



PURPOSE® | 2022

Building a Shared Ownership Economy

Purpose Futures Fellowship Final Report

Table of Contents

1. — Introduction

2. — Designing the Fellowship Program

3. — Our Fellows
 - Concerned Capital
 - City Life Vida Urbana
 - Cooperative Fund of the Northeast
 - Folks Capital
 - Matriarch Revolutionary Fund
 - Care Access Real Estate Investment Trust
 - The Guild / Groundcover Fund
 - Common Trust

4. — Challenges and Learnings

5. — Impact Results

Introduction

Derek Razo, CEO/Co-Founder Purpose Foundation US

Four years ago, we co-founded the Purpose Foundation with two main beliefs: first, that the transition to a just economy is possible; and second, that to achieve it, we would have to cut to the very core of the system: the code of capital -- the legal code of ownership. **We exist to build and support new solutions for ownership, governance, and finance that change the underlying dynamics of who benefits and has control in the economy.**

If we are serious about solving generational wealth and power inequalities, **we must dramatically and quickly increase the scale of capital available** for structural solutions that redistribute wealth and power.

Luckily, we are not alone in this massive task. A grassroots movement of leaders and communities has emerged with the goal of rewriting our economic structures away from concentrated economic power and towards stewardship. At the helm of this movement are incredible individuals who are motivated by purpose over profit.

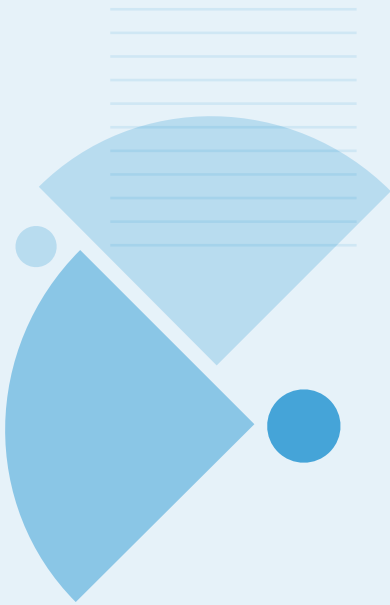
As a response to this movement, we launched our first fellowship cohort in the fall of 2020. The goal was to support and learn from innovative community wealth-building initiatives leveraging long-term real estate models to invest in economic development, prevent displacement, and create platforms for civic engagement. Through technical assistance, supportive programming, and a community of practice, we supported the first generation of Purpose Futures Fellows: leaders of Kensington Corridor Trust, The Guild, and Trust Neighborhoods to design and implement evergreen real-estate models across the country and mobilize more than \$15m in philanthropy and non-extractive financing.

We learned from this experience. Sensing that the timing was right, we launched the first Emerging Fund Fellowship in fall 2021 with the goal of supporting a new generation of investment vehicles to be created. **These projects seek to move assets out of the service of capital and into the service of community.**

As experts in alternative ownership, governance, and financing models, Purpose has been uniquely positioned to help these leaders mobilize capital at scale and develop replicable fund models for shared ownership. The way we do this is simple in principle but difficult in practice. We accelerate the implementation of shared ownership and finance models by incubating the country's most visionary and pragmatic leaders. What makes our approach unique is that we get our hands dirty. We get into the details. We then use our learnings to build infrastructure that reduces legal complexity, and improves access to capital that is designed to build equity and shift power.

Over the past year, we have had the privilege of working closely with these leaders and seeing their visions develop. They have advanced personal clarity, organizational vision, and leadership capacity while seeking to catalyze \$200m+ into investment vehicles supporting shared ownership models. We've already made incredible progress together as a community of practice.

On the pages that follow, you will learn more about these leaders and their teams. You will get a deeper understanding of their missions, goals, and accomplishments. While we have come a long way and have much to be proud of, there remain some challenges to address. We will also discuss those in the report that follows. I look forward to speaking with you, and strategizing on our path forward together.



Special Thanks

The results of this fellowship speak for themselves. That said, they don't exist in a vacuum. There's a handful of organizations who have supported Purpose and our fellows above and beyond a normal partnership. We want to take this opportunity to acknowledge their contributions.

SCHMIDT FUTURES

Schmidt Futures

Someone has to write the first check. Schmidt Futures worked closely with us on developing and funding the concept for the Purpose Futures Fellowship. We are extremely grateful to them for investing in us and our fellows early, giving us the initial momentum that led to launching this latest round of the fellowship. Special thanks to Zoe Schlag and Tom Kalil for supporting our work.

SPRING POINT PARTNERS

Springpoint Partners

Springpoint is one of the most innovative and forward-looking impact funders we've worked with. They saw the potential in the fellowship and gave us the support we needed to get over the line and launch. Special thanks to Margot Kane for her continued support of our work.



One Project

One Project is among our most aligned, flexible and supportive funders. With their support, we've been able to invest in the team, systems and processes that it takes to pull off a project like the fellowship. They deeply understand our work and support us with that rare and special thing called general operating funding. Special thanks to Evan Steiner and Chistine Lai for their continued support of our work.

Anonymous Donor

Our anonymous donor prefers not to be identified, but they have given us the tremendous gift of some of the first and most flexible operating funding we've received. This funding has allowed us to pursue big ideas like this fellowship with safety. We literally wouldn't be here without them. We are enduringly grateful for their support.



Aner Ben-ami, Candide Group

Aner and Candide are nothing short of pioneers in the emerging shared ownership sector. They have made substantial investments in many of the most impressive shared ownership projects of the last decade. Candide remains one of Purpose's closest partners, and has been integral not only in funding this sector, but going deep with entrepreneurs and community leaders to design structures that have transformative impact. There's few impact investors who care as deeply, and who have as much expertise as the team at Candide. We wouldn't be where we are without them.



Kataly Foundation

Everything we suggest that other funders should do in this report you're about to read, Kataly has done and done again. They stand out as some of the most high-integrity, progressive and deep supporters of many of our fellows and the shared ownership space as a whole.



Mission Driven Finance

Mission Driven Finance does the (often) thankless work of building infrastructure for the impact sector as a whole. It helps us sleep well at night knowing that when our fellows are ready to launch, they will have an aligned partner like MDF to work with to take their fund management and operations to the next level. It's hard to overstate the importance of MDF's work in the impact and shared ownership space.



Michelle Boyd, Turner Center // Housing Lab

Turner Center and Purpose have worked closely on evaluating teams using shared ownership models as potential fits for their housing innovation program. Once we've helped a team build a model for shared ownership of real estate that we think has huge potential for impact at scale, we recommend they go right to the Turner Center to get the expert support they need to get ready for the next level. Several of our fellows have already gone through their program. We are very picky about the external programs we suggest, but have again and again heard from fellows that the Turner Center's program delivered above their expectations.

Additional and heartfelt thanks to everyone else who contributed to our fellowship and our fellows' successes over the past year including:

Taylor Sekhon, Roy Bahat, Santosh Ramdoss, Catherine Toner, Kavya Shankar, David Kemper, David Lynn, Sandra Raafat, Abdiel J. Lopez, Liz Sisson, Jennifer Denny, Jenny Stefanotti, Brain Beckon, Adriana Abizadeh and surely many more.



Designing the Fellowship Program

PURPOSE® | 2022

Before launching this round of our Purpose Futures Fellowship, we had dozens of discussions with leaders in our communities and potential applicants to identify the key challenges that were slowing down progress and the missing resources needed for acceleration. Based on these discussions, we got to work co-designing a program that would support and galvanize the work of leaders from across the country.

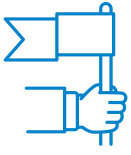
Over the past year, fellows participated in strategic advising and tailored expert sessions, accessed shared legal and fundraising

resources, learned from a deep library of internal resources, and gained a community of practice that supported their exploration and expansion of new ownership, governance, and finance models that bridge the racial wealth gap, prevent displacement and extraction, and foster ecologically compatible economies.

Program Structure

The program structure was based on three months of co-design conversations with our fellows. The program provided support through four distinct areas: direct support, education, legal resources, and access to community. Within each category, the activities and centers were curated to fit the specific needs of our fellows.

DIRECT SUPPORT	Strategic Advising with Purpose team	Experts in innovative shared ownership solutions, Purpose provides high touch technical support to tackle legal, financial and strategic complexity, and bring concepts to execution.
	Industry Specialists	Industry specialists benefit fund development with decades of domain experience in real estate development, housing, private equity, commercial capital and fund development.
EDUCATION	Content Programming	Co-developed content programming of 1-2 expert sessions/month designed to address fellow's most pressing overlapping knowledge gaps.
	Knowledge & Resources	Fellows benefit from industry specialists who bring decades of domain experience in real estate development, housing, private equity, commercial capital and philanthropy.
LEGAL	Cohort legal research	We facilitate collaborations between projects with shared challenges to co-develop shared legal approaches, financial research, and infrastructure. Partnership with Morrison & Forrester, Coie Perkins.
COMMUNITY	Community of practice	Opportunities for fellows to engage in facilitated workshops, cohort learnings, pitch practice and more based on a rolling co-design survey.
	Comms & fundraising support	Raising grant and catalytic fundraising is a core challenge among fellows. To support, we provide dedicated capacity for strategic communications, messaging, and fundraising.



Direct Support

Direct Strategic Advising

Purpose specializes in high-touch and highly technical support services for developing successful shared ownership projects. Our Direct Strategic Advising provided support that addressed a major pain point fellows raised in our co-designing process, namely, difficulty navigating the legal, financial, and strategic complexity involved in creating a new shared ownership capital vehicle. This advising took the form of: Weekly sessions to accelerate progress Purpose staff time allocated to work with lawyers, investors, partners, etc.

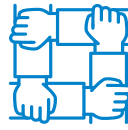
Fundraising and Communication Support

Many fellows identified time and capacity constraints around grant and catalytic fundraising as a core challenge for them. Our team added dedicated capacity to help fundraise and deploy strategic communications with each fellow to support their project's goals.



Legal Support

During the program, our team added capacity to fellows' teams in navigating their legal challenges and facilitated collaborations between fellows working on similar projects and with similar challenges. This gave us the opportunity to co-develop shared legal approaches, financial research, and infrastructure across projects. We also secured partnerships with non-profit, for-profit, trust, and real estate legal specialists to carry out the necessary research.



Community

Community of Practice: We

brought fellows together to engage in facilitated workshops, experience sharing on the market, pitch practice and more. These sessions were essential since almost all the fellows rated connecting with other fellows as "very important" to them in a rolling co-design survey. In order to meet this need we provided:

- 1-2 facilitated all-hands Fellow meetings per quarter
- A facilitated private online community where fellows could connect with each other and with experts and other supporters

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Peer-to-Peer Support Sessions

These monthly Peer-to-Peer support sessions, facilitated by Purpose, allowed fellows to update their peers on their progress, find solidarity in their struggles and make requests for assistance. Numerous fundraising, legal, and governance ideas have been exchanged amongst the cohort during these sessions.



Education

Support Collateral

In response to the needs of the fellow, Purpose developed a customized database of resources for our fellows that continues to be available to them as they develop their funds and capital vehicles. The needs of the fellows varied greatly depending on their stage and theme, so we made sure the support collateral was easily customizable, readily accessible, and built for long-term use.

The support collateral created and curated by Purpose for the Purpose Futures Fellowship included:

- Various template fund models and economics
- Outlines for capital raises and fund theses
- Sample term sheets
- Guidelines on governance design
- Legal compliance for community investments using Reg A, Reg CF, and DPOs
- Fundraising deck templates
- Playbooks for due diligence and investment committee criteria
- Data room structures
- Investor wishlist formats
- Sample copy for investor updates

This trove of information remains available for fellows, and our team is looking forward to open sourcing and sharing this information with potential future fellows and the shared ownership community at large.



Expert Sessions

In addition to the support collateral, fellows also participated in sessions with industry experts. Over the last year, Purpose has invited external partners to collaborate with our fellows and share their expertise at monthly live group sessions. We curated the invited speakers to ensure their experiences and best practices aligned with the needs of the fellows during the fellowship or their anticipated

needs over the next 18 months.

The fellows helped to co-curate the content schedule that addressed their most pressing overlapping knowledge gaps, leveraging our network of partners and supporters. Fellows voted on content sessions from a menu every 3-4 months. In addition to 1-2 expert sessions per month, we also provided:

- Digital archive of previous sessions
- Notes, summaries, key insights, and further reading for each session
- A custom library of Q&A videos from common questions across Fellows' projects

Featured Expert Sessions



In November 2021, Purpose hosted [Taylor Sekhon from Social Capital Partners \(SCP\)](#) in a training session on how institutional investors make

decisions. Founded in 2001, Social Capital Partners is a non-profit organization that designs and implements innovative financial tools to drive better social outcomes. In this session, Purpose Fellows learned about the criteria used to guide fund investing and the key factors that fund managers must consider to attract institutional investors. Taylor Sekhon emphasized the importance of understanding benchmarks and asset-class alignment. Fellows learned how SCP was able to fund a deal that transitioned a large company to 100% employee ownership through an Employee Stock Ownership Plan. Insights from this transaction, particularly information on navigating potential co-investors and understanding credit fund restrictions, helped guide the fellows as they continued to consider the structure of their own funds and their fundraising strategies.



In December 2021, Purpose hosted [Kavya Shankar and David Kemper from Trust Neighborhoods](#) in a discussion on their organization and projects. Trust Neighborhoods supports residents by setting up mixed-income neighborhood trusts that prevent displacement and advance community-driven investment. During the session with the Purpose Futures Fellows, Trust Neighborhoods discussed their Mixed-Income Neighborhood Trust model (MINT). Fellows learned how the MINT model's unique structure, a combination of a community-driven "Purpose Trust" and an LLC, ensures accountable operations to both capital and community. The fellows walked away with a thorough understanding of the criteria

required for a MINT model, how the trust is capitalized, and how the model creates and preserves high-quality, mixed-income rentals.



In February 2022, [Roy Bahat from Bloomberg Beta](#) joined the Purpose Futures fellows to share more about his experiences as a seasoned

investor and to provide tips on fundraising and fund management. Roy Bahat is the head of Bloomberg Beta, a venture fund backed by Bloomberg L.P. that invests in the future of work and has been building companies and investing for decades. Roy advised the fellows on building pitches and conversing with potential investors given their unique projects, and gave the fellows concrete examples of how to enhance their communications with investors. Roy also explained commonalities that bridge all kinds of fundraising, especially emphasizing to the fellows the importance of building trust and relationships both with your potential investors and the communities receiving those investments.



In April 2022, Purpose hosted [Santhosh Ramdoss, the Vice President of Impact Investing at Gary Community Ventures](#). Gary Community

Ventures operates the Dearfield Fund, one of the nation's first funds with an explicit focus on serving the Black community. The fund provides first-time Black and African American home buyers interest-free, appreciation-based down-payment assistance funds, which are returned with the addition of a small percentage of the home's appreciation upon selling or refinancing in order to, t, plus a small percentage of the home's appreciation, allow the Dearfield Fund to support new home buyers. During this session, Santhosh used the example of the Dearfield fund, its structure and its target investors, to help Purpose Fellows understand the dynamics of building and spreading a new shared ownership model among existing financial institutions. By the end of the session, Purpose fellows also learned how to pitch

concessionary returns to potential investors and how promissory notes, options contracts, and trust deeds can be used to legally structure appreciation shares.



In June 2022, Purpose hosted [Michelle Boyd from The Housing Lab](#). The Housing Lab, which is part of the Turner Center for Housing Innovation,

is the only national accelerator supporting nonprofit and for-profit housing innovations. The organization provides ventures with six months of catalytic support, initial grants, intensive advising, access to The Turner Center's network of resources, and a robust community of innovators. Our fellows learned about The Housing Lab's current programs, ventures, and the fellows it supports. During this session, Michelle Boyd discussed the importance of conducting concrete impact modeling prior to fundraising, understanding the policies that govern particular markets, and identifying what long-term governance looks like. Our fellows left the session with insights about navigating uncertain capital markets, how PRI investment decisions are typically made, and a robust understanding of how to market long-term wealth generation.

Impact Themes

During the course of this fellowship, a number of themes emerged around how our Fellows are approaching creating new shared ownership asset classes:



Democratic Capital/Shared Wealth Building: Our fellows are committed to providing historically marginalized individuals and communities with

access to wealth that is typically concentrated within private markets. Our fellows are working to create ecosystems where wealth is accessible to stakeholders and shareholders across a broad socioeconomic spectrum.



Restorative Economic Development: A majority of our fellows are building structures that restore wealth and vitality in communities that have historically

been oppressed by extractive economics. Our fellows are working with and for these communities to equip them with the capital and tools necessary to foster cultural and economic power, and to safeguard community assets from speculative and predatory practices.



Evergreen Assets: Evergreen assets are open-ended structures that allow capital to be raised, transferred, repaid, and recycled on an ongoing basis.

Many of our fellows are building evergreen funds, for various asset types, that provide for sustainable impact without imposing the restrictions of conventional fund structures. These evergreen assets are intended to provide and generate long-term capital that allows for sustainable growth without the pressures of traditional return timelines.

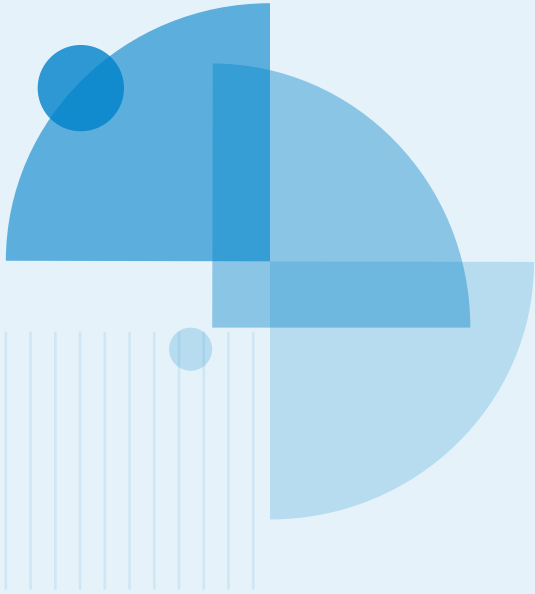
Sector Infrastructure: The future of the shared ownership sector depends largely on the creation of replicable infrastructure and frameworks. Several

of our fellows have built, or are building, the infrastructure that will enable the emergence of new shared ownership models. Generalizable infrastructure lays the foundation for new models in this sector – it reduces legal, financial, and project complexity, and establishes the standards that are integral to the success of shared ownership projects



Direct Community Engagement: Many of our fellows have directly collaborated with community members in the development of their funds or

projects. Beyond seeking to understand their target communities' needs, several of our fellows have involved community members in the operations, design, and implementation of their projects. This engagement ranges from developing real-estate projects in partnership with community members, to involving community members in the diligencing of deals before capital deployment.







Our Fellows

Purpose launched the first Purpose Futures Fellowship in fall 2021 to engage with visionary emerging fund managers with the goal of dramatically increasing the scale of capital available for intergenerational community-inclusive businesses and real-estate projects. Over the last year, Purpose has been working with the following eight groups as they design and launch socially-driven and mission-aligned capital vehicles.


CONCERNED CAPITAL - WORKER-TO-OWNER DOWN PAYMENT ASSISTANCE FUND



 Alice Cardenas, Bruce Dobb, Tomas E. Duran, Farah Velasquez

 Small-to-mid sized employee-owned businesses

 \$25m

 California, Illinois, Pennsylvania, Wisconsin

Alice Cardenas is Concerned Capital's Chief Financial Officer (CFO) and will serve as the fund's Asset Manager. She brings over 20 years of professional experience in finance and investment portfolio management. She was the CFO for over 20 years for the Screen Actors Guild – Producers Pension and Health Plans and was responsible for its \$2.7 billion pension investment portfolio. She has a Bachelor of Science degree in Business Administration from the University of Southern California's (USC) Marshall School of Business, and an Administrators Masters Program Certification from the Wharton School of Business.

Bruce Dobb, founder and Partner at Concerned Capital, will serve as the Fund's lead on investments. He has 25 years' experience with small business lending, tax credit programs, and small business management. He designed and launched LA County's largest Economic Development Assistance Revolving Loan Fund, a \$340M loan portfolio, as Chief Credit Officer for the Valley Economic Development Center. Bruce holds an MBA in Finance from George Washington University.

Tomás E. Durán is the President of Concerned Capital and will lead the team and source its investments. For the past 18 years, Tomás Durán has worked in blue collar communities to help small business owners create jobs and grow wealth. He works with manufacturers to increase their competitiveness and prepare for succession. Tomas is an Aspen Institute Good Jobs Fellow and a Social Entrepreneurs in Residence with Common Future. He has a Masters in Planning from USC's Sol Price School of Public Policy.

Farah Velasquez is Concerned Capital's Transition of Ownership Program Manager and will serve as the fund's Impact Officer. She is currently a fellow in Mission Driven Finance's Community Finance Fellowship where she is being trained to be an emerging fund manager. Her background includes working within the private credit, corporate, nonprofit, and education spaces. Farah is a board member of the Latinas Lead California Young Professionals Network. She holds an English Literature BA from UCLA with minors in Chicana and Labor & Workplace Studies and an MPA with a finance concentration from University of Southern California's Sol Price School of Public Policy.

“By assisting workers, stakeholders, and non-traditional business owners to purchase community-based manufacturing businesses, we are creating a path to ownership and wealth creation for BIPOC and other historically underserved communities.”

The Problem

The U.S. has lost over 5 million manufacturing jobs within the past 25 years. Over 125,000 small manufacturing companies in the U.S. are owned by people on the cusp of retirement. These owners rarely have succession plans in place; often, the company is liquidated or sold to a larger, non-local manufacturing company. These local manufacturing companies are often pillars of their communities—when they are lost, the community loses essential jobs, services, wealth, and a bit of its character.

The Project

Concerned Capital operates a worker-to-owner technical support organization. They joined the Purpose Futures Fellowship with the steadfast belief that manufacturing businesses serve as the foundation of the communities that they are situated in, and that the democratization of ownership is integral to these companies' longevity. Concerned Capital's goal in joining the fellowship was to launch a fund for their worker-to-owner investments in order to further their mission to create community wealth and preserve manufacturing jobs in predominantly low to middle-income communities.


Fellowship Progress


Over this past year, Purpose worked with Concerned Capital to help them develop a unique equity-down payment product to accelerate worker-to-owner transitions, and guide them in developing their pitch, financial model, and lead list. Concerned Capital has made significant progress on their fund. Over the past year, they have finalized their fund product and thesis, received a highly competitive Transformative 25 award, joined a new national initiative that empowers CDFIs and local economic ecosystems to support manufacturing business transition, and received an initial seed grant of \$1 million from JP Morgan. Concerned Capital aims to launch their fund by year-end 2022, and currently has 3 deals in their pipeline.


“[This fellowship] helped us hone in on not just where there is a gap or opportunity in the market, but how we distinguish ourselves among the other players that are flooding the market with money. This process has given us a chance to create something not only intended to fill those gaps, but that is deployable and will have a high impact.”


CITY LIFE VIDA URBANA - MASSACHUSETTS ANTI-DISPLACEMENT FUND



 Mike Leyba, Henry Noël Jr., Jessica Andors

 Residential and commercial real estate

 \$40-50 million

 Massachusetts

Originally from Los Angeles, [Mike Leyba](#) is an activist, communicator and futurist living in Boston. Mike has been active in the electoral arena and has managed campaigns for a variety of movement candidates and causes. Mike is currently Co-Director of City Life / Vida Urbana, a 48-year-old bilingual housing justice organization whose mission is to fight for racial, social and economic justice and gender equality by building working class power through direct action, coalition building, education and advocacy.

[Advisors](#)

[Henry Noël Jr.](#) is the Investment Director at Boston Impact Initiative (BII), a place-based impact investing fund working to build a future where entrepreneurs of color and their communities have the financial, social and political power to create a sustainable, inclusive, and equitable economy for generations to come. Since 2017, BII has invested over \$7.6 million across 50 enterprises. BII invests integrated capital into early stage social enterprises owned by entrepreneurs of color and community-controlled real estate in Massachusetts and the Northeast. Henry has over 20 years of experience evaluating investment oppor-

tunities, structuring securities, raising capital and financing business growth. As a manager with experience in investment management and strategic corporate consultancy, Henry is focused on the intersection of impact investing, economic justice, and building resilience in inner-city communities from the ground up.

[Jessica Andors](#) is the Executive Director of Lawrence Community Works (LCW). She was part of a team of community organizers who spearheaded the rebirth of LCW in 1999, since helping it grow to a \$4 million organization with over 5,000 members, \$130M+ invested in affordable housing, family asset building, and community organizing, and numerous awards for its work. She holds a Master's of City Planning from MIT and a B.A. (summa cum laude) from Amherst College. A bilingual Lawrence resident, Jessica is the mother of the exuberant, beautiful Elias, who shares his mother's love of books, food, and playing outside.

[The Problem](#)

In the city of Boston, the wealth gap between white and non-white households continues to widen at an alarming rate. A 2015 Federal Reserve Bank of Boston report showed the median net worth for Black households was \$8, compared to approximately \$250,000 for white households. Stable housing is fundamental to family health, economic stability, educational attainment, and community integration. Yet, rent-burdened tenants are not being served by the private rental market. Systemic racism, lack of market regulation, lack of economic mobility, and real estate speculation are key drivers of displacement in the rental market.

[The Project](#)

The team joined the Purpose Futures Fellowship to develop a fund that could leverage City Life's eviction resistance work into investable opportunities that lock in community stewardship of real estate assets. The Massachusetts Anti-Displacement Fund seeks to maintain affordability for commercial and residential





renters in Eastern Massachusetts, while creating opportunities for community ownership. The fund would allow organized tenants and neighborhood residents to become equity stakeholders in their buildings, giving them a formal role in the governance and stewardship of the portfolio. Purpose worked with the Massachusetts Anti-Displacement Fund team to navigate internal strategy around approach and explore various community ownership models. Together, we worked to develop a workable plan for the fund, including recruiting from within the community.

Fellowship Progress

Since joining the fellowship, BII has partnered with City Life to support, promote, and invest in a Mixed Income Neighborhood Trust in East Boston sponsored by the Trust Neighborhoods team. City Life has approved their first Donor-Advised Fund investment for an equity position in the East Boston Mint. Aiming towards a follow-on fund, the City Life team is recruiting internal fund management talent, building their fund thesis, and engaging with their community and potential investors. In summer 2022, the Massachusetts Anti-Displacement Fund team, in collaboration with Trust Neighborhoods, is closing a \$53 million investment for what will be the largest single acquisition land trust in the country, operated as a MINT shared ownership model.

COOPERATIVE FUND OF THE NORTHEAST



-  Dorian Gregory, Micha Josephy
-  Small-sized cooperative businesses
-  \$40 million+
-  Maine, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island, and New York

As Deputy Director of the Cooperative Fund of the Northeast, [Dorian Gregory](#) partners with the executive director to achieve CFNE's mission and vision, directs lending activities, and co-manages finance and administration. Dorian joined CFNE in 2014 as a loan and outreach officer. A CPA with almost 20 years in public accounting, including as a senior manager with PricewaterhouseCoopers, LLP, she has provided finance, audit, governance, and business advisory services to a variety of companies in industries as diverse as higher education and health services, manufacturing, transportation, and technology. Her lifelong dedication to social and economic justice has driven her work on environmental and renewable energy campaigns, community organizing with a low-income and poor peoples' rights organization, and as a battered women's shelter hotline volunteer and board member.

As Executive Director, [Micha Josephy](#) is responsible for executive leadership, program development, capitalization, and operations. He first joined CFNE in 2010 as a Program Manager, helping raise grant and loan capital, managing compliance reporting, and new program development. Micha first joined the co-op movement as an Oberlin Student Cooperative Association member and later coordinated the development of Boston Community Cooperative's first housing

co-op. He has a background in nonprofit financial management and community organizing, and holds a BA in environmental studies from Oberlin College and an MS in Community Economic Development from Southern New Hampshire University. He has also participated in the Opportunity Finance Network's leadership training program.

[The Problem](#)

Under the traditional ownership structure, the economic, cultural, and social needs of an organization or community's members are often unmet. Lack of community control often results in a loss of capital, local hiring, business development, and democracy.

[The Project](#)

Cooperative Fund of the Northeast (CFNE) is a non-profit loan fund, community development financial institution providing loan capital to cooperatively-owned enterprises to finance working capital, real estate and business acquisition, and other small business needs. CFNE provides lines of credit, term loans and flexibly-structured term loans that may be redrawn as paid down. Loans may come in the form of loans, revenue-based investments, or forgivable loans/recoverable grants.

[Fellowship Progress](#)


The team joined the Purpose Futures Fellowship to research and explore equity and equity-like financing products to design terms and conditions that include more equity-like features and have a more flexible repayment schedule to better support target businesses in low-wealth communities. Purpose worked with the Cooperative Fund of the Northeast to provide internal education on alternative financing instruments, diligence frameworks, capacity gaps, and strategic trade offs. Since joining this fellowship, the Cooperative Fund of the Northeast has created a \$1 million pilot fund with a flexible equity offering targeting bipoc-led shared ownership startups.


The team has also approved their first investment from this new fund into The Drivers Cooperative, driver-owned ride hailing cooperative in New York City.

“I can't overstate the value that I found from the one-on-one, and from hearing the different projects others were working on. It was so helpful to have someone to think through the implications, pros/cons, and the “ifs” in a way that wasn't attached to jargon or “the ways of always doing things” — but instead had a real openness to communication, conversation, and education.”

FOLKS CAPITAL – NEIGHBORHOOD EQUITY



 Evan Absher, David Rowe, Bryan Wilson

 Housing and Small Businesses

 \$10m

 Midwest

Evan Absher is the CEO of Folks Capital. Evan has a varied background: he is the founder of a heater company in Chicago, a licensed attorney, and policy analyst for the former mayor of Kansas City, Sly James. As a senior program officer he has developed several innovative grant strategies and programs resulting in implementation of entrepreneurial friendly policies in over 70 cities in the US.

David Rowe, the Chief of Staff for Folks Capital, brings nearly two decades of public and private sector experience to the Folks Capital team, most recently working as a consultant for a national urban policy consulting firm. David is a licensed attorney and a certified project management professional (PMP). He holds a law degree from the University of Kansas and a bachelor's degree from Wake Forest University.

Bryan Wilson is the Chief Innovation Officer for Folks Capital, and his unique, interdisciplinary perspective about the potential for law, technology, and design helps unlock new and transformative types of value. Listed by law.com as One of Eighteen Millennials Changing the Face of Legal Tech by law.com, Bryan has worked as an early stage employee for an exited startup, at one of the world's best research institutes under one of the world's top data scientists, directly with the American Bar

Association, and as an independent consultant on innovative projects that reimagine the ways businesses, governments, and people work and grow together.

“Our fund can increase affordable housing at scale, create tens of thousands in wealth building for individuals and families, and promote broad-based ownership that prevents the worst of gentrification and displacement without frustrating wealth creation.”

The Problem

Homeownership, strongly linked to wealth-building, has become increasingly more difficult to attain, particularly in underserved communities. Housing development in underserved markets has historically been regarded as too costly, complicated, and risky. Further, many would-be homeowners are denied mortgages because their rental histories are not provided by landlords during the underwriting process.

The Project

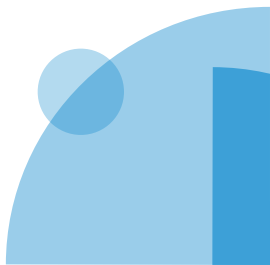
Folks Capital has built a unique legal and financing product that allows community members to build ownership interests in their communities through homeownership, entrepreneurship, and community development. By leveraging these unique capital structures

and sources, as well as the team's legal and deal structuring expertise, the Neighborhood Equity model intends to bring down the costs, risks, and complications of meeting underserved markets. In this model, renters living in a development have the option to purchase their unit at a predetermined price, assuring a floor to the return for investors, civic investors, and other community members. The price spreads risk of a soft market to the community members, while locking in affordable homes.

Fellowship Progress





Folks Capital joined the Purpose Futures Fellowship to receive support in deciding on a go-to-market strategy and formalizing their business model and structure. Over the past ten months, Purpose has worked with Folks Capital on their organization and fundraising plan, financial models, and building out necessary materials to get the team investment ready. Since joining the fellowship, Folks Capital has developed their go-to-market plan, pitch, and data room. The team has also developed an open source white paper on their legal innovations for virtual shared ownership of community assets. Notably, Folks Capital has also received a \$250,000 follow-on grant to continue developing their legal model, partnered with Upside.gg to raise capital into their first fund, and has recently partnered with JUST Capital to provide an opportunity for women of color entrepreneur borrowers to receive property appreciation rights for loan repayments. Folks Capital has several other innovative pilot deals in process and their soft raise is currently underway.

“Learning from investors—both institutional and venture—has been valuable. Further, the documents and resources (e.g. checklist for a data room) has proven extremely helpful. Finally, the straightforward, direct feedback on elements of our model and offering have been extremely useful.”



Matriarch Revolutionary Fund



-  Jaime Gloshey, Vanessa Roanhorse
-  Early-growth and established businesses
-  \$10m
-  National

Jaime Gloshey is the co-founder of The Matriarch Revolutionary Fund (MRF). She is a Co-CEO of Native Women Lead, where she leads initiatives in capital strategies, program design, partnership development, and data sovereignty. Jaime serves on UpTogether's Board of Directors, is a Fulcrum Fellow for the Center for Community Investment and serves on the National Women's Business Council. She is also a facilitator for Kindle Project's Indigenous Women's Flow Fund and faculty for the Trauma of Money. Jaime led Dreamspring's (formerly Accion) Native Lending program and supported the development of Nusenda's Co-Op Capital relationship-based lending initiative with Roanhorse Consulting LLC. Jaime was a 2022 Emerging Fund Manager for the Purpose Futures Fellowship, a 2021 New Mexico Tribal Data Champions Fellow, a 2020 National Center for American Indian Enterprise Development 40 Under 40 honoree and a 2018 Opportunity Finance Network Fellow. Jaime holds a BA in Native American Studies & Political Science and an MPA from the University of New Mexico. She is from the Navajo, White Mountain Apache, and Kiowa Nations, residing in Tiwa Territory.

Vanessa Roanhorse is the CEO of Roanhorse Consulting, an Indigenous-owned company that co-designs wealth and power-building efforts that put people back in the center. Vanessa is a co-founder of Native Women Lead, a national organization that invests in Indigenous women in business. She sits on the boards of Delta Institute, Zebras Unite and is an advisor to Decolonizing Wealth, Angels of Impact Fund, GenderSmart's JEDI Working Group, PopCollab Renegades Group, Adasina Capital's Data Justice Investors Network and Social Venture Circle's Restorative Investing Taskforce. She is a 2021 Paypal Maggie Lena Walker's Emerging Leader Awardee and a 2020 Conscious Company Media's World Changing Woman in Sustainable Business Awardee. She is a 2021 Purpose Fund Building Fellow and a 2020 Boston Impact Initiative Fund-Building fellow. She is a citizen of the Navajo Nation.

“Our fund will increase access to capital for Indigenous women through gender-lens work. Our impact will be an opportunity for Indigenous women to create their own opportunities, while increasing their representation in the finance sector.”

The Problem

In Native communities, lack of access to traditional capital sources significantly impedes economic development. Growth-stage businesses owned by Native women entrepreneurs are unable to grow to the next level because of lack of access to capital. Existing non-capital resources, such as networks, mentorship, and technical assistance, do not provide the tailored experience necessary to meaningfully support Native women entrepreneurs.

The Project

Matriarch Revolutionary Fund is the first integrated capital investment fund in the US focused specifically on Native women-owned businesses through a rematriation lens. Matriarch Revolutionary Fund joined the Purpose Futures Fellowship to launch a larger \$10 million fund that provides growth capital to native women entrepreneurs who lack access to traditional forms of capital. Along with providing capital in the form of forgivable debt, Matriarch Revolutionary Fund supports the entrepreneurs in its community by providing guidance on financial planning, mapping business needs, and curating platforms where entrepreneurs can share work, attend retreats, and forge meaningful connections. Matriarch Revolutionary Fund's unique design allows the fund to be largely community-driven: using the underwriting criteria designed by the Fund, a community committee assists with diligencing deals before any capital is deployed.

“Purpose has been our guides and experts; both providing advice, technical assistance, feedback, and hands-on support.

Fellowship Progress

Matriarch Revolutionary Fund's unique design allows the fund to be largely community-driven: using the underwriting criteria designed by the Fund, a community committee assists with diligencing deals before any capital is deployed. During the fellowship, Purpose worked with Matriarch Revolutionary Fund to develop their pitch materials, navigate critical questions around design and community engagement, and build a unique general partner fund sponsor model that ensures reciprocity to them and their community. Matriarch Revolutionary Fund has received numerous impact awards, developed a majority of their fund materials, established an operating partnership to operationalize administration of the fund, and has secured sizable soft commitments from potential investors.

CARE ACCESS REAL ESTATE INVESTMENT TRUST (CARE)



Laura Kohn, David Lynn



Commercial and residential real estate



\$100m



USA

Laura Kohn is the senior director of care and education at Mission Driven Finance. Laura is a 25-year leader in the field of education, early childhood, and workforce development. Prior roles include director of early workforce development at San Diego Workforce Partnership, where she produced the influential report Workforce + Child Care; founding director of the Education Synergy Alliance; executive director of the New School Foundation in Seattle; director of education for the city of Seattle; advocacy lead for the Bill and Melinda Gates Foundation; and education policy advisor to Washington's governor. Laura has a BA in economics from Yale University and an MPA from the University of Washington. Laura is an avid baker, hiker, and skier, and watches in wonder as her college-age children make their way in the wider world.

David Lynn is the co-founder and CEO of Mission Driven Finance. David Lynn co-founded Mission Driven Finance in 2016 after spending 20 years working in the financial and philanthropic sectors and looking for a way to blend those two worlds. Prior to focusing on impact investing, David specialized in family office investment portfolios including both private investments and risk management through derivatives. With a long dedication to community involvement, David has served in a lead-

ership capacity for a variety of nonprofit and philanthropic initiatives, including San Diego Grantmakers, San Diego Impact Investors Network, Education Synergy Alliance, Mission Edge San Diego, San Diego Social Venture Partners, Price Philanthropies Foundation, and San Diego Humane Society.

“CARE is designed to acquire and renovate facilities and homes that: help center-based providers expand, balance acquisition and lease affordability with financial returns, and help child care businesses gain stability, wealth, and resilience through asset ownership.”

The Problem

Around the county, the supply of child care fails to meet its demand, particularly in lower-income communities. It is estimated that half a million families in the U.S. lack access to reliable, quality child care. Child care providers often lack the necessary resources they need to expand their services, further exacerbating the shortage of available child care.

The Project

The Care Access Real Estate (CARE) Investment Trust is a child care facilities REIT designed to achieve three impacts:

- Expand the supply of quality child care, especially for overlooked and under-re-

- sourced families and communities
- Increase the resilience of child care businesses by providing stable leases as a child care friendly landlord
- Build the wealth of child care providers by creating opportunities to expand their business and own their facility

CARE will create tens of thousands of affordable, quality child care spots around the nation, in communities that are ready for it. By investing private capital in a REIT holding a diversified portfolio of commercial and residential properties, the CARE Investment Trust will increase child care system capacity and resilience by unlocking the expansion aspirations of high-quality center- and home-based providers. CARE will create optimal, joyful child care spaces and lease them to providers at affordable rates as a child care-friendly landlord. We will share any property appreciation with the provider-tenants to position them to buy out the properties if they wish, which will recycle the capital into the fund. CARE will prioritize occupancy in its properties by small-scale providers of color serving economically diverse families, and the REIT's properties will target locations with insufficient child care supply.


[Fellowship Progress](#)


Mission Driven Finance joined the Purpose Futures Fellowship seeking support for building the legal, financial, and communications elements of their concept. Purpose worked with Mission Driven Finance on building a novel financial instrument for sharing property appreciation with child care providers in a REIT structure. Purpose also supported MDF with developing a unique governance structure for sharing community governance in sub-portfolios and at the fund level directly with child care providers. To date, MDF has raised over \$1 million in build capital from state funds and philanthropic partners, formalized partnerships with several national child care associations to source deals, and has already received initial interest from leads in key geographic areas.

“The fellowship led us to a \$250,000 investment by Schmidt Futures. It provided guidance to inform our appreciation share approach, guided our efforts to collect input from providers, and helped us promote our fund/model.”

GROUNDCOVER (POWERED BY THE GUILD)



 Nikishka Iyengar, Avery Ebron

 Mixed-use, Housing, and Commercial Real Estate

 \$7-10m

 Georgia

[Nikishka Iyengar](#), Founder and Chief Ecosystem Officer of The Guild, has over a decade of experience in social impact — as a consultant, entrepreneur, and organizer — and uses a systems thinking approach across her work in finance, racial justice, equitable development, and climate action. Nikishka is passionate about dismantling racial capitalism and building an economy that works for all of us, including our planet. She is a 2020 Aspen Institute Fellow, 2018 RSF Social Finance Fellow, 2020 Common Future Fellow, 2020 New Leaders Council Fellow, and was a 2016 “30 Under 30” Greenbiz leader in sustainability. As mama to an adventurous and energetic toddler, spare time is a foreign concept to Nikishka.

[Avery Ebron](#) is the Head of Community Products and Operations at The Guild. Avery Ebron loves opportunities to collaborate with under-appreciated communities to develop products and places that facilitate agency, equity, and symbiotic relationships. As Head of Community Products and Operations, Avery guides the design and delivery of The Guild’s mission to build community wealth in BIPOC communities. Prior to The Guild, Avery worked at Clearinghouse CDFI, where he led the design and development of financial products for businesses and nonprofits serving disinvested neighborhoods.

“We aim to shift power away from corporations and investors, into the hands of local residents and organizations so that they can create and love the places where they live.”

[The Problem](#)

Development in predominantly BIPOC cities has historically accelerated gentrification and the displacement of BIPOC communities. Real estate projects meant to propel economic development largely serve and benefit investors and higher-income residents. The commodification of housing has long subjected BIPOC renters to extraction, and consistently excludes them from sharing in any community upside.

[The Project](#)

The Guild builds community wealth through community-owned real estate, entrepreneurship programs, and access to capital for BIPOC neighborhoods. Historically, The Guild has operated on a deal-by-deal basis. To scale up their model of community-owned real estate, The Guild has launched Groundcover, a \$10 million integrated capital fund that will deliver equitable capital and technical assistance to multiple projects. Groundcover assembles the right mission-aligned, non-extractive capital stack for each community-owned and -controlled project, develops the project in partnership with the community, and then creates a Community Stewardship Trust to allow residents in the community to purchase shares of properties in their zip code.

The Groundcover Fund aims to deliver 100,000 square feet of mixed-use property into community stewardship with 2,000 individual community resident-investors who will hold voting rights and equity.

Fellowship Progress


Purpose worked with The Guild to help them design a Direct Public Offering and raise approach that is accessible to folks in their community, refine the economics and governance of their unique community ownership model, and build out their raise materials. To date, The Guild has successfully raised over \$1 million in development funding, \$6 million in mixed capital for their first two projects, and has garnered strong initial interest in their fund from potential investors prior to launching their raise.


“Purpose has been indispensable. They have helped us work through the best path forward for our business goals and mission, and have directly worked with us on drafting deliverables to move forward. They have also helped us to integrate our decision making into our wider business framework and team.”


COMMON TRUST



 Zoe Schlag

 Small-to-mid sized employee-owned businesses

 \$10-20m

 National

Zoe Schlag is the founder of Common Trust, an impact-aligned financing vehicle for Employee Ownership Trust (EOT) conversions. Zoe has served on both sides of the table as both investor and operator. She was recently an Entrepreneur in Residence at Schmidt Futures, and previously served as Managing Director of Techstars Impact, Techstars' first impact fund, which she oversaw to invest in 74 impact companies after leading its formation and launch. Prior, she founded and served as CEO of UnLtd USA, an impact investment organization, which she led to join forces with Techstars in 2017. Over the last decade, Zoe has worked with founders across the US, Latin America, Africa and Asia, on issues ranging from human rights in supply chains to scalable preventive healthcare to criminal justice. Zoe's current interests sit at the intersection of wealth inequality and new ownership models; sense making and meaning making in the digital age; migration; and organizational leadership and development. Zoe is an Aspen Ideas Scholar at the Aspen Institute, a World Economic Forum Global Shaper and holds a B.A. in International Relations from Tufts University.

[The Problem](#)

Approximately 60% of small businesses in the U.S. will seek a sale within the next decade. More likely than not, these companies will be

sold to a private equity firm or to a private buyer, jeopardizing the financial health, independence, long-term mission, and legacy of the company. Founders seeking out alternative exits, like Employee Ownership Trusts, often struggle to access capital that aligns with their exit strategy and supports their company's growth and operating principles.

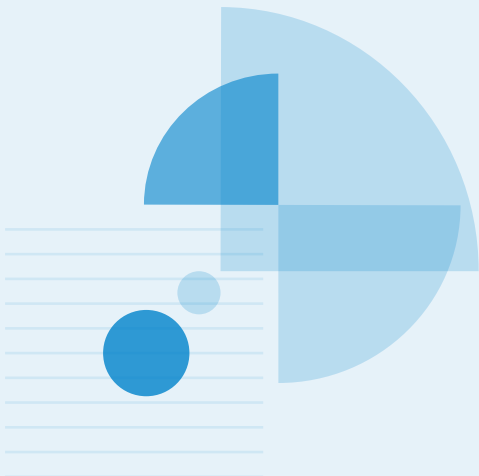
[The Project](#)

Common Trust is how small business owners exit to employees. Common Trust has designed a unique set of financing terms that are compatible with long-term employee-ownership and aimed at equitably distributing risk and reward across the range of stakeholders. In addition to financing EOTs, the fund can finance adjacent variations on the EOT, i.e. ECOT, etc. The organization is structured as an LLC and operates a subsidiary debt fund. Common Trust works end-to-end with owners to design their Employee Ownership Trust transition, then provides them with a customized package of debt and growth capital, enabling owners to exit with legacy and liquidity while equipping the next generation of leadership to manage and steward the business for the long haul.

[Fellowship Progress](#)

Over the course of this fellowship, Purpose worked with Common Trust to refine and expand its Employee Ownership Trust transition services. During this fellowship, Common Trust raised \$2.4 million in equity into the parent company to scale up marketing, sales, and transaction volume, closed financing into its pilot SPV to finance EOT/PPT buyouts, and financed the buyout of four businesses rolled up into the nation's first EOT holding structure. The Common Trust team is currently working on several additional transactions and is in the process of fundraising for its subsidiary debt fund.

Our Fellows





Challenges and Learnings

The Purpose Futures Fellowship was incredibly successful, and part of that success was identifying challenges faced by the fellows, our community of practice, and the entire shared ownership and just economy sector.

The unique nature of the projects taken on by pioneers in this sector can create difficult complexities that are misunderstood by builders themselves, funders, policy advocates and support organizations.

In particular, pioneers in the shared economy sector face consistent struggles in the areas of:

communication, complexity, and cost.

To be successful, shared ownership projects must be straightforward enough to gain support and funding, meet tax and security law requirements, and be implemented within reasonable time and cost constraints.

Our fellowship program helped identify the ubiquity of these core challenges, and allowed the Purpose Foundation to gather and share insights based on the ways we supported our fellows as they navigated these topics.

Key Challenges



Communication



Complexity



Cost

Funders | Communicating Complexity Simply

Shared ownership is general by design, because it deals with distributing wealth and power equitable and the specifics of that vary greatly. The value of redistribution of wealth of power is often immediately clear to a community member or employee who might be the beneficiary; however, it is often opaque to a donor or investor without an extensive narrative about that particular asset in that particular community arranged in that particular way to create that particular outcome. Expressing these benefits to funders is extremely difficult to do well, in part because these benefits are also difficult to project accurately, and to measure effectively.

Core Challenge: Communication

In order to build a new shared ownership project, it is essential to craft authentic narratives that work for many different purposes and stakeholder groups. Being able to articulate the answers to questions such as: What is “shared ownership? Why is it important to this group of stakeholders, this mission, or a given philanthropic or fund thesis? Is sharing wealth and power valuable in and of itself, or only in the service of other aims? How can we communicate the impact of assets as tools for building shared wealth AND governance? Why should anything other than increasing community wealth matter? How will our project work in the real world? Will this model have success in other contexts?

Beyond the challenge of answering these questions in a concise manner for complex projects, like those our fellows are building, each audience brings up its own communication particularities that must be addressed.



Community Stakeholders | Communicating to Build Legitimacy

A critical element of any shared ownership project is the aspect of its legitimacy to community it intends to serve. How can a community member or employee, who has historically been wronged by the financial system, actually build trust in a new system or structure? Some models of shared ownership lend themselves to this more than others. Different communities will have different needs, and these will ultimately affect design decisions in ways that can be hard to predict. Additionally, it's important to set expectations correctly with a community about the details of the offer that's being made, what kind of voice and protections they will have, and what the timeline is for getting to the finish line on a project.



Lawyers | Communicating with Professional Resistance

Invariably, anyone working in the shared ownership sector finds themselves in long arduous conversations with legal professionals who struggle to understand their models. The code of capital is fundamentally designed to accumulate assets towards existing owners, so almost any attempt to redistribute wealth and power is met with functional legal complications and



a legal culture that is often resistant to the possibility of shared ownership. During the course of the fellowship, hundreds of hours and hundreds of thousands of dollars were spent explaining, re-explaining and doing research to achieve what feel like simple structural elements. Although lawyers working in ownership space, especially those serving historically marginalized communities using pro-bono hours, have a professional and ethical duty to build internal commitments to delivering advice in an approachable, clear, timely, and cost effective manner, this is often not done.

[Core Challenge: Complexity](#)

The code of capital is fundamentally designed to accumulate assets towards existing owners, so almost any attempt to structurally redistribute wealth and power is met with legal, social and technical complexity. For projects seeking to reverse intergenerational harms, like those our fellows are creating, can be overwhelmed with inefficient and opaque legal, financial, and taxation systems that create unnecessary complexity for their projects.

Beyond the inherent complexity of creating new structures within systems based on default assumptions, additional complexity often emerges. The sources of additional complexity that came up most for our fellows were:

- **Regulatory and compliance friction**

Most ambitious shared ownership projects find themselves in a maze of obscure or unknown territories regarding taxes and securities compliance. This friction is especially pronounced when it comes to navigating securities exemptions for including non-accredited investors in a capital stack since most citizens in the US, especially those from historically marginalized communities are not accredited investors. While there are an increasing number of ways to work around this constraint, each option introduces unique limitations that may or may not work

in a given context. This is true of many elements of a shared ownership model design, not just the inclusion of non-accredited investors.

- **Lack of standards and infrastructure**

Part of what contributes to the complexity is the lack of standards and infrastructure. It is hard to create replicable templates because, even if two projects share similar goals, they often prioritize those goals differently. These different priorities, even when seemingly minor on the surface, often result in the need for totally different legal models and lead to the sense that past work for other successful shared economy projects is not relevant to the chosen context.

Hence, even a new shared ownership project which aims to create a reusable template can fail to create a genuinely usable, transferable standard. The constant reinvention means that the average level of project complexity in the sector does not decrease over time.

- **Overzealous goal setting**

These complexities are even further compounded by the fact that many projects wish to solve many different problems with a single solution. Having too many goals can make it difficult to navigate the resulting competing priorities, yet given the breadth and urgency of the wealth and power concentration problem, it is difficult for many projects to narrow down their desired impact.

These pre-operations costs are due to the fact that while there are easy standard ways to structure traditional projects that support wealth consolidation, there is reasonable disagreement among legal and financial experts on how to structure almost every aspect of shared ownership projects. Thus, shared economy projects are often forced to invent entirely new legal mechanisms, before doing the work of their project. The following are just some of the legal quagmires that required extensive resources for our fellows during this round of the fellowship alone:

Core Challenge: Complexity

The lack of replicability, the legal and financial complexities, and a project's numerous goals weave together to create another challenge for new shared ownership projects: high up-front costs.

- How can a REIT share appreciation with a tenant while staying compliant and not causing a taxable event for a tenant whose interest in a property is illiquid?
- How are appreciation-sharing instruments valued for tax purposes if they're illiquid?
- How can "poison pill" provisions be written so that they protect employees and asset sellers without hindering managers?
- How should liquidity offerings be structured in a community-owned building to allow for small community investors to liquidate for life emergencies, while protecting from a "run" on the asset?

Based on our work in general, and especially our work in creating and executing the Purpose Futures Fellowship, we estimate that the pure R&D and development costs of a new shared ownership model are around \$250,000, before any operational expenses can even be considered.

These issues and the many others like them that arose in the fellowship and continue to arise in the entire sector are all very solvable problems, but each specialized solution adds substantial cost to a shared ownership project.

Lessons Learned & FAQ

As Co-Founder and Executive Director at The Purpose Foundation, Derek Razo has a unique vantage point on the lessons learned from the fellowship program. Derek worked directly with each fellow over the last year to build their models, and facilitate the cohort's progress.

Below, Derek shares some of the lessons learned during the fellowship by addressing some of the most frequently asked questions encountered by the Purpose Foundation team.

Q: How Can I Best Pitch My Shared Ownership Project?

A key lesson we applied to our fellowship program in terms of talking to investors is that while some people are interested in shared ownership and governance as goods in and of themselves, most investors and supporters are passionate about a topic or problem area and need to understand how ownership is a solution. Thus, one of the most successful ways of communicating about shared ownership, stewardship, and governance is to deeply connect it to the story of a problem.

Instead of trying to communicate the inherent value of shared ownership, a fellow might discuss how their shared ownership solution is a new way to think about the issue of interest to the investor or supporter. They could then discuss how their shared ownership model is an alternative to the failed modes of economic development that have contributed to the issue of interest. This method is a powerful way to pitch shared ownership because it's not about the shared ownership per se, but rather about shared ownership as a tool in fixing someone's passion problem. While this approach might be counterintuitive for people who really believe in the power of shared ownership in its own right, it is essential that communication doesn't overwhelm potential funders, employees, community members or supporters with a complex theory of change. Instead, we've found it is best to lead with

how shared ownership connects to someone's passions and then let them discover the power of shared ownership on the other side of a project or deal.

Q: How can shared ownership as a sector be successful?

In supporting our fellows, we've had a special window into the shared ownership sector in general. Shared ownership has seen huge growth and many successes in the last few years and is moving beyond the honeymoon phase of growth. We've gone through the early adopter phase, there have been numerous pioneering deals, and now the field needs to move into a more mature phase where we use all these case studies to build stronger alliances, replicate models faster, and do larger deals, with more sophisticated practices.

To my mind this next phase is about building on our successes as a community. It will be a big push for many to get over the finish line on building new models, and for others to mature their models for real scale.

Currently, the sector is siloed, with a handful of key funders, and a handful of workable models. Looking ahead, there is a lot of interest from local entrepreneurs, from impacted communities, from governments, from high net-worth individuals, and from local funders looking to participate in and replicate what has already been done. The key to success in this next phase is to double down on the most promising approaches in order to help people see the vision of a shared ownership economy as a unified whole.

It will be vital to support the existing leaders as they scale key interventions. Imagine a Trust Neighborhoods MINT, a Guild Community Stewardship Trust, and CARE community investment trust partnership working together as a portfolio approach.

A city or region that employs that type of portfolio is going to see a transformative impact that goes well beyond the effects of conventional affordable housing, childcare subsidies and the like.

Additionally, it's more important than ever that pre-competitive commons, community and collaborations are built to reduce friction and unnecessary competition due to scarcity. Infrastructure and replication are absolutely essential for the future of the sector. The Folks Capital model is a great example, they've built a generalisable framework for doing shared appreciation models at scale. It's hard to overstate this achievement. If they're successful, their project will save thousands of hours and millions of dollars for developers while creating community wealth. That kind of project, which can be a service to the whole space, is really important to support.

Q: How can projects seeking to integrate shared ownership be successful?

In the execution of our fellowship program, we've become particularly aware of what it takes to launch shared ownership projects. The first step is making sure the project is adequately resourced and has the partners in place to get off the ground. It is really easy to underestimate the workload. By working with fellows and talking to tons of leaders who have also built new shared ownership models, we learned that it costs about a quarter million dollars to build a new operable model, excluding operational costs and team salaries. Thus our general advice for those who want to create new models is: "Partner first, then build."

Generally, building a completely new model should be avoided if possible. Partnering with an organization that has already done the model-building work, like MDF's CARE Investment REIT, Folks Capital, The Guild, or Trust Neighborhoods, or Common Trust is a better first step. These partnerships are the fastest way to get local momentum and capital built up, which will unlock much more capital over time.

If a new context-specific model does need to be built, and there are sometimes very good reasons to do this like in the case of the Kensington Corridor Trust's for example, it is vital to simplify and clarify the project's goals as much as possible. Understanding the other models out there, their goals and the tradeoffs they made is also helpful in uncovering potential challenges in the often lengthy design process.

Simplifying goals and processes is another essential step towards success for new shared ownership projects.

Trying to co-create something with a community and fit it into a compliance regime that was not made for those communities can be really difficult. Purpose has been very successful in helping our fellows, and others in the sector focus on building their shared ownership models in a deliberate and focused way.

Q: How can Investors, Philanthropists and Support Organizations maximize impact?

Through observing and facilitating interactions between our fellows and funders we've found two main approaches by which funders in the shared ownership sector can maximize their impact.

The first is by funding early stage model builders with a clear theory of scale and speciality. The second is by funding partnerships between existing organized communities and established shared ownership organizations.

Example	KCT EBPREC	Trust Neighborhoods CARE REIT	Common Trust Folks Capital	Purpose Foundation MDF
Why do this	Need maximal community agency and buy-in to be successful	Allows for responsible scaling via shared services / infrastructure without losing community buy-in	Allows for infinitely scalable delivery of a model	Enables emergence of other models
Theory of scale	Seeks primarily to scale deeply	Seeks to balance depth and breadth	Seeks primarily to scale broadly	Seeks to scale through user-networks not specific models
Impact ROI	Extremely high long-term impact ROI	mid/High long-term impact ROI and short term impact ROI	mid/High long-term impact ROI and short term impact ROI	Extremely high long-term impact ROI Lower short-term impact ROI
Pros of approach	Models serve specific needs of a community / context, and thus more likely to create deep and lasting impact Can have extremely high legitimacy through co-design	Build once! Off-the-shelf nature allows for excellent impact ROI ratio Can serve many different contexts Can integrate lessons from previous replications into future replications	Friendly for more commercial capital Can move extremely quickly Serves smaller set of contexts very well	Explicitly creates commons and elevates sector as a whole Increases other efforts likelihood of success
Cons of approach	Less compatible with commercial capital Requires careful approach to be successful in created new community-rooted institutions from scratch	Hard to start because of the high upfront cost. Often requires building some infrastructure AND some specialization at once. Less friendly than platform/product for more commercial capital	Capital intensive Only serves certain well defined case	Less compatible with commercial capital Harder to fund and scale infrastructure projects Can be prone to create duplicative efforts

Purpose is supporting both of these approaches through our Purpose Futures Fellowship and other work by accelerating entrepreneurs who are at an early stage and lifting up experienced leaders who are ready for partnerships.

Funders can also increase their impact by having clear expectations and explanations about the type of models they want to build. Funders should think about whether they will be ready to invest for the long haul as even the most efficient models often require multiple rounds of funding. because it's a long haul to build one of these models, not a short sprint. Builders should have a clear understanding of their approach (ie. partner then build vs new build), and if they're building a new model, be able to articulate the theory of scale in a way that justifies the level of investment it takes to take this route.

By funding the sector's successes, we have the potential to usher in a completely new era of economic development, which will be especially impactful as long-hold assets begin to unlock more leverage and compound.

Challenges and Learnings





Impact Results

In May and August, Purpose surveyed the Purpose Futures fellows to better understand the areas of the program that have been most valuable to them and to gauge their progress throughout the fellowship. The survey results showed that our fellowship not only generated an amazing return on the financial investment given to the fellows, but also an outsized impact on marginalized communities and the shared ownership sector broadly.

Return On Capital

Our fellows predict that, combined, their funds will meaningfully impact 5,000+ within the next three years



\$~62M

investment capital raised or soft closed



\$2M+

in build capital raised



\$1M+

in research and development on new securities models (REITs, community ownership/liquidity, equity products)



Overall the fellowship had a **144x** cash-on-cash impact return in 10 months.

Impact Focus Areas



100%

100% of our Fellows are working on increasing access to wealth and ownership for historically marginalized communities.



71%

71% are working to develop or maintain sustainable affordable real estate for commercial and residential renters



57%

57% are committed to improving the economic outcomes of historically marginalized small business owners through capital and technical assistance

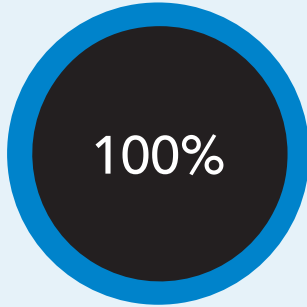
57% of our Fellows are increasing access to governance of critical assets for their communities



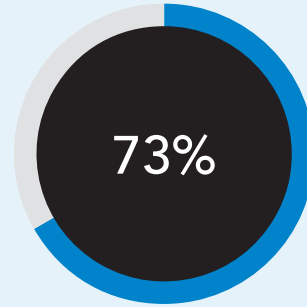
43%

43% have engaged, or plan to directly engage, their community members in the design and/or operations of their fund

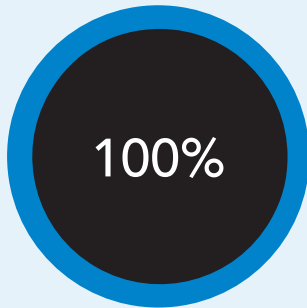
Program Effectiveness



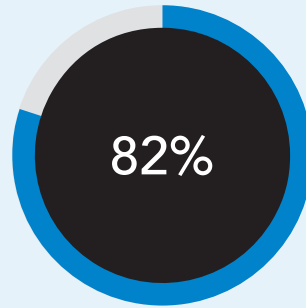
100% of our fellows found that this fellowship meaningfully contributed to the development of their fund, project, legal model, fundraising effort, and/or their team's overall progress



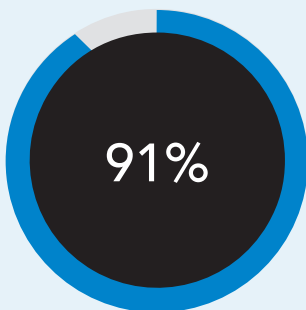
73% of our fellows have already begun fundraising, or will kick off their fundraiser, within the next six months



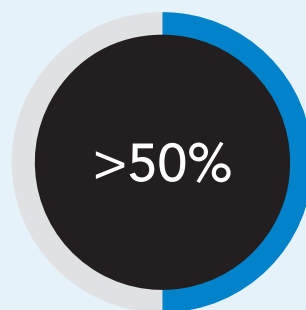
100% of our fellows are highly likely to recommend this fellowship program to someone else



82% of our fellows have received interest in their funds from potential investors since joining this fellowship



91% of our fellows have received interest in their funds from potential investees



>50% of our fellows have already received soft or hard (or both) commitments from investors

Impact of the Fellowship According to Fellows

“Purpose has been indispensable. They have helped us work through the best path forward for our business goals and mission, and have directly worked with us on drafting deliverables to move forward. They have also helped us to integrate our decision making into our wider business framework and team.”

- Avery Ebron, Groundcover

“Purpose has been our guides and experts; both providing advice, technical assistance, feedback, and hands-on support.”

- Jaime Gloshey, Matriarch Revolutionary Fund

“[Purpose has] kept us accountable in regular sessions, provided good insights on governance models, and regularly questioned our assumptions”

- David Lynn, CARE

“I just want to say how perfect this fellowship was for us. It came at exactly the right time during our evolution. The process felt very organic. I loved the synergy that is happening: marrying social purpose with social impact investing and making space for creating new innovative ways that make capitalism work for people.”

- Laura Kohn, CARE

“This group, and the work with Purpose, really helped us maintain realistic perspectives and the opportunity to see multiple viewpoints.”

- Evan Absher, Folks Capital

“The fellowship allowed us to figure out where the gaps are, and how we can fill those gaps. Going to people and telling them what our interpretation of our problem is, and what our proposed solution is, is something we worked on a lot in this fellowship. That was a really helpful experience that led to a lot of other opportunities for us.”

- Tomas Duran, Concerned Capital

Looking Forward

The Purpose Futures Fellowship has always been a strategic initiative. The thesis behind our fellowship programs is to create impact interventions tailored to the conditions of the market and sector, that are responsive first and foremost to the needs of communities and builders who are doing this work on the ground.

The results of this fellowship prove that this approach yields extremely high impact returns on investment. That said, the conditions in the market have changed. As an organization, we are going to spend the next few months reflecting on this success and how it applies to the next phase of our strategy. Stay tuned.

Most importantly, we remain unwavering in our commitment to practice what we preach, and to double down on leaders who already have active projects and traction in the shared ownership space. We have some big ideas about what might further accelerate the sector, and we will use everything we learned from our fellows and our fellowship program to bring those ideas to fruition.

It was an honor to work with such an amazing group of fellows and we are honored to have played a small part in their success, and in our shared endeavor to build a more just economy.

Your Purpose Team

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