IMPLEMENTATION TOOL

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Community Ownership Learning & Action Lab
at the
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# The Processes of Capital: Action Guide

Companion to the report
*Resourcing Community Ownership: The Processes of Capital*

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*Photo credit: La Villita Housing Cooperative*

# The Processes of Capital: Action Guide

This action guide is the practical companion to *Resourcing Community Ownership: The Processes of Capital* and is part of the series *Community Ownership Field Guide: A Multi-City Panorama*. Developed for practitioners, funders, and policymakers, it translates the case study's insights into actionable interventions. We offer programmatic, ecosystem, and policy recommendations tailored to the specific challenges of each process: bespoke capital, grassroots capital, and influence capital. We include deep dives on analog policies and complementary strategies from adjacent fields, showing how successful models can be adapted to support community ownership.

Every recommendation is grounded in the real-world experiences of the organizations featured in the case study, providing a roadmap for turning research into resilient, community-controlled assets.

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## How to Use This Guide

Because community ownership projects often operate across multiple capital processes simultaneously, this document is not a linear checklist. A capital process, however, is determined by a project's **primary mode** of raising and accessing capital at a given time.

- **For Practitioners:** Identify your primary or current capital process. Use the recommended "interventions" to seek out and advocate for the specific support you need.

- **For Funders & Policymakers:** Use the "Tensions & Trade-offs" to understand the risks of your support models. Match your capital or policies to supplement or advance a particular process of raising capital that will benefit projects.

# Introduction: From Insight to Implementation

The *Processes of Capital* case study examines how community ownership (CO) organizations assemble capital and secure resources within complex, often hostile financial environments. Its findings point to three challenges for the field:

- How can we reduce the recurring frictions of deal-making while preserving the local creativity and flexibility these deals often require?
- How can we expand pathways to community investment while reducing compliance costs and regulatory hurdles?
- How can we democratize access to powerful relationships and partnerships while keeping projects accountable to community priorities?

Where the case study diagnosed *how* CO organizations navigate these conditions, this guide translates its findings into proposed interventions. An **intervention** is a targeted action — such as a policy change, regulation, or strategic partnership — designed to address a specific friction point identified through the research. The interventions are organized by the **three capital processes** they aim to support:

- **Bespoke Capital:** Where CO organizations assemble financing project by project, often combining multiple and sometimes contingent sources because institutional support is limited. Interventions here aim to reduce the friction and fragility of this process while preserving the flexibility and creativity that make these deals possible.
- **Grassroots Capital:** Where CO organizations raise capital from members, local residents, and supporters to build leverage and autonomy. Interventions here aim to expand pathways for community-level investment while reducing the compliance costs and regulatory burdens involved.
- **Influence Capital:** Where CO organizations draw on high-status professional and institutional relationships to unlock capital and opportunity. Interventions here aim to broaden and democratize access to these relationships while building accountability structures that center community priorities and democratic control.

# Interventions Per Process

| Process of Capital | Primary Problem | Interventions | Category | Key Actors | Examples |
|---|---|---|---|---|---|
| **Bespoke Capital** | Community ownership (CO) organizations are forced to build bespoke and often fragile funding strategies. | Introduce "community credit" factors | Programmatic | Lenders | Real Estate Investment Co-ops in Twin Cities<br><br>Seed Commons |
| | | Rapid response capital | Programmatic<br>Policy | Lenders and municipalities | Bay Area Transit Affordable Housing Fund in San Francisco, CA<br><br>New York City Acquisition Fund in New York City, NY |
| **Grassroots Capital** | CO organizations face steep regulatory burdens and difficulties absorbing the high costs of compliance. | Lower the costs of state-level investment pathways | Policy | State agencies and electeds | Regulation Crowdfunding |
| | | Establish a statewide Capital for Community Ownership Act (CCOA) | Policy | State agencies and electeds | N/A |
| **Influence Capital** | CO organizations unintentionally create fragile dependency and risk dilution of democratic values by relying on well-connected, informal champions. | Establish standing acquisition and preservation partnerships | Programmatic<br>Ecosystem | Intermediaries | Preservation Compact in Chicago, IL |
| | | Formalize community-accountable relationship stewards | Programmatic<br>Ecosystem | Practitioners and intermediaries | Industrial Areas Foundation in Chicago, IL |

## DEFINING THE CATEGORIES

- **Programmatic:** Direct actions a community ownership (CO) organization takes
- **Ecosystem:** Building infrastructure and networks that support many CO projects
- **Policy:** Changes to laws, regulations, or public funding rules

# Bespoke Capital

## How can we reduce the recurring frictions of assembling capital without losing the flexibility and creativity that community ownership requires?

**Build more accessible and reliable pathways to capital while leaving room for tailored solutions.**

Without standardized pathways to capital, community ownership (CO) organizations must often rely on individual ingenuity; improvised, fragile capital stacks; and even personal risk. While some organizations successfully navigate these conditions, this approach contributes to founder burnout and deal instability.

CDFIs and other mission-aligned lenders offer more flexibility than conventional lenders and tailor their products to support communities.

But they face their own constraints, such as repayment obligations to capital providers, portfolio loan-loss limits, Community Reinvestment Act requirements, or secondary market rules for certain loan products.

The following interventions address two recurring sources of friction: how CO projects are evaluated for financing, and how quickly capital can move when opportunities arise. Together, they aim to make CO more legible to lenders and help projects acquire capital within the timelines of real estate acquisition.

*Photo credit: Logan Square Housing Cooperative*

## Introduce "community credit" factors

**Intervention Type:** Programmatic

**Description:** Expand underwriting conditions to include indicators of a community ownership organization's ability to govern and steward assets.

**Key Actors:** Lenders

**Origin:** *See Logan Square Housing Cooperative Cooperative (Chicago) in the case study*. LSC's experience shows how conventional underwriting can struggle to recognize community ownership models. Despite pursuing a relatively straightforward housing co-op, LSC faced difficulty securing financing because lenders couldn't easily rely on standard real estate collateral. Mission-aligned CDFIs (Shared Capital Cooperative and Chicago Community Loan Fund) ultimately made the acquisition possible, but financing remained uncertain until shortly before the deal closed. Incorporating community credit factors would give lenders a way to recognize organizational strengths that conventional underwriting may overlook.

**Tensions & Trade-offs:**

- **Lender constraints:** Regardless of their underwriting conditions, lenders are still required to answer to their own capital sources, regulators, and portfolio obligations.
- **Difficult to quantify:** The factors most often measured by lenders (e.g., number of units and properties) are not always the best predictors of a CO project's long-term success. Collective stewardship and democratic governance, for example, though they may reduce lender risk, are harder to standardize and quantify.

## What this intervention looks like

Lenders can add community credit factors to their underwriting through a range of approaches. They can make modest adjustments to conventional underwriting, such as considering a borrower's character, commitment, or community trust. More mission-aligned underwriting, as practiced by Shared Capital, Self-Help Credit Union, and Metropolitan Consortium of Community Developers in the case study, offers greater flexibility in financing community ownership. Lastly, there are explicitly values-driven approaches, like the one practiced by Seed Commons, which shares lending decisions and risk across a network of mission-aligned organizations.

Community credit factors could be incorporated into credit memos as risk mitigants and, where possible, inform pricing, reserve, or guarantee requirements. These factors would need to be qualitative, concrete, and verifiable, such as completed governance training, clear reserve policies, board practices, signed technical assistance agreements, peer audit results, and/or property management plans.

Precedents exist for expanding underwriting beyond conventional metrics. Character-based lending programs offer a comparable approach:

- At B:Side Capital in Colorado, 100% of loans go to underserved markets, while its reported default rate is just 3.27% of loan dollars funded.
- The Minneapolis Fed reports that 78% of Native CDFIs, which promote economic growth in Native American communities, use measures of client character in underwriting.
- Kiva uses community endorsements and borrower networks alongside financial track records to evaluate borrowers' character and community support.

Lenders could also ***reward stewardship as a risk-reducing behavior***. Drawing on green lending (e.g., Fannie Mae's Multifamily Green Rewards), which gives reduced interest rates and other benefits to property owners who save energy and water, lenders could offer modest pricing or reserve adjustments to community ownership groups that demonstrate healthy governance or other promising practices.

Lenders could pilot a ***Stewardship Underwriting Addendum*** that records governance and stewardship indicators *alongside* conventional underwriting metrics, then tracks performance against comparable loans. Over time, metrics such as repayment, delinquency, reserves, vacancy, maintenance, member turnover, and other performance data could test whether particular stewardship practices actually reduce risk.

DEEP DIVE

## Seed Commons and the notion of networked underwriting

What conventional underwriting often treats as intangible capacities – like governance, community relationships, technical assistance (TA), and ecosystem support – Seed Commons treats as trustworthy indicators of a borrower's strength.

Seed Commons approaches lending as an ongoing relationship rather than a one-time transaction. Financing is embedded within an ecosystem of locally governed loan funds, peer accountability, and ongoing TA and organizational support. The model not only considers an organization's ability to repay, but asks what conditions are necessary for that organization to succeed long-term. Then it structures financing around those conditions. Governance health, business development, leadership training, and cooperative education are therefore central to how risk is understood and managed.

Due to their own capital sources, regulatory requirements, and portfolio constraints, most CDFIs and mission-driven lenders are limited in how far they can depart from conventional underwriting. While they may not be able to fully replicate the Seed Commons model, its underlying principle is transferable: lenders can consider, among other financial metrics, the strengths of a community ownership organization and its support network.

For community ownership, a ***stewardship underwriting framework*** could supplement traditional financial metrics with indicators of governance health, reserves, succession planning, TA partnerships, community investment, organizational track records, and strong stewardship practices.


Photo credit: PODER Emma

## Rapid response capital

**Intervention Type:** Programmatic; Policy

**Description:** Create prequalified "rapid response" capital that deploys quickly when acquisition opportunities arise.

**Key Actors:** Lenders; Municipalities

**Origin:** *See La Villita Housing Cooperative (Chicago, IL) in the case study*. La Villita's first acquisition illustrates the mismatch between real estate timelines and community ownership financing. Restricted, reimbursement-based public funding (provided by the City of Chicago) and mission-aligned lender requirements delayed the co-op's access to capital, ultimately requiring a founder to provide a sizable bridge loan. Rapid response capital could reduce these bureaucratic slowdowns and dependence on personal risk by allowing qualified organizations to access acquisition financing when opportunities emerge.

**Tensions & Trade-offs:**

- **Need for technical support:** The prequalification process can become another barrier without accessible technical assistance. Readiness requirements may exclude the smaller or newer organizations this intervention is intended to support.
- **Capital alone is insufficient:** Groups also need organizing and governance capacity to form member boards and other structures needed to act quickly on acquisition opportunities and steward the asset after purchase.

## What this intervention looks like

Right of First Refusal  policies – like a Tenant Opportunity to Purchase Act or a Community Opportunity to Purchase Act – can give communities time or priority to acquire properties. But early access is most useful if capital can move within the acquisition window. Community ownership organizations often face complex underwriting processes or processes for public subsidies that cause them to move more slowly than conventional buyers.

Rapid-response capital can close this gap through revolving acquisition funds, bridge financing, acquisition credit lines, and public guarantee pools. A ***rapid response bridge facility***, for example, could allow pre-qualified organizations to access capital quickly when properties become available, then refinance into longer-term financing later.

Existing acquisition funds offer models that could be adapted for community ownership. Such programs function as both financing vehicles and as infrastructure that help mission-driven organizations compete in fast-moving markets.

- The Bay Area Transit Oriented Affordable Housing (TOAH) Fund, a $50 million revolving loan fund seeded by the Metropolitan Transportation Commission, demonstrates how public and private capital can be blended to finance acquisition and preservation.
- The New York City Acquisition Fund, another public-private model, created or preserved 16,801 units across 103 projects since its launch in 2006.
- Publicly funded programs also exist, like San Francisco's Small Sites Program, which we explore in our *Paths to Viability Action Guide*.

*Photo credit: La Villita Housing Cooperative*

# Grassroots Capital

## How can we expand pathways to community investment while reducing compliance and regulatory costs for smaller community ownership projects?

**Create more practical, lower-cost pathways for local, non-accredited residents to invest in community ownership (CO), without requiring each CO project to shoulder the full burden of securities compliance on its own.**

Existing securities regulation is built around conventional investment markets and imposes high compliance requirements for raising capital from non-accredited investors.[1]

Although CO projects are locally rooted, democratically governed, and meant for long-term stewardship rather than capital appreciation, they face many of the same regulatory obligations as larger entities with greater capacity. This regulatory mismatch imposes administrative and financial burdens on grassroots groups and everyday residents, making it challenging for CO projects to raise capital from their communities.[2]

The interventions that follow address two barriers to community investment: the cost and complexity of existing investment pathways, and the lack of public infrastructure to help CO organizations navigate them. Together, they offer directions for securities reform advocacy that better align regulation to the unique characteristics of CO projects.

1 A non-accredited investor is an individual or entity that does not meet the SEC's definition of an "accredited investor." Generally, this means having annual income below $200,000 individually or $300,000 jointly, or net worth below $1 million, excluding a primary residence.

2 The models we examined in Minnesota may not be replicable in every state. Some states lack statutes governing investment cooperatives or provisions that can be adapted for them, and launching these models may involve state and federal securities laws.

## Lower the costs of state-level investment pathways

**Intervention Type:** Policy

**Description:** Improve existing investment pathways by reducing compliance and legal costs and making it easier (e.g., by raising offering caps) to raise capital from local residents and outside investors.

**Key Actors:** State agencies and electeds

**Origin:** *See Taproot Investment Cooperative (St. Paul, MN) in the case study*. Taproot's story illustrates how existing legal avenues for cooperative investment can still create barriers for smaller organizations. When incorporating, Taproot initially operated under Minnesota statute 308B in order to raise capital from outside investors, but ultimately shifted to 308A after finding 308B's compliance requirements too burdensome to manage. The downside, however, was that 308A limited outside investment and, as such, the amount of capital the co-op could raise. Amending states' pathways like these and lowering their associated costs can streamline the incorporation process while allowing groups to raise sufficient capital for community-owned assets.

**Tensions & Trade-offs:**

- **New regulatory burdens:** While reforms to securities law may remove some barriers to community investment, it's important to make sure they don't also create new compliance, disclosure, and reporting requirements that exceed the capacity of smaller organizations.

## What this intervention looks like

States already have legal pathways for residents to invest in local projects under simplified securities rules. When an organization invites the public to invest for a financial return, it is creating a "securities offering." However, high legal and compliance costs often make these offerings impractical for small community-centered projects. Reform should make these pathways simpler and cheaper to use, not just allow projects to raise more money.

Federal Rules 147 and 147A are two such pathways. They allow certain offerings conducted within one state to rely mainly on that state's securities laws instead of going through the full federal registration process. They generally do not require a separate filing or fee with the Securities and Exchange Commission, but the organization raising money must still follow the state's securities requirements.

Many states have created crowdfunding programs based on this idea. Minnesota's MNvest program, for example, allows qualifying offerings to avoid some of the requirements that normally apply to securities offerings. A non-accredited investor may generally invest up to $10,000 in one MNvest offering, while accredited investors are not subject to that limit.[3]

These programs show that states can regulate local investment differently from national public offerings. **But a legal pathway is not necessarily an affordable pathway.** Small organizations may still face significant legal, accounting, disclosure, investor verification, and reporting costs — fixed costs that can make small offerings impractical.

To make these pathways more useful for community ownership, a state could:

- Create a short, standardized offering document for community real estate, cooperative, and community-business offerings.
- Publish model language that explains common risks, including the possibility that investors may not be able to sell their shares quickly, may have limited voting rights, could lose their money, or their investment may be concentrated in one property or market.
- Match financial reporting requirements to the size and frequency of the offering: internally prepared financial statements for smaller offerings, independent reviews for mid-sized offerings, and audits only for larger or repeat offerings.
- Provide grants or vouchers to help small organizations pay legal and accounting costs.
- Create one electronic system for filing documents, verifying investors, and annual reporting.
- Allow one disclosure package to meet overlapping cooperative-law and securities-law requirements when legally allowed.
- Offer expedited review for groups that use approved organizational documents and standardized investment terms.

[3] MNvest still requires eligibility checks, offering documents, investor-residency verification, filings, and ongoing compliance.

DEEP DIVE

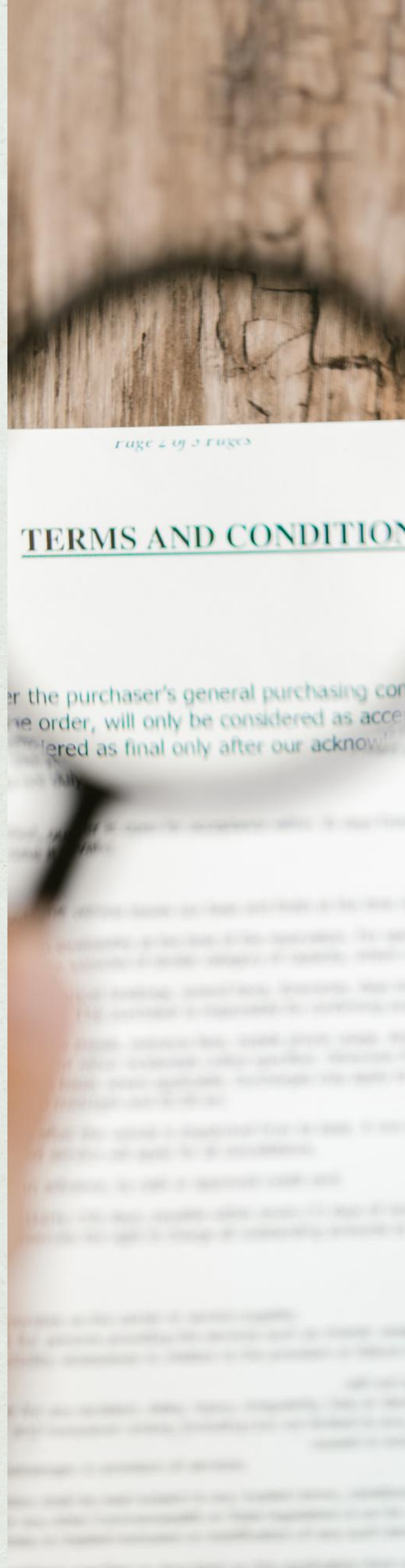
## A federal Regulation Crowdfunding pathway for community ownership

What if projects need investors from more than one state, or are located in regions that cross state lines? An ambitious federal proposal would create a community-ownership pathway within, or modeled on, Regulation Crowdfunding ("Reg CF").

Reg CF provides a useful precedent for proportional regulation. It allows non-accredited investors to invest in public securities offerings when the offering amount, investment risk, disclosure, and intermediary requirements are appropriately controlled. Eligible issuers may currently raise up to $5 million during a 12-month period through an SEC-registered broker-dealer or funding portal.

Reg CF already scales some compliance requirements based on the offering size and an issuer's prior use of Reg CF. For example, issuers must provide financial statements, but the level of assurance required increases with offering size and other factors. Reg CF also requires filings, disclosures, progress updates, and annual reporting.

**A community ownership pathway could build on this architecture without simply eliminating disclosure.** Qualifying issuers might include cooperatives, community-benefit corporations, qualified nonprofit subsidiaries, community land trust affiliates, community investment trusts, or other entities that satisfy defined ownership and stewardship requirements. Qualification should turn on enforceable project characteristics rather than a general claim of social mission. These issuers could receive community-specific standardized disclosures, reduced filing fees, longer offering periods, proportionate financial statement requirements, or streamlined reporting.



## Establish a statewide Capital for Community Ownership Act (CCOA)

**Intervention Type:** Policy

**Description:** Establish a Capital for Community Ownership Act (CCOA) with standardized rules, technical assistance, and public investment infrastructure that help qualified community ownership organizations raise capital more safely and at lower cost.

**Key Actors:** State agencies and electeds

**Origin:** *See Twin Cities cases (South Como, Taproot, IBWIG & ACER) in the case study*. Community investment helped grassroots organizations like these build early capital and leverage with institutions. But these cases also expose a limitation in relying on grassroots capital alone: communities have unequal access to investment capital, while small organizations face substantial legal and administrative costs to raise it. A state-level framework could address both parts of this challenge by reducing the cost of community investment while bringing public capital into the fold.

**Tensions & Trade-offs:**

- **Certification, not a guarantee:** States need to be mindful of supporting and qualifying organizations without implying that certification is a guarantee of repayment or investment performance.
- **Public support without state control:** State investment can expand access to capital, but the terms should not undermine community governance or shift decision-making toward public agencies.

## What this intervention looks like

A state-level Capital for Community Ownership Act (CCOA) would help qualifying organizations raise capital more affordably by lowering legal and financial barriers. Rather than certifying individual offerings, the state would certify *organizations* eligible to unlock public support (e.g., tax credits, loan guarantees, matching funds, anchor investments).[4] A CCOA could lower the legal and administrative costs of small-dollar offerings, but absent administrative and financial support, that still may not attract enough private investment in a community that needs it.

| Legal Reform | Administrative Support | Capital Support |
|---|---|---|
| Create a state community-investment exemption – modeled on the intrastate crowdfunding exemptions already adopted in 34+ states – for "Qualified Community Ownership Organizations" who meet governance and stewardship standards.[5] | Create a Certification and Compliance Unit within the state securities regulator or the Department of Commerce to:<br>• Administer new community-investment exemption.[6]<br>• Certify organizations that meet defined standards.[7]<br>• Publish standardized forms for offerings and ongoing reports.<br>• Collect and publish data about defaults, redemptions, investor returns, governance participation, and community benefits.<br>• Maintain an insurance or reserve program – funded by fees on certified organizations and registered intermediaries – to address losses caused by fraud, professional error, or other defined project failures.[8] | Create Community Capital Unit – modeled on state green banks or housing finance agencies – to assist "Qualified Community Ownership Organizations":<br>• Offer state income tax credits.<br>• Provide matching capital, loan guarantees, or first loss reserves.<br>• Make anchor investments that help an offering reach the minimum amount needed to move forward.[9]<br>• Draw on existing federal-state funding streams (e.g., State Small Business Credit Initiative) before seeking new state appropriations.<br>• Create a dedicated revenue source that cannot be appropriated during budget negotiations, such as a real estate transaction fee rather than annual appropriations from the state's general fund (e.g., Connecticut's Community Investment Act). |

## What this intervention looks like (Cont'd)

This approach would build on public systems already used in affordable housing, clean energy, and historic preservation. In those fields, the government provides standardized underwriting, tax incentives, qualified intermediaries, technical assistance, public credit support, and administrative infrastructure.

Community investment policy could use this approach. Rather than expecting every small organization to become an expert in securities law and investment administration, the state would create a system that helps qualified organizations raise capital safely and at lower cost.


*Photo credit: IBWIG & ACER*

[4] State crowdfunding exemptions exist in many states, but they have generally seen limited use. This suggests that legal permission alone does not create affordable access to capital.

[5] A qualified community-ownership organization could include a nonprofit, cooperative, community land trust, or another legally recognized form with democratic community governance, limits on private gain, and a primary purpose of owning or stewarding housing, land, or other productive assets for a defined community.

[6] The unit would review offerings using the new state exemption or Regulation A Tier 1. For federally covered offerings, its role would generally be limited to processing notice filings and fees and referring potential fraud for enforcement.
[7] Certification would use a checklist of structural requirements, not a guarantee that an organization or investment would succeed.

[8] State real-estate recovery funds offer a possible model: they are funded by fees, impose per-claim and aggregate limits, and generally require a judgment or other finding of fraud or dishonest conduct before paying a claim. Note that we are not proposing the program not cover ordinary investment losses or poor performance.

[9] The state would invest in organizations' raises (the offering, or a companion piece of it) and become a non-voting investor in the entity that owns the property, not a co-owner of the property.

# Influence Capital

## How can we democratize access to the relationships and partnerships that unlock larger capital?

**Build formal, accountable structures that expand access to powerful institutional relationships while keeping agenda-setting, governance, and political direction anchored in communities.**

Community ownership (CO) projects can gain significant resources and opportunities through relationships with people and institutions that hold social, political, and economic power. But when those relationships rely on informal "champions," access to capital can become concentrated and fragile, while deep institutional integration may pressure projects to conform in ways that dilute their people-rooted mission and weaken community control.

The following recommendations aim to formalize accountability structures and standing networks that preserve CO's democratic roots while streamlining acquisitions and helping organizations act quickly when opportunities arise.

*Photo credit: South Como Investment Cooperative*

## Establish standing acquisition and preservation partnerships

**Intervention Type:** Programmatic; Ecosystem

**Description:** Create a permanent network of partner organizations that can develop an ongoing acquisition pipeline and act quickly when a preservation opportunity appears.

**Key Actors:** Intermediaries

**Origin:** *See South Como Community Investment Cooperative (St. Paul, MN) in the case study.* When launching the cooperative, South Como didn't have to build key relationships from scratch; the group was able to tap into an emerging ecosystem that had formed through earlier cooperative projects. This network of partners – including Nexus Community Partners, Pathlight Law, Platform CRE, and MCCD – provided the necessary technical, legal, real estate, and financial expertise. By formalizing these relationships into a standing partnership, organizations can align their resources and find opportunities before a specific deal is on the table, rather than trying to build a team after a property becomes available.

**Tensions & Trade-offs:**

- **Staying community-led:** As partnerships become more institutionalized, they can drift from the democratic, community-rooted values that started them. Governance must prioritize accountability and center community decision-making.
- **Bureaucratic drift**: While a formal partnership can help expand community ownership, it shouldn't create new bureaucratic hurdles or rigid rules that make it harder to acquire community-owned assets.

## What this intervention looks like

Relationships are valuable when formalized rather than based on individual transactions. Too often, community ownership (CO) organizations assemble financing partners, legal counsel, public agencies, TA providers, and philanthropic supporters only *after* a property becomes available. Trying to build these relationships under significant time pressure increases costs and makes it harder to compete with conventional buyers.

***Standing acquisition and preservation partnerships*** would formalize those relationships in advance. By meeting regularly and aligning goals before a deal exists, a network of CO organizations, CDFIs, local governments, and philanthropic partners can:

- ***Maintain a proactive pipeline:*** Identify vulnerable properties before they are lost to the private market.
- ***Standardize the process:*** Develop shared legal and underwriting tools and clear institutional roles.
- ***Mobilize instantly:*** Coordinate financing strategies in real time to act rapidly when a property becomes available.

Collaborative models like these already exist within affordable housing and community development. These networks reduce transaction friction, accelerate acquisitions, and allow organizations to respond quickly to preservation opportunities:

- Chicago's Preservation Compact *(see Deep Dive on the next page)* is a cross-sector network that coordinates affordable housing preservation across the region.
- In Washington, D.C. and San Francisco, Opportunity to Purchase acts (e.g., TOPA and COPA) work because they are backed by existing ecosystems of organizers, attorneys, lenders, TA providers, and housing agencies with established trust and institutional roles.

The *Processes of Capital* cases show how these networks can emerge informally. In the Twin Cities, repeated collaboration among CO organizations and their partners gradually normalized CO models, reduced uncertainty around cooperative real estate lending, adapted underwriting practices, and built trust across institutions.

DEEP DIVE

## Chicago's Preservation Compact and the power of institutional infrastructure

One promising model for institutionalizing influence capital comes from the Preservation Compact in Chicago. Established in 2007 and now housed within Community Investment Corporation, the Compact brings together lenders, CDFIs, developers, public agencies, philanthropy, researchers, and advocates to address barriers to affordable housing preservation.

It was created in response to the fragmented nature of affordable housing preservation, finding that sustained collaboration across institutions can be much more effective. Through standing working groups, shared market data, and ongoing collaboration, participants build familiarity and trusted relationships rather than assembling around individual projects. This infrastructure has helped develop new financing tools, tax policy reforms, energy retrofit programs, and coordinated preservation strategies while reducing transaction costs for future deals.

The Compact, however, is fundamentally oriented toward preserving affordability within conventional ownership structures rather than transforming ownership itself. Plus, its governance is largely institutional rather than centering residents or community-led organizations.

A community ownership partnership can build on the Compact's strengths while centering resident leadership, democratic governance, and long-term community stewardship in its design. This kind of permanent partnership could identify vulnerable properties, coordinate financing, maintain shared due diligence, develop standardized legal and underwriting tools, and mobilize preservation strategies when opportunities arise.

## Formalize community-accountable relationship stewards

**Intervention Type:** Programmatic; Ecosystem

**Description:** Formalize a function (e.g., a committee, dedicated role, or working group) within a community ownership organization responsible for cultivating external partnerships while remaining led by community governance.

**Key Actors:** Practitioners; Intermediaries

**Origin:** *See Maggie Walker CLT (Richmond, VA) in the case study*. MWCLT's growth was fueled in part by founding leaders with deep relationships across real estate, philanthropy, government, and development. Those relationships helped unlock major grants and zero-interest credit, key partnerships, and made the CLT model more legible to institutions. But the case also reveals a vulnerability of influence capital: when access and credibility are concentrated in a small number of well-connected individuals, organizations risk losing that capacity when those leaders leave. Formalizing relationship stewards can help turn these catalytic personal relationships into organizational capacity and resources while staying accountable to community governance.

**Tensions & Trade-offs:**

- **Burnout:** Formalizing stewardship through committees or working groups can place additional demands on community leaders who are already carrying substantial responsibilities.
- **Continued concentration of relationships:** Creating a formal role does not necessarily mean influence capital is democratized. Organizations need intention around sharing relationship-building throughout the rest of the organization and/or with community members, while making sure relationships aren't lost if specific people leave.

## What this intervention looks like

Community ownership (CO) organizations often depend on leaders or board members with deep relationships across philanthropy, government, finance, and the private sector. These well-connected individuals can unlock grants, negotiate with public agencies, connect projects to lenders, or introduce CO organizations to partners otherwise inaccessible.

While invaluable, this approach can generate vulnerability – in capital may leave when these leaders do. Meanwhile, organizations deeply embedded with institutions can gradually become more responsive to funder priorities or institutional expectations than to the communities for which they were created.

To reduce these risks, CO organizations can formalize a ***community-accountable relationship stewardship function*** – a committee, designated role, or working group to cultivate external partnerships while remaining accountable to community governance.

- Its role would be to cultivate relationships with philanthropy, CDFIs, public agencies, anchor institutions, and private-sector partners; identify funding and acquisition opportunities; broker introductions; and educate institutional actors about CO.
- It would **not** determine organizational priorities, negotiate away core principles, or approve major transactions. Strategic direction and financing decisions would remain with resident leaders, cooperative members, or the governing board.

Grassroots organizations offer precedents for separating external relationship-building from community decision-making:

- The Industrial Areas Foundation cultivates relationships with elected officials, business leaders, clergy, and philanthropy while preserving member organizations' priorities.
- Coalitions negotiating Community Benefits Agreements often designate negotiation teams to work with developers and public officials to uphold coalition members' demands.
- While Federally Qualified Health Centers rely on institutional partners for resources and expertise, federal law requires patient-majority governing boards to retain authority over organizational direction.

Rather than allowing catalytic relationships to accumulate informally around well-connected individuals, CO organizations can intentionally convert those relationships into organizational assets through documented partnerships, shared relationship management, succession planning, and clear governance boundaries.

The goal is to leverage institutional relationships without sacrificing community priorities, keeping residents firmly in the driver's seat while expanding access to powerful sources of capital and opportunity.

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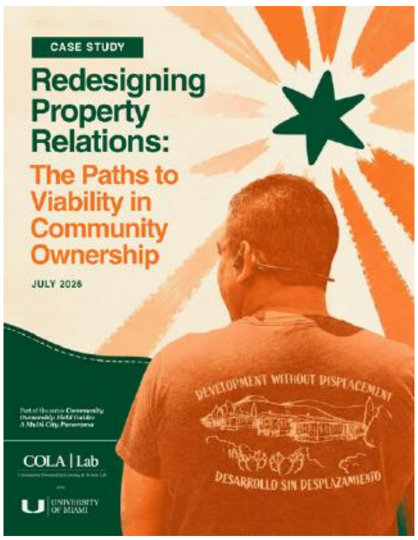


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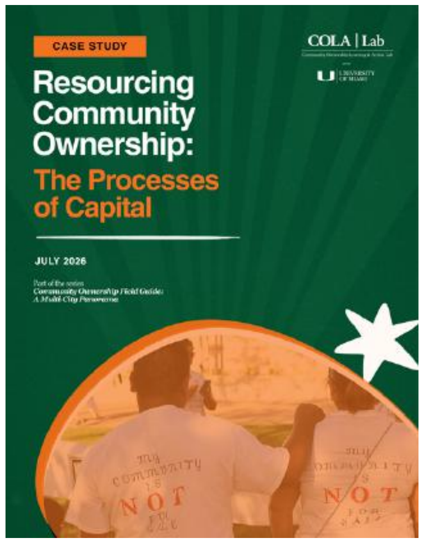


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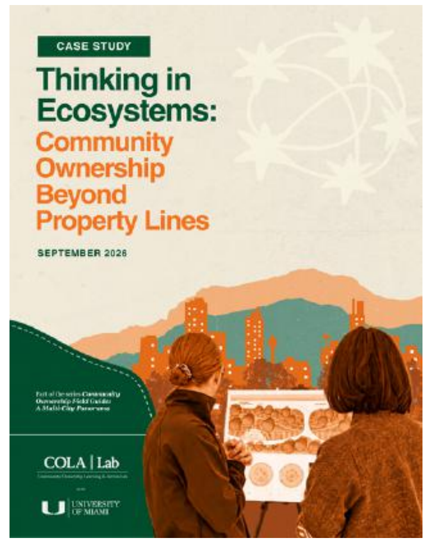


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## About the Community Ownership Learning & Action Lab

The Community Ownership Learning & Action Lab (COLA Lab) is a national research and field-building initiative working to strengthen shared ownership of real estate. Drawing on original research and community-rooted insights, the COLA Lab develops practical resources to support practitioners and inform the lenders, policymakers, and other institutions that can help sustain and scale their work. Housed within the University of Miami's School of Education and Human Development, the Lab examines how community ownership can anchor local stability, expand shared opportunity, and strengthen collective power. Learn more at colalab.org

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## Contributors

Ahmed Mori (Author)
De'Sean Weber (Author)
Carolina Fernandez (Editor & Designer)

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