



**GROUNDBREAK COALITION**

# **MEL REPORT**

**TERRALUNA COLLABORATIVE / SEPTEMBER, 2025**

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A Monitoring, Evaluation, and Learning (MEL) framework to guide the Coalition's 10-year capital strategy to close racial wealth gaps in Minneapolis–St. Paul

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## EXECUTIVE SUMMARY

Since January, TerraLuna has partnered with the project team to co-create a Monitoring, Evaluation, and Learning (MEL) framework to guide the Coalition's 10-year capital strategy to close racial wealth gaps in Minneapolis–St. Paul. This collaborative effort has resulted in a framework designed to measure outcomes and strengthen shared accountability and learning across the Coalition.

It is comprised of three core components:

- **A three-pronged evaluation approach** to identify short-term outputs, assess medium-term outcomes, and determine longer-term system change.
- **A standardized metric and indicator set** tied to the Theory of Change to enable consistent measurement across partners and investments.
- **A shared learning agenda** that equips the Coalition to interpret data, apply insights, and support collective learning.

Implementation of the framework will be anchored in early capital deployment data, complemented by public information sources, a streamlined set of indicators, and regular reporting cycles. With this foundation, the Coalition can focus on refining measurement practices as new data emerge and embedding shared learning into decision-making.

### *Next Steps*

The next twelve months represent a critical window. Early attention to data, processes, and shared practices will be essential to translate the MEL framework from design into everyday use during this period. To achieve its objectives, the Coalition should prioritize three actions:

- **Standardize Data Collection and Invest in Technology:** Align reporting requirements across Origination Partners, streamline indicator definitions, and adopt user-friendly technology platforms. These steps will improve data quality, ensure consistency, and reduce reporting burden while making the information collected both comparable and actionable.
- **Establish a Comprehensive Baseline:** Document early operational capacity, borrower characteristics, and community-level outcomes to create a clear starting point for measurement. This baseline will provide a shared reference for assessing progress and distinguishing between one-time effects and sustained change.
- **Validate and Refine the Framework:** Pilot the framework during initial reporting cycles to test feasibility, sharpen indicator definitions, and confirm that outputs provide decision-useful insights. Partner and stakeholder feedback should guide refinements to ensure the framework remains practical, credible, and aligned with the Coalition's goals.

Ultimately, the MEL framework is designed as a living tool. As it is implemented and refined

over time, the framework will enable the Coalition to demonstrate impact, adapt strategies, and stay aligned with its long-term vision of closing racial wealth gaps in Minneapolis–St. Paul.

## INTRODUCTION

### *Theory of Change<sup>1</sup>*

The Coalition’s Theory of Change is rooted in the belief that targeted, equity-centered capital products can dismantle barriers to wealth building and, over time, reshape the financial systems that perpetuate racial wealth gaps. The first decade of this work focuses on Black Wealth Builders in the Minneapolis–Saint Paul metropolitan region, deploying tailored financial products for homeowners, entrepreneurs, and developers.

If implemented successfully, GroundBreak aims to achieve:

- **11,000** new Black homeowners.
- **5,000** new Black-owned businesses, generating **8,000** new jobs.
- **60** new Black- and community-led neighborhood developments.

Which will create the foundation for:

- A **50% reduction** in the BIPOC homeownership gap.
- A rise in **BIPOC-owned businesses** to match their share of the regional population.
- **Scalable models** of BIPOC-led, community-rooted, financially resilient development.

We aim to bring this Theory of Change to life with a comprehensive learning agenda. By aligning each long-term goal with our proposed MEL framework, the Coalition can assess small, incremental improvements and larger, systemic shifts using a blended approach of quantitative and qualitative methods to track progress for individuals and communities.

### *Research Objectives and Guiding Questions*

The framework is built on three interconnected areas of inquiry—**Performance, Impact, and Sustainability**. An overview of the core learning questions linked to each objective follows. This approach allows the Coalition to measure direct results for communities and individuals while understanding the broader systemic changes needed for lasting impact.

#### **Performance**

This domain assesses how capital is deployed, focusing on efficiency, reach, and equity. It examines accessibility and utilization across different demographics and geographies.

#### *Key Questions:*

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<sup>1</sup> An updated Theory of Change summary is provided in Appendix III.

- Are the Coalition’s products reaching the intended borrowers effectively and equitably? Where are there drop-offs by gender, income, geography, etc., and why?
- Where do bottlenecks in the processes slow down deployment? How can the Coalition streamline them without creating new barriers for the people it serves?

### **Impact**

This domain examines the near-term results of capital investments. It measures whether the products unlock additional market-rate capital for households, businesses, and neighborhood developments, tracks immediate outputs (e.g., home closings, business launches/expansions, and neighborhood projects moving forward), and medium-term outcomes (e.g., access to follow-on financing and job creation).

#### *Key Questions:*

- To what extent do investments unlock market-rate capital through:
  - Mortgages that support homeownership?
  - Follow-up capital for small businesses to scale and grow?
  - Senior debt or other financing mechanisms that enable neighborhood development projects?
- What outcomes do borrowers achieve 6–24 months after closing?
- Do the Coalition’s collective investments contribute to job creation and improved employment opportunities for residents?
- Do the Coalition’s collective investments improve neighborhood vitality by reducing vacancy rates and improving small-business survivorship—without displacing existing residents and businesses?

### **Sustainability**

This domain evaluates the long-term viability of the Coalition’s model and its ability to expand opportunity for wealth builders. It assesses whether institutional partners are adopting inclusive underwriting practices and whether the Coalition can sustain and scale its effort to create a new regional financial system.

#### *Key Questions:*

- Are financial institutions changing their underwriting practices to unlock more capital for wealth builders? Are inclusive practices embedded in their policies?
- Does the Coalition have the governance, capacity, and capitalization to sustain and scale its work over the next decade?

## **MONITORING AND EVALUATION**

The proposed monitoring and evaluation strategy is structured to advance real-time learning by

integrating primary and secondary quantitative data and qualitative community insights.<sup>2</sup> It is intentionally designed as a phased approach that balances rigor with practical constraints, recognizing the limited capacity of partners.

The following tables outline the proposed qualitative metrics and indicators for each domain.

**Monitoring Deployment of Capital Products**

This domain assesses the effectiveness and equity of capital distribution. It examines how well products reach their intended borrowers and whether access is distributed fairly across groups. By analyzing applications, approvals, and denials (where applicable)—disaggregated by product type, race, gender, age, credit score, income, net worth, household size, and geography—the Coalition can assess both the level of demand and the extent to which different populations are being served, while identifying where disparities remain.

**Table 1: Deployment of Capital Products<sup>3</sup>**

Category	Metrics	Indicators	Purpose	Source(s)	Frequency
<b>Demand</b>	# of Applications	% of Loans Approved	Track demand and approval patterns	Origination Partners	Quarterly
	# of Approvals and Volume				
	# of Denials (if applicable)	% of Loans Denied (if applicable)			
<b>Borrower Profile</b>	Race	% of Loans Approved	Identify who is reached and detect disparities in access		At Application
	Gender				
	Age				
	Credit Score				
	Net worth				
	Annual Income	Annual Income (Median)			
	Net Worth	Net Worth (Median)			

<sup>2</sup> See Appendix II for a proposal to integrate qualitative data collection methods, designed to capture community insights and perspectives that complement quantitative analysis.

<sup>3</sup> All metrics and indicators will be disaggregated by zip code and product type to enable more detailed analysis of geographic and program-level impacts..

### Assessing Impact

This domain examines how investments unlock market-rate capital and generate wealth-building opportunities for borrowers and communities. It tracks both near-term outcomes and longer-term structural shifts, showing how capital influences opportunity, stability, and resilience across the region. To capture these outcomes and shifts, the impact domain centers on three areas of investment—**Homeownership**, **Entrepreneurship**, and **Neighborhood Development**—each providing a distinct lens on how capital deployment drives broader economic and community benefits.

#### Homeownership

This focus area examines how the down payment assistance (DPA) product leverages larger volumes of first mortgages from commercial lenders, thereby measuring the amount of market-rate capital unlocked. Key indicators—such as the ratio of market-rate to Coalition capital and the average DPA as a share of purchase price—illustrate how relatively modest contributions of capital can unlock significantly greater outside financing. In addition, tracking forgiveness and repayment patterns provides insight into how effectively homeowners are building equity over time.

**Table 2.1: Economic Impact - Homeownership**

Category	Metric	Indicator	Purpose	Source(s)	Frequency
<b>Access</b>	# of Homes Purchased	% of Homes Purchased (Disaggregated by Zip Code)	Measure near-term impact on access to capital	Origination Partners	Quarterly
	# of Purchases With Gbc-Aligned Mortgages	% of Purchases with GBC-Aligned Mortgages (Disaggregated by Zip Code)			
<b>Market-Rate Capital Unlocked</b>	Median Purchase Price	N/A	Measure the affordability of each transaction and track the extent to which market-rate capital is leveraged relative to GBC capital.		
	Median DPA Amount	DPA As % of Purchase Price			
	Median 1st Mortgage Amount	Ratio of Market-Rate to GBC Capital			
<b>Forgiveness</b>	# and Total \$ of Loans Forgiven (5-Year)	% of Loans Forgiven (5-Year)	Monitor forgiveness and repayment		Annually

	# and Total \$ of Loans Repaid	% of Loan Repaid			
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### Entrepreneurship

The entrepreneurship focus area evaluates how the interest-only loans expand access to traditional financing for small businesses and entrepreneurs. It examines whether enterprises supported by the Coalition are able to secure follow-on capital. Key indicators—such as the total volume of third-party capital mobilized and the ratio of external to GBC capital—demonstrate how targeted support can attract outside financing.

It also monitors business performance through employment outcomes. Metrics on jobs created and retained provide insight into both short-term growth, while business survivorship is tracked at three and five years, offering insight into whether enterprises are positioned for sustained growth.

**Table 2.2: Economic Impact - Entrepreneurship**

Category	Metrics	Indicators	Purpose	Source(s)	Frequency
<b>Market-Rate Capital Unlocked</b>	Total \$ of Third-Party Capital Mobilized	Ratio of External Capital to GBC Capital	Assess how much market-rate capital is unlocked	Origination Partners	At Application
<b>Employment Opportunity</b>	# of FTE Jobs Created	% of Businesses Creating New Jobs	Measure job creation and stability	Origination Partners, Wealth Builders	At Application
	# of FTE Jobs Retained	% of Businesses Retaining Jobs			
<b>Business Survivorship</b>	# of Businesses Surviving 3+ Years, 5 Years (if applicable)	% of Businesses Surviving 3+ Years, 5 Years	Assess long-term business growth and stability	Origination Partners	Annually

### Neighborhood Development

This focus area evaluates how capital products support commercial projects that create lasting benefits for residents and businesses. It highlights the catalytic role of subordinate Coalition capital in leveraging larger volumes of senior market-rate debt. Key indicators—such as the ratio of external to Coalition capital—demonstrate how targeted investments strengthen market confidence and expand access to conventional financing.

In addition, it tracks the employment opportunities generated by each project, providing insight into the broader fiscal and social returns of development projects.

**Table 2.3: Economic Impact - Neighborhood Development**

Category	Metrics	Indicators	Purpose	Source(s)	Frequency
<b>Market-Rate Capital Unlocked</b>	Total \$ of Senior/External Debt or Conventional Financing Mobilized Per Project	Ratio of External Capital to GBC Capital per Project	Assess how capital enables larger-scale financing via senior market-rate debt	Origination Partners	Quarterly
<b>Employment Opportunity</b>	# of Jobs Created (e.g., Construction, Operations, etc.)	N/A (Net Jobs Created)	Assess the employment effects of development projects	Wealth Builder	

### Evaluating Sustainability

This domain assesses the long-term viability and systemic influence of the GroundBreak model. At this stage, the focus is on signals within the marketplace demonstrating whether the Coalition’s model is shifting the flow of capital toward wealth builders. It is intended as a starting point. The metric and indicator presented here are preliminary and will evolve as the Coalition identifies new opportunities to track the model's durability.

**Table 3: Sustainability of the GroundBreak Model**

Category	Metrics	Indicators	Purpose	Source(s)	Frequency
<b>Market Shifts</b>	# of Lenders Adopting GBC-aligned Practices; Total Dollars Shifted	% of Lenders Adopting GBC-aligned Practices	Assess how lenders adapt policies and practices	Lender Interviews <sup>4</sup>	Annually

## DATA COLLECTION

### Primary Data Sources

The Coalition will collect primary data directly from the following key partners. These sources provide the foundation for monitoring capital deployment and evaluating the near-term outcomes of capital products.

- **Origination Partners (OPs):** As the primary interface with borrowers, OPs will submit standardized reports capturing borrower demographics, disbursement volumes and

<sup>4</sup> A standardized data collection tool for this objective—specifically for the annual lender interviews and surveys—has not been developed. Its inclusion here serves as a recommendation for future efforts to promote consistency in how information is gathered from lenders and other relevant partners, in coordination with the Strategic Impact Committees.

timelines, and repayment activity. This data is essential because it provides borrower-level insights that show who is being reached, how funds are flowing, and whether intended access and equity goals are being met.

- **Financial Managers (FMs):** The three designated FMs—Mission Driven Finance, Broadstreet Impact Services, and The Minneapolis Foundation—oversee capital deployment and coordinate with OPs. They will report on capital flow, product characteristics, and overall portfolio health.
- **Participating Financial Institutions:** Commercial banks aligned with the Coalition’s products—including Bell Bank, Bremer Bank, Huntington Bank, and U.S. Bank—will share data on the structure and performance of market-rate products. Their participation supports the evaluation of accessibility within conventional debt financing.

### *Secondary Data Sources*

External data sources provide critical benchmarks and serve as an independent check on trends interpreted from partner-reported data. By incorporating these external inputs, the Coalition can validate findings, broaden the analytic lens, and situate outcomes within larger economic and demographic trends. Recommended sources include:

- **Census and Economic Data:** National and regional datasets (e.g., U.S. Census Bureau’s American Community Survey, Bureau of Labor Statistics, and other public indicators) provide a foundation for understanding demographic shifts and community-level economic conditions.
- **Property Records:** Publicly available records, deeds, and tax assessments offer insight into housing and land-use dynamics, helping track property values, ownership rates, and neighborhood stability over time.
- **Local Economic Development Reports:** Reports from municipal agencies, chambers of commerce, and community development organizations capture quantitative measures (e.g., small business growth, minority-owned enterprise development) and qualitative insights (e.g., policy priorities).

### *Data Collection Tools & Systems*

The proposed framework emphasizes standardized processes supported by practical tools to ensure consistency and comparability across partners. This approach is designed to streamline reporting, reduce the burden on partners, and generate reliable information that can be aggregated, analyzed, and applied to strengthen product management and long-term learning.

The Coalition currently uses a reporting template completed by Origination Partners and Financial Managers. Partners submit quarterly updates on loan activity and fund deployment, as well as an annual report on overall portfolio utilization. Submissions arrive as raw files (e.g., CSV or Excel) and include metrics such as down payment assistance details, borrower demographics, loan terms, project and neighborhood characteristics, developer profiles, senior debt participation, and portfolio performance indicators (e.g., approvals, disbursements,

repayment, default rates).

To strengthen this system, we recommend an interim process that converts raw partner data into decision-ready insights by:

- Standardizing field names.
- Applying consistent validation rules.
- Embedding calculation logic for key indicators.

A sample extract process and formula set is provided as an attachment to this report.

### *Borrower Surveys*

Currently, borrower surveys are administered only for the Neighborhood Development product, which limits understanding of borrower experiences across the full product suite. To address this gap, two shifts are recommended:

- **Increase Survey Frequency and Coverage:** Introduce pre-disbursement and mid-term surveys for all products—particularly those beyond down payment assistance (DPA)—to capture borrower experiences throughout the loan cycle rather than only at close-out.
- **Standardize Survey Instruments:** Co-develop survey tools with partners that combine structured questions for comparability with open-ended prompts to surface deeper narrative insights.

The following sections provide product-specific survey recommendations, with engagement points tailored to each product's features and timelines. Example protocols are included in Appendix II.

### **Entrepreneurship and Neighborhood Development**

We recommend three engagement points:

- **Pre-Disbursement:** Establish anticipated outcomes (e.g., revenue growth, job creation, community benefits) and identify potential barriers.
- **Mid-Term:** Monitor progress against the original business plan, track revenue and employment trends, and surface challenges requiring support.
- **Loan Close-Out:** Document outcomes such as revenue and employment changes, and capture borrower perspectives on the loan process and support services.

## Homeownership

We recommend two engagement points:

- **12–18 Month Check-In:** Assess early stability and resilience, including ability to manage unexpected expenses, stress levels related to mortgage obligations, and risks such as delinquency or household changes.
- **Five-Year Mark:** Document the impact of partial loan forgiveness as a milestone of equity. A complete close-out survey is unnecessary, but this checkpoint signals sustained outcomes.

## *Lender Interviews*

The sustainability domain evaluates the long-term viability and systemic influence of the Coalition’s model, with a focus on how inclusive practices are embedded in partner institutions’ lending policies, operations, and risk frameworks. Because this requires active lender engagement, the process must be structured, relational, and iterative. We recommend a two-pronged approach:

- **Lender Interviews:** Conduct annual 60-minute, semi-structured interviews with a representative sample of lenders. This format balances consistency with flexibility, allowing nuanced discussion of institutional shifts, drivers of change, and the integration of Coalition products.
- **Strategic Impact Committee Engagement:** Use these committees as a sounding board to interpret interview findings, monitor sector-wide shifts, and identify systemic barriers. Their perspectives provide essential context, situating lender-level insights within broader market dynamics and strengthening sustainability reporting.

By integrating lender perspectives with sector-wide analysis, this approach ensures that sustainability reporting captures both institutional progress and market-level change, positioning the Coalition as a catalyst for systemic transformation. Example protocols are provided in Appendix II.

## REPORTING

Reporting should serve as a bridge between measurement and action. Our approach emphasizes collaboration and transparency, ensuring that data is collected, analyzed, and communicated in ways that drive accountability, inform strategy, and highlight community perspectives.

## *Audience Types and Information Needs*

To meet the distinct needs of different stakeholders, reporting should use tailored formats that align with each audience’s role and priorities.

**Table 4: Audience Types**

Audience	Information Needs	Purpose
<b>Origination Partners / Financial Managers</b>	Dollars deployed, portfolio performance, borrower demographics, repayment trends	Support responsible fund management, monitor borrower outcomes, and ensure alignment with coalition goals
<b>Policymakers</b>	Beneficiary profiles, dollars deployed, geographic reach, systemic equity outcomes	Demonstrate community and systemic impact, inform policy priorities, and guide resource allocation
<b>Funders</b>	Beneficiaries served, total dollars deployed, mission-related return metrics, leverage of market-rate contributions	Showcase investment effectiveness, highlight capital mobilization, and reinforce the value of contributions
<b>General Public / Wealth Builders</b>	Dollars deployed, private capital unlocked, community success stories, visible neighborhood improvements	Build trust, inspire participation, and illustrate tangible benefits for residents
<b>Market Rate Financial Institutions</b>	Institution-specific summaries, progress toward impact targets, DPA leveraged, co-investment opportunities	Strengthen relationships, increase transparency, and encourage continued or expanded participation

By tailoring reporting formats this way, the Coalition fosters accountability, builds stronger partnerships, and ensures that data consistently informs equity-centered decision-making and systemic change. As the model evolves, the format and frequency of reporting will adapt to stakeholder needs and strategic priorities.

### *Reports and Dashboards*

To maximize the impact of data, we recommend developing audience-specific collateral based on the information needs identified above. This approach ensures stakeholders can quickly grasp key trends, monitor performance, and make informed decisions. This section outlines our recommendations for each key stakeholder group, detailing how each tool supports their goals.

#### **Origination Partners / Financial Managers**

We recommend a quarterly operations memo to help these stakeholders monitor fund deployment and track borrower outcomes. The memo will highlight key performance indicators (e.g., applications, approvals, denials, dollars disbursed, and time-to-close) and briefly examine equity metrics by geography and income.

In addition to written reporting, dashboards and visualizations will strengthen partners’ ability to act on emerging trends. These include:

- Repayment trends, approval/denial ratios, and loan performance over time to track portfolio health.
- Disaggregated borrower demographics by income, race/ethnicity, and geography to monitor equity.
- Funnel views of time-to-close, pipeline flow, and processing bottlenecks to identify opportunities for operational improvement.

By combining the memo with visual insights, partners will have timely, actionable evidence to guide workflow adjustments, documentation practices, and product design.

### **Policymakers**

Policymakers need data to understand systemic equity impacts and demonstrate community-level change. To meet these needs, we recommend dashboards that provide:

- An overlay of dollars deployed with neighborhood equity indicators to show where capital is directed and its impact.
- A tracker of cumulative and comparative funding by source to illustrate how public and private contributions expand market capacity.

These tools will help policymakers assess progress, shape policy priorities, and make the case for municipal, state, and federal resource allocation.

### **Funders**

We recommend providing an annual data summary to help funders assess investment effectiveness and understand how their contributions are leveraged. The summary should present progress in an accessible language (e.g., homes closed, businesses funded, dollars deployed, geographic distribution) and include a simple equity chart and map visualization. Complementing this, dashboards could offer deeper insights, including:

- “Return on investment” metrics paired with leverage ratios of market-rate capital.
- Trend lines showing growth in reach over time to demonstrate expanding impact.
- Comparative views of funding sources to highlight how contributions mobilize additional capital.

This combined approach ensures funders receive big-picture transparency and detailed evidence of their impact.

### **General Public / Wealth Builders**

Members of the public need tangible, community-level outcomes to build trust and understand program benefits. To meet this need, we recommend at-a-glance visualizations of key metrics—such as total dollars deployed, households supported, and jobs created—paired with community success stories that bring the numbers to life.

This mix of data and narrative will make the Coalition’s work more visible and relatable to residents and potential wealth builders.

### **Market Rate Financial Institutions**

Financial institutions require transparency into how their financing programs are being leveraged and the outcomes they generate. To meet this need, we recommend developing institution-specific dashboards that include:

- Clear reporting on dollars deployed, progress against agreed-upon targets, and performance benchmarks.
- A forward-looking view of deals eligible for joint participation, designed to encourage collaboration and expand investment opportunities.

These tools will strengthen relationships with existing institutional partners while creating clear pathways for deepening participation in the Coalition’s model.

## STORYTELLING OPPORTUNITIES

We recommend using the MEL framework to evolve the Coalition’s storytelling from isolated anecdotes to compelling, evidence-based narratives. The goal is to move beyond one-off wins—a single homebuyer, loan, or project—and instead highlight portfolio-level outcomes such as increased Black homeownership, stronger business survivorship, and revitalized commercial corridors.

The strategy is guided by five principles:

- **Track cumulative progress** toward 10-year goals and celebrate milestones (e.g., 11,000 homeowners, 5,000 businesses, 8,000 jobs, 60 developments). Show the arc of change over time, not just static snapshots.
- **Ground stories in place**, focusing on neighborhoods and corridors. Explicitly connect the legacy of redlining and disinvestment to present-day remedies deployed by the Coalition.
- **Demonstrate catalytic effects** by quantifying how each Coalition dollar attracts larger flows of market-rate capital—first mortgages, follow-on financing, and senior debt.
- **Move beyond counts** by documenting job quality, business survivorship, and neighborhood vitality without displacement, illustrating durable benefits.
- **Anchor every story in data and validation** from third-party sources such as lenders, institutional partners, or public datasets (e.g., U.S. Census Bureau).

By applying these principles, the Coalition can transform operational data into a portfolio of evidence that demonstrates capital deployment and reveals structural shifts in the regional economy. What follows are examples of possible narrative approaches tied to each capital product.



### *Homeownership Narrative*

This approach positions the Down Payment Assistance (DPA) product as a catalyst for expanding Black homeownership in historically disinvested census tracts. By analyzing neighborhoods where the product is most frequently used, the Coalition can demonstrate how DPA contributes to stabilizing property values and strengthening the local tax base.

The objective is to answer questions such as:

- Are Black homeownership rates increasing more rapidly in neighborhoods with access to GBC products compared to similar areas without access?
- Are property values appreciating in ways that signal stability without displacement?
- Is the product contributing to the local property tax base growth for the city or county?

### *Methods*

Program-level data should be analyzed alongside community indicators to understand the broader impact of DPA on neighborhood stability. By linking individual loan activity to census tracts and historical patterns of disinvestment, the Coalition can build a narrative that connects household-level interventions to community-level transformation.

- Geocode loan-level data to census tracts and compare changes in Black homeownership rates with ACS trends.
- Match purchase prices and mortgage amounts to assessor data to track property value appreciation.
- Compare tract-level property tax revenue trends with city/county records to assess local tax base growth.
- Overlay loan activity with Home Owners' Loan Corporation (HOLC) maps to document how the program addresses historically redlined areas.

### *Entrepreneurship Narratives*

#### **Follow-On Funding Pipeline**

This approach highlights the Coalition's role in establishing credibility and de-risking early-stage firms. By providing initial flexible capital, the Coalition enables entrepreneurs to attract larger follow-on investments from banks, venture investors, and grantors—often within 12–24 months.

The objective is to answer questions such as:

- How much additional capital is leveraged, and from which sources?
- How quickly do firms move from Coalition seed funding to institutional capital?

### *Methods*

Tracking follow-on capital requires sequencing MEL data against firm fundraising timelines to show how Coalition investments unlock larger flows of funding. This analysis demonstrates the catalytic role of early-stage support and how credibility accelerates access to institutional capital.

- Track each firm’s fundraising trajectory, from Coalition investment to subsequent rounds.
- Categorize follow-on capital by type (e.g., bank debt, venture equity, grants) and source.
- Compare time-to-next-capital across firms to identify acceleration patterns.
- Calculate leveraged funding as a multiple of the initial Coalition investment.

### **Business Resilience**

This approach underscores how flexible financing terms and wraparound support services improve the survivorship of Coalition-backed firms compared to typical small-business benchmarks.

The objective is to answer questions such as:

- Do Coalition-backed firms survive longer than their peers?
- Where are resilient firms clustering, and what does this imply for local commercial corridors?

### *Methods*

Assessing resilience requires comparing outcomes for Coalition-backed firms against national benchmarks while examining geographic clustering. This dual lens enables the Coalition to tell a story of longevity and ecosystem vitality.

- Compare annual survival rates of Coalition-backed firms against SBA and BLS benchmarks.
- Map firm locations to identify geographic clusters of resilient businesses.
- Correlate revenue trajectories with survivorship to identify resilience factors.
- Use corridor-level analysis to link firm survivorship with broader economic health.

### *Neighborhood Development Narratives*

This approach frames the Coalition’s low-cost, patient subordinate debt as the critical missing piece in the capital stack that unlocks senior institutional financing. By analyzing where funded projects are clustering, the Coalition can demonstrate how these investments catalyze corridor-wide recovery and generate ripple effects of physical, social, and economic transformation.

The objective is to answer questions such as:

- How much senior debt is unlocked by Coalition subordinate financing across a corridor?

- What measurable changes follow these investments (e.g., construction and permanent jobs, new housing or commercial space, reduced vacancies, increased foot traffic)?

### *Methods*

Evaluating corridor revitalization requires connecting the financial leverage of subordinate debt with observable physical and economic change. The Coalition can demonstrate how investments produce broader neighborhood transformation by layering project-level MEL data with municipal indicators.

- Compare subordinate financing with mobilized senior debt to calculate leverage ratios.
- Map project clusters along commercial corridors to visualize concentration and scale.
- Link project timelines and outputs (housing units, commercial space, jobs) with observed corridor-level changes.
- Cross-reference MEL data with municipal indicators (e.g., vacancy rates, foot traffic) to evidence transformation.

## CONCLUSION

The MEL framework is more than a measurement tool—it represents a shared commitment to accountability, equity, and continuous improvement across the Coalition. By integrating deployment performance, economic impact, and sustainability into a unified structure, the framework equips partners to measure progress toward closing racial wealth gaps while also shaping a more inclusive and resilient financial system.

As implementation begins, the framework will evolve through partner feedback, quarterly reporting from Origination Partners, and ongoing engagement with Financial Managers, lenders, and community stakeholders. This adaptive approach ensures that data collection and analysis remain both rigorous and practical, generating insights that are directly useful for decision-making.

### *Looking Ahead: The Next 12 Months*

Over the coming year, the Coalition should focus on moving from framework design to implementation, ensuring that systems, practices, and shared learning become embedded in day-to-day operations. The following roadmap outlines a path for the Coalition. It provides structured steps for establishing baselines, expanding data collection, strengthening reporting, and developing narratives that link individual investments to broader systemic change.

#### **Months 1–3: Foundational Setup & Baseline Establishment**

- Standardize reporting requirements across Origination Partners (OPs) and Financial Managers (FMs), finalize common data fields, and implement validation rules.
- Invest in user-friendly technology platforms to reduce reporting burden and improve

data quality.

- Establish a comprehensive baseline by documenting borrower demographics, operational capacity, and community-level outcomes, supplemented by secondary data sources.
- Pilot the framework during the first reporting cycle to test feasibility and decision usefulness.

#### **Months 4–6: Initial Implementation & Refinement**

- Gather partner feedback on the initial reporting cycle to refine indicator definitions and reporting processes.
- Launch pre-disbursement borrower surveys for Entrepreneurship and Neighborhood Development products, and begin annual lender interviews to establish baseline institutional practices.
- Produce the first quarterly operations memo for OPs and FMs, and begin designing dashboards to visualize portfolio health, borrower demographics, and pipeline flow.

#### **Months 7–9: Enhancing Reporting & Narrative Building**

- Implement standardized borrower surveys across all products and launch mid-term surveys to monitor borrower progress.
- Develop dashboards tailored to Policymakers, Funders, and the general public, focusing on equity impacts, capital leverage, and tangible community outcomes.
- Initiate evidence-based storytelling by linking program data with secondary sources to build narratives on homeownership, entrepreneurship, and neighborhood vitality.

#### **Months 10–12: Sustaining Cycles & Strategic Learning**

- Establish a consistent coalition-wide rhythm for quarterly reporting and shared learning.
- Produce the first annual summary for funders, highlighting cumulative results on capital deployed, homes closed, businesses supported, and market-rate leverage achieved.
- Draft initial entrepreneurship and neighborhood development narratives, incorporating evidence on job creation, wage quality, and corridor revitalization.
- Review Year 1 lessons learned to refine strategies and measurement practices, positioning the Coalition for scaling in Year 2.

**APPENDIX I: ELIGIBILITY CRITERIA AND BASELINE ANALYSIS**

*Eligibility Criteria*

In contexts where direct collection or use of race and ethnicity data is not possible, proxy indicators provide a practical alternative for advancing the Coalition’s mission. These proxies uphold the Coalition’s core intent: expanding access to capital for populations historically excluded from wealth-building opportunities—particularly descendants of enslaved people and communities impacted by structural inequities such as redlining, urban renewal, and exclusion from government-backed programs. The revised eligibility framework maintains this intent by applying a layered set of geographic, socioeconomic, historical, and institutional criteria.

**Geographic**

Geographic indicators identify neighborhoods that have experienced persistent disinvestment and exclusion stemming from racially discriminatory policies, past and present. These areas often overlap with the communities the Coalition seeks to serve and include:

- Formerly redlined neighborhoods, as identified in Home Owners’ Loan Corporation (HOLC) maps.
- Census tracts with high concentrations of historically marginalized racial and ethnic groups, particularly Black/African American residents.
- Areas affected by mid-20th-century urban renewal or eminent domain policies that disproportionately displaced communities of color.

**Institutional**

Community-based institutions—including lenders, nonprofit housing organizations, and technical assistance providers—serve as effective intermediaries for reaching underserved populations. These organizations frequently support clients who reflect GroundBreak’s target populations, especially majority-Black or historically excluded groups. Partnering with these institutions enables targeted outreach while maintaining legal compliance.

**Table 5: Eligibility Criteria**

Category	Data	Data Source(s)	Frequency
<b>Geographic</b>	Census tracts with a high % of historically excluded groups (e.g., Black residents)	U.S. Census ACS	At Application
<b>Institutional</b>	Applicant works with a mission-aligned partner organization serving most Black or disadvantaged wealth builders.	Partner organization data	At Application

## *Baseline Analysis*

The Coalition's phased implementation requires a dynamic and flexible approach to baselining. Rather than relying on a single static snapshot, we recommend building a composite baseline that captures conditions both immediately before and during the earliest phases of capital deployment. This approach recognizes that:

- Activity will scale unevenly across partners and geographies.
- Early data may be incomplete or inconsistent.
- The baseline must remain adaptable to incorporate new indicators as systems mature.

A well-designed baseline will provide an initial point of comparison and establish a foundation for continuous monitoring, equity analyses, and long-term impact measurement.

### **Capital Flow and Operational Readiness**

To assess early operational capacity and system readiness, the baseline should track the initial flow of capital as funds are deployed and begin to scale. Recommended steps and indicators include:

- **Timing and volume of disbursements:** monitor when and how much capital is reaching communities.
- **Application and approval activity:** track demand for funds, approval rates, and trends in borrower characteristics.
- **Processing timelines:** measure efficiency through time-to-close, time-to-disbursement, and other operational benchmarks.

These metrics help distinguish early ramp-up activity from sustained performance and provide insight into how quickly partners are mobilizing, adapting systems, and addressing capacity constraints.

### **Characteristics of Borrowers and Communities**

Documenting who GroundBreak reaches from the outset is critical for aligning implementation with the Coalition's mission. The baseline should capture borrower- and community-level characteristics using standardized, comparable indicators:

- **Applicant demographics and financial indicators** (e.g., race/ethnicity (where permissible), income, credit score, geography, and net worth)
- **Community-level measures** (e.g., homeownership rates, business survivability, property values, and other markers of community stability or vulnerability)

This data serves multiple purposes:

- Establishes the equity lens for monitoring progress.
- Identifies gaps in reach or access.

- Provides the foundation for assessing wealth-building outcomes at both individual and community levels over time.

### **Implementation Guidance**

The Coalition should provide clear instructions and shared tools for baseline development to ensure comparability and quality across partners. Many of these practices are already underway through the OP reporting template, which offers a foundation for capturing standardized data. Building on that work, recommended practices include:

- Expand on the OP reporting template by ensuring it covers capital flow metrics, borrower demographics, and community indicators consistently across partners.
- Reinforce a “core set” of indicators that all partners must collect, while allowing flexibility for additional locally relevant measures.
- Clarify expectations for reporting frequency (e.g., quarterly and annually), data transfer, and protocols for handling sensitive information.
- Provide training, technical assistance, and, where possible, shared systems to help partners meet data requirements.
- Use early submissions through the OP template to identify gaps or inconsistencies, then refine tools and definitions to strengthen accuracy over time.

By grounding baseline development in the existing OP reporting process and layering in additional guidance, the Coalition can ensure that data is comparable across partners and actionable for decision-making, without adding undue burden.

### *Borrower Survey Protocols*

#### **Entrepreneurship and Neighborhood Development**

##### *Pre-Disbursement (Baseline)*

- What are your primary goals for this loan? (e.g., revenue growth, job creation, expanding services, community benefits)
- How many employees (full-time/part-time) does your business currently have?
- What is your business's average monthly revenue?
- What challenges or barriers do you anticipate in reaching your goals?
- Beyond financial capital, what other support would help you succeed (e.g., mentorship, marketing, legal advice, networking)?

##### *Mid-Term (Progress Check)*

- Since receiving the loan, how has your monthly revenue changed (increased, decreased, stayed the same)?
- Have you created or retained jobs as planned? If so, how many?
- Have you encountered any unexpected challenges in following your business plan? Please describe.
- What support or resources would be most helpful at this stage?
- How confident do you feel in meeting your original business goals with this loan? (Likert scale: Very Low → Very High)

##### *Loan Close-Out (Outcomes + Experience)*

- Compared to when you started, how has your business revenue changed?
- How many employees does your business now support?
- What new benefits has your business contributed to your neighborhood (e.g., local hiring, community services, revitalization)?
- How did this loan impact your ability to grow or stabilize your business?
- How would you describe your experience with the loan process and the support services provided?

#### **Homeownership**

##### *12–18 Month Check-In*

- How confident do you feel in managing your monthly mortgage payments? (Likert scale)
- In the past year, have you been able to handle unexpected expenses (e.g., car repair, medical bill) without major financial strain?
- Have you experienced any stress related to mortgage obligations? If yes, please describe.
- Have significant changes in your household (e.g., job change, family size) affected your housing stability?

- What supports, if any, would help you feel more secure in your homeownership journey?

#### *Five-Year Mark*

- How has partial loan forgiveness impacted your financial security?
- What challenges, if any, have you faced in maintaining your home over the past five years?
- Do you feel confident about sustaining homeownership in the long term? Why or why not?

#### *Lender Interview Protocol*

The following questions can be adapted for lenders and the Strategic Impact Committee to ensure consistency and guide the conversation. They are purposefully written in general terms at this stage; once the team is aligned on the overall approach, the questions should be revisited and tailored to the specific product(s) under review.

- What changes has your institution made in the past year to support inclusive lending?
- How are Coalition-aligned products being integrated into your broader portfolio?
- What internal or external factors (e.g., leadership priorities, regulations, market dynamics) have influenced recent changes?
- What barriers or resistance have you encountered when embedding inclusive practices?
- What is needed to ensure the long-term sustainability of Coalition-aligned products?
- How do you see your institution's role evolving in advancing inclusive finance over the next 3–5 years?
- What trends are you seeing in the broader financial sector related to alternative credit or product design?
- Are there policy or regulatory shifts that could accelerate or hinder the adoption of inclusive practices?

## APPENDIX III: THEORY OF CHANGE

In Minneapolis–Saint Paul, Black, Indigenous, and People of Color (BIPOC) households face persistent barriers to building wealth—most visibly in lower rates of homeownership, business ownership, and community-led development. These gaps stem from long-standing inequities in the financial system that have restricted access to capital and opportunity. At the same time, the region holds substantial untapped resources—billions of dollars that remain locked in institutions due to the absence of a system to aggregate and channel them effectively.

GroundBreak responds to this “tale of two cities” by designing a coordinated capital system that shifts the burden of resource aggregation from families and entrepreneurs to the institutions that hold capital. Through deep collaboration, the Coalition is unlocking more than \$5.3 billion in commitments over the next decade (\$1.2 billion in flexible capital and \$4.1 billion in private-market capital), creating the conditions for immediate action and long-term systemic change.

### *Approach & Goals*

GroundBreak mobilizes philanthropic, impact, and market-rate capital, and deploys it through tailored solutions for Black wealth builders—homeowners, entrepreneurs, and developers. By 2035, the Coalition aims to help create:

By 2035, the Coalition's goals are to help create:

- 11,000 new Black homeowners.
- 5,000 new Black businesses, which will generate 8,000 new jobs.
- 60 new Black- and community-led neighborhood developments.

These direct outcomes will lay the groundwork for long-term systemic change, leading to:

- A 50% reduction in the BIPOC homeownership gap.
- An increase in the share of BIPOC-owned businesses that is reflective of the regional population.
- Sustainable and replicable models of BIPOC-led, community-rooted development.

### *How Change Happens*

GroundBreak’s approach rests on the idea that transformational change requires the right resources and systems to deploy them. The Coalition brings together capital, expertise, and trusted relationships to ensure Black wealth builders have meaningful and equitable access to opportunity.

## Inputs and Resources

- **Capital Pools:** A \$380M loan pool (for homeowners and developers), a \$295M guarantee pool (for entrepreneurs and developers), and a \$550M grant pool (for strategic investments).  
**Financial Institutions:** Banks offering “GroundBreak-aligned” mortgage and commercial loan products with partial guarantees (e.g., Bell Bank, Bremer Bank, Huntington Bank, U.S. Bank).
- **Partners:** Origination Partners (nonprofits, CDFIs, financial institutions) and Financial Managers (custodians of flexible capital), alongside Black-led organizations with deep community knowledge.
- **Coalition Infrastructure:** Cross-sector committees that monitor how capital flows, refine strategy, and hold accountability.

## Activities and Outputs

With these resources in place, GroundBreak undertakes a set of core activities designed to connect capital with the people and places historically excluded from opportunity:

- **Capital mobilization and structuring** ensure a steady flow of blended funds while designing inclusive products that meet borrowers where they are.
- **Capital deployment** directs tailored financing to Black homeowners, entrepreneurs, and developers, addressing barriers like credit access, collateral requirements, and equity gaps.
- **Capacity building** equips wealth builders with the tools, technical assistance, and coaching they need to succeed while strengthening the operational capacity of coalition partners.
- **Partnership and ecosystem work** fosters trust, coordination, and alignment across a diverse set of actors—from lenders and policymakers to grassroots organizations—ensuring that efforts are reinforcing rather than fragmented.
- **Policy and practice change** focuses on embedding inclusive underwriting and investment practices within mainstream financial institutions, shifting norms and standards beyond individual deals.

These activities generate immediate outputs—new products deployed, homeowners supported, businesses financed, neighborhood projects launched, and technical assistance delivered. Over time, these outputs accumulate, providing early evidence that the Coalition’s approach is working.

## Outcomes

GroundBreak’s outcomes unfold in stages:

- **Short Term (1–3 years):** Borrowers gain access to affordable capital and technical support; partners strengthen systems and coordination; new financial products and

pathways are launched.

- **Mid Term (4–7 years):** Increases in Black homeownership, business resilience, and neighborhood revitalization become visible. Policy shifts and institutional practices begin to embed inclusive approaches.
- **Long Term (8–10 years and beyond):** Structural transformation takes root, reflected in a narrowing racial homeownership gap, Black business growth aligned with population share, inclusive lending sustained beyond guarantees, and GroundBreak’s model becoming a permanent, scalable system replicated statewide and beyond.

### *Guiding Assumptions*

GroundBreak’s success depends on several key assumptions:

- **Sustained Demand:** Continuous demand from Black homeowners, entrepreneurs, and developers for tailored financial solutions.
- **Partner Capacity:** Origination Partners and Financial Managers have the systems, expertise, and commitment to deploy capital effectively and equitably.
- **Viable Blended Capital:** Philanthropic, impact, and market-rate investors remain engaged, sustaining liquidity and scale.
- **Systemic Change:** Policymakers and financial institutions are willing to adjust risk frameworks and embed inclusive practices.

External factors—including interest rates, housing inventory, broader economic conditions, and the commercial development landscape—influence these assumptions, which can accelerate or constrain progress.

## APPENDIX IV: OPPORTUNITIES FOR FUTURE CONSIDERATION

### *Fiscal Impact: Property Tax Revenue*

One potential approach to evaluating the broader fiscal impact of Coalition capital is to track the increase in property tax revenue associated with supported development projects. Tracking property tax revenue provides a lens on the broader fiscal impact of Coalition investments, showing how supported developments expand the local tax base and generate long-term value for municipalities and direct benefits for residents and businesses.

#### **Potential Benefits**

- Rising property tax revenue is a measurable indicator of a strengthened tax base and expanded community wealth.
- Demonstrating fiscal gains enhances credibility with policymakers and public-sector partners.
- Increased revenues suggest Coalition-supported developments are viable and contribute to the ongoing fiscal health of communities.

While these benefits make property tax revenue an attractive indicator, important considerations shape how the measure should be applied.

#### **Limitations & Considerations**

- Revenue shifts reflect many factors (market dynamics, assessments, other developments), making it hard to isolate the Coalition's contribution.
- Gains may take years to appear, limiting short-term usefulness.
- Public tax data varies widely across municipalities in availability, format, and update frequency.

#### **Recommendations**

- Use property tax revenue as a complementary measure within the MEL framework—especially for communicating fiscal impact to external stakeholders.
- Always pair with social and community indicators to ensure equity and inclusivity are not overshadowed.
- Where possible, compare trends in Coalition-supported neighborhoods against similar areas without intervention to strengthen attribution.