

Overview of GroundBreak Coalition September workgroup meetings

In spring of 2022, GroundBreak Coalition officially began a year-long process to build a platform to close the racial wealth gap and achieve carbon neutrality. The effort is split up into three phases — *Discover, Design, and Deliver* — with an end-of-year deliverable of "capital pathways" for corporations, financial institutions, government, philanthropy, and individuals to equitably and efficiently invest. The coalition includes approximately 45 steering committee members with an additional 155 members split into the following four workgroups:

- Homeownership
- BIPOC Entrepreneurship
- Commercial Development
- Rental Housing

In August, Imagine Deliver joined the GroundBreak Coalition as a facilitation, strategy, and project management partner while Frontline Solutions transitioned away after serving in a similar capacity.

The following report is a synthesis of each workgroup's September virtual convening, which aimed to align the workgroups, identify workgroup members' locus of control/readiness for change and begin ideation on a specific solution expressed during the *Discover* phase.



What we learned in September

Each workgroup shared a similar but unique agenda that was created in partnership with the workgroup's subject matter expert staff team. The table below includes an overview of the key themes shared in each 3-hour workgroup meeting.

Workgroup	Themes	Description
Rental Housing	Designing for the end-user Overcoming barriers to secure funding Creating non-capital solutions Reframing risk	Workgroup members called for a holistic solution for Black renters to build wealth that addressed the underlying racist roots of the problem statement. Members wished for solutions to be designed with the end-users of the rental housing system, Black renters, at top of mind. Ideation focused on ways to increase access to capital for developers, particularly Black developers, improvements to policies, and reframing the narrative around risk.
Homeownership	Designing for the end-user Creating special purpose credit programs Improving down payment assistance Addressing non-capital needs	Workgroup members imagined ways to increase homeownership among Black wealth-builders. Members grounded their ideation activity by humanizing their end-user, Black homebuyers, through creating a shared avatar. The workgroup focused on ways special purpose credit programs can be used to center Black homebuyers, how down payment assistance programs can be improved, and how non-capital solutions like representation of underwriters might transform Black homebuyers' experiences.
Commercial Development	Designing for the end-user Providing flexible funding Expanding the role of philanthropy Creating crowdsourcing opportunities	Workgroup members grounded their meeting in the lived experience of three local BIPOC developers. Members learned of the innovation and mission-driven resilience as well as the disparate challenges BIPOC developers like the three guest speakers face. In an activity framed to, in part, solve for the pain points the panelists shared, members dreamed of flexible funding as a stepping-stone to build wealth, ways philanthropy can eliminate barriers to entry, and how crowdsourcing can help close capital gaps for Black and brown developers.
BIPOC Entrepreneurship	Designing for the end-user Increasing avenues to startup capital Overcoming barriers to secure capital Removing bias in lending practices	Workgroup members imagined ways to fill the "friends and family" gap in startup capital. The group's time together was grounded in the lived experience of three local BIPOC entrepreneurs who have or are currently overcoming significant obstacles to secure \$250,000 or less within the current entrepreneurship ecosystem. One of them had to leave Minnesota and the other two are considering leaving. Members shared ideas like how working capital guarantees might fill the friends and family gap, how the philanthropy due diligence process could be less burdensome, and how racial bias is the undercurrent to insufficient lending.



September workgroup meeting highlights



Rental Housing

Date: Monday, September 19th

43 Participants

Design Question: How might we create a capital product that is widely available and accessible to BIPOC developers?



Homeownership

Date: Wednesday, September 21st

45 Participants

Design Question: How might we support access to homeownership for Black homebuyers at scale?



Commercial Development

Date: Tuesday, September 27th

47 Participants

Design Question: How might we support access to capital for Black commercial developers at scale?



BIPOC Entrepreneurship

Date: Tuesday, September 20th

35 Participants

Design Question: How might we create a capital product that is widely available and accessible to early-stage Black entrepreneurs at scale?



GroundBreak Coalition workgroups uniquely crafted problem statements

Rental Housing

Revised Problem Statement: Black renters, especially those living with incomes at or below 60% AMI, face the greatest rental housing instability in the region. The current housing system **does not**:

- Produce or preserve affordable rental homes sufficient to meet this need
- Limit extreme rent volatility
- Prohibit longstanding exclusionary tenant practices
- Enable choices in racially concentrated areas of affluence
- Serve as the foundation for a household to thrive

Homeownership

Revised problem statement: Black residents should be able to attain and maintain affordable, sustainable homeownership and build wealth, yet the housing system fails to serve their needs, and current policies, programs, and capital processes serve a limited number of households.

Commercial Development

Capital Barriers

- Developer does not have enough cash on hand to maximize funds needed from the bank
- In our current system, developers typically have a significant capital stack gap to close
- Current solutions to solve for the capital stack gap require multiple applications and sources over years, with no guarantee to close (e.g., grants, tax credits, PRI, bonding, capital campaign)
- Investors are more attracted to high-risk projects/businesses and not necessarily monetizing community projects or ESG scores
- Developer cannot guarantee personal property

Relationship Barriers

- Limited relationships with investors
- Developer does not trust the financial sector enough to guarantee personal property
- Developer does not have a business plan or marketable vision to attract investors
- Developer does not have an experienced development team/capacity

Pre-development Barriers

- Limited pre-development capacity
- Limited knowledge of development/underwriting requirements
- No funds to pay for pre-development consultant
- Does not have a business plan or marketable vision to attract investors

BIPOC Entrepreneurship

- **Early Stage: <\$250K needed**
- Startup capital (traditionally personal wealth, friends and family)
- Small expansion opportunities and working capital <\$250k (new equipment, additional location, technology, employees)
- Building/land ownership
- **Growth Stage: \$250K-\$1M**
- Growth stage capital (traditionally personal wealth, friends and family, bank lending)
- Equity assets that allow for leverage with loans
- Growth investment of patient capital to sustainably grow their business
- Relationships with power brokers, partners, and capital holders





Rental Housing

Meeting Overview & Key Takeaways

Overview of the rental housing workgroup's time together

On September 19th, the rental housing workgroup convened virtually to begin applying *Discover* phase learning to design solutions that allow Black renters to build wealth.

Members began by humanizing the experience of their end-user, Black renters, and expanding on pain points, existing interventions, and opportunities in their journey to find sustainable, affordable rental housing.

The workgroup built a shared analysis through an ideation activity to address our design question: *How might we create a capital product that is widely available and accessible to BIPOC developers?* Workgroup members shared their perspectives on the following questions (full results can be found in [Appendix A](#)):

1. *What interventions have you seen work well for affordable housing developers?*
2. *What needs to be different from how things are today for this capital to benefit Black renters at or below 60% of AMI?*
3. *What do we need to do to make it accessible to developers building for <60% AMI?*
4. *How might we ensure this capital supports at scale (at least 37,000 units built)?*
5. *What are three impactful actions, interventions, or changes that need to happen NOW to make low-cost capital available to developers permanently?*
6. *Given everything we have discussed: what does this product look like?*



Workgroup members called for holistic solutions for Black renters to build wealth

Workgroup members spent three hours in relationship with one another, building on the shared wisdom of the group to identify opportunities to increase affordable housing units built by Black developers. Throughout the meeting, discussion centered around four key themes: designing for the end-user, overcoming barriers to secure funding, creating non-capital solutions, and reframing risk. Below is an overview of key takeaways within each theme.

Designing for the end-user	Overcoming barriers to secure funding	Creating non-capital solutions	Reframing risk
<p>Workgroup members emphasized the importance of centering the experience of Black renters when designing solutions to improve the rental housing ecosystem in the Minneapolis-St. Paul (MSP) region. More specifically, they recommended approaching solution design by segmenting Black renters into three categories to holistically plan for their unique needs. The three categories were:</p> <ul style="list-style-type: none"> • Households at or below 30% of AMI • Households at or below 50% of AMI • Households at or below 60% of AMI <p>Additionally, rental assistance mentioned frequently as a needed intervention.</p>	<p>Funding challenges were expressed universally. Members emphasized how specific funding needs are unique depending on scale and identity of developers. For example, large developers versus small, non-profit developers versus BIPOC-led developers.</p> <p>In an activity focused on what capital solutions affordable housing developers -- particularly Black developers -- need, members noted the following suite of opportunities:</p> <ul style="list-style-type: none"> • Access to predevelopment funding • Consolidated funding sources • Increased “access to equity capital” • Support for site acquisition • Post-development capital support to properly maintain the development 	<p>The state of the current rental housing system is an outcome of decades of racist and extractive policies and practices. Therefore, workgroup members encouraged GroundBreak Coalition to look beyond capital constraints and address broader systems that lead to wealth-building inequities for Black renters. Specifically, workgroup members expressed an interest in focusing on the following non-capital solutions:</p> <ul style="list-style-type: none"> • Policy changes to increase tenant rights and protections • Diverse representation of housing developers • Streamlined “development creation” process 	<p>The perception that affordable housing is a risky investment has stymied the affordable housing ecosystem. Many workgroup members emphasized the countless studies that have disproven this harmful myth. Members shared that rental housing provides a modest return and is in fact, is a low-risk investment for reasons including:</p> <ul style="list-style-type: none"> • Low default rates • Predictable and steady demand <p>Reframing this false narrative, often held by investors and funding partners, is a key step to adequately funding affordable housing projects.</p>



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In Their Own Words

Designing for the end-user

"We need to separate 60%, 50%, and 30% because there may be different private investment products available that are applicable."

"I want to make sure that we're not being synonymous with under 60% AMI and Black households. That totally absolves that focus [on Black renters]."

Overcoming barriers to secure funding

"Enterprise-level capital. That makes a big difference. When, as a developer, you don't have to go with every single transaction to look for a new source of funding, that takes a lot of time. It slows things down, it costs money. Enterprise-level financing would be very helpful for organizations that have development capacity."

"We had access to the Fannie Mae healthy housing rewards program, where we got an evergreen source of funding for social services in the properties we've developed, not all of them, but on a few that's been amazing. I wish we had more of that."

"Investors need to invest in Black developers building for Black people."

Creating non-capital solutions

"Administrative policies that could happen at public agencies or, you know, CDFIs. Um, I don't know, to what extent banks may have that. Um, and then, you know, uh, public budgets, uh, being another thing to, uh, reinforce policy. I do think the, the kind of statutory versus administrative policy differential is important because, you know, there have been some really remarkable changes that have happened with administrative authority."

"Our state law is so landlord advantageous, renter disadvantageous... I mean, there are some things that we should be able to get passed into state law to just try to level the ground a bit that reflects more of the best practices of those of you who are trying to do this for the right reasons in the right way."

Reframing risk

"Affordable housing is probably the most stable investment that anyone can make."

"Rental housing is the most secure real estate asset class."

"Housing and community development, in fact, are fairly stable and dependable investments. Market demand is strong, most of the projects are government-backed, and the products are very proven."

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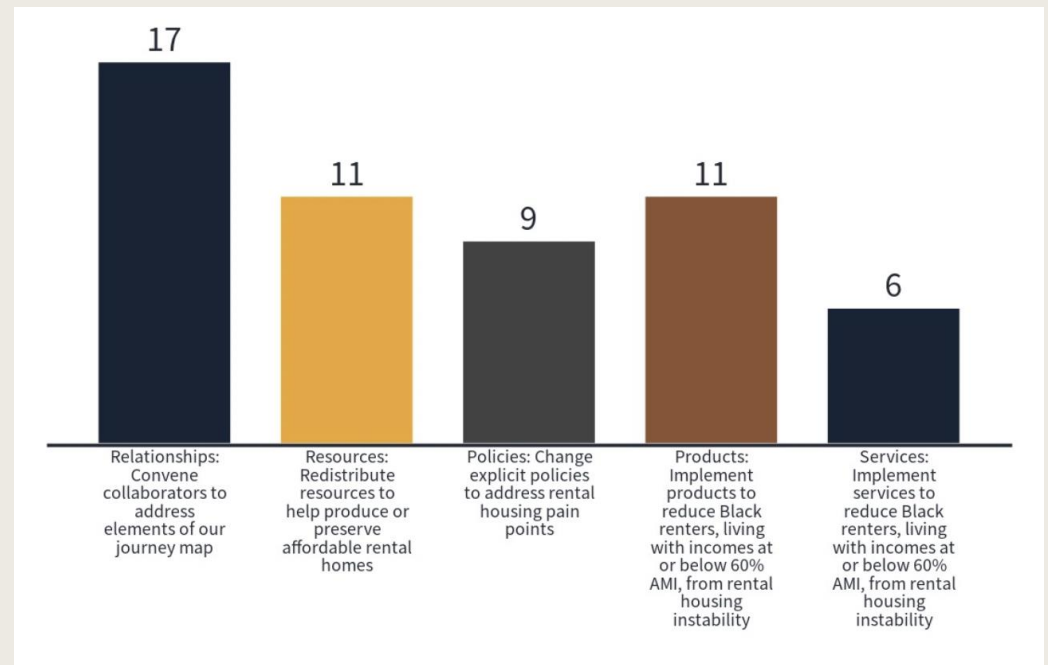
Assessing rental housing workgroup's preparation for change

Systems do not change without individual action and authentic collaboration. To close the wealth gap for Black Minnesotans, GroundBreak Coalition formed to work in an urgent, coordinated fashion to shift resources, policies, power, and narratives over the next 10 years, with a focus on resource transformation in the first year.

To assess readiness for rapid action, Imagine Deliver asked workgroup members to share honestly about their individual level of preparation to move rapidly in affecting largescale change. Workgroup members assessed their own preparation for change, answering the question “which levers can you influence to bring about systems-level change?” through Mentimeter and followed with a brief discussion.

In the rental housing workgroup, discussion centered around their personal influence to convene collaborators, redistribute resources, change policies, and implement products and services (as shown on the graph to the right). Participants expressed that results were as they anticipated and that they felt particularly pleased that the group held influence regarding resource distribution and policy development to address rental housing pain points.

“Which levers can you influence to bring about systems-level change?”



In Their Own Words

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"There are some things that we should be able to get passed into state law to just try to level the ground a bit and reflect more of the best practices of those of you who are trying to do this for the right reasons in the right way."

"That's one of the things that makes me nervous when we talk about all the needs up to 60% of AMI, because if we don't collectively have the power to do what's needed for the whole, what often ends up happening is that we end up doing a little bit for people at 60% or 50% of AMI and our efforts don't get to the folks at 30% of AMI. So, I think that's where I want to be clear that we're calling out consistently in our goals that we're going to pay attention to the needs at all levels."

"Black families need to have developers that represent them building these Products. I think that that's very essential. I think this is the first time where it's evident that it's happening in Minnesota and I'm grateful for that, but it needs to continue to happen a lot faster than the current rate."

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Homeownership

Meeting Overview & Key Takeaways

Overview of the homeownership workgroup's time together

On September 21st, the homeownership workgroup convened virtually to begin applying *Discover* phase learning to design solutions that supports Black homebuyers. Members began by humanizing the experience of their end-user, Black homebuyers; expanding on pain points; existing interventions; and opportunities in their journey to increase Black homeownership.

The workgroup built a shared analysis through an ideation activity to address our design question: "How might we support access to homeownership for Black homebuyers at scale?" Workgroup members shared their perspectives on the following questions (full results can be found in [Appendix B](#)):

1. What are the most consistent ways I have seen Black homebuyers successfully become homeowners?
2. What needs to be different from how things are today for this capital to reach Black wealth-builders specifically?
3. What are 3 impactful actions, interventions, or changes that would need to happen NOW to make homeownership accessible to Black homebuyers permanently?
4. Who (all) should be able to deploy this product?
5. Moving beyond 'pilots,' how is my organization positioned to make this solution possible at scale?

The meeting concluded with a conversation around our shared understanding of the systemic racial barriers that plague the homeownership space as well as our commitment to use our power to fight it.



Workgroup members imagined ways to increase homeownership for Black wealth-builders

Workgroup members spent three hours in relationship with one another, building on the shared wisdom of the group to identify opportunities to increase access to homeownership for Black homebuyers. The discussion centered four key themes: the importance of designing for the end-user, creating Special Purpose Credit Programs, improving down payment assistance, and addressing non-capital needs. Below is an overview of key takeaways within each theme.

Designing for the end-user

Acknowledging first and foremost that Black homebuyers are not a monolith, workgroup members created a shared perspective of who their end-user might be. The workgroup's avatar was depicted as a Black family that is:

- Trying to buy a home where neighbors look like them
- Looking for a home in a neighborhood where they can buy fresh food within walking distance
- Spending significant energy worried about and navigating the region's lack of inventory
- Living in a neighborhood with good schools that are culturally affirming

Creating special purpose credit programs

The use of Special Purpose Credit Programs (SPCPs) was frequently mentioned as an avenue to reduce the racial equity gap in homeownership. SPCPs seemed to be a popular solution due to their ability to focus specifically on racial identity and address the impact of systemic racism and discriminatory lending on Black families.

Workgroup members shared opportunities where SPCPs might provide Black homebuyers with assistance, including:

- First mortgage products
- Down payment assistance programs

Improving down payment assistance

Down payment assistance (DPA) programs were cited as both a successful mechanism for increasing homeownership for Black homebuyers as well as an opportunity for improvement. Below are a list of ways in which members shared DPAs might be improved, including:

- Implementing a uniform application
- Standardizing underwriting terms
- Universally adopting best practices
- Including grants or forgivable loans
- Creating a "pool" of DPA programs for ease of navigation and selection

Additionally, better education on DPAs for lenders and realtors was also noted as a needed intervention to ensure Black homebuyers have access to this benefit.

Addressing non-capital needs

While funding is crucial in helping Black homebuyers achieve homeownership, workgroup members discussed the need for non-funding measures as well. Interventions that increase representation were frequently mentioned as a great need. Below is a list of interventions suggested to improve the homebuying ecosystem:

- Increasing the pipeline of Black real estate professionals
- Hiring more BIPOC, specifically Black, underwriters and loan officers
- Utilizing Black navigators to support people through the homebuying process



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In Their Own Words

Designing for the end-user

"They are a two-parent income family that make enough that they can't get assistance but not enough to afford a home."

"Looking forward to building stable, long-term relationships."

"This is a family that has multiple jobs and multiple sources of income."

"They are skeptical because family was a victim to predatory lending."

Creating special purpose credit programs

"The solutions have to be racially explicit, which can be hard because of fair housing laws. Special Purpose Credit Programs address this issue."

"DPA is really important, but what would be really cool is to see something come out of the Twin Cities that is a Special Purpose Credit Program that can actually be used in a meaningful way in our ecosystem."

"Being able to target capital to benefit Black homebuyers (SPCPs, other) and for the major lenders to develop and lean into targeted programs to achieve scalability."

Improving down payment assistance

"Uniform DPA requirements from investors/lenders for the capital that is provided. Nonprofits aren't the ones who make DPA hard. The investor/funder requirements that nonprofits are required to abide by make it hard."

"Part of the challenge is down payment assistance programs around the state are not uniform, and that makes it difficult for lenders, realtors, home ownership, advisors, and clients to use them."

"Standardize and 'pool' DPA programs so that homebuyers, nonprofits, lenders can become more familiar, and so that the funds are still available when the homebuyer is ready."

Addressing non-capital needs

"My biggest fear right now with the feds raising these interest rates, I don't care how much down payment assistance is out there. There's no inventory. And the inventory that we do have is up to their buying power. If they raise the rates a point, apparently their buying power could go down 11%."

"Representation Matters. Homeownership conversations and trust begins with professionals that understand your background without having to fill out a questionnaire or application first."

"It's a hard sell, to get Black Homebuyers or prospective homebuyers to go into institutions where the faces are all white or do not look like the Homebuyers."

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Assessing homeownership workgroup's preparation for change

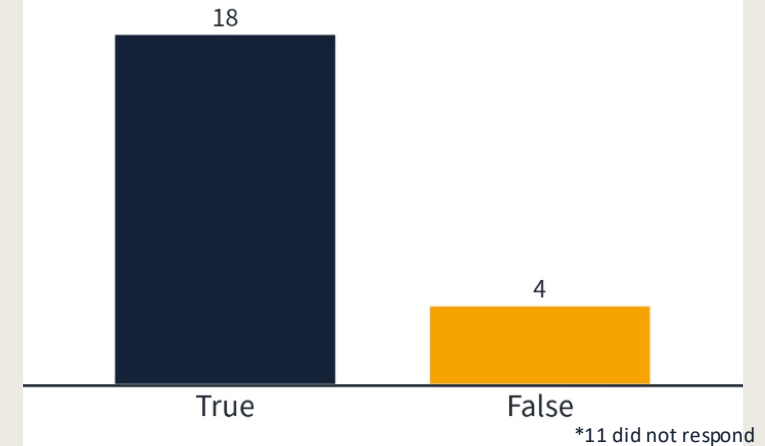
Systems do not change without individual action and authentic collaboration. To close the wealth gap for Black Minnesotans, GroundBreak Coalition formed to work in an urgent, coordinated fashion to shift resources, policies, power, and narratives over the next 10 years, with a focus on resource transformation in the first year.

To assess readiness for rapid action, Imagine Deliver asked workgroup members to share honestly about their individual level of preparation to move rapidly in affecting largescale change. Workgroup members assessed their own preparation for change, testing two true or false statements:

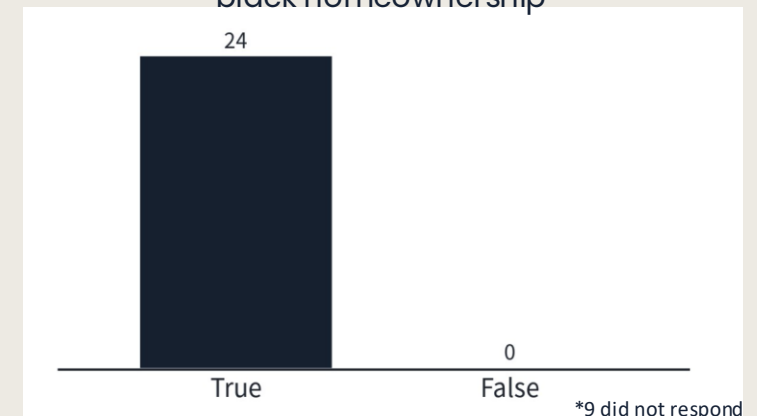
- *I have a deep understanding of how racism plagues the homeownership space.*
- *I am committed to using my power to address the systemic barriers that prevent Black homeownership.*

In the Homeownership workgroup, discussion centered around their personal influence to convene collaborators, redistribute resources, change policies, and implement products and services (as shown on the group to the right). There was discussion about the various ways individual organizations need to change in order to effectively exercise their area of power and influence.

"I have a deep understanding of how racism plagues the commercial development space"



"I am committed to using my power to address the systemic barriers that prevent black homeownership"



In Their Own Words

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"In Black households, talking about banking, home ownership, building wealth, and earning assets is not a part of our everyday conversation. How do we get that as a part of the conversations so folks can be aware of what the opportunities are and the resources that are out there?"

"I feel like our responsibility is making sure we have this deep understanding and that we're continuing to put forward the solutions created by the community."

"I feel I do have a deep understanding because I've done a lot of work to understand as much as I can. I also think it's critical to not assume that the learning ever stops also to step back and make sure that people of color are leading the solutions, and in this space, that Black people are the solution."

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Commercial Development

Meeting Overview & Key Takeaways

Overview of the commercial development workgroup's time together

On September 27th, the commercial development workgroup convened virtually to begin applying *Discover* phase learning to design solutions that support Black developers.

Members began by humanizing the experience of their end-user, Black developers. The workgroup was grounded in the lived experiences of BIPOC developers and their commitment to the communities they serve.

The workgroup proceeded to interrogate and build a shared analysis through an ideation activity to address our design question: "How might we support access to capital for Black commercial developers at scale?" Workgroup members shared their perspectives on the following questions (full results can be found in [Appendix C](#)):

1. How might we create a unified system that allows developers to consistently secure 80% senior and 20% subordinate financing?
2. What needs to be different from how things are today for this capital to reach Black developers, specifically?
3. What are the 3 most impactful changes that NEED to happen NOW to make 80% LTC senior loans from the private sector available to Black developers?

The meeting concluded with a conversation around our shared understanding of the systemic racial barriers that prevent Black developers from succeeding in the commercial development ecosystem as well as our commitment to use our power to fight it.



Workgroup members envisioned pathways to support Black developers

Workgroup members spent three hours in relationship with one another, building on the shared wisdom of the group to identify capital pathway opportunities for Black developers to thrive in the commercial development ecosystem. Throughout the meeting, discussion centered four key themes: designing for the end-user, providing flexible funding, expanding the role of philanthropy, and creating crowdsourcing opportunities. Below is an overview of key takeaways within each theme.

Designing for the end-user	Providing flexible funding	Expanding the role of philanthropy	Creating crowd sourcing opportunities
<p>Three local African-American developers share their story with workgroup members to help humanize the experience of the end-user. The guest speakers were:</p> <ul style="list-style-type: none">• Chauncey Hollingsworth of Lowry Hill Capital• Abe Demmaj of Grass Roots Real Estate• Johhny Opara of JO Companies <p>All three developers shared their personal journey and passion for supporting their community through commercial development. The panelist shared how commercial development is a pathway for individual and community wealth-building, but the lack of generational wealth has kept many Black developers out of this space. The group emphasized their deep desire for more representation in the commercial development ecosystem.</p>	<p>While the premise of the ideation activity focused on securing 80% senior and 20% subordinate financing, workgroup members emphasized the underlying need for flexible capital.</p> <p>Ideation of sources for this flexible funding ranged from private lenders, philanthropy, grants, and public funds. Ultimately, the sentiment was for funds that are low- to no-cost, patient, and forgivable to “gets deals done that wouldn't be done otherwise” and create wealth.</p>	<p>The members spent a significant amount of time discussing the role that philanthropy could play in filling the gaps for Black developers. With philanthropy dollars, there is greater opportunity for Black developers to access equity and debt-free capital. Some specific ideas included:</p> <ul style="list-style-type: none">• Couple philanthropy grant-making with program-related investment (PRI) and equity investment as a singular vehicle• Create philanthropy support for development team-building and/or consulting to strengthen applications and outcomes.• Provide grant funds in conjunction with loans or equity investment commitment from the lender for predevelopment expenses to reduce front-end risk to the developer.• Use philanthropy dollars (grants) to support loan loss reserves (LLR)• Utilize philanthropy dollars to be a guarantor for developers.	<p>Workgroup members showed excitement about having a crowdsource opportunity for Black developers. There were different ideas for how to create this pool of money or how it could be used. But ultimately, there was consensus around creating a crowdsource effort to support Black developers.. Some ideas looked like:</p> <ul style="list-style-type: none">• Pooled capital that is “on the ready” to plug holes in a capital stack• Crowdsourced individual small investors with a purpose/focus to invest in Black developers would bring new capital by lowering the threshold to entry and connecting the desire for many to have an impact in a new way.



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In Their Own Words

Designing for the end-user

"I think I heard that I was the first Black developer in St. Paul. My hope is that I'm not the last and that we continue to help drive this conversation on why we need more developers that look like the neighborhoods that we're developing in."

"For me, real estate is a big opportunity for us to continue to break financial barriers, across all groups of people, and give us the opportunity to obtain wealth that gives us the freedom to bring more education and more access and opportunities to financial literacy, wealth development, and all those different things."

"One of the challenges that aspiring developers, specifically people of color, are going to have is that this is a capital-intensive business. So, if you don't have liquidity, you don't have the ability to solve those gaps financially."

Providing flexible funding

"How do we make access to capital as flexible as we possibly can? Whether the vehicle is crowdsourcing or putting in a guarantee, or a cash flow guarantee pool, or one of the philanthropic organizations stepping in to subsidize rent, it all flows to the same thing."

"When I look at capital, it has to be flexible enough to cover those individual gaps."

"I don't really care where the capital is coming from as long as I could do the work to service the community, right? And sometimes when you're doing that, you, you need that ability to navigate through those tough times while having that flexible capital to be able to work through."

Expanding the role of philanthropy

"I'm curious about a way to make that a little more streamlined so that corporations and philanthropy can see when there's a project with a gap that is something we could step in and work with. Or when there's a need for a guarantor, if there's opportunity to give to the pool. I think that those would be interesting options for philanthropy that wants to support development in this way."

"There's a lot of private capital coming in and buying single-family homes and selling them to people who can afford them (not people who currently live in the community) and taking them off the rental market. We need to think about how we restrain private capital to keep it from being extractive."

Creating crowd sourcing opportunities

"I just really love that crowdsourced investor pool since it first came up at the last session. And the way folks were talking about that as a vehicle, not just on the senior financing side, but folks were talking about that in terms of a pre-development funding pool as well. Crowdsourcing is small bits from everybody to create a bigger pool that's more consistently accessible. That's very interesting to me as a mechanism that can be deployed to support different pots of money at different stages through the development."

"I love the crowdsourcing idea, and I'm not really an expert in that, but the more you can make a marketplace where you can rent people's cash at a really low number, the better"

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Assessing the Commercial Development workgroup's preparation for change

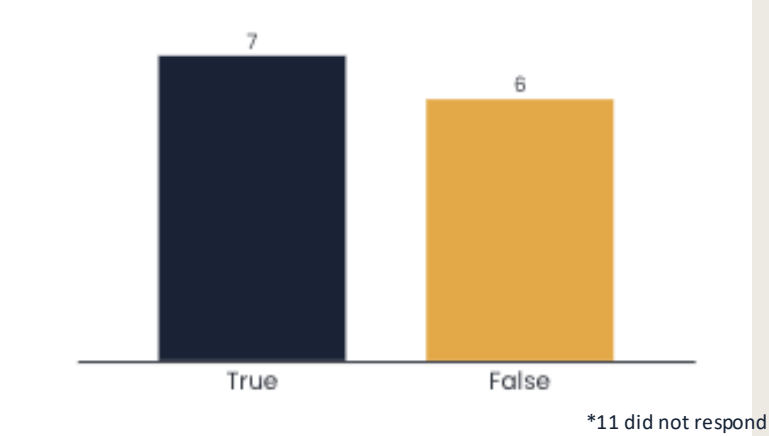
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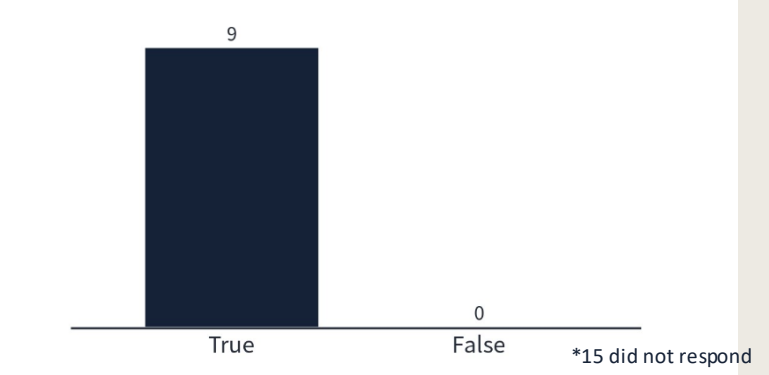
- *I have a deep understanding of how racism plagues the commercial development space.*
- *I am committed to using my power to address the systemic barriers that prevent Black developer success.*

In the commercial development workgroup, discussion centered around gaining deeper understanding of systemic racism in the commercial development ecosystem and using one's power, resources, and social capital to support Black developers. Workgroup members with varying self-assessed levels of preparation shared a commitment to leverage their power, privilege, and resources to support Black developers.

"I have a deep understanding of how racism plagues the commercial development space."



"I am committed to using my power to address the systemic barrier that prevent Black developer success."



In Their Own Words

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"I have an understanding of the racism that, plagues the community development space. But I don't know if it's a deep understanding. I need to spend more time listening and having open dialogue on that."

"I'm white. I think that I can develop an intellectual understanding. I think that I can develop relationships with Black and Brown friends who can help share their stories. But I will never actually viscerally experience racism in this space because if I were navigating this space, I'd be navigating systems that were created for me."

"I want to work more with Black and Brown developers in the real estate space, whatever that means. Whether it's lending, investing, using all my social capital that I've built up over the last 20-some years in this space. I guess I'm kind of putting my career out there to try, and that's where I'm trying to commit my power for good, and if it works where I'm at, at Bell Bank, fantastic. If it doesn't, I'll find something else. But this is a space I'm very committed to."

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BIPOC Entrepreneurship

Meeting Overview & Key Takeaways

Overview of the BIPOC entrepreneurship workgroup's time together

On September 20th, the BIPOC entrepreneurship workgroup convened virtually to begin applying *Discover* phase learning to design solutions that support Black entrepreneurs. Members began by humanizing the experience of their end-user, Black entrepreneurs. The workgroup was grounded in the lived experiences of BIPOC entrepreneurs, their vision for their businesses, and the hardships they experienced while starting their ventures in the Minnesota startup ecosystem.

The workgroup proceeded to interrogate and build a shared analysis through an ideation activity to address our design question: "How might we create a capital product that is widely available and accessible to early-stage Black Entrepreneurs at scale?" Workgroup members shared their perspectives on the following questions (full results can be found in [Appendix D](#)):

1. What are the most consistent ways outside of "friends & family" that entrepreneurs successfully access capital to start new business ventures?
2. What needs to be different from how things are today for this capital to reach Black entrepreneurs, specifically?
3. What are 3 impactful actions, interventions, or changes that need to happen NOW to make low-cost capital available to Black entrepreneurs permanently?
4. Given everything we have discussed: What does this product actually look like?
5. Who (all) should be able to deploy this product?
6. Moving beyond 'pilots,' how is my organization positioned to make this product possible at scale?

The meeting concluded with a conversation around our shared understanding of the systemic racial barriers that plague the entrepreneurial ecosystem as well as our commitment to use our power to fight it.



Workgroup members created solutions to bridge the gap of "friends and family" funding

Throughout the meeting, discussion centered four key themes: the stories of BIPOC entrepreneurs, increasing avenues to startup capital, overcoming barriers to secure capital, and removing bias in lending practices. Below is an overview of key takeaways within each theme.

Designing for the end-user

Three local BIPOC entrepreneurs shared their personal journeys to innovate solutions to the "friends and family" capital gap. Guest speakers included:

- **Eri O'Diah:** Founder and CEO of SIID Technologies
- **Clarence Bethea:** Founder and CEO of Upsie
- **Bella Lam:** Founder and CEO of Coconut Whisk

Panelists shared their unfiltered experiences as BIPOC entrepreneurs in Minnesota and their shared sense of feeling out of place or unwelcomed. They also impressed the unrealistic and unequal standards they have had to navigate to access capital compared to their white counterparts. As a result, they shared how their time is focused away from running their businesses and instead on pitch competitions and completing technical and cumbersome due diligence paperwork for funders.

Increasing avenues to startup capital

Workgroup members discussed the need for debt-free and low-cost capital to provide Black entrepreneurs with an opportunity to build equity that has been systemically denied for generations. Community development financial institutions (CDFI) and Special Purpose Credit Programs were both named as potential pathways to deploy this type of capital. Specifically, workgroup members shared the following suggestions for debt-free or low-cost capital:

- Working capital guarantee programs from governments, philanthropy, large institutional investors
- Forgivable loans of \$50-\$100k to all Black graduates from accelerators
- Early-stage grants from philanthropy that are connected to banks for the next stage of a business' capital needs

Overcoming barriers to secure capital

Workgroup members expressed the heavy burden placed on BIPOC entrepreneurs to secure capital. Many mentioned the extreme due diligence they are put through to secure capital. Others mentioned not having the collateral needed to access certain forms of capital.

Members shared ideas to alleviate this burden such as:

- Relying less on credit score
- Having easier underwriting practices
- Providing investment products that don't require collateral or capital
- Maintaining transparency in standards
- Ensuring credit invisibility (e.g. rents, utilities not factored into scoring)
- Giving quicker response times on whether funding has been approved

Removing bias in funding practices

Bias in funding, from lenders and philanthropy alike, continues to be a barrier for Black entrepreneurs to access capital. Specifically, one workgroup member shared... "[it's] the racism, sexism, bias, and culture here that are impeding and causing many of these problems."

Workgroup members shared specific ideas to systemically eliminate bias, such as:

- Requiring underwriters to complete implicit bias training
- Amending risk assessments to reduce racial bias
- Removing funding questions that are rooted in bias





In Their Own Words

Designing for the end-user

"We're, still in the middle of raising capital right now. It's been incredibly hard in Minnesota to do that."

"I felt like I was an outcast. I always tell the story of going to a startup event in 2015 when I first started, and I remember walking in and nobody talked to me. I didn't feel like I belonged in the community."

"The difference between programs that are out of state and programs that are in state, is that many of the programs in state don't offer any funding. They give you access to knowledge sharing, which is great. The knowledge sharing piece is awesome and very helpful, but I feel like I'm expected to learn and become an expert at something that someone else went to college to learn for four years and spent five to ten years building, but I'm expected to become an expert in 12 weeks."

Increasing avenues to startup capital

"\$20,000,000 of grant money to match any crowdfunding or friends and family money raised by BIPOC entrepreneurs."

"Challenge foundations to just give money or make PRIs to Black entrepreneurs."

Overcoming barriers to secure capital

"Don't require personal and or private capital (i.e. personal home) as collateral."

"You need 2 years of experience to get capital, but you need the capital to get the experience."

Removing bias in lending

"If you would've seen the number of questions and the two days worth of preparation.. Yet, it's not a grant. It's just a crazy due diligence hurdle. That's just part of the process. So, amending the due diligence process, is what I would say needs to be done."

"I got this saying, it's called MWG, mediocre white guys. I said, 'I know I've made it when I can be mediocre and still get money.' And I believe that is a very telltale sign of our community in Minnesota. BIPOC is trying to raise \$600K, and I can tell you of mediocre white guys in Minnesota who raised that on a napkin with no revenue, with no nothing."



Assessing the BIPOC entrepreneurship workgroup's preparation for change

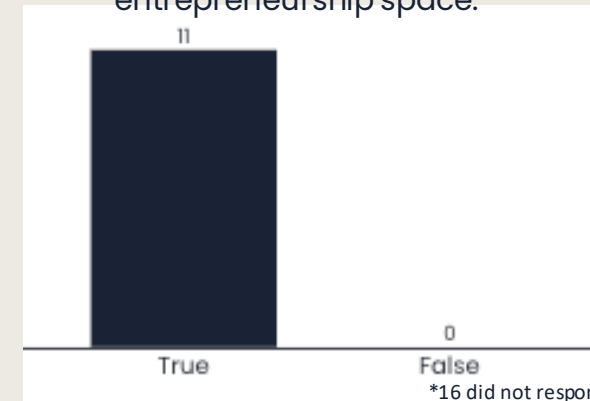
Systems do not change without individual action and authentic collaboration. To close the wealth gap for Black Minnesotans, GroundBreak Coalition formed to work in an urgent, coordinated fashion to shift resources, policies, power, and narratives over the next 10 years, with a focus on resource transformation in the first year.

To assess readiness for rapid action, Imagine Deliver asked workgroup members to share honestly about their individual level of preparation to move rapidly in affecting largescale change. Workgroup members assessed their own preparation for change, testing two true or false statements:

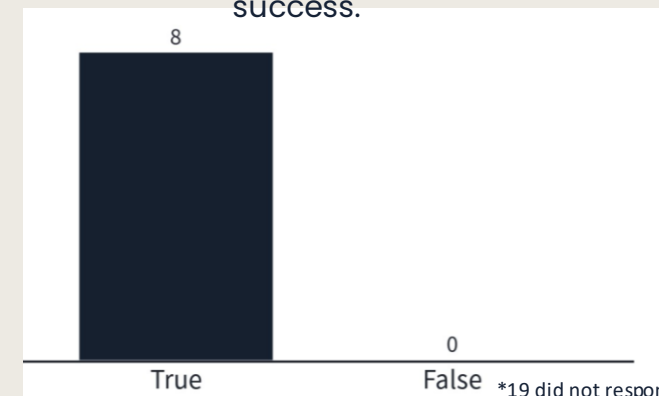
- *I have a deep understanding of how racism plagues the entrepreneurship space.*
- *I am committed to using my power to address the systemic barriers that prevent Black entrepreneur success.*

In the BIPOC entrepreneurship workgroup, discussion centered around what it meant to have a deep understanding of systemic racism in the entrepreneurship ecosystem and the importance of backing words with action. Workgroup members with varying self-assessed levels of preparation shared a commitment to leverage their power, privilege, and resources to support Black entrepreneurs.

"I have a deep understanding of how racism plagues the entrepreneurship space."



"I am committed to using my power to address the systemic barriers that prevent Black entrepreneur success."



In Their Own Words

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“I answered true, but I can say that with humility that not having lived it, I don't know how deep my understanding is. So, I appreciate the panel at the top of the call that really shared what their lived experience is. I feel like I know the facts, but I don't know the experience, if that makes sense.”

"I would argue that many people don't understand, because if we did understand, we would have the right questions to ask. I don't think we're asking the right questions to get to the underlying issue.”

“I would love to know who has already been doing it. Not that I'm committed to do it, but rather, who has already done this 'user power' because it's one thing to say you're going to do it, but we need some receipts.”

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