Impact Investing and Community Development

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Impact Investing and Community Development

by Ron Phillips

Impact investing is part of the decades-old tradition of corporate social responsibility. The author focuses on community development entities, which are nonprofit charitable organizations with the capacity to manage and deploy capital to provide a “helping hand” through investment for at-risk populations and regions. He notes how the impact investing and community development fields share goals of helping create healthy and sustainable communities.

INTRODUCTION

The policy and practice of impact investing burst onto global investing markets following the financial crisis of 2008. Articles and academic treatises on the topic abound. Governments, banks, foundations, and a plethora of private and public advocates and institutions—wealth managers, managers of mutual and pension funds, endowments of religious organizations and universities—have been looking at ways to steer their capital into more socially responsible investments.

The term impact investing was first coined by the Rockefeller Foundation in 2009 at its gathering of thought leaders in Bellagio, Italy. Impact investing is part of the decades-old tradition of corporate social responsibility that holds domestic and international financial institutions and corporations accountable for harmful employment, community, or environmental impacts. At the Bellagio gathering, investors, entrepreneurs, and philanthropists came together to reflect on the question of how to harness the power of the market for the good of the commons. This seminal gathering led to the catalytic report “Impact Investing: An Emerging Asset Class” and to an early definition of the term: “Impact investments are investments intended to create positive impact beyond financial return” (O’Donohoe, Leijonhufvud, and Saltuk 2010: 5).

In recent years impact investing has come to the fore among several of Maine’s leading family foundations including the Betterment Fund, Sandy River Charitable, Sewall, and Maine Community Foundation. Social impact strategies in Maine are taking shape, involving players from multiple sectors including a wide range of community organizations involved with services to low-income individuals and families; social investors connected with national and state chapters of “Slow Money,” a network of socially conscious individuals with resources that make small loans to boost Maine’s local food production and distribution; Maine’s banking and credit union sector; and in some cases, local and state government. Most recently the Maine Community Foundation set aside funds to direct resources to sectors that hold promise for Maine’s economic development including sustainable agriculture and fisheries, small town mill development, and affordable housing. Impact investing is also aligning with municipal and government agency grants and loan programs, such as the Small Business Administration or U.S. Department of Agriculture, which annually guarantee loans and deploy millions of dollars in Maine and billions of dollars nationally in projects ranging from small business, to water, sewer, renewable energy, affordable housing, and community facilities.

Nationally and internationally, impact investing involves multiple kinds of organizations, multiple strategies, and multiple sectors ranging from environmental issues and clean energy to health and economic development. The focus in this article is on impact investing and community development entities, which are largely nonprofit charitable organizations with the capacity to manage and deploy capital. I hope to provide greater understanding and insights about the relationships between the impact investing and community development fields, which have shared goals of helping create healthy and sustainable communities. In the flurry of excitement over impact investing, the potential to partner with and invest in community development organizations is a topic that needs further exploration.
WHAT IS IMPACT INVESTING?

There is not full agreement on exactly what impact investing is investing, let alone how best to participate in community development. Advocates and practitioners of corporate social responsibility argue that impact investing has been around for decades, albeit from a negative perspective, that is, staying away from investments in companies that do harm. In 1972, the ecumenical Interfaith Center on Corporate Responsibility of the National Council of Churches in New York City was formed to do just that. Since then members have challenged corporations in many areas, from promotion of infant formula as a replacement for breast milk in developing countries, to the impact of fracking on water quality in oil production. Another recent example is the current campaign of 350.org advocating for divestiture in fossil fuel producers. Stanford University raised the bar on the negative nuance to impact investing by announcing a divestiture of securities in the more egregious companies involved in fossil fuel production.

Historically, this strategy was most dramatically evidenced in the international movement against South Africa’s apartheid regime. One can also reach back further in history of examples protesting unjust practices such as slavery. The eighteenth-century sugar merchant and Quaker John Wright wrote:

Therefore being impressed (as I have said) with the Sufferings and Wrongs of that deeply injured People and also with an Apprehension, that while I am a Dealer in that Article, which appears to be a principal Support of the Slave-Trade, I am encouraging Slavery. I take this Method of informing my Customers, that I mean to discontinue selling the Article of SUGAR, (when I have disposed of the Stock I have on hand) ’til I can procure it through Channels less contaminated, more unconnected with Slavery, and less polluted with Human Blood.

Some might even cite the creation of the Farm Credit System in 1916 to finance agriculture and other rural projects or the Federal Home Loan Bank in 1932, which opened the doors for home ownership, now capitalized on the Wall Street bond market, and a whole series of subsequent government-driven financing products and programs as inspired by impact investing goals.

In recent years investment criteria have favored companies with progressive environmental, social and governance practices referred to as ESG. Importantly, at the federal level the Securities and Exchange Commission rules governing fiduciary managers and the Department of Labor’s regulations governing public retirement funds have been pressed to advance this evolving world of impact investing with more favorable guidelines that include ESG. Internationally, in 2015 the G8’s Social Investment Task Force issued a catalytic report on social investing that challenges financial institutions, corporations, and their respective nations to take requisite steps to deal with society’s fundamental challenges, whether poverty or climate (G8 Social Impact Investment Task Force, 2014). Darren Walker, president of the Ford Foundation, was appointed chair of the U.S. National Advisory Board on Impact Investing. The 2014 report “Private Capital Public Good: How Smart Federal Policy Can Galvanize Impact Investing and Why It’s Urgent” sets forth a public and private sector regulatory and policy strategies to steer capital for the common good (U.S. National Advisory Board on Impact Investing 2014).

At the state level, many pension funds have implemented economically targeted investment policies to induce greater benefits to communities. Among them, California’s Sacramento-based pension fund, CalPERS, is acclaimed for advancing the welfare of Californians in need of affordable housing, or making venture capital investments in job-creating firms. In short, there has emerged a wide range of public and private interests that are—or potentially can be—engaged in impact investing.

More than just a financial return, then, impact investing is the proactive pursuit of the investor community at diverse individual and institutional levels who seek social and environmental value from wealth managers. Investors are looking to fulfill a common definition of impact investing as described by the Global Impact Investing Network (GIIN), the international advocate spawned by the Rockefeller Foundation’s initiative:

Impact investments are investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets, and target a range of returns from below market to market rate, depending upon the circumstances.

The growing impact investment market provides capital to support solutions to the world’s most
pressing challenges in sectors such as sustainable agriculture, affordable housing, affordable and accessible health care, clean technology, and financial services.⁶

COMMUNITY DEVELOPMENT

In the United States, there is a growing 50-year-old industry of several thousand community development corporations (CDCs), community development financial institutions (CDFIs), community development banks, credit unions, and microloan funds that make up an important segment of the impact investing spectrum. They are a tested and experienced delivery system for raising, managing and deploying funds and benefiting communities and populations in need.

CDCs/CDFIs can be an important segment of the impact investing spectrum. Several exist in Maine including Avesta Housing, Coastal Enterprises, Inc., Community Housing of Maine, Community Concepts, Inc., Four Directions Development Corporation (the four-tribe Native American CDFI), Penquis Community Action Agency, Genesis Community Loan Fund (originally a faith-based loan fund). Related national and intermediary trade associations that support local development include the Local Initiative Support Corporation in New York City, set up by the Ford Foundation in 1979; NeighborWorks, organized in 1977 in Washington, D.C., and Opportunity Finance Network in Philadelphia, the voice of the CDFI industry. These organizations, representing hundreds of community development groups throughout rural and urban America of varying sizes and capacities, form the web of opportunity in which impact investors can engage.

Today these kinds of community development entities are raising and managing funds drawn from diverse private and public sources; investing in affordable housing and community facilities such as health clinics and small businesses; and helping revitalize neighborhoods and rural regions throughout America. Added to this is the rapidly growing international network of organizations working to invest, create opportunity, and stem poverty and low incomes on every continent. The Calvert Social Investment Foundation, based in Bethesda, Maryland, and established by founders of the Calvert Mutual Fund Group, ranks among the leading U.S. and international community investing organizations. Initially established with funds from the United Presbyterian Church, U.S.A., Oikocredit in Amersfoort, Netherlands, and Washington, D.C., is perhaps the largest faith-based sustainable development financing organization with $1 billion in capital.⁷

The unique attribute of CDCs/CDFIs is that they work in underserved urban and rural regions. They target funds to where they are most needed and help low-income individuals, children and families, disadvantaged populations, the elderly, those with disabilities, and particularly traditional minority populations at the margins of economic inclusion. CDCs/CDFIs are the proverbial organization that provide a helping hand through investment for populations and regions at risk to achieve a measure of self-sufficiency.

Historical Roots of Community Development

CDCs/CDFIs are rooted in the civil rights era of the 1960s (Von Hoffman 2013). Michael Harrington in his seminal 1963 book The Other America exposed the poverty in America that capitalism had engendered over the many decades. The social, economic, and political dynamics that gave rise to CDCs are as relevant today as

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About Coastal Enterprises, Inc. (CEI)

CEI’s mission is to help create economically and environmentally healthy communities in which all people, especially those with low incomes, can reach their full potential. CEI was organized in 1977 as a CDC at a time when community development was still in its formative stages, and a CDFI in 1994. Privately and publicly funded with grants, loans, and investments from diverse sources, including national and community banks, foundations, religious institutions, individuals, state and federal government agencies, CEI has financed over 2,500 enterprises creating livable jobs, affordable housing, and access to social services such as child or health care, for people and places left out of the mainstream. CEI creates economic opportunities for aspiring entrepreneurs, business, and social services entities to help create sustainable communities. Active both in Maine and throughout rural America, the impact investment network is a critical part of the organization’s ability to grow and have a greater impact on underserved people and places. Please visit us in Brunswick or at http://ceimaine.org
then. CDCs were formed with federal funding in 1965 under Title VII of the Equal Opportunity Act of 1964 to address rampant poverty and disinvestment in America’s urban and rural communities. The Ford Foundation had initially piloted the CDC concept during the 1950s and early 1960s in an effort to steer investment capital to urban ghettos. Called the “gray areas program,” various programs evolved from the initial investments focused on creating economic opportunity for youth caught up in gang culture. Many other federal programs were established during the same period, such as Head Start, community action agencies, and model cities, many of which are now combined under the Housing and Urban Development’s Community Development Block Grant program.

**The statutory purpose of CDCs [community development corporations] was to ameliorate conditions of poverty by attracting investment in specific neighborhoods and rural regions....**

The statutory purpose of CDCs was to ameliorate conditions of poverty by attracting investment in specific neighborhoods and rural regions identified as “Special Impact Areas.” The 1966 Title VII amendment to the Equal Opportunity Act authored by then Senators Jacob Javits and Robert Kennedy of New York provided operating and capital grants to local, mainly nonprofit, CDCs to leverage this capital and invest in minority and economically disenfranchised rural communities and urban neighborhoods. A number of CDCs were formed that were owned and controlled by resident African Americans, Hispanics, Native Americans, or white residents of Appalachia and in other cities and regions cut off from the economic mainstream. Among the first was the Bedford Stuyvesant Restoration Corporation in Brooklyn, New York.

The CDI model was created as a result of the bipartisan Riegle Community Development and Regulatory Improvement Act of 1994. More strictly functioning as lending institutions compared to CDCs, which take on both development and ownership of projects, CDFIs are certified by the U.S. Treasury to target resources, primarily capital, to underserved rural and urban regions of the United States where vast populations live beyond the reach of private capital markets. Maine’s Senator George Mitchell was Senate Majority Leader at that time and helped lead the legislation that has become well-known among community development financing and banking sectors. Still other investment vehicles have been established by local, county, and/or state governments, funded by state and federal resources, such as the Economic Development Administration, U.S. Department of Agriculture, and the Department of Housing and Urban Development.

Community development is by definition place-based. Several thousand entities are active throughout rural and urban America seeking to effect change in the regions where they live. Alexander Von Hoffman (2012: 11–12) reminds us of the important history of community development in the Federal Reserve Banks of San Francisco Low Income Investment Fund publication, *Investing in What Works for American Communities*:

The concept of community development originated in the late nineteenth century when reformers discovered America’s “backward” areas. Socially committed women and men in Settlement Houses and charitable organizations confronted the ills of industrial capitalism: poorly paid immigrant and racial minority wage workers crowded into tenement apartments, cottages, and shacks in seedy neighborhoods near docks, trains, and factories. During the Progressive Era of the early twentieth century, urban reformers connected poverty, overcrowding, crime, youth delinquency, and sundry other social ills to the unsanitary and unsightly slums where the working poor and indigents lived.

**How Do CDCs/CDFIs Operate?**

As mission-driven organizations, CDCs/CDFIs aggregate both private and public capital. They build capacity at the grass roots with flexible capital, whether financing job-creating small businesses through basic revolving loan funds, advising and counseling entrepreneurs or those buying a home for the first time, leveraging funds with banks and other sources, supporting innovative charter school programs and facilities, developing child care or affordable housing, and in rural
communities, developing local farming, fisheries, and forest economies.

The simplest explanation of the kind of financing CDCs/CDFIs do is they fill the gap to help make a project happen, or often, simply to act as an alternative bank for financing about which a traditional bank may not be sufficiently informed, or otherwise is unwilling to undertake. CDFIs target resources to unbanked populations, to underserved rural and urban regions, to community and economic development projects that the private sector cannot or will not undertake. Often, if not for this kind of capital, the project would not go forward. This also explains why partnerships in project financing, such as with a conventional bank, are important. CDCs/CDFIs often put their capital to work in more flexible ways, with repayment or equity returns that are more compatible with the ability of the business to grow and the ability of entrepreneurs to invest his/her own equity or assemble sufficient collateral.

Money-center banks such as Bank of America, Morgan Stanley, and Goldman Sachs, along with community and regional banks such as Maine's Bangor Savings, Machias Savings, the First, Camden National, TD Bank, and KeyBank are active as a source of capital and grant funds. Over the decades the community development industry spans, billions of private and public dollars have been put to work for the benefit of populations at risk. Whether a CDC/CDFI, or a community development entity with similar investment aims, much of the work has been to raise capital and target benefits to low- to moderate-income (LMI) populations. The LMI definition typically follows a U.S. Census tract calculation that identifies populations and regions that fall within 80 percent of what is called the area median income (AMI). This figure is calculated on the basis of the cost of living in a particular area of a county, or a state, or the country that sets the minimum or LMI household income.

PROMOTING SUCCESS IN THE COMMUNITY DEVELOPMENT SECTOR

While progress has been made to raise the quality of life for underserved, minority, and low-income groups in our society, much is left to be done that cannot be achieved without involvement from the impact investing field. Realizing this need to connect impact investing to CDFIs, the CDFI Community Investment Initiative (CCII) came together in October 2010 to collaborate on the research and strategy to better access impact investing funds. A group of a dozen CDCs/CDFIs produced a report, “How to Increase Socially Responsible Investment in CDFIs,” designed to acquaint impact investors with the scale and scope of the community development industry; identify barriers to accessing impact-investment capital; and outline products as asset classes that impact investors could more easily understand. The report has served to move the industry forward, but still not at a pace whereby capital keeps pace with the appetite in the community development field (Cates 2011; Cates and Larson 2010).

Given that community development and impact investing need to be more closely connected, it is important to outline the community development field’s historic challenges and to raise the question of how impact investing capital can be integrated into the effort. Traditionally, the community development sector has been most successful when incorporating four ingredients.

Access to Flexible Capital

The first ingredient is access to flexible grant and investment capital to support programs such as counseling or employment training, along with research on products and services, operations and administration, as well as capital for investment. While most CDCs/CDFIs are nonprofit 501(c)(3) charitable organizations, they do have to manage sound balance sheets with sufficient equity to borrow and deploy funds. Both government and philanthropy play a critical role in providing flexible equity as grants that allow the CDC/CDFI to raise, leverage, and have an impact on the people and markets it is serving.

Mobilizing flexible, patient, and appropriate capital for economic development requires the concerted efforts of many parties in the public and private sectors. The largest share of funds in community development flows from government and the banking community, which is for the most part driven by the Community Reinvestment Act (CRA) of 1977 and subsequent regulations and programs to spur investment in underserved markets. A significant share also comes from major national foundations. Under the Tax Reform Act of 1969 foundations have been able to make what are called Program Related Investments (PRIs). The Ford Foundation was a pioneer in use of PRIs with low cost loans to CDCs/CDFIs to advance program aims, whether in job creation among small businesses, child care facility development, or...
other socially-driven enterprises. Foundations count PRIs as part of their annual distributions. Notable other foundations that have been a source of PRIs include the Annie E. Casey Foundation, Heron Foundation, Kresge Foundation, MacArthur Foundation, and Kellogg Foundation.

For CDCs/CDFIs, government has been an important building block as a source of capital to raise private capital and deploy funds for community and related development projects. Depending on one’s calculation, in 2015 well over $76 billion of federal government discretionary funding was allocated to the housing and community development, and food and agriculture sectors.8

**Leveraging of Capital**

The second element of community development is the leveraging of capital. One of the more difficult, yet important, concepts is the amount that one dollar of an impact investor’s contribution can leverage in additional funds. Similar to a down payment on a home mortgage, the leverage concept is a dynamic one that takes place with others devoting dollars to a specific project or pool of funds. Leveraging a project does more than just increase the dollar amount in a pool of capital; it brings together strategic partners and spreads the risk among a larger group. Common within the leverage concept is the host of governmental incentives such as guarantees that can accompany a leveraged pool.

**Imperative of Policy**

The third component to community investing is the imperative of policy. Lending and investing puts capital in the areas needed, but without engagement in policy, the large-scale goals of community development cannot be achieved (Dickstein 2014). Policies, through regulations that create incentives for private investment, can induce funders to steer their capital towards social good, which can ultimately enable community development efforts to reach meaningful scale. Policy is one of the basic activities measured by Aeris, the CDFI field’s answer to a Moody’s-like rating for CDFIs.9 In other words, while one’s rating in financial performance and social impact is essential, so too is the extent to which an organization engages in policy and advocacy to create a much broader impact on society.

The Community Reinvestment Act (CRA) is perhaps the most well known of the policy initiatives that the community development field has advocated for in respect to bank lending. As the story goes, in Chicago and many other parts of urban America, banks would literally “red line” areas where they refused to make a mortgage or any other kind of loan. These were typically communities of minorities who were victims of widespread and historic discrimination. The organizing efforts of community representatives in the Chicago area called attention to this discrimination, leading to the ground-breaking Community Reinvestment Act that held banks accountable for such actions. According to the 600-member National Community Reinvestment Coalition, which was created to serve as a voice to the CRA movement, more than $6 trillion of bank financing has gone into underserved and minority areas since the law’s enactment in 1977—an amount that may not have been extended if not for policy.

Other policy initiatives in the community development field of this magnitude are few and far between, but over time they do contribute to significant resources for community development and people or regions left out of the economic mainstream. Subsequent to the CRA legislation is the Low Income Housing Tax Credit (LIHTC) of 1986, which has produced hundreds of thousands of affordable housing units for low-income elderly and families. Following the LIHTC path of using the tax code for economic opportunity, the Federal Community Renewal Tax Relief Act was passed in 2000, creating the New Markets Tax Credit (NMTC) program of the U.S. Treasury. The NMTC program, using tax credits as incentives of tax credits, has led to $31 billion in private capital being invested in low-income communities, which has generated $118 billion in economic activity and created and sustained some 750,000 jobs.

Unlike LIHTC, the NMTC is geared to help finance a wide range of community development projects including charter schools, businesses, commercial real estate, nonprofit health and child care facilities, and art programs, all of which make up a sustainable community.
The multibillion NMTC has been a major stimulus for steering capital to low-income rural and urban communities, fueling a mission of economic justice and opportunity. Working with colleagues and in coalitions on policy initiatives of the aforementioned kind is an absolute necessity to induce impact investing in community development. Policy is a crucial ingredient in the complex formula of community investing; it creates an environment conducive to capital formation, deployment, and the development of co-lender relationships.

**Measuring Impact**

The fourth component of successful community development is the measurable impact made in the lives of the people and communities these organizations serve. Impact, here, is notably distinct from output, which is measured in finite terms at the time of an investment, such as the number of jobs created or the number of affordable housing units constructed. Impact, on the other hand, extends beyond this one-time calculation, taking into account the lasting change created in those lives and communities they inhabit. It is true that impact derives from output, but output does not necessarily generate impact. A job may be created at the time of investment, for example, but true impact is only realized in longevity of that position, its sustained wages, and the employees’ work skill development, which has the power to transition them out of poverty and into lives of financial security.

It is the goal of every community development organization to ensure that their outputs are being translated into traceable, positive impact, and it is the distinction between the two that underscores the importance of such a measurement vehicle. Strides have been made by several organizations, such as GIIN or the Low Income Investing Fund with its social impact calculator, to translate outputs such as affordable housing units and child care slots into monetized social impact.

The importance of metrics for community developers is twofold: to ensure their mission is being achieved and to hold CDCs/CDFIs accountable to their funders, as ESG metrics hold large corporations accountable to their shareholders. With a closer analysis on the long-term change being effected within their community, community development organizations are in a better position to produce more detailed, researched strategies for the future. It is these four components of community development that offers a framework from which the impact investor can engage the community development field, and determine what combinations of investment, flexible terms, and even gifts can be directed in such a way as to participate in the missions of these entities.

**Engaging Impact Investing**

For impact investing to be successful, and in particular to engage substantially in the community development field, the financial attributes of impact investing products need to be woven clearly together with an array of other resources. While impact investing requires a financial return, what undergirds such a return is the critical role government plays, often with sophisticated financing mechanisms such as IRS-monitored housing, real estate or historic tax credits, and other subsidies and programs to ensure returns or small business guarantees. Community development practitioners are skillful at drawing capital from multiple sources to develop enterprises that contribute to sustaining communities and their most marginalized individuals, children and families.

**ECONOMY OF JUSTICE: CHALLENGE TO IMPACT INVESTORS**

As I have described, impact investing involves negative screens leading to divestment and/or shareholder protests; positive screens leading to investment in socially responsible companies, as measured by ESG; and the targeting of resource to CDCs/CDFIs and other social enterprises, often described as community investing, that benefit those at the margins of the economy. To achieve this elusive goal, each component of what is frequently referred to as the triple bottom line of return on investment—economy, equity, and environment—must be incorporated into development. Working together, these three elements steer the economy on a track towards social justice. No one strategy can be pursued without concomitant action on any of the others. They are interrelated, each an effort to create economic structures that truly distribute value to all individuals, children, and families, especially the poor and disenfranchised.

The proverbial “elephant in the room” question is: What economic systems are sustainable for future generations, as global warming and poverty have fast become essential to the question’s resolution? What political and economic structure of American society—any society—
is viable with respect to production, allocation, and distribution of resources and benefits in an equitable and environmentally sustainable way? What economic system is most just? What political system gives care to all people and the environment?

CDC/CDFI advocates argue that inattention to the vital role of government could undermine the necessity of government resources during a period in the United States and western European countries that has produced the greatest inequality in wealth and income in history. In describing the relevance of the impact investing field to community development, a report by the Monitor Institute questions its potential:

Using profit-seeking investment to generate social and environmental good is moving from a periphery of activist investors to the core of mainstream financial institutions….The pressing question is whether impact investing will remain a small, disorganized, underleveraged niche for years or even decades to come—or whether leaders will come together to fulfill the industry’s clear promise, making this new domain a major complementary force for providing the capital, talent, and creativity needed to address pressing social and environmental challenges (Freilich and Fulton 2009: 4–5).

At a recent Federal Reserve conference entitled “Economic Mobility: Research & Ideas on Strengthening Families, Communities & the Economy,” presenters offered significant research on the growing lack of economic opportunity due to the growing gap in wealth and income. One statistic belies the concept of America as the land of opportunity, suggesting that persons born in the lower-income strata have a one-in-ten chance of escaping the marginal incomes of their parents. In opening remarks at the conference, Janet Yellen, chair of the Federal Reserve Board, noted that

According to a recent Pew Research Center survey, the gap between rich and poor now ranks as a major concern in the minds of citizens around the world. In advanced economies still feeling the effects of the Great Recession, people worry that children will grow up to be worse off financially than their parents were. In the United States, roughly 80 percent of Americans across the ideological spectrum see inequality as a moderately big or very big problem.

These are questions that are fundamental to the discussion of impact investing, since more wealth than ever in the history of the world appears to be increasingly concentrated among very few individuals. Impact investing and community development are essential tools to achieve a fairer distribution of wealth.

Historically, nations that allow such amassing of wealth in one direction have had limited longevity, but the addition of environmental degradation into the equation could yield irreversible consequences. As testament to the urgency of this problem, Pope Francis issued a 184-page encyclical letter, “Laudato Si’—On Care for Our Common Home,” calling for radical political, economic, and lifestyle changes to combat the destruction of our environment. He notes that the primary victims of reckless consumerism, capitalistic expansion, and political injustice are the world’s poorest citizens. The Pope’s message is clear: “There is a moral imperative to be better stewards of the planet because the fate of humanity, especially the impoverished billions, hangs in the balance.”

Sustainable community development is a powerful tool to bring about change. The challenge then is for the universe of impact investors to step up and contribute significantly to economic opportunity and help build sustainable communities.

ENDNOTES


3 This quote is taken from James Wright (1739–1811), a Quaker and merchant of Haverhill, Suffolk, who issued this handbill around 1791 informing his customers that he would no longer be selling sugar. http://abolition.e2bn.org/source_33.html

4 Ceres, the Boston-based international advocacy organization successfully argued that the Securities and Exchange Commission include in 10-K annual reports the impact of climate change on operations. The Department of Labor corrected a previously addressed issue relating to economically targeted investments ETIs in Interpretive Bulletins 94-1 (IB 94-1) and 2008-1 (IB 2008-1). ETIs are compatible with the Employee Retirement Income Security Act’s fiduciary obligations.
The department concluded that in the seven years since its publication, IB 2008-01 has unduly discouraged fiduciaries from considering ETIs and ESG factors under appropriate circumstances.

5 Veris Wealth Partners is one of many marketing their services for impact as well as returns on investments: http://www.veriswp.com/about-veris/our-values/

6 The Global Impact Investment Network is an international membership organization that specializes in impact investing: https://thegiin.org/impact-investing/

7 For information on its history, initially formed as the Ecumenical Development Cooperative Society, visit its website: http://oikocreditusa.org/home

8 https://www.nationalpriorities.org/budget-basics/federal-budget-101/spending/

9 Aeris Guiding Capital to Good is an independent rating system for CDFIs and other financial entities for investors who support positive change in underserved markets. More information is available at the website http://www.aerisinsights.com/


REFERENCES


Ronald L. Phillips is the principal founder of Coastal Enterprises, Inc., based in Brunswick, Maine. He has served as its CEO since 1977 and will be retiring July 1, 2016. He has served on many state and national community development boards, trade associations, and small businesses, including a 2014 appointment by President Barack Obama to the CDFI Advisory Board. Previously, he was on the executive staff of the National Council of Churches in New York City where he worked on domestic and international development policy.


