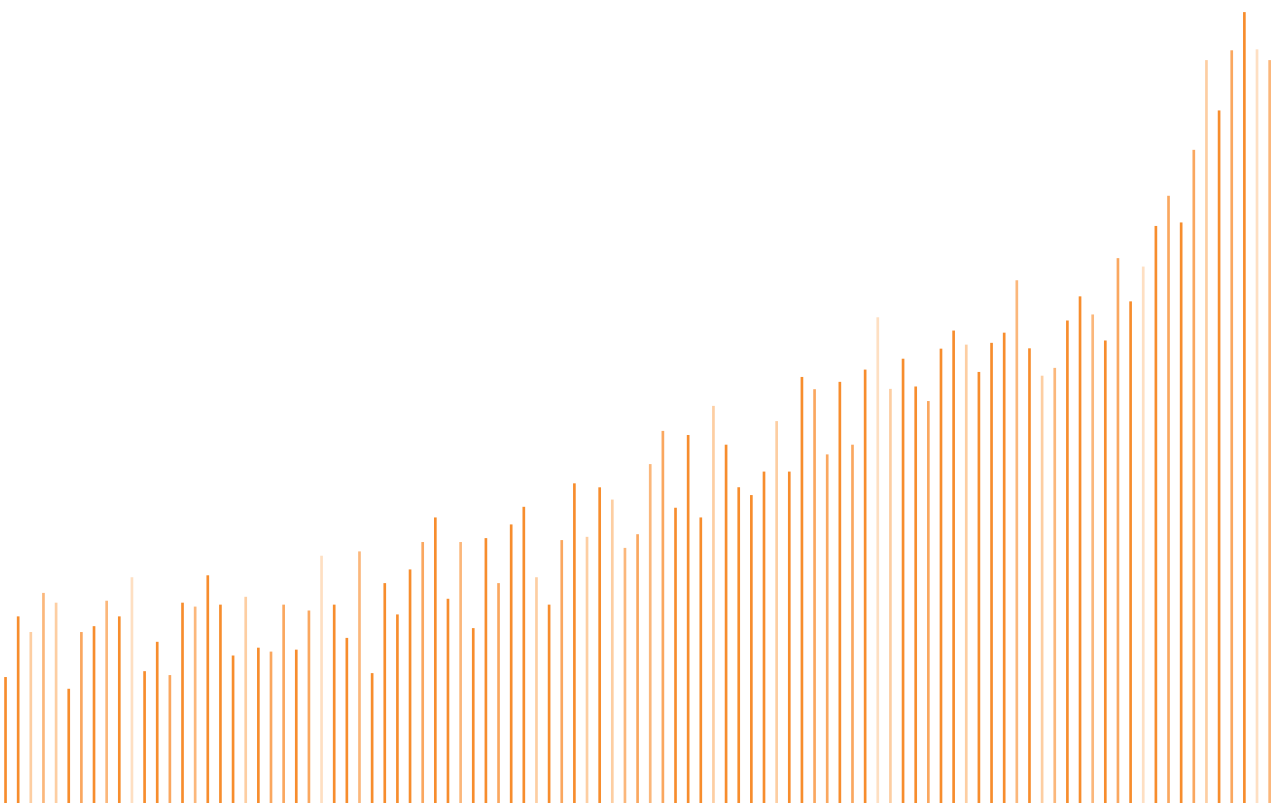# GIIN
GLOBAL IMPACT INVESTING NETWORK

Evaluating Impact Performance:

Housing Investments

Acknowledgments

Authors

Rachel Bass, Research Manager
Noshin Nova, Research Analyst
Sophia Sunderji, Research Senior Associate

Advisory body

Reviewers

About the Global Impact Investing Network (GIIN)

The Global Impact Investing Network (GIIN) is the leading global champion of impact investing, dedicated to increasing the scale and effectiveness of impact investing around the world. The GIIN builds critical infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing industry. For more information, see **www.thegiin.org/**.

Statement from the CEO

Dear Reader,

At the GIIN, we envision a world where financial markets serve all members of society and where finance plays a central role in solving the social and environmental challenges facing the global community. As we welcome new investors to the market, intentional and measurable impact must be woven into the heart of these investments.

We need to safeguard the integrity of impact investing. This is no easy endeavor. Yet it must be done, if we are to direct more capital where it is needed most.

To do so, we have to increase sophistication around impact performance. This report marks the industry's first collaborative effort to create an approach that allows rigorous and transparent impact comparisons across investments. Through this approach, we build on our *Core Characteristics*, which define what it means to practice impact investing, and our existing impact measurement and management work, including IRIS+, to articulate which metrics matter most when assessing impact.

Further, we're inspired to see the impact results of the investors participating in the pilot of this approach; together, these investors have financed over 11,000 affordable housing units, and facilitated access to affordable homes for more than 37,000 individuals in a one-year period, making modest but meaningful progress toward addressing the housing affordability crisis.

To attempt this type of pioneering research and self-reflection requires leadership, humility, and boldness of action — each of which is reflected through the GIIN's network of investors and field-builders who are working collaboratively to advance the market.

The GIIN is committed to leading and championing impact investing, and with that comes the responsibility of laying the groundwork that is needed to make our vision a reality. As you read about the approach outlined in this report, I hope you are inspired by the future of this dynamic industry.

Amit Bouri
Co-Founder and CEO, Global Impact Investing Network
🐦 @AmitKBouri

Contents

FIGURES

TABLES

INFOGRAPHIC

Executive summary

The impact investing industry has matured significantly in recent years to the point that investors expect rigorous impact measurement and management practices to be part of an impact investing approach. Yet, impact investors continue to identify transparency in impact performance as a key challenge facing the market. Until now, there did not exist an approach to aggregate impact results across investments.

The GIIN conducted this pilot research study to assess the annualized impact performance of direct impact investments in housing and clean energy access, two sectors in which impact investors have a relatively long track record of activity and generally align to standardized metrics sets. At each stage of the research process, a cohort of study participants and advisors offered guidance and input. This effort addressed two sets of questions:

1. **Feasibility:** Is it possible to aggregate and compare impact performance data to generate insights?

The first phase of this study determined that it is feasible to create such insights. This research identified four characteristics required of impact data that enable aggregate and comparable impact performance analysis — volume of available data for both aggregate and segmented analyses, rigor and standardization of data collection methods and calculations, relevance to real impact results, and availability of data for disclosure — each of which was presented through the data submissions for both sectors studied.

> **This effort found that it is, indeed, possible to compare impact investments' impact — and therefore to factor impact considerations into investment selection and investment management decisions.**

Additionally, the study identified several key lessons about the process of conducting impact performance research: context is crucial to understanding and comparing impact performance results; routine, synthesized data collection reduces the reporting burden for investors and investees while also enhancing the pool of available, quality data; and standardized assumptions must be used to produce standardized performance data — and therefore to analyze performance in a comparable way.

Ultimately, this effort found that it is, indeed, possible to compare impact investments' impact — and therefore to factor impact considerations into investment selection and investment management decisions.

2. **Results:** If so, what social and environmental results are associated with impact investors' activity?

This section explores the impact performance of impact investments in housing relative to both the scale of the affordable housing crisis and the volume of capital

invested.[*] Collectively, 10 investors shared data on 114 unique investments and 117 total observations, or annualized investments. These investments were made through various instruments, with a primary focus on private debt, and targeted a wide range of stakeholder groups, in particular families and low-income individuals.

Impact investors in housing ultimately seek to improve access to safe, affordable housing, primarily by constructing or preserving affordable housing units and by regenerating and remediating underserved areas to provide low-cost housing to low-income individuals and families.

These impact objectives are reflected in housing investment results. Together, over the course of a one-year period, these investments:

- **financed the construction or preservation of over 11,000 affordable housing units**, or 9 units per USD 100,000 invested; and

- **facilitated access to affordable housing for an estimated 37,000 low-income individuals around the world**, which represents 32 individuals per USD 100,000 invested;

- and **offered supportive services linked to the provided housing (for 97% of sample investments)**, such as financial literacy training, and access to healthy food and gyms, among others.

In each of these cases, results indicate relatively modest progress toward addressing significant social challenges, but progress nonetheless. This analysis indicates that impact investors' efforts contribute to positive change, yet also reinforces that much work remains to be done.

In addressing both of these research questions, this study represents a significant step toward enabling the impact investing industry to better understand its impact, identify and select investments with high impact potential, manage impact performance to strengthen results, and efficiently and effectively communicate those results to all stakeholders.

> **Impact investors in housing ultimately seek to improve access to safe, affordable housing, primarily by constructing or preserving affordable housing units and by regenerating and remediating underserved areas to provide low-cost housing to low-income individuals and families.**

---

[*] For information on the Clean Energy Access sector, visit: **thegiin.org/research/publication/evaluating-impact-performance**.

Housing:
An affordability crisis

Access to safe, clean, and affordable housing serves a wide range of basic human needs and is crucial to the wellbeing and prosperity of society. The provision of safe and affordable housing, Sustainable Development Goal (SDG) target 11.1, is a key component to making cities inclusive, resilient, and sustainable.[1] Decent, affordable housing correlates with better health and financial stability among residents, along with increased academic achievement and cognitive development among children.[2] Greater availability of affordable housing can also revitalize underserved communities by providing landscapes, roads, and transportation facilities.

However, the supply of affordable housing falls short of global demand. The McKinsey Global Institute (MGI) estimates that at least 330 million urban households worldwide currently lack access to affordable and adequate housing, a deficit that MGI expects will grow to 440 million households, or 1.6 billion people, by 2025.[3] In addition, a recent report by the U.S. National Low-Income Housing Coalition shows that 20 million renter households in the United States pay more than 30% of their income in rent.[4] In the developing world, an estimated 200 million people live in slums, while more than 60 million households are burdened by housing costs in the U.S., the European Union, Japan, and Australia.[5]

Unsafe and unaffordable housing can worsen physical and mental illness and expose residents to health hazards such as lead paint, overcrowding, unsanitary conditions, poor air quality, toxins, and allergens.[6] The United Nations Human Settlements Programme (UN-Habitat) estimates that over one billion people worldwide live in inadequate housing and more than two million people are forcibly evicted each year.[7]

The crisis in housing affordability reflects a fundamental mismatch of supply and demand – rising labor costs and restrictive zoning laws constrict supply, while population growth, generational wealth transfers, and urbanization raise demand. An estimated global investment of USD 9 to 11 trillion by 2025 will be required to replace today's substandard and depreciating housing; including the cost of land, this total cost could reach USD 16 trillion.[8] Ensuring universal access to safe, stable, and affordable housing worldwide therefore requires further impact investment, alongside government support.

330 million
urban households globally lack access to affordable housing.

20 million
U.S. rental households spend more than 30% of their income on rent.

200 million
people in the developing world live in slums.

60 million
households in major developed markets are financially burdened by housing costs.

An estimated
USD 10 trillion
is required to replace today's substandard housing by 2025.

Study motivations

This study, thus, represents a landmark effort to build a viable approach to compare impact performance and analyze impact investments' results.

As the impact investing industry has matured, demand has grown for understanding and comparing impact performance results. The absence of a reliable, rigorous methodology to aggregate, contextualize, and compare impact across investments hinders transparency and prevents investors from making strategic investment decisions based on impact. Developing this methodology will strengthen the evidence base of impact investments and deepen investors' ability to achieve social and environmental impact. This study, thus, represents a landmark effort to build a viable approach to compare impact performance and analyze impact investments' results.

While three in four impact investors feel that transparency in impact data and results are key to advancing the market, more than one-third identify it as a significant challenge in impact measurement and management (IMM) practice.[9] Additionally, nearly nine in ten impact investors report that progress had been made in the sophistication of IMM practice, yet three-quarters still say this remains a moderate or significant challenge, which suggests that IMM has substantial room for development.[10]

To address industry demand for transparent impact results and assess the potential for developing a rigorous methodology to assess impact performance, the GIIN sought to answer two sets of research questions through this pilot study:

1. **Is it possible to aggregate and compare impact performance data to generate insights?** This first set of questions, explored throughout the 'Feasibility' section of the report on page 31, concerns the specific constraints faced by impact investors in impact data collection, reporting, and aggregation. Additionally, this effort sought to identify the requisite segments for and levels of analysis (e.g., investment- versus fund- levels); determine how to weight results to enable meaningful comparisons, and propose strategies to overcome barriers to data quality, availability, and sharing.

Addressing these two sets of research questions will enable the impact investing industry to better understand its impact, identify and select opportunities with high impact potential, manage impact performance to strengthen results, and efficiently and effectively communicate results to all stakeholders.

2. **What social and environmental results are associated with impact investors' activity?** This second set of questions, addressed in the 'Sample Overview' section of this report on page 12, sought to evaluate investors' social and environmental impact in aggregate as well as how impact results vary by segment within a given sector (such as the type of housing unit offered by the investee), investment features (such as by asset class or type of loan provided), and investors' financial and impact expectations.

Ultimately, addressing these two sets of research questions will enable the impact investing industry to better understand its impact, identify and select opportunities with high impact potential, manage impact performance to strengthen results, and efficiently and effectively communicate results to all stakeholders.

Report methodology

Sample scope

Participants in this pilot study included impact investors with activity in either the housing or clean energy access sectors (or both). Respondents submitted annualized impact performance data per investment for select investments, using the GIIN's definition that impact investments are made with the intention to generate positive, measurable social or environmental impact alongside a financial return. Investments were restricted to include only those made directly into companies, projects, or real assets to avoid potentially double-counting results or conflating investment- with fund- or portfolio-level performance.

As a pilot focused on assessing both feasibility and results, this study intentionally targeted two small, precisely defined samples concentrated in the housing and clean energy access sectors. These sectors were selected for their relatively long track record of impact investment activity through which investors and field-builders have largely aligned on key metrics sets. This standardization has yielded a pool of relatively high-volume, high-quality data — a prerequisite to conducting comparable impact performance analysis. This particular report explores the performance of housing impact investments.*

This study explores two sectors — housing and clean energy access — with relatively long track records of impact investing activity through which investors and field-builders have largely aligned on key metrics sets.

Role of participants and advisors

The study benefited from the guidance and expertise of a group of advisors from the GIIN's Investors' Council and from ongoing engagement with study participants. This advisory group was convened throughout the research process in small groups and one-on-one calls to gather input and feedback and to leverage advisors' and participants' deep, sector-specific experience. Critically, advisors offered guidance on which data and corresponding analyses are useful, thus shaping key decisions throughout the course of this research. A full list of participants and advisory body members may be found in Appendix 1.

Research process

This study was produced through an iterative process conducted in partnership with study participants and advisors, as described on the next page.

---

* For information on the Clean Energy Access sector, visit: **thegiin.org/research/publication/evaluating-impact-performance**.

Scoping: The Research Team first collected existing research on the impact results of impact investments, finding only a limited set of available resources. The Team then explored relevant analogous works, such as strategies for impact evaluation in other industries and methodologies for analyzing financial performance, in order to identify relevant consideration factors when analyzing impact performance. Narrowing its focus to housing and clean energy access investments, as described above, the Team studied 10‑12 publicly available impact reports in each sector to define commonly reported investment features, objectives, and impact metrics.

Instrument design: The Team compared these commonly reported impact metrics to existing standards for impact measurement in each sector: for housing, those recommended by Aeris and the Building Healthy Places Network (BHPN), and for clean energy access, those recommended by the Clean Cooking Alliance and Global Off-Grid Lighting Association (GOGLA).[*] Additionally, the Team cross-analyzed all metrics with those recommended by IRIS+ (a generally accepted system for impact measurement and management), which enables investors to set impact goals and assess their performance.[†] Through this process, a set of 8-12 metrics were identified for each sector, tested with the study's advisory body, and further refined. The Team then incorporated these metrics into a broader questionnaire designed to align to the Impact Management Project's five dimensions of impact, namely What, Who, How Much, Contribution, and Risk, and to capture key features of each investment submitted, such as stage of business at the time of investment and asset class.[‡]

Data collection and analysis: This questionnaire was shared with target respondents, who completed it and sent their responses to the GIIN Research Team. Thus, this report is based entirely on self-reported data. The Research Team reviewed every submission with respondents to clarify any inconsistencies and to understand the context in which each investment was made. In some cases, large outliers or responses for which data could not be clarified were excluded from analysis in order to better represent the overall market. Common constraints to data collection and submission were discussed with study advisors and participants to gather additional color and nuance and identify strategies to overcome those constraints. The Team then analyzed reported impact results, again calling upon the expertise of advisors and participants to refine assumptions shaping the methodological framework and strengthen the study's overall rigor and usefulness.

This research product therefore derives from extensive collaboration, coordination, and iteration with impact investors, sector experts, and impact measurement professionals.

This research product derives from extensive collaboration, coordination, and iteration with impact investors, sector experts, and impact measurement professionals.

---

[*] More detail can be found about each of these industry players in Appendix 1.

[†] IRIS+ is the catalog of generally accepted performance metrics within the IRIS+ system, managed by the GIIN. For more on IRIS+, see **iris.thegiin.org/**.

[‡] For more information on the Impact Management Project, see **impactmanagementproject.com**

The importance of context

One key insight from calls with study advisors and participants was that context is crucial to enabling understanding and comparison of impact. Impact performance results inherently reflect the context in which each investment was made; central to performance is the investee's operating environment and resources, the instrument or size of the investment, and the availability of a given resource (such as affordable housing or clean energy products and services) to target stakeholders prior to investment, besides numerous other factors. To account for such context and enhance the comparability of analytic outputs, the Research Team weighted results in two ways:

1. Relative to the volume of capital invested to gauge the relative efficiency with which investments contribute to impact. The Research Team weighted results relative to the total volume of capital deployed through up to three transactions for each investment.

2. Relative to the scale of the problem reflected by each impact metric to gauge investments' relative contribution toward solutions to the critical social and environmental challenges facing the world. The specific challenge corresponding to each impact performance metric is detailed alongside the analyses presented throughout this report. Rigorous, third-party data were used to measure the scale of each challenge at the state or province level.

The specific assumptions underlying these analyses are detailed in the 'How Much' section of this report (page 18).

Study caveats

This study represents a broader learning process about impact performance research, and as such, elevated a few caveats that suggest that the data should be interpreted with caution. The findings presented through this report do still contain insight and value for impact investors.

Self-selection bias: As with all performance research, this bias manifests when respondents with poor-performing investments are more likely than their peers to decline to participate in a performance study. Additionally, respondents were encouraged to submit data for as many investments as they were able, and in instances where they were not able to report on their full portfolio, they were asked to submit a representative sample. Of course, this process raises the possibility of respondents sharing those investments with the best performance figures, though this risk remains low in a study for which all analysis is aggregated and anonymized.

Limits of a small dataset: In analysis of impact performance relative to capital invested, larger investments have a disproportionate influence on overall results and averages. As the dataset continues to grow, this outsized influence will diminish while the ability to conduct increasingly segmented analysis will increase.

> **Context is crucial to enabling understanding and comparison of impact.**

Sample overview

10
INVESTOR ORGANIZATIONS
That manage …

10
INVESTMENT FUNDS / VEHICLES
… which have collectively made …

114
UNIQUE INVESTMENTS
… and reported performance by the same investments across multiple years, resulting in …

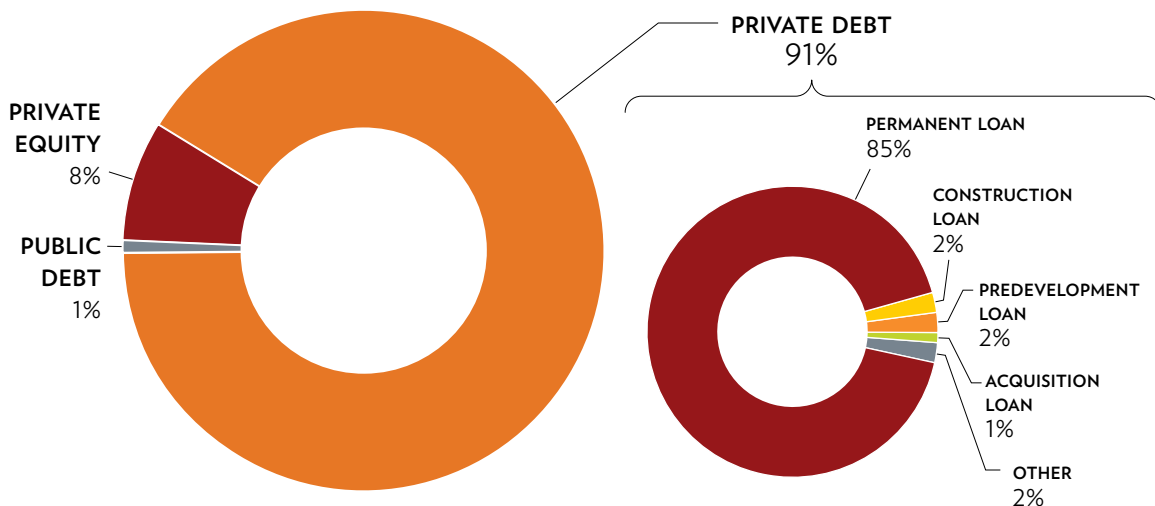| |
|---|
| **117** |
| **ANNUALIZED INVESTMENTS / OBSERVATIONS** |

Investor background

Ten investor organizations provided impact performance results on 114 unique investments made by 10 investment funds or vehicles. One investor organization shared multiple years of data per investment for a total of 117 observations, while another reported results from a total of 96 unique investments. These significantly skewed the sample. Excluding this outlier, the average respondent investment vehicle or fund reported the performance of two unique investments. Nearly all investments in the sample (111) were made by seven investment funds or vehicles headquartered in the U.S. and Canada. The remaining three investments were made by two vehicles or funds headquartered in made in Western, Northern, and Southern Europe (WNS Europe) and one headquartered in Sub-Saharan Africa (SSA). This section analyzes the investor and investment context primarily at the level of unique investments (n = 114). The remainder of this report primarily concerns analysis at the observation level (n = 117).

Investors in the sample collectively manage just under USD 4 billion in impact investing assets, with a median fund or vehicle size of USD 150 million. Just one investor manages half of all assets under management (USD 2 billion).

FIGURE 1: Investment instruments, overall and through private debt

n = 114 total investments; includes one outlier.

PRIVATE DEBT
91%

PRIVATE EQUITY
8%

PUBLIC DEBT
1%

PERMANENT LOAN
85%

CONSTRUCTION LOAN
2%

PREDEVELOPMENT LOAN
2%

ACQUISITION LOAN
1%

OTHER
2%

Note: 'Other' loans include entity-level debt and loans where another organization provided a guarantee or catalytic capital to reduce the organization's investment risk. Only one investment was made via public debt, in which the investor disbursed a Fannie Mae loan, a U.S. government mortgage product provided to low- and moderate-income borrowers.
Source: GIIN

Excluding one outlier investor, 44% of investments were made through private debt, of which only one is a permanent loan.[*]

Collectively, 95% of all investments included a guarantee or other catalytic capital that reduced the risk of the investment for other investors. Such guarantees were provided either by another organization (90%) or by the investor organization itself (4%). Only six investments in the sample had no guarantee or other catalytic capital provided as part of the deal.

Investment features

Investments in the sample were made between 2005 and 2018 (2016 at the median). Investments ranged in size from USD 100,000 to USD 15 million, with average and median first investment sizes of USD 2 million and USD 1.4 million, respectively. Only one investment fund or vehicle reported making subsequent, second and third investments. The average total investment size for funds headquartered in WNS Europe was USD 7.8 million, with significantly lower sizes in SSA (USD 3.7 million) and the U.S. and Canada (USD 2 million).

Ninety-two percent of all investments in the sample target risk-adjusted, market-rate returns. The remaining 8% of investments target below-market-rate returns that are closer to capital preservation; all of these also target individuals living near or below the national poverty line or low-income individuals. The median target annualized financial return was 6% for 113 investments. Investors reported realized, annualized financial returns for 19 investments, which were 6% on average for investments made through private debt and 9% on average for private equity investments; across asset classes, realized returns ranged from 1% (10th percentile) to 12% (90th percentile). Overall, 96% of investments in the sample met investors' reported financial performance expectations; the remaining 4% fell short.

Overall, 96% of investments in the sample met investors' reported financial performance expectations; the remaining 4% fell short.

---

[*] Including this outlier investor, almost all housing investments (91%) in the sample were made through private debt, with 85% of all investments made through a permanent loan. See Figure 1.

WHAT creates the impact

Example SDG Targets

1 NO POVERTY

1.4 Access to basic services.

3 GOOD HEALTH AND WELL-BEING

3.9 Reduce illnesses and deaths from hazardous chemicals and (indoor and outdoor) pollution.

11 SUSTAINABLE CITIES AND COMMUNITIES

11.1 Safe and affordable housing.

Investors in the sample seek to provide safe and affordable housing, a key component of SDGs 1 (No Poverty), 3 (Good Health and Well-Being), and 11 (Sustainable Cities and Communities). The impact targets shared for 56 investments suggest that all investors identified affordability as a priority, often for low-income individuals or for individuals in rural areas with housing needs.

One investor organization identified financial access for low-income rural families in Mexico as their impact target, while another focused on ensuring affordable rental rates for families by preserving "private market affordable rents through the purchase of existing multifamily housing with qualified partners." Another investor organization targeted affordable rent for students in Canada. Three investors did not specify impact targets for their collective 59 investments.

Organizations also shared the outcomes they seek to achieve with their investments.[*] Most investors in the sample aim to increase residential stability, as reported for 33% of investments (Figure 2).[†] Including the one outlier in the

---

[*] This selection of outcomes is aligned with the IRIS+ Strategic Goals for affordable housing, which were designed through a consultative process with impact practitioners to ensure credible, comparable impact data. For more on the IRIS+ strategies, see **iris.thegiin.org/**.

[†] Excluding the one outlier in the sample.

FIGURE 2: **Target impact outcomes reported by investors**

n = 145 responses; n = 49 responses excluding one outlier. Respondents could select multiple target outcomes.

RESPONSES
EXCLUDING OUTLIER

	RESPONSES	EXCLUDING OUTLIER
Increasing resources available after housing payments	72%	18%
Increasing residential stability	11%	33%
Improving housing quality	9%	27%
Increasing accessible housing services linked to supportive services	5%	14%
Decreasing environmental harm	1%	4%
Other	1%	4%

Note: 'Other' includes regenerating derelict sites and reviving communities through the provision of new landscapes, streets, and employment opportunities.
Source: GIIN

sample, however, 72% of investments seek to increase resources available after housing payments. The next-most-common outcomes pursued include improving housing quality (27% of investments) and increasing accessible housing linked to supportive services (14% of investments).[*]

These impact objectives are reflected in investors' selection of investees that primarily provide residential buildings with affordable rental units.[†] One investment each was directed towards either offering affordable units for purchase or providing mortgages. For the 107 investments that financed housing construction, 94% had completed construction, and the remaining 6% were still under construction at the time of data collection.

The majority of investments (71% excluding one outlier) in the sample support housing developments that are accompanied by supportive services for residents. The most common service provided was access to public transportation (73%; among the investments that reported this data).[‡] One investor provides all supportive services required by the Low-Income Housing Tax Credit (LIHTC) program, a U.S. government program that provides tax incentives to encourage the development of affordable housing.[§]

The majority of investments in the sample support housing developments that are accompanied by supportive services for residents.

---

[*] Again, excluding the one outlier in the sample.

[†] Notably, one investor accounts for 96 of these investments.

[‡] The data reported here exclude the outlier.

[§] For more on the services required by this program, see The Corporation for Supportive Housing (CSH), *2016 LIHTC Policies Promoting Supportive Housing & Recommendations for 2017–2018* (New York, NY: CSH, March 2017).

WHO are the target stakeholders

In total, 96% of all investees are concentrated in the United States, with the remaining four based in each of Canada, the UK, Kenya, and Mexico. Given the nature of housing development, all investees in the sample operate in just one country. Among the 18 investees who disclosed additional details on their target demographics, the majority (56%) operate in only urban areas, while the rest operate across rural, urban, and peri-urban areas.[*]

Most investees primarily target tenants, with the aim of providing safe and affordable housing (58% of investments).[†] Of the remaining investees, 15% target housing developers, 8% target employees, and 8% target the planet.[‡] See the IMPACT Community Capital spotlight for an example of the various targeted stakeholders by impact investors.

---

[*] These figures exclude one outlier that accounts for a large proportion of the investments but that did not provide data on this metric.

[†] Reported excluding the outlier.

[‡] Reported excluding the outlier.

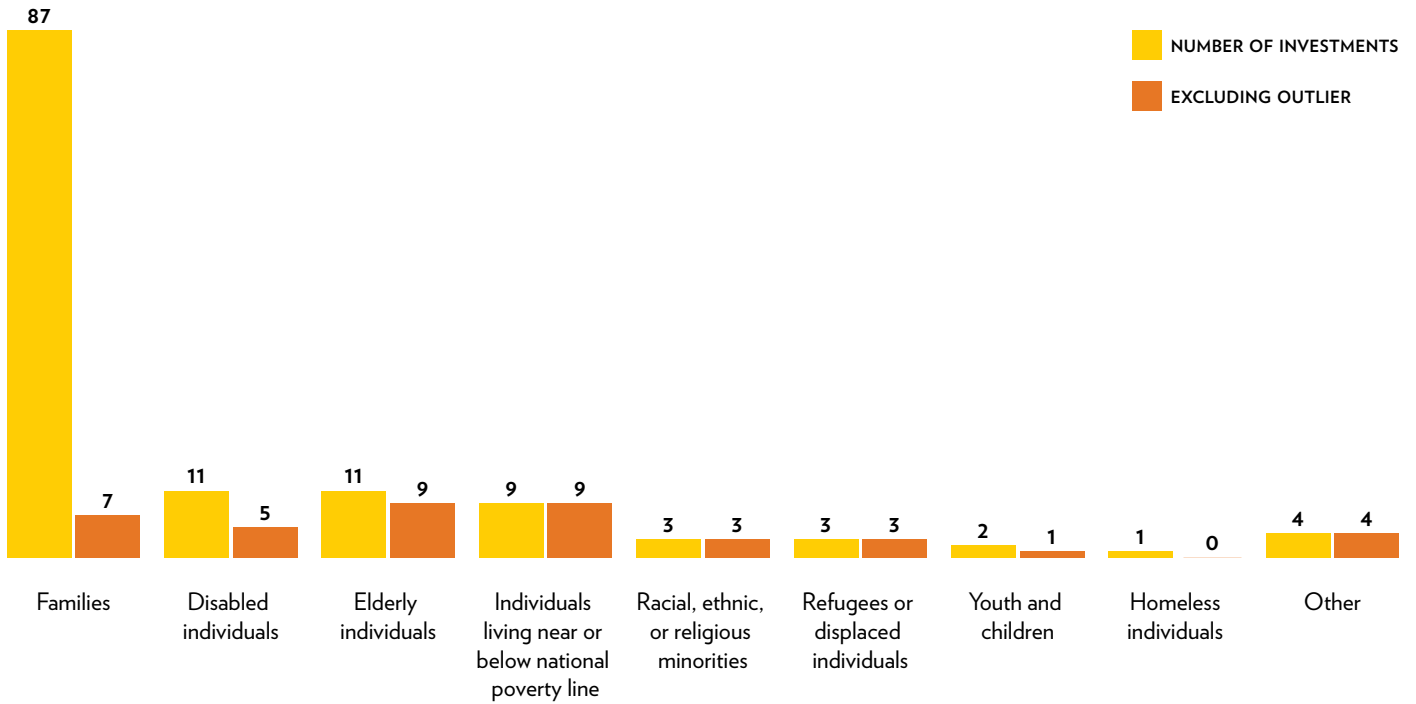n = 131 responses; n = 41 responses excluding one outlier. Respondents could select multiple target stakeholder segments.

Note: 'Other' includes low-income individuals and university students.
Source: GIIN

The four most targeted population segments are families, individuals living near or below the national poverty line, disabled individuals, and elderly individuals (Figure 3).* Investments made by one outlier in the sample primarily target families; the number of investments targeting this segment decreases significantly when this outlier is excluded. Only one investment targets homeless individuals.

---

* Target residents for rental units and units available for sale have different profiles, but analysis focuses only on renters since 98% of the investments in this sample financed rental units only. With additional data in future iterations, the Research Team hopes to explore the impact of each type of housing.

HOW MUCH impact has been achieved

These metrics reflect various components of the investments' impact performance, specifically designed to assess the depth, breadth, and duration of their impact.

Respondents were asked to report data on up to 11 metrics, which were identified with study advisors and third-party sector experts and aligned to generally accepted metrics sets. These metrics reflect various components of the investments' impact performance, specifically designed to assess the depth, breadth, and duration of their impact. Not all metrics are relevant to all impact strategies for housing; respondents determined the relevance of each and chose to answer accordingly.

Collectively, respondents reported the greatest volume of standardized data for the five metrics highlighted in Table 1. These are analyzed in-depth in this chapter; the sample sizes and data quality for the remaining six metrics were insufficient for analysis. In some cases, data are analyzed with respect to a single, independent metric, such as the number of years for which housing is expected to remain affordable. In other cases, data are analyzed across multiple combined metrics, such as the number of new housing units and the number of preserved housing units, in order to generate insight into progress addressing the affordable housing crisis.

TABLE 1: **Number of responses to each metric**

Table includes all observations in the sample (n = 117); for a breakdown by unique investments, refer to Table 2 on page 32. Highlighted rows indicate performance data analyzed in this report.

	METRIC	NUMBER OF RESPONSES
DEPTH	Greenhouse gas emissions reduced (metric tons)	1
	Type(s) of housing certification	21
	Income distribution of tenants	19
BREADTH	Number of new units of new housing	108
	Number of units of preserved or rehabilitated affordable housing	14
	Number of individuals housed	48
	Number of jobs created	2
DURATION	Number of years for which housing is expected to remain affordable	117
	Types of housing offered	117
	Tenant turnover rate (%)	3
	Eviction rate (%)	4

Source: GIIN

Number of housing units financed

ASSUMPTIONS

For the reporting year, respondents reported the number of new units constructed, the number of units preserved or rehabilitated, or both. If both, we added these figures together for each investment to report the total number of housing units financed per year. With this baseline data in hand, we then identified the deficit of affordable housing units at or below 50% of area median income (AMI) for U.S.-based investments, and the deficit of safe, affordable housing with basic amenities for non-U.S. investments in the state or province where the housing unit was provided; the income cutoff for U.S.-based investments enabled analysis for 95% of those investments, as the remaining 5% served tenants above this AMI threshold.[*] Those figures served as references against which we gauged progress in addressing affordable housing shortages. All third-party data sources are listed in Appendix 3.

Respondents also reported the number of units financed by the size of each unit (Figure 4) — such as studio, one-bedroom, or two-bedroom — from which we estimated, in some cases, the number of individuals housed. We also used this breakdown to better understand the stakeholders targeted by investors (such as individuals or families). The high proportion of two-bedroom units may reflect the focus of most investments (73%) on families as at least one of their target stakeholder groups.

---

[*] The cutoff for U.S.-based investments was determined, in part, because a significant proportion of those investments in the sample target extremely low income (for whom annual income is no more than 30% of AMI) and very low-income individuals (for whom annual income is no more than 50% of AMI), and in part due to the nature of the third-party data available. Although this allowed analysis of the majority of investments that provided data for this metric, future iterations will explore ways to incorporate higher income groups to reflect the full range of stakeholders targeted by impact investors in housing. For more information about the specific data sources used, see Appendix 3.

FIGURE 4: **Total units financed by number of bedrooms per unit**

NUMBER OF INVESTMENTS: 82   80   52   6   8   1
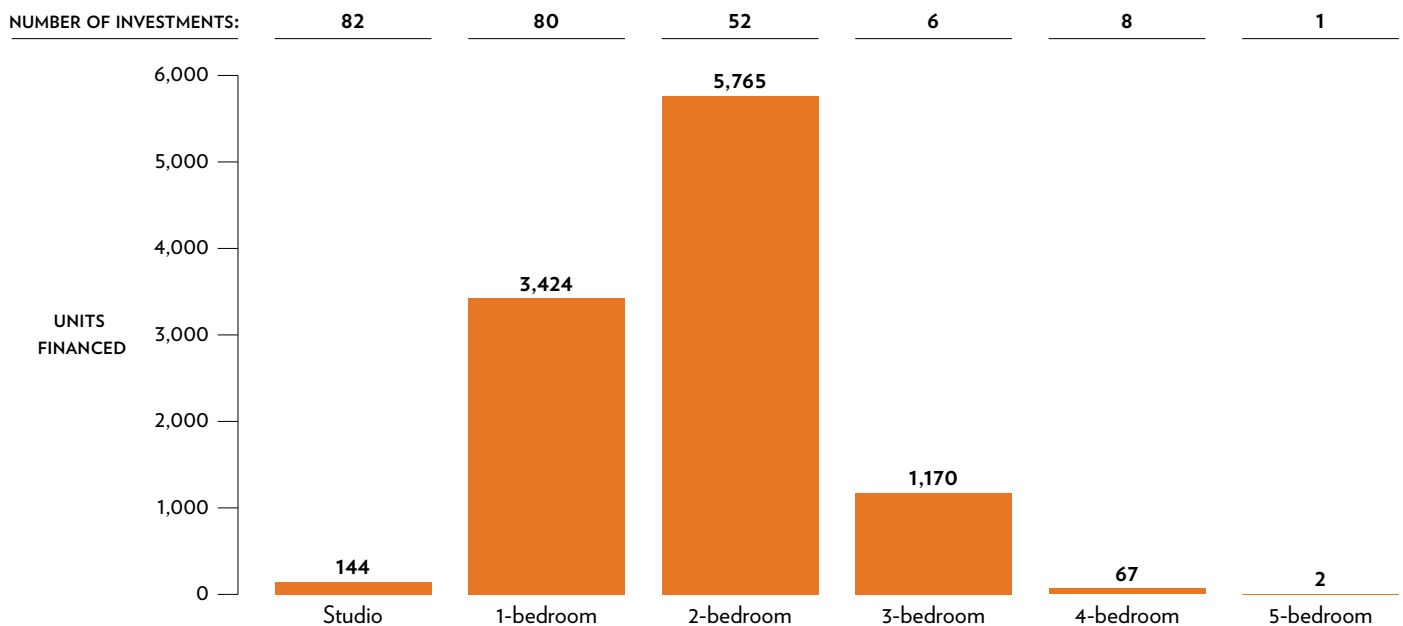
Source: GIIN

Ten investors collectively constructed or preserved 11,057 units of affordable housing during a one-year reporting period through 112 investments. [*] Collectively, investors addressed 0.2% of the housing unit deficit across the states and provinces represented in this sample, reflecting modest progress in addressing a significant challenge. The median investment addressed 0.03% of the affordable housing deficit in the state or province of investment and financed 70 units over a one-year period, and the average investment addressed 0.2% of the deficit and financed 99 units. This discrepancy is perhaps partly driven by the widely varying share across the sample of cost-burdened individuals as a percentage of overall state or province population — variance, in short, in the scarcity of affordable housing. In addition, the average investment financed nine units of housing per USD 100,000 invested, while the median investment financed four units.

RELATED OUTCOMES

Impact investors in the housing sector use various strategies to assess the quality and outcomes of the units they finance. For example, they increasingly consider the carbon footprint of their investments; six of the 10 investors in this sample seek some type of environmentally friendly housing certification or incorporate sustainable practices during construction. These practices include the use of Cross Laminated Timber (CLT); integration of energy-efficient appliances (such as those earning the Energy Star rating) and composting facilities; the use of features such as Energy Star roofing and geothermal heating and cooling; and targeting certifications such as LEED Silver, U.S. National Green Building Standard (NGBS), and EDGE (a product of the International Finance Corporation). For more information on these practices, please see Appendix 2.

Number of individuals housed

ASSUMPTIONS

Most respondents reported the number of individuals housed by a particular investment in the reporting year. In cases where this metric was unknown, we multiplied the number of bedrooms across all units financed by a particular investment with the corresponding estimated number of inhabitants, per the U.S. Department of Housing and Urban Development's bedroom occupancy standards.[11] This enabled us to approximate the number of individuals provided access to affordable housing by that investment.[†] We then compared the resulting figure to the total number of cost-burdened individuals (for U.S.-based investments; defined as those who spend more than 30% of their income on housing, including utilities) or the number of individuals lacking access to affordable and good-quality housing (for investments based outside of the United

---

Six of the 10 investors in this sample seek some type of environmentally friendly housing certification or incorporate sustainable practices during housing construction.

IRIS+ PD2756

DESCRIPTION: Describes third-party certifications for products and services sold by the organization that are valid as of the end of the reporting period.

IRIS+ PI2640

DESCRIPTION: Number of individuals housed in single-family or multi-family dwellings as a result of new construction, loans, repairs, or remodeling resulting from investments made by the organization during the reporting year.

---

[*] Five investments that targeted individuals earning more than 50% of AMI were excluded from this analysis given the limitations of third-party reference data.

[†] U.S. Department of Housing and Urban Development (HUD) occupancy standards were also applied to investments made outside the United States.

States)[*] in the state or province where the housing unit was provided.[†] All third-party data sources are listed in Appendix 3.[‡]

FINDINGS

Together, in a one-year period, nine investors helped facilitate access to affordable housing through 116 investments for an estimated 37,000 individuals around the world.[§] The median investment provided affordable, safe, and quality housing for 197 individuals over a one-year period, or approximately 15 individuals per USD 100,000 invested. This represents 0.1% of the total number of cost-burdened individuals in the state or province of investment. The average investment housed 321 individuals over a one-year period, or 32 individuals per USD 100,000 invested; this also represents 0.1% of the total number of cost-burdened individuals in the state or province of investment. Deeper examination of the depth of impact reveals the holistic approach that impact investors take in this sector; for an example, see the AlphaMundi spotlight.

---

[*] Non-U.S. investments were analyzed relative to the good-quality, affordable housing deficit due to a lack of rigorous third-party data for 'cost-burdened' households.

[†] Most of the third-party data referencing the scale of the problem is reported at the household level. We transformed these figures to the individuals level using average household size data for each state or province.

[‡] In one case, province-level baseline data were not available, so we approximated figures in relation to the city's greater metropolitan area.

[§] One investment did not share data for individuals housed or size of units financed, and was excluded from analysis.

SPOTLIGHT:

AlphaMundi Group

AlphaMundi Group Ltd. is a commercial entity based in Switzerland that makes debt investments with the intention of generating significant net benefits to society.

In 2014, AlphaMundi made its first investment in Echale a tu Casa, a program that provides sustainable and affordable housing opportunities to low-income, rural families in Mexico. Since many families lack access to institutional credit, Echale provides such financing options as savings products and microfinance loans, with 60% of loans in its program disbursed to women. Echale sources sustainable building materials to manufacture clay bricks and designs houses that suit the identified clients' needs. Echale also hires members of borrower households to participate throughout the home-building process, from attending trainings on how to build and reviewing blueprints to laying foundations and assisting with construction. Following this support from Echale, many residents have become self-employed in construction. As illustrated by AlphaMundi's holistic approach, investments in housing can lead to job creation, increased income, skills development, and environmental sustainability.

Evidence suggests that access to safe, clean, and affordable homes improves standard of living, childhood health and development, mental and physical health, and energy efficiency, among other positive impacts.[*] Many impact investors consider these related factors when evaluating the impact of their affordable housing investments. For example, 97% of the investments analyzed in this sample offer supportive services linked to the provided housing, such as access to public transportation and schools, financial literacy training, and access to healthy food and gyms, among others. For an example, see the Community Capital Management (CCM) spotlight.

Number of years for which housing is expected to remain affordable

ASSUMPTIONS

All investments in the dataset reported the number of years for which the units financed by a particular investment were expected to remain affordable at the time of investment. Investors reported specific durations of affordability for the majority of investments (94%), while some respondents reported that the remaining 6% of investments are expected to remain permanently affordable. Those respondents estimated permanence to mean the housing would remain of high quality for

---

[*]   See IRIS+ details on affordable housing: **improved housing quality**.

Community Capital Management

Community Capital Management (CCM) is a U.S.-based, registered investment advisor to institutional investors that uses fixed income and equity investments to create social and environmental impact.

In 2018, CCM invested in bonds financing more than 24,000 affordable rental housing units with a focus on providing support services for vulnerable populations, including low-income families, homeless individuals, and disabled persons in some of the most globally expensive housing markets.

For example, CCM invested in a taxable municipal bond financing an affordable, multifamily apartment building that is part of the East Harlem Center for Living & Learning in New York City. Onsite programs include literacy training programs with tutors, health and nutrition classes, financial counseling courses, and a resident assistance referral program for crisis intervention and family needs.

The Center also houses the DREAM Charter School, the first school built in East Harlem in nearly 50 years, which seeks to improve literacy and high school graduation rates. In the 2017-18 school year, DREAM students outperformed their peers in other district schools by 22% in Math and 14% in English /Language Arts. The school also hosts weekly yoga classes and cultivates fruits and vegetables in its rooftop garden, which has improved students' mental and physical health, as well as their self-esteem. To assess these impacts, CCM identifies vulnerable populations and tracks the social and environmental benefits of their investments through the NY Housing Finance Agency (HFA). CCM also maintains a proprietary impact measurement database and produces impact reports on each of its projects.[*]

---

[*]   See more on CCM's impact in its **2018 Annual Impact Report**.

50 years; of course, estimating these figures remains a challenge. Duration of affordability depends, in part, on who owns the property (e.g., a mission-driven nonprofit or a commercial developer) and whether there exist any requirements or restrictions around affordability as a result of government funding.

FINDINGS

The median investment in this sample financed units that are expected to remain affordable for 30 years; the average housing unit is expected to remain affordable for 31 years, reflecting a handful of properties expected to remain permanently affordable. The median tenure of affordability reflects the alignment of nearly all U.S.-based investments in the sample with LIHTC mandates, according to which affordable properties developed during or after 1990 must preserve affordability for 30 years.[12]

RELATED OUTCOMES

Most impact investors in this sample (70%) aimed to increase residential stability through their investments, reflecting their commitment to keeping these housing units affordable for a prolonged period of time. Residential stability, in turn, leads to additional benefits such as improved ability for families to obtain basic necessities, reduced child neglect, and stronger academic performance.[13]

Additional metrics

Some respondents shared additional metrics that they track, such as the following, many of which relate to investors' commitment to gauging demand for affordable housing, reaching the stakeholder groups that need it most, and providing supportive services to improve tenants' quality of lives:

- average income and average price of property in target geography, to track local demand;

- household income and household receipt of public assistance (e.g., tenant vouchers);

- percent of minority households and households living below the poverty line, in the target geography;

- differential to market rent; and

- green improvements made and social services offered.

In cases where respondents indicated such bespoke metrics, the Research Team was unable to conduct meaningful analysis of results. These metrics will, however, be considered for inclusion in future editions of this research.

We employed two ways to assess the scale of impact in the housing sector:

NUMBER OF HOUSING UNITS FINANCED

&

NUMBER OF INDIVIDUALS HOUSED

In cases where the number of individuals housed was unknown, we multiplied the number of bedrooms in the total units financed by an investment with the corresponding estimated number of inhabitants,* to approximate how many individuals were provided access to affordable housing by that investment.

We compared the number of units financed to the deficit of affordable and available housing at or below 50% of area median income (for U.S. based investments), or the deficit of affordable housing (for non-U.S. investments), in the state or province of the investment.

We compared the number of individuals housed to the number of cost-burdened individuals (for U.S. based investments) or the number of individuals lacking access to affordable and good-quality housing (for investments outside the U.S.) in the state or province of the investment.

OVER A ONE-YEAR PERIOD

NUMBER OF HOUSING UNITS FINANCED

11,057

Collectively, investors financed:

144	studios
3,424	one-bedrooms
5,765	two-bedrooms
1,170	three-bedrooms
67	four-bedrooms
2	five-bedrooms

NUMBER OF INDIVIDUALS HOUSED

37,273

We then weighted this baseline data relative to the scale of the housing crisis in the state or province of the investment.

On average, these investments provided housing:

through **9 units**   for **32 individuals**

per **USD 100k** invested

This is equivalent to:

0.2%
of the affordable housing deficit,

— and —

0.1%
of the number of individuals lacking access to standard, affordable housing
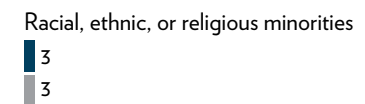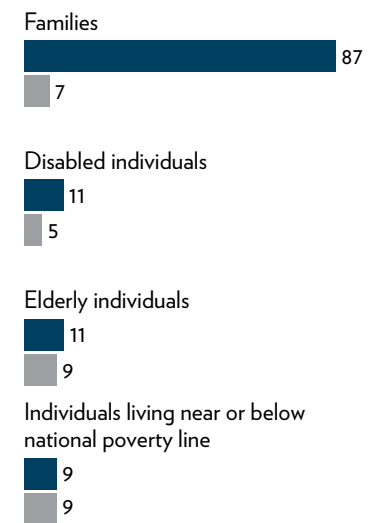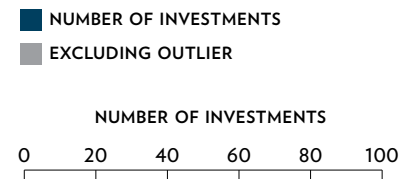
across the states and provinces represented in the sample.

* Per the U.S. Department of Housing and Urban Development's bedroom occupancy standards.

The resulting figures can then be disaggregated to understand variance in average housing-sector impact results,

... and gain insight into affected stakeholders.

🏠 UNITS FINANCED

N= 9 · 103 · 9 · 102 · 112

PERCENTAGE OF AFFORDABLE UNITS DEFICIT ADDRESSED IN THE STATE OR PROVINCE OF INVESTMENT

AVERAGE NUMBER OF UNITS FINANCED PER USD 100 THOUSAND INVESTED

- Below-market: 0.08% / 3
- Market-rate: 0.23% / 10
- Private equity: 0.16% / 7
- Private debt: 0.22% / 10
- Overall: 0.22% / 9

TARGET RETURNS | INSTRUMENT | OVERALL

👥 INDIVIDUALS HOUSED

N= 8 · 108 · 9 · 94 · 116

PERCENTAGE OF COST-BURDENED INDIVIDUALS HOUSED IN THE STATE OR PROVINCE OF INVESTMENT

AVERAGE NUMBER OF INDIVIDUALS HOUSED PER USD 100 THOUSAND INVESTED

- Below-market: 0.06% / 13
- Market-rate: 0.07% / 34
- Private equity: 0.04% / 18
- Private debt: 0.06% / 34
- Overall: 0.07% / 32

TARGET RETURNS | INSTRUMENT | OVERALL

NUMBER OF INVESTMENTS

■ NUMBER OF INVESTMENTS
■ EXCLUDING OUTLIER

Scale: 0 · 20 · 40 · 60 · 80 · 100

- Families: 87 / 7
- Disabled individuals: 11 / 5
- Elderly individuals: 11 / 9
- Individuals living near or below national poverty line: 9 / 9
- Racial, ethnic, or religious minorities: 3 / 3
- Refugees or displaced individuals: 3 / 3
- Other *: 7 / 5

* 'Other' includes youth and children, and homeless individuals.

ADDITIONAL INSIGHTS
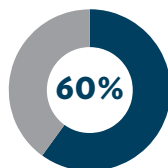
60% of investors develop environmentally friendly housing

97% of investments offer supportive services linked to the housing provided

RISKS to creating impact

Nearly all investments in this sample (96%) met their impact performance expectations. One investment exceeded its impact targets, and a small share (3%) did not have impact targets (Figure 5). None of the investments in this dataset fell short of their impact targets.

FIGURE 5: **Impact performance relative to expectations**

n = 117

DO NOT HAVE TARGETS
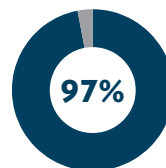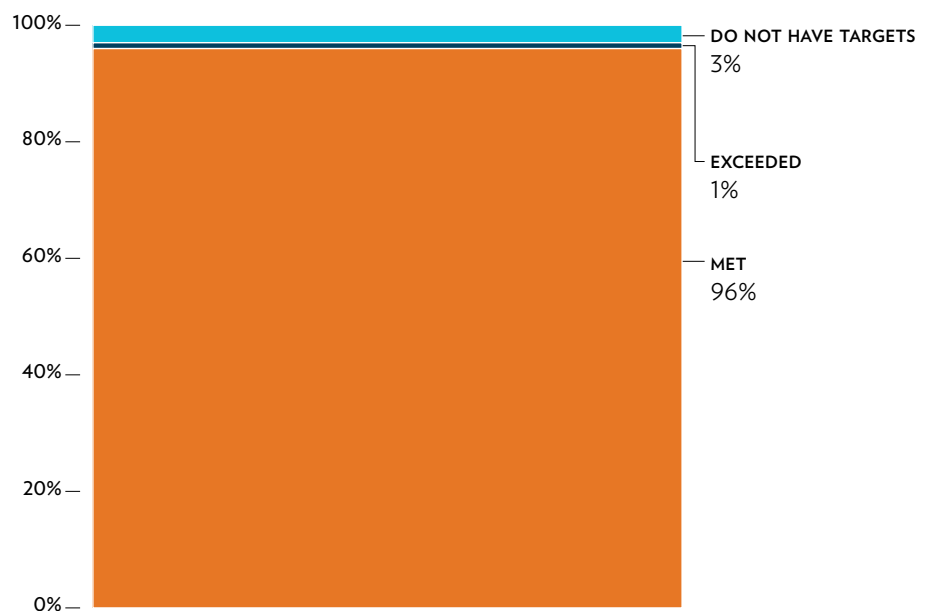3%

EXCEEDED
1%

MET
96%

Source: GIIN

Respondents also indicated the different types of impact risks their investments faced (Figure 6). The highest proportion of investments faced execution risk (95%), followed by external risk (5%), drop-off risk (2%), efficiency risk (2%), contribution risk (1%), stakeholder participation risk (1%), and evidence risk (1%). None of the investments faced unexpected impact risk.

Specific examples of execution risk include risks associated with constructing on land that has been derelict for a prolonged period of time, risks of ensuring site decontamination before development, and regulatory risks. For additional insights on how impact investors navigate various impact risks, please see the Bridges Fund Management spotlight.

n = 104; respondents may face multiple risks.
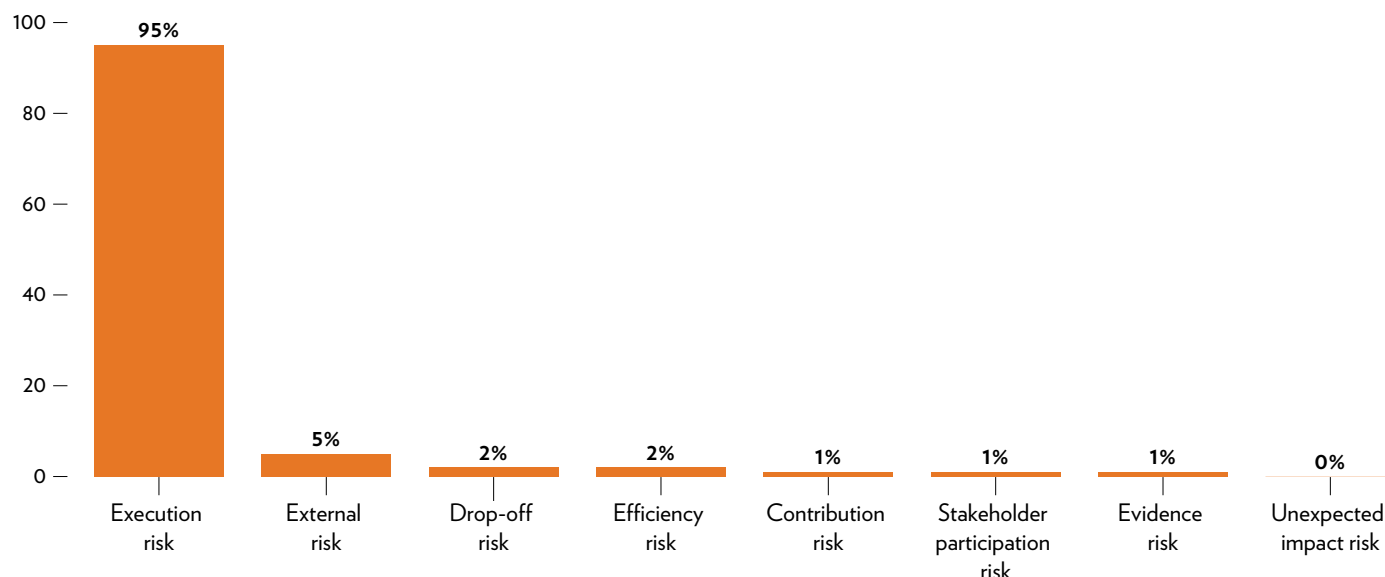
Source: GIIN

Bridges Fund Management

Bridges Fund Management is a private, UK-based fund manager that invests in businesses, properties, and social sector organizations..

In 2014, Bridges invested in 243 lower-cost residential units designed to offer low- to moderate-income families in London access to rental properties and home ownership.[*] The development site comprises 18 acres of land that had previously been neglected for 40 years, which presented uncertainty in terms of community interest. Despite the various impact risks associated with this investment, including the resulting potential for low community engagement, Bridges moved forward by developing a series of risk-mitigation strategies following Impact Management Project (IMP) guidelines.

Specifically, Bridges addressed evidence and stakeholder participation risks by following a consultative process with community members, including target tenants and nearby schools, who demonstrated strong support (92%) for site redevelopment. Consultations continued throughout the development process, as Bridges employed an engagement specialist who facilitated transparent communication and ensure a smooth handover

process during Bridges' exit in 2019, minimizing drop-off risk. To ensure its environmental outcomes were achieved, Bridges used Cross-Laminated Timber for construction, a material with a strong track-record of environmental efficiency, including a reduced carbon footprint by 1,600 tons of CO_2 per year, 52% less CO_2 emitted in operations, and construction and framing costs reduced by 10%.

Bridges has continued to monitor this investment, holding meetings with occupants, assessing impact targets, and making cost-effective decisions to ensure efficient use of resources and minimize efficiency risk. However, as an investor, Bridges will have less control once the property is sold and therefore recognizes that unexpected impact risk may not be fully mitigated. Lastly, to mitigate any external risks, the team negotiated a fixed-price contract to cover any price fluctuations in material costs. Bridges has added value for its residents and the community, ensuring delivery of its intended impact outcomes.

[*] Learn more in Bridges' **Annual Impact Report 2017**.

CONTRIBUTION to impact

Most investors contributed by signaling that impact matters, engaging actively with investees, and providing flexible capital.

Types of investor contribution

Impact investors often seek to understand how their investments and the work of their investees create positive social and environmental effects beyond what would have likely occurred anyway. This 'contribution' to progress offers insight into the influence of investors' capital and its ability to efficiently stimulate change. Respondents employed three primary strategies to contribute to their investments' impact: providing flexible capital (89%), engaging actively with their investees (9%), and signaling that impact matters (7%). Since one outlier accounted for a notable proportion of investments in the sample, most investors contributed by signaling that impact matters (63%), engaging actively with investees (38%), and providing flexible capital (25%). None of the respondents aimed to increase their contribution by growing new or undersupplied capital markets. For definitions of each of these strategies, see Appendix 3.

Ways to gauge contribution

One way for investors to measure the extent of their investments' contribution is to assess the level of capacity-building or other non-financial support provided to investees. Among the 108 investments that provided this data, nearly all (98%) provided no such support; the remaining 2% funded assistance themselves. Excluding the outlier mentioned above, these figures were 83% and 17%, respectively. Both sets of figures echo responses above regarding contribution strategies; relatively few investors seek to contribute by engaging actively with their investees.

Contribution may also be assessed by an investee's ability to raise follow-on capital. Of 107 investments with these data provided, 95% reported that the investee had not raised additional or follow-on capital; for the remaining 5%, investees did so through another organization. Excluding the sample's outlier, 55% of investments had not yet raised follow-on capital, and 45% had done so through other organizations. These figures may reflect the permanent nature of housing units, as well as the relatively recent nature of most investments in the sample (with the average investment made in 2016). Investments made more recently are less likely to have already raised follow-on capital, whereas longer-tenured investments may be more developed and looking to expand.

Respondents also reported the amount of affordable housing that was already available in the target market, with investors in all but one of 113 investments reporting that 'some' affordable housing is provided in their market. This figure indicates, to some extent, the value investors can offer by working in 'new or undersupplied capital markets,' one of the contribution strategies described above.

Some examples of other contributions by investments in this sample include regenerating derelict land and preserving affordable units by preventing their sale to owners who would otherwise increase rent and displace low-income tenants.

While the data indicate that impact investors are pursuing various contribution strategies, accurately assessing and determining contribution remains a complex, industry-wide challenge. Various factors may influence the role of an investor in facilitating impact results, including the relative stake of their investment in the company, project, or property; the level of engagement of the investor with the investee; the stage of business of the investee at the time of investment; among others. Future analysis will continue to explore these relationships to better understand how different factors correlate to impact results.

While the data indicate that impact investors are pursuing various contribution strategies, accurately assessing and determining contribution remains a complex, industry-wide challenge.

SOURCE: PHATISA
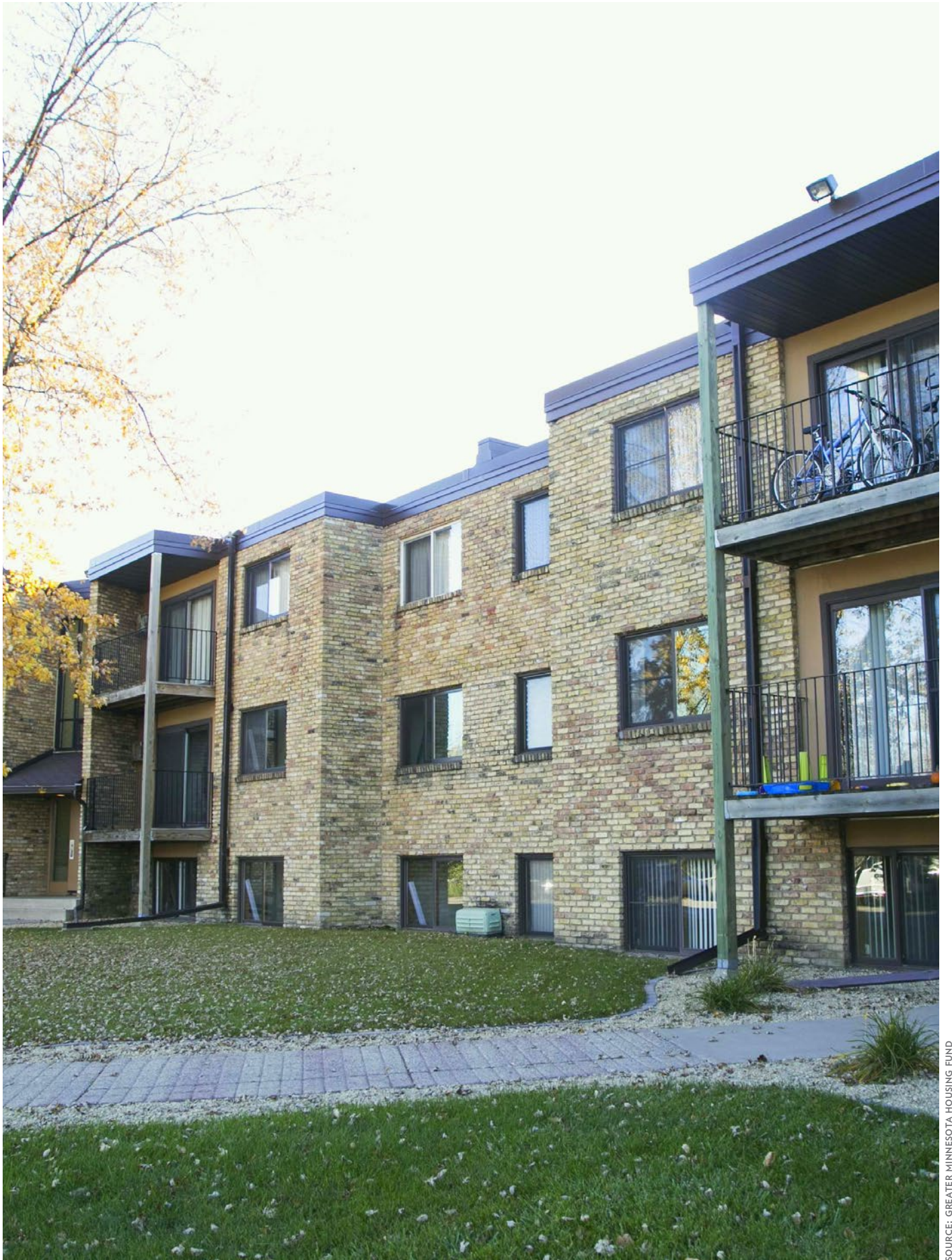
Feasibility of impact performance research

A significant component of this research effort was to explore the feasibility of conducting aggregate and comparable impact performance research. As noted in the Methodology on page 9, this research effort included extensive engagement with an advisory body featuring members of the GIIN's Investors' Council and other impact investors active in the housing sector. This process elevated key constraints to participation, discussed further below, yet also reinforced significant industry demand for comparable impact performance data.

Aggregate and comparable impact performance analysis requires each of four factors to fall into place:

1. **Volume** of data to enable meaningful aggregate and segmented analyses;

2. **Rigor** and standardization in data's collection and calculation;

3. **Relevance** of data to impact performance and real results; and

4. **Availability** of data from impact investors, who must be able and willing to disclose the information required to meet the first three factors.

To determine whether these required factors are present, the Research Team conducted a feasibility study to pilot this research effort through extensive consultation with the study's advisory board. The Team also assessed external indicators of the broader industry to understand market demand and the state of impact measurement and management practice. In short, investors are collecting a significant volume of impact data, and a pioneering group of impact investors are ready, able, and willing to share. The amount of data contributed by this pilot group of impact investors exceeded the Team's initial targets for data collection, especially at the output level, which enabled aggregation and comparison across impact investments. In group and one-on-one conversations, the Research Team confirmed that investors collect and calculate output metrics in a standardized manner; outcome metrics, however, require the use of additional assumptions and proxies and are therefore subject to additional variation. To address this potential variance, the Team conducted most calculations for outcome metrics in-house, as detailed in the 'How Much' section (page 18). Finally, study respondents and advisors confirmed through their participation in the development of the questionnaire and their early methodological feedback that the data collected from impact investors and included in this study are relevant to and indicative of impact.

> **This process reinforced significant industry demand for comparable impact performance data.**

With the industry at large demanding transparency in impact data and results, as indicated in the 'Study Motivations' section (page 8), the market seems ready for comparable impact performance data and analysis. Impact investors increasingly align their impact measurement and management practices to standardized metric sets and reporting frameworks, such as IRIS+, a prerequisite to aggregating impact data. As a result, the industry has collectively developed a robust set of impact data waiting to be shared. Together, these study- and industry-specific indicators suggest that impact performance can be aggregated and compared among impact investments.

Data availability

The Research Team collected data on transaction features, impact objectives, and impact results from investors in the housing sector. Performance metrics reflect depth, breadth, and duration of impact in the housing sector.

Since not all metrics are relevant to all impact strategies within a given sector, respondents determined the relevance of each question and chose to answer accordingly. In total, 10 investor organizations reported data on 114 unique investments and 117 total observations, exceeding the study's initial target to collect

TABLE 2: **Number of unique data points collected per metric**

n = 114 unique investments made by 10 investors.

|	METRIC	IRIS METRIC ID NUMBER	NUMBER OF RESPONSES
DEPTH	Greenhouse gas emissions reduced (metric tons)	PI5375	1
	Type(s) of housing certification	PD2756	18
	Income distribution of tenants	-	19
	Total 'depth' data points	**-**	**38**
BREADTH	Number of new units of new housing	PI5965 & PD5833	105
	Number of units preserved or rehabilitated affordable housing	PI5965 & PD5833	11
	Number of individuals housed	PI2640	48
	Number of jobs created	PI3687	2
	Total 'breadth' data points	**-**	**166**
DURATION	Types of housing offered	-	114
	Number of years for which housing is expected to remain affordable	-	114
	Tenant turnover rate (%)	-	3
	Eviction rate (%)	-	3
	Total 'duration' data points	**-**	**234**

Source: GIIN

data on up to 40 investments.* Despite some challenges in accessing and sharing certain data points, investors collected and shared sufficient impact data to enable meaningful analysis. Respondents reported quality data for analysis on five of the 11 indicators collected (Table 2). The analysis and key findings derived from these metrics are presented in the 'How Much' section of this report (page 18).

Where respondents did not report a given metric, they were asked to articulate the reasons they could not submit data. Investors identified four main constraints to submitting data: lack of relevance to their impact strategy, low data quality, limited access to data, and confidentiality concerns (Figure 7). Overall, the biggest barrier to providing information on impact performance was the lack of high-quality data (55% of all responses). Inability to access data was a second major impediment to data submission for impact investors (41% of all responses). Confidentiality was the most significant concern for only one investment of 114, suggesting that responses to this study were hindered only slightly by confidentiality restrictions. The remainder of this section details the reasons respondents were unable to share data by category of metric, followed by lessons learned to address key challenges moving forward. All analysis excludes respondents who did not submit data and did not report why they could not share the data.

---

*   An observation is an annualized investment; in some cases, investors provided multiple years of data for a single investment.

FIGURE 7: **Overall reasons respondents could not submit data**

Number of responses shown above each bar.
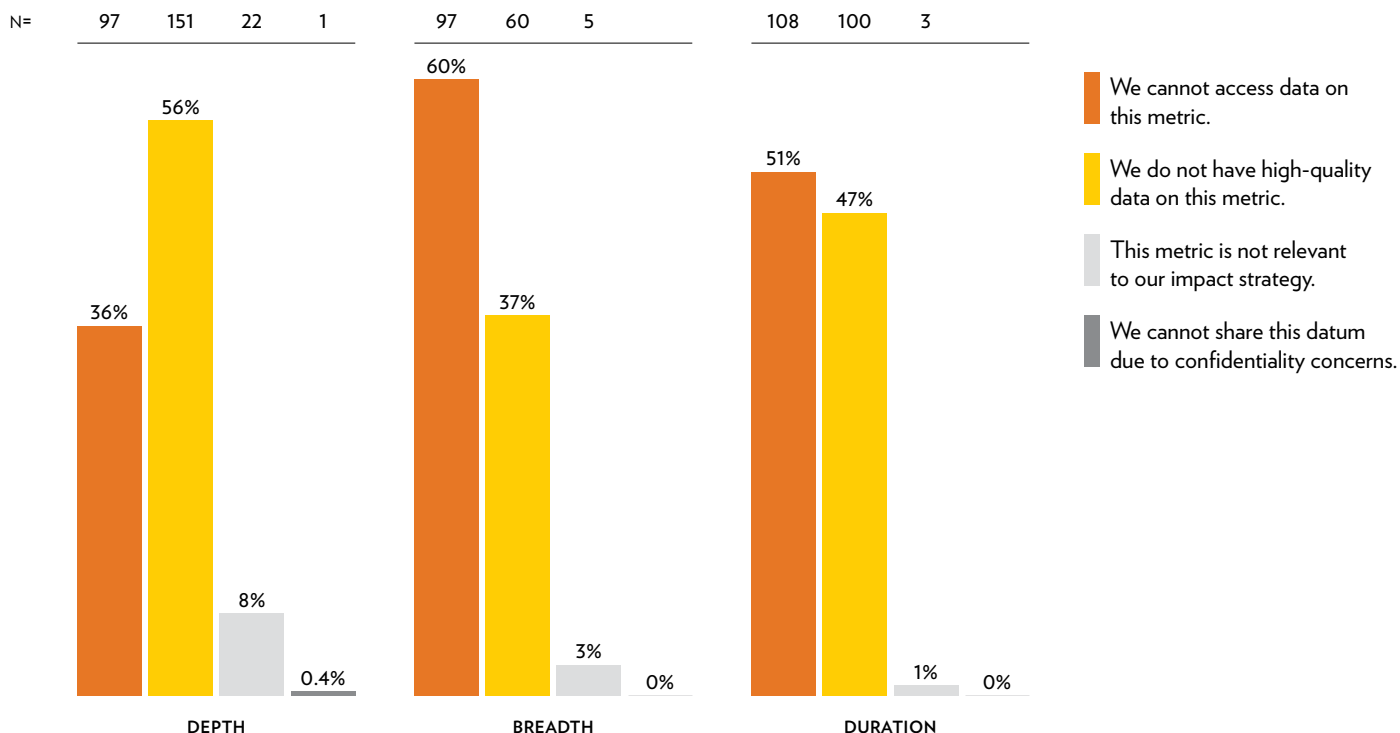
Note: Respondents answered questions about data constraints only in cases where they could not submit or did not have data available; in some cases, respondents shared data constraints across multiple metrics. Total numbers of responses varied for each category of metric; this figure reports responses broken down by category of metric (Depth, Breadth, and Duration).
Source: GIIN

Metrics related to depth of impact

Depth of impact reflects the importance of the impact for the people or ecosystems affected. Relevant metrics included GHG reductions (metric tons), type(s) of housing certifications, and income distribution of tenants. In some cases, respondents shared data on tenants' income distribution (19 investments); many also described the types of housing certifications received (18). However, obtaining data on GHG emission reductions was challenging; all investors but one expressed difficulty accurately tracking GHG emissions reductions. Estimating GHG emission reductions often required extrapolation, and many investors could not access GHG emission reduction data at all (89% of responses not reporting this metric, or 97 investments; Figure 8). The remaining investors not reporting this metric also articulated that it was irrelevant to their impact strategy (11% of responses not reporting this metric, or 12 investments).

Lack of high-quality data made it difficult for the outlier in the sample to share information regarding type(s) of housing certifications (91% of responses not reporting this metric). Many investors, especially those who focus on preserving housing, also articulated that environmental housing certifications were less relevant to impact in the housing sector. Regarding tenants' income data, four investors indicated that data collection was a challenge, as none of them had high-quality data available. In addition, this was the only metric that could not be shared due to confidentiality concerns, specifically concerns derived from government data protection regulations, (as noted by one investor outside the U.S.).

FIGURE 8: Reasons participants could not submit data across each metric
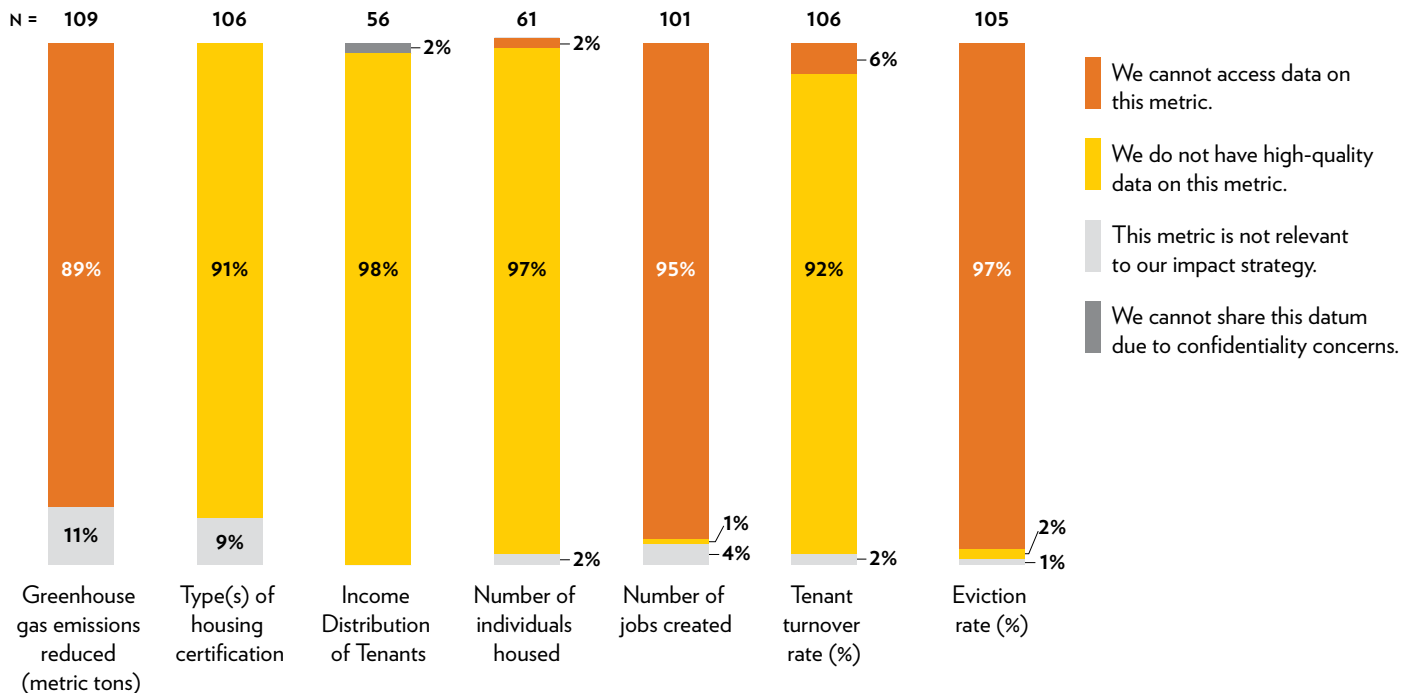
Note: The following four metrics had almost full response rates and were omitted from this analysis: number of new units of affordable housing, number of preserved or rehabilitated units of affordable housing, tenure of affordability, and types of housing offered.

Source: GIIN

Metrics related to breadth of impact

Breadth of impact reflects the reach of impact across groups of people or ecosystems. Relevant metrics included number of new units of affordable housing, number of preserved or rehabilitated units of affordable housing, number of individuals housed, and number of jobs created. All respondents reported the number of new or preserved units of affordable housing, suggesting that this metric was readily accessible and often integrated into investors' existing reporting processes. Many investments (48) also reported the number of individuals housed. Regarding the number of jobs created, several participants indicated that job creation may not aptly reflect stable, long-term employment opportunities, as many jobs in the housing sector tend to be short-term and related to property construction or rehabilitation. Several investors cited the challenge of differentiating between the impact of short- and long-term employment.

Metrics related to duration of impact

Metrics used to assess the duration of impact included type(s) of housing offered (such as whether the property offered short- or long-term rentals), the number of years for which the housing was expected to remain affordable at the time of investment, tenant turnover rate (%), and eviction rate (%). All investors had available data on the tenure of affordability, as well as data on whether short- or long-term housing was offered. However, limited data were available on turnover and eviction rates. Only three investors provided data on tenant turnover and eviction rates for a total of seven responses. For these metrics, the remainder either lacked access to data altogether or lacked high-quality data.

Lessons learned

The impact investors that participated in this study remained highly engaged throughout the process, reflecting genuine and earnest interest in seeing impact performance results materialize in the market. Their engagement and their submitted data offer the following five lessons for impact performance research.

1. Context is crucial to understanding and comparing impact performance results.

Nearly universally, investors emphasized that interpreting impact performance results requires careful attention to context and nuance, specifically with respect to the types of stakeholders affected and the nature of their previous living conditions, location of housing property, and the investee's approach to creating impact. For example, the nature of impact results varies significantly by type of housing unit (e.g., rental vs for-purchase) or the type of supportive services provided. The Research Team has contextualized impact performance within the analytic methodology, accounting for the state or province of the housing unit in evaluating aggregate results; in evaluating aggregate results, the analysis included details on the sample's investment features and objectives. Growing investor participation in impact performance research will unlock further ability to disaggregate and segment analysis by key contextualizing variables.

2. Synthesized, standardized reporting structures can reduce the reporting burden, especially for investees.

Many impact investors have their own reporting processes and instruments that generally require the regular collection of many data points directly from their investees—or even from end stakeholders. Investees must often expend resources and staff time to collect and report these data. Requesting additional metrics risks further exacerbating the reporting burden on investees; investors themselves also face multiple requests for impact performance information from field-builders and LPs. These burdens can be reduced by first leveraging common, standardized indicator sets, such as the IRIS+ Core Metrics Sets, to streamline the information collected among co-investors. Further, integrating impact performance metrics into routine data collection, alongside investors' other financial reporting requirements, can enable investees to embed data collection and reporting into their existing reporting functions.

3. Routine, comprehensive data collection is essential for annualized performance analysis.

Impact investors' impact measurement and management processes are at various stages of development; for many, collecting data annually on impact outputs and outcomes remains an important first step. Reporting annualized impact requires

---

Nearly universally, investors emphasized that interpreting impact performance results requires careful attention to context and nuance.

Growing investor participation in impact performance research will unlock further ability to disaggregate and segment analysis by key contextualizing variables.

baseline data from the prior year against which change may be assessed. In cases where investors or investees do not have this data, investors cannot track annual change for a given metric. Several respondents indicated intent to begin collecting baseline data for some metrics not previously reported in an effort to participate more fully in future iterations of this research. More investors establishing more rigorous impact management practices will grow the impact performance dataset, enabling deeper insights into the drivers of impact performance.

4. Investors place competing demands on the process and instrument for data collection.

While some investors suggested the Team simplify data collection with a shorter questionnaire and higher-level metrics, others preferred to share more detailed information, particularly granular, tailored impact metrics and additional context. Naturally, this tension raises the challenge of crafting a focused, yet comprehensive questionnaire that maintains, at its heart, the context in which investments are made. Moving forward, the Research Team will require respondents to report certain key metrics, leaving others optional. The Team will also explore ways to simplify the data collection tool to maintain a clear, efficient process.

5. Producing standardized, aggregated impact performance data requires standardized assumptions.

Investors often reported estimating key data points—such as the number of individuals housed—using proxy indicators, extrapolating based on assumptions to drive these calculations. To assess results in aggregate, the Research Team performed additional calculations using assumptions detailed in the 'How Much' section (page 18). Looking ahead, the Research Team intends to reduce the number of metrics that require study respondents to make their own assumptions, instead leveraging standardized assumptions to the extent possible.

More investors establishing more rigorous impact management practices will grow the impact performance dataset, enabling deeper insights into the drivers of impact performance.

Conclusion

Impact is central to the identity and practice of impact investing, yet to date, little information is available about impact results. This study begins to address this significant knowledge gap by addressing both sets of research questions posed earlier: is aggregate and comparable impact performance research possible and, if so, what social and environmental results are associated with impact investors' activities?

This effort has elevated key insights on the potential of this type of research and performance results among participating impact investors:

- **Impact investments can be differentiated on the basis of impact.** Through the feasibility components of this effort, the Research Team determined that it is possible to analyze impact results across investments in a comparable way — and thus it is possible, especially as this effort continues to scale, to integrate impact considerations more fully into investment screening, diligence, and management.

- **Contextualizing results is key to reliable, rigorous analysis of impact performance.** Performance results, naturally, vary based on impact objectives, target stakeholders, and geography of the investment. This context also comes into play when assessing the different types and levels of impact among various products or services as well as different investment features, such as investment instrument. In order to compare results in a meaningful way, this context must therefore be woven into the analytic methodology itself.

- **Housing impact investors seek to generate long-term, stable housing for disadvantaged people through their investments — an objective which is reflected in their results.** This study's sample indicated commitment to generating not just strong outputs, but also lasting outcomes, with 60% of investors receiving certifications for environmental sustainability for the units they finance, 97% of investments offering supportive services to the individuals they house, and 100% of investments targeting long-term affordability for the units they build or preserve.

Additional research questions

This effort represents strong progress toward addressing knowledge gaps about impact performance results, yet naturally raises several additional research questions for further exploration:

- **What drives impact performance results?** Given the relatively small sample size, specific drivers of strong impact performance results could not be ascertained. A more robust sample, however, could enable future research to explore how different impact measurement and management processes, investment decisions, and sector-specific activities correlate to and contribute to impact results. Additionally, analysis of a larger sample size could help to identify and articulate mechanisms to enhance the efficiency with which impact is created relative to the amount of capital invested.

- **What relationship exists, if any, between impact and financial performance?** Using a larger dataset, additional analysis could explore how impact and financial results interrelate, including when tradeoffs do and do not exist and what factors may drive these potential tradeoffs.

- **What negative results are associated with impact investing activities?** This study focused on the positive results associated with impact investing but did not explore potential negative consequences of impact investment. Additional analysis could investigate the possibility of these negative effects, alongside an estimation of the net impact of impact investing.

- **How can impact be assessed at the fund or portfolio level, and what will the results show?** While this study explored investment-level impact performance, many investors also invest indirectly, through funds or other intermediaries. Some investors also manage multiple funds, which further complicates portfolio-level aggregation. Insight into the nature of this type of data aggregation and the resulting impact performance figures would further enhance transparency in the market.

List of participants and advisors

The GIIN would like to recognize the contributions of the following organizations who shared impact performance data for this study:

AlphaMundi Group Ltd.
Bridges Fund Management
Community Capital Management
Fondaction
Greater Minnesota Housing Fund
IMPACT Community Capital
MacArthur Foundation
Nuveen, a TIAA Company
Phatisa
Virginia Community Capital

The Research Team would also like to thank the following advisors who provided industry insights and guidance throughout this process:

Calvert Impact Capital
CDC Group Plc
Deutsche Bank Americas Foundation
Enterprise Community Partners
Ford Foundation
Gray Ghost Ventures
PGIM, Inc.
The California Endowment
UBS

Key terms

The following definitions were provided to respondents in the questionnaire:

IMPACT RISKS

Evidence risk: The probability that the evidence on which the strategy is based is not good evidence that the expected impact will occur.

External risk: The probability that external factors disrupt our ability to deliver the expected impact.

Execution risk: The probability that the activities are not delivered as planned and do not result in the desired outputs.

Stakeholder participation risk: The probability that the expectations and/or the experiences of stakeholders are misunderstood or not taken into account.

Drop-off risk: The probability that the expected impact does not endure.

Unexpected impact risk: The probability that significant unexpected positive and negative impact is experienced by people and the planet.

Efficiency risk: The probability that the expected impact could have been achieved with fewer resources or at a lower cost.

Contribution risk: The risk that your contribution leads to a worse effect than would otherwise have occurred.

CONTRIBUTION STRATEGIES

Signal that impact matters: Choose not to invest in or to favor certain investments that, if all investors did the same, would ultimately lead to a 'pricing in' of effects on people and planet by the capital markets more broadly. Some people think of this as 'values alignment'.

Engage actively: Use expertise and networks to improve the environmental/societal performance of businesses. Engagement can include a wide spectrum of approaches — from dialogue with companies to investors taking board seats and using their own team or consultants to provide hands-on management support (as often seen in private equity). While a significant dialogue with companies, including about environmental, social and governance factors, is a normal part of the fund management process, the phrase 'engage actively' reflects a strategy that involves, at a minimum, significant proactive efforts to improve businesses' effects on people and the planet.

Grow new or undersupplied capital markets: Anchor or participate in new or previously overlooked opportunities to enable businesses to generate impact. This may involve seeking out non-traditional illiquidity, complexity or perception of disproportionate risk, which some investors may do in pursuit of financial alpha. In public equities, bonds or infrastructure, an investor might move from holding mainly well-subscribed issuances (which is just a signaling strategy) to participating in a higher proportion of undersubscribed issuances.

Provide flexible capital: Recognize that certain types of businesses will require acceptance of disproportionate risk-adjusted financial return in order to generate certain kinds of impact. For example, creating a new market for previously marginalized populations can require very patient capital that cannot offer a commercial financial return.

ENERGY EFFICIENT HOUSING ELEMENTS AND CERTIFICATIONS

Cross Laminated Timber (CLT): Cross-laminated timber (CLT) is a large-scale, prefabricated, solid engineered wood panel that generates little-to-no waste onsite, offering an alternative to conventional materials like concrete, masonry, or steel, especially in multi-family and commercial construction.

EDGE: EDGE is a green building certification system focused on making buildings more resource efficient by enabling developers and builders to quickly identify the most cost-effective ways to reduce energy use, water use, and embodied energy in materials.

Energy Star: ENERGY STAR® is a joint program of the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy (DOE) that seeks to help consumers, businesses, and industry save money and protect the environment through the adoption of energy-efficient products and practices. The ENERGY STAR label can be applied to products, homes, and buildings.

Leadership in Energy and Environmental Design (LEED): LEED is a green building rating system available for a variety of building, community, and home project types.

National Green Building Standards (NGBS): The NGBS certification provides independent, third-party verification that a home, apartment building, or land development is designed and built for energy efficiency according to six factors: Site Design, Resource Efficiency, Water Efficiency, Energy Efficiency, Indoor Environmental Quality, and Building Operation & Maintenance.

HOUSING AFFORDABILITY

Affordable: Definitions of an 'affordable' unit, and the corresponding deficit of such units, vary by geography; to account for this, the Research Team aligned to third-party data:

- **For U.S. based investments**: Units available to a household for 30% or less of its income
- **For U.K. based investments**: Units for which rent is less than 80% of the average rent in the area
- **For investments in other markets (where the above data were not available)**: Units available for households earning within a fixed income bracket

Cost-burdened individuals: Individuals spending more than 30% of their income on housing costs, including utilities.

Low Income Housing Tax Credit (LIHTC): A dollar-for-dollar tax credit in the United States for affordable housing investment that subsidizes the acquisition, construction, and rehabilitation of affordable rental housing for low- and moderate-income tenants.

CONSULTED NETWORK ORGANIZATIONS

Aeris: Aeris provides performance data, analysis, and ratings of both financial risk and impact management for investments. Aeris seeks to help investors screen, underwrite, and monitor investments that meet their risk parameters and social and environmental impact goals. More information can be found here: www.aerisinsight.com.

Building Healthy Place Networks (BHPN): BHPN is U.S.-based national nonprofit organization connecting leaders working to improve health and well-being in low-income communities. The Network seeks to bridge the community development and health sectors by connecting key players, curating resources and examples of what works, and building the knowledge base. More information can be found here: www.buildhealthyplaces.org.

References and literature reviewed

REFERENCES USED TO INFORM ANALYSIS

Andiva, Yvonne. "Kenya Set to Construct 12,500 Affordable Houses in Kiambu County." *Construction Review Online*, June 13, 2018.

"Average Size of U.S. Households 2017, by State." Statista. https://www.statista.com/statistics/242265/average-size-of-us-households-by-state/.

Bedoya, Harold, Samuel Freije, Laura Vila, Gloriana Echeverria, Dan Biller, Gloria M. Grandolini et al. *Country Partnership Strategy for the United Mexican States*, 2014–2019. Mexico City: International Finance Corporation, October 2013.

Commission on Revenue Allocation (Kenya). *Kenya County Fact Sheets*. Nairobi: Commission on Revenue Allocation, December 2011.

Gleeson, James, and Mayur Patel. *Housing in London 2017: The Evidence Base for the Mayor's Housing Strategy*. London: Greater London Authority, February 2017.

"Housing Needs by State." National Low Income Housing Coalition. *https://nlihc.org/housing-needs-by-state*

"Kenya." World Bank Open Data. https://data.worldbank.org/country/kenya.

"Low Income: Londoners Living in Poverty." London's Poverty Profile (Database). Trust for London. *https://www.trustforlondon.org.uk/data/topics/low-income/*.

"Renter Cost Burdens, States." Joint Center for Housing Studies of Harvard University. *https://www.jchs.harvard.edu/ARH_2017_cost_burdens_by_state_total*

Sociedad Hipotecaria Federal (SHF). *Demanda de vivienda 2018*. Mexico City: SHF (Federal Mortgage Society), February 2018.

Zins Beauchesne et associés. *Étude de marché sur le logement étudiant abordable*. Report prepared by ZBA to scope scale of housing affordability crisis for students in Montreal. Montreal: Zins Beauchesne et associés, August 2014.

OTHER REFERENCES

1   Hannah Ritchie, Max Roser, Jaiden Mispy, and Esteban Ortiz-Ospina, "Measuring Progress towards the Sustainable Development Goals."

2   Heather Schwartz, *Housing Policy Is School Policy: Economically Integrative Housing Promotes Academic Success in Montgomery County, MD* (New York: The Century Foundation, 2010).

3   Jonathan Woetzel, Sangeeth Ram, Jan Mischke, Nicklas Garemo, and Shirish Sankhe, *A Blueprint for Addressing the Global Affordable Housing Challenge* (New York: McKinsey Global Institute, October 2014).

4   Andrew Aurand, Dan Emmanuel, Diane Yentel, Ellen Errico, and Marjorie Pang, *The Gap: A Shortage of Affordable Homes* (Washington, DC: National Low Income Housing Coalition, March 2018).

5   Woetzel et al., *Addressing the Affordable Housing Challenge*.

6   Álvarez-Díaz & Villalón, "5 Reasons Affordable Housing Creates a Better World," AD&V (blog), May 17, 2017.

7   Office of the United Nations High Commissioner for Human Rights, *The Right to Adequate Housing*, Fact Sheet No. 21/Rev 1 (Geneva: United Nations, 2009).

8   Woetzel et al., *Addressing the Affordable Housing Challenge*.

9   Abhilash Mudaliar, Aliana Pineiro, Rachel Bass, and Hannah Dithrich. *The State of Impact Measurement and Management Practice* (New York: Global Impact Investing Network, December 2017).

10   Abhilash Mudaliar, Rachel Bass, Hannah Dithrich, and Noshin Nova. *2019 Annual Impact Investor Survey* (New York: Global Impact Investing Network, June 2019).

11   U.S. Department of Housing and Urban Development (HUD), *Occupancy Requirements of Subsidized Multifamily Housing Programs*, HUD Handbook 4350.3 (Washington, DC: HUD, November 2013).

12   Scally, Corianne Payton, Amanda Gold, and Nicole DuBois, *The Low-Income Housing Tax Credit: How It Works and Who It Serves* (Washington, DC: Urban Institute, July 2018), v.

13   Cunningham, Mary. K, "Reduce Poverty by Improving Housing Stability," Urban Wire (blog of the Urban Institute), June 26, 2016, https://www.urban.org/urban-wire/reduce-poverty-improving-housing-stability.

About the Global Impact Investing Network

This report is a publication of the Global Impact Investing Network (GIIN), the leading global champion of impact investing, dedicated to increasing the scale and effectiveness of impact investing around the world. The GIIN builds critical market infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing industry.

Research

The GIIN conducts research to provide data and insights on the impact investing market and to highlight examples of effective practice.

thegiin.org/research

Impact Measurement and Management (IMM)

The GIIN provides tools, guidance, trainings, and resources to help investors identify metrics and integrate impact considerations into investment management.

thegiin.org/imm

Membership

GIIN Membership provides access to a diverse global community of organizations interested in deepening their engagement with the impact investment industry.

thegiin.org/membership

Initiative for Institutional Impact Investment

The GIIN Initiative for Institutional Impact Investment supports institutional asset owners seeking to enter, or deepen their engagement with, the impact investing market, by providing educational resources, performance research, and a vibrant community of practice.

thegiin.org/giin-initiative-for-institutional-impact-investment

Roadmap for the Future of Impact Investing

Interested in helping to build the field of impact investing? The GIIN's *Roadmap for the Future of Impact Investing: Reshaping Financial Markets* presents a vision for more inclusive and sustainable financial markets and articulates a plan for impact investing to lead progress toward this future. To download the Roadmap and find more information about opportunities to get involved, visit **roadmap.thegiin.org**.

Additional GIIN Research

The GIIN conducts research to provide data and insights on the impact investing market and to highlight examples of effective practice. The following selection of GIIN reports may also be of interest:

Since 2011, the GIIN has conducted an **Annual Impact Investor Survey** that presents analysis on the investment activity and market perceptions of the world's leading impact investors.

The **Impact Investing Benchmarks** analyze the financial performance of private debt, private equity/venture capital, and real assets impact investing funds.

Lasting Impact: The Need for Responsible Exits outlines impact investors' approaches to preserving the positive impact of their investments after exit.

The Business Value of Impact Measurement demonstrates how investors and their investees use social and environmental performance data to improve their businesses.

The State of Impact Measurement and Management Practice surveys investors on their approaches to impact measurement and management.

Unlocking the Potential of Frontier Finance describes common features of frontier finance investments, challenges they face, and potential solutions to advance the market.
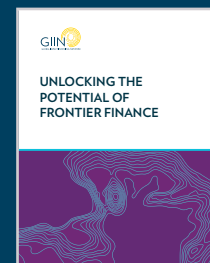
Visit the GIIN's website to find more resources from the GIIN and other industry leaders at **thegiin.org**.