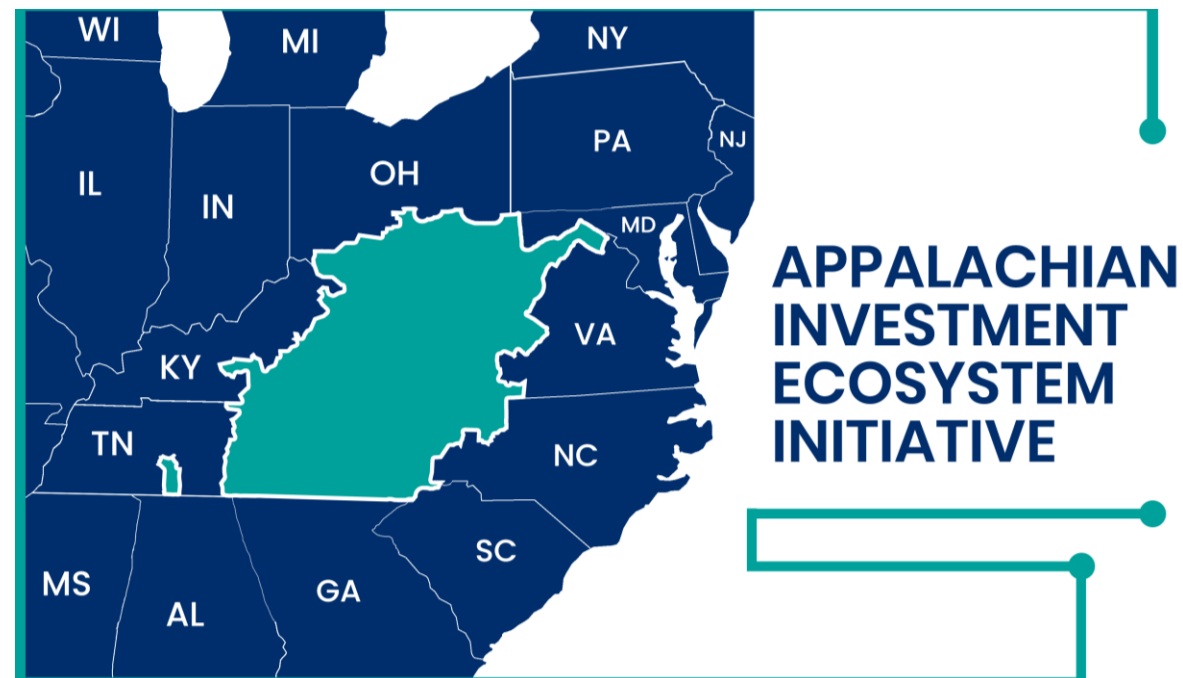


Local Impact Investing for Appalachian Foundations: Opportunities and Examples

Not by Grantmaking Alone

Session 1 | November 2, 2022



About AIEI

The Appalachian Investment Ecosystem initiative (AIEI) is a multi-year effort (2019–2022) to build on years of locally led work to strengthen and fill gaps in the community investment ecosystem in Central Appalachia.

A more effective ecosystem should be able to attract and absorb capital in ways that strengthen regional capacity and advance social and economic opportunity that in turn leads to better health and well-being in the long-term.



Workshop Series Objectives

- Explore opportunities beyond grantmaking for foundation capital to make a difference in communities
- Revisit assumptions around financial return, risk, and community impact to help foundations unlock additional resources for the region
- Identify community partnerships and networks for exploring a role in the investment system



Who's in the "Room"?

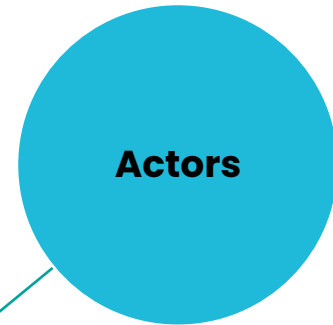
10 minutes for short introductions:

- *Name, foundation, role, place*
- *Why you're here today*

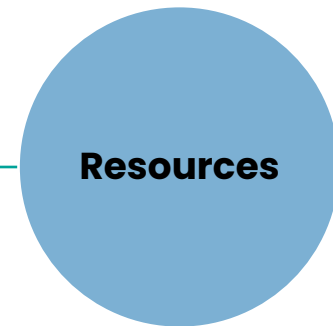
Not by Grantmaking Alone

Key elements that *encourage or constrain* the flow of investment capital to community priorities.

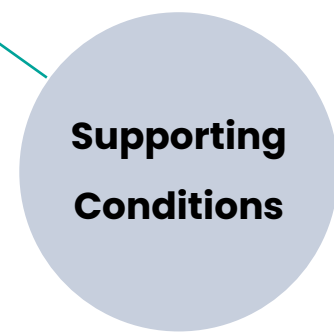
Community Investment Ecosystem



- Anchor Partners
- Technical Assistance Providers
- Community Leaders



- Financial Intermediaries (banks, CDFIs, Foundations)
- State/Federal Partners
- Investors



- Cultural
- Regulatory
- Economic
- Political

Historic Masonic Theater

Clifton Forge, Virginia



Actors

- Anchor Partners
- Technical Assistance Providers
- Community Leaders

Resources

- Financial Intermediaries (banks, CDFIs, Foundations)
- State/Federal Partners
- Investors

Supporting Conditions

- Cultural
- Regulatory
- Economic
- Political



Overcoming the Language Barrier

Investment

Funding vs Financing

Integrated Capital

Impact Investing

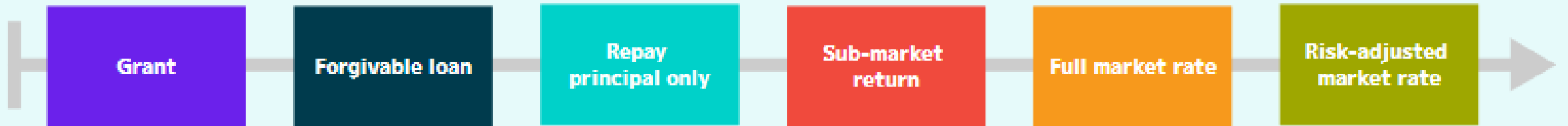


Spectrum of Capital

Spectrum of Financial Return

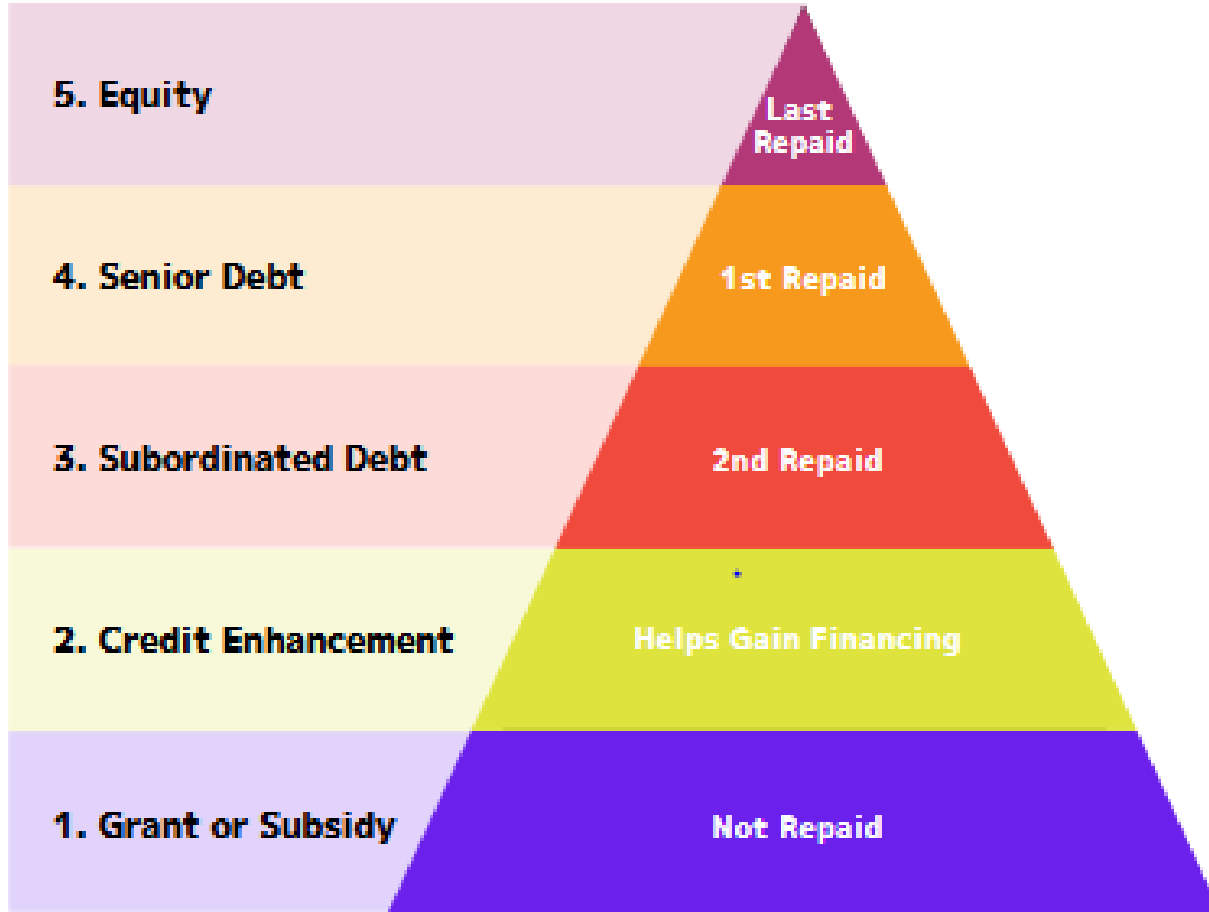
Impact is primary

Financial return is primary



With permission from Center for community investment. © 2021

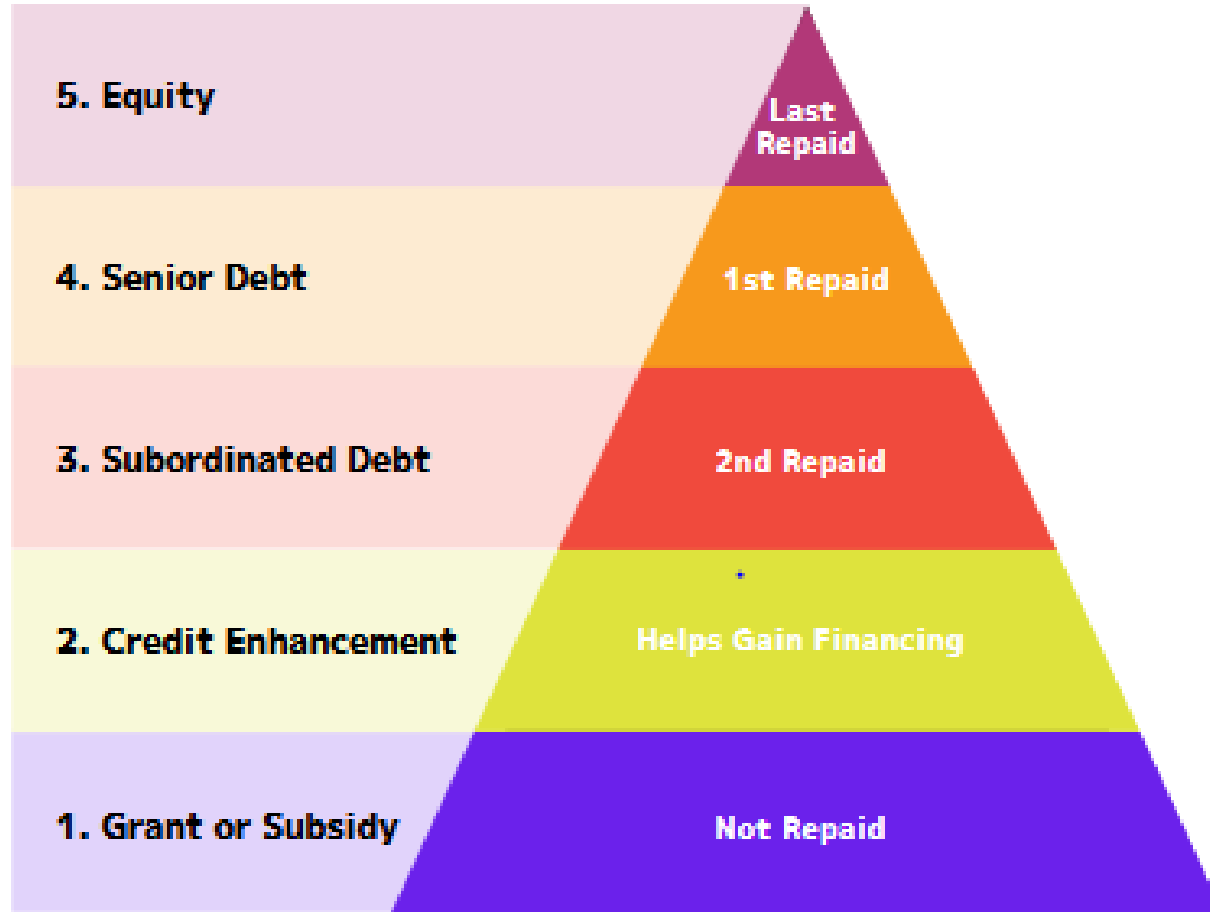
Capital Stack



Source: [Thriving Downtowns: an investment playbook for rural Appalachia](#)

www.locusimpactinvesting.org

Capital Stack



Financing: capital provided in exchange for shares in the overall profit/value of the business upon the sale or exit

Financing: conventional debt (loan or mortgage) provided in exchange for payments made at regular intervals with interest, for a defined time

Funding/Financing, patient capital (loans, forgivable loans, or recoverable grants) that can be repaid slowly

Funding: capital tools, like guarantees, that help reduce the perceived risk for investors in high-impact projects/businesses

Funding: not expected to be repaid, but expect social or environmental returns



When these impact investments
are made locally

We call it ***Local Impact Investing*** defined as investing into local companies, organizations or funds with the intention to generate measurable community benefit alongside financial returns.



Building a Tourism-Related Asset

Hastings, Michigan \$4,700,000

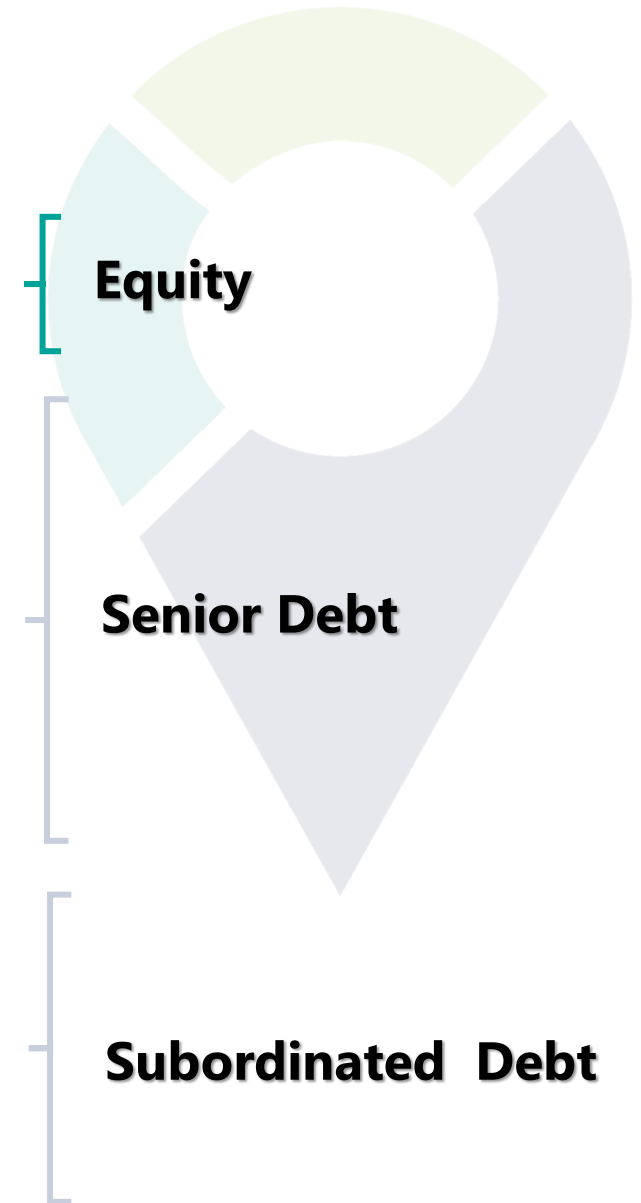
- Hastings is a vibrant, thriving community twenty miles southeast of Grand Rapids. Hastings is adjacent to Gun Lake, a year-round popular leisure and sporting venue.
- Despite this prime tourism location, Hastings did not have any hoteling options within a 10-mile radius of town.
- Many in the community viewed this as an economic development challenge.
- A set of local entrepreneurs approached a local bank and the Barry Community Foundation with an investment opportunity – bringing a Holiday Inn to Hastings.
- Through co-investment, the hotel was built and now serves as an economic development asset and a community facility (even hosting children’s swim lessons in the pool!)



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Affordable Housing

Martinsville, Virginia

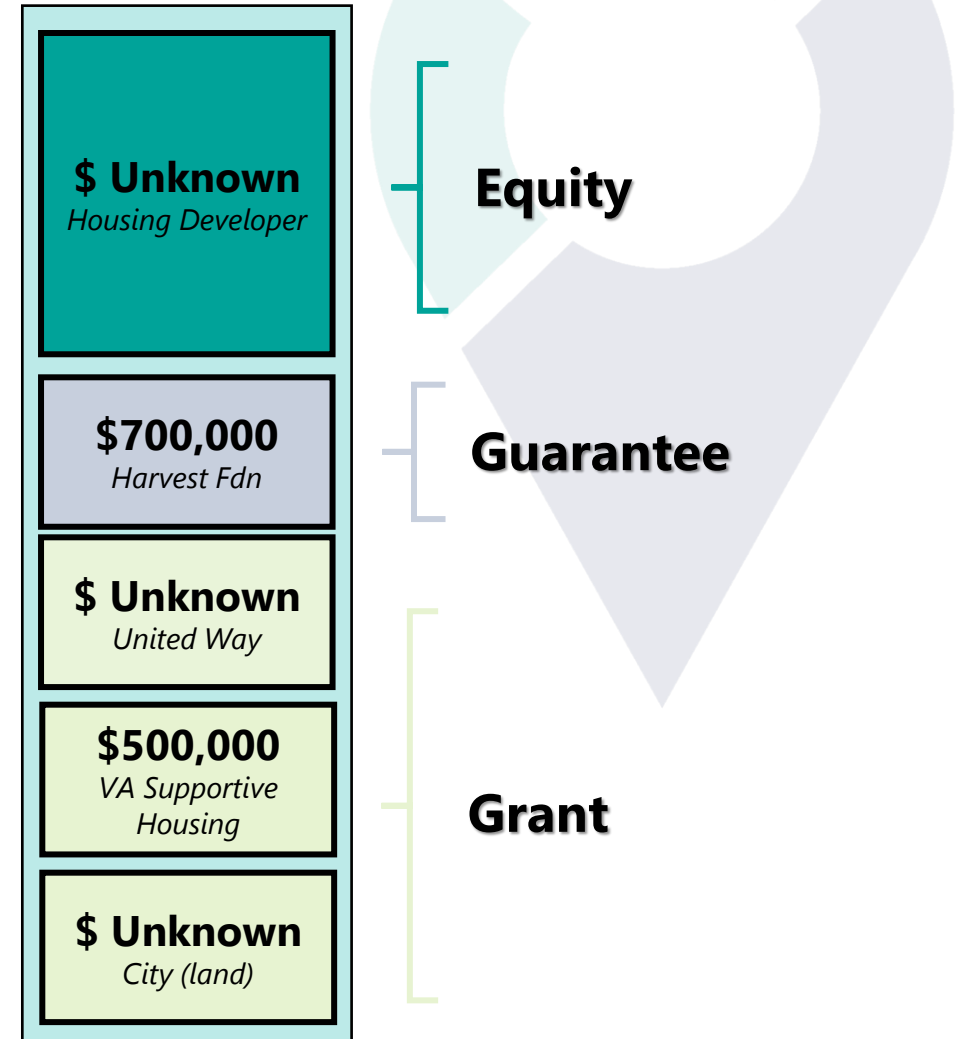
- A 2020 Housing Study highlighted the need for affordable housing to attract and retain new residents, many of whom commuted into the region for work.
- A national manufactured housing corporation, headquartered in the city was interested in “giving back” to their home location and became a partner, along with local and state government, United Way, USDA and the local foundation.
- These partners worked with the City of Martinsville to secure the Five Points land, in an area targeted for revitalization.
- Focus on building a townhome neighborhood starting with 5 homes and expanding to 27 units.



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An Evolving Journey toward Investing Locally



Tess Martin
Director of Impact
Investing and Treasury
Coastal Community
Foundation of
South Carolina



Herbert Drayton
Board Chair
Coastal Community
Foundation of
South Carolina



Q & A

Next Step Resources

- **Impact Investing Glossary** – prepared for VFN and AFN
- **Thriving Downtowns Playbook** – pp 46-53



- **FAQs about Local Impact Investing** – LOCUS



Preview of Session 2

Thinking Differently about Risk, Return and Community Impact

- Why do we need to think differently about risk and return – both financial and community impact?
- Regional foundation investment stories
- Tools and strategies for deploying capital into community investments



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