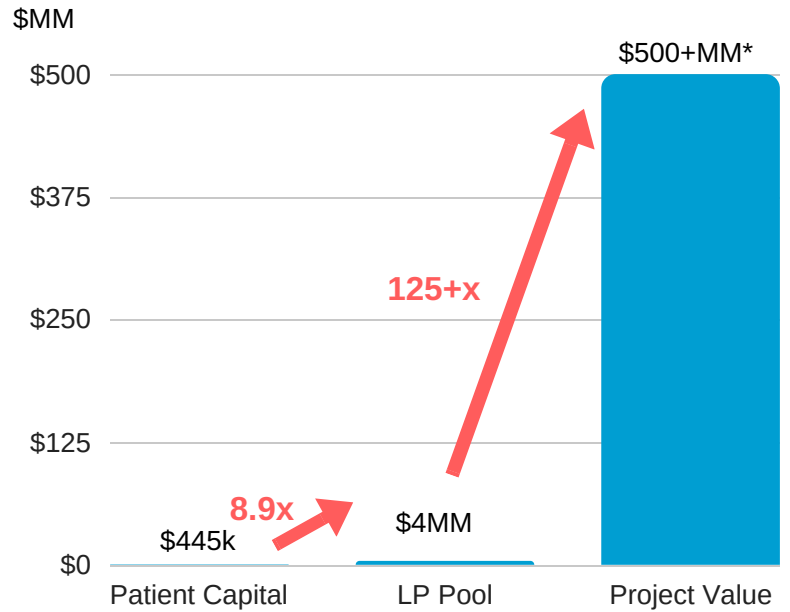
- Housing targeted at seniors, families, workforce, Indigenous peoples and LGBTQ/2S community members
- **36 affordable housing units** under construction (top left image)
- **467 affordable housing units** in the permitting phase, including 57 units being co-developed with the Community Land Trust and targeted at co-operative housing (bottom left image)
- **1,006 affordable housing units** in the feasibility stage, including 169 units dedicated to the LGBTQ/2S community (top right image) and 94 units dedicated to families and workforce (bottom right image)
- **1 non-housing community real estate asset** in the feasibility stage

# MODEL

## tool

- Risk-adjusted market-rate returns for investors
- Reduced privatization of affordable housing assets
- Social impact and long-term community benefit
- Affordable on average < 80% of median income by household size
- Replicable and scalable model
- Supporting non-profit development company

## overall leverage



\* We expect to recycle the capital in approximately 20 deals over the first 5-7 years

## scale



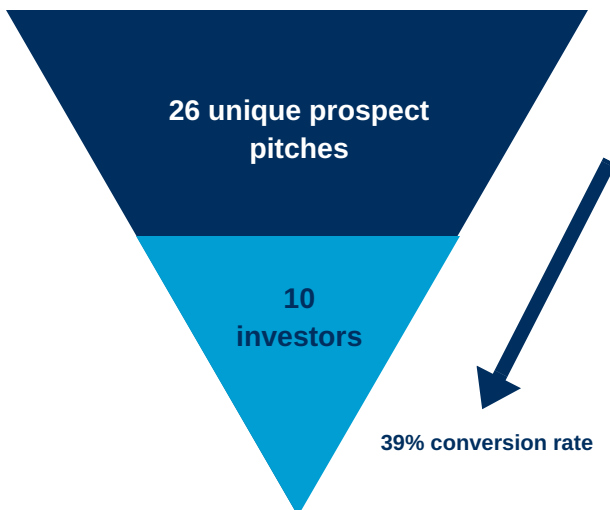
# PROCESS & INVESTORS

## timeline



total time for raise < 1 year

## funnel



## investors \*



\* not all investors consented to being named

## investor testimony

"The Hamilton Community Foundation has a long history of promoting positive impact in Hamilton and beyond. Investing with New Commons Development is a unique opportunity for us to support the development of new non-profit and co-operative affordable housing and community assets while targeting an appropriate risk-adjusted financial return. We are pleased to add this investment to our portfolio."

- Annette Aquin, Executive VP, Finance and Operations, Hamilton Community Foundation

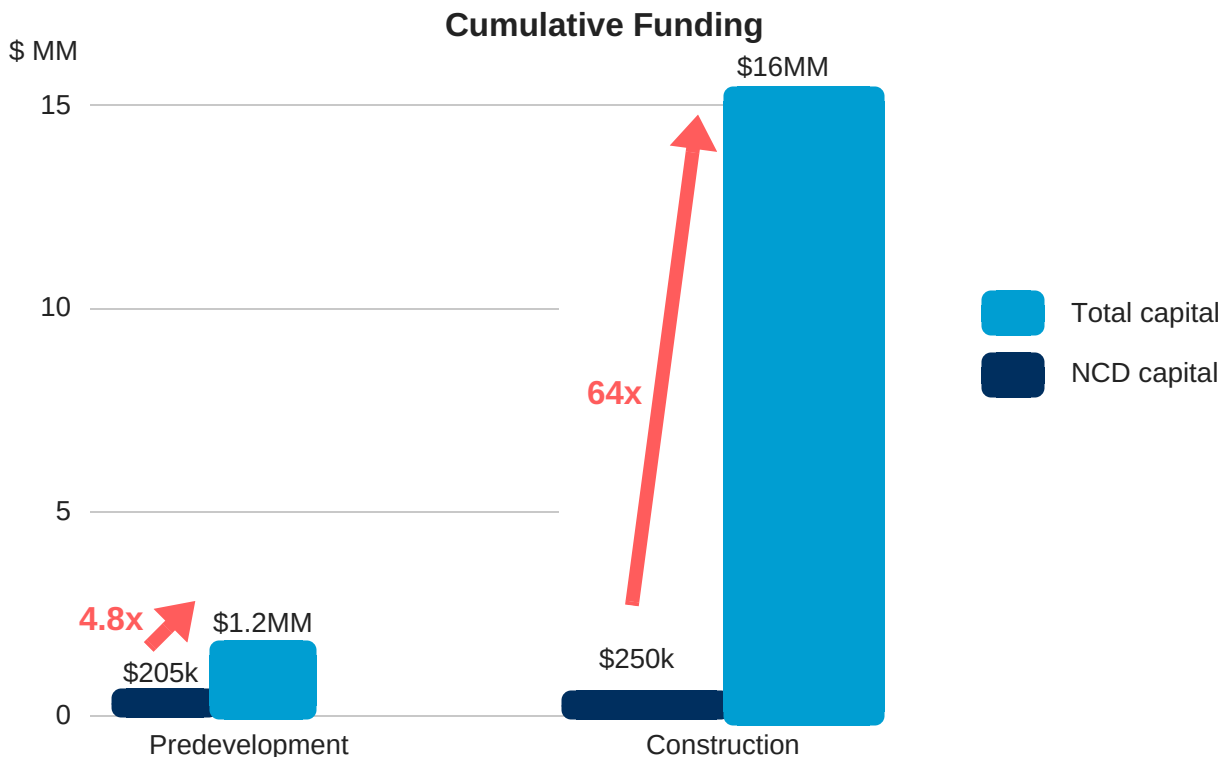
## CASE STUDY:

# Wood Green Community Services

- Strong community agency with ownership of depleted asset; interest in redevelopment and desire to expand its affordable housing footprint
- NCD provides planning, development and construction leadership, secures government program support and lends required project equity up to construction financing
- Joint management of specialized affordable housing program



**Type:** Mixed-use  
**Target:** Seniors  
**Units:** 36 (new), 72 total  
**Lot (SF):** 26,339  
**Total Value:** \$16MM  
**Estimated Average Affordability:** 56% of average median income  
**Construction Start:** Q3 2018  
**Estimated Stabilization:** Q2 2020



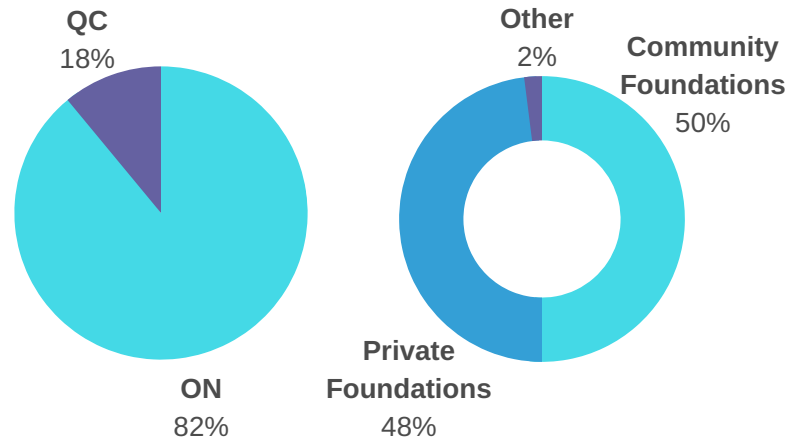


## OVERVIEW

### fund to date

- ✓ 48 loans approved
- ✓ 9 investors; 98% foundations
- ✓ \$11.28mm raised
- ✓ \$16mm loans advanced
- ✓ 5-7% average loan rate

### investors



### product

- managed by **Community Forward Fund Assistance Corp**, fund operations integrated with NMF platform in October 2017
- **innovative fund** designed to meet community and non-profit need for access to capital
- provides **underwriting services** to foundations
- created and facilitated **money, mission, strategy** workshops to equip non-profits with the knowledge and skills needed to assess financial health
- **published** a report to assess the opportunity for a co-investment fund in Ontario

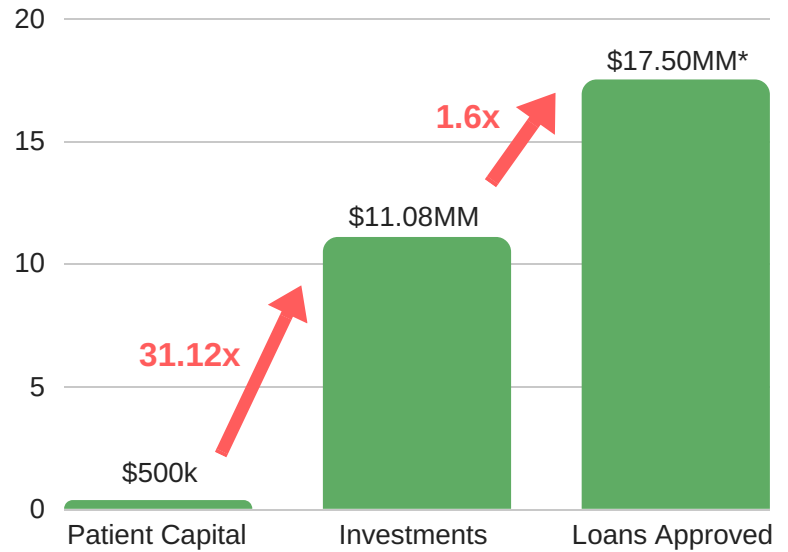


## MODEL

### tool

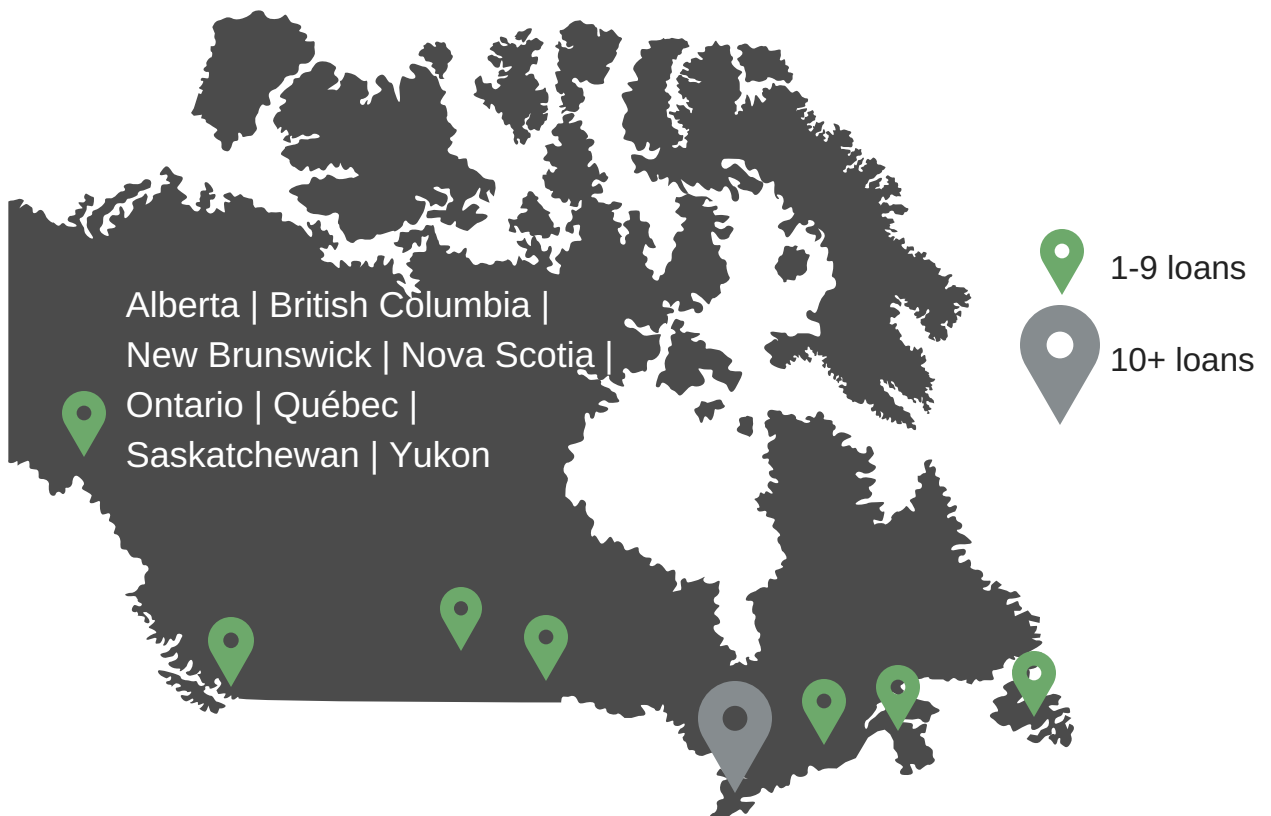
- Only nationally-registered non-profit investment fund manager in Canada
- Low-interest loans for non-profits and charities
- Social impact and long-term community benefit
- Underlying model for other community loan funds

### leverage



\* the \$17.50MM in loans approved has been generated with only \$8.25MM of the total \$11.08MM invested

### scale



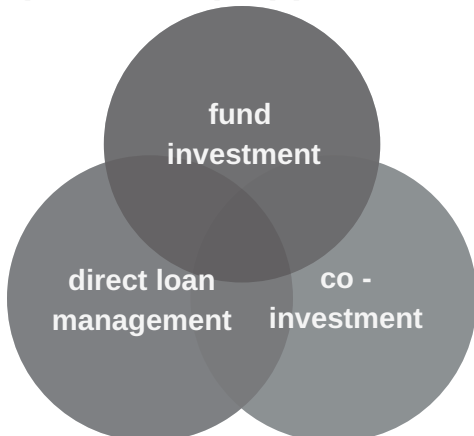
## PROCESS & INVESTORS

### timeline



total time for raise = 3 years

### partnership approaches



### investors



**HAMILTON COMMUNITY FOUNDATION**  
**INSPIRIT FOUNDATION**  
**McConnell Foundation**  
**Jamsco Inc.**  
**LAWSON FOUNDATION**  
**LYLE S. HALLMAN FOUNDATION**  
**NIAGARA COMMUNITY FOUNDATION**  
**OTTAWA COMMUNITY FOUNDATION**

### investor testimony

"Through this unique collaboration, Ottawa Community Foundation can go far beyond its traditional grant-making role. It provides us with a substantial new way to serve the community and increase the sustainability of the charitable sector."

- **Brian Toller, Chair,**  
**Ottawa Community Foundation's**  
**Board of Governors**

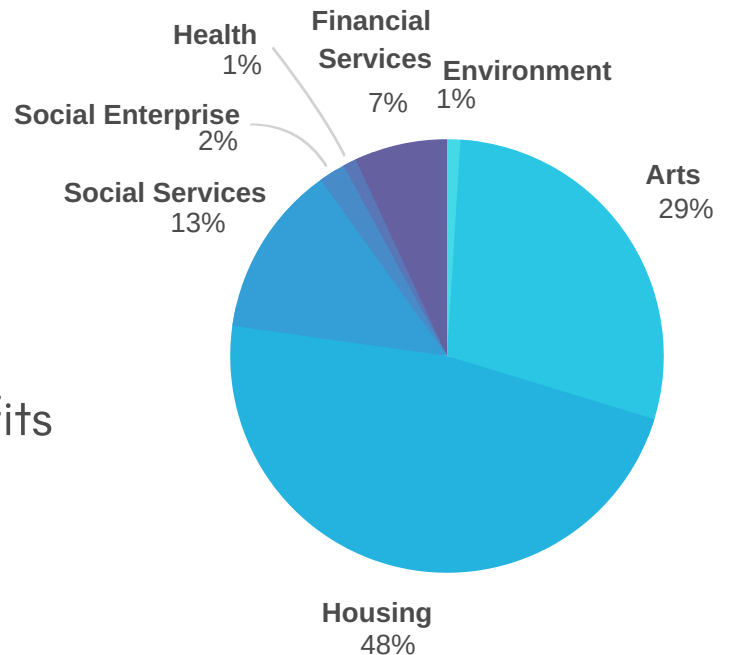
## LENDING RESULTS

### impact

- ✓ \$16mm loans advanced
- ✓ \$5.88mm loans repaid
- ✓ <1% loan loss rate
- ✓ 15 charities and 18 non-profits supported\*

*\* To date, 48 loans have been granted, however 9 have been withdrawn or cancelled and 6 organizations have been granted 2 loans each, giving a total of 35 organizations supported*

### portfolio by sector



Loans funded by CFF have allowed for these projects, and many more, to exist:



- Purchase of **solar panels** for the Tucker House in Ottawa
- A 33-unit **affordable housing building** for Four Feathers' Housing Co-operative's Indigenous seniors
- Creation of a **community-owned non-profit grocery store** in Hamilton called the Mustard Seed Co-operative Grocery
- A **bridge loan** for the B.A.A.N.N. Theatre Centre in Toronto

## CASE STUDY:

### Blood Ties Four Directions Society - Whitehorse, YT

- Blood Ties serves people in its community who are marginalized by addiction, mental illness, homelessness and stigmatizing health conditions such as HIV and Hepatitis C
- People who need supports for successful housing outcomes are often left out of market rental housing; as a result they tend to be chronically homeless and live in temporary shelters year round
- Traditional banks turned Blood Ties down; Community Forward Fund approved a loan so Blood Ties could purchase the land for the project
- Blood Ties purchased the land in October 2017 and is building a **community of 5 tiny homes to serve as transitional housing** for these community members



"We are grateful that Community Forward Fund saw the potential of our project and was willing to give us the financing we needed to obtain land. By fall of 2018, there will be five fewer homeless people in Whitehorse."

- Patricia Bacon, Executive Director,  
Blood Ties Four Directions Society

# Canadian Co-operative Investment Fund

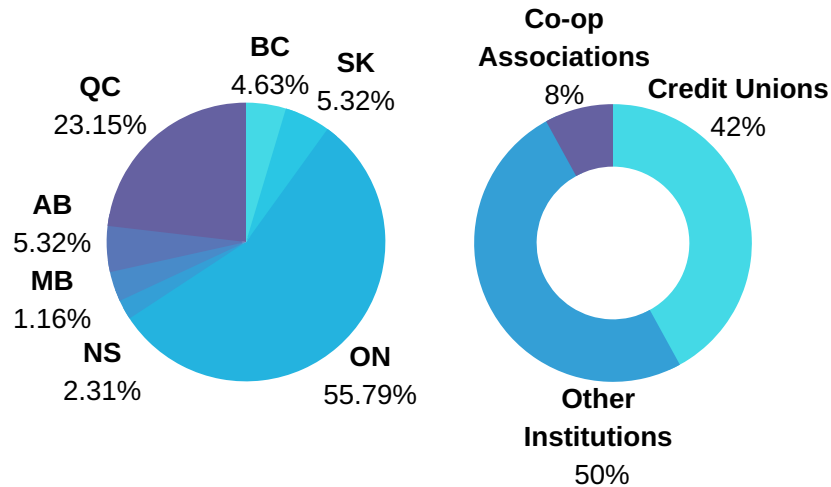


## OVERVIEW

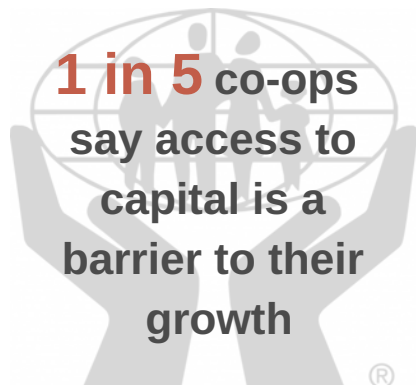
### fund to date

- ✓ \$25mm raised
- ✓ 16 investors committed
- ✓ 7 provinces represented by investors
- ✓ \$2.05mm investments approved to date\*

### investors



### product



- CFFAC selected as fund manager, fund operations integrated with NMF platform in October 2017
- Innovative fund designed to serve otherwise unmet community and credit union need
- Source of capital designed for the realities of the co-operative model
- Additive and complementary to existing sources of co-operative financing and investment
- Co-operative-focused alternative for impact investing

*\*CCIF has approved its first six transactions and expects to fund them in Q4 2018 and Q1 2019*

# Canadian Co-operative Investment Fund



## MODEL

### tool

- First of its kind in Canada
- Offers loans, equity and quasi equity for co-operative growth, conversion and start-up
- Social impact and long-term community benefit
- Works in partnership with existing co-op financing sector
- Transactions between \$50,000 and \$1.25MM

### deal flow opportunities

- ✓ Affordable housing
- ✓ Agriculture and food
- ✓ Indigenous communities
- ✓ Renewable energy
- ✓ Sharing economy
- ✓ Telecom

### scale



### in discussion

- 1-3
- 4+

### approved investments

- 1-3
- 4+

# Canadian Co-operative Investment Fund



## PROCESS & INVESTORS

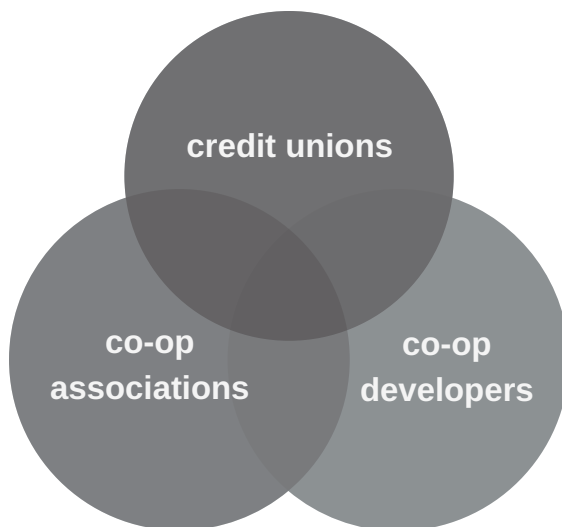
### timeline to date



### investors to date



### partnership approaches



### investor testimony

"Co-operatives have a long tradition of working together, and the CCIF is a great example of the sector collaborating to develop a solution to a long-standing challenge," said **Rob Wesseling, President and CEO of The Co-operators**. "We are pleased to support the creation of this new source of financing, which will contribute to the strength and sustainability of Canadian co-ops."



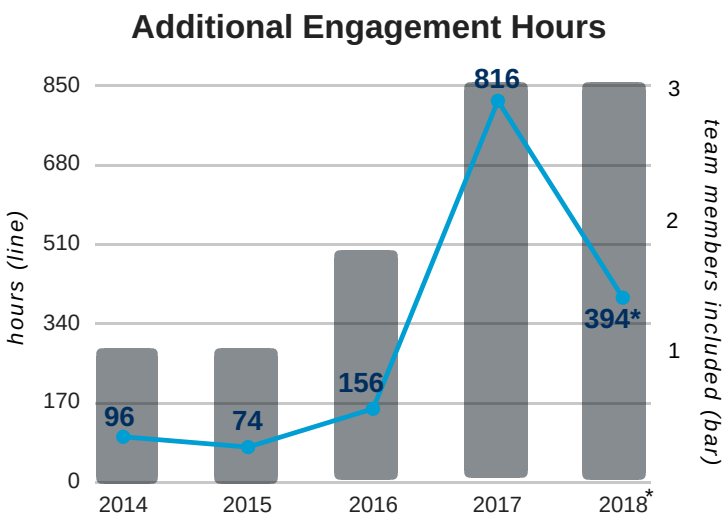
## OTHER CONTRIBUTIONS

- Proven model for [collaboration of foundations](#) on impact investing
- Emerging model for creating [other community investment products](#)
- Supported and shaped [key capital accumulation strategies](#) of other fund products
- Produced "[8 Tracks](#)" research report on impact investing across Canada
- Founding member of [National Impact Investing Practitioners Table](#)
- Participation in [G8 Social Finance Task Force](#)
- [Provide ongoing support](#) to the sector and other fund initiatives
- [Enabled other coordination among foundation investors](#) around new products, diligence sharing and concept vetting
- Founding member of [National Community Developers Table](#)

# COMMUNITY ENGAGEMENT

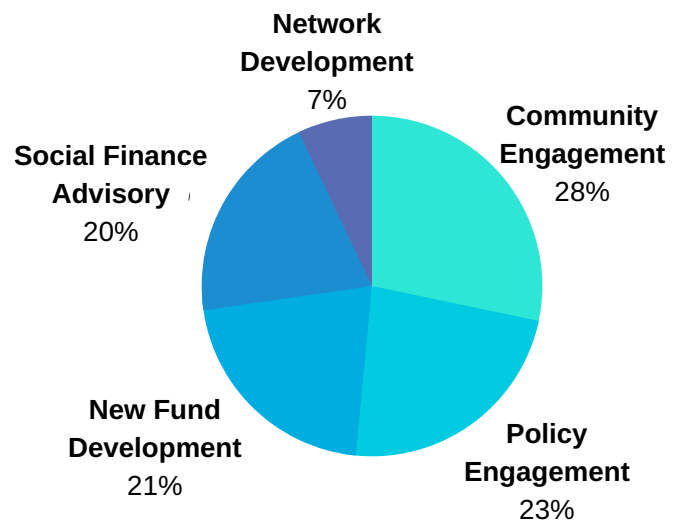
The Society holds the fundamental belief that it will be most effective in serving its charitable mission by directly engaging with community groups to understand the community needs it is trying to address. In addition to its daily work in the sector, the NMF team has worked in an advisory capacity to further the Society's mandate and foster capacity building in the sector. Since 2014 when engagement hours were first recorded, management has **logged over 1,000 hours of pro bono advisory work.** The team has also logged an additional 400 hours of compensated community work.

Over the past 4 years, the Managing Partners of New Market Funds have committed from **20 to 80 hours** of advisory work to each of the following organizations, among others:



\* this chart only accounts for data from the first two quarters of 2018 and includes both pro bono and compensated hours

### Additional Engagement Hours by Category



## LOOKING BACK: 5 Years of Lessons Learned

Continuous reflection and improvement is a crucial part of our ongoing success. It is through examining and understanding our challenges and successes that we can adjust our efforts and consistently address community need in a responsive and effective way. This list summarizes some of our key lessons learned to date.



### **Patient and flexible support**

New Market Funds Society, and its charitable sponsors as our base, inform our strategy and provide patient and flexible support.



### **Start with Community Interest**

We work most effectively by responding in support of strong community interest and responding to investment opportunities that support community objectives.



### **Build the network**

We are only as strong as our partners and the partnerships we build with them. This is particularly true as we move from being regional to multi-regional and ultimate to working on Pan-Canadian mandates.



### **Establish balance**

Striking a balance between project types and sizes in which we invest is important for maintaining a sustainable and scalable business model.



### **Iterate and refine**

Learning about our different audiences and constantly updating and adjusting our approach creates better understanding of our value proposition.

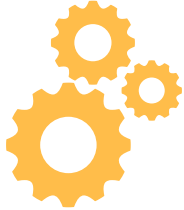


### **Scale is key**

Creating scale allows us to build capacity, strengthen the business model and address more community need.

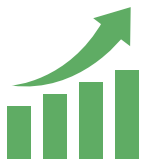
## LOOKING AHEAD

Here is a snapshot of what we look forward to achieving in the next five years and beyond.



### **Leverage platform capacity & capitalize on synergies**

We will work to leverage the NMF platform capacity and realize increased synergies and new initiatives between the community real estate and lending practices.



### **Grow New Commons Development**

We will continue to grow the size of our non-profit development business and expand its reach.



### **Refine & grow community lending**

We will continue to improve and grow our lending practice while developing new pools of capital.



### **Raise Rental Housing Fund II**

We anticipate being back in the market for Fund II in 2019.



### **Embrace Reconciliation**

We will work to partner with Indigenous capital providers to provide them with additional new capital.



### **Continue exploring**

In collaboration with our existing and future partners, we will continue to explore new fund ideas and practice areas.

## TEAM

### Management



Andy Broderick  
*Managing Partner*



Derek Ballantyne  
*Managing Partner*



Garth Davis  
*Managing Partner*

### Finance & Operations



Carla Pellegrini  
*Operations Manager*



Matt Putra  
*VP, Finance*



Christina Baker  
*Director, Community Lending*



Rick Bright  
*VP, Lending*

### Community Lending

### Development



Abigail Moriah  
*Senior Development Manager*



Dennis Carr  
*Development Consultant*



Geoffrey McGrath  
*Senior Development Manager*



Hadley Nelles  
*Business Manager*



Joe Chipman  
*Project Manager*



Nadia Hill  
*Project Manager*



Peter Zimmerman  
*Development Consultant*



[www.newmarketfunds.ca](http://www.newmarketfunds.ca)  
[www.newcommons.ca](http://www.newcommons.ca)  
[www.communityforwardfund.ca](http://www.communityforwardfund.ca)  
<https://ccif.coop>

[info@newmarketfunds.ca](mailto:info@newmarketfunds.ca)  
[info@newcommons.ca](mailto:info@newcommons.ca)  
[info@communityforwardfund.ca](mailto:info@communityforwardfund.ca)  
[info@ccif.coop](mailto:info@ccif.coop)