

RESEARCH REPORT

Investing Together

Emerging Approaches in Collaborative Place-Based Impact Investing

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Contents

Acknowledgments	iv
Investing Together: Emerging Approaches in Collaborative Place-Based Impact Investing	1
Research Methodology	2
Definitions and Models	3
Collaborative Place-Based Impact Investing in Action: Elements, Roles, and Paths	12
Considerations and Challenges in Collaborative Place-Based Impact Investing	16
Accountability for Performance	18
Conclusion	19
Appendix A. Number of Organizations in the Sample by Organization Type	22
Appendix B. List of Interviewee Organizations	23
Appendix C. Collaborative Place-Based Impact Investing Initiatives Surfaced in the Interviews	26
Networks	26
Consortia	29
Alliances	31
Platforms	33
Appendix D. Interview Questions	35
Active Collaboration Partners	35
Local Ecosystem Builders	36
National Ecosystem Builders and Key Influencers	37
Notes	39
References	40
Resources	40
About the Authors	43
Statement of Independence	44

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This report would not be possible without the generosity of time and information provided by the interviewees, for which we are incredibly thankful. The interviewees represented not only the breadth and depth of collaborative place-based impact investing initiatives but also the variety of organizations involved in this work. These interviews provided firsthand insights into the drivers of collaborative efforts and are the foundation for this report.

The research team included Jeffrey Stoike, Pier Duncan, Nora Hakizimana, and Jill Carter; we are thankful for their expertise and hard work. The broader project team includes Erika Poethig, Brett Theodos, Matthew Eldridge, and Aaron Shroyer, and we are thankful for their insights and assistance throughout this project.

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This report is one of a set of activities being 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 the practice of place-based impact investing. Subsequent resources will include a review of methodologies used to estimate local capital gaps and flows and a set of toolkits to equip actors looking to start or advance their practice in place-based impact investing. Read more about this effort in the [project fact sheet](#).

Investing Together: Emerging Approaches in Collaborative Place-Based Impact Investing

Collaboration in philanthropy has become increasingly prevalent. Over the past few decades, philanthropy at large has shifted toward greater alignment and the establishment of collective funds. This shift reflects a greater willingness among foundations to cross lines to address complex problems. However, the collaborative turn in philanthropy has been largely restricted to grantmaking activities. Increasingly, as more foundations build their capacity in and reshape their strategies around impact investing, many are seeking ways to create collaborative opportunities in their local investing activities. One exciting development in this space is that innovative alliances among foundations, individual investors, and other mission-focused stakeholders are emerging across the United States to collectively pursue local investing. Through these collaborations, foundations are harnessing the resources and expertise of others who share their goals, they are creating new investment platforms to enhance the amount of capital that achieves both social and financial returns, and they are striving to catalyze systemic changes in the capital landscape in their communities. As one interviewee explained,

“Collaboration holds a lot of promise in terms of reducing barriers to entry, reducing the cost of legal and due diligence, and obviously improves the scalability of bringing capital sources together, bringing multiple partners to the table with different areas of expertise.”

We use the term *collaborative place-based impact investing* to describe this practice. It is an emergent phenomenon that can be understood as, in part, a product of the individual major philanthropic trends of collective impact, place-based philanthropy, and impact investing. A defining characteristic of collaborative place-based impact investing in philanthropy is the joining of forces among foundations and other individuals and organizations who would be justified in thinking that they can go it alone. Rather, they choose to partner as a component of their impact investing portfolio.

Although these collective efforts have great promise to drive more inclusive economies in communities, this work, as evidenced by those pioneering these initiatives, involves complicated trade-offs and considerations; it is more than a set of simple tasks. Those considerations involve continuing effort in constructing portfolios, doing due diligence, measuring impact, and connecting funding to local community interests and funding capacity.

In this report, which is a product of a national field scan, we identify and classify a portion of the collaborative efforts that are beginning to take shape and aim to better understand the complexities of collaborative place-based impact investing. We draw from the experiences of foundations—large and small, private and public, rural and urban—as well as of various intermediary groups, who are leading the charge to partner and pursue their place-based impact investing collectively. Collaboration among these groups takes many forms. Some are sharing information, some are sharing costs, some are making direct investments together, and some are creating place-focused funds together. As an emergent practice, this kind of variation is typical and welcomed. Our intention in this report is not to evaluate or prescribe approaches to this burgeoning area of work. Rather, we intend to shine a light on this practice so that others may learn from the different forms, experiences, and considerations of their philanthropy peers. The groups identified in our field scan and the insights gathered through stakeholder interviews are striking examples of current, novel collaborative approaches. To illustrate specific points, we offer anonymous quotes taken from interviews and examples throughout the report. Our hope is that this report provides a useful baseline to reflect upon as philanthropy continues to tweak and evolve these practices over time.

Research Methodology

The practice scan from which this report is derived includes data and perspectives from phone interviews, a literature review, and secondary data collection conducted from August 2017 through December 2017. We interviewed representatives from more than 60 organizations across 27 states and 42 cities (specific data on the sample composition is provided in appendix A). The scan was designed to be comprehensive but not exhaustive and focused on capturing a variety of approaches and experiences rather than collecting a census-style count of collaborative place-based impact investing initiatives. In particular, the scan focused on foundation-designed and -supported initiatives and did not capture many efforts that are not catalyzed by a foundation or intermediary.

The interview sample is a purposive sample designed to capture the perspectives and experiences of stakeholders who are either considering or are actively involved in a collaborative strategy for encouraging or supporting investment in place. We focused on institutional representatives affiliated with foundations, universities, intermediary groups, and other institutional investors. Although individual investors are participants in many of the collaborative initiatives, we did not interview any.

The primary list of interviewees was referred to us by our partners at the John D. and Catherine T. MacArthur Foundation and Mission Investors Exchange. We also interviewed contacts derived from a

literature review, internet searches, and chain referrals from previous interviewees. The full list of interviewee organizations is provided in appendix B.

To capture the many perspectives of individuals engaged in both nascent and active collaborations, we interviewed lead staff from local and national foundations, intermediaries, and nonprofit organizations working collaboratively to implement place-based impact investing strategies. Respondents answered questions about the sequence of events that led to the formation of collaborative efforts, functions of collaborative partners, challenges facing the collaborative, and their observations from managing collaborative efforts.

To capture the perspective of individuals and organizations that were forming or facilitating ecosystems to support collaborative place-based impact investing, we interviewed thought leaders affiliated with membership organizations, consultants, and advisors. Respondents answered questions about how they coordinate interactions among key players, challenges and lessons from current practices and applications, and bright spots on the horizon. (See appendix D for the full set of interview questions.)

Many of the interviewees were also invited to convene and react to preliminary findings from the field scan in February 2018. The dialogue was rich, and participants shared from their experiences and challenged themselves to engage with the tough questions around the opportunities and complexities of collaborative place-based impact investing. We also incorporated some of the feedback and insights from that convening into this report.

Definitions and Models

A Review of Terminology and Related Concepts

Much like opening a series of nested dolls, one can understand the nature and functions of collaborative place-based impact investing by unpacking the related practices of impact investing and place-based impact investing.

IMPACT INVESTING

Impact investing refers to investments in companies, organizations, and funds with the explicit intent to generate social and environmental outcomes alongside financial returns (Greene 2015).¹ The Global Impact Investing Network research demonstrates that impact investing is a growing practice among

both institutional and individual investors and is occurring across all asset classes and impact themes. As impact investing has evolved over time, the term's definitions has evolved to emphasize "measurable" impact. "Measurable" refers to the ability to quantify and track an investment's nonfinancial returns in addition to its financial performance (Greene 2015).² This complements impact management, which is a process by which impact investors can begin to conceptually understand the intended and unintended effects of their investments and then proactively set goals to adaptively improve outcomes.

PLACE-BASED IMPACT INVESTING

Place-based impact investing incorporates an additional framework for making investment decisions by applying a geographic lens (Knode 2012). Place-based investing centers on certain geographies that are often, but not exclusively, local. Many of the approaches and characteristics of investments that are now considered place-based impact investments have long been the focus of local and regional community development organizations such as community development financial institutions (CDFIs).

Increasingly, however, investment funds and direct investment opportunities are being marketed to investors seeking to effect change close to home or within a specific geographical area. Place-based investors may also concentrate on specific social or environmental themes, but they typically prioritize geography.

Place-based impact investing can include providing access to capital for underserved populations, supplying seed funding for entrepreneurs or growth capital for small businesses, or investing in affordable housing or other infrastructure projects in a specific place (Knode 2012). The geographic boundaries may be as small as a watershed or as large as an entire region.

Place-based impact investing has been especially appealing for community foundations, rural foundations, regional economic development agencies, and other organizations that consider place to be mission critical. Some place-based impact investing is being conducted directly by foundations through their program related investments or mission-related investments or similar types of investments (Jaffe 2017; Qu and Osili 2017).³ Additionally, as new opportunities emerge in the market from intermediaries and private investors to invest through place-targeted funds, foundations are taking advantage of these platforms. One example of a place-based fund is the Calvert Impact Capital's (formerly Calvert Foundation) Ours To Own program; through it, anyone, including retail investors, can invest as little as \$20 into local funds in Baltimore, Denver, or Minneapolis to support small businesses, nonprofits or affordable housing projects.

One example of a privately developed platform for place-based impact investing is Neighborly, a San Francisco-based financial technology company, which opens up the municipal bond asset class to a broader swath of investors by connecting bond issuers to investors looking to support a community's capital projects.

COLLABORATIVE PLACE-BASED IMPACT INVESTING

Nested within place-based impact investing is the collaborative approach, which focuses on coordinating efforts and leveraging capital from across the community to enable different stakeholders to become part of a larger community-driven, purposefully-designed investment collaborative.

Collaborative place-based impact investing initiatives in this study are often (but not exclusively) led by foundations or have some philanthropic engagement. These too are a subset of a broader spectrum of collaborative impact investing initiatives. There are start-up collaborative investing web applications that allow independent investors to pool their investments or crowdsource an investment pipeline, but these collaborative platforms lack an orientation to place and an intentional connection among investors for learning, decisionmaking, or governance. Other collaborative impact investing initiatives are thematic and sometimes have a geographic focus, such as RSF's Women's Capital Collaborative or Living Cities' Blended Catalyst Fund. Although these funds deploy capital in communities, however, they are not built within communities by groups of stakeholders such that they are place based; they are best described as "place focused."

BOX 1

Summary of Terminology

Impact investing: Investments in companies, organizations, and funds with the explicit intention to generate social and environmental outcomes alongside financial returns.

Place-based impact investing: An investment approach centered on certain geographies that are often, but not exclusively, local.

Collaborative place-based impact investing: Focuses on coordinating efforts and leveraging capital from across the community to enable different stakeholders to become part of a larger community-driven, purposefully-designed investment collaborative.

In the collaborative place-based impact investing initiatives that have extensive participation from foundations, those foundations are looking for coordinated approaches to fostering and leveraging

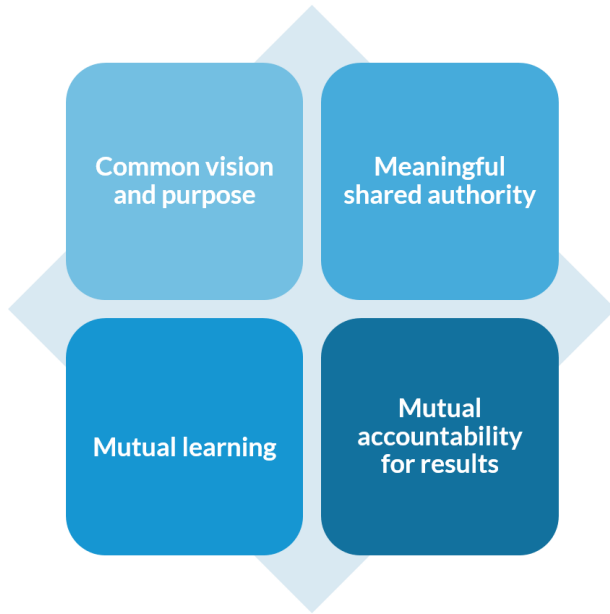
investment from other philanthropic, public, or private partners. Such approaches involve relationships with many organizations or stakeholders. In many cases, the collaborative opportunity arises as foundations realize that investors in a community draw from the same deal sourcing, face similar costs and barriers, and use similar infrastructure. Other opportunities are created to fill a void between institutional investors and community-based investment solutions. Together, this group of stakeholders intentionally design investment options that create an investment community where they (foundations, corporations, government, and individual investors) can collaborate to identify, prioritize, and allocate capital where they work and live. They align around a mission to deliver meaningful investments that address the specific needs and effect change in a specific geographically bounded community.

The collaborative component adds an additional layer of complexity to place-based impact investing because of the negotiation and coordination it encompasses. Even in these collective efforts, for instance, investors bring their own distinct ideas of appropriate risk-adjusted returns, liquidity and fees, and specific community boundaries. Although these collaborative initiatives are typically created from shared goals, implementing those goals requires ongoing maintenance and attention to differing values and constraints.

“The challenge is how do you focus in on the common goal and how do you get everyone to see that they might be coming at it from a different perspective, but everyone around the table is necessary to get the goal accomplished.”

Collaborative place-based impact investing initiatives come together when they have a common vision and purpose, meaningful shared authority, mutual learning, and mutual accountability for results. Collaborators may not start with a common vision and purpose, but they work over time to cultivate a shared vision and purpose so that the group can move in the same direction. This in itself does not eliminate conflict, but it helps establish a collaborative focus. The presence of meaningful shared authority allows for significant levels of participation by all parties even when there are differences in power, authority, and responsibility. Mutual learning allows for two-way dialogue aimed at learning, sharing differences, and leveraging differences. Finally, mutual accountability for results occurs when all parties agree to be held responsible for the commitment they have voluntarily made to each other and create pathways for transparency and answerability to the broader set of stakeholders in the community they are seeking to affect.

FIGURE 1
Elements That Support Collaboration



Source: Authors' illustration based on content from interview analysis.

Collaboration provides financial capital, intellectual capital, and human capital, but the real collaborative advantage emerges when inclusiveness and coordination are baked into the initiative to fill big capital gaps in communities. These collaborative initiatives can compensate for market failures, absorb risk for investors or mitigate risk for investees, and bring much-needed capital to underinvested communities where the costs of capital are often high. By creating diversified investment portfolios in communities, they can challenge the assumption that local investing carries greater risk and that diversification comes only from broad geographic scales.

ECOSYSTEM BUILDING AND COLLABORATIVE PLACE-BASED IMPACT INVESTING

Another key dimension of the collaborative place-based impact investing initiatives in this study is their appreciation both for the other actors in the local ecosystem and for efforts to further the development of the local impact investing ecosystem. Many of the foundations reported a commitment to ensuring their local investment activities provide additional value in the community and are not duplicative of existing or emerging efforts. Several of the initiatives invest in construction of the ecosystem infrastructure by funding dedicated staff; sponsoring executive-in-residence programs; or sponsoring events designed to share information, provide technical assistance, and constantly scan the environment for collaborative opportunities.

“Early on the idea was that we would understand the ecosystem, where the gaps are, who is providing technical assistance, what sectors are most promising for our goals. We started with a scan to understand all of that, and we finished that scan and are now entering a design phase that will define our role. I think what we discovered is that there are efforts bubbling up that we don’t want to get in the way of. We don’t want to create a single fund that operates on top of efforts that are already going on.”

Models

As new initiatives are developed or existing ones redesigned, many foundations often find themselves struggling to find the “right” way to characterize or situate their collaborative place-based impact investing strategy in the broader field of practice. Categorization and classification of activities into a taxonomy is often helpful at this stage of field development. To generate the four models described in this section, we examined attributes and commonalities across the 20 collaborative initiatives that were surfaced through the interviews (see appendix C for a map and a description of the 20 initiatives).

FIGURE 2
Models of Collaborative Place-Based Impact Investing



Source: Authors’ illustration based on content from interview analysis.

The variety of cooperative arrangements reflected in these models are differentiated by several factors, including the degree of formality, whether investors are making coinvestments, and, where coinvestment exists, whether it is limited to a set group of collaboration partners or is initially designed to attract a range of other investors from the community. Although not exhaustive, this typology provides a preliminary sense of certain directions that innovations may be taking in practice. These four models (networks, consortia, alliances, and platforms) identify current states of practice without

dictating the type of practice that is appropriate. None is better than another; rather, each may be more or less appropriate to particular collaborators in a particular community at a given time.

Foundations can participate simultaneously in many kinds of these collaborative arrangements. These groups can be organized for a one-time purpose or be maintained as continuing groups over time. Some foundations, such as Meyer Memorial Trust in Portland, Oregon, are involved in multiple funds that are composed of different consortia of investors and may simultaneously participate in different network groups. The investors in any of these groups can change over time as participation broadens or as they disengage when the expected benefits from the collaborative are not realized.

In each of these models, the impetus for the collaborative arrangement is more than just a deal; it is a set of conversations and relationships between otherwise independent organizations that create continued potential for additional collaboration. Therefore, success in each of these models depends on maintaining a careful balance between the personal and institutional dynamics.

PLACE-BASED IMPACT INVESTING NETWORKS

Networking primarily involves exchanging information for mutual benefit. Networking activities were most common among collaborative initiatives in the earliest stages of development, when investors are focused on building trust and developing a shared understanding of community issues to progress toward shared goals. However, networks also have the potential to function as valuable standalone activities at later stages of collaboration maturity. Many of the network approaches focus on creating opportunities for learning and peer-to-peer exploration of place-based impact investing strategies. Some focus on bringing investors and potential investees together to create a sort of marketplace for local investments. These networks are often facilitated by a lead foundation or small group of foundations; by local intermediaries, such as grantmaker associations; by national or regional intermediaries, such as BALLE or Mission Investors Exchange; or by advisory groups, such as LOCUS Impact Investing.

For example, the Richmond Memorial Health Foundation has been organizing an informal group of foundations in the Richmond area to learn about place-based impact investing and its potential in the region. They hosted a convening where they brought representatives from Mission Investors Exchange to share resources and learn about what other groups across the country are doing to invest in their communities. The investors continue to have regular meetings with a core group of foundation partners to share insights as they independently develop or refine their investment policies or make investments.

Colorado Impact Days & Initiative is an example of a marketplace-style learning and matching experience through the Impact Finance Center at the University of Denver. The Impact Days initiative is designed to provide a state-level solution to overcome the disconnect between investable ventures and investors (Gripne, Kelley, and Merchant 2016). It is one of the Impact Finance Center's many services that focus on helping early investors complete their first impact investment transaction and on educating future investors.

PLACE-BASED IMPACT INVESTING CONSORTIA

We use the term *consortium* to denote both a higher degree of coordination than a network and coordination that involves formal or informal arrangements to collaborate on joint services to create efficiencies, enhance capacities, or reduce costs. In addition to exchanging information, collaborators in a consortium-style arrangement may begin to alter their activities for mutual benefit and to achieve a common purpose.

Coordinating efforts in a consortium requires more organizational involvement than networking and it requires more time and higher levels of trust. It does not, however, require pooling impact investment funds, although independent investments may be aligned or coordinated. Many foundations form these groups to share resources, such as legal services and due diligence, or to jointly enter into a fund with a high minimum threshold. The defining characteristic of consortia is that although these groups may have various agreements for cooperation, they pursue investments separately.

The current iteration of the Canopy initiative, which we call Canopy 2.0, is an example of a consortium. The group of foundations communicate regularly to share market intelligence and other resources but do not deploy their capital in a pooled investment vehicle, although in some cases their investments align.

The New Mexico Impact Investing Collaborative is another example of a foundation-driven collaborative that serves as a clearinghouse for potential and active investors benefitting New Mexico communities. They are one of the few consortia with dedicated staff and have benefited through collaboration and funding from the Kellogg Foundation to support their research, educational opportunities, and human capital.

A different type of collaboration present in some of the community foundations in the field scan is collaboration with donors. Many of these are considered consortia because they share resources, information, and human capital, but their investments may be separately deployed through donor-advised funds.

PLACE-BASED IMPACT INVESTING ALLIANCES

Alliances require greater organizational commitments than networking or consortium models and may involve written and legal agreements. Collaborators in this type of group often combine functions (sometimes by forming a new nonprofit or private entity) to both reduce costs and give the partners more capacity to pursue an opportunity than they would have on their own. Alliances are typically designed to build from the capabilities of each partner, such as the donor relationships of one and the financial expertise of the other. They tend to share resources that can encompass a variety of human, financial, and technical contributions, including knowledge, access to people, and funding. Cooperating through an alliance model can require a substantial amount of time, high levels of trust, and a significant understanding of each other's priorities and constraints. These groups often deploy capital together through a fund or pool their resources for direct investments. They share risks, responsibilities, and rewards, each of which contributes to each other's capacity to achieve a common purpose.

The Western NY Impact Investment Fund is an example of a for-profit investment fund created through a partnership between foundation, corporate, and private investors directed toward the Buffalo-Niagara region. This initiative launched following four years of research and development by the Community Foundation of Greater Buffalo and benefited from early knowledge and funding support from the Heron Foundation.

The Impact Investment Fund at the New Hampshire Charitable Foundation is an example of a donor entering into an investment pool alongside a foundation, creating an alliance to benefit New Hampshire and the region. The collaborative partners in this example are donors investing collectively into a fund. Together, they benefit from the capacities of the community foundation.

PLACE-BASED IMPACT INVESTING PLATFORMS

Platforms are often a type of alliance that not only benefits the collaborative group but also is designed to connect (either or both accredited and nonaccredited) impact investors from the community to social ventures and funds. These collaborative groups are anchored by a core group of organizations to make local investing available at scale. The core group is typically composed of organizations with different but complementary skills that link their capabilities to create value for themselves and the ultimate users. With place-based impact investing platforms, organizations are willing to enhance each other's capacity for mutual benefit.

The Minnesota Impact Investing Collaborative and the Michigan Collaborative are two examples of regional associations of grantmakers taking leadership to shape the development of place-based impact investment opportunities designed to attract investments from member foundations to grow impact

investing activity in the state. They both involve pooling funds and then investing those funds through a financial intermediary into a bond or mutual fund centered on opportunities in the state. In both cases, the association's involvement and negotiations have lowered the threshold for investments, allowing a broader set of foundations to invest in the fund than would otherwise have had the resources to participate.

Benefit Chicago and the Our Region, Your Investment Initiative in Washington, DC, are both examples of collaborative platforms where a locally based fund was created through a financial intermediary to mobilize more investors to use the investment product for place-based impact investing. In both cases, a small group of foundations provided initial commitments to catalyze more investments to reach an ambitious goal.

Collaborative Place-Based Impact Investing in Action: Elements, Roles, and Paths

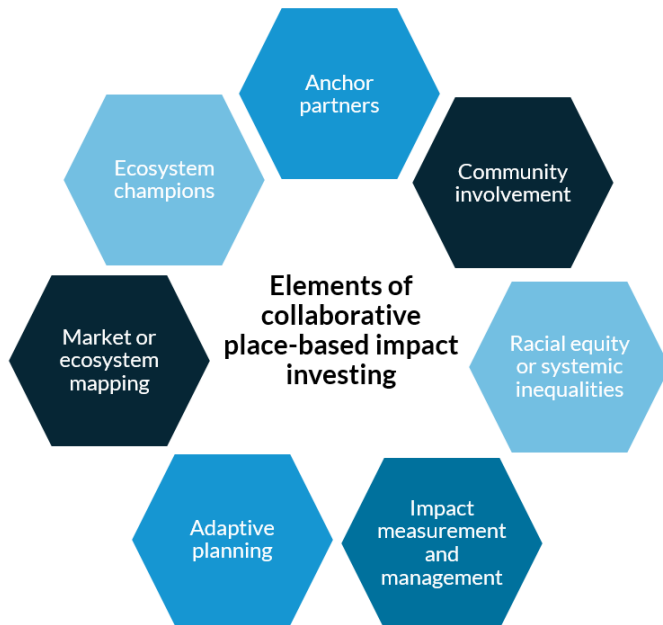
The seven elements described in this section reflect the more common factors that were present across models and within the different collaborative initiatives that surfaced from the field scan. Each element was mentioned in interviews as either a present component of an initiative or as an aspirational component of a nascent strategy. They are not listed here as prescriptions for new collaborative initiatives or to judge any existing initiative. Rather, we highlight the elements that may provide an operational framework to learn what works in collaborative place-based impact investing initiatives and why.

Anchor partners. The core or initial set of organizations that collectively define the vision for the collaborative initiative. In most cases, these anchor partners have included some combination of foundations, regional associations, investment intermediaries, or a CDFI. These partners provide the initial commitments of time, funds, or other resources to get the initiative started or to provide proof of concept.

Ecosystem champions. Individuals or organizations that create opportunities for actors across the ecosystem to work together to advance knowledge about impact investing and to create access points where like-minded actors can begin exploring collaborative engagement. The ecosystem champion is also often responsible for shaping and stewarding the narrative about the ecosystem and its possibilities for change.

“You need the champions, and you need to have the folks that are ready to support the work and, ideally, open the pipeline of investable options.”

FIGURE 3
Elements of Collaborative Place-Based Impact Investing



Source: Authors' illustration based on content from interview analysis.

Market or ecosystem mapping. Either through formal research or documentation of intuitive or institutional knowledge, these initiatives are typically catalyzed through a shared understanding of capital gaps and flows. They are also informed by an understanding of the different actors operating in the impact investing ecosystem in a place and the different resources available to connect investors with potential investment opportunities.

Adaptive planning. Reflects a degree of flexibility in the ways that partners collaborate, gain insights, and make decisions. It requires that partners develop tools and processes for creating plans and be willing to adapt those plans as the changing environment and contexts require. Many of the initiatives adopted a “learning-by-doing” operational method that allowed for action in the face of uncertainty.

Community involvement. The aim of collaborative initiatives to achieve systems-level and institutional change is linked to a sense that these approaches should also incorporate processes to engage a broad spectrum of the community as involved contributors or informed stakeholders of these collaborative groups.

Impact measurement and management. Either a commitment toward or an established practice in measuring, tracking, using and reporting performance metrics to inform goals and improve outcomes.

Racial equity or systemic inequalities. Some 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.

Roles

The following are some common roles played by organizations in collaborative place-based impact investing initiatives. These roles are not mutually exclusive; one often leads to or is integrated into another. All the roles can be played to some extent by an organization engaging in collaborative efforts. It can be useful when engaging in collaborative processes to think about these as organizational options and, to the degree possible, to assess groups to determine whether some of these roles need to be further developed to ensure overall success.

Convener. The convener role usually includes a highly visible public discussion of community issues to identify shared goals and potential partners. These discussions are often related to data gathering or studies, which provide information intended to highlight a common understanding of the issues at hand. Such discussions are important prerequisites for collaborative community problem-solving.

Catalyst. When an organization is catalytic, it makes an early and clear commitment to participate in a collaborative place-based impact investing initiative that begins with initial discussions of the issues. In this way, it uses its influence and resource base to make the collaborative initiative “real” in the minds of other potential partners who may be waiting for leadership before making commitments

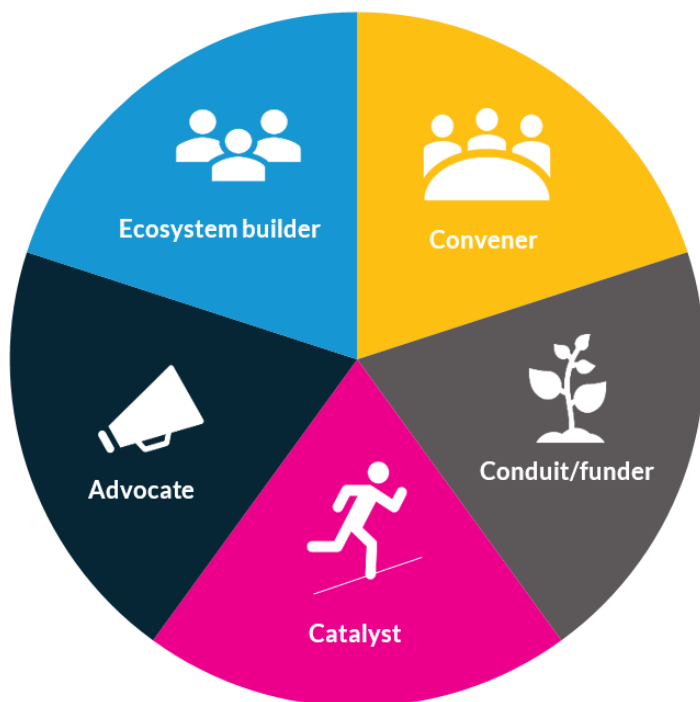
Conduit or funder. Organizations may serve as conduits for funding that is essential for collaborative action to take hold. These partners may be local or may have local interests but are based outside of the place where the collaborative initiative is focused.

Advocate. Some partners view their primary role as advocacy for the group or for the groups that are the primary focus of the collaborative’s activities. In general, it can be argued that all coalitions seeking systems change would require that some or all of its partners act as advocates.

Ecosystem builder. Some partners have a primary interest in paying attention to who is involved in the collaborative initiative and they play a role in ongoing recruitment, welcoming, and sustaining of

participation. These partners have an essential role in helping the collaborative effort succeed by serving as connectors and eliminating barriers to collaboration. In our sample, collaborative initiatives were more likely to take root and evolve on a quicker path when strong and active ecosystem builders supported the initiative.

FIGURE 4
Roles of Actors in Collaborative Place-Based Impact Investing



Source: Authors' illustration based on content from interview analysis.

A Journey of Collaboration: From Interest to Engagement

This section reflects common themes expressed by a subset of the foundations in the early stages of bringing partners together for collaboration. Much of the development in practice that we observed in the field scan is the result of particularities in the local environment that shape how a collaborative group operates. However, five identifiable steps and issues are generally reflected in the early development phase.

Step 1: A small, core group forms.

This small group is typically a couple of early adopters of impact investing in the community or can be a group of donors with interest in impact investing. Our interviews illuminated that engaging with

intermediaries in places where they have the right capacity is helpful to the design and planning of an initiative.

“Having this not just be investor driven but driven by the folks that are most in touch with the enterprises and entrepreneurs on the ground. They are at the table with us; we are not trying to interpret that secondhand. Having the public sector at the table has worked well.”

Step 2: The small group meets to establish shared goals and an understanding of gaps and flows.

“Foundations are unique because they all have different mission statements and strategic focus alignment, so, one could say that it’s a harder group to manage. But I think that if you have a local investing bias it’s easier to see in your backyard the impact that is going to be created through your investment.”

Step 3: The partners discover that they have different ideas about the execution of their goals.

“It’s okay to say, I don’t think this is a good fit anymore. It’s okay to course correct and find other partners. I think that is something we ran into where we had a partner who was a little bit resistant, and it took us a couple of years to say, maybe this isn’t a good fit just in terms of the culture change that was going to be required for the deal.”

Step 4: The partners devise mechanisms for bridging differences and developing techniques for getting along.

“I think you have to start from a place of personal human values. It’s impossible to form a collaboration if the values aren’t the same and it’s harder to walk away from someone whose values are similar to yours.”

Step 5: Each collaborating partner realizes changes internally as a result of accommodating the ongoing collaboration.

“I don’t know that my board would ever have been ready to engage in this process. So, how do you create the moment of opportunity that gives staff and board the courage to try something truly different.”

Considerations and Challenges in Collaborative Place-Based Impact Investing

Across the different models and pathways, a few key challenges and tensions arose from the interviews around pursuing these collaborative approaches. Many of these challenges are related to the difficulty of coordinating investors and stakeholders with different hopes, rationales, and expectations of the collaborative initiative.

Operational Structure. One of the first challenging decisions for a collaborative initiative is deciding on an operational structure for the group. The typology of the collaborative initiative (that is, a network, consortium, alliance, or platform) may determine which operational structure makes the most sense. For instance, groups that deploy capital collectively may decide that they want to build in limited liability for investors, which is what Canopy did in its initial iteration. In consortia and alliances where resources will be pooled to pay for research or capacity-building programs, a group can decide whether a nonprofit structure or limited-liability structure best suits their circumstance. Groups that may want to allow investors to have an equity interest in the collaborative initiative do not consider tax-exempt nonprofit status as a viable option because it prohibits members from owning an equity interest.

Another operational structure consideration for groups not looking to create a separate entity is deciding where to house the collaborative initiative if it will have staff or grant resources. This is especially relevant to network and consortium groups, where the collaborative initiative does not include collective investing. The typical choice we found in the interview sample is to house the initiative in one of the anchor funder organizations (as does the New Mexico collaborative) or for some foundations to partner with their regional grantmakers' association to staff the initiative (as does the Minnesota Council on Foundations).

Operational Capacity. Many of the collaborative initiatives do not have dedicated staff to run and maintain the initiative. Typically, these initiatives are run by a committed group of anchor funders and partnering organizations that have an internal champion for the collaborative initiative. Often, this is the result of a lack of operational funding available to support the collaborative initiative. Some groups do receive grants from local or national funders to help with operating, research, and convening costs. The groups interviewed considered whether a membership structure is a viable option for funding the group's operations but, in general, they are hesitant to create competition with other membership groups.

Coordination. The relationship building and coordination demands in these collaborative initiatives present distinct challenges. Each foundation and stakeholder involved cares about slightly different issues and often different places within the geographical boundary. For groups looking to align their independent investments or deploy capital collaboratively, another challenge is that each foundation has its own considerations for evaluating local investment opportunities and each has its own distinct investment or approval process. Further, each investor may have its own relationships with different investment consultants and wealth managers, which, taken together, can complicate timing and alignment of investment decisions.

Pipeline Development. Further, the collaborative group is facing constant demand to continue to discover local investment prospects, requiring continued research and local engagement. The transaction costs and human capital demands can be high for collaborative groups trying to maintain a broad and dynamic pool of potential investment opportunities.

One solution many groups use to maintain a pipeline of investment opportunities and reduce the discovery and transaction costs is to partner with local or national CDFIs that have a footprint in their specific place of interest. The field scan revealed that groups use this option with considerable frequency where available. However, many geographies where these collaborative place-based impact investing initiatives are developing have underdeveloped networks of CDFIs or other local financial intermediaries and are not able to exercise this option to the same degree.

Accountability for Performance

The accountability of collaborative place-based impact investing initiatives was a major theme that surfaced in the field scan. Although there is a lack of agreed-upon metrics to inform impact reports and audits of these initiatives for their accountability to investors and to the community, interview and convening participants offered ideas for the types of measures initiatives could use. There was a strong sense among participants that the metrics of any collaborative initiative would be unique based on its particular impact goals.

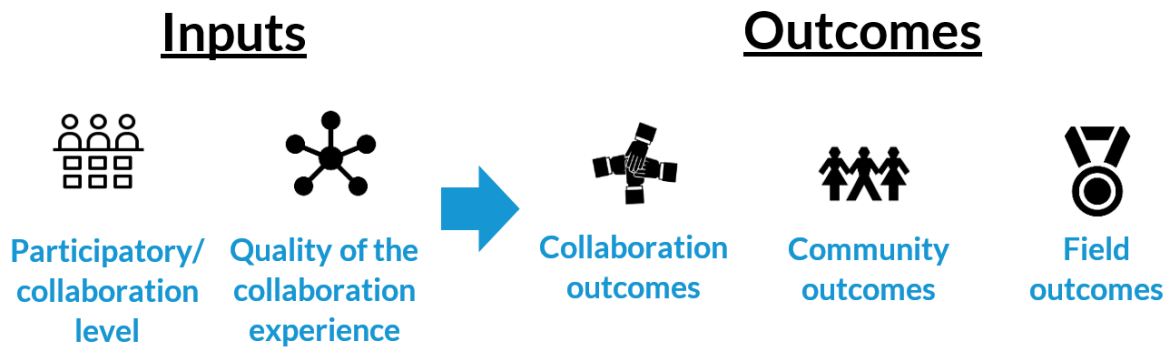
Participants also held palpable concern that these collaborative initiatives could lose traction when they are scrutinized for quick results. The list of inputs and outcomes is included here to provide a starting set of considerations when thinking about measuring the collaborative initiative's performance. The list does not delve into metrics of the financial and social performance of investments. Other resources available through the Global Impact Investing Network offer a much more detailed treatment of those types of metrics.⁴

Participation/collaboration level. How many partners or investors cycle in and out of the collaboration? How many funders were trained through the collaboration?

Quality of the collaboration experience. To what extent is the collaborative group more personal, transparent, and focused on transformation rather than simply focused on returns?

Collaboration outcomes. To what extent does the collaboration enable partners to rethink underlying economics in communities that may not show up on tax returns? How have the collaborative partners changed their interpretation of the risks of local investing?

FIGURE 5
Sample of Inputs and Outcomes for Measuring the Performance of Collaborations



Source: Authors' illustration based on content from interview analysis.

Community outcomes. What are the positive changes in communities and among constituencies who receive investments? To what extent is our capital additive rather than a replacement? How is the matching rate between investment supply and type of investment needed changing over time? How many investees are on track to achieve results?

Field outcomes. How has the collaborative influenced other forms of capital, including promoting equity and disrupting racial bias? What is the rate at which other investment capital is being unlocked? To what degree is the landscape of organizations or individuals doing local impact investing expanding?

Conclusion

This report reveals that many collaborative initiatives operating to advance place-based impact investing are emerging all across the country in both rural and urban areas. They vary in scale from neighborhoods to multistate regions, they vary in focus from particular populations to systems change, and their compositions vary in philanthropic, private, and public sector participation. While it is clear that the particular set of practices or organizing frameworks for any one of these collaborative initiatives is unique to the community context and set of actors involved in a specific place, several commonalities and themes run across many of them. We draw on those common themes for this report

to bring definitional clarity, to propose a set of models, and to identify key elements and roles that are emerging in this body of practice.

The ambition here is that by codifying and making these definitions, models, elements, and roles explicit, those already undertaking these efforts are helped by seeing their particular approach in the context of a broader body of practice and that this report provides those looking to start this practice with some potential entry points and examples to learn from.

BOX 2

Key Takeaways

- Collaborative place-based impact investing is an emergent practice to coordinate efforts among different investors in a community to enable community-driven and purposefully-designed investment approaches
- The different types of collaborative initiatives underway can be classified into four models: networks, consortia, alliances, and platforms
- Seven core elements were commonly represented in different collaborative initiatives, including: anchor partners, community involvement, a focus on racial equity/systemic inequalities, impact measurement and management, adaptive planning, market/ecosystem mapping, and ecosystem champions
- Five key roles commonly played by organizations in collaborative place-based impact investing initiatives include: ecosystem builder, convener, conduit/funder, catalyst, and advocate
- The performance of the collaborative initiative can be measured through a set of inputs that address the level of participation and the quality of the collaboration experience as well as a set of outcome that focus on collaboration outcomes, community outcomes and field outcomes.

It is important to emphasize that collaborative place-based impact investing, as described in this study, is a nascent practice. It represents an innovation in impact investing and in philanthropic practice. Although in some cases the type of capital deployment that results from these initiatives may not look new on the surface, the processes of collective thinking, resource-sharing, and alignment around a common goal is very new work for many of the partners around their investments strategies, and the innovativeness of this move toward collaboration in this space should not be discounted.

Further, the work that was captured in the interviews for this study is dynamic and continues to change and develop. Many of the examples provided and the classifications of cases across models will change or may have already changed. Therefore, this report should be viewed as a snapshot of practice at a particular moment in time. Even so, the collection of collaborative initiatives in this report demonstrates the work of so many who are boldly taking advantage of the opportunity to invest more intentionally and more effectively in their community to create the breakthroughs they collectively desire, and we in the broader fields of philanthropy and impact investing can learn so much from their efforts.

To further move the insights from this study into practice, the Urban Institute project team and our partners at the John D. and Catherine T. MacArthur Foundation and Mission Investors Exchange will develop a set of toolkits that center on key decision points and options. Although this study answers the question “what different forms of collaborative place-based impact investing are emerging across the country?,” the toolkits will provide information to help stakeholders think through the different model options, develop strategies to solve different kinds of problems, and take advantage of different types of opportunities.

Appendix A. Number of Organizations in the Sample by Organization Type

TABLE A.1
Number of Organizations in the Sample by Organization Type

Organization type	Number
Foundations	
Community	16
Family	5
Health	2
Operating	1
Private	6
Ecosystem builders	
Universities	2
Grantmaker associations	8
Regional or national networks	3
Accelerators	2
Other	
Community Development Financial Institutions	3
Investment firms	8
Formal place-based impact investing entity representatives	5
Total number of organizations	61

Appendix B. List of Interviewee Organizations

AngelSpan, Inc.
Arkansas Community Foundation
Avivar Capital
Business Alliance for Local Living Economies (BALLE)
Baltimore Community Foundation
Bay Area Impact Investing Initiative
Ben Franklin Technology Partners
Benefit Chicago
Boston Impact Initiative Fund
Bush Foundation
California Community Foundation
Cassiopeia Foundation
Cleveland Foundation
Colonial Consulting, LLC
Community Foundation for Greater Atlanta
Community Foundation for Greater Buffalo
Community Foundation of Louisville
Council of Michigan Foundations
Danville Regional Foundation
Forefront
Forward Community Investments
Gateway Center for Giving
Grantmakers Council of Rhode Island (GCRI)
Hutchinson Community Foundation
Impact Finance Center
Incourage Community Foundation

Intermountain Impact Investments (i3)
Just Transition Fund
Laird Norton Family Foundation
Lili'uokalani Trust
Max M. & Marjorie S. Fisher Foundation
Merrill Lynch Wealth Management
Meyer Memorial Trust
Michael & Susan Dell Foundation
Minnesota Council on Foundations
Mission Driven Finance
Mission Throttle
Neighborhood Economics
Network for Oregon Affordable Housing (NOAH)
New Hampshire Charitable Foundation
Park Foundation
Phillips Foundation
Propeller Social Venture Fund
Rhode Island Foundation
Richmond Memorial Health Foundation
RSF Social Finance
San Diego Impact Investors Network
Santa Fe Community Foundation
SeaChange Capital Partners
Seattle Foundation
Silicon Valley Community Foundation
Socos Labs
South Carolina Community Capital Alliance
The Denver Foundation
The Russell Family Foundation
The San Francisco Foundation

TILT Investment Management

VestedIn

Virginia Community Capital

W.K. Kellogg Foundation

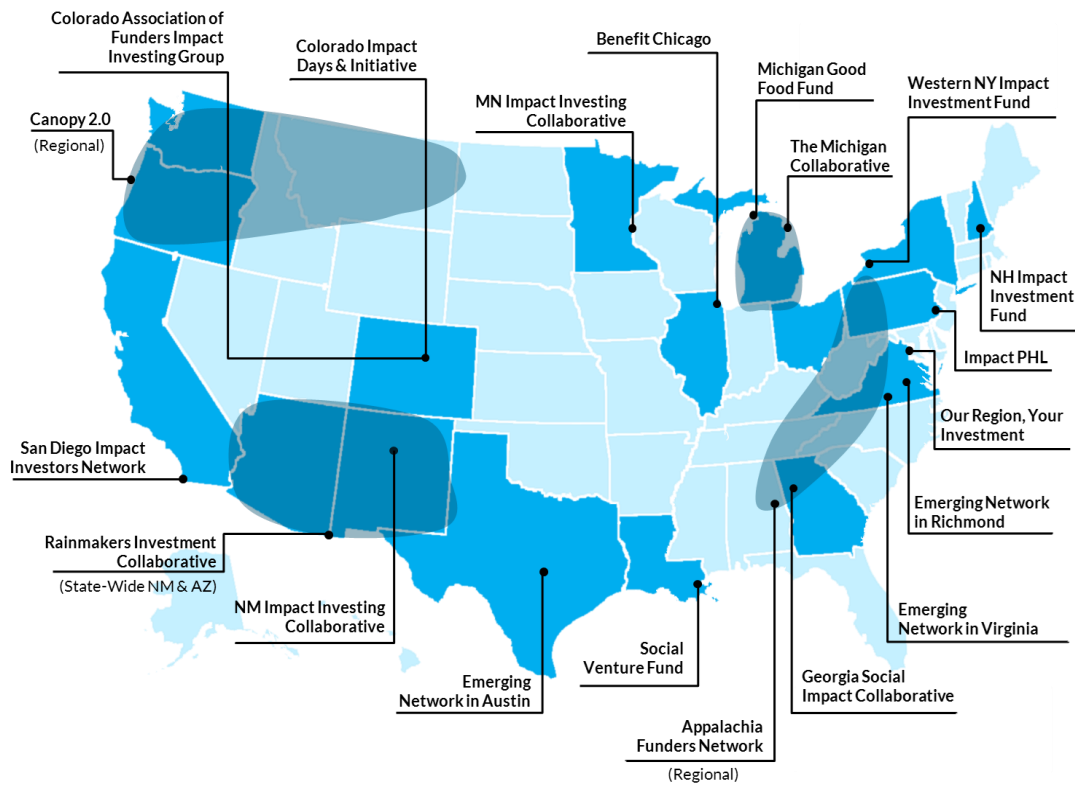
Washington Regional Association of Grantmakers

Wharton Social Impact Initiative (WSII)

Appendix C. Collaborative Place-Based Impact Investing Initiatives Surfaced in the Interviews

FIGURE C.1

Map of Collaborative Initiatives in the Sample



Source: Based on content from interview analysis.

Networks

Appalachia Funders Network

The Appalachia Funders Network is a group of 80 local, regional and national funders working to accelerate an equitable economic transition in Central Appalachia by convening and connecting funders

for learning, analysis and collaboration. Working groups, including funders and “practitioner” partners, develop a collective analysis of issues and advance initiatives. A working group has engaged a broad base of stakeholders, including funders, public agencies, regional and national impact investors, CDFIs, and other community development organizations, to create Impact Appalachia. After exploring domestic and international model options, the group is creating a unique blended-capital model that combines catalytic grant-like capital with investment capital in a unified platform to simultaneously scale investable enterprises and projects and build the pipeline for future investments.

The network received some grant assistance from the Heron Foundation, Cassiopeia Foundation (formerly Blue Moon Fund) and some of the foundations in the collaborative to cover costs of a capital scan (conducted by Next Street) and to cover the collective planning and design in partnership with local CDFIs.

“We are talking about creating a blended capital fund because we are trying to support grants and technical assistance to some key anchor organizations in the ecosystem, and we’re trying to provide capital directly to enterprises through deeply concessionary investments.”

Georgia Social Impact Collaborative

Launched in 2016 by a group of philanthropic, private sector and impact investors, this initiative started with a broad survey of the market that led to the development of a platform to facilitate connections between investors and investees to broaden understanding of impact investing activity throughout the state of Georgia. This resulted in Georgia Social Impact Collaborative’s launch of the Georgia Social Impact Map, the region’s first social impact platform designed to accelerate the growth of impact investing by educating stakeholders and connecting investors to impact opportunities. The next phase of the map, due September 2018, will include a searchable database, a visual representation of resources and gaps, examples of impact deals and their outcomes. The map will become an evolving resource for those wishing to engage more productively in impact investing. The map and this phase of Georgia Social Impact Collective's work has been funded by a diverse group of nearly 20 Georgia-based philanthropic, private sector and public sector investors.

San Diego Impact Investors Network

This network is a collaborative initiative of San Diego Grantmakers and is structured as a membership-model with a set of benefits for network membership. San Diego Grantmakers members receive membership into the network as part of their membership dues. The network focuses on providing the

education and connections that will lead to a robust impact investing ecosystem in the region and an increase in new investments.

Emerging Network in Austin

This initiative is in Austin and Central Texas and is currently listening to and learning from community needs. The Dell Foundation, Village Capital, the Global Impact Investing Network, Next Street and others came together to look at Austin as a potential impact investing area. Austin has lots of impact investing infrastructure and capacity, but coordination is needed. As part of bringing stakeholders together around a shared vision, the foundation convened a broad group of individuals from across the ecosystem to think deeply about six different model scenarios. Mission Capital, an Austin based nonprofit support organization, used a study to help the foundation understand the demand side and identify areas of needs.

“We’ve seen enough of the ecosystem on the supply and demand sides, and then once we get some enablers on the policy side that lights a spark, we are hoping this will come together.”

Emerging Network in Richmond

In Richmond, Virginia, 40 foundations across the region came together for a Mission Investors Exchange impact investing training. A smaller group of foundations in Richmond have been meeting regularly to figure out if there is a possibility for joint impact investing around affordable housing. The Richmond Memorial Health Foundation commissioned a market-value analysis to use as a screen to guide their impact investing, as well as their community engagement work, to help incorporate community voice and develop a deeper understanding of the capacity of CDFIs and other potential borrowers.

Emerging Virginia Statewide Network

This initiative is composed of about six foundations from across the state of Virginia who have agreed to meet four times over six months to collectively learn more about impact investing. They aim to figure out how they can move their own institutions along and to explore whether they can begin to work on deals together. Virginia is a state without a robust funder network, so this relationship-building stage is necessary to lay the groundwork for collaboration.

“At the collaboration level, it’s as fundamental as us all knowing each other, trusting each other, and having enough sense of where we are so that we can figure out if there is an opportunity for common ground.”

Colorado Association of Funders Impact Investing Forum

This initiative, launched by the Colorado Association of Funders, aims to share information and increase the potential for funder coinvestment in projects. The group meets periodically to exchange information and to hear from guest speakers on topics related to impact investing.

“We have a lot of cool stuff happening in Colorado, but the ecosystem is kind of new here. I think we need to grow that.”

Colorado Impact Days & Initiative

This is a multiyear initiative that includes year-round classes and workshops and culminates in an impact investor conference every 18 months. Created by the Impact Finance Center along with a community steering committee representing the Colorado Association of Funders, the Denver Foundation, Gary Community Investments, and 30 other community members, this initiative is a strategy to accelerate and catalyze impact investing in Colorado. The first phase of the initiative aims to create a statewide marketplace for impact investing.

Consortia

Canopy 2.0 Pacific Northwest

“The real win that came out of Canopy is the relationships. There are very strong relationships among the participants even after going through a difficult transition to revise structure.” Canopy published a transparent case analysis detailing its development and decision to revise its structure (Brannen 2016). The group is now focused on sharing the pipeline and the costs of due diligence. The participants agree upon an investment to review as a group, and ultimately the negotiations for the final investments are up to each individual organization. One due diligence report is conducted for all of the participants. It is not a membership organization; each organization invests individually through different motivations and has the opportunity to opt in or opt out. Some of the participants are processing their investments as program-related investments, and some are running as mission-related investments, and each has different needs to be able to present to their board committees.

“The opportunity here with this group was that we, a collaborative, verbally heard the due diligence report from the Threshold Group. Each participant had the chance to ask different questions, so it created a learning opportunity from each other because we each had different things in mind of what was important to our specific organization...we were able to share the due diligence costs and we learned from each other.”

New Mexico Impact Investing Collaborative

This initiative is made up of a group of funders collaboratively aiming to catalyze and mobilize impact investing in New Mexico. It is housed at the Santa Fe Community Foundation. The collaborative is focused on establishing a joint investment pipeline and due diligence as well as creating opportunities to learn and network. About one to two years before the launch, about seven funders (including Kellogg and the Santa Fe Community Foundation) came together in a convening to ask a question: Why isn't more impact investing happening in New Mexico, and what can we do to potentially catalyze it? After convening a few times, they brought in a consultant to assess demand and potential supply. The collaborative now has a local dedicated staff person. The initiative initially launched as an 18-month pilot with a membership-like structure, but it is adapting away from that approach. The pilot was extended for another 18 months, and the model will adapt to try to incorporate some collective decisionmaking. The 12-member group shares information on investing opportunities in the pipeline and explores opportunities for coinvestment.

“From the outset we created a culture within that group that was quite open, and I think everyone was keen to collaborate. None of the participants felt like they could go to their board and get buy-in for a pool. I think it was too early.”

“We try to get our screening done through the collaborative and share it right away. We are learning that everyone is interested in adjusting their process to both leverage the collaborative and collaborate as partners.”

Rainmakers Investment Collaborative

This is an initiative of Confluence Philanthropy and its members. It is focused on deploying more impact investments into the Native American community in the Southwest and growing the capacity of smaller, Native American-led regional CDFIs and Native American economic development organizations to lend capital, attract investments in their service area, and service debt. The collaborative launched in 2017 and is focused on Native American communities in New Mexico and Arizona.

ImpactPHL

This initiative is designed to increase investment in impact companies and organizations in Greater Philadelphia and to promote the region's impact economy. The initiative has incubated within Ben Franklin Technology Partners, a state-backed seed and early-stage capital provider for local tech start-ups and local tech-businesses. ImpactPHL is made up of local early stage investors, business, philanthropic and nonprofit leaders, among others. It describes itself as an impact investing advocacy collective. The group catalyzes impact initiatives including co-hosting a first regional conference with the Good Capital Project (affiliated with SOCAP) in April 2018 and launching ImpactPHL Ventures, a capital consortium providing \$15 million into the local impact investing ecosystem. They specifically distinguish their initiative from a typical fund as these coinvestors, investing via Ben Franklin's investment process, do not all have to agree on interests as each can opt in to those deals that fit their priorities (i.e., geographic, demographic or programmatic).

Alliances

Western NY Impact Investment Fund

The Community Foundation for Greater Buffalo anchored the development of a recently launched private investment fund that brings philanthropic investors and corporate and private individuals together into a single pooled fund. The fund has its own governance that makes investment decisions. The fund is currently around \$8 million and is broadly focused on impact with market-rate returns to investors and is geographically focused in Western New York. It evolved from a four-year development process. The Heron Foundation helped to fund a feasibility study and nurtured the idea alongside the community foundation to get buy-in from the community.

“The strategy of not going with a few individual investors and instead building a broader board is going to prove smart. There is greater know-how, there is a wider network for developing a pipeline of deals, it opens up more opportunities and builds deeper expertise and assets over time.”

Michigan Good Food Fund

This initiative is a statewide fund to support the development of good food businesses in Michigan. It was created and is led by the Kellogg Foundation with the Fisher Foundation as a follow-on investor. The Kellogg Foundation conducted all necessary due diligence and research and structured the deal.

“Kellogg could have probably done all of that investing themselves but getting others to come in and invest alongside is so much more powerful than just going alone.”

“One thing we’ve learned is that companion grants are really important to support the investments.”

Impact Investment Fund at the New Hampshire Charitable Foundation

This initiative was launched at the beginning of 2016. It is an example of a donor collaboration with a community foundation. The initiative focuses on seeking donor participation and an allocation from the endowment to create an investment pool. The community foundation created a separate impact investment fund, a distinct option within the portfolio of three to four options that donors can choose from. This fund combines assets from a small number of donors with an allocation from the endowment to create the dedicated pool, currently sized at \$11.6 million. The initiative has some very local investments but also includes investments that have New Hampshire exposure as part of a diverse national portfolio. The fund currently generates an annualized return of 4.2 percent but is striving for 5 percent returns.

The Social Venture Fund in New Orleans

This initiative is a \$1 million loan fund for social ventures through a collaboration of local funders and Living Cities. The collaborators are intentional about shaping the larger ecosystem and helping other local investors be more equitable in how they invest. The initiative offers two-day workshops on structural racism and education around inclusive investing. When launching the initiative, Propeller partnered with the Foundation for Louisiana, who had the capacity to operate the fund.

Propeller is now responsible for pipeline building and 50 percent of the investment committee. After a potential investment goes through the Propeller due diligence process, Propeller passes it to the Foundation for Louisiana. They will do a credit risk memo and surface it to the investment committee. Before approval, a potential investment goes through Foundation for Louisiana’s entire board and the investment committee signs off; an impact report is shared afterwards. The Foundation for Louisiana will track metrics because they have software, but Propeller provides technical assistance and monitors impact.

Platforms

Benefit Chicago

This is a collaboration launched by the Chicago Community Trust, the John D. and Catherine T. MacArthur Foundation, and Calvert Impact Capital that aims to mobilize \$100 million for impact investments for nonprofits and social enterprises in the Chicago region. Calvert Impact Capital is issuing up to \$50 million of its Chicago-targeted Community Investment Notes, which are conventional fixed-income investment instruments that currently earn from 1 to 4 percent and are available to individuals, organizations, and institutions through brokers or online in denominations from \$20 to \$20 million. The Chicago Community Trust has made an inaugural \$15 million, \$15-year investment in Chicago-targeted notes and is working with its donor-advised funds to purchase additional ones. The proceeds of the note sales are made available to a special-purpose fund established by the MacArthur Foundation solely for the initiative. The MacArthur Foundation is transferring \$50 million of its own assets to this combined pool of capital. The fund will use this pool of capital for loans and other investments to eligible nonprofits and social enterprises that help meet significant needs in the Chicago region.

An advisory council, chaired and convened by the Chicago Community Trust, informs the fund's priorities. Benefit Chicago has a dedicated executive director to lead the day-to-day work of the initiative.

Our Region, Your Investment

This project is a local impact investing initiative of the Enterprise Community Loan Fund and the Washington Regional Association of Grantmakers. It is based on the use of an Enterprise Community Impact Note, which is a fixed-income investment guaranteed by Enterprise Community Partners targeted to the creation and preservation of affordable housing in the greater Washington, DC, region, with rates ranging from roughly 0.85 to 3.5 percent. The initiative surpassed its initial goal of \$5 million raised and currently has raised more than \$12 million from foundations, businesses, nonprofits, and individuals toward a new \$15 million goal.

Minnesota Impact Investing Collaborative

The Minnesota Impact Investment Initiative (MI3) is a collaboration among a group of Minnesota-based foundations led by the Minnesota Council on Foundations, with nearly \$20 million committed to the

collaborative. The McKnight Foundation, Bush Foundation, and the Otto Bremer Trust are the lead anchor institutions participating in the impact investing collaborative. Minnesota Council on Foundations has also invested a portion of its assets in the fund. RBC Access Capital was chosen to manage MI3 as part of their existing fixed-income bond fund, the Access Capital Community Investment Fund. RBC Access Capital invests participant's capital in market-rate securities that match that participant's desired impact theme and geography. The fund allows all MI3 participants to target investments by impact theme and geography. The collaborative has created access to targeted investments starting at \$100,000, well below the RBC Access Capital's targeting minimum of \$1 million. In addition to the fund, the Minnesota Council on Foundations provides an impact investing executive residency through support from some of the fund's anchor partners, who provides education and technical assistance to support the growth of impact investing in the state.

"The fund will have impact locally, but because it reaps nationally diversified returns, it will not have overly localized risk."

The Michigan Collaborative

This initiative is managed by Community Capital Management, which invests in targeted fixed-income investments in Michigan through a publicly traded mutual fund, the CRA Qualified Investment Institutional Shares fund. Collaboration through Council of Michigan Foundations allows for lower minimums (\$100,000 rather than \$500,000), the ability to target funds by impact area or at the county-level, and participation in a social impact report working group. The Council of Michigan Foundations has also invested into the fund.

In addition to the fund, the Council of Michigan Foundations sees itself at the center of the state impact investing ecosystem, facilitating both the local information flow and providing technical assistance to help foundations, community development financial institutions, and social enterprises overcome challenges to participating in impact investing. The Council of Michigan Foundations provides an expert in residence and a fellow and a standing committee that meets quarterly to guide the work around place-based impact investing in Michigan.

Appendix D. Interview Questions

Active Collaboration Partners

We are trying to understand how collaborative efforts to increase local available capital and investments in local enterprises (strategies often called place-based impact investing) are formed, structured, and operated across the country. Additionally, we are interested in the elements in the ecosystem that supports their success. I understand that your institution is in a strategy that could be considered as place-based impact investing.

1. How do you define/describe the term place-based impact investing? Is this a term you use to describe your strategy?
2. Could you describe the place-based impact investing partnership that you are involved in?
3. Can you tell me about the internal administration of the partnership (is there dedicated staff, what is the frequency of meetings, how is decision-making power allocated, how are funds measured, how do you communicate)?
4. How was the collaboration set up? Who are the partners? Can you list them all?
5. What is your institution's role in this partnership?
6. What motivated the creation of the place-based impact investing collaboration?
7. What stage are you in with investments? (If relevant, how much has been deployed to date?)
8. What are the goals of the collaboration? How do you define success? Would you be willing to share some information about your funding mechanism and prerequisites for capital deployment (recipient eligibility, deal structure, total dollars, institution carrying the note, capital return, etc.)?
9. How do you define the geographic limits around the "place" in which you are investing? Is that "place" shared by all partners? Why was this place chosen? Are there particular target groups or target industries?
10. Were other geographies or structures considered? If so, how did the partnership land on its particular structure and focus?

11. Was a feasibility capital gaps or demand study conducted? If one is being considered, how will it be structured? If it was, could you describe which was done? Who completed it and how was it funded?
12. Were community members engaged in developing your model?
13. What if any, consultant, intermediary, or other advisors did you engage to create, implement, or measure the strategy?
14. What is working well in your partnership and what elements do you think can be replicated in other communities?
15. What challenges have you faced in this strategy and did you overcome them?
16. Are you active in any larger field-building networks, or communities of practice and have you attended any conferences related to place-based impact investing? If so, which?
17. Are there other places or models that you look to as models of success?
18. What gaps, if any, do you see in research, policy, or tool kits that would be most helpful in advising place-based impact investing?
19. Are there any additional institutions that you recommend we interview? If so, who would be the best contact?

Local Ecosystem Builders

We are trying to understand how collaborative efforts to increase local available capital and investments in local enterprises (strategies often called place-based impact investing) are formed, structured, and operated across the country. Additionally, we are interested in the elements in the ecosystem that supports their success. I understand that your institution is involved in building the local impact investing ecosystem.

1. How do you define/ describe the term place-based impact investing? Is this a term you use to describe your strategy?
2. Do you see a community of practice energy and place-based impact investing either locally or nationally?
3. Are you active in any larger field building networks or do you attend any conferences related to place-based impact investing? If so, which?
4. Are there other places or models that you look to as models of success?

5. What gaps, if any, do you see in research, policy, or tool kits that would be most helpful in advising place-based impact investing?
6. Are there any additional institutions that you recommend we interview? If so, who would be the best contact?
7. How are you helping to build ecosystems and place-based impact investing in your community?
8. Can you describe your specific responsibility related to:
 - » Relationship management
 - » Networking
 - » Awareness raising
 - » Triage (matching resources and individuals)
 - » Measurement and research
 - » Liaison between local, national or international efforts
 - » Other
9. How did you come to this role? How is your role funded? How is it structured (consulting, fellowship, volunteer, full-time)?
10. What are your intended outcomes/ goals for the ecosystem?
11. How are you measuring improvement in the ecosystem?
12. Currently, do you feel that your community has a successful ecosystem for supporting place-based impact investing?
13. At what stage of development is your local ecosystem (Emerging stage, Early Stage, Established Stage, Dormant Stage, Vibrant Stage, or Unstable Stage)?
14. Who are the active players in the local ecosystem? And what support, if any, do you provide to them?
15. What obstacles are facing in supporting your place-based ecosystem? Where are the bright spots or opportunities for advancing your practice?

National Ecosystem Builders and Key Influencers

We are trying to understand how collaborative efforts to increase local available capital and investments in local enterprises (strategies often called place-based impact investing) are formed, structured, and operated across

the country. Additionally, we are interested in the elements in the ecosystem that supports their success. I understand that your institution is involved as a key influencer in this space.

1. Does the term place-based impact investing resonate with you as a way to describe local capital investments in a particular community?
2. How are you or your organization helping to build or link available capital in places?
3. How would you describe the current state of practice? What about the current state of knowledge, data or other information about place-based impact investing?
4. Who do you see as the major players and what are their motivations/ interests?
5. How long have you or your organization been in its current role and what motivated this particular approach?
6. How is your role or your organization's work in this space funded? Who are some key partners?
7. What obstacles are you facing in advancing this area of practice?
8. What are the different models/approaches you are seeing across places?
9. What do you see as the key success factors?
10. Would you be willing to review our list of place-based strategies to see if there are others you would add to the list?

Notes

¹ Global Impact Investing Network, “What You Need to Know About Impact Investing,” accessed April 12, 2018, <https://thegiin.org/impact-investing/need-to-know/>.

² Ibid.

³ Ibid.

⁴ Ibid.

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