

## **Fact Sheet: Kansas City Social Investment Pool**

### **What is the KC Social Investment Pool?**

The Kansas City Social Investment Pool is a new, first-of-its-kind fund dedicated to urban core housing rehabilitation. The concept was created by a collaboration between Legal Aid of Western Missouri, Stinson Leonard Street LLP and AltCap, a Community Development Financial Institution. The Stinson Leonard Street firm donated *pro bono* support to the project.

### **How was the KC Social Investment Pool created?**

The pool was created with \$200,000 from civic-minded local investors, along with a \$105,000 donation commitment from First Federal Bank of Kansas City.

### **How does the KC Social Investment Pool work?**

The pool will be managed by AltCap, which will underwrite and service loans to rehabbers who are working in partnership with neighborhood associations represented by Legal Aid of Western Missouri. Rehabbers or home owners can apply for the loans through the AltCap website ([www.alt-cap.org](http://www.alt-cap.org)) or by calling 816-216-1851.

### **Why is the KC Social Investment Pool needed?**

With more than 5,000 vacant homes and lots in Kansas City, there is an urgent demand for housing rehab funding to improve abandoned and blighted residential properties in the urban core. Legal Aid of Western Missouri already helps neighborhood associations and rehabbers gain title to abandoned properties, but often home rehabbers lack the funds to take on the improvement projects. Traditional bank loans are not typically available and costs of other forms of financing can be prohibitive.

### **Why provide funds for housing rehabilitation?**

Abandoned and blighted housing are magnets for crime and arson. They reduce neighboring property values and discourage investment in nearby properties. They greatly reduce the quality of life of people who have to live near them. The KC Social Investment Pool helps revitalize urban core neighborhoods by providing the funding to allow urban core rehabbers to turn blighted properties into good quality homes for working, low-income families.

### **Who are the investors in the fund?**

The investors are philanthropically minded people who live in Kansas City and want to help make life better in the urban core of their city.

### **What do the investors expect to receive from their investment?**

The investors will measure their return in social impact – the number of houses reclaimed for use by families, the number of neighborhoods assisted, the number of families placed in safe

and affordable housing. The pool's structure allows for a maximum return of the initial investment plus a distribution of 1 percent per year, if available.

**How will the Kansas City Social Investment Pool be sustained?**

The pool will be sustained by loan repayments and future investments.

**Which neighborhoods are eligible for KC Social Investment Pool loans?**

- Scarritt
- Indian Mound
- Lykins
- Independence Plaza
- East 23rd St. PAC
- Blue Valley
- Sheffield
- Washington Wheatley
- Key Coalition
- Santa Fe
- Mount Hope
- Boston Heights
- Ivanhoe
- Oak Park
- Palestine
- Vineyard
- 49/63
- Blue Hills
- Town Fork Creek
- Mt. Cleveland
- Swope Parkway / Elmwood
- Marlborough East
- Marlborough West
- Tri-Blenheim
- Neighborhoods United for Action (NUFA)
- Ruskin
- Forgotten Homes
- Manheim Park

**What are the terms of the loans?**

Loan terms are flexible and offered at a rate fixed within 8 to 14 percent. Terms include a 5 percent origination fee and no pre-payment penalties. Each loan is assessed case by case and the AltCap lending team will work with you to determine how much you may need to invest in the project, which may include equity in the proposed collateral.

**How many loans will the program make?**

The program expects to see 20 houses rehabbed in the first three years of operation.

**How does the KC Social Investment Pool work with the Urban Neighborhood Initiative?**

The programs are separate and complementary. Both share a commitment to the development of urban neighborhoods and support to homeowners. Urban Neighborhood Initiative welcomes the addition of the KC Social Investment Pool as a new opportunity to develop affordable housing in the urban core.

**Are there other programs like the KC Social Investment Pool?**

Globally, impact investing is estimated to account for \$114 billion, according to the Global Impact Investing Network, which tracks and measures impact investment trends. Most investments target basic social needs or environmentally sustainable operations, but this fund focuses exclusively on supporting rehabbers increasing livability in urban neighborhoods. It is unique in the Kansas City region, and is already beginning to serve as a model for others.

### **How can rehabbers learn about the loan program?**

AltCap and Legal Aid are hosting a workshop at 11:30 a.m. Thursday, Aug. 23 at the Seton Center, 2816 E. 23<sup>rd</sup> St., Kansas City, MO 64127. Additional information is available at [www.alt-cap.org/home-rehab](http://www.alt-cap.org/home-rehab) or by contacting Davin Gordon, Business Development Officer at [davin@alt-cap.org](mailto:davin@alt-cap.org) or (816) 216-1851.

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### **About [Legal Aid of Western Missouri](#)**

Legal Aid is the only organization in western Missouri that provides free, comprehensive civil legal services to low-income people. Our work is highly cost-effective and addresses root causes of community problems. Legal Aid collaborates with other community organizations working on housing, health care, public assistance, domestic violence and other issues to solve community problems.

### **About [AltCap](#)**

AltCap is a Community Development Financial Institution (CDFI) committed to building stronger communities and a thriving economy in the Kansas City metro. From New Markets Tax Credits to small business and microloans, AltCap has generated significant economic and community impact through key community investments, creative financing options for job creating small businesses, and by connecting entrepreneurs to the necessary expertise and resources they need to prosper.

### **About [Stinson Leonard Street](#)**

Stinson Leonard Street provides transactional, counseling and litigation services to clients ranging from individuals and privately held businesses to national companies and international public corporations. The firm blends a collaborative environment, cost-effective project management and deep legal knowledge to deliver value on each matter and a rewarding experience to each client. Stinson has offices in 13 U. S. locations. In 2016, attorneys and staff in every practice group participated in the firm's *pro bono* program, donating more than 23,000 hours in free legal services.

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