BOSTON COMMUNITY CAPITAL

2017–2021 Strategic Plan



CONTENTS

3 Our Values

4 Introduction

5 A Decade of Growth: 2006–2016

5 Moving Forward: 2017–2021

6 Key Organizational Strategies for 2017–2021

14

- 2017–2021 Goals by Business Unit
- 16 Boston Community Loan Fund
- 19 Sun Initiative
- 22 Sustainability Initiatives
- 25 New Markets Tax Credit Program
- 26 Venture Fund
- 27 WegoWise











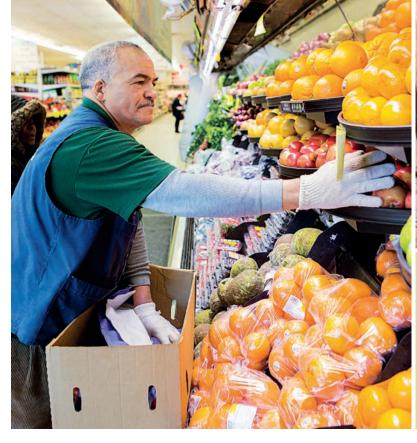
AT BOSTON COMMUNITY CAPITAL, OUR MISSION IS TO BUILD HEALTHY COMMUNITIES WHERE LOW-INCOME PEOPLE LIVE AND WORK.

We envision a future:

- Where low-income individuals, families and communities are strong, resilient and connected to the broader economy.
 - Where all of us have access to the resources and tools we need to build a healthy and productive life, including housing, education, employment, healthy food and healthcare, regardless of the census tract in which we grow up.
 - Where our neighborhoods are stable, vibrant and connected: places where people choose to live.
 - Where we work together to overcome adversity, and where economic growth benefits us all.

CAPITAL HAS A KEY ROLE TO PLAY IN ACHIEVING THAT FUTURE.







Healthy communities are places where people are connected—to resources, to effective institutions and to each other. BCC helps strengthen these connections by making loans that create housing, jobs and opportunities in communities where low-income people live and work. (Clockwise from top: SUN borrowers Jose and Denise R. of Fitchburg, MA, Berkshire Housing and Development Corporation and Vicente's Tropical Grocery)

Our Values

ISOLATION IS THE HALLMARK OF UNHEALTHY COMMUNITIES AND ORGANIZATIONS.

We therefore stand at the intersection of multiple constituencies, breaking through silos and partnering with diverse organizations and individuals who can advance our vision of healthy communities.

LOW-INCOME COMMUNITIES AND RESIDENTS NEED AND ARE ENTITLED TO THE SAME EXPERTISE AND THE SAME EXPECTATIONS OF EXCELLENCE THAT ARE AVAILABLE TO THEIR WEALTHIER NEIGHBORS.

We deliver that excellence through staffing, technology and infrastructure that promote efficiency and innovation.

TO BE EFFECTIVE, WE MUST RESPOND TO THE CHANGING NEEDS OF THE INDIVIDUALS AND COMMUNITIES WE SERVE AND ENHANCE THE EXCHANGE OF IDEAS AMONG MANY COMMUNITIES AND CONSTITUENCIES.

Our growth and performance are driven by our ability to recognize and respond to the evolving needs of our partners and the changing nature of our market.

ASKING THE RIGHT QUES-TIONS IS A ROOT SOURCE OF GOOD LEADERSHIP. AS OUR WORLD EVOLVES, OUR QUESTIONS—AND ANSWERS—MUST EVOLVE AS WELL.

We refuse to grow complacent in our success; instead, we remain keenly attuned to changes in the environment in which we operate. Our questions help us to identify the dynamic and changing needs in our communities and to capitalize on emerging opportunities.

SYSTEMIC CHANGE ENGENDERS POWERFUL, BROAD-REACHING AND LONG-LASTING RESULTS.

We seek ways to improve industry results and to develop solutions that can be replicated on a national basis.

THE CULTURE OF OUR ORGANIZATION SHOULD REFLECT THE VALUES WE BRING TO BEAR ON THE WORK WE DO AND THE COMMUNITIES WE SERVE.

As Mahatma Gandhi said, "We must become the change we want to see in the world."

Introduction

Boston Community Capital is a community development financial institution (CDFI).

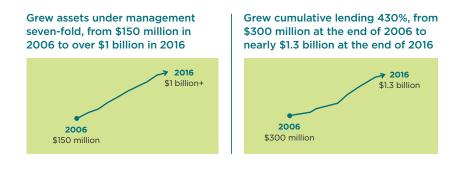
Since 1985, we have invested over \$1 billion to create affordable housing, jobs and opportunities for lowincome people and communities. Our investments have leveraged over \$6 billion in public and private investment in underserved communities nationwide.

Over the years, Boston Community Capital (BCC) has evolved from a start-up organization with a single debt-based business line to a multi-tiered organization that serves as a national model for community development investment. We operate on a self-sufficient basis and have generated annual operating surpluses for more than a decade.

At our core, we are a lender, an innovator and a structurer of complex financial transactions that help transform our communities. We also use our on-the-ground experience to advocate on behalf of underserved communities, helping to ensure that low-income residents and neighborhoods have a voice in developing policy and programs that affect their futures.

A DECADE OF GROWTH: 2006-2016

From 2006 to 2016, the period covered by our last two strategic plans, BCC:



Started and grew three new business lines:



SUN, our nationallyacclaimed foreclosure relief initiative, which helps homeowners facing foreclosure remain in their homes with mortgages they can afford.



Our Sustainability Initiatives, including BCC Solar, which stabilize and reduce the energy and utility costs of affordable housing and community facilities by improving their energy efficiency, conservation and renewable energy use.



WegoWise, which provides online, automated utilityuse tracking and benchmarking to property managers, owners and funders.

Maintained a self-sufficiency ratio (Earned Revenues/Operating Expenses) among the best of our CDFI peers¹



In our first three decades, Boston Community Capital reached \$1 billion in cumulative lending. We expect to reach \$2 billion in cumulative lending in the next five years.

MOVING FORWARD: 2017-2021

As we enter our next phase of growth, our communities confront a number of potential challenges and opportunities, including a shifting political and policy environment; climate change; changing demographics; and technological advances that have the potential to radically change the way we work, live and interact. Our 2017–2021 Strategic Plan maintains our strong organizational commitment to advocacy, leadership and self-sufficiency, and proposes aggressive growth aimed at helping our communities to emerge from these challenges stronger and more resilient.

1 "FY 2015 Peer Comparison Data for Boston Community Loan Fund and Boston Community Capital (SUN Initiative)," Opportunity Finance Network, October 2016.

Key Organizational Strategies for 2017–2021 Our 2017–2021 Strategic Plan harnesses Boston Community Capital's strengths and resources in service of four overarching strategies that connect low-income people and communities to the broader economy. We will:

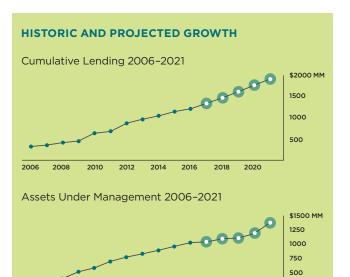
• Expand our core businesses to address the changing needs of underserved communities: We will provide over \$700 million in new loans and investments to support low-income residents, organizations and businesses that strengthen and stabilize communities, expanding our geographic reach and our lending volume to respond to increased demand for the patient and flexible capital we provide. Our investments, in turn, will help leverage over \$4.2 billion in public and private investment in distressed neighborhoods and underserved communities nationwide.

Broaden the boundaries of opportunity finance: We will harness our lending experience to develop new tools and products aimed at addressing gaps in our markets, using research, learning and impact measurement to evolve our work in alignment with our communities' changing needs and to capitalize on emerging opportunities.

Use our platform to provide leadership that helps shape policy and strengthen our communities: We will use our on-the-ground experience to

inform advocacy efforts, helping ensure that low-income residents and communities have a voice in developing policies and programs. We will engage actively with organizations and coalitions that share our vision for stronger communities and support civic leadership and engagement among staff at all levels in the organization.

Continue to enhance long-term sustainability: We will raise sufficient and appropriate capital to support our lending goals, strengthening our balance sheet and increasing assets under management to \$1.4 billion, while maintaining a ratio of net assets to total assets on our balance sheet of at least 20%. We will maintain organizational self-sufficiency with annual surpluses that support research, development and innovation, while investing in staff and systems.



2006

2008

2010

2012

2014

2016

2018

2020

250





Our borrowers—like the World Ocean School, which provides inner-city students with hands-on STEM experience—are bringing new opportunities to underserved communities; we provide innovative and flexible financing that helps get them where they need to go.

EXPAND OUR CORE BUSINESSES TO ADDRESS THE CHANGING NEEDS OF UNDERSERVED COMMUNITIES

Today, BCC accomplishes our work through four core operating businesses:

- Boston Community Loan Fund (BCLF) makes loans to increase and preserve access to affordable housing, education, healthcare, healthy food, energy efficiency, community services and commercial real estate in economically distressed communities
- The SUN Initiative (SUN) prevents the displacement of families and individuals—and helps address the neighborhood destabilizing effects of vacancy and abandonment—by acquiring foreclosed properties before evictions occur and reselling them to their existing occupants with mortgages they can afford
- Our **Sustainability Initiatives**, organized under BCC Solar Energy Advantage (BCC Solar), provide financing tools and expertise to stabilize and reduce energy usage and operating costs for affordable housing and community facilities serving low-income communities, while strengthening buildings' resiliency and long-term sustainability

Our **New Markets Tax Credit Program** (NMTC), administered through Boston Community Managed Assets, makes loans and investments to businesses and community facilities providing jobs, goods and services in economically distressed communities nationwide

These businesses are now mature, operating on a self-sufficient basis in markets where BCC has strong relationships and a rich pipeline of community development projects.

Over the next five years, we will grow BCLF, SUN, our Sustainability Initiatives and our NMTC work. We will broaden our geographic reach, develop new financing tools and products, and collaborate with key partners to stabilize and strengthen neighborhoods, cities and towns and regional economies.

From 2017 to 2021, we project that BCC's core businesses will invest over \$700 million in underserved communities. We project these investments will help leverage \$4.2 billion in new public and private investment nationwide.

Highlights include:

- \$440 million in new lending by BCLF to support affordable housing, education, healthcare, healthy food, economic development and environmental resiliency
- \$145 million in mortgage lending through SUN to stabilize households facing foreclosure-related eviction
- \$130 million in tax credit investments through our NMTC program to finance businesses and community facilities in economically distressed communities²



We will raise new debt, equity and philanthropic capital appropriate to support this projected growth, looking out over a three- to five-year horizon to ensure that BCC has both the liquidity and the capital necessary to carry out our plans, to support inquiry and innovation, and to respond to unanticipated market changes, delays in funding, or revenue cuts. We will continue to leverage the greatest impact from philanthropic capital and subsidized capital, using these funds only when needed for emerging undertakings that cannot be supported through our core businesses. We also will explore ways to attract new sources of capital.



BCC also includes:

- **Boston Community Venture Fund** (BCVF), a community development venture capital fund we launched in 1997 to provide equity investments in high-potential businesses that create financial, social and environmental returns. BCVF is currently managing two remaining portfolio companies, which we will seek to exit during the strategic plan period.
- WegoWise, an online utility use tracking and benchmarking company we co-founded in 2010, in which BCC is the majority equity holder. We continue to work with WegoWise to maximize financial and social returns.

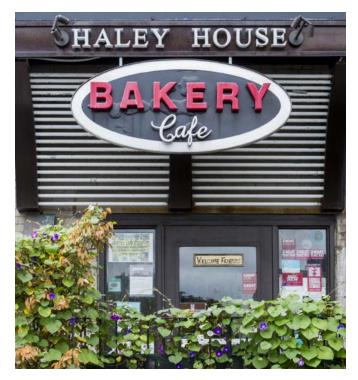
For more information on our business unit goals, see 2017–2021 Goals by Business Unit.

BROADEN THE BOUNDARIES OF OPPORTUNITY FINANCE WITH NEW TOOLS AND PRODUCTS FOR UNDERSERVED COMMUNITIES

Financial innovation is central to BCC's role as a CDFI. Every new business we have launched is focused on sustainability, replicability and long-term resilience. The pursuit of new endeavors requires a strong balance sheet; for this reason, we have strengthened ours and have used it to explore and incubate new loan products and businesses.

We integrate research, learning and measurement into each of our business lines in order to evolve our work in alignment with our communities' changing needs and to capitalize on emerging opportunities. We also engage in research on the external factors that influence low-income communities, including climate change, emerging technologies, employment trends and shifting demographics. Building healthy communities requires a hands-on approach and a big picture view. Borrowers like Lowell Community Health Center (above) work to reduce health disparities and enhance the health of their communities by providing caring, quality and culturally competent health services to patients, regardless of their financial status.

² Growth in NMTC lending depends on a continuing source of NMTC credits. In 2015, Congress and the White House agreed to extend the NMTC at \$3.5 billion annually from 2015–2019. BCC currently has allocation authority for \$55 million in NMTCs; our projections assume we will receive an additional allocation award of \$75 million between 2017 and 2019.



Haley House brings healthy food and jobs to Boston's Dudley Square neighborhood in a social enterprise model providing employment and skills training to formerly homeless and/or incarcerated individuals. Our loan helped Haley House acquire its building and expand kitchen space for its catering business and Take-Back-the-Kitchen cooking classes for neighborhood youth and adults.

From 2017 to 2021, BCC will invest in the research and development of new initiatives, tools and products that extend the boundaries of opportunity finance, providing capital and expertise that fills gaps and responds to emerging challenges in our communities.

We have begun to explore several new ideas including: place-based lending strategies; partnerships with healthcare systems to address social determinants of health, including access to housing, stable employment, education, social services, healthy food and transit; dedicated funding to create housing that interrupts cycles of homelessness; and products and tools that leverage SUN's experience lending to individuals facing foreclosure. We will continue to pay close attention—and respond—to the changing needs of our communities.

USE OUR PLATFORM TO PROVIDE LEADERSHIP THAT HELPS SHAPE POLICY AND STRENGTHEN COMMUNITIES

From 2017 to 2021, BCC will use our platform to advance ideas and policies that benefit the communities we serve, through:

- Strategic communications efforts, public advocacy, research, board and committee work
- Active collaboration with peers and partners who share our vision for stronger communities
- Encouragement of civic leadership and engagement among staff at all levels in the organization

Over the next five years, we will continue our advocacy work in the following areas as they relate to low-income communities and individuals:

- Foreclosure prevention and remediation
- Energy efficiency and renewable energy regulatory and incentive policies
- Production and preservation of affordable housing
- Access to quality healthcare, education and healthy food
- Resurgence of post-industrial cities
- Community resiliency—helping buildings, neighborhoods and populations to respond to, recover from, and grow in adverse situations (e.g. climate change, population shifts, economic crises)
- General policy and practice issues for CDFIs



All of our work is grounded in practice. We look for opportunities to leverage our experience to promote systemic change that strengthens and stabilizes low-income communities. Our advocacy efforts on behalf of homeowners facing foreclosure, for example, help preserve and extend tax relief for homeowners who obtain principal reduction on their mortgages; support statewide foreclosure laws that protect and extend the rights of homeowners facing foreclosure; and promote principal reduction and tax credits as vital tools for keeping homeowners in their homes. Our solar advocacy work in Massachusetts helps ensure that solar policy benefits all residents of the Commonwealth, including low-income individuals and communities.

Active civic engagement and leadership allows BCC to broaden our networks; to build bridges across disciplines, geographies and institutions; and to cultivate relationships and knowledge that allow us to transcend the often fractured and fragmented environments in which we operate. We encourage our staff to engage in their communities in their personal and professional lives: in schools, in religious life, in local government and planning, in community and civic organizations and beyond. This engagement strengthens BCC while also strengthening our communities.

CONTINUE TO ENHANCE OUR LONG-TERM SUSTAINABILITY WITH ORGANIZATIONAL SELF-SUFFICIENCY AND INVESTMENTS IN STAFF AND SYSTEMS

BCC's long-term sustainability, efficacy and growth depend on a talented, hard-working and dedicated staff committed to our mission and values. We have purposefully built an organization and a culture that attract these individuals and support their growth. We endeavor to make BCC a "life-cycle employer," a place where people can build careers that are both effective and rewarding through every phase of their lives. We use flex-time and job-sharing as needed to allow employees to remain on their cutting edge, maintaining



We invest in stable businesses grounded in their community, like family-owned Buchanan Forest Resources. The company provides employment for loggers, truckers. local mills and foresters in nine rural counties across Alabama and Mississippi while investing in sustainable harvesting practices that help ensure these jobs will remain for generations to come.

BCC's high standards of performance while juggling responsibilities outside of work. We strive to maintain a collaborative and supportive culture where employees at all levels in the organization are encouraged to grow and stretch in service of our mission. Our focus on attracting and retaining human capital allows us to benefit from our employees' growing wisdom and judgement, and, in the process, builds a stronger sector.

Financial stability and self-sufficiency helps BCC to weather financial downturns, navigate the departures of key staff and the development of new leaders, and respond nimbly to unexpected events and opportunities for impact. For over a decade, we have maintained an average organizational self-sufficiency ratio (earned revenues/operating expenses) of 117%.

We also invest in technology, training and infrastructure to create a work environment that enhances productivity,



allowing us to meet the needs of staff, borrowers and investors while fulfilling all reporting and compliance requirements. Strategic use of outside consultants—e.g., for tax credit financial modeling, MIS, strategic communications and design—expands our expertise and capacity without adding to organizational headcount.

Our dedicated team plays a key role in delivering excellence and expertise to our communities. Together, we maintain a culture that is collaborative, supportive and performance-driven.

From 2017 to 2021, BCC will continue to strengthen staff and systems, while maintaining organizational self-sufficiency. We will:

- Raise sufficient and appropriate capital to support our lending goals, strengthening our balance sheet and increasing assets under management to \$1.4 billion
- Maintain organizational self-sufficiency and annual operating surpluses
- Hire new staff as needed to support our goals, while upholding our commitment to organizational excellence
- Continue to invest at the Board and staff levels in succession planning, leadership development and training
- Use external consultants to expand our capabilities, while providing flexibility to grow and contract efforts based on need
- Strengthen systems for capturing, using and sharing information about how our programs work
- Continue to enhance MIS and infrastructure to support efficiency and collaboration, while engaging in best practices re: data security
- Maintain our commitment to developing an organization and culture that reflects "the change we want to see in the world"

2017–2021 Goals by Business Unit

ay

about

lod

While each of our core operating businesses responds to a different set of needs and employs a unique set of strategies, all are aligned under a shared vision and mission, and the broader strategic goals of BCC.

- Boston Community Loan Fund
- Sun Initiative
- Sustainability Initiatives
- New Markets Tax Credit Program
- Boston Community Venture Fund
- WegoWise

BOSTON COMMUNITY LOAN FUND

Boston Community Loan Fund (BCLF) was founded in 1985 to lend to nonprofits developing affordable housing in Boston. Today, we support transformational change in low-income communities across the country by financing affordable housing and interventions in education, healthcare, and economic and environmental resiliency.

From 1985 to 2016, BCLF invested \$650 million in underserved communities across the Northeast and Mid-Atlantic. Our investments have helped finance affordable housing for over 19,000 individuals and families; community health centers serving more than 129,000 patients annually; child care facilities, schools and youth programs serving over 28,500 low-income youth; and over 2 million square feet of commercial real estate and community facilities in distressed communities.

From 2017 to 2021, BCLF will leverage our experience and build organizational capacity to significantly amplify our impact on families and communities. We will:

- Grow our lending to \$100 million annually, focusing on six strategic impact areas: housing, education, healthcare, healthy food, economic development and energy investment
- Build a national lending footprint, expanding geographically to fill unmet capital needs in underserved markets
- Support innovation by BCC affiliates to develop new strategies to improve the lives of low-income individuals and to strengthen communities



Bridge Boston Charter School was founded to serve Boston's most vulnerable children and families-20% of its students are formerly homeless. 20% have received support from the Department of Children and Families, 22% receive special education services, 39% are English language learners and all are eligible for free or reduced-price lunch. With a "wrap-around" services model providing onsite clothing, medical, vision and dental care, and family support, the school works to remove the health and social obstacles that hinder student learning, and to help all students develop the skills to succeed in high school and beyond. Our loan helped Bridge Boston acquire and renovate a new permanent facility, supporting its expansion to serve 335 students in grades pre-K-8.

We will accomplish this significant growth while maintaining our high standards of credit accountability, stewardship of our investors' capital and our financial self-sufficiency.

Grow Lending to \$100 Million Annually

BCLF will grow our lending to \$100 million annually by 2021, with a focus on growth in the following strategic impact areas:

- Housing: Produce and preserve affordable housing, emphasizing deeply affordable, supportive, and elderly housing
- Education: Increase access for low-income families to high-quality early education and care, public charter schools and district schools, and out-of-school learning opportunities
- Healthcare: Improve access to primary healthcare, dental care and mental healthcare for underserved patients
- Healthy Food: Expand affordable healthy

food options in low-wealth communities, creating jobs and transforming neighborhoods with commercial investments

- **Economic Development**: Link bricks-and-mortar investments with broader efforts to create and retain community wealth
- Energy Investments: Connect projects in low-income communities with energy efficiency, sustainability and renewable energy opportunities

Build a National Lending Footprint

We will deepen our penetration in markets we currently serve and target new geographic markets that are poised to absorb CDFI capital. We will be both opportunistic and strategic about identifying and exploring underserved markets, and we will raise appropriate capital to support our projected growth.

Support Innovation by BCC Affiliates

BCLF affiliates generate nationally recognized strategies to support low-income families and communities. We promote this innovation with expertise, relationships and flexible capital applied to internally-generated entrepreneurial ideas. Our role as the first lender to our affiliates allows them to mature and to prepare for outside loan capital. We will look for new ways to work across BCC's business units to achieve and extend mission.



Our borrowers are bringing new life to old buildings—from abandoned former mills to vacant office towers-and reinvigorating city centers. In downtown Hartford, Becker + Becker's historic rehabilitation and adaptive reuse of an iconic 26-story office tower into a LEED platinum, mixed-use, transit-oriented development aligns with City and State economic development initiatives to create housing near downtown amenities, transit and employment centers: reverse sprawling development patterns; and add 24/7 vitality to Connecticut's capital city.



SUN INITIATIVE

In late 2009, BCC launched our Stabilizing Urban Neighborhoods (SUN) Initiative to help address the housing foreclosure crisis, which had disproportionately impacted low- to moderate-income communities and communities of color. Working with individual homeowners and tenants facing foreclosure-related eviction and with lenders holding distressed mortgages, we created a first-in-the-nation buyback program that makes it possible for households with stable incomes to remain in their homes with mortgages they can afford, preventing the family- and neighborhood-destabilizing effects of vacancy and displacement.

From late 2009 through 2016, SUN provided over \$125 million in purchase and mortgage financing to help over 750 homeowners facing foreclosure or eviction stay in their homes by matching their stable incomes with fixed-rate mortgages that are in line with current market values. On average, SUN has reduced borrowers' monthly mortgage payments and mortgage principal balances by 35%, translating to average annual mortgage payment savings of nearly \$10,000 per household and average principal balance reductions of over \$100,000. Cumulatively, we have helped reduce SUN homeowners' outstanding mortgage principal balances by close to \$60 million. Today, SUN operates in five states: Massachusetts, Maryland, Rhode Island, Illinois and New Jersey. Our mortgages provide foreclosed homeowners with a second chance: the opportunity to remain in place, to repair their credit and to rebuild equity in their homes.

SUN also helped change the national dialogue on foreclosure, advocating for policies and practices that stabilize homeowners and neighborhoods hardest hit by foreclosures. Our advocacy helped lead to the extension of the Mortgage Forgiveness Debt Relief Act, to changes in state foreclosure laws and to changes in Fannie Mae and Freddie Mac's approach to principal reduction.

From 2017 to 2021, to the extent market demand continues, we will stabilize as many families facing foreclosure or eviction as possible in an everchanging foreclosure landscape. We will:

 Expand SUN into new states and communities, while continuing to serve our existing markets

Support our borrowers with outstanding customer service while leveraging the expertise of a national loan servicer

Explore enhancements to SUN's model, as well as potential new products that align with changes in need, political landscape and opportunity

Expand SUN into New States and Communities While Continuing to Serve Our Existing Markets

From the beginning, we modeled SUN to be a financially self-sustaining, debt-financed response to the housing foreclosure crisis, able to expand and contract based on housing foreclosure trends. Today, these trends are improving nationally, but many communities—particularly low-income neighborhoods



SUN helps homeowners facing foreclosure remain in their homes with mortgages they can afford. Above: Wendell and Patricia P. of Worcester, Massachusetts worked with SUN to reduce their mortgage principal balance by 36% and their monthly payments by 44%. Mark and Nancy G. of Lindenhurst, Illinois saw a 40% reduction in principal and a 44% reduction in monthly payments. Left: Direct Action for Rights and Equality (DARE), a member-led organization that unites communities in Providence, Rhode Island for social, political and economic justice, is a key SUN referral partner.



Enrique B. of Chicago, Illinois learned about SUN through Northwest Side Housing Center (NWSHC), a housing counseling organization. Enrique repurchased his home through SUN, reducing his monthly payments by 13%.

and communities of color—still struggle with housing foreclosures, depressed housing values and limited access to mortgage credit. As long as these challenges persist, we are committed to expanding SUN. We will:

- Build our pipeline by identifying and establishing appropriate partnerships with organizations that have a trusted presence in our target communities, while maintaining our existing referral networks
- Assess the extent to which SUN is reaching low-income borrowers and communities of color, and adjust and adapt our marketing and outreach efforts based on our learnings
- Pursue "earned media" outreach strategies to increase market awareness for SUN, while leveraging social media and mailings to housing counseling organizations and homeowners facing foreclosure
- Develop strategic partnerships with banks, mortgage lenders and investors that own or service pools of distressed assets—offering SUN as a potential solution for owner-occupied properties

SUN works best in communities characterized by a high concentration of foreclosures, where home prices have fallen significantly from the housing bubble—resulting in "underwater" mortgages, where homeowners owe more than their property is worth. We look for communities where home values are aligned with residents' income levels. As we consider expansion into a

new state, we also look for a foreclosure and eviction process that provides some rights for borrowers and sufficient time for borrowers to access our program; strong community organizations focused on helping individuals facing foreclosure or eviction; and policy environments that are supportive of SUN's mission.

If changes in the foreclosure landscape eliminate the market need or viability for SUN's foreclosure product, we will adapt and focus on managing our existing loan portfolio and on evaluating new products that help achieve our mission, while continuing to operate on a self-sufficient basis.

Support Our Borrowers with Outstanding Customer Service While Leveraging the Expertise of a National Loan Servicer

We will remain focused on providing our customers with high-touch, highquality service throughout the application process and after loan origination, responding to client concerns and working diligently to resolve issues. We will continue to utilize a national loan servicer to process routine payment transactions and provide credit reporting, so our borrowers rebuild their credit as they make mortgage payments. We will incorporate client feedback and input from our community advisory board into our processes and procedures and into our evaluation of new potential products.

Explore Enhancements to SUN's Model, as Well as Potential New Products That Align with Changes in Need, Political Landscape and Opportunity

SUN has developed a core competency in residential mortgage lending to higher-risk borrowers. We will seek to leverage that expertise and our mortgage broker licenses to explore the development of products, services and partnerships that increase the availability of residential mortgage credit for low- to moderate-income homeowners. We will innovate and test new products with the goal of stabilizing more households in our target markets.



Debbie W. in Cumberland, Maryland repurchased her home through SUN in 2015, reducing her monthly payments by 43% and her mortgage principal balance by 24%.

SUSTAINABILITY INITIATIVES

Boston Community Capital launched our Sustainability Initiatives—which include BCC Solar, our Energy Advantage Program and more recent efforts focused on community resiliency—to ensure that low-income individuals and communities benefit from renewable energy and energy-efficient systems and design, while also helping to address challenges posed by climate change. Together, these initiatives stabilize and reduce energy usage and operating costs for affordable housing, community facilities and businesses that serve low-income communities, while strengthening the resiliency and long-term sustainability of these communities.

Since launching our Sustainability Initiatives in 2008, BCC Solar has become one of the largest providers of solar energy for low-income communities in Massachusetts and the U.S., with over seven megawatts of solar capacity—over 26,000 panels installed across the Commonwealth. Through the end of 2016, these panels have generated over 25.5 million kilowatt hours of solar electricity, enough energy to power over 1,000 homes per year. We have developed pioneering new financing structures to allow nonprofit and public facilities to benefit from renewable energy programs. For this work, BCC received recognition from the White House as a Solar Champion of Change. We have piloted new financing tools for energy-efficiency retrofits of existing affordable housing, resulting in reductions of more than 30% in energy use and operating cost. BCC also co-founded and capitalized WegoWise, which provides utility tracking and benchmarking services for property owners and managers, and has the nation's largest database of utility use for affordable housing.



80% of Massachusetts residents either have rooftops that are unsuitable for solar panels or are tenants. "Shared solar" plans-where solar electricity generated in one place can be used in another-make it possible for all residents to share in the benefits of clean energy, while stabilizing their energy costs. Our shared solar project in Gardner, Massachusetts transformed a barren brownfield site into a ground-mounted solar array that saves four local organizations tens of thousands of dollars annually on their electricity bills, while generating land lease and tax revenue for the City of Gardner.

From 2017 to 2021, we plan to:

- Develop solar installations serving affordable housing, community facilities and low-income communities that more than double our solar capacity from 7 to 15 megawatts, focusing on community shared solar
- Advocate at the local, state, regional and national level for solar and energy policies that provide for and prioritize equitable access to new and clean technologies for low-income communities
- Expand performance-based financing for energy-efficiency projects that enhance the long-term resiliency of buildings
- Collaborate in efforts to strengthen community resiliency

Develop Solar Installations Serving Affordable Housing, Community Facilities and Low-Income Communities That More Than Double Our Solar Capacity from 7 to 15 Megawatts—Focusing on Community Shared Solar

Our projected growth will focus on community shared solar—solar photovoltaic systems that can distribute the economic benefits from a solar facility located at one site to other utility customers. Community shared solar projects allow properties and individuals who do not own their own roofs, or whose rooftops are not suited for solar installations, to stabilize and lower their electricity costs.

We will explore expansion of our solar work to new states, with an initial focus on Rhode Island and Connecticut. We will also explore ways to coordinate installation of solar energy systems for BCLF and SUN clients.

As new back-up and storage technologies become available, we will explore ways to use these technologies to capture additional savings and provide resiliency protections to our existing and new customers.

Advocate at the Local, State, Regional and National Level for Solar and Energy Policies That Provide for and Prioritize Equitable Solar Access for Low-Income Communities

Working with peers in the low-income, community development, affordable housing, environmental justice, environment and clean energy fields, we will share best practices and support energy policies that expand access to solar and other renewable energy technologies for low-income communities. We will continue our participation in the National Community Solar Partnership and in CDFI-industry energy initiatives.

Expand Performance-Based Financing for Energy-Efficiency Projects That Enhance the Long-Term Resiliency of Buildings

We will work with BCLF to increase its annual lending to affordable housing developments for integrated energy efficiency, resiliency and Healthy Home upgrades, with a target of 30% utility savings and lower maintenance and repair costs. We will work to develop secondary markets for energy efficiency financing to facilitate better matching of amortization periods with the lifecycle of energy





Solar panels on the roof of Somerville Community Corporation's Saint Polycarp Village, an affordable housing development in Somerville, Massachusetts, generate enough electricity to offset energy costs not only for Saint Polycarp Village, but also for another Somerville Community Corporation-operated building that provides housing for formerly homeless individuals and families



Our Energy Advantage Program and Boston Community Loan Fund partnered with MassHousing to provide deep energy retrofits to Powdermill Village, a 250-unit affordable housing development in Westfield, MA. This loan has increased the energy efficiency of this lowincome, multifamily housing in western Massachusetts. improving the longevity and sustainability of the development while making it healthier-and greenerfor residents.

improvements. We will seek to use WegoWise data to benchmark BCLF's portfolio to identify energy conservation opportunities, to assess the performance of conservation improvements, and to integrate energy performance standards and financing into BCLF's traditional lending.

We will also seek to:

- Expand our energy efficiency lending to community facilities
- Develop financing partnerships with emerging community-based energy service companies, which help design and implement energy savings projects

• Create a pilot financing program for affordable housing developments that helps overcome impediments to making initial investments in high efficiency mechanical systems that would create long-term operating savings and improvements

Collaborate in Efforts to Strengthen Community Resiliency

With the rapid emergence of new utility-related technologies, such as battery storage and microgrids, we will participate in demonstration projects that include low-income communities and residents. We will use our experience with these demonstration projects to help ensure that the needs and circumstances of low-income communities, institutions and residents are reflected in policies designed to expand those technologies.

For example, a microgrid is a discrete energy system that can provide emergency power to critical services or properties, such as hospitals, in a local area in the event of a wider power outage; microgrids also lower electricity costs during normal times. Lower equipment costs and new communication technologies to manage microgrids are making these systems cost-effective for resiliency and a lower-cost alternative to conventional utility grid upgrades. Our demonstration projects will connect vulnerable populations, e.g. residents of elderly housing developments who cannot relocate in a power emergency, to microgrids.

We also will seek to lead or participate in energy storage pilot programs serving community facilities and affordable housing, such as the Massachusetts'

Advancing Commonwealth Energy Storage Initiative, which endeavor to provide significant electricity cost savings during normal times and back-up power for critical services and safety during emergencies.

We will seek opportunities to develop business or financing models to deliver microgrid and storage services and investments to low-income communities, and to deploy these strategies, investments and products, as appropriate, to benefit SUN and BCLF borrowers.

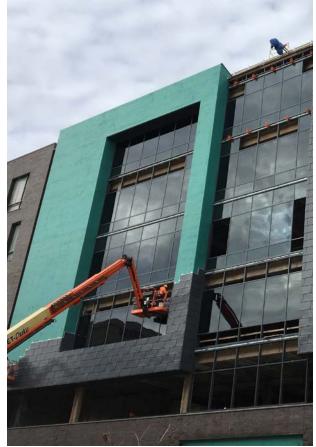


NEW MARKETS TAX CREDIT PROGRAM

BCC has used the New Markets Tax Credit (NMTC) program to extend our reach nationally to new geographies and new lending areas, including loans to businesses that supply jobs in and help stabilize rural economies. Our NMTC strategy also has generated fees that support innovation in both our core business units and our new initiatives.

BCC is a certified Community Development Entity (CDE) with a national service area. To date, we have received eight NMTC allocations totaling \$523 million. Our investments have helped create and preserve over 16,000 direct and indirect jobs and have helped attract over \$1 billion in private capital into the low-income communities in which they are located.

Through deployment of these allocations and leverage lending for other NMTC projects, BCC has developed NMTC expertise and a project pipeline that enable us to deploy our allocations quickly and effectively, while ensuring maximum benefit to low-income communities.



From 2017 to 2021, BCC will continue to apply for and deploy NMTC allocations, as available, to support and strengthen distressed communities, particularly rural economies. In addition to lending in rural communities, we will lend to small businesses in target states that lag behind the national norm in small business lending. We will:

- Deploy BCC's existing NMTC awards and apply for additional awards as available
- Report on prior awards and monitor for compliance

• Use NMTC proceeds to expand existing lending and launch new initiatives benefitting low-income and underserved communities

• Continue our policy work to support the continuation of the NMTC program

Our New Markets Tax Credit loan to West Haymarket in Lincoln, Nebraska helped transform a historic railyard and former brownfield site into a new commercial facility bringing new economy jobs and opportunities to downtown. HUDL, the anchor tenant, provides technology jobs that represent the future of work, helping attract and retain millennials, including recent graduates of the nearby University of Nebraska, to the city.



Boston Community Venture Fund was one of the earliest investors in car-sharing service Zipcar, which provides social and environmental returns by taking cars off the road and reducing carbon emissions.

BOSTON COMMUNITY VENTURE FUND

Boston Community Venture Fund (BCVF) launched two double-bottom-line venture funds, one in 1997 and one in 2000, to provide equity investments in high-potential businesses that create financial, social and environmental returns. BCVF invested over \$20 million in 21 companies across a broad range of industries—from transportation and media, to education and food services, to life science diagnostics and waste remediation—supporting businesses that provide quality goods and services to lower-income communities or other disadvantaged populations, enhance the stability of lower-income or rural neighborhoods, and create products that enhance the environment. Our investments helped our portfolio companies to leverage over \$200 million in additional investment.

BCVF's social lens brought a unique perspective to equity financing for businesses otherwise overlooked by traditional investors. In the process, we supported companies that radically transformed the markets in which they operate. Our seed investment in Zipcar, for example, not only supported the company's founding and growth; it also jumpstarted the field now known as collaborative consumption. Our investment in Eating Well magazine fostered healthy eating habits, and successfully brought together print media and online content. Our support of Acelero Learning, a pioneering provider of early childhood education and family engagement services, brought transformative change to the Head Start market. Together, BCVF's portfolio companies have created or preserved over 4,000 jobs in communities where low-income people live and work.

Today, we have exited from most of our portfolio companies. We have two remaining companies—Acelero Learning and Selectech—in our portfolio. From 2017 to 2021, BCVF will continue to work with our existing portfolio companies and to seek exits that maximize shareholder and social return. We will distribute capital to remaining investors as we achieve exits while completing all reporting requirements for our limited partners.

WEGOWISE

Energy efficiency provides key benefits to low-income communities. In addition to mitigating the effects of climate change, energy efficient buildings are less expensive to operate, more durable over time and healthier places in which to live. Moreover, the process of making buildings efficient creates new jobs in manufacturing, construction and system maintenance, many of which can be filled by low-income community residents.

As part of our broader sustainability initiatives, BCC identified the lack of a robust building performance dataset as a key barrier to the greater adoption of energy efficiency technologies and practices, particularly for managers of multifamily affordable housing developments. To address this challenge, we co-founded WegoWise, an online platform that tracks utility data, benchmarks energy and water use, prioritizes retrofits, and measures performance results. Bridging big data and energy efficiency, WegoWise automates the collection of large aggregations of utility data and distills it into useful, actionable information for building owners, managers, energy auditors and building efficiency programs, helping them to make better efficiency investment decisions. This innovative and low cost service allows owners of multi-family housing to save staff time and reduce utility spending.

Today, the WegoWise platform is the largest multifamily benchmarking database in the country and has helped clients track and analyze:

- 8.1 million utility bills
- Nearly 48,000 buildings
- Over 2 billion square feet of real estate
- 380+ billion gallons of water
- 1.9 billion therms of gas and oil
- Over 32 billion kilowatt hours of electricity

From 2017 to 2021, BCC will continue to work with WegoWise to maximize financial and social return.

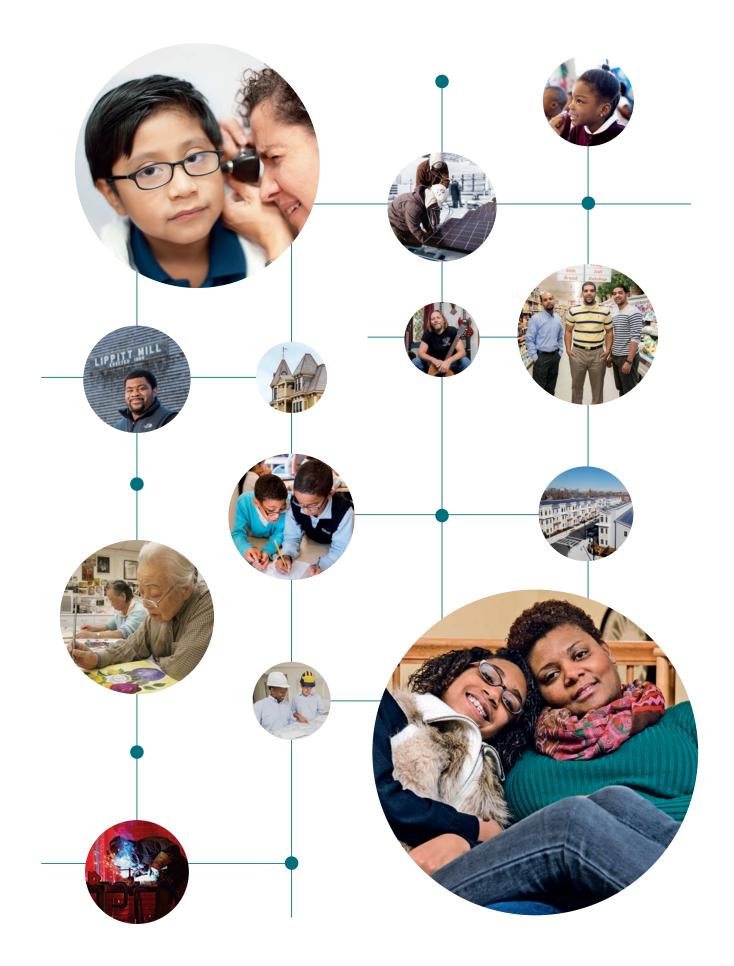
Chinatown Community Development Corporation serves San Francisco residents as neighborhood advocates, organizers and planners, and as developers and managers of affordable housing. The organization partnered with WegoWise to better understand utility costs across 23 buildings; they used WegoWise data insights to engage residents in an education campaign that helped reduce water usage by 18%.



Conclusion

While we cannot predict what the future will look like for the low-income communities we serve, BCC embarks on this strategic plan inspired by our borrowers, our investors and the promise of the world we are working to build together. Driven by the creative, collaborative and entrepreneurial spirit that has fueled BCC's success for over three decades, we commit ourselves to using all the tools at our disposal to build wealth, opportunities and lasting change in our communities.

EDITOR Jessica Brooks DESIGN Hecht/Horton Partners ILLUSTRATION Dante Terzigni PHOTOGRAPHY Marilyn Humphries, except as follows: Table of Contents and page 19 (Nancy and Mark, SUN family) Steve Becker Photography • page 20 (Enrique, SUN) Steve Becker Photography • page 21 (Debbie, SUN) Erik Dobecky, Foci Systems LLC • page 25 (West Haymarket) Courtesy of WRK Real Estate LLC • page 26 (Zipcar) Courtesy of Zipcar • page 27 (Chinatown CDC) Richard Wheeler, Wheeler Imaging • page 29 (Ascend) Courtesy of Ascend Learning, Inc. • page 29 (Lisa Shepard) Erik Dobecky, Foci Systems LLC







.



圃

鮞

10 MALCOLM X BOULEVARD GROUND FLOOR BOSTON, MA 02119 BOSTONCOMMUNITYCAPITAL.ORG