



**Capital  
Plus** Financial



# Providing Affordable Housing & Financing for Families

SOCIAL IMPACT  
LEARNINGS 2019



# Listening to Our Stakeholders

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## Why Measure Our Impact?

As a publicly traded social enterprise we have the dual responsibility of scaling a sustainable enterprise which builds shareholder value and equally important, measures the impact we deliver to our stakeholders and communities.

Measuring impact not only provides us with current metrics but challenges us to expand the impact we can provide and pushes us to come up with more financial solutions for the unbanked and underbanked.

Financial inclusion is a comprehensive issue that the entire banking and financial sector should embrace and solve. We are happy to do our small part. We started assessing impact not because we owe it to our investors, but because we exist for our beneficiaries, and it is the latter whom our impact evaluation is ultimately serving.



**Eric Donnelly**  
CEO, Capital Plus Financial



- **Listening to Our Stakeholders**
  - Introduction \_\_\_\_\_ 5
  - Mission \_\_\_\_\_ 6
  - Aligning to Global Goals \_\_\_\_\_ 7
  - Methodology \_\_\_\_\_ 8
  - Impact Strategy \_\_\_\_\_ 9
  
- **Housing For All**
  - Inclusive Communities \_\_\_\_\_ 10
  - Health \_\_\_\_\_ 11
  - Education \_\_\_\_\_ 12
  - Safety \_\_\_\_\_ 13
  - Support \_\_\_\_\_ 14
  
- **You Believed in Us**
  - Testimonials \_\_\_\_\_ 15
  - From the Field \_\_\_\_\_ 16
  - Reflecting on Our Learnings \_\_\_\_\_ 17
  - Striving for Deep Impact \_\_\_\_\_ 18
  
- **Impact Management Project**
  - Contributing to the Solutions \_\_\_\_\_ 19
  
- **References** \_\_\_\_\_ 20

# COMMUNITIES

## HEALTHY STABLE INCLUSIVE THRIVING

Housing has always played an essential role in shaping the life cycle outcomes for each member of a household. It is a well researched and proven concept that your zip code can impact what kind of job you will have, which school your children will attend, who you will network with, how long you will live, quality of your health, and your economic growth.

In order to continually improve, we must be able to credibly measure and quantify the impact of our efforts. We seek quantitative and qualitative results, accountability and significant data insights so that we can assess what works and what doesn't. This will enable us to scale our efforts and provide more value to our stakeholders.



*At Capital Plus Financial, we want to provide upward economic mobility for everyone. We have taken many steps already to improve stability, health, and education within our community so that each resident feel that opportunity is within reach, and we need your help.*



# Investing in Thriving Communities

## Introduction

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Capital Plus Financial was originally formed in 1992 to provide mortgage financing within the state of Texas. Over the span of its life, the Company has evolved to serve the Hispanic population by providing credit that is otherwise unavailable.

Capital Plus Financial has injected over \$250 million into underserved communities and populations in Texas. Capital Plus is committed to continuing to serve communities in which it has a history of 25 years as well as expand its reach to serve its increasing beneficiary base.

In 2017, Capital Plus Financial, through its ownership by Crossroads Systems Inc., became a publicly traded Community Development Financial Institution (CDFI). This was a tremendous advancement for the industry and a testament to achieving the balance between impacting communities and building shareholder value.

Our U.S. Treasury certification allows us to further leverage long standing banking relationships to jointly tackle the important issue of uplifting communities. We provide financing and home ownership to the underserved market populations we serve in Texas.

We aim to lead and influence the industry into a broader impact investment landscape where capital market solutions and public dollar leverage the transformative work CDFIs do across the country.

*Bridging the gap between public and private funding to grow smaller CDFIs doing incredible work in the communities.*

## MISSION

As a certified community development financial institution (CDFI), Capital Plus Financial provides capital to markets identified as underserved by the community. Capital Plus Financial focuses on homeownership in these underserved markets which will result in positive economic and social impact to the community. Capital Plus Financial originates first lien residential mortgages in low-to-moderate income communities across Texas.

Capital Plus Financial lends to low-to-moderate income documented Hispanic borrowers. Approximately 50% of our borrowers have no credit score and the majority are first time homeowners.

## HOW HOUSING IMPACTS FAMILIES



"Investments in housing can lead to improved physical and mental health, healthier childhood development, reduced government spending, improved standard of living, improved community health, and stronger local economies."

-THE GIIN, NAVIGATION IMPACT

# Sustainable Development Goals (UN SDG)

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future.

There are 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

All 17 SDGs have set number of Targets and each Target has well defined indicators.

By the year 2050, nearly 70% of the global population is expected to live in urban areas. That fact alone should be enough to explain the urgency of aligning with UN SDG 11: Sustainable Cities and Communities. With world population expected to be near 10 billion, nearly 7 billion people will be living in urban environments. So if we think there are infrastructure issues now, we may be headed towards much worse.

## Aligning Capital Plus Financial to the Goals



**SDG 11: Make cities inclusive, safe, resilient and sustainable.**

### Targets:

- 11.1 By 2030, ensure access for all to adequate, safe, and affordable housing and basic services.
- 11.3 By 2030, enhance inclusive and sustainable urbanization and capacity.



**SDG 1: End poverty in all its forms everywhere**



**SDG 3: Ensure healthy lives and promote well-being for all at all ages**



**SDG 4: Quality education for all**



**SDG 10: Reduced inequalities**

# Methodology

IMPACT  
MANAGEMENT  
PROJECT



IRIS+



In 2019, we have entered a new era of impact management, one in which social interventions are held to a new standard - a higher standard of impact assessment.

## • Step One: Impact Strategy

Our journey of impact commitment started with B-Corp certification and moved to impact measurement and management with Sopact. Sopact Impact Cloud® allowed us to align with multiple standards such as Sustainable Development Goals, Impact Management Project, AERIS, and GIIN-IRIS+. We also followed Actionable Impact Management (AIM) guidebooks to define our impact strategy.

## • Step Two: Metrics

Capital Plus Financial and SoPact defined the outcome and output metrics. Some of the output metrics were defined based on the data that Capital Plus Financial was already collecting. The outcome metrics were new and based on what is realistic for Capital Plus Financial to collect from the beneficiaries and within the context of affordable housing.

## • Step Three: Data Collection Strategy

We defined the sources of data for each of the metrics, meaning if we needed to summarize the loan system data, for example, to get the total number of female borrowers, or if we needed to get the data from a survey.

## • Step Four: Stakeholder feedback Collection

We selected a set of questions to get a direct feedback from our stakeholders (translated the questions to Spanish as per our community need) and added additional context. We tested and refined the survey before sending them out to 781 beneficiaries from communities we served in Texas using Impact Cloud. Initial response was low. To be able to include as many stakeholders' voice as possible, Sopact inspired Capital Plus Financial to put together a campaign of calling the beneficiaries, and **it paid off with 23% responses!** (=Confidence level 95%)

## • Step Five: Analyzing, Learning, and Demonstrating Impact

Our feedbacks were analyzed and visualized in a dashboard, including all the key outcome and output indicators, and additional questions that can give Capital Plus Financial initial learnings about their current process and customer satisfaction. It only took 2-3 hours!

Capital Plus Financial will stay ahead of impact measurement wave by utilizing existing technology and tools needed to collect, assess, and demonstrate the impact. Impact roadmap for Capital Plus is ready, now in the future years to come to bring accountability with deep impact management.

HOW CHANGE IS HAPPENING?

## **IMPACT**

- Achieve socio-economic transformation through community engagement
- Making stable thriving communities
- Banking the unbanked and underbanked

## **MID-TERM OUTCOMES**

- Stable communities manifested by low violence, developed small businesses
- Healthy communities with improved housing
- Economic growth through homeownership
- Economic growth through improve education possibilities

## **SHORT-TERM OUTPUTS**

- More first time hispanic homeowners
- Residents feel improved education for their kids
- Residents feel improved health once in their own home
- Residents feel safe and improved living in their house
- Homeowners feel part of the community

# Capital Plus Financial's **Impact Strategy**

## **ACTIVITIES**

- Teaching personal financial literacy
- Providing a fully remodeled affordable home in low to moderate income tracts
- Providing a no closing cost full term fixed rate loan
- Making deposit accounts accessible and available to LMI customers

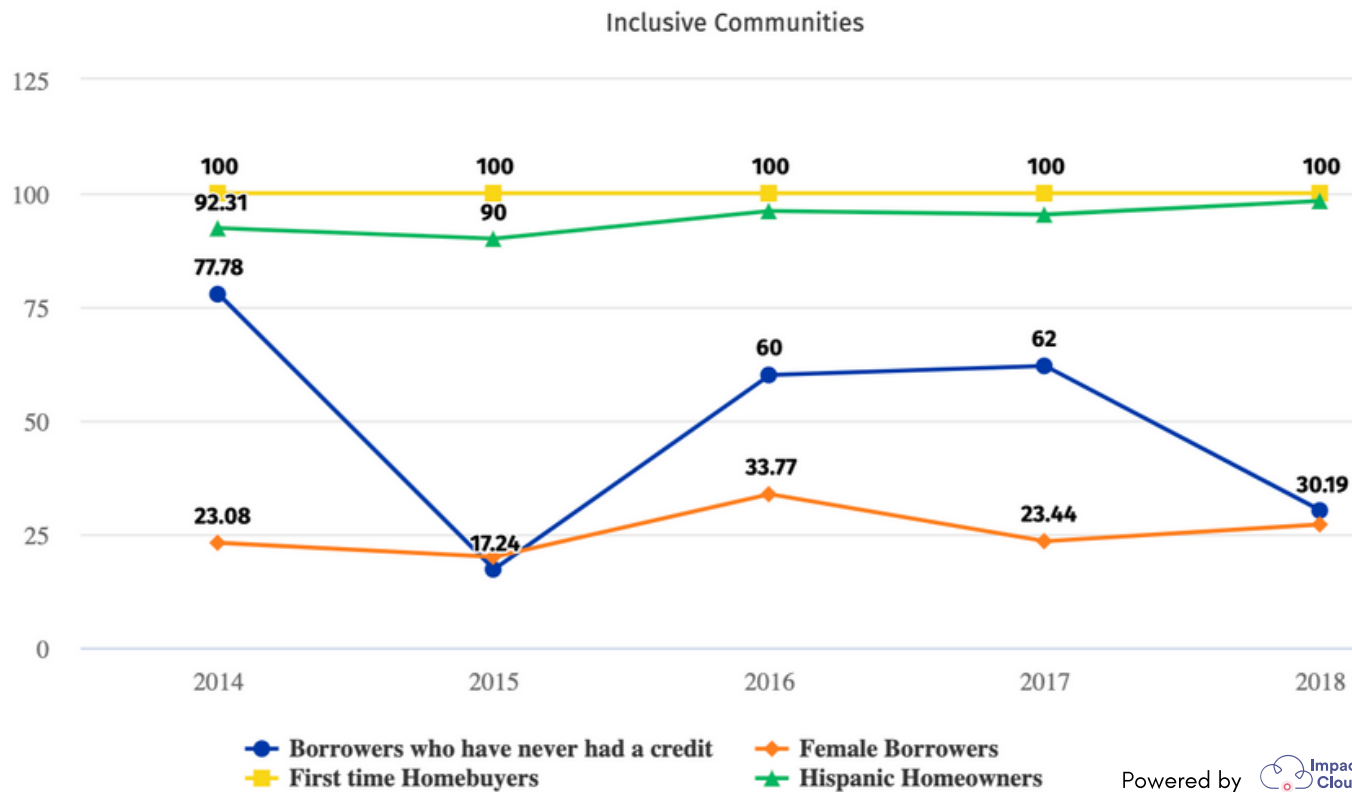
## **OUR INVESTMENT**

- Loan financing
- Training & Education
- Persistence hand holding to the first time home buyers
- Conventional banking products



# Housing For All

## INCLUSIVE COMMUNITIES



### Female

FEMALE BORROWERS HAVE REPRESENTED 20% TO 30% OF OUR PORTFOLIO.

### Minority

HISPANIC HOMEOWNERS HAVE REPRESENTED 90% TO 100% OF OUR PORTFOLIO.

### 1st Time Buyers

100% HAVE BEEN FIRST TIME HOMEBUYERS SINCE 2014.

### Underserved

OUR PORTFOLIO CONSISTENTLY INCLUDES BORROWERS WHO HAVE NEVER HAD A CREDIT.

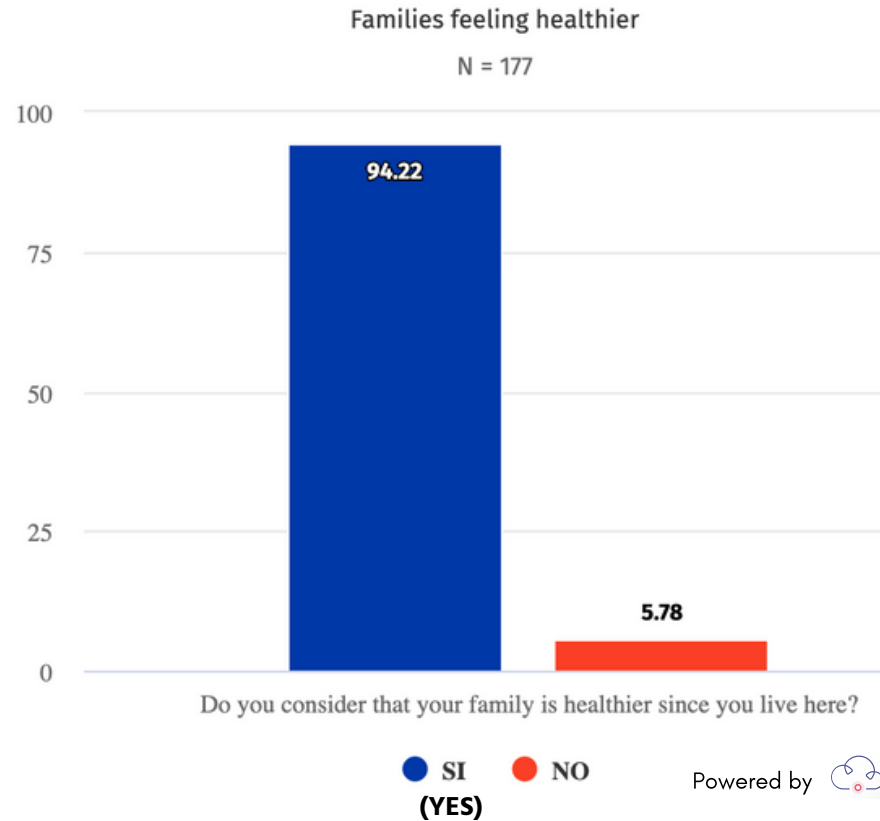
The results represent 5 years of loan data from Texas communities.

# HEALTH

# 94%

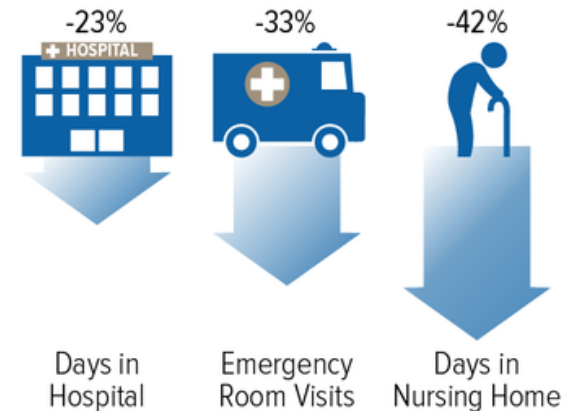
Capital Plus Financial collected stakeholder survey data from the Texas communities for Impact Learning through Impact Cloud®

**FAMILIES INDICATING THEY ARE PHYSICALLY HEALTHIER SINCE LIVING IN THE INVESTED COMMUNITY**

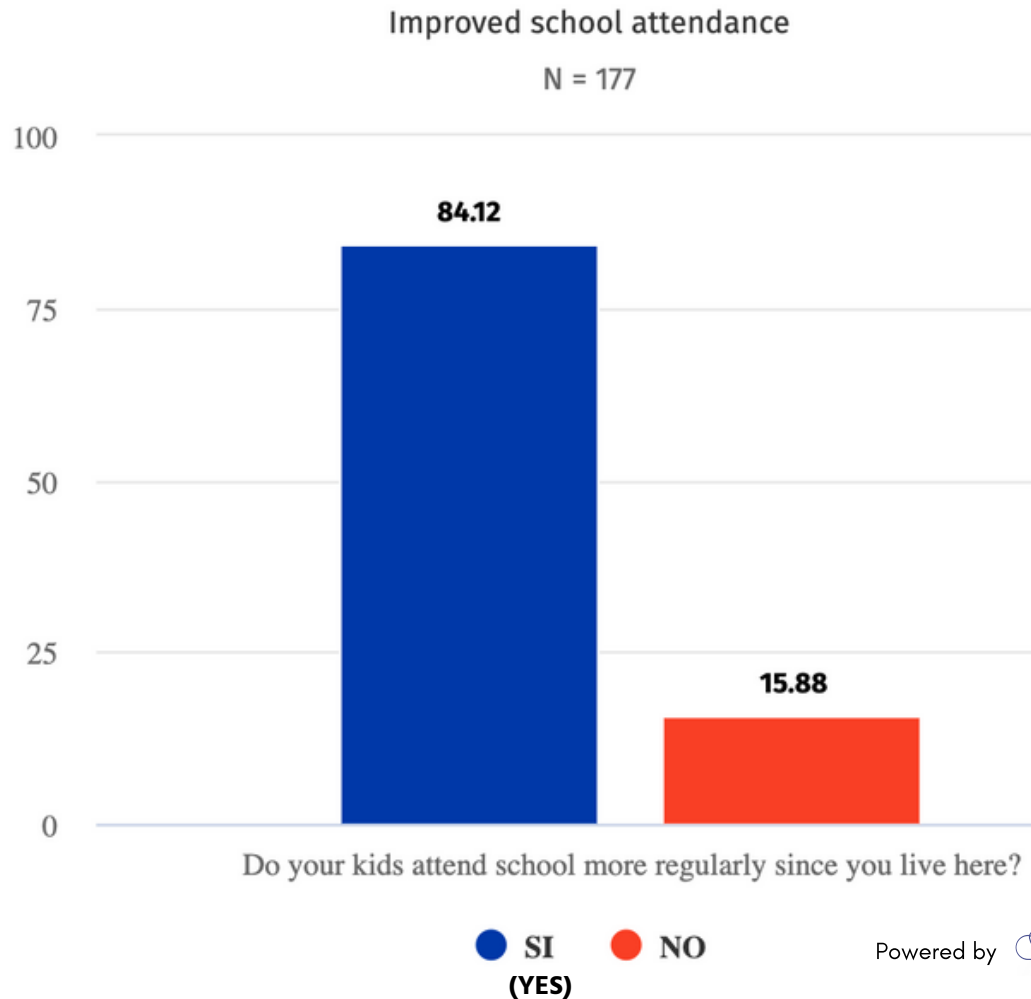


## Supportive Housing Can Produce Health Care Savings

Combining affordable housing with intensive services for a high-needs group saved an average of over \$6,000 a year per person in health care



# Improvement in student attendance & financial training



Data collected from stakeholders in the Texas communities using the Impact Cloud® survey

## EDUCATION

**84%**

Families say their kids attend school more regularly since they live here.

**200-225**

Financial counselings per year.

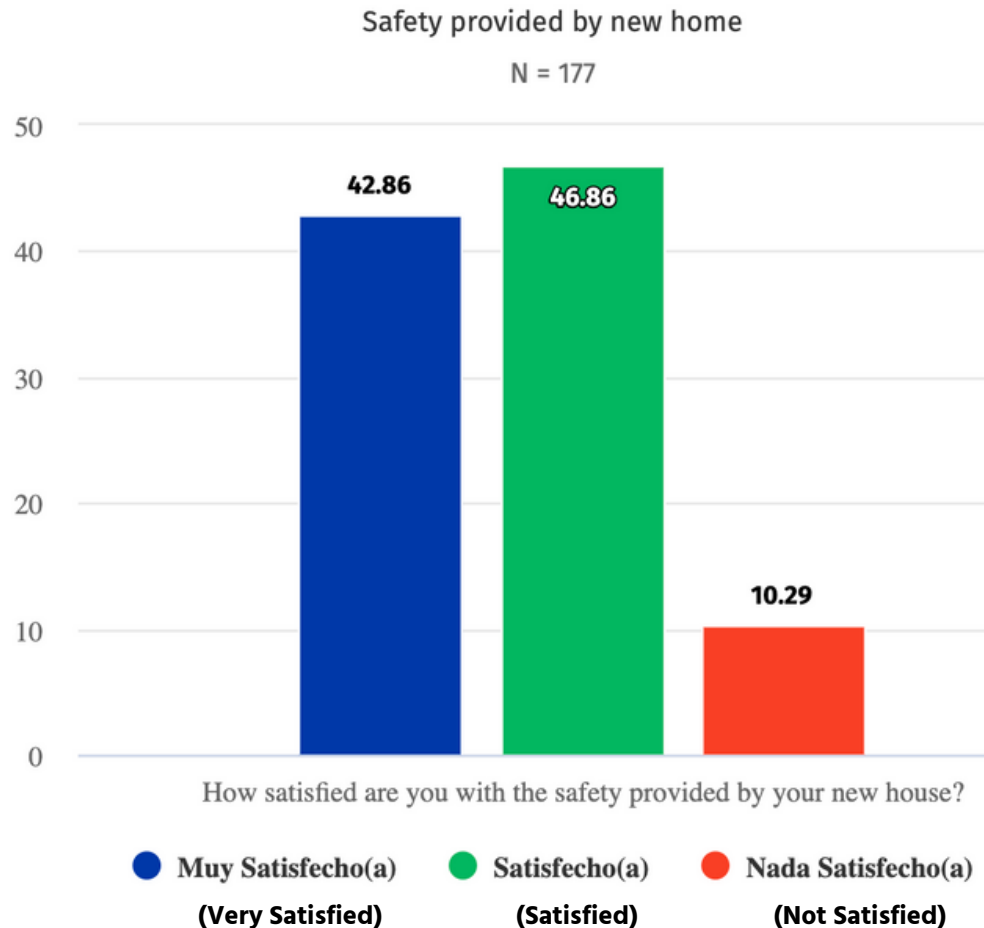
**100%**

Applicants get financial training.

# SAFETY

# 90%

## HOMEOWNERS RATING THEIR FEELING OF SAFETY IN AND AROUND THEIR HOMES AS SATISFACTORY

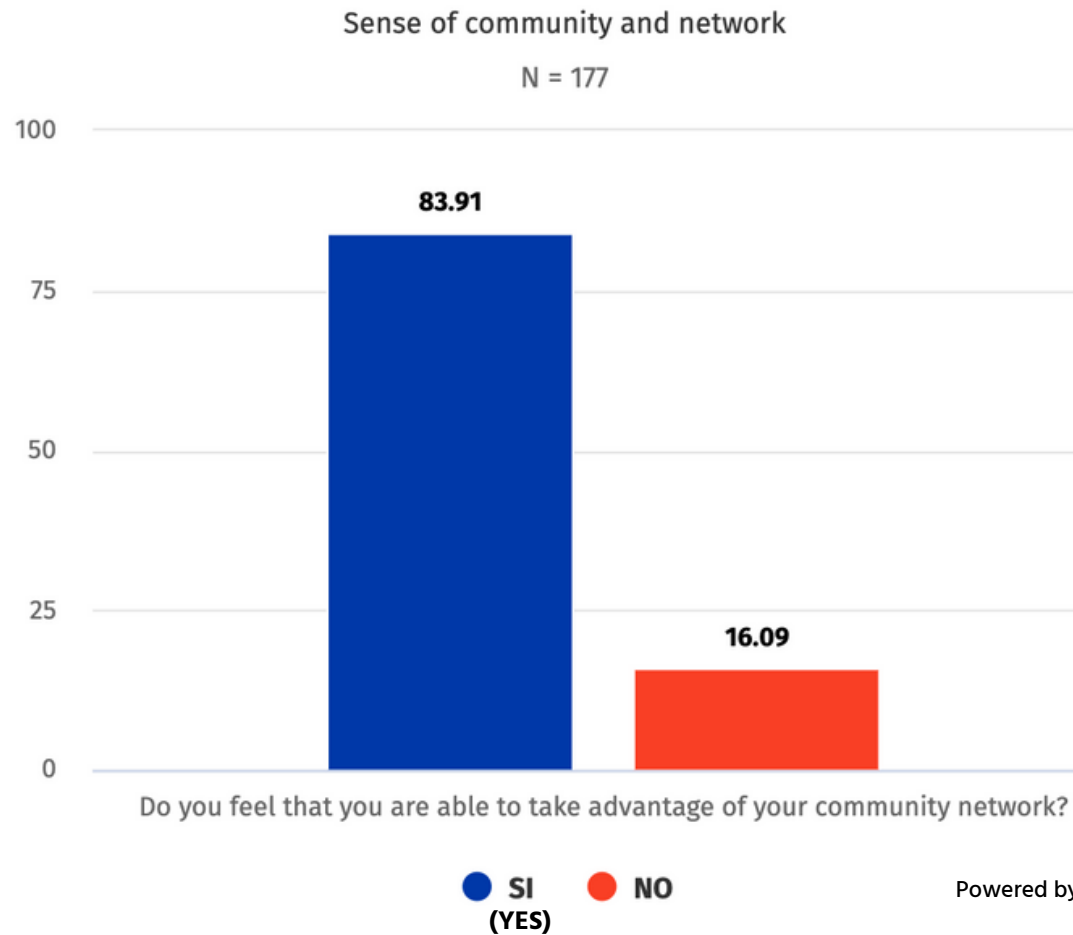


**90%**  
**SATISFIED**  
**+**  
**VERY**  
**SATISFIED**

Data collected from stakeholders in the Texas communities using the Impact Cloud® survey

**SUPPORT**  
**84%**

**FAMILIES REPORT THAT THEY FEEL SUPPORTED IN UTILIZING NATURAL NETWORKS IN THEIR COMMUNITIES (E.G., FAMILY, FRIENDS, NEIGHBORS, CHURCHES, COLLEGES, RECREATIONAL SERVICES)**



Data collected from stakeholders in the Texas communities using the Impact Cloud® survey





## A few examples of the many testimonials we have received

*"I want to say thank you to Mr. Mark for helping us with the purchase of our home. There were so many tears behind this purchase but in the end there was tears of joy. Mr Mark is a man of his word and he answered each and every call. I fought for this home and instead of fight against us, he fought with us. To me that meant a lot ! He didn't push us away even when I thought we had lost. Mark is heaven sent and we thank you from the bottom of our heart. Again Thank you Capital Plus Financial."*

**Charlotte Peoples**

*"Cynthia, thank you so much for helping us get our home. God bless you so you can help more people."*

**Eduardo Olivas**

*"No one wanted to give us a chance to buy a house but thanks Capital Plus Financial now we are the owners of our house, I highly recommend them."*

**Melissa S / Benning Dallas**

*"Very grateful to Mayra and Capital Plus they were the only ones who believed in us and made our dream come true and now we have our own house something we always wanted. Thank you very much, thank you from the bottom of our hearts."*

**Marina / Arlington**

*"We are very satisfied with the service provided by Capital Plus Financial, thanks to them we have our house. I always recommend them because I know with them you can get your home."*

**Amparo G / Grand Prairie**

**YOU BELIEVED IN US**  
When no one else did!

# FROM THE FIELD



**Jenjen Pereida**

November 30, 2016 · San Antonio · 👤 ▼

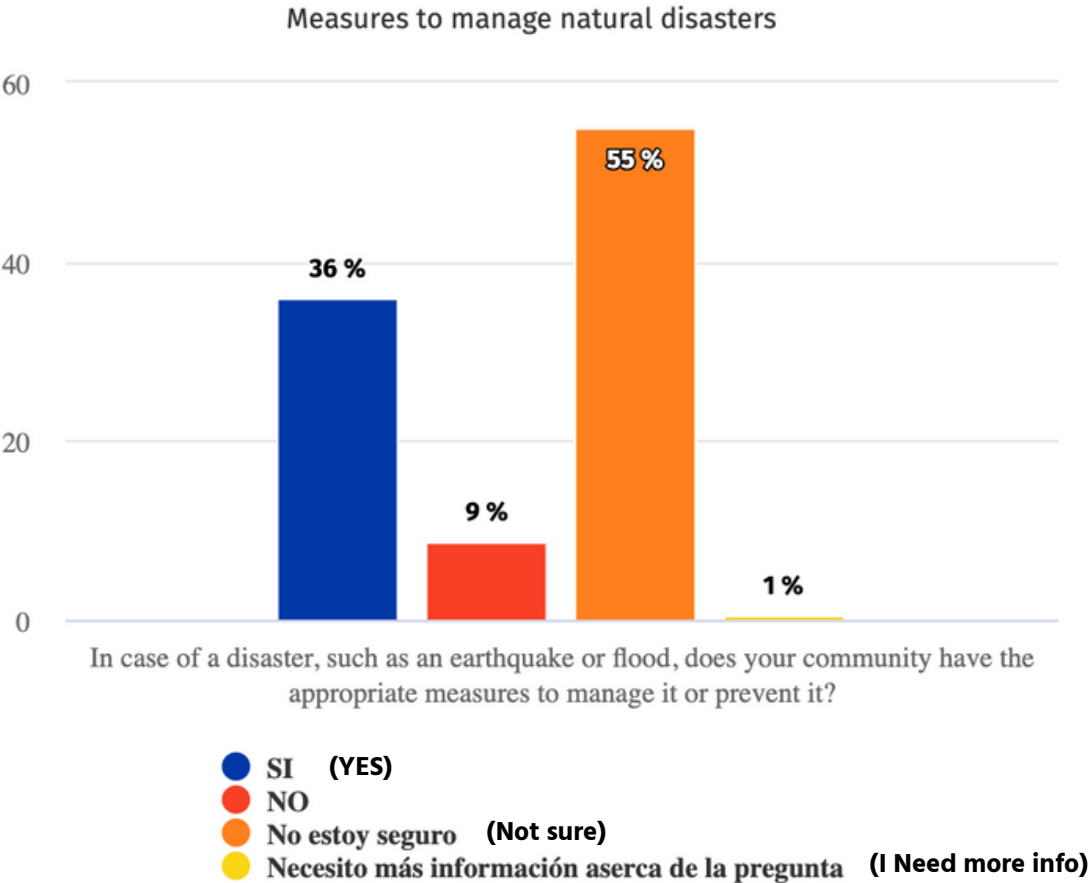
We can finally call this our new home !!!! Anyone looking for a house contact Cynthia Vasquez !!! She's awesome !!! First night in our home and it already feels like home !!!!



2019 | Capital Plus Financial

# WHAT CAN WE DO TO MAKE OUR STAKEHOLDERS FEEL SAFER?

We learned that 55% of our stakeholders reported that they did not know much about our disaster measures in case of earthquake or flood.



Data collected from stakeholders in the Texas communities using the Impact Cloud® survey

## Reflecting on our Learnings

Why does it matter? We know that we follow all the regulations and have taken necessary measures in case of disaster. As the data pointed out, we did not communicate well about the disaster measures to have them feel even more safer! The learning like this with our data collection is our 'WHY'. We are determined to engage our stakeholders more so we can serve them even better.



# Next Step: Striving for Deep Impact

We recognized that secure housing is a cornerstone of economic well-being.

Our existing housing system fails to provide our nation's most vulnerable households access to safe, affordable, and stable housing. Instead, millions of low-income households live in very substandard conditions—triggering chronic economic instability that pulls low-income families deeper into poverty. To be productive and healthy, families and children need safe, stable housing in neighborhoods that offer access to opportunities for employment and high-quality schools and services.

How can we help to achieve this system change?

At Capital Plus Financial, we are removing barriers such as not having financial literacy, required credit, or banking skills as we provide financial training to all of our applicants. We continuously hold their hand till they are in their home and be able to keep it to move up on the economic ladder.

We strive to make them feel safe and thrive in their community. Our mega effort on asking our stakeholders how they feel and then learning from our data is the first step. We know that making change is a process. We are on our path to digging deeper with social impact data and change our communication with learnings.

We want to make 100% of our homebuyers feel safe & secure. We hope they thrive in healthy, happy, stable, and inclusive communities over the years.

# Contributing to Solutions

## Our alignment to Impact Management Project

The Impact Management Project (IMP) is a forum for building global consensus on how to measure, report, compare and improve impact performance. Depending on their motivation, enterprises' intentions range from broad commitments, such as "to mitigate risk", "to achieve sustainable long-term financial performance", or "to leave a positive mark on the world", to more detailed objectives such as "to support a specific group of people, place, outcome" or "to address a specific social or environmental challenge". These intentions relate to one of three types of impact: **A, B or C.**

### ● AVOIDING HARM

Capital Plus Financial is acting to avoid harm to its stakeholders by following regulations and helping underserved community.

### ● BENEFITING STAKEHOLDERS

We have positive effects on our stakeholders such as economic stability, improved health, education and inclusiveness.

### ● CONTRIBUTING TO SOLUTIONS

We are contributing to the solutions for homelessness, poverty alleviation, health, and education by creating thriving communities.



# References



**Capital  
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Low-income children in affordable housing score better on cognitive development tests than those in

un-affordable housing (Newman & Holupka, 2015).

<https://www.urban.org/aboutus/why-urban/diversity-equity-and-inclusion-urban>Urban Institute

# Join us in this movement.



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