Impact Themes

2025

COMMUNITY CAPITAL MANAGEMENT

Impact Themes

Throughout our 25 years working in impact investing, we have developed a series of impact themes in which one or more themes aligns with each of our investments.[1] Themes are evaluated individually for alignment based on each investment's use of or intent of proceeds. While the themes are distinct and diverse, they share certain common characteristics. We continually seek to advocate for greater investment product creation in support of our existing and future impact themes. By communicating this need to the broader capital markets, we expect to play an ongoing, catalytic role in the creation of impact investment opportunities.

At the beginning of each calendar year, our Impact and CRA Committee reviews the impact themes and makes suggestions for modifications. In our 2025 review, we have made the following updates:

- To the impact theme of Affordable Health and Rehabilitation Care, we added "physical and mental" to health care services to expand upon the types of health care services benefiting people.
- To the impact theme of Enterprise Development and Jobs, we added "increased access to business ownership for underserved groups," which looks to support the Ownership Economy.[2]
- To the impact theme of Gender Lens, we added "other supportive services" benefiting women and girls.
- To the impact theme of Human Empowerment, we added "community and shared ownership," which looks to support the Ownership Economy.
- To the impact theme of Sustainable Communities, we added "supporting ecologically sustainable and regenerative businesses and initiatives" and "supporting the principle of a just transition."[3]
- We updated our impact theme calculation using the current face value of individual securities (original par value minus any principal paydowns, if applicable).

Common Characteristics Found in CCM's Impact Themes

- Each theme strives to have positive environmental and/or social outcomes that we believe are societal benefits because of capital provided by our investors.
- We look for high credit quality, liquid investment opportunities that contribute to the portfolio's overall risk/return *and* align with at least one impact theme.
- We must be able to measure, monitor, and track the expected positive outcome(s) to maintain transparency in our client impact reporting.
- We must believe that market-rate opportunities exist so that client commitments to individual themes can be fulfilled over time.

Affordable Health and Rehabilitation Care

Investments aligned with this theme create and retain affordable physical and mental health care services and rehabilitation facilities for low- and moderate-income (LMI) and medically underserved persons. It also includes investing in opportunities that promote wellness and access to high-quality health care for communities and aims to dismantle barriers to inequities in health care.

Affordable Housing

Investments aligned with this theme finance affordable homeownership to LMI and/or workforce borrowers, including down payment assistance and first-time homebuyer programs, promoting wealth creation. It also includes financing and/or preservation of affordable rental housing properties to LMI and/or workforce residents.

Arts, Culture, and the Creative Economy

Investments aligned with this theme support educational programs, businesses, organizations, and the development of properties involved with visual, performing, design, literary, and other art-related works. It also includes investing in support of ethical fashion, social impact media, creative places, and other elements of the creative economy.

Disaster Recovery, Resilience, and Remediation

Investments aligned with this theme support economic development activities in federally designated disaster areas and physical and civic infrastructure to better prepare communities from natural disasters and widespread health emergencies. It also includes investments helping to stimulate community and economic development and build strong infrastructure.

[1] *Impact criteria exceptions are only applicable to transitional assets that are used for portfolio management purposes.*

[2] *The Ownership Economy is a new economic model that seeks to empower individuals by giving them greater control over their assets and data. The ownership economy seeks to give individuals the power to own and control their data, as well as other assets such as property and intellectual property.*

[3] *A just transition is a framework that aims to ensure that the transition to a sustainable economy is fair and inclusive.*

Education and Childcare

Investments aligned with this theme provide and/or offer high-quality, equal access to education opportunities and resources. It also includes investments providing and/or offering access to affordable childcare services and resources.

Enterprise Development and Jobs

Investments aligned with this theme provide small businesses with access to capital. It also includes investments supporting entrepreneurship; job creation, job retention, and job training; inclusive growth strategies; increased access to business ownership for underserved groups; and stable employment.

Environmental Sustainability

Investments aligned with this theme support activities that look to conserve natural resources, protect ecosystems and biodiversity, and achieve net-zero emissions. It also includes investments financing properties, projects, companies, and small businesses implementing sustainable initiatives.

Gender Lens

Investments aligned with this theme assist women and girls with access to educational programs, health-related services, affordable homeownership, and other supportive services. It also includes investments providing access to capital for women and girls and other opportunities to advance gender equality.

Human Empowerment

Investments aligned with this theme assist and support the process of bringing underserved groups, individuals, and communities, including immigrants, refugees, and Indigenous people, closer to the economic mainstream and capital markets. It also includes investing in initiatives and programs that help with upward mobility, greater self-sufficiency, economic advancement, community and shared ownership, and equitable access to essential services such as broadband and public transportation.

Minority Advancement

Investments aligned with this theme support programs and initiatives that offer equal access to jobs, economic development, and affordable housing for ethnic minorities and minority communities. It also includes investments in majority-minority census tracts and high minority census tracts in addition to services beneficial to ethnic minorities and minority communities.

Poverty Alleviation

Investments aligned with this theme help communities of stated persistent poverty. It also includes investments in initiatives that look to support people experiencing homelessness, eradicate or decrease the number of people in poverty, and those in a persistent poverty county.

Rural Community Development

Investments aligned with this theme finance loans and small businesses providing access to capital in rural communities that are not part of a Metropolitan Statistical Area (MSA) or a census tract in an MSA that is outside of the MSA's Urbanized Areas. It also includes investments in economic opportunities to improve the welfare and livelihoods of people living in rural areas.

Seniors, Veterans, and People with Disabilities

Investments aligned with this theme finance affordable living for seniors, veterans, and/or people with disabilities. It also includes providing veterans and elderly residents, especially those who are frail or at-risk, and non-elderly residents with disabilities with supportive services, including physical, social, and psychological assistance.

Sustainable Communities

Investments aligned with this theme help achieve health equity in communities, transform blighted neighborhoods into areas of opportunity, support agricultural and ecological sustainable and regenerative businesses and initiatives, promote access to transit, and support the principle of a just transition. It also includes investments supporting access to community parks; nutritious and pesticide-free foods; safe places to exercise and play; high Walk®, Bike®, and Transit® scores; and the integration of walkable communities centered around high-quality train systems.

Impact Designations

Difficult Development Area

Difficult Development Areas (DDA) are areas with high land, construction, and utility costs relative to the area median income as defined.

Distressed or Underserved Census Tracts

Distressed or underserved census tracts are non-metropolitan, middle-income geographies located in counties with: (1) an unemployment rate of at least 1.5 times the national average; (2) a poverty rate of 20% or more; or (3) a population loss of 5% or more in a five-year period preceding the most recent decennial census.

First-Time Homebuyer

CCM uses the U.S. Department of Housing and Urban Development (HUD) and the Federal Housing Administration's (FHA) definition for first-time buyers, which helps lenders properly identify homebuyers meeting this criteria.

Historically Underutilized Business Zone

Historically Underutilized Business (HUB) Zone is a U.S. Small Business Administration (SBA) program for small companies that operate and employ people in historically underutilized business zones.

High Minority Census Tract

A high minority census tract is one where minority households represent over 80% of the population.

High Poverty Census Tract

High poverty census tracts are those that have a poverty rate greater than 20% per the Federal Financial Institutions Examination Council (FFIEC), which is tracked annually.

LMI Census Tract

A property or business in a low-income census tract is where the median family income (MFI) of residents residing in the census tract is less than 50% of the MFI of the metropolitan statistical area (MSA) or non-MSA. A property or business in a moderate-income census tract is where the median family income of residents residing in the census tract is greater than or equal to 50% and less than 80%.

Majority-Minority Census Tract

Majority-minority census tracts are those where minority households represent over 50% of the population.

Persistent Poverty County (PPC)

PPCs are defined by Public Law 112-74 (enacted on December 23, 2011) as counties where 20% or more of their population lives in poverty as measured by the U.S. Census Bureau (1990 and 2000 decennial censuses, and 2006-2010 American Community Survey).

Racially or Ethnically Concentrated Areas of Poverty (R/ECAPs)

The U.S. Department of Housing and Urban Development (HUD) has developed a census tract-based definition for R/ECAPs that must have a non-white population of 50% or more. Regarding the poverty threshold, neighborhoods of extreme poverty are census tracts with 40% or more of individuals living at or below the poverty line. Because overall poverty levels are lower in many parts of the country, HUD supplements this definition with an alternate criterion. Thus, a neighborhood can be a R/ECAP if it has a poverty rate that exceeds 40% or is three or more times the average tract poverty rate for the metropolitan/micropolitan area, whichever threshold is lower.

Rural Census Tract

Counties that are not part of a Metropolitan Statistical Area (MSA) or a census tract in an MSA that is outside of the MSA's Urbanized Areas, as designated by the U.S. Department of Agriculture's (USDA) Rural-Urban Commuting Area (RUCA) Code #1, and outside of tracts with a housing density of over 64 housing units per square mile for USDA's RUCA Code #2.

Glossary

Area Median Income (AMI)

AMI is the midpoint of a region's income distribution — half of families in a region earn more than the median and half earn less than the median. For housing policy, income thresholds set relative to the area median income — such as 50% of the area median income — identify households eligible to live in income-restricted housing units and the affordability of housing units to low-income households.

Low- and Moderate-Income (LMI)

A low-income person is someone whose total annual income is less than 50% of the area median income (AMI) or average income for the community where they live. A moderate-income person is someone whose total annual income is above 50% but less than 80% of the AMI or average income for the community where they live.

Medically Underserved Areas

Medically underserved areas or populations are designated by HRSA (U.S. Department of Health and Human Services, Health Resources and Services Administration) as having too few primary care providers, high infant mortality, high poverty, and/or high elderly population.

Metropolitan Statistical Area (MSA)

An MSA is a geographical region with relatively high population density at its core and close economic ties throughout the area.

Walk Score®

Walk Score's mission is to promote walkable neighborhoods. Walkable neighborhoods are one of the simplest and best solutions for the environment, overall health, and the economy. CCM tags investments that have high Walk, Bike, and Transit Scores above 70.

- Walk Scores of 90–100 are considered a "Walkers Paradise" where daily errands do not require a car. Walk Scores of 70–89 are considered "Very Walkable" where most errands can be accomplished on foot.
- Bike Scores of 90–100 are considered a "Biker's Paradise" where daily errands can be accomplished on a bike. Bike Scores of 70–89 are considered "Very Bikeable" where biking is convenient for most trips.
- Transit Scores of 90–100 are considered a "Rider's Paradise" where world-class public transportation is available. Transit Scores of 70–89 are considered "Excellent Transit" where public transit is convenient for most trips.

Workforce Housing

The Urban Land Institute defines workforce housing as housing that is affordable to households earning 60% to 120% of AMI. Workforce housing typically includes middle-income workers such as police officers, firefighters, teachers, and health care workers.

https://www.huduser.gov/portal/datasets/qct.html
https://www.ffiec.gov/cra/distressed.htm
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