

THE HYAMS FOUNDATION, INC.

**Association of Small Foundations and
Boston College More for Mission**

**“Mission Related Investing”
Presentation**

December 1, 2009

ABOUT THE HYAMS FOUNDATION

- Created in 1921 – a private/independent foundation
- Most of \$ was in the trust form – now in corporate form
- \$126 million in assets; had \$38 million in 1985
- Mission – “To increase social and economic justice and power within low-income communities in Boston and Chelsea, Massachusetts”
- 3 major program goals:
 1. Access to affordable housing
 2. Civic engagement within low-income communities
 3. Long-term success of low-income teens

MISSION INVESTING AT HYAMS

- 1985-1987 First PRI to LISC for affordable housing: \$1 M loan to purchase individual LISC loans; resulted in new secondary market & LIMAC
- 1991 Second PRI to LISC for lending in Boston
- Mid-90's Reviewed several PRI proposals but made just two – one for working capital and one for new job-creation venture fund
- 2001 Completed research to determine next PRI
- 2002 \$3 M 20-yr PRI to *Home Funders*
- 2003 Began voting proxies; diversity focus in 2004

MISSION INVESTING AT HYAMS (cont.)

- 2007 Adopted new strategic plan w/specific commitment to “mission-related investing”
- 2008 \$1 M 5-yr PRI loan to NSLF* to address housing foreclosure crisis
- 2009 First market rate MRI in fixed income area; goal of doing an MRI for cash by year-end
- 2010?? Considering additional affordable housing PRI; assessing others in “green jobs” area and loans for citizenship fees; reassessing proxy voting

* Neighborhood Stabilization Loan Fund

2007/2008 PLANNING ACTIVITIES

- Created Ad Hoc Mission Related Investing Work Group
- Spent time learning at Work Group and full board level
- Defined terminology (PRI, MRI, etc.) & priorities for Hyams
- Established criteria for reviewing and making PRIs & MRIs
- Developed process for reviewing potential PRIs & MRIs
- Joined PRI Makers and More for Mission - new networks
- Used NSLF investment for in-depth analysis/learning at board level (case study approach)
- Process integration – still integrating PRIs/MRIs into ongoing Program & Investment/Finance Committees' work

MISSION INVESTING - OPPORTUNITIES

- Can increase impact of grantmaking – much larger investments over longer periods of time; also leverages other private and public sector resources
- Builds even closer working relationships with grantees and deeper funder collaboration
- Leads to increased knowledge/understanding of a field
- Combines program and financial “sides” of Foundation – but **MUST** be driven by program/mission
- For MRIs – are more and more options/products and much more information about them; exciting to see how programmatic and investment goals can be combined
- For both – More for Mission Portal and other resources

MISSION INVESTING - CHALLENGES

PRIs

- Requires expertise on staff or through consultants, but using intermediaries really helps
- Costs (primarily legal/consultants) – but should see them as spread out over life of the loan/investment
- Agreeing on an internal financial return “give up”
- Easier to find opportunities in some areas than in others

MRIs

- Limited opportunities related to Hyams’ three major goals
- Also requires time for learning – still a new area for Hyams
- Determining social “impact” of investments a bit harder