

Community Ownership: Emerging Models and Roles for Philanthropy

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About the Inclusive Capital Collective

The Inclusive Capital Collective (ICC) is a growing network of community fund managers and entrepreneur support organizations that have been designing and developing shared technical and financial infrastructure for aggregating and deploying financial capital and other resources to entrepreneurs and communities of color in the United States. **Its purpose is to overcome systemic racism through equitable access to capital.**

The ICC achieves this purpose by aiding and amplifying capital innovators and service providers who are building wealth in their communities using debt, equity and real estate instruments, and by connecting them in a jointly owned and governed network. With the ICC, capital innovators and service providers centering communities of color have created a novel kind of intermediary infrastructure to help each other accelerate the learning curve required to design and redesign for a more equitable future; mobilize capital; and grow their businesses. ICC capital innovators are exploring alternative types of capital, developing more equitable ownership models, and structuring blended finance offerings that mobilize a range of philanthropic and private capital. This work was important before the pandemic, and it has only become more urgent as we contemplate how to rebuild an economy and society that creates health and wealth for all.

The ICC provides Advisory Services to federal, Tribal, state and local governments; philanthropic institutions; private and public companies; and others interested in leveraging the collective experience, expertise and excellence of ICC members.

This Advisory Services project was led by Roanhorse Consulting and contributed to by ICC Members The Guild, Chicago Trend, and EBPREC, with additional contributions by Potlikker Capital, and the Community Investment Trust.



About Roanhorse Consulting

Roanhorse Consulting (RCLLC) is an Indigenous-led think tank. RCLLC works with unheralded communities, businesses, organizations, and individuals to achieve and aspire to their self-determination through forging communities of practice, strengthening Indigenous evaluation methods, creating equity through entrepreneurship, and encouraging economic empowerment from within. RCLLC co-designs wealth and power-building efforts that directly invest in our leaders, support meaningful data collection informed by indigenous research approaches, and help build thoughtful community-led projects that enforce values that put people at the center.

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I. Introduction

In 2022, the rate of White home ownership in the United States was 74.6% while Black home ownership was 45.3%.¹ Additionally, White people represent 66.9% of the real estate investor market, with Hispanic people coming in at 17.4%, Black people at 8.4%, Asian people at 4.8% and Native American/Alaskan Native at .05%. It is clear why our community leaders are increasingly looking at community ownership as a strategy to bring more prosperity to communities that have been historically or systematically underserved and disadvantaged.²

The very notion of “community ownership” and “community wealth” runs contrary to how mainstream financial institutions are structured, which are typically focused on the financial well-being of individuals. For those with privilege, a favorable credit rating, financial profile and relationships, many mechanisms exist to enable access to capital and management of assets, be they financial or physical. Similarly mainstream, established institutions that enable communities to do these same functions do not exist. Consequently, each of these transactions often requires a heroic effort on the part of the community to make them happen, with no substantive community investment ecosystem in place to seamlessly support the initiatives.

Because of a lack of an established infrastructure for these types of projects and investments, as well as the need to adapt the models to meet communities where they are, each community investment project is unique and rarely adheres to any prescribed playbook. The development of a Community Ownership implementation is more of a practice than a project, typically led by a group of practitioners who are responding to needs and opportunities in their communities. In many regards, the design is more about working through a set of choices than worrying about fidelity to a model. In fact, many of the most prevalent models were developed in response to specific community needs.

In conversations with practitioners and implementation organizations, it was clear that the community development ecosystem is evolving quickly, with the ground shifting in real time as projects transition into revenue-generation mode and start-up teams look to share and spread their models and approaches. From a national perspective, there are many compelling projects and implementations, with practitioners able to position themselves in the market as experts that can provide technical assistance to other communities, not least to create revenue opportunities for themselves. This makes sense, as start-up funding dries

¹ Henderson, Tim. “Black Families Fall Further behind on Homeownership.” *The Pew Charitable Trusts*, 13 Oct. 2022, <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2022/10/13/black-families-fall-further-behind-on-homeownership>.

² Zippia The Career Expert, website, <https://www.zippia.com/real-estate-investor-jobs/demographics/>.

up when the projects mature and the organizations look to leverage their expertise and the intellectual property they've developed. We are increasingly seeing reports (often foundation-funded) being generated by many of these practitioners as they feel compelled to jockey for position in this rapidly evolving field.

Consequently, the national field is at risk of fragmentation, as organizations seek to leverage their expertise and approach as an answer to the national challenge of enabling community ownership, potentially resulting in regional clusters organizing around particular models or organizations. What is missing at this point is a well-established, national container that can bring a broader perspective to the field, creating a more obvious entry point for local leaders to engage in this work wherever they may be. Enabling leaders who are new to the space to more easily connect with a community of practice that can share origin stories, explain how they developed their implementations and connect with legal and other expertise will go a long way toward helping these one-off projects develop into a national movement, where people feel seen and don't have a need to retrench in their silos.

Additionally, based on the realities these practitioners are facing within the national context, what they bring to this work cannot be mechanized in a framework because context, culture and place matter. Rather, we have found that each of the organizations we spoke with are regionally developing their strategies from a deep understanding of the nuance of place, grounded in the way they have defined wealth creation for themselves. The models they choose fit the place in which they are situated, and it is important to consider in a project design process that it starts with place, an approach that supports and lifts the community-owned and -led institutional knowledge.

While these projects must start with the goals of the community and then design based on local conditions, there are certain considerations and approaches that can be somewhat generalized across geographies. Community Desk Chicago, a community ownership organization, has developed its "Community Investment Vehicles Playbook," which provides a very thoughtful framework for how communities can approach this complex development environment. The "Playbook" is referenced again in the "Community Ownership and Philanthropy" section below.

Our report is deliberately written to supplement and avoid duplication of other reports in the community ownership space—many of which are authored by existing grantees of the Kresge Foundation. As such, we will not be exhaustive and instead present our analysis as a companion to the existing excellent field-building reports and resources, many of which are referenced in the Resources section at the end of this report.

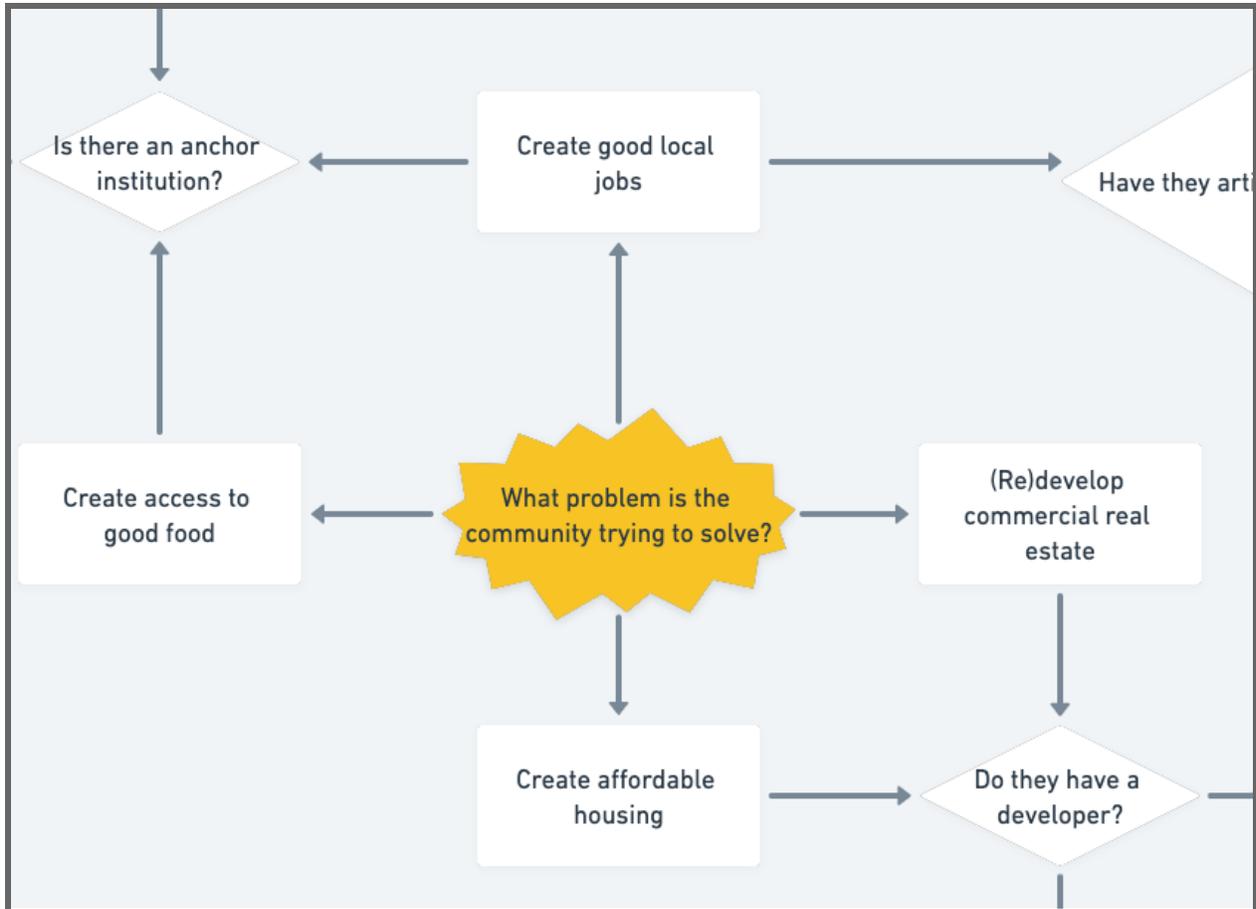
II. Established and Emerging Models

The conversations with practitioners and intermediary organizations centered around three basic models: Community Land Trusts, Cooperatives, and neighborhood-scale Real Estate Investment Trusts (REIT), with three variations of the basic REIT particularly worth noting. A fourth area where models are now being developed is in the Tribal Land Repatriation movement, where many groups are working to move land traditionally held by Indigenous people back to Tribal stewardship and governance. It's important to note that these models are rarely mutually exclusive and there are examples of where elements from one might be integrated into another, or where multiple are applied to the same project in complementary ways.

The primary outcomes driving the community ownership projects we examined are anti-displacement, wealth building or some combination of the two. While anti-displacement is a relatively straight-forward community goal (usually characterized by working to create permanent affordability), "wealth building" can be more subtle in how it shows up. Enabling residents in communities to participate in real estate investments at accessible levels provides an opportunity to increase their financial wellbeing from a monetary perspective, which is compelling. However, community ownership projects can also be focused on other forms of "wealth." In some places, communities see accessibility of fresh, healthy food as an element of wealth they want in their neighborhoods and so their work centers around developing a food hub. Cultural wealth is also brought home through community-driven art center development while environmental wealth may show up as community acquisition of a brownfield site that needs remediation.

In developing a mechanism for helping communities to engage in community ownership projects, especially when the focus is "wealth building," it is critical to start with what the community intends. When working toward a more spacious understanding of "wealth," the steps forward can become complex very quickly.

The following decision heuristic demonstrates how this complexity unfolds when centering community intent:



The living draft of this heuristic can be found [here](#).

Mapping out these steps in detail for each of the possible ways communities may seek to build wealth would be beyond the scope of this report. However, a potential crowdsourced, participatory version of this could be an interesting way to build communities of practice and facilitate information sharing and community-building in the field. The analysis below will focus on the “democratization of investment opportunities” in the real estate market from a wealth-building perspective.

Multiple efforts are also ongoing to map various projects of this nature, documenting individual projects, tracking their characteristics and assigning them to different model categories. An ongoing example of this is the matrix developed by the Community Investment Trust team, which can be downloaded from [its website](#) or by clicking [here](#).

Community Land Trusts

The Community Land Trust (CLT) is a proven model that focuses on putting land into community-owned trusts for various reasons, including for agricultural, housing or other

purposes. In some cases, members of a community come together to buy land that is then owned by a resident-governed nonprofit. The land is leased to homeowners who own their housing units on the community land trust land, with homeowners agreeing to sell their homes at a restricted price to preserve the affordability. Because the land is removed from the effects of the market, this model may be best suited for “cusp” or “cold” markets where price appreciation is happening at a moderate speed or within “cooler” zip codes within a stronger regional market.

Strengths:

- Very strong mechanism for permanent affordability
- Very strong anti-displacement strategy
- Proven governance structure empowers community of residents
- Moderate community organizing requirement

Challenges:

- Limited ability for resident owners to participate in appreciation of value of their home due to limits on return they can get when selling
- Land acquisition challenges compounded by the fact that the land gets taken off the market with no opportunity for appreciation for investors
- Structured as a non profit, limited ability to issue returns to investors

Although land trusts have been around for more than half a century, they continue to proliferate because of the strength of the model in terms of permanent affordability, with more than 200 active examples across the country. The model continues to proliferate, with [Grounded Solutions](#) providing technical support to emerging land trusts across the country.

Cooperatives

There are several types of cooperative business models, with the structure also used for commercial real estate to offer community equity investment opportunities and an ideological framework for democratic governance. All cooperatives are member-owned, democratically controlled business enterprises and typically structured as a for-profit legal entity. Several community equity investment initiatives draw on this model by empowering resident investors in the governance of the initiative. [The East Bay Permanent Real Estate Cooperative \(EBPREC\)](#) is a strong example of this model. EBPREC was developed in response to radical gentrification that has been on-going in the East Bay in Northern California.

While the community intent was grounded in a desire to create permanent affordability, the organizers also recognized that because they were operating in a very “hot” real estate market, there was also potential to enable residents to grow family monetary wealth by enabling them to participate as investors as well. In addition, community engagement and participation and the ability for residents to potentially generate revenue from their investment in the project were top priorities, which ultimately led to the Permanent Real Estate Cooperative (PREC) structure, rather than a more traditional land trust model or a Limited Equity Housing Cooperative.

The organizers explained that they started with their intentions for community participation, evaluated multiple models, and then “pulled the best elements” from the models they evaluated to create EBPREC. Features include:

- Rental housing
- Housing residents and others in the community invest and buy shares
- Four types of ownership:
 - Staff Owners
 - Investor Owners
 - Community Owners
 - Resident Owners
- Investor education

Other examples of this type of approach:

- [Detroit Food Commons](#)
- [Freedom West](#)
- [Resident Owned Communities \(ROC\)](#)

Strengths

- Very flexible model enables creativity to address multiple goals (anti-displacement + accessible investment opportunity for residents)
- Strong mechanism for permanent affordability
- Strong anti-displacement strategy
- Ability to accept investment from wide range of investors, from community residents to institutional
- Democratic governance structure empowers community of residents

Challenges

- Very high community organizing requirement
- Potentially very high complexity in structure design
- High need for outside legal and structural expertise

EBPREC is now making its expertise and experience available to support similar projects and share the strength of its model. In addition, while cooperative structures do not necessarily have investment funds connected to them, [Seed Commons](#) helps local cooperative development organizations to build funds enabling capital access by cooperative businesses.

Neighborhood Real Estate Investment Trust (NREIT)

A REIT is a company that owns and typically operates income-producing real estate, allowing people to invest in large-scale rental housing projects or related assets. The REIT structure is flexible and although there are multi-billion dollar REITs that are publicly traded companies, it can be adapted to support community ownership projects. The community ownership elements can show up as small-sized minimum investments (as low as \$10/month) and the ability for shareholders to participate in governance of the company or properties. An example of a B-corporation structured NREIT is the Neighborhood Investment Company ([NICO](#)), which recently began a wind-down of its operations and issued a white paper with key learnings from the project.³

Strengths

- Flexible model enables creativity to address multiple goals
- Strong mechanism to accept investment from wide range of investors, ranging from community residents to institutional
- Community organizing requirements driven by specific objectives of particular implementation
- Models can build long term relationships with investors, with that relationship creating opportunities for voter engagement and other organizing functions

³ NICO, 2021, Preliminary Learnings from the First Neighborhood REIT™, available at https://mynico.com/wp-content/uploads/2021/11/Nico-Echo-Park-Preliminary-Learnings-from-the-first-Neighborhood-REIT-1.pdf?utm_campaign=skedlink&utm_medium=button&utm_source=skedlink

Challenges

- Not explicitly designed on anti-displacement, although it can be adapted for that purpose
- Potentially high complexity in structure design, especially when a specific community challenge is being targeted
- Potentially high need for outside legal and structural expertise



There are also a number of compelling variations on the basic NREIT model:

Community Stewardship Trust

Community residents buy shares and become investors in the property, with voting rights and equity. Residential and commercial tenants pay rent, which pays down debt on the building and provides dividends for community investors. Features include:

- Rental housing and retail real estate
- Community residents invest and buy shares
- Investors have voting rights and equity in the property
- Rent from tenants pays down debt on property and dividends
- Low monthly investment levels (\$10 - \$100)
- Investor loss protection
- Short- and long-term returns for investors
- Investor education

Examples:

- [Kensington Corridor Trust](#)
- [Groundcover \(The Guild\)](#)

Community Investment Trust (CIT)

The Community Investment Trust (CIT) is a low-dollar, loss protected investment opportunity for all residents. Through the CIT, investors build equity in a thriving and diverse commercial property. The strongest example of this model is the [East Portland Community Investment Trust](#). The organization has also developed resources for other communities that may be

interested in implementing its model and provides advisory services to other communities, banks, foundations or other entities. Features include:

- Commercial-retail real estate
- Neighborhood investors in four zip codes
- Low monthly investment levels (\$10, \$25, \$50 or \$100)
- Investor loss protection and liquidity
- Short-term dividend annually & long-term share price return from debt repayment and property value change
- Investor Education

Mixed-Income Neighborhood Trust (MINT)

A MINT is an investment vehicle financed with equity and debt that can draw on a range of aligned sources from foundation PRI to individuals and family offices and institutional investors. The model was developed by [Trust Neighborhoods](#), which is the business entity that holds the broader real estate portfolio. Trust Neighborhoods also partners with communities across the country to implement its model. Features include:

- Rental housing and retail real estate
- Community controls formation process and oversees operations
- Management accountable to neighborhood priorities
- Financed by equity and debt from foundations, individuals, and institutional investors
- Generated revenue can flow across properties to enable affordability by leveraging rising rents
- Integrates Perpetual Purpose Trust



Tribal Land Repatriation

Another significant, emerging area that is ripe for application of these various models or components of them is in the "[Land Back](#)" movement, which seeks to return land to the Indigenous communities from which it has been taken. This movement is decades old, but has been building in momentum across the country more recently, with concrete projects underway in multiple parts of California as well other geographies. Engaging in the area of land "ownership" in Tribal communities is complicated, both because of cultural and legal

considerations, but also because of the implications relative to broader reparations movements that are also gaining steam.

The topography of landback projects is still emerging, but falls roughly into three dominant forms, in increasing order of sovereignty and autonomy for tribal communities:

- Increasing access to ancestral lands for cultural, ceremonial and spiritual purposes,
- Conveying private land to conservation or native conservation vehicles, such as this [example in Los Angeles](#), and
- Acquisition of Trust Land.

The latter is a powerful mechanism for re-establishing community governance of wealth creating assets, and bears a closer look:

Acquisition of Trust Land

Tribes have been using casinos, industrial parks and other economic activities to purchase back ancestral lands and put them back under tribal management and jurisdiction. This process is generally known as [fee-to-trust conversion](#), and is overseen by the Department of the Interior. There are examples of partnerships between Tribes and non-tribal entities to effect these conversions, especially in the context of larger, more commercially valuable parcels of land. For example, in the Pacific Northwest, a progressive forestland management company, EFM, is partnering with local tribes on transactions that convey formerly industrially managed forests to tribes, with EFM essentially acting as a land bank and manager for an interim period, as in [this example](#) of 3,200 acres being repatriated by the Coquille Tribe.

[Indian Land Tenure](#) has been working for 20 years to develop financing tools and mechanisms for land recovery, repatriation and remediation. In particular uncovering and documenting the processes and decisions that Indigenous landowners should know in regards to the land they have in trust with the federal government, potential land sellers and assessing their land values. They published a guide titled [“Cutting Through the Red Tape: An Indian Landowners Guide to Processing Federal Forms”](#). These types of products support deeper understanding of the process for why fee-to-trust conversion is so difficult and complicated, but it also illustrates how the potential relationship with non-Native landowners could be further fostered.

Currently, Indian Land Tenure, with the launch of their CDFI, The Indian Land Capital Company, has raised nearly \$11.5 million to support land acquisition and economic development efforts. In particular, ILCC provided an \$895,000 loan to the Mesa Grande Band to help finance the purchase of a 40-acre parcel adjacent to the Tribe’s Golden Eagle Farm. Located about 90

minutes northeast of San Diego, the farm is situated 12 miles east of the community of Ramona. The area is a popular tourist destination with a variety of outdoor recreation opportunities, wineries and other agritourism attractions. The Mesa Grand Band will be able to activate adjacent lands to encourage agrotourism as a vital economic development resource, while also working to use traditional farming techniques to revitalize the land.

These approaches are potentially powerful mechanisms for increasing ownership and stewardship of real estate by the original communities of this land.

Other forms of community ownership

In addition to the above mentioned models, there are multiple others available that enable community-focused investment activity. While this report is primarily focused on community ownership related to real estate, there are a few other models that are worth noting, many of which can be applied to acquire or invest in community ownership projects.

A **Perpetual Purpose Trust** is a legal structure that enables perpetual governance of an asset, whether it be a property or a business. These structures have been integrated into some of the other models discussed above, in particular the MINT design. A **Charitable Loan Fund** or **Community Investment Fund** can provide supportive, accessible capital for entrepreneurial activity or property acquisition (see [REAL People's Fund](#) and [Potlikker Capital](#)). And **Community-Led Development Districts** engage and enable communities in driving redevelopment of their neighborhoods, but don't necessarily have an investment fund connected to them (see [Living Cully](#)).

III. Implications of Design Choices

In the stories of the practitioners we interviewed, the design of their projects was driven by the benefits they aspired to provide to their communities, in particular people of color who don't routinely have the opportunity to participate in real estate ownership. Because these projects are ultimately investment instruments that need to be capitalized, they must be structured to access more traditional sources, introducing the possibility of conflict with the original intent of the project, especially when community governance is an aspiration. Straddling this tension requires creativity and a willingness to take measured risks. The ICC Black Paper titled ["Building Community Wealth: Shifting Power and Capital in Real Estate Finance"](#) describes the factors that influence the shapes of these structures and provides some case studies of organizations that are already implementing effective approaches.

In the real estate context, the key drivers for the projects focused on for this report are (a) **mitigating displacement**, and (b) **providing the opportunity for community members to participate in wealth building**.

The design of the structure will follow from the priorities of the development, but it can also be influenced by outside circumstances. For example, a community might find the permanent affordability of a Community Land Trust appealing, but with no suitable land or properties available in the community, the model becomes challenging to implement. Local policies around use of City-owned land by nonprofits is an example of a powerful outside influence and opportunity for these projects, although none of the organizations we interviewed specifically mentioned efforts in this arena.

Other than considerations that are beyond the organization's control, the following are key design choices that start-up community ownership projects must consider:

Return on Investment

What is the intended "ROI" or benefit for the community?

- "Wealth building" in various forms for residents of the community
- Disrupt displacement
- Some combination of both

Legal Structure

What is the proposed legal structure?

- If the project is focused on wealth building and intends to issue financial returns to the community and other stakeholders, it cannot be a nonprofit organization and must operate as a for profit structure.
 - NREIT
 - Cooperative
- If the project prioritizes stopping displacement, a nonprofit structure enables more direct application of charitable contributions
 - Community Land Trust

Governance

What level of control will the community have in governance?

- Is it directly related to ownership or not?
- Is it one share one vote, or is the governance weighted by amount of ownership?
- Is it more advisory, and does not actually have a controlling function?
- Or is it more aspirational, in that there are educational and other events and benefits for the community?

Ownership Type

Who owns what of the project property?

- Will the project exclusively own properties and/or invest with other partners?
- What is the lowest amount that can be invested in the fund by a single investor?
- What rights do owners and / or investors have?

Each of these questions will drive a design process that is specific to the particular community vision for the project, its capital stack and its governance. The resulting proposed structure will significantly determine which types of institutional or public investors are the best fit given the governance and investor pool aspirations for the fund. In some regards, the choices made by the community in terms of structure may impact where and from whom the project can acquire capital. However, innovation in structure design has somewhat simplified the complexity of these capital stacks, so that values-aligned institutional investors can invest alongside community residents in most cases. There are certain situations, as in a cooperative structure, where each investor is entitled to one vote, regardless of the size of the investment and this requirement may discourage some larger investors from participating. Nonetheless, especially in a cooperative, alignment with the values of the project should be a precondition, reducing the likelihood that participating investors would demand more control based on their level of participation.

IV. Community Ownership and Philanthropy

In our conversations with ICC members and other practitioners and intermediaries in the community investment space, it is clear there are important roles for philanthropy in building and supporting these projects and the field at large. In developing financing for these projects, practitioners must be creative in how they assemble capital stacks with chunks of capital from different sources. In addition to investment capital, these community-driven efforts also require grant dollars to support their development and capacity to execute on their plans. In discussing roles that philanthropy can play, one practitioner noted that capital stacks are usually thought of as vertical, but that foundations should also think about the

horizontal or “temporal” stack, that there are different kinds of capital these projects require at different phases of their evolution.

Ideally, within geographies, relevant funders (ranging from local and national foundations to values-aligned investors to health systems and beyond) would be aligned and coordinated, providing a supportive ecosystem with clear on-ramps and opportunities. Unfortunately, this level of coordination among funders is very difficult to achieve related to any topic, even on a regional or local scale. Nonetheless, funders have recently demonstrated an ability to connect and coordinate giving, [driven by the challenge of the Covid-19 pandemic](#), providing an opportunity to leverage that behavior change in the community ownership sphere. National foundations interested in field building should also consider how to support champions within local and regional philanthropy who can leverage personal relationships to build more cohesive and supportive place-based funding ecosystems.

More broadly, in its *Community Investment Vehicles Playbook*, Community Desk Chicago identifies five key elements that characterize successful projects, consisting of “Purpose and Process,” “Legal and Governance,” “Funding and Investments,” “Assets and Operations” and “External Stakeholders and Allies.” These categories align with the various phases that these projects complete in their development and provide a frame for where philanthropic dollars can prove most useful.

Organizing and Planning (Purpose and Process)

Regardless of how these projects ultimately begin, by definition, they center community voice and will always include an early component of community engagement, organizing and planning. Local funders can play a role in these early processes, especially when the project also touches other areas such as local food systems, arts, and economic development, among others. Getting local funders engaged in this early stage is important because it will build momentum and name recognition for the project within its home community, while presenting the opportunity for relatively small grants that are more realistic for many smaller funders. In addition, building an engaged network of local funders also facilitates discovery of new projects by national funders and established practitioners looking to share their approach with other communities. National funders could create a matching fund (perhaps a pooled resource) that would encourage local funders to more frequently support the organizing and planning of these projects. Ideally, multiyear operating funds for these lead organizations would be important to enable them to do the work of getting the project off the ground without having to worry every year about raising those basic, enabling budgets.

Technical Expertise (Legal and Governance)

Before a project can raise capital, it must develop a structure that accomplishes its community ownership objective while remaining in compliance with relevant federal, tribal, state and local laws. Gaining access to legal and financial expertise at this phase is critical, both to reassure potential investors that it is legally sound and to ensure it will actually do what it is designed to do. Again, this is an area where local philanthropy can also play a role, although funding technical expertise is often less compelling than the organizing work for smaller funders that are not steeped in community ownership funding. National funders could support these pieces in an ad hoc manner, create match opportunities to encourage local funders, or fund a few technical service providers with general operating dollars so they can support projects nationwide (which may not be as effective since knowledge of local conditions is a key value that local experts can provide).

Capitalization (Funding and Investments)

As these funds become established and seek to build their (vertical) capital stacks, opportunities beyond grants open up for foundations and mission-driven investors. In particular, low-interest flexible debt capital such as program related investments or similar instruments is essential. These dollars provide important leverage for the management team, enabling integration of mainstream capital that is more rigid in its structure and terms. In addition, providing loan guarantees and loan loss reserves will enable these projects to navigate its early days as it works to reach a break-even point with its business model.

Stabilization (Assets and Operations)

At some point, the project reaches a point of stabilization where its earned revenue exceeds its expenses and it shifts its focus from start-up to stable operation. At this point, the work becomes more about management and maintenance of assets (both physical and financial). Although an operational project of this type would be self-sustaining (generate more revenue than it spends), like any enterprise, there will be times when cash flow becomes an issue. Foundations that are able to offer lines of credit at favorable terms can provide additional ongoing stability to ensure long-term success of the project.

It should be noted that when a project transitions out of start-up and design mode, the staffing and expertise it requires also shifts. Team members who are energized by organizing community and developing innovative new structures may not be as excited about managing an apartment building or collecting monthly rent payments from retail tenants.

Start-up teams that have spent years developing (often from scratch) and implementing their models possess valuable expertise that could be very valuable to the field. National foundations can leverage that knowledge by providing unrestricted operating funding to some of these groups (perhaps distributed in various regions nationally) to communicate their stories and potentially build consulting businesses supporting nascent projects in their region.

Field Building (External Stakeholders and Allies)

In addition to building the capacity of individual organizations or leaders as mentioned above, there are other roles national funders can play in addressing other key needs in the sector:

- Communities of Practice - Building connectivity and trust among practitioners is greatly accelerated when those communities of practice have financial means to support their collaboration. Enabling the hiring of staff (even part time) to coordinate meetings, facilitate communication and potentially compensate participants for their time would accelerate learning and lay the groundwork for future networks and infrastructure supporting the development of additional implementations.
- Education, Policy and Advocacy - Grant funding can support efforts to educate local and national foundations, policy makers, community leaders and the general public about the advantages of these models and how they can drive transformation in communities. In addition, non profit organizations that advocate for policies that support community ownership are also candidates for grant dollars. For example, the successful effort in November, 2022 by community organizations in Portland, OR to establish the "[Cully TIF District](#)," which brings together community members and the Portland Housing Bureau to define investment priorities for over \$300 million to help stabilize residents most vulnerable for displacement.

V. Reflections

Throughout this project, we have resisted the "clock thinking" of looking for hard and fast if – then relationships between the characteristics of particular community investment models.⁴

⁴ Clock problems, in the characterization of the philosopher Karl Popper, is the reductionist view of complex phenomena as a set of mechanical relationships that can be neatly captured in cause and effect relationships, whereas cloud problems are intrinsically messy and cannot be divided into neat component parts. For an overview, see the great blog post by Charles Leon, "Clocks and Clouds."

Instead, the challenge and opportunity of community ownership lies in its interweaving of a multiplicity of factors and contexts, and philanthropy is uniquely positioned to create the containers and capacities for exploring the pathways that make the most sense in a given community, to achieve that community's core intent in using a real-estate and ownership based wealth creation strategy.

Building on the design and approach of this project, we recommend that the Kresge Foundation explore its role as a convener and catalyst of a community of practice, or intersecting communities of practice across its geographies of interest, and focus on grantmaking that increases the collective capacity to explore, evaluate and effect community investment strategies.

Most of the projects and models reviewed here, and the practitioners whose expertise and experience informed our findings and recommendations, are already funded by or known to the Kresge Foundation. It would therefore be interesting and timely to consider what the foundation can do to create shared resources and / or financial mechanisms that benefit all the projects it supports directly, as well as create leverage and access to resources for projects it is unable to support. Examples here could include technologically enabled communities of practice to share resources and learnings; a pooled capital reserve or facility that provides gap financing, subsidiary debt, and / or loan loss reserves to community investment projects; and an on-going relationship with the practitioners of the Inclusive Capital Collective to advise on the foundation's strategy in this space.

VI. Acknowledgements

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