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Leveraging Social Impact Bonds in Underserved Areas



Leveraging Social Impact Bonds in Underserved Areas



Katie Moriarty

Director, Knowledge & Networks Division
Council of Development Finance Agencies
Columbus, OH





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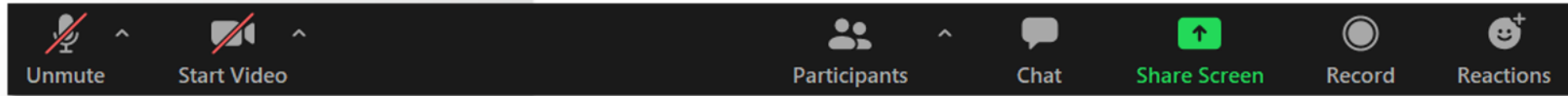
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Leveraging Social Impact Bonds in Underserved Areas

Oreste Casciaro

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Managing Director
Maycomb Capital

Ryan Callender

Partner
Squire Patton Boggs



Leveraging Social Impact Bonds in Underserved Areas

Jake Segal

Managing Director, Impact Advisory
Social Finance



A brief introduction to outcomes-based financing

AN EVOLVING SET OF TOOLS

June 2025



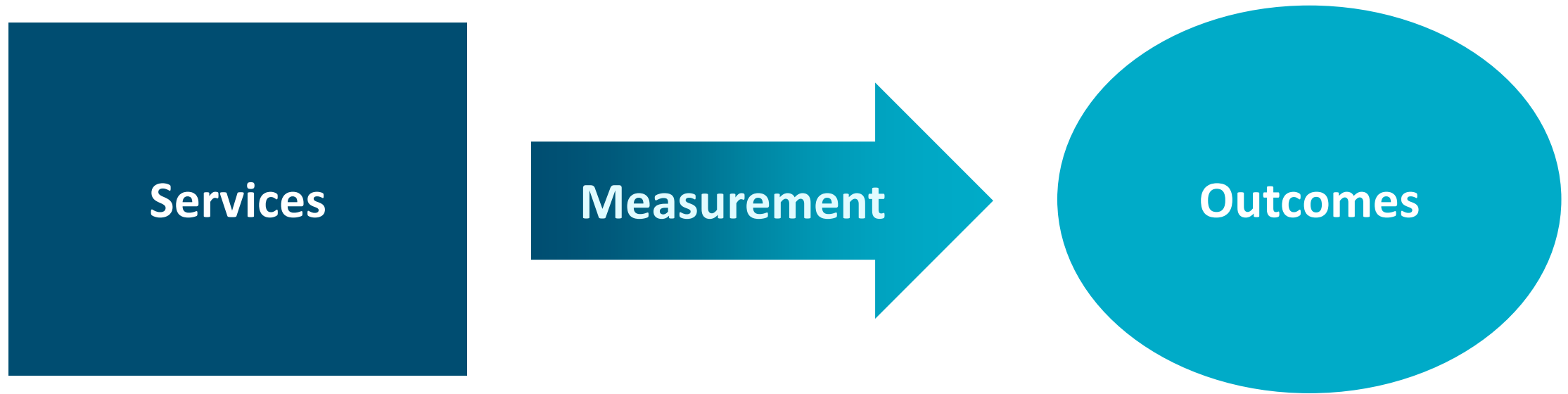
JAKE SEGAL

Managing Director, Impact Advisory @ Social Finance



- Most of my work is at the intersection between the public and private sectors
- I help build outcomes-based funding models (AKA Pay for Success / Social Impact Bonds) + data systems + performance management
- Previously at The Bridgespan Group and BCG
- I have a giant fluffy dog, two young kids, and am married to an environmental lawyer
- My favorite joke is about hippos, just try me

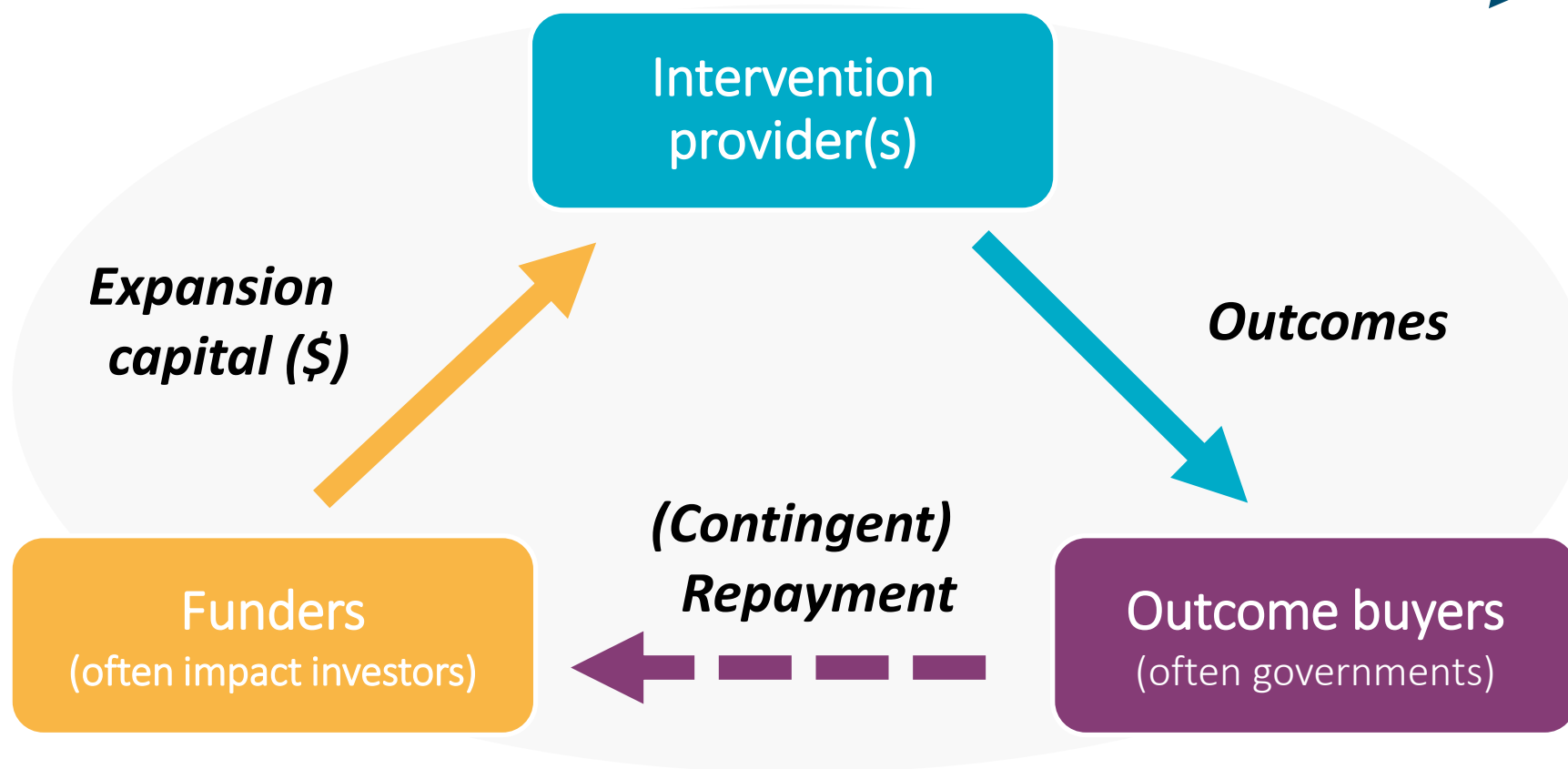
WE'RE MOVING TO A WORLD IN WHICH WE CAN PAY FOR OUTCOMES—TO THE EXTENT THEY'RE ACHIEVED



IMPACT “BONDS” 101

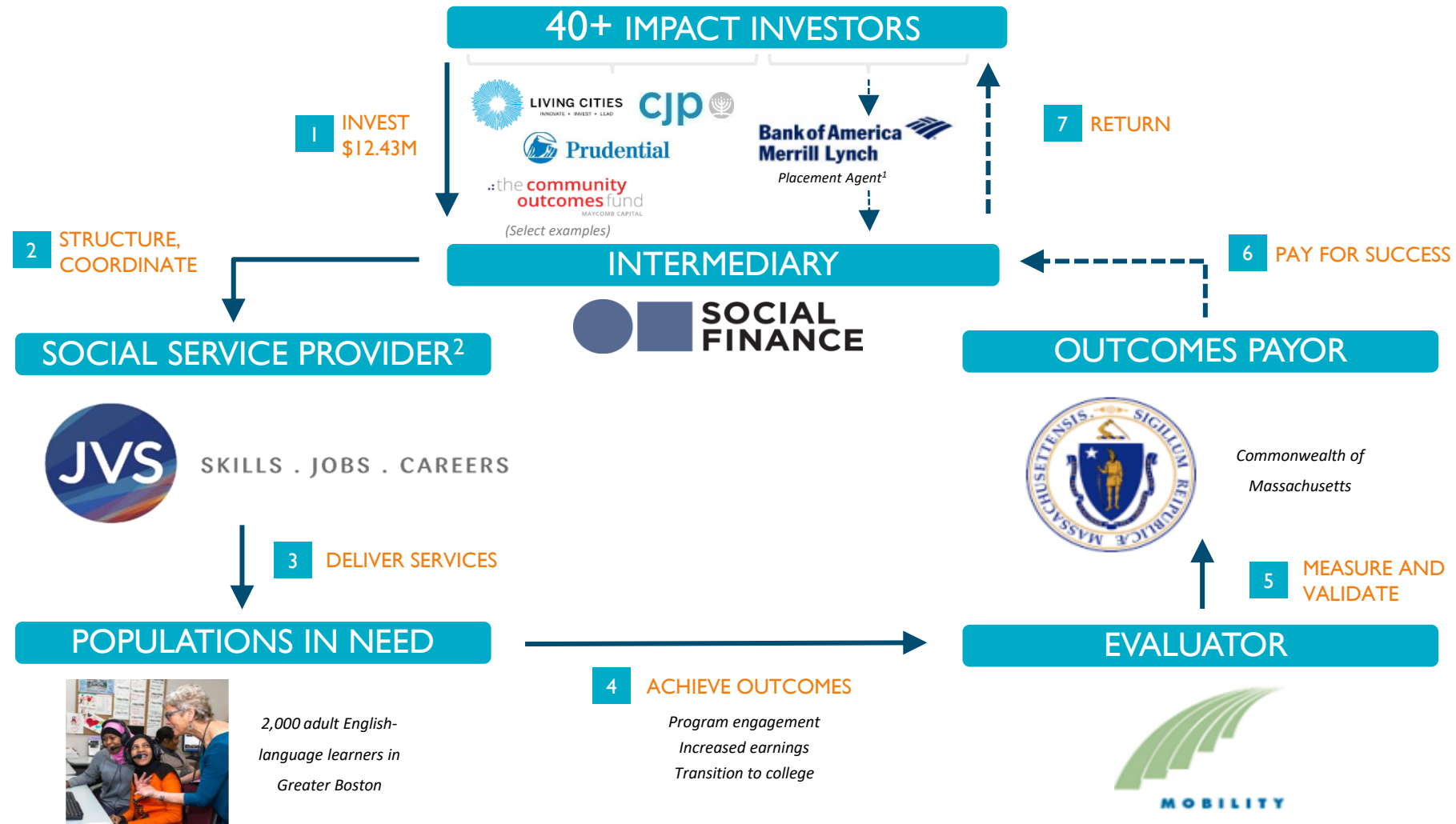
The very very simplified version

Fun fact: they are (almost always) not bonds!



A REAL-LIFE EXAMPLE: HELPING REFUGEES GET BETTER JOBS

Massachusetts Pathways to economic advancement



- 1) Bank of America Merrill Lynch acted as the placement agent for certain qualified high net-worth and institutional investors
- 2) Jobs for the Future (JFF) will be providing technical assistance services to JVS to implement the evaluation of their English for Advancement (EFA) program track

THE POINT OF ALL THESE SHENANIGANS

It's about real, deep partnerships that include money & data, and that encourage adaptability

Focus on
outcomes

Shared data

Feedback
loops

Governance

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THANK YOU





Leveraging Social Impact Bonds in Underserved Areas

Shelby Kohn

Managing Director
Maycomb Capital





- Leveraging Social Impact Bonds in Underserved Areas | June 2025

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We are a pioneering, women-owned impact private credit firm. We provide financing to fund strategies and enterprises that transform communities.

We invest through our flagship funds, including the Community Outcomes Fund, and our Custom Strategies.

Community Outcomes Fund II

Expanding access to
economic opportunity for
children, families, and
communities

- ⌘ Across the country, **game-changing social enterprises** are improving education, health, and economic **outcomes** in their communities.
- ⌘ Yet, **organizations are rarely funded based on their impact**. Although the US government spends over \$2 trillion on health and human services annually, it remains unknown if dollars are flowing to programs that deliver real results.
- ⌘ Our answer is the **Community Outcomes Fund II**, a **\$100M impact debt fund**. We provide outcomes financing—flexible debt that enables service providers to enter outcomes-based contracts, aligning all stakeholders around achieving impact in their community.

Outcomes financing—
flexible debt that enables
service providers to enter
outcomes-based contracts,
aligning all stakeholders
around achieving impact in
community

- ✓ **Ensures**
evidence is continuously
informing practice
- ✓ **Equips**
service providers with
the capital they need to
grow sustainably without
compromising impact
- ✓ **Creates**
transparency and
accountability

We seek to enable growth aligned with impact—not at odds with it

OUR LOANS ARE:

∴ **Tied to outcomes**

—repaid as programs meet or exceed quantifiable impact targets

∴ **Fixed interest rate**

in a volatile interest rate environment

∴ **Flexible,**
with repayment terms such as potential interest only period and timing of principal payments tied to revenue

∴ **Patient**
—we offer loan terms up to seven years

HOW IT WORKS





PERMANENT SUPPORTIVE HOUSING PROJECT, RI

Providing Permanent Housing and Wraparound Supports

Like many states, Rhode Island is grappling with high rates of homelessness. To address this challenge, the Rhode Island Coalition for the Homeless launched a statewide permanent supportive housing program. The intervention aims to get individuals struggling with chronic homelessness off the street and into safe, stable homes through a Housing-First model. Case managers work closely with participants to identify and secure permanent housing that is suitable for the participant's needs and circumstances. During and after someone is housed, the program offers intensive wraparound supportive services, such as dedicated social workers to support mental and behavioral health. At a high level, this project seeks to address not only the need for an unhoused person to find a suitable home, but also the variety of other social and health related needs that may be preventing them from a more stable living situation.



Services

Case managers work with individuals experiencing homelessness to identify and secure a permanent home. This might include identifying key criteria for that program participant, gathering the necessary documents to apply for government assistance, or facilitating a connection with a potential landlord. Enrollees also can work with a social worker, who can support their mental and behavioral health needs. If applicable, program participants may also take advantage of workforce development opportunities or access to substance use treatment programs through this project.



Investment

\$5M from Community Outcomes Fund

Services launched in September 2023



Target Population

200 chronically homeless individuals



Outcomes

Improvements around social determinants of health, as measured by:

- Program enrollment
- Individuals placed in permanent supportive housing
- Housing stability, as measured by the number of months program participants successfully maintain housing
- Reduction in hospital emergency department visits
- Increased “days in community” for program participants with a history of incarceration

OUTCOMES FINANCING IN ACTION



←
LOAN REPAYD USING
OUTCOME PAYMENTS
→

←
PROVIDES LOAN
UPFRONT
→



The Rhode Island Coalition to End Homelessness

←
PAYS FOR OUTCOMES
→





PERMANENT SUPPORTIVE HOUSING PROJECT, RI

Addressing Chronic Homelessness

As of December 2024,

✓80

formerly homeless individuals were successfully enrolled the program

✓18%

average quarterly increase in “Days in Community,” or fewer days in incarceration

✓21

individuals living in permanent supportive housing





HELLO FAMILY, SPARTANBURG, SC

Expanding a Suite of Early Childhood Services

In the City of Spartanburg, an estimated 55% of children under five live in poverty. Given the significant community need, this project seeks to create an overarching culture of health and improve birth outcomes, early learning, and child welfare for all children living in the City. The program provides a continuum of services prenatal to age five that, taken together, are aimed at supporting families in the earliest years of raising their children. The services include prenatal and birthing support, home visiting, training for caregivers, and support for center-based childcare programs.



Services

- Continuum of evidence-based prenatal and early childhood services, including:
- Community doula program offering prenatal support, birthing support, and postpartum home visits
 - Universal home visiting program where nurses visit families with newborns and facilitate access to community resources
 - Positive parenting program to train and support caregivers to help improve child-parent attachment, build healthy relationships within the family, and help avoid abuse and neglect
 - Capacity-building and technical assistance for center-based childcare programs to help improve the quality of services and ultimately improve outcomes for children



Investment

\$4.9M

from Community Outcomes Fund

+

\$3.4M

local funders

Services launched in October 2021



Target Population

4,000+

children and families in Spartanburg



Outcomes

- Improvements in infant and early childhood health, educational readiness, and care quality, tracked by metrics including:
- Increased access to home visits as well as social services
 - Decreased low-birthweight births
 - Improved parenting practices and family functioning



HELLO FAMILY, SPARTANBURG, SC

Moving The Needle on Critical Birth Outcomes

As of December 2024,

✓ 1,566

new mothers were visited by a nurse in their homes post-delivery

✓ 6.1%

low birthweight births, compared to 13.7% in similar SC counties*

✓ 37%

reduction in child maltreatment cases in Spartanburg**



✓ 75%

improved family functioning and resilience for recipients of family/parenting coaching services

“My hope is that through efforts like Hello Family every child will have a path to economic mobility. And that Spartanburg will be an example to this country of what will happen when a community really comes together. And I know that’s going to happen, because it’s happening now.”

– DR. RUSSELL W. BOOKER, CHIEF EXECUTIVE OFFICER OF THE SPARTANBURG ACADEMIC MOVEMENT

*Hello Family Local Validator Quarterly Outcomes Report Form. The Riley Institute at Furman University, 2025. Report not public, shared only with key project stakeholders. Data as of September 2024.
**Sandstrom, Heather et al. "Hello Family Pay for Success Project Evaluation Findings." Urban Institute, 2024. Report not public, shared only with key project stakeholders. Analysis for this report is based on 2023 data, this is the most recent data received for this outcome metric.



Together, we can help
drive better outcomes
for children, families,
and communities



Leveraging Social Impact Bonds in Underserved Areas



Ryan Callender

Partner
Squire Patton Boggs

Environmental Impact Bonds – DC Water Experience



Water Revenue Financing – The Basics

- Indenture/Trust Agreement/Master Bond Resolution
 - “Rules of the game”
 - Will control the pledge and ability to issue bonds and loans

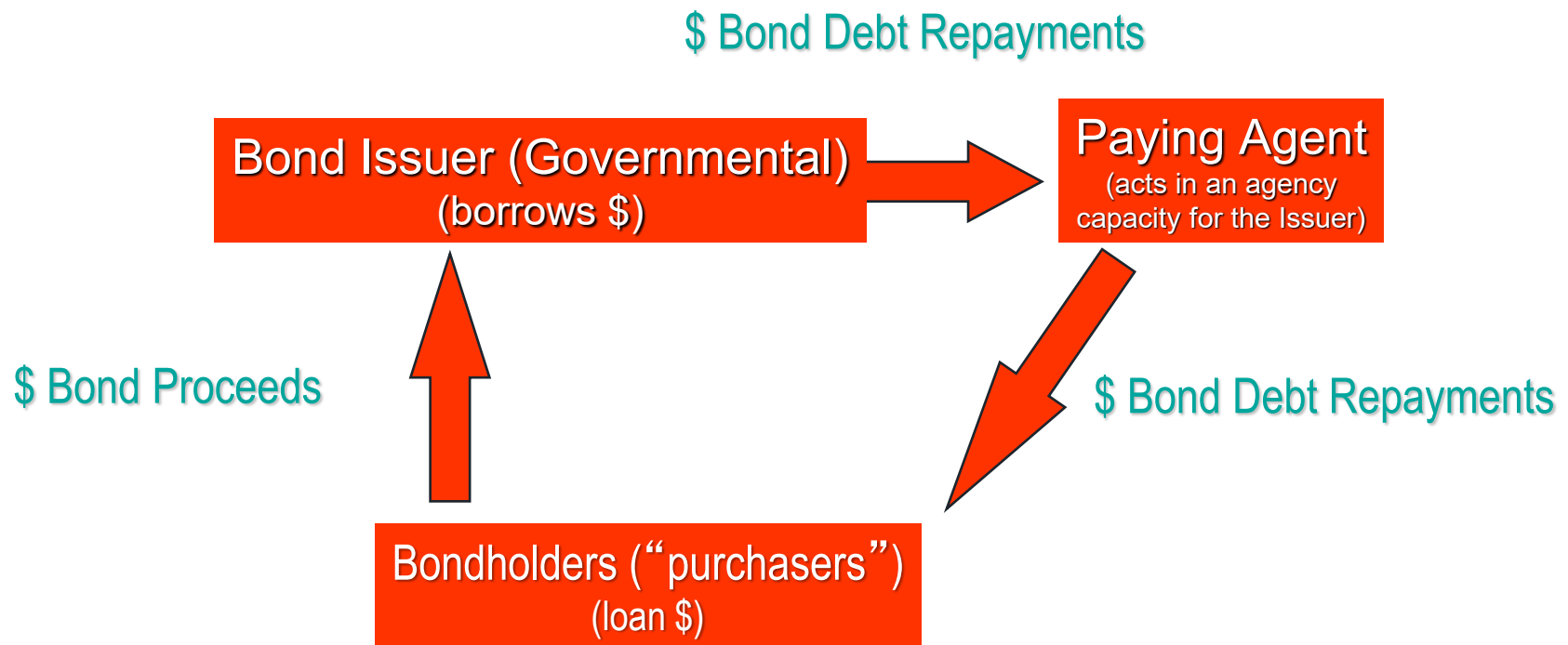
Water Revenue Financing – The Basics – The Indenture

- Indenture/Trust Agreement/Master Bond Resolution
 - Trustee
 - Pledge of revenues
 - Covenants related to rates and additional debt test
 - Controls ability to issue additional bonds and debt
 - Senior vs Subordinate

Water Revenue Financing – The Basics – The Indenture

- Indenture/Trust Agreement/Master Bond Resolution
 - Disposition of Revenues
 - Covenants
 - Regarding rates and free service
 - Damage, Destruction and Condemnation
 - Sale of Assets
 - Ability to covenant with lenders
 - Events of Default

Basic Municipal Bond Transaction



DC Water – “normal” Transaction

- \$300,000,000 fixed rate transaction
 - Proceeds are used for “Costs of the System” or might be specified for the Green Rivers Project
 - Each maturity has a fixed interest rate payable semi-annually and at maturity
 - 20-30 years long (Century Bond)
 - Publicly sold through a capital markets bank (e.g. Goldman, Morgan Stanley, Siebert)
- \$150,000,000 variable rate transaction
 - Proceeds are used for “Costs of the System” or might be specified for the Green Rivers Project
 - Daily, Weekly, Monthly rates (or longer period)
 - Publicly sold through a capital markets bank
 - Liquidity facility with a commercial bank

Dc Water – Environmental Impact Bond

- Issued on September 28, 2016
- Private Placement with Two Institutional Investors
- Supplemental Trust Agreement and Private Placement Agreement with Investors
- Proceeds used for “costs of the system,” but specifically for a “Green Infrastructure” Project to manage the volume of runoff equivalent to 1.2” of rain falling on a minimum of 20 equivalent impervious acres for the Rock Creek Green Infrastructure Project A

Dc Water – Environmental Impact Bond

- “Pay for Success” Model
- Variable Interest Rate
- Project Monitoring
 - Independent Evaluator
- Securities Law and Tax Law Issues to Work Through

Dc Water – Environmental Impact Bond

- Project Outcome Expectations in Three Tiers:
 - Tier 1. A “Tier 1 Outcome” will be a Runoff Reduction greater than 41.3%;
 - Tier 2. A “Tier 2 Outcome” will be a Runoff Reduction ranging from 18.6% to 41.3%; or
 - Tier 3. A “Tier 3 Outcome” will be a Runoff Reduction less than 18.6%

- Mandatory Tender Date of 2021

- Payments Due:
 - Tier 1, Principal, Interest and Outcome Payment
 - Tier 2, Principal and Interest
 - Tier 3, Principal less Risk Share Payment to DC Water

Thank you!



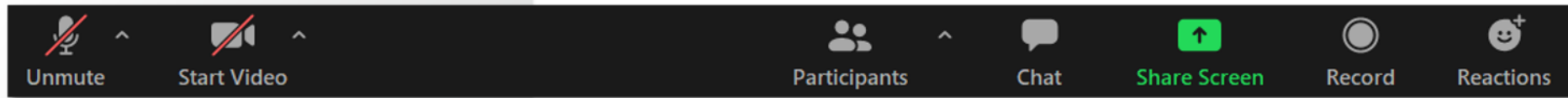
Ryan K. Callender

Partner

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Audience Questions



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Intro Housing Finance Course

June 25-26 // 12:00 – 5:00 PM Eastern

CDFA // BNY Development Finance Webcast Series: Risk Management and the Bond Credit Rating Evolution

July 15 // 2:00 – 3:00 PM Eastern

CDFA Summer Institute

Aug 4-8 // 11:00 AM – 5:00 PM Eastern

- Fundamentals of Economic Development Finance Course
- Intro Bond Finance Course
- Intro Revolving Loan Fund Course
- Intro Tax Increment Finance Course
- Intro Tax Credit Finance Course

CDFA National Development Finance Summit

San Juan, Puerto Rico

October 8-10

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