

Promoting

INCLUSIVE NEIGHBORHOODS

How JPMorgan Chase is delivering community development expertise, data and capital to create thriving, opportunity-rich neighborhoods



WHY PLACE MATTERS

Economic opportunity is deeply rooted in neighborhood conditions. Research shows that *where* people reside has lasting impacts on *how* they live – from lifetime earnings to life expectancy. In short: A child’s ZIP code can profoundly shape his or her future. At the same time, the long-term success of all cities and towns depends on having thriving neighborhoods.

Yet, even with broad economic growth, many neighborhoods continue to struggle with concentrated poverty, disinvestment, unemployment and other challenges. In particular, access to affordable housing – the foundation for thriving communities – is increasingly out of reach for residents, resulting in households paying an ever-growing share of their income just to put a roof over their heads.

All of this translates into an urgent need to ensure that development efforts, even in high-growth cities and those on the verge of a turnaround, extend beyond the core to surrounding neighborhoods and to the most vulnerable residents.

Image: Mural in San Francisco’s Mission District



By the Numbers

Almost **14 million** people live in extremely poor neighborhoods today – more than twice as many as in 2000.¹

Life expectancies can differ by up to **20 years** between rich and poor neighborhoods in the same city.²

A child moving from a “low-opportunity” to a “high-opportunity” neighborhood is projected to increase total lifetime earnings by **\$210,000**.³

Over **18 million** households – 15% of U.S. households – spend more than 50% of their incomes on housing.⁴

¹ <https://www.brookings.edu/research/u-s-concentrated-poverty-in-the-wake-of-the-great-recession/>

² <https://societyhealth.vcu.edu/work/the-projects/mapping-life-expectancy.html>

³ <https://opportunityinsights.org/paper/cmto/>

⁴ <https://www.jchs.harvard.edu/state-nations-housing-2019>

HOW JPMORGAN CHASE IS PROMOTING INCLUSIVE NEIGHBORHOODS

Our firm is bringing together our business and philanthropic efforts to help more residents access economic opportunity in their own neighborhoods. Our comprehensive approach leverages our data and expertise and combines community development lending and equity investments, products to promote affordable rental housing and homeownership, and strategic philanthropic investments.

A key focus of our strategy is promoting affordable housing. This is driven by our belief that housing individuals and families can afford, in proximity to economic opportunity and basic services, is the cornerstone of vibrant and resilient neighborhoods.

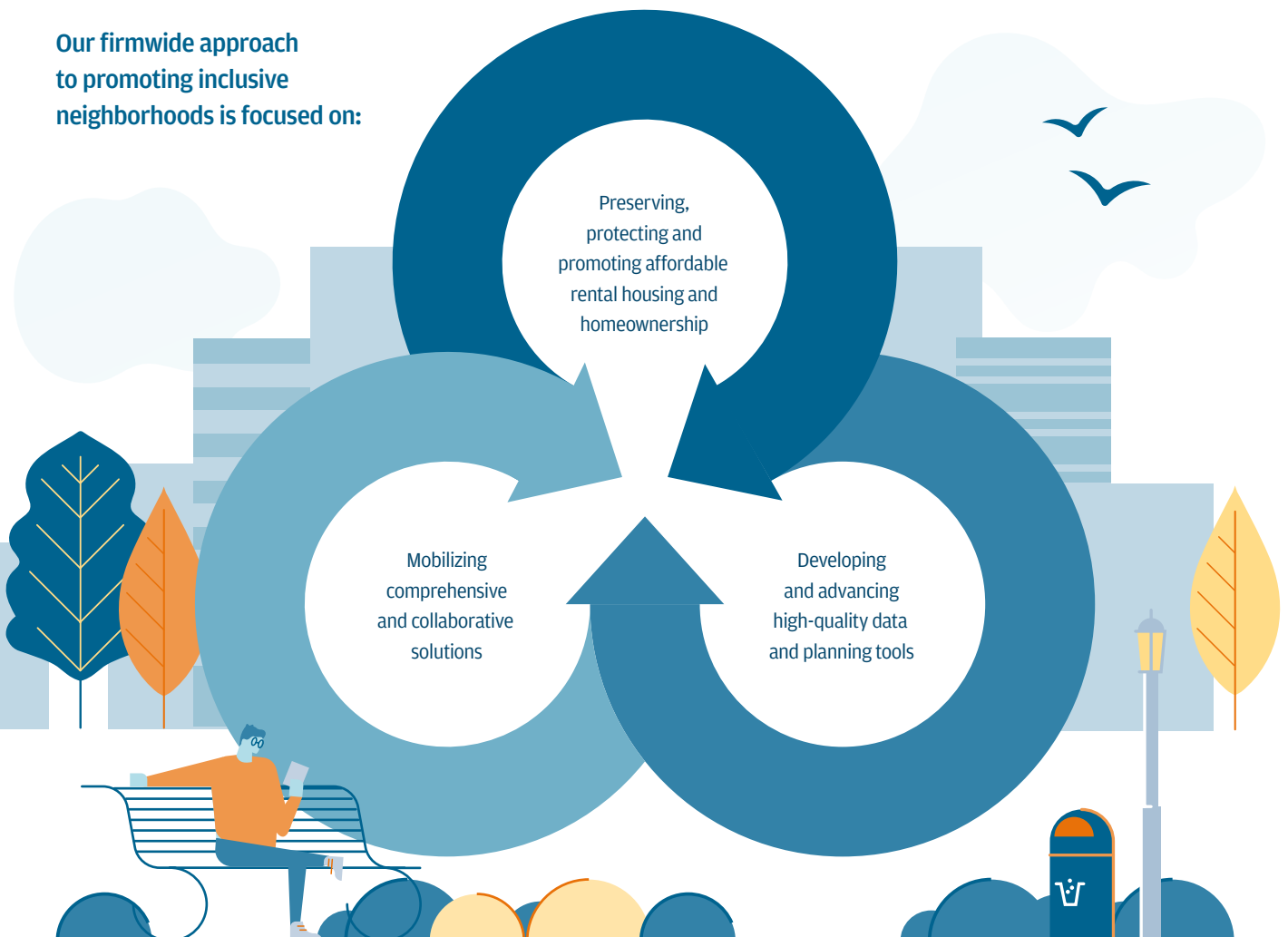
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To solve the affordable housing crisis, all industry players — from the private and public sectors to for-profit and nonprofit entities — need to come together to create sustainable solutions. Our firm is dedicated to doing our part by providing loans and investments for affordable housing and neighborhood revitalization projects in order to help diverse communities in need not only catch up, but thrive.

Alice Carr | Head of Community Development Banking,
JPMorgan Chase & Co.

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Our firmwide approach to promoting inclusive neighborhoods is focused on:



PUTTING OPPORTUNITY WITHIN REACH IN NEIGHBORHOODS

JPMorgan Chase is applying our deep community development expertise – alongside our lending, investment and philanthropic capital – to help build thriving, opportunity-rich neighborhoods.

Between 2016 and 2018, our firm provided:

\$8.55 billion to finance more than **134,000 affordable housing units** and New Markets Tax Credit community development projects



Nearly **\$28.4 billion** for expanding homeownership in low- and moderate-income communities by financing **137,000 home loans** through our Consumer & Community banking business



Nearly **\$125 million in philanthropic capital** to support and scale innovative efforts to revitalize neighborhoods and create, preserve and rehabilitate **more than 12,000 affordable housing units**



PRESERVING, PROTECTING AND PROMOTING AFFORDABLE RENTAL HOUSING AND HOMEOWNERSHIP



When housing is safe, affordable and accessible, not only do neighborhoods thrive but their residents also enjoy better health, education, earnings and other measures of well-being. Simply put: Housing is the foundation of strong communities, so addressing today's affordability crisis is critical.

Low- and moderate-income families bear the greatest burden, but no matter the income level, rising costs mean households have less disposable income to support their families and to contribute to strong local economies.

Today's rising rents also mean that homeownership, one of the biggest tools for building wealth and promoting neighborhood stability, is out of reach for many families, particularly for communities of color.

Only **37** affordable rental homes are available for **every 100** low-income rental households in the largest 50 metropolitan areas.⁵

66% of renters say they had difficulty affording their rent at some point over the past two years.⁶

Nearly **two-thirds** of renters nationwide say they cannot afford to buy a home.⁷

Home prices are rising at **twice the rate** of wage growth in 80% of U.S. markets.⁸



Expanding Access to Homeownership



We are expanding access to affordable and sustainable homeownership through our home lending products and services. We announced in 2018 that our firm is increasing its lending commitment to expand homeownership in low- and moderate-income communities by 25 percent – to **\$50 billion** total – over the next five years.

We are also supporting innovative programs that provide pathways to homeownership. For example, we scaled from Cleveland to Detroit a successful lease-to-purchase pilot program designed to help lower-income renters achieve and sustain homeownership through the Low-Income Housing Tax Credit program. The goal is to develop a model that can be replicated in other cities.

Financing Affordable Rental Housing



We are preserving existing affordable rental housing units and creating additional ones by investing and lending to commercial and nonprofit housing partners to maintain, rehabilitate and build affordable to market-rate units. This is part of our firm's commitment, announced in 2018, to preserve affordable rental housing in distressed communities by lending a total of **\$7 billion** over five years through commercial and nonprofit housing partners.

Images

Top: Bethany Center senior housing in San Francisco

Bottom left: Future site of Amped Kitchens Chicago

Bottom right: Aaron Mallory, founder of GRO Community

⁵ <https://reports.nlihc.org/gap/about>

⁶ http://www.freddiemac.com/research/consumer-research/20181017_affordability_renting.page

⁷ <https://www.wsj.com/articles/more-renters-give-up-on-buying-a-home-1522773685>

⁸ <https://www.housingwire.com/articles/47878-home-prices-are-rising-faster-than-wages-in-80-of-us-markets>

Supporting Innovation



We are investing philanthropic capital to test and scale new housing models that change the economics of the biggest cost drivers of affordability, particularly those related to financing, land use and construction.

One example is a pilot program launched by nonprofit lenders **Genesis LA** and **Housing Trust Silicon Valley** that will provide low-cost, flexible loans to homeowners to construct accessory dwelling units on their properties. In exchange, homeowners promise to rent the units at affordable rates to low- and middle-income earners. The program will not only create new rental housing units in Los Angeles and the San Francisco Bay Area at a lower cost but also support income for existing homeowners.



DEVELOPING AND ADVANCING HIGH-QUALITY DATA AND PLANNING TOOLS

The demographics and economic dynamics in many neighborhoods are changing rapidly. Armed with high-quality, forward-looking data and planning tools, local leaders can better understand their most urgent challenges, make more informed decisions and create targeted solutions.



Supporting Key Partners



We are investing in partners that are developing actionable research and tools that help illuminate effective strategies for strengthening the communities they serve.

For example, we supported the creation of the **National Association for Latino Community Asset Builders' Guide to Equitable Neighborhood Development**. This practical resource contains data and mapping tools to help community-based organizations develop strategies and solutions for preventing displacement and helping low- and moderate-income individuals and families build wealth in changing neighborhoods.

Developing Original Research



We are drawing on our firm's unique proprietary data, expertise and market access to create and share analyses and insights that help community leaders understand and anticipate changing neighborhood dynamics and become smarter about where to apply support.

For example, research from the **JPMorgan Chase Institute** is informing community investment decisions in neighborhoods on Chicago's South and West sides. The Institute found that residents of those neighborhoods travel more than twice as far as those on the North side to purchase groceries and other everyday goods and services. These insights point to the need to finance projects that can improve access to services in South and West side neighborhoods.



MOBILIZING COMPREHENSIVE AND COLLABORATIVE SOLUTIONS

While affordable housing is the critical cornerstone for creating thriving and inclusive neighborhoods, doing so also depends on mobilizing comprehensive solutions that put the full range of opportunities in reach of local residents. This requires deep collaboration among community-based organizations – focusing on infusing much-needed capital and resources into neighborhoods and allowing residents of all income levels to prosper in place.



Driving Capital to High-Impact Projects



We are catalyzing development by partnering with and lending to CDFIs and other community development organizations, which in turn leverage our firm's capital to attract additional investment – creating a powerful multiplier effect.

As a leading lender to CDFIs and one of the largest investors in the New Markets Tax Credit program – which stimulates investment in low-income communities by encouraging private investors to provide longer-term, patient capital in exchange for a tax credit – we are driving lending and investment capital to high-impact projects that have the potential to be transformative in distressed neighborhoods, but that often struggle to attract conventional financing.

Scaling Locally Driven Solutions

Through an annual competition, JPMorgan Chase brings together community development financial institutions (CDFIs) to compete for funding to tackle a specific challenge in their communities. We have held five such competitions as of 2018, through which we have awarded over \$98 million to 78 CDFIs. These organizations have delivered real, on-the-ground results:⁹

- Raised over \$870 million in outside capital, a 1:13 leverage ratio
- Made over 35,000 loans worth over \$475 million dedicated to low- and moderate-income communities
- Created or preserved over 3,200 affordable housing units
- Created or preserved more than 13,300 jobs

Encouraging Collaboration



We are encouraging collaboration between place-based community organizations, which we believe can amplify and accelerate efforts to expand opportunity in neighborhoods.

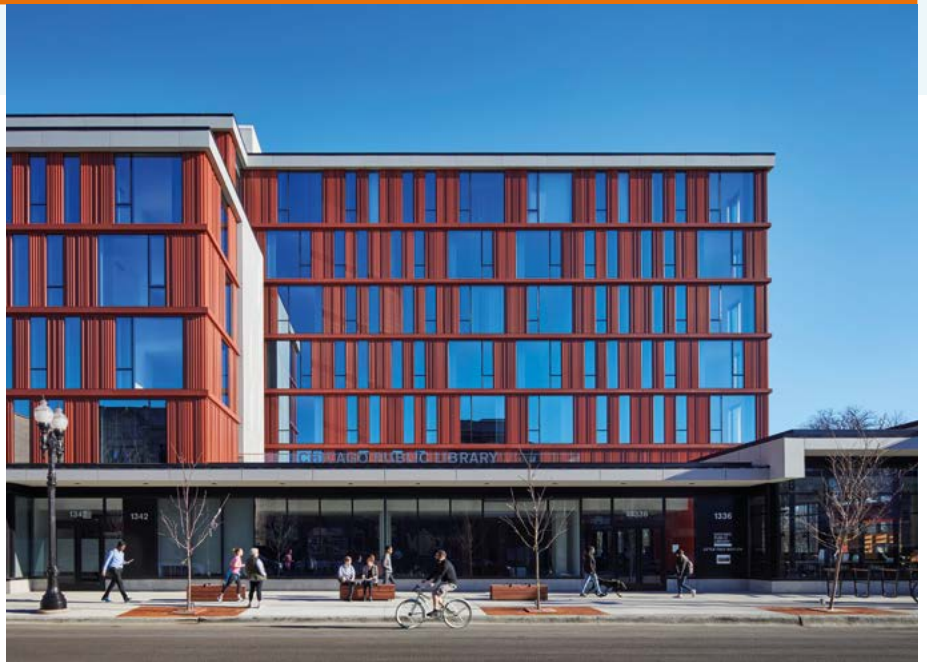
For example, we are supporting **The Uplift America Fund**, which is a public–private partnership aimed at addressing poverty in rural America. The effort brings together the U.S. Department of Agriculture with philanthropic and private sector partners to fund vital community services and strengthen community-based lenders in distressed communities.

In Washington, D.C., we are supporting implementation of **The 11th Street Bridge Park Equitable Development Plan**. The collaboration brings together a group of three committed local nonprofits – Building Bridges Across the River, Washington Area Community Investment Fund and City First Enterprises – to lead an effort aimed at ensuring that residents of Wards 7 and 8 benefit from the opportunities related to the planned development that will connect Anacostia and Capitol Hill.

⁹ <https://www.abtassociates.com/projects/evaluating-jpmorgan-chases-advancingcities-challenge>

STRENGTHENING NEIGHBORHOODS ON CHICAGO'S WEST SIDE

Residents of Chicago's Near West Side have 66 new units of affordable housing, plus a brand-new public library branch. But, more importantly, they now have a vibrant neighborhood hub that meets a host of community needs.



Images: Taylor Street Apartments and Little Italy Branch Library (Courtesy of SOM @ Tom Harris)

The Chicago Housing Authority and the Chicago Public Library joined forces to put these neighborhood essentials under one roof. With the help of investments from JPMorgan Chase, the Taylor Street Apartments and Little Italy Branch Library opened in 2019, one of the city's first co-located housing and public library branches.

The innovative project represents exactly the approach to creating thriving neighborhoods that our firm is working to advance in Chicago – and in cities across the country. With 73 units of mixed-income housing – 66 of which are affordable units – the development is directly aimed at addressing the critical need for affordable housing. Meanwhile, the library branch includes an Early Learning Play Space, designed to help develop early literacy skills in

children through play; a YOUmedia innovative teen digital learning space; and spaces dedicated to workforce development and technology for adult learners.

Alongside investments such as the Taylor Street Apartments, in 2017 our firm made a \$40 million, three-year philanthropic commitment to expand access to opportunity and revitalize neighborhoods on Chicago's South and West sides.

As part of that, we are supporting the Chicago CDFI Collaborative, a partnership between Community Investment Corporation, Chicago Community Loan Fund and Neighborhood Housing Services. To date, the Collaborative has preserved nearly 600 units of



affordable housing and is also providing capital to help potential homeowners and investors rehabilitate formerly vacant properties in low-income communities. In 2018, we also committed \$10 million in low-cost, long-term capital to the Chicago Community Loan Fund, which will support the development and preservation of small businesses and commercial corridors on Chicago's South and West sides.

Learn more about how JPMorgan Chase is promoting inclusive neighborhoods at www.jpmorganchase.com/cr

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