



Mapping and Assessing Local Capacities and Opportunities for Place-Based Impact Investing

Practitioner Brief

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Assessing a self-defined geography for impact investing can take many forms, ranging from literal “mapping” using geographic information system tools to data collection and analysis or polling that helps a community better understand its needs and opportunities. For this brief, we use the word “mapping” to capture this broad range of efforts. Regardless of form, most relevant to a given place-based collaborative is—within the capacity and budget of the group—collecting the information needed to access capital most effectively.

This brief illustrates the value of mapping to support place-based impact investing (PBII) collaboration. The insights and lessons highlighted draw from conversations with PBII practitioners as well as existing research around assessing community investment needs and capital gaps and flows.²

Benefits of Mapping

Establishing relationships, trust, and alignment around a common purpose is a feature of successful PBII collaboration.³ Mapping exercises and conversations can help identify this common purpose and offer a range of other benefits that can greatly enhance the strength of the collaboration and its impact. It is possible not just to identify gaps but also to relate them back to systemic inequities in capital flow. Specific purposes in and benefits from mapping include:

This brief is one of several resources developed through collaboration between the Urban Institute, the John D. and Catherine T. MacArthur Foundation, and Mission Investors Exchange to advance the development and exchange of knowledge on place-based impact investing (PBII). PBII refers to the local deployment of impact capital, or investments made with the intent to yield a financial return as well as a social or environmental return. This effort focuses on understanding the roles of foundations and collaborative models in nurturing the development and expansion of PBII efforts. A practitioner convening discussed key issues and two Urban Institute research papers—a scan of PBII approaches and a review of capital gaps and flows methodology—helped expand the evidence base on these topics.

This brief and two accompanying briefs (“Collaborative Place-Based Impact Investing Models: Deploying Capital on the Ground Together” and “Place-Based Impact Investing Ecosystems: Building a Collaboration to Boost Your Effectiveness”)¹ are designed to focus on elements of PBII that research and conversations with practitioners have identified as opportunities for knowledge exchange. We draw insights for these briefs from the research we have already published and from conversations with PBII field leaders. These briefs elevate practices and understandings from the field while highlighting lessons from existing efforts.

¹ Melanie Audette, John Balbach, and Shena Ashley, “[Place-Based Impact Investing Ecosystems: Building a Collaboration to Boost Your Effectiveness](#)” (Washington, DC: Urban Institute; New York City: Mission Investors Exchange, 2019); and Erika Poethig, Matt Onek, and Matt Eldridge, “[Collaborative Place-Based Impact Investing Models: Deploying Capital on the Ground Together](#)” (Washington, DC: Urban Institute; New York City: Mission Investors Exchange, 2019).

² Brett Theodos, Eric Hangen, Carl Hedman, and Brady Meixell, [Measuring Community Needs, Capital Flows, and Capital Gaps](#) (Washington, DC: Urban Institute, 2018).

³ Audette, Balbach, and Ashley, “[Place-Based Impact Investing Ecosystems: Building a Collaboration to Boost Your Effectiveness](#)” and Poethig, Onek, and Eldridge, “[Collaborative Place-Based Impact Investing Models: Deploying Capital on the Ground Together](#).”

1. Improving knowledge of what is going on in impact investing in a defined geography
2. Providing inspiration, attracting investors, or generating support for the initiative
3. Testing hypotheses and assumptions and exposing misperceptions
4. Informing strategic direction
5. Reducing duplication of efforts by identifying gaps and potential ways to fill them
6. Generating stakeholder buy-in and guiding collective action
7. Helping to prioritize and allocate resources
8. Serving as the basis for tracking and demonstrating impact over time
9. Identifying new or unlikely partners
10. Finding investments (historic, currently open, and new potential)
11. Understanding where there are systemic inequities and opportunities (value chain)

Four Approaches to Mapping

Based on information from the Urban Institute report *Measuring Community Needs, Capital Flows, and Capital Gaps*⁴ and a 2018 national convening of impact investing leaders from foundations, community development financial institutions, philanthropy-serving organizations, and others, impact investing collaboratives have used four different mapping approaches to inform and build their PBII efforts.⁵

1. Needs assessment

PBII investors can benefit from studying local needs, particularly in areas where below-market capital may be required. Examples include grocery stores in food deserts, charter schools, health clinics, and affordable housing. To ascertain how much these services are called for in a specific area, communities often carry out a needs assessment. Needs assessments help define how much an area requires a specified service, but they do not consider the financing needed for such a service to be provided. We define a community needs assessment as a process for determining unmet local need for a particular service.⁶ A needs assessment may be completed as part of a capital access review for initiatives seeking to bolster local economies, though these components could also be done separately.

⁴Theodos et al., *Measuring Community Needs, Capital Flows, and Capital Gaps*.

⁵Matthew Eldridge, "Four Practical Insights on Place-Based Impact Investing Collaboration," *Urban Wire*, March 9, 2018.

⁶Theodos et al., *Measuring Community Needs, Capital Flows, and Capital Gaps*.

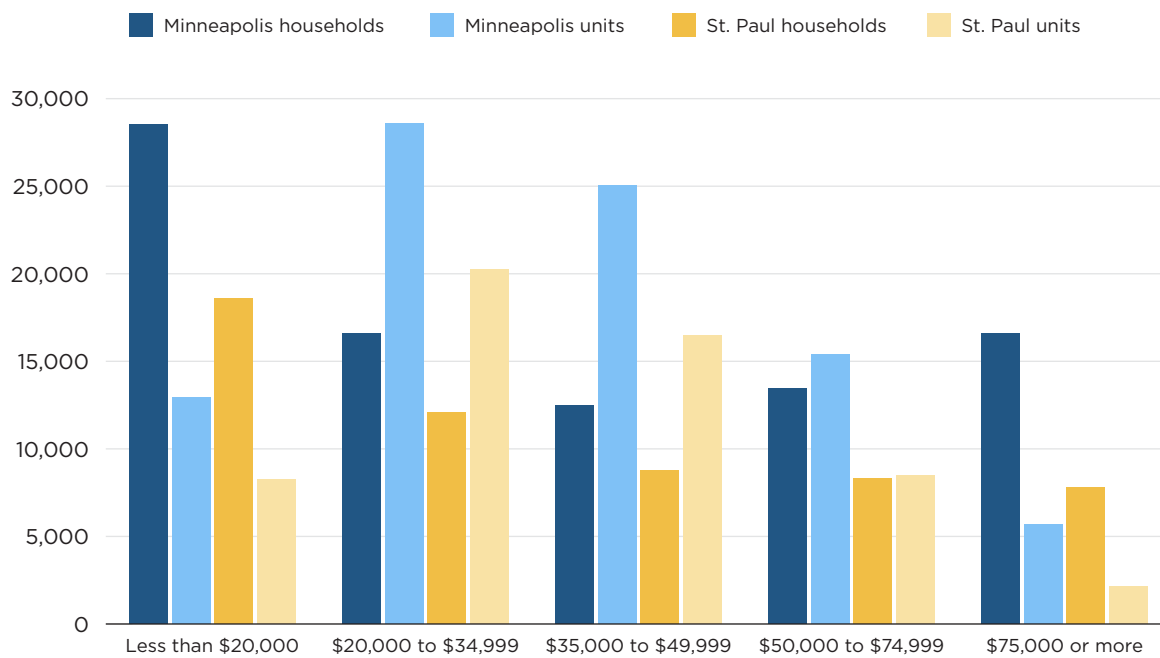
Case example: measuring affordable housing needs in Minneapolis and St. Paul

In *Measuring Community Needs, Capital Flows, and Capital Gaps*, Theodos and colleagues identified five needs assessment approaches and applied one of them to assessing the affordable housing gap in the Minneapolis and St. Paul areas. They compared the number of rental households within an income range to the number of rental units that are affordable to households of that income (a way of comparing supply and demand). Housing needs are calculated as the difference between the number of units that are available to rent at a certain income level and the number of rental households in a community. Figure 1 illustrates this in both Minneapolis and St. Paul. For renter households with incomes less than \$20,000 in both cities, the analysis shows a significant deficiency in the supply of rental housing affordable to those households.



Photo via iStock.com/Davel5957.

Figure 1. Affordable Rental Housing Unit Gap by Rental Household Income in Minneapolis and St. Paul



Source: Urban Institute analysis of 2012-16 American Community Survey data.

2. Capital flows and gaps

Place-based impact investors choose to undertake a capital flows or gaps analysis for many reasons. Understanding flows can explain why communities look the way they do, how a local investment landscape is trending, which actors are engaged in communities, and how strong or weak local capacity is relative to other communities or neighborhoods. In their report, Theodos and colleagues reviewed studies that determined capital flows for various asset classes in different communities and identified four overarching steps to help guide an assessment of capital flows. Measuring these flows can also be useful by exploring capital gaps. There is a growing body of literature that seeks to identify where and why capital limitations exist for certain needs, for certain places, and for certain groups of people or institutions, and Theodos and colleagues identified 11 emerging approaches to understanding capital gaps. Depending on the type of capital, geography of study, research budget, audience, and scope of analysis, certain methods may be better or worse fits for studying a specific capital gap.

Capital flows. A capital flow is the provision of financing to a household, business, or community. For example, “How much money is flowing to developers to build or rehabilitate commercial real estate or multifamily housing, to businesses to buy equipment, or consumers to buy homes?”

Capital gaps. A capital gap occurs when investors fail to make financing available for investable projects. Capital gaps can occur for neighborhoods, groups of people, types of businesses, or types of products or purposes.

Case example: racial segregation and investment patterns in Baltimore

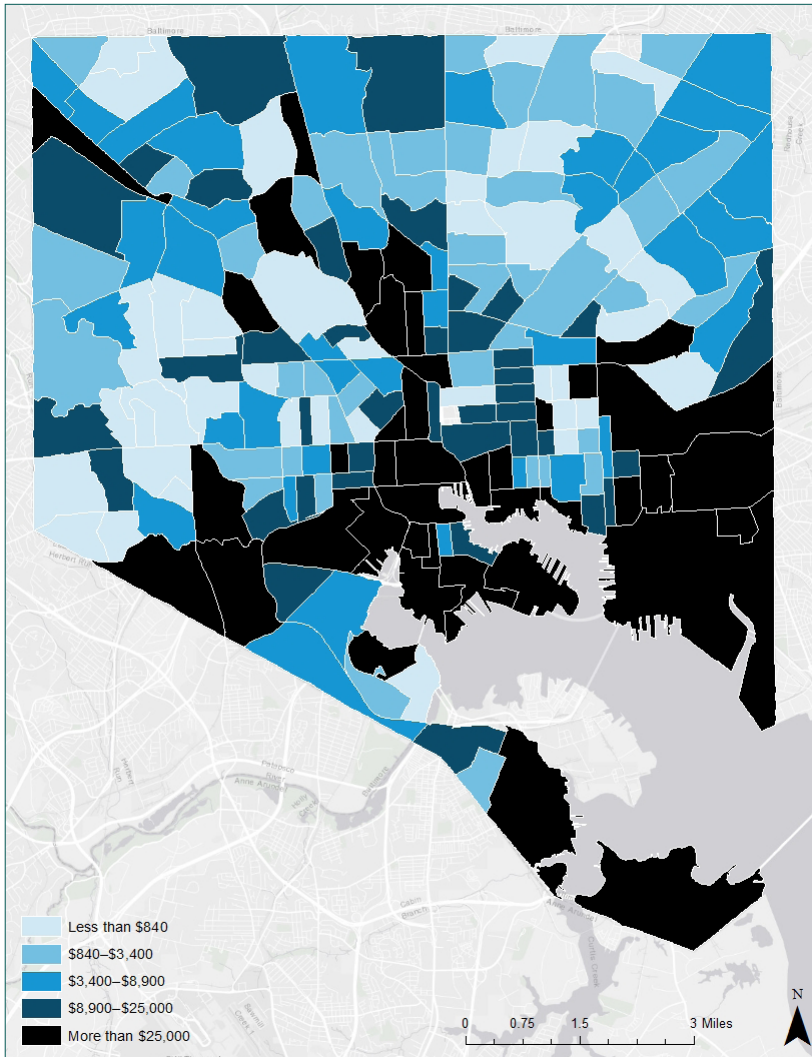
An Urban Institute project funded by the Annie E. Casey Foundation mapped how investment in Baltimore is fragmented by race, income, and geography.⁷ Mapping capital flows reveals important differences in economic activity—and access to opportunity—between neighborhoods. Racial segregation correlates with investment patterns. Neighborhoods that are less than 50 percent African American receive nearly four times the investment of neighborhoods that are over 85 percent African American. Low-poverty neighborhoods receive 1.5 times the investment of high-poverty neighborhoods. There are clear geographic patterns for different types of public and private lending. Commercial real estate lending, for example, clusters in the central business districts, in industrial areas along the waterfront, and in retail centers (figure 2). Notably, public-sector funding and mission lending is more prevalent than private investment in high-poverty areas and areas with high concentrations of African American people.



Photo via iStock.com/Davel5957

⁷ Brett Theodos, Eric Hagen, and Brady Meixell, “[The Black Butterfly: Racial Segregation and Investment Patterns in Baltimore.](#)” Urban Institute, February 5, 2019.

Figure 2. Commercial Real Estate Lending Volume per Household in Baltimore, 2011-16



Source: Brett Theodos, Eric Hangen, and Brady Meixell, [“The Black Butterfly: Racial Segregation and Investment Patterns in Baltimore,”](#) Urban Institute, February 5, 2019.

Note: Volume in constant 2016 dollars.

3. Ecosystem mapping

A key element of successful PBI collaboration is having a strong impact investing ecosystem.⁸

Ecosystems are varied and can be made up of any combination of actors and entities.⁹ Some examples of ecosystem actors include:

- public or private investors of all types;
- investees, including social entrepreneurs;
- consultants and professional advisors;
- intermediary organizations and fund managers;

⁸ Poethig, Onek, and Eldridge, [“Collaborative Place-Based Impact Investing Models: Deploying Capital on the Ground Together.”](#)

⁹ Audette, Balbach, and Ashley, [“Place-Based Impact Investing Ecosystems: Building a Collaboration to Boost Your Effectiveness.”](#)

- community representatives, including corporations, neighborhood associations, service organizations;
- government entities (local, regional, or national);
- academia and education organizations;
- associations and networks; and
- accelerators.

As with all mapping exercises, the level of investment in and sophistication of an ecosystem map depends on the purpose of the mapping exercise. Developing an understanding of who is in your ecosystem, what role they play, where capacity gaps are, and where investment is needed in the system can all help accelerate its health and effectiveness and support further collaboration.

Case example: ecosystem mapping in Minnesota

With the support of the Bush Foundation, a core group of local impact investing stakeholders undertook an ecosystem mapping project in Minnesota. Cogent Consulting, in partnership with Impact Hub Minneapolis–St. Paul, convened a diverse set of advisory teams to help develop and populate the map, with some members volunteering their time to keep costs low. Using existing technology (Kumu software) and datasets, Cogent used its local community knowledge and long-standing, trusted relationships; designed and launched a survey to create the digital map; and convened actors to place themselves on it, creating a visual representation of their ecosystem at a point in time.¹⁰ The map included 54 institutions’ data on investments made and types of investee.



Photo via iStock.com/Gian Lorenzo Ferretti Photography

The goal of the exercise was to grow impact investing in the Twin Cities and increase awareness of it. Stakeholders enhanced their capacity to collaborate by seeing who was in the ecosystem and their roles, seeing where they fit in, and introducing themselves to each other to convene around shared interests. Taking the mapping exercise deeper, Cogent shared a gaps analysis to galvanize the community around building on strengths and solving those gaps.¹¹ Truly a “map-to-action” project, the stakeholders continue to meet, collaborate, and work together to put more capital to work for good in Minnesota.

¹⁰ “Twin Cities Impact Investing Ecosystem Map,” Cogent Consulting Inc., accessed April 17, 2019, <https://www.cogentconsulting.net/map/>.

¹¹ “Gaps, Ideas, and Initiatives,” Cogent Consulting Inc., accessed April 17, 2019, <https://www.cogentconsulting.net/ecosystem/gaps-ideas-and-initiatives/>.

4. Impact investor mapping

Depending on the stage of development of the PBII ecosystem, sometimes the best way to promote collaboration is to start by knowing more about investors and the critical gaps they see. Investor mapping or surveying is undertaken in environments with demonstrated resource needs to help identify funders potentially interested in greater collaboration. Promoting collaboration among investors and other resource providers can be particularly beneficial to increasing the scale and effectiveness of PBII and building pathways to broader ecosystem collaboration down the line.¹² Investor mapping can also be effective for highlighting needs and gaps in resource-constrained ecosystems, including rural investment contexts.

Case example: New Mexico impact investing collaborative

As an initial step to building its PBII collaboration, the New Mexico Impact Investing Collaborative identified current and potential impact investors and then conducted a survey. The detailed survey, conducted by Avivar Capital with support from the W. K. Kellogg Foundation and partnership of the Santa Fe Community Foundation, explored respondents' impact investing profiles and experiences as well as key barriers they face in starting or expanding impact investing efforts in the region. The survey results revealed areas of shared interest and desire among several funders to collaborate to strengthen the impact investing pipeline, infrastructure, due diligence capacity, and capital pool in the state. It also highlighted critical gaps in both capital and capacity, making the case for mobilizing new impact investors and attracting outside capital. It was clear that building a more robust PBII ecosystem was particularly important in resource-constrained, rural communities in New Mexico. The survey findings helped efforts to convene interested partners and discuss potential paths for active funder collaboration. A task force of committed funders was formed to create a concept paper outlining various options, and the group eventually launched a pilot phase of the New Mexico Impact Investing Collaborative. The collaborative completed an evaluation of the pilot phase and launched the second phase of the PBII collaboration in May 2019.



Photo via iStock.com/DenisTangneyJr

¹² See Poethig, Onek, and Eldridge “[Collaborative Place-Based Impact Investing Models: Deploying Capital on the Ground Together](#)” to see how mapping can be a precursor to collaborative investing.

Practitioner Lessons

PBII collaborative practitioners who have started mapping and assessment efforts in their ecosystems have surfaced several insights.

Understand what you are trying to accomplish with the map

As noted, PBII collaborations might undertake a mapping or assessment exercise for many reasons, and mapping can take many forms. Investing the time up front to determine what the collaborative hopes to achieve together will help you decide whether mapping is needed and what kind of mapping to do.

First, understand what information is needed to gain traction in your community's effort. Then develop a scope of factors to be mapped and note the reasons why.

For example, the most important next step for developing a collaborative may be to grow interest in impact investing. If so, the initial mapping exercise could identify strong examples of powerful place-based impact investments that would rally additional investors.

If the purpose is to convince investors that a viable market exists, then the scan may require rigorous datasets to prove the market.

As noted in the Urban Institute report *Investing Together: Emerging Approaches in Collaborative Place-Based Impact Investing*, some collaborative initiatives “are designed to target racial equity or other inequalities that underlie the needs being addressed by the investments; some see the potential to shape the local impact investing ecosystem as an opportunity to challenge systems that have historically excluded or limited the access of vulnerable populations to capital.”¹³ Mapping can be a critical tool in identifying inequities, designing solutions, and holding ourselves accountable for results.

A more advanced impact investment ecosystem may choose to conduct a flows and gaps analysis to better raise and target the kinds of investment required.

Recognize that the process matters at least as much as the map itself

Undoubtedly, the data collected in mapping can be valuable and it can guide many decisions, but it also can be expensive and time consuming. In some cases, the most valuable part of a mapping exercise is the process. A shared understanding of what is happening in your city or region can build trust and deepen the collaboration. A mapping exercise can be a catalyst for greater connectivity and collaboration, supporting ecosystem building by identifying and convening key actors and engaging them in a conversation about the community's needs.

¹³ Shena R. Ashley and Joycelyn Ovale, *Investing Together: Emerging Approaches in Collaborative Place-Based Impact Investing* (Washington, DC: Urban Institute, 2018).

Ask who is not on the map

Mission-driven impact investors must challenge their assumptions and biases regarding who should be included in a mapping exercise and why. Approaches that start with the usual suspects can predetermine answers and perpetuate gaps and inequities. Engaging investees and entrepreneurs in a scan may reveal opportunities and gaps that would otherwise go unnoticed (e.g., the existence of bad actors, such as predatory lenders, in your ecosystem). But understanding where people are actually getting their investment dollars through tools such as a participatory impact scan is not always easy. For example, investees don't always think of the investment they receive as an "impact investment," especially in marginalized communities, and additional incentives may be needed to encourage investee responses to inquiries.

Don't spend too long on mapping

If you are going to do a map, don't overthink or overcomplicate it. Remember that mapping can be iterative or a snapshot, depending upon its intended purpose. Also ask yourself what information suffices to meet your goals. Complete the map in a short period (e.g., four months—a year is likely too long unless you are "learning by doing" or using the process toward some other end). Mapping can also be done in parallel with other collaborative activities—don't let it get in the way of starting your collaboration.

Don't reinvent the wheel

Most mapping exercises based in data should start with a literature review. Existing data and reports may answer your questions. That information may come from public sources, private efforts, universities, or even from work done by members of your ecosystem. Asking for and sharing data is a great way to build trust and community.

Revisit the map

Most mapping exercises capture a moment in time because the costs of maintaining a dynamic map (both in time and financial resources) are high and may not be worthwhile. Consider the value of revisiting your map as a tool to inform strategic direction. A lot can change in a community after 5, 10, or 20 years, and relaunching a collaborative mapping exercise can help take stock of changes and can inform collaborative focus.

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