



Te Ope Whakaora



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Foundation North makes \$2 million impact investment into Salvation Army Community Bond

Foundation North, the community trust for Auckland and Northland, has made its first impact investment towards the creation of 118 new homes for families facing housing insecurities. Foundation North has invested \$2m through impact-investing platform Community Finance, to support The Salvation Army, an existing grantee of the Foundation, to finance three social housing developments in Royal Oak, Westgate and Flatbush.

Impact investment refers to investments made into companies, organisations, assets and funds with the intention to generate a positive social or environmental impact alongside a financial return.

“Adding an impact investment asset class to our investment portfolio widens the set of tools available to the Foundation for creating positive impact,” said Mel Hewitson, the Foundation’s Deputy Chair and Chair of its Investment Committee. “With this first impact investment, Foundation North is demonstrating how a large institutional investor can balance getting strong returns and supporting positive social outcomes.”

At a time when many funders have taken a financial hit, Foundation North’s diversified investment portfolio has a long-term perspective and this has allowed it to continue to invest in community, including throughout the Covid 19 crisis - the Foundation’s granting activity for 2019/2020 totalled \$46.6 million.

Foundation North Chair, John Slater commented that at a time of need, when the community sector is under pressure, the Foundation continues to seek new ways to achieve its vision of Enhanced Lives. “This project closely aligns with our strategic focus of increased equity,” said Mr Slater. “The positive impacts of safe, long-term housing are well-documented, and families have

been able to move into safe, warm, affordable and secure homes through this initiative.”

The Salvation Army Community Bond is the first project by Community Finance, an impact investment platform established in 2019 to catalyse social and environmental change in New Zealand. The platform operates by matching investors with specific projects, in this case social and community housing, and making it easier for organisations to provide impact investments. Through Community Finance, \$17.5m has now been advanced to The Salvation Army.

Community Finance CEO James Palmer said, “Our vision is to raise affordable debt for those organisations with proven track records who are paving the way for social and environmental change in New Zealand. We are delighted to welcome Foundation North as a strategic impact investor in this initiative which will enable more life-changing work to be done in providing houses for families in need”.

This project represents a significant commitment from the Salvation Army to develop new housing on their extensive land holdings in urban centres across the country.

National Director of The Salvation Army Social Housing, Greg Foster, says the Army is very grateful for the investment.

“The Salvation Army is thrilled to be partnering with Foundation North in The Salvation Army Community Bond. The investment is a win-win for all parties, the Salvation Army will be able to use the investment to build more social housing, and Foundation North will be receiving a competitive return for their investment, while knowing that the funds are being used to address some of the housing needs in the community. The ultimate winner are the tenants of the new units, many of whom will get to live in a warm dry home for the first time in their lives.”

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With a vision to enhance lives, Foundation North holds in trust for the communities of Auckland and Northland an endowment, or pūtea, of over \$1.3 billion. This comes from the sale of the community's shares in what was previously the Auckland Savings Bank. That perpetual endowment allows it to make around \$40 million in grants each year to not-for-profit groups and community initiatives in Auckland and Northland.

Since it was founded as the community trust for Auckland and Northland in 1988, the Foundation has returned over a billion dollars in grants to the region.