



**Community[®]
Preservation
Corporation**

2023 ANNUAL REPORT



MISSION **IN** FOCUS

Fiscal Year 2023 was a testament to the strength of CPC's mission and our ability to make a positive social impact through our lending and investing and our community engagement work. Propelled by a strong foundation, committed team, and meaningful partnerships, CPC seized new opportunities, executed on challenging transactions, and found new ways to lead with our values in the face of the industry's economic headwinds.

Across our lending and investing businesses, we deployed \$540 million and financed 3,800 units of housing, with 99% of these projects advancing one or more of CPC's three impact goals: expanding affordable housing, closing the racial wealth gap, and reducing the impacts of climate change through investments in the green economy.

With a sharp focus on these goals, CPC deployed our capital, time, and our expertise to the people and places where it was needed most.

Some highlights from the year include:



CPC was chosen to administer, and successfully launched, New York State's \$250 million Climate Friendly Homes Fund. Alongside NYS Homes and Community Renewal and local partners, we aim to electrify 10,000 units of housing in disadvantaged communities.



CPC and partners broke ground on the first three projects through the Legacy Cities Access program with New York State. Legacy Cities supports M/WBE developers and creates affordable homeownership opportunities, with a focus on first-time homebuyers and BIPOC households.



CPC joined our partners to acquire and preserve a 106-unit Section 8 housing complex in Manchester, CT. Our equity investment and the recapitalization of this 15-building property allows for long-term affordability and improvements that will make a meaningful difference in housing conditions and residents' lives.



We welcomed two new partners, Cinnaire and National Equity Fund, to expand the reach and impact of CPC Mortgage Company.

CEO'S MESSAGE



“We see our impact in the buildings that are revitalized, the blocks made whole, the communities that are thriving after years of neglect and in people who are affordably and safely housed or able to start a small business that supports their family and builds wealth.”

RAFAEL E. CESTERO
CHIEF EXECUTIVE OFFICER



FY 23 HIGHLIGHTS



\$540M

in Lending and
Investing



79

Transactions



99%

Investments Aligned
with Impact Goals



3,800

Units

PRESIDENT'S MESSAGE



“This fiscal year CPC continued to grow its impact, deliver volume, and build and foster new partnerships despite challenging market conditions. We worked with our partners in the public and private sectors to finance and invest in projects across the country that allowed communities to meet their unique housing challenges, and we focused on supporting the programs aligned with our mission of creating more affordable, sustainable, and equitable communities.

This included launching the Climate Friendly Homes Fund to electrify 10,000 units of multifamily housing in disadvantaged communities; our new partnership in Climate United, a coalition competing to manage an award from the EPA’s \$14 billion National Clean Investment Fund to stimulate the clean energy transition economy-wide; and breaking ground on the first project under the Legacy Cities ACCESS program which offers first-time buyers of color an opportunity to build generational wealth and long-term stability through affordable homeownership. I look forward to seeing CPC continue to expand our impact with new partners and customers, and to new communities where our capital and expertise is most in need.”

SADIE MCKEOWN
PRESIDENT

A handwritten signature in blue ink, reading "SMckeown".

OUR IMPACT

CONSTRUCTION LENDING

Whether your multifamily project is mixed-use, adaptive reuse of a historic building, affordable and supportive housing, the acquisition and rehabilitation of distressed property, or ground up construction – our team of experts will work with you to find the right financing solutions.

In FY23, CPC's construction lending business originated \$348 million to help finance the creation and preservation of 2,000 affordable and workforce units across New York and New Jersey.



EQUITY INVESTING



CPC's Equity Investment platform provides mission-driven investments into the preservation and creation of high-quality housing at affordable and workforce rents. We invest nationally—into properties, portfolios, platforms, and funds—alongside both established and emerging teams who are committed to preserving and extending affordability, protecting our environment, stabilizing and revitalizing communities, meeting the needs of underserved populations, and reducing the racial wealth gap. Our patient approach to supporting long-term ownership of multifamily buildings ensures our buildings remain financially strong and physically sound.

In FY23, CPC deployed \$21 million in new equity investments across six transactions consisting of 380 units, and continued our stewardship of the more than 4,200 affordable units under ownership.

CPC MORTGAGE COMPANY

“This was a transformative year for CPC Mortgage Company. In the first quarter of FY23 we welcomed fellow impact-driven lenders and investors National Equity Fund (NEF) and Cinnaire as equity partners in CPC Mortgage Company. We forged this first-of-its-kind partnership to leverage the unique expertise and broad reach of all three nonprofit members to bring flexible Agency mortgage capital to customers and communities across the country.

While the interest rate environment of the past year brought challenges to lenders and investors, developers, and owners across the multifamily industry, CPC Mortgage Company has been, and continues to be well-positioned in the market to take advantage of our unique expertise in affordable housing as the nation’s only nonprofit-owned mortgage company. At a time when we have a nationwide crisis of both housing affordability and availability, it is critical that there is a company like ours, focused on providing flexible mortgage capital to owners and operators in communities where it is needed most.

Congratulations to the CPC Mortgage Company team and thank you to our borrowers and partners for all that we accomplished together in fiscal year 2023.”



NICOLE FERREIRA
PRESIDENT



\$170M

Originated (FY23)
\$2.4 Billion Since Inception



1,600

Units (FY23)
20,000 Units Financed Since Inception



7

States: MI, CT, NY, CA, FL, PA, TX (FY23)
23 States Nationwide since Inception

EXPANDING AFFORDABLE HOUSING

CPC continues to believe that housing is central to transforming underserved neighborhoods into thriving communities. We are working to expand housing access and seek new ways to lower the cost of producing affordable housing. To date, CPC has delivered financing for the creation or preservation of 225,000 homes for more than one million people.



Preserving Affordability and Quality for Brooklyn Families

As equity partners, CPC and Proto Property Services completed a \$100 million refinance of Riverdale Osborne Towers, a 525-unit affordable housing complex in the Brownsville neighborhood in Brooklyn, NY. In addition to its 525 affordable homes for low-income families, the property contains a preschool and 10,500 square feet of retail, including the only full-service grocery store in the area.

This new refinance will ensure that the property remains financially stable, preserving the long-term affordability of all 525 homes, and funding renovations to modernize the tenants' kitchens and bathrooms. CPC and Proto Property Services first acquired the property in 2007, with Proto undertaking an extensive tenant-in-place rehabilitation to modernize major building systems, the exterior and grounds of the property, and enhanced security.

In FY 23

\$526M

in Financing for Affordable and Workforce Housing

99%

Units Affordable At or Below 120% AMI

3,200

Units Affordable At or Below 80% AMI

CLOSING THE RACIAL WEALTH GAP

CPC is dedicated to doing our part in closing the racial wealth gap and increasing diversity and equity in the development industry. Since the creation of CPC ACCESS in August 2020, our commitment across the company has resulted in investments with BIPOC developers totaling more than \$450 million.



The CPC ACCESS Incubator, a real estate training program for BIPOC entrepreneurs graduated 81 participants this year, bringing the total number of Incubator graduates to more than 100 since the program launched in FY22. The training equips novice and emerging developers with knowledge and resources to navigate each step of the multifamily real estate development process.

81

ACCESS Incubator
training graduates

100

Surpassed 100 ACCESS
Incubator Graduates to Date



During FY23 we closed loans with 6 Incubator graduates who are now working on developing housing projects of their own, with 9 additional projects in the pipeline with Incubator graduates.

29

investments with BIPOC developers in FY23
totaling more than \$159 Million



Through CPC's Impact Investing platform, the company is furthering its mission to preserve affordability, stabilize communities, and support working class families to safeguard the single greatest contributor to their wealth-building potential – their home. CPC's made a \$3.2 million investment into the ReGAIN CRF Fund which purchased 99 non-performing loans from Fannie Mae's Community Impact Pool, a program designed to transfer NPLs to non-profits and government agencies to offer loan modifications to the homeowners to ensure they can continue to keep their homes. The majority of the homes are located in working-class neighborhoods in Eastern Queens, Central Brooklyn, and The Bronx.

SUSTAINABILITY AND THE GREEN ECONOMY

Climate Friendly Homes Fund

In the third quarter of FY23, CPC officially launched the \$250 million Climate Friendly Homes Fund and started accepting applications from small building owners throughout New York State. Through the program, CPC and New York State aim to electrify at least 10,000 units of housing in small multifamily buildings that serve economically disadvantaged communities. The program provides up to \$25,000 in grant funding per unit to cover the cost of retrofits including electrification of heating, cooling, and water heating systems and additional building envelope improvements.



Climate United

At the end of the fiscal year, CPC joined Calvert Impact and Self-Help to announce the formation of Climate United, a coalition competing to manage an award from the \$14 billion National Clean Investment Fund, a component of the Greenhouse Gas Reduction Fund established under the Inflation Reduction Act. The fund is being administered by the Environmental Protection Agency, which sought proposals in October 2023 from organizations with experience driving public/private partnerships to advance sustainable economic development and a demonstrated commitment to serving communities that are marginalized and overburdened by pollution. Climate United will catalyze investments across sectors, including distributed generation of renewable energy, building decarbonization, and transportation.

In FY 23

\$138M

Invested in Sustainable Housing Projects

769

Sustainable Units Financed



CPC is a Carbon Neutral Company



Case Studies

EXPANDING AFFORDABLE HOUSING

RENOVATIONS FOR NONPROFIT-OWNED AFFORDABLE, SUPPORTIVE HOUSING

Wythe Cluster, The Bronx, New York CONSTRUCTION LENDING

CPC worked with nonprofit developer Settlement Housing Fund (SHF) and NYC Department of Housing Preservation and Development (HPD) to finance the rehabilitation of this five-property portfolio, which will bring 228 quality, supportive homes to low-income and formerly homeless residents. The transaction allowed SHF to achieve economies of scale by combining two renovation projects into one: the gut renovation of a four-building portfolio that it is acquiring as part of this transaction, and the moderate rehabilitation of a single building that SHF previously acquired.



The four buildings undergoing gut renovation will see upgrades of all major building systems, electric-ready upgrades, structural reinforcement, window replacements, in-unit renovations, and common area improvements. The building in need of moderate renovation will receive a new heating/hot water system, new roof, façade masonry work, and energy efficient fixtures. The total development cost for the project is \$138 million. CPC financing included a \$9.5 million construction loan and a \$13.3 million permanent loan.

INVESTING IN HISTORIC, HIGH QUALITY AFFORDABLE HOUSING

San Antonio, Texas CPC MORTGAGE COMPANY

CPC Mortgage Company worked with mission-driven developer Mission DG and the San Antonio Housing Trust to invest in the long-term quality and affordability of The St. John, a 228-unit garden-style, rent-restricted property with a \$24.2 million Freddie Mac Targeted Affordable Housing refinance loan.



Located adjacent to the 268-year-old Mission Concepcion, The St. John is in a historic neighborhood and partially on a recently designated UNESCO World Heritage Site. The St. John consists of seven, two- and three-story residential buildings, three of which originally served as a seminary. One hundred seventy-six units are income-restricted for low-income households earning at or below 60% of the area median income.

Case Studies

CLOSING THE RACIAL WEALTH GAP

BUILDING THE NEXT GENERATION OF BIPOC DEVELOPERS

Rochester, NY CONSTRUCTION LENDING

Our ACCESS initiative provides capital, capacity building opportunities, and technical assistance to BIPOC real estate developers, and for those new to the industry we offer the ACCESS Incubator, a free entry-level program focusing on each step of the development process. After graduating from CPC's first ACCESS Incubator class, brothers Neville and Kadeem Greaves teamed up with their father Andy, an experienced general contractor to tackle their first project as developers.



At 350 State Street in Rochester, NY, the “father and sons” team are revitalizing a formerly vacant three-story, walk-up building located in the High Falls District. Their project will create 16 new naturally affordable apartments. The first-floor commercial space will be converted to residential space and the existing garage will be demolished and a new structure will be built that will house four apartments. The building will be 100 percent electrified, and each unit will have its own heat pump mini-split system to provide both heat and air-conditioning. CPC is providing \$1.74 million in construction and permanent financing through the ACCESS initiative.

INVESTING IN EMERGING IMPACT REAL ESTATE DEVELOPERS ACROSS THE U.S.

SHIFT Capital Investment EQUITY INVESTING

CPC joined leading impact investor SHIFT Capital by making a \$5 million equity investment in the SHIFT Catalyst Fund. CPC's equity investment injects critical funding into the Catalyst Fund, and specifically focuses on developers who are committed to the creation and preservation of high-quality affordable housing. Funds were initially deployed in Ithaca, NY; National City, CA; Newark, NJ; Philadelphia, PA; and Washington, D.C.

Entry into the real estate development industry is extremely challenging for rising black, indigenous, and people of color (BIPOC) real estate entrepreneurs due to entrenched systemic barriers around access to capital at all stages of the development process. The SHIFT Catalyst Fund advances SHIFT and CPC's shared objective to break down these barriers by investing in developers aiming to deliver neighborhood-revitalizing projects, grow their business infrastructure, and continue creating positive changes in their communities.

Case Studies

SUSTAINABILITY AND THE GREEN ECONOMY

SUSTAINABLE, AFFORDABLE HOUSING WITH ON-SITE SOCIAL SERVICES

Bellport, NY **CONSTRUCTION LENDING**

This new development consists of nine two-story townhome buildings, containing 70 units, built using highly sustainable wood-frame construction with eco-friendly cement, sand and fiber-based siding. This new housing resource is 100 percent affordable and serves extremely low to middle-income households, with 13 of the units are set aside for developmentally disabled residents. These buildings meet Energy Star Homes standards and Enterprise Green Communities standards for sustainability. Energy-efficient project amenities include energy star appliances, microwaves, and dishwashers.



Concern for Independent Living, a nonprofit organization and long-time CPC partner with extensive experience providing social services is providing on-site supportive services for residents. CPC provided a \$5.6 million permanent loan through its partnership with the New York State Common Retirement Fund to help support the project.

INVESTING IN AFFORDABILITY, SUSTAINABLE, AND STABLE HOUSING

Manchester, CT - The Oakland Heights Apartments **EQUITY INVESTING**

CPC, through its Equity Investing platform, made a \$2.5 million investment alongside fellow impact-driven company Camber Property Group for the acquisition and preservation of the Oakland Heights Apartments, a 106-unit Section 8 Housing complex located on 12 acres in Manchester, Connecticut.



The recapitalization of this 15-building property allows for continued improvements, including energy efficiency upgrades, that will make a meaningful difference in housing conditions and residents' lives. Additionally, a new 25-year Housing Assistance Payments (HAP) contract with the U.S. Department of Housing and Urban Development (HUD), which will preserve affordability at the complex for its current and future residents for decades to come.

UNIQUELY CPC

CPC CONNECTIONS

At CPC, we understand the critical role our nonprofit partners and peers play in providing access to the services and resources that help to support and empower residents of their communities. CPC Connections is an employee-led initiative that expands our impact, beyond our traditional lending and investing, by connecting our staff to opportunities to help our partners achieve their mission and goals.

Buffalo BIPOC Developer Summit

This year, CPC partnered with the City of Buffalo to host a BIPOC Developers Summit for emerging entrepreneurs to support greater diversity in real estate development in the Buffalo and Western New York area. The summit drew more than 100 local attendees from across the region. The event was organized as a half-day series of presentations and panel discussions where representatives from CPC's Buffalo regional office and ACCESS Initiative and the City of Buffalo were able to engage with minority developers, community organizations, and industry stakeholders to discuss pathways to access capital, programs, and other resources to fund their projects and grow their businesses.



Youth Construct: Resume Mentoring

This year we continue to strengthen our bonds with our [original FY22 Connections grantees](#) – working together to help them achieve their goals and expand their impact. This included working with [Youth Construct](#), a nonprofit that provides vocational training in the field of construction administration to high school students from underserved neighborhoods, on their resume mentoring program. In preparation for applying to summer internship opportunities, CPC team members volunteered their time to work with students to help edit and format their resumes.



City Meals on Wheels

In FY23, CPC and our long-time community partner, [City Meals on Wheels](#), organized our annual food pantry drive, which provides meals to homebound seniors throughout NYC. Our dedicated staff packed over 500 meals delivered in time for the holiday season.



POLICY PRIORITIES

Our policy team sets priorities at the federal, state, and local government level and works to realize our goals to promote affordable, sustainable, and equitable communities. With education and outreach, CPC continues to foster the implementation of policies and programs that advance the idea that housing is central to transforming underserved neighborhoods into vibrant and thriving communities.

In FY23, CPC's policy team held over 100 external engagements with government partners, advocate organizations, and elected officials to advance our housing priorities, and published policy briefings on key issues, including our [Financing Multifamily Rehabilitation in New York City](#) policy memo looking at the impact of the J-51 program and its expiration, and discussed the need for a replacement tax incentive to subsidize the costs of rehabilitating New York City's aging multifamily housing stock.

Additionally, we provided testimony at public hearings as well as written comments to federal, state, and local government partners to help inform their decisions affecting housing and community development policy. Some of the year's highlights included:

Greenhouse Gas Reduction Fund EPA comment session



President Biden's groundbreaking Inflation Reduction Act of 2022 set aside \$27 billion for the [Greenhouse Gas Reduction Fund](#), a first of its kind national program to mobilize financing and private capital to address the climate crisis. CPC submitted public comment to the Environmental Protection Agency urging the EPA to allocate these funds to decarbonizing housing and to tap into the robust pipeline and network of CDFIs to achieve decarbonization at scale. Learn more about CPC's work with [these funds here](#).

New York State Joint Legislative Budget Hearing on Housing



In her first State of the State address after winning the 2021 election, Governor Kathy Hochul introduced the [New York Housing Compact](#), a set of budgetary and legislative tools that would help the State produce 800,000 units of housing over the next decade. In March 2022, CPC's CEO Rafael E. Cestero testified before the New York State Legislature at their Joint Budget Hearing in Albany, voicing strong support for the Housing Compact and stressing the need for this type of comprehensive housing policy to incentivize statewide housing production.

New York City Council Housing and Buildings Committee Preliminary Budget Hearing

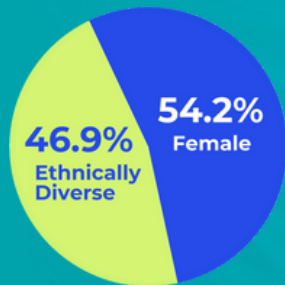


Building on our 50 years of expertise in financing affordable housing in New York City, CPC provided testimony to the City Council's Preliminary Budget Hearing in support of the Mayor's FY24 preliminary budget. In our testimony, we supported the Mayor's financial commitment to covering the cost of implementing city housing programs and protecting staff levels in housing-critical agencies while also allocating the capital needed to implement the Mayor's ["Housing Our Neighbors"](#) and ["Get Stuff Built"](#) plans.

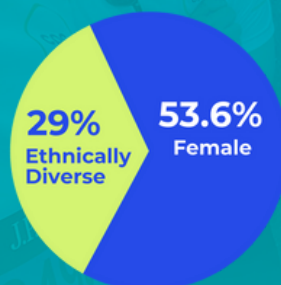
OUR PEOPLE

At CPC, our people are our greatest asset. We believe that it's important that our workforce reflects the diversity of the communities we operate in, that we create new opportunities for our employees to grow, connect, and give back by supporting the communities we serve together. Our values define who we are as an organization and guide the way we work with our partners, within our communities, and with each other.

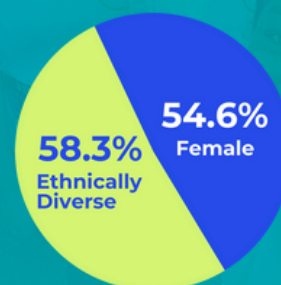
CPC Employee Demographics



Total Headcount



Officer Level Employees



Staff Level

Commitment to DEIB

As a continuation of our commitment to examining and elevating our efforts to create a culture of belonging for all employees, we formalized our DEI working group into a Diversity, Equity, Inclusion and Belonging (DEIB) Council with executive sponsorship, and recruited a DEIB Manager to spearhead the work of the Council and implement the company's DEI strategic plan. In its first year, the DEIB Council sponsored 9 cultural and educational programs celebrating various cultural heritages and raising awareness of the diversity in our workplace.

This year CPC conducted its first ever employee engagement survey with a participation/response rate of 95% and an overall engagement score of 79% which speaks to the involvement and enthusiasm of our employees and the strength of CPC's culture. We also completed our first compensation benchmarking survey to ensure that all employees are paid fairly, and to close any gaps and address pay disparities that may have existed.

This year our Internship Program partnered with nonprofits [Project Destined](#) and [The Posse Foundation](#) to identify this year's standout class. Our 10 summer interns (80% of which were ethnically diverse) contributed across multiple departments, learning about how our business makes an impact in underserved communities.



2023 FINANCIALS

CPC Consolidated Financial Highlights
Unaudited results for the 12 months ended June 30, 2023

Consolidated Financial Highlights

Net Assets	\$263,499,117
Revenues	\$66,557,158

Portfolios

Servicing Portfolio	\$3,750,000,000
Construction Loan Portfolio	\$1,525,000,000
Equity Portfolio	\$101,000,000

TOTAL ASSETS UNDER MANAGEMENT	\$5,376,000,000
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LOOKING AHEAD

Thank you to the amazing CPC team for your dedication and commitment, and thank you to our borrowers, peers, and friends for your trust and partnership in FY 23. We look forward to working together to make communities across the country more affordable, sustainable, and equitable for everyone.



» View the full CPC Annual Report: communitycp.com/2023annualreport