NALCAB
Catalyst Fund I, LLC
NALCAB Catalyst Fund

The development of the NALCAB Catalyst Fund was made possible with support from the JP Morgan Chase Foundation and the Ford Foundation.
Introduction to the NALCAB Network

• NALCAB is a 501 (c)(3) membership organization with 110+ organizations serving more than 40 states and DC

• NALCAB membership includes numerous high-capacity, non-profit real estate developers

• NALCAB connects low- and moderate-income communities to capital

• Since ‘08, NALCAB has been a catalyst for well over $300 million in investments through its member network to advance affordable housing, small business investment and consumer financial capability
Purpose of the Catalyst Fund

To create affordable housing that opens a **path to economic mobility** for low-income and minority individuals by providing **access to employment, quality education and health care resources.**
Social Impact: Why Housing?

• Research from The Harvard Equality of Opportunity Project and many others demonstrates that our zip code powerfully shapes our economic opportunity.

• Stable, affordable housing that provide access to employment, quality education & health care resources is critical for economic mobility.

• Affordable homeownership remains the most important wealth-building opportunity for most families.
The Fund will invest in **single family** and **small multifamily housing** deals that serve households with a **mix of incomes** and produce a financial return.

The Fund will target deals in **appreciating neighborhoods** that provide access to employment, quality education and health care resources.
The Fund engages experienced NALCAB Network developers to provide development, management and buyer/tenant services.

*Escalera* Community Investments – A NALCAB Company is the Managing Member and has provided asset management services since 2016.
Exit Strategy

Single family or condo housing will be sold to qualified buyers that receive HUD certified counseling.

Rental property will be sold to mission-oriented institutions, with the first right of purchase provided to NALCAB developers.
Factors That Mitigate Investor Risk

Collateral: Investments are secured by the real estate and notes owned by the fund. The Fund invests in real estate in appreciating neighborhood markets.

Loss protection: NALCAB Network Investors, LLC provides other equity investors with loss protection in the form of subordinated equity in an amount equal to 5% of their committed capital.

Diversification: Upon full deployment, local investments will be in multiple markets, limiting exposure in any one location.
## Factors That Support Social Impact

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<thead>
<tr>
<th>Non-profit developer network</th>
<th>Local hiring/contracting; Services for residents; Leverage subsidy to enhance affordability</th>
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<tbody>
<tr>
<td>Charitable oversight committee</td>
<td>Ensures focus on social impact by transaction</td>
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<td>Limited commercial leverage</td>
<td>Allows flexible decision-making re: social impact vs. financial return at the deal level</td>
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<td>Connection to a Developer Network</td>
<td>Supports deal sourcing and rapid capital deployment. Access to subsidy for take out and sustained affordability of rental portfolio.</td>
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<td>5 Year Term</td>
<td>Fits single family and small multifamily development, financing and take out timelines.</td>
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<td>Equity/ PRI Hybrid</td>
<td>Low debt service allows flexibility to reposition underperforming assets.</td>
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### Examples from Developer Network

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<tr>
<th>Chicanos Por La Causa, Est. 1968</th>
<th>Affordable Homes of South Texas, Est. 1976</th>
<th>CRHDC of Colorado, Est. 1971</th>
<th>TRP of Chicago, Est. 1990</th>
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<tbody>
<tr>
<td>Assets: $115 MM</td>
<td>Assets: $48 MM</td>
<td>Assets: $18 MM</td>
<td>Assets: $71.5 MM</td>
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<tr>
<td>Arizona, Las Vegas metro, Northern New Mexico</td>
<td>South Texas</td>
<td>Colorado outside of Denver</td>
<td>South Chicago neighborhoods and suburbs</td>
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<td>Since ’07: 485 single family, 1,067 multifamily, 1,302 homebuyer counseling</td>
<td>Since ’07: 802 single family, 2,535 homebuyer counseling</td>
<td>Since ’07: 210 single family, 161 multifamily, 4,800+ homebuyer counseling</td>
<td>Since ’07: 36 1-3 unit properties, 118 multifamily, 3,000+ homebuyer counseling</td>
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Experience

From 2010 – present, the NALCAB Network successfully deployed a large grant from the U.S. HUD Neighborhood Stabilization Program (NSP) for the acquisition, rehab and development of foreclosed and vacant properties in 8 states and DC. NALCAB served in an asset management role. Total deployment including program income has exceeded $250 million.
Experience

President Obama and HUD Sec. Castro recognizing Chicanos Por La Causa and NALCAB on January 8, 2015 in Phoenix, AZ.
Keys to Success of NSP Consortium

• Consortium of local developers allowed **multi-market impact and scale**

• NALCAB members brought **local relationships, market intelligence and development capacity**

• NALCAB ensured **network cohesion, effective asset management and leverage**
Hispanics are the nation’s youngest and fastest growing major population segment and are struggling to rebuild wealth in the post-recession era. The NALCAB Catalyst Fund is part of the solution, creating pathways to economic mobility.
Upon request, NALCAB is prepared to provide:

• term sheet and private placement memorandum;
• financial modeling and social impact estimates;
• detail on qualified developers;
• detail for potential pipeline; and
• qualifications of the fund management team.

Contact
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