

# Nico's Social Impact Framework

# Content

|   |   |
|---|---|
| <b>Overview</b> – What is an impact framework?          | 1 |
| <b>Our approach</b> – Why is it important?              | 2 |
| <b>Our process</b> – How were the impact areas defined? | 3 |
| <b>Nico's desired impact</b> – What we want to achieve. | 4 |
| <b>Methods &amp; reporting</b> – How we action it.      | 6 |

# Overview - What is an impact framework?

Nico's Impact Framework is the logic for how we will work to achieve our vision of positive social and environmental change. It connects our actions to a defined set of outcomes and it identifies five elements of change that we believe are key to building stronger neighborhoods.

By measuring our social and environmental impact, we can collect information to know if we've succeeded and inform decisions so we can focus our resources on the right things to maximize our impact.

The Impact Framework is our roadmap for how we will prioritize and measure the non-financial impact of our business on the neighborhood and local community over time. It is not a claim that we are having any specific impact when we launch.

# Our approach

## - Why is it important?

Nico is committed to preserving and enhancing the social and physical fabric of the neighborhood as well as the environment. Investors in Nico Echo Park contribute to positive outcomes for local residents, community organizations, and small businesses.

We have elected to be treated as a public benefit corporation in support of our social and environmental objectives. Public benefit corporations are a relatively new type of company that are intended to produce a public benefit and to operate in a responsible and sustainable manner. As a public benefit corporation, we are required to make public a report detailing how we are moving towards our objectives.

Beyond that, we are working to measure and evaluate our financial, social, and environmental objectives which will be shared in ongoing reports and will help guide decisions in the future.

Since this is a new model for community participation in investing, we are using this as an opportunity to build a culture of learning internally, adapt our model to what is working, and allow ways for all stakeholders to provide input throughout the process.

## **Our process - How were the impact areas defined?**

We followed a rigorous process to develop our desired impact areas:

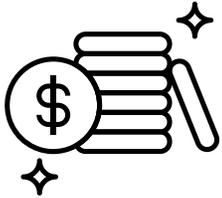
We started by talking to residents and local organizations to define a first draft our desired impact and ensure it is aligned with local community needs;

We ran a 'social return on investment' analysis that helped us forecast the impact we could have and allowed us to maximize the social benefits;

We iterated our impact model and will continue to do so to keep learning what works and how we could improve based on input from our local stakeholders, including our residents, partner organizations, and our local shareholders.

# Nico's desired impact – What we want to achieve

Nico is working towards the following five impact areas:



## 1) Increased financial inclusion and wealth creation

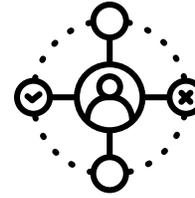
Nico aims to democratize real estate investment and ensure that local stakeholders have the opportunity to participate as financial stakeholders in their neighborhood.

### What does this mean?

Benefits of real estate investment are distributed among a broader range of neighborhood residents across incomes

More residents have the financial knowledge and resources available to them to become informed investors in local real estate

More residents are able to increase their financial wellbeing by investing locally, fostering community stability



## 2) Distributed power and stakeholder alignment

Nico aims to align neighbors around shared financial and social interests.

### What does this mean?

The management and ownership of neighborhood real estate is driven with direct input from local stakeholders

Nico amenities and services serve the needs and desires of a greater share of neighborhood residents across incomes

Neighborhood residents are more connected to their neighbors and have a greater sense of social cohesion by virtue of shared financial interests in neighborhood real estate



### 3) Improved environment and quality of life

Nico aims to improve living conditions for local residents and minimize negative environmental impact.

#### What does this mean?

Building and unit upgrades improve the quality of life for residents across incomes

The lifespan of buildings in our portfolio is extended through a model of long-term stewardship and negative environmental impacts are mitigated

Environmental health, civic engagement, and collective efficacy are acknowledged as sources of value and wealth creation



### 4) Neighborhood diversity and stability

Nico aims to preserve the socioeconomic diversity and stability of the neighborhood.

#### What does this mean?

A broad range of quality housing options, including affordable housing, sustain socioeconomic diversity among residents over time

Long-term tenant security of residents living in Nico owned or managed buildings fosters community stability

Neighborhood residents have a greater sense of belonging and connection to place



## 5) Strong local economy

Nico aims to contribute to a strong local economy that benefits neighborhood residents, business owners, and other stakeholders.

### What does this mean?

High quality local jobs support living wages

Locally owned small businesses and community organizations are able to stay and grow

New opportunities are created to connect local economic activity to community wealth creation

# Methods & Reporting - How do we action it?

To conduct the impact assessment on an ongoing basis, Nico will rely on the following data sources:

Local stakeholder input: Nico values first-hand feedback from local stakeholders, including residents of Nico owned and managed buildings and local shareholders. We are providing multiple options for local stakeholders to help assess progress towards achieving our desired impact - through surveys, one-on-one meetings, and feedback forms.

Partner input: Nico will also solicit input from our partners and neighbors, including local business owners, community based organizations, elected officials and local institutions through neighborhood events, surveys and advisory meetings.

Operational data: Nico will also use operational data such as the total number of local shareholders, total equity invested by local shareholders, number of unit renovations performed, energy savings, or the number of residents engaging in community events to track our impact.

# Methods & Reporting - How do we action it?

Nico believes that neighborhoods will increase in value and utility to local stakeholders over time if the local stakeholders, including local shareholders, themselves are given a more inclusive, accessible and flexible way to participate in defining Nico Echo Park's long-term strategic and operational goals that guide the ongoing data collection and measurement.

Nico is designing a stakeholder engagement framework that will ensure residents, local shareholders, and other neighborhood stakeholders are able to weigh in on issues that are important to them by participating in polls, surveys, one-on-one meetings, workshops.

The Nico Echo Park board of directors have a legal responsibility to oversee the management team and represent all Nico Echo Park stakeholders.

nico

the neighborhood  
investment company



