



# FAQs

Revised 6.30.22

## What is GroundBreak Coalition?

GroundBreak Coalition is made up of corporate, civic, and philanthropic leaders committed to demonstrating that with enough resources, a racially equitable and carbon-neutral future is possible now – first in Minneapolis-Saint Paul (MSP) and then across the country. The coalition aims to both increase investment in MSP and change how capital shows up in communities, making it more equitable and sustainable.

Together, coalition partners will mobilize at least \$2 billion in flexible dollars over ten years to build community, increase wealth, and improve lives. GBC's ambitions are transformational and include:

- » Creating 45,000 new Black, Indigenous, and people of color (BIPOC) homeowners
- » Stabilizing families in 23,500 affordable rental units
- » Completing 30 community-led and climate ready transformational commercial developments
- » Launching more than 11,000 BIPOC-owned businesses with at least 20 percent employing 5+ people
- » New construction meets Minnesota Green Communities and Sustainable Building 2030 standards, and is all-electric

Our national crises of racial, economic, and climate injustice were simmering long before the pandemic and George Floyd's murder brought them to a boil. Nowhere is this more evident than in MSP where the economic gulf between BIPOC and white families is higher than nearly anywhere else in America.

MSP has come together since the uprisings in extraordinary ways to imagine a future that is dramatically more inclusive, just, racially equitable, and climate ready. With this local vision to guide us we believe that we and our partners have a unique opportunity to transform MSP from the epicenter of America's racial reckoning to the epicenter of racial opportunity. In doing so, we can create a roadmap for cities nationwide.

Several organizations have made bold, visible commitments to address racial inequities and preserve a safe climate by leveraging their institutional power and dedicating resources to create a shared strategy for racial, economic, and climate justice. We are galvanizing these commitments and holding ourselves accountable for meeting them.

## What are the driving principles?

*Don't hesitate.* We need a powerful vision and coordinated leadership to ensure that we do not miss this moment and lose the opportunity to attract investment and advance transformative solutions.

*Center racial equity, BIPOC wealth, BIPOC fund managers, and BIPOC-led institutions and solutions.* We're

anchoring this work in a root cause understanding of how we ended up with such racial disparities and facing an urgent climate crisis. We are pushing ourselves and our partners to be courageous, and toward solutions that explicitly address these root causes.

*Demonstrate climate-aligned development.* Community development and financing options created by the Coalition should demonstrate what is possible and necessary to respond with urgency to climate change, producing climate-ready new buildings and frictionless access to energy efficiency and renewables.

## Is GroundBreak a fund?

No. GroundBreak is not a fund, it's about making financial tools, products and capital available to people who have been excluded and limited from accessing them – specifically, people of color. There is not a pool of money to apply for, nor do we anticipate work groups soliciting grant proposals from nonprofit organizations.

Rather, GroundBreak seeks to make capital flow faster and differently by identifying a set of capital products and pathways and then brokering sufficient investment in them. Ultimately, capital should be continuously available so results can compound and scale over time. GroundBreak will look at existing mechanisms that have a track record of success (often through pilots or smaller-scale implementation) and consider steps needed to bring them to scale. Examples of such products include expanding down payment assistance, and low-cost, longer-term working capital loans for BIPOC entrepreneurs who have a history of success. When necessary, coalition members will recommend the adoption of innovative new capital products to fill remaining gaps.

## How were GroundBreak's 10-year goals selected?

These measurements emerged from existing analyses of regional wealth building opportunities. Some examples include:

- » [Urban Institute: Understanding the Black-White Homeownership Gap in the Twin Cities \(2021\)](#).
- » [Governor's Task Force on Housing: More Places to Call Home: Investing in Minnesota's Future \(2018\)](#).
- » [Federal Reserve Bank of Minneapolis: Despite Recent Gains, Minnesota's Entrepreneurs of Color Face Persistent Barriers \(2021\)](#).
- » [Finance and Commerce: Gaining a Foothold \(2021\)](#).

## Where will the money come from?

GroundBreak seeks to mobilize \$2 billion over ten years by coordinating existing resources, attracting new capital to the region, and working collaboratively across the private, public, and philanthropic sectors to ensure capital flows faster, differently, and more equitably. GroundBreak's approaches include:

- » *Creating a national investment platform:* Many national investors are attracted to invest in MSP to help advance our aspirations for a more racially equitable community especially after George Floyd's murder and the uprisings in the Twin Cities. GroundBreak creates entry points and investment platforms for new capital to come into our communities to align and aggregate for the good, while providing important learning and insights about how this model can be successful in our region and in other communities across the country.

- » *Realizing private-sector ambitions.* Companies made very public commitments to racial equity in the wake of George Floyd's murder. Many financial institutions are also operationalizing public commitments to carbon neutrality climate goals. We have a unique opportunity to engage corporate partners eager to deepen or make good on their commitments.
- » *Harnessing the public sector.* This effort should leverage once-in-a-lifetime federal funds, scale emerging public sector innovations, spur policy improvements, and reduce or remove unnecessary regulation.
- » *De-risking with philanthropic capital.* Philanthropy can and must play an important role in paving the way for public and private investment by providing flexible and patient capital; and
- » *Shoring up investment infrastructure.* Intermediaries, developers, and nonprofits must have sufficient capacity to access, absorb, and effectively deploy a transformative amount of capital.

## Why this approach?

GroundBreak partners believe that this approach will enable us to:

- » Close BIPOC homeownership gaps;
- » Complete locally driven, climate-ready, transformational commercial developments across cultural corridors and communities;
- » Shift to a BIPOC driven economy by seeing that the percentage of BIPOC businesses entrepreneurs are equal to their percent of population (with 20 percent boasting five or more employees) and;
- » Lessen racial & income-based disparities by stabilizing families through additional affordable housing production & preservation and reduced barriers to energy services

This is a direct strategy to get money into communities where capital has not been readily available.

## What are we asking GroundBreak Coalition partners to do?

We're asking private, public, and philanthropic coalition partners to bring their people, capital and courage to the table to co-create capital pathways that will challenge the traditional norms that we all know have frustrated community driven processes, restricted access to capital and limited change at scale. More specifically, we expect partners to:

- » Fully participate in the process of designing investment opportunities and financial products;
- » Publicly commit to this effort;
- » Power the solutions we identify together through changes in practice and capital in the form of loans, loan guarantees, equity, and/or grants.

## How is GroundBreak different from past community and economic development efforts?

GroundBreak aims to amplify the impact of past efforts by drawing more capital to the region, and by bringing more people to the table. There are over 50 local and national partners involved in GroundBreak, all of whom have pledged to invest in a racially equitable and climate-ready economy by:

- » Building on stakeholders' past work to take solutions to more people and places, *and* develop innovative new solutions to fill remaining capital gaps
- » Tackling a set of intersectional priorities that – taken together – can meaningfully advance racial equity and climate readiness (as opposed to emphasizing only one area of need)

- » Partnering deliberately with the private sector, in addition to government and philanthropy, to identify and co-invest in the right mix and types of capital (loans, loan guarantees, equity and/or grants) needed.

## Where does GroundBreak work?

Right now, GroundBreak's efforts are focused on Minneapolis-Saint Paul metro area, though we believe the results of the work can be and will be relevant in ways that could be applied to communities across the state and the entire country.

## How is GroundBreak structured?

In the initial phase of this 10-year effort, GroundBreak partners have established a steering committee comprised of local corporate, financial, philanthropic, and government sector leaders. The steering committee is supported by work groups that include a mix of investors (private sector, philanthropy, and government) and nonprofit leaders. The steering committee is supported by working groups that will design the investment pathways, financial products, and policies that will achieve results.

A list of steering committee members can be found [here](#).

## Why was governance set up this way?

This governance structure reflects the type of partners needed to be successful in attracting the capital and changing the way capital is deployed.

## Can you tell me more about the purpose of work groups?

There are four work groups: (1) affordable homeownership, (2) affordable rental housing, (3) commercial development, and (4) BIPOC entrepreneurship.

Together, work group members will:

- » Identify financial products that address the root causes of disparities in their focus area. The solutions each work group proposes will include a mix of optimization strategies (scaling what works) and innovative approaches (building new tools where existing ones fail to meet the needs of BIPOC and low-wealth communities).
- » Ensure that investors contribute sufficient dollars to meet the need in their area
- » Develop strategies to build MSP partners' capacity to absorb and deploy capital in and for communities
- » Address policy opportunities and barriers to enable equitable, sustainable investment approaches.

GroundBreak work group co-chairs and staff can be found [here](#).

## How are decisions about financial products and projects being made?

We are in the initial phase of a 10-year effort. In this early stage, our four work groups will design and drive the financial products that are created and launched.

GroundBreak also has a dedicated [steering committee](#) comprised of local corporate, financial, philanthropic and government sector leaders. They have committed to bringing their people, capital, and courage to lead

this effort and create capital pathways that will challenge the traditional policies and practices that we know have restricted access to capital and limited widespread change.

## **Do you need to be on a workgroup to get access to capital?**

No. GroundBreak is not a fund, it's about making financial tools, products and capital available to people who have been excluded from accessing it – specifically, people of color. There is not a pool of money to apply for, nor do we anticipate work groups soliciting grant proposals from nonprofit organizations.

## **What are the roles for community members and how is community being defined for this purpose?**

This process is designed to drive capital to community. Therefore, we have and will continue to draw on community input into priorities for capital deployment. Many of the analyses that informed GroundBreak's success measures reflect community-articulated needs that have yet to be fully resourced or realized.

Additionally, nonprofit representatives are included on the working groups tasked with designing investment opportunities. Nonprofit partners will receive grants to compensate them for supporting the work group efforts.

## **How will GroundBreak hold itself accountable?**

GroundBreak is holding itself accountable by engaging in a transparent and visible process. GroundBreak members are expected to contribute their human, reputational, and financial capital to support this work, and GroundBreak is committed to regularly and openly sharing updates on its progress and lessons learned.

## **What is the timeline for GroundBreak to start delivering results?**

The timeline for producing the first wave of GroundBreak solutions:

- » May/June: building out work groups
- » July: discovering – building shared understanding of the landscape of existing efforts and solutions that address the root causes of racial wealth gaps
- » August/September: designing – consider a number of possible 'capital pathways' that would address root causes and achieve desired results (with a focus on optimizing existing efforts and innovating new solutions where needed)
- » October/November: delivering – make final recommendations regarding capital pathways and investment opportunities and provide clear guidance around the policy and practice changes that need to occur in order for capital to flow more equitably.

## **Who can I contact to learn more or ask questions?**

Please visit <https://groundbreakcoalition.org> and use the Contact Us form at the bottom of the page.