the reinvest report
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Reinvest in Our Communities

The Importance of Divestment

The student divestment movements of the past and present have sent a clear message: students and the general public believe that institutions of higher education have an obligation to align their endowments with the values of their community. Universities and colleges, as well as other anchor institutions, have a central mission to benefit the common good; this means shifting investments away from industries that are exacerbating inequality and harming community and ecological wellbeing.

Historical financial performance shows that it is possible to make an equal return by investing in socially responsible alternatives, e.g. fossil free funds consistently outperform the market.¹ And while this potential for financial upside is important to highlight, divestment advocates have made a powerful case that financial gain is not the only bottom line; institutions must also prioritize the social and environmental impacts of their investment choices.

The Focus of this Report: Community Reinvestment

An “anchor institution” is a recently popularized term for a university, hospital, or any other large institution whose mission is tied to the community within which it resides. This report joins a broad call for our anchor institutions to ask themselves: Do we want to have a positive and mutually beneficial relationship with the people and place surrounding us? Do we want to truly listen and respond to the needs of this community?

If the answer is yes, anchor institutions must reevaluate the major impact their decisions have on jobs, housing, health, and safety in their local communities, and thus begin to make new decisions guided by the voice and interests of the community. There are a number of ways an anchor institution can demonstrate their commitment to their local community, including local purchasing, inclusive hiring, community-informed development and resource sharing. The focus of this report is specifically on the opportunity for anchor institutions to align their endowments with their commitment to their local and global community, by shifting investment dollars away from harmful corporations and into a healthy and resilient economy. The pages that follow outline several opportunities to do so, through investment in place-based, social im-
impact funds that leverage capital to create just and sustainable local economies. This report focuses on place-based funds rather than large Socially Responsible Investment (SRI) or Environmental, Social and Governance (ESG) funds for several reasons. Firstly, place-based funds are directly accountable to the communities in which they are located and to their local investors, businesses, and community members. Secondly, these funds are best positioned to address social, economic, and ecological challenges facing these communities because they have an invaluable connection to the community they serve. These funds have local trust and knowledge which allows them to make safe and impactful investments.

Universities and college endowments in the United States comprise over $566 billion. In the Boston area alone, endowments total over $50 billion. Committing to reinvest even a minor portion of university endowments in place-based impact funds is a small risk for large institutions to take, but will have a major positive impact for local economies.

The funds profiled here are a selection of funds primarily in Massachusetts as well as a few in the New England region. Most are Community Development Financial Institutions, or CDFIs, which is a US Treasury designation that allows a fund to use its nonprofit status to provide financial services to underserved populations. Resources on CDFIs across the country can be found at the US Treasury CDFI Fund (cdfifund.gov) or at the Opportunity Finance Network (ofn.org). All of the funds profiled here are inspiring leaders, both emerging and time-tested, in the field of place-based impact investing.

Leading the Way: UNH invests in the New Hampshire Community Loan Fund

In 2017, the University of New Hampshire invested $3 million in the New Hampshire Community Loan Fund. Michael Swack, a professor at the UNH School of Public Policy, had assisted multiple endowments and foundations in making mission-driven investments and began reaching out to administrators at his own institution to ask if they would do the same. “I felt it only made sense that if I am travelling the country advocating for community impact investing, that UNH be investing in the people of New Hampshire too,” Swack explained. During the several-years-long process, Swack and his students engaged leaders across the university, and the vice president of finance had adequate time to do due diligence on the investment options. Ultimately, UNH decided to invest in the New Hampshire Community Loan Fund, a 35 year old fund that has successfully supported affordable housing (as well as small businesses, child care centers, and nonprofits) across the state. The fund’s returns on investment are higher than what the university’s endowment receives from its fixed income investments. We look to leaders like UNH who are challenging the status quo of managing endowments.
The Funds

1. Boston Community Capital
2. Boston Impact Initiative
3. Boston Ujima Project
4. Common Capital Community First Fund
5. Cooperative Fund of New England
6. Local Enterprise Assistance Fund
7. New Hampshire Community Loan Fund
8. Pioneer Valley Grows Investment Fund
Boston Community Capital is a nonprofit CDFI and impact investor whose mission is to build healthy communities where low-income people live and work. BCC was founded in 1985 by a group of people from Old South Church who had $3,500 in start-up funds and a vision to create a financial institution that would combine local expertise and community values to enhance historically underserved communities. Since then, BCC has invested over $1.4 billion in projects that provide affordable housing, good jobs, and new opportunities to low-income communities and connect these communities with the larger economy. Throughout the past 33 years, BCC has increased its lending, its assets under management, and its net assets, demonstrating its capability to absorb the risks associated with new initiatives while solidifying the financial viability of its core programs.

The Loan Fund

The Loan Fund is at the core of BCC’s work. Through its Loan Fund, BCC provides capital that is scarce or unavailable in marginalized communities across the U.S. As of year-end 2017, BCC managed around $1.1 billion in assets. Its cumulative total investment through 2017 was $1.4 billion. In the past few years, BCC has financed numerous community-based projects and facilities through its Loan Fund to enhance and stabilize the communities within which it works. These projects provide employment, affordable housing, and improve community health through transformative initiatives in education, childcare, healthcare, green energy, and healthy food finance.

Investment Offerings

The Loan Fund is composed of a revolving pool in which investors provide a range of loans for BCC to use to lend capital to the communities they serve.

- The loans have an interest rate from 1% to 3%, depending on the length of the loan and the preferences of the investor. Some investors opt for a 0% interest rate to ensure that the totality of their investment goes towards a certain project or borrower.
- To protect investors, BCLF maintains loan loss reserves and equity capital, both of which exceed industry standards. In the event of a loan loss, BCLF can draw on the loan loss reserve. Over its 30-plus years, losses have been less than one half of one percent and have been fully covered by reserves.
- Loans to the Loan Fund finance a wide range of community development projects, currently including supporting BCC’s foreclosure relief SUN mortgage loan program and BCC Solar, its solar program for affordable housing and low-income communities.

BCC’s SUN Initiative helped to save Migladia and her family’s home from foreclosure in Jamaica Plain, MA
Financing
The Loan Fund offers a wide array of financing options to match the needs of a borrower or project:
• Predevelopment: for financing the upfront cost of real estate development projects prior to construction, such as for permitting, design and due diligence
• Acquisition: for acquisition of property for either commercial or housing developments
• Construction: for construction or rehabilitation of residential and commercial properties
• Permanent: for long-term financing for newly constructed, rehabilitated or existing multi-family housing, community facilities or commercial real-estate
• New Market Tax Credit Leverage Lending
• State Tax Credit Intermediary Lending
• Bridge Financing or Committed Project Sources

Why Invest in BCC?
BCC’s loans and investments have helped build or preserve 21,000+ units of affordable housing and renovate over 2 million square feet of community facilities in distressed communities. They have also supported child care facilities that serve over 13,000 children, and health care facilities that care for over serving nearly 157,000 patients. In 2017, alone, BCC has helped to create more than 3,100 jobs in low-income communities, generate over 26.5 million kilowatt hours of solar energy, and prevented 925 families from losing their homes to foreclosure.

BCC Solar, an innovative solar financing program that is part of BCC’s Loan Fund, transformed a decaying brownfield site into a 3,287-panel solar field called the Mill Street Solar Project in Gardner, MA. Not only is the City of Gardner benefitting from the land lease and tax payments, but four local organizations are saving tens of thousands of dollars on their energy bills from the clean, fossil-free energy. One organization, GAAMHA, Inc., a service provider for adults with disabilities, will use their energy savings to improve their services to men battling substance abuse disorders and senior citizens using their transportation services.

A History of Impact
“Boston Community Capital is nationally recognized for partnering with impact investors committed to deploying their money to build healthy communities while also realizing market-rate financial returns. Since 1985, we’ve invested over $1.4 billion to create housing, jobs and opportunities for low-income people and communities. Our investors include Harvard University, the Kresge Foundation, the U.S. Department of Treasury, Calvert Impact Capital, more than 20 banks and over 300 individual investors.”
– Elyse D. Cherry, CEO, Boston Community Capital

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Boston Impact Initiative (BII) is a place-based impact fund focused on closing the racial wealth divide by providing finance and support for small enterprises in Eastern Massachusetts. BII was created in 2013 by Deborah Frieze and Michael Frieze, two Bostonians with experience in investment, philanthropy and activism. They wanted to address their community’s injustice in access to economic opportunity and recognized that there were no impact investing options that focused on racial justice. From 2013-2017, BII conducted a pilot round of investment as a privately held LLC, making 30 investments totaling $2.1 million with a net positive return. In 2017, they gained approval from the IRS to form a 501c3 nonprofit Charitable Loan Fund, allowing them to raise a $10M fund from outside investors.

The Boston Impact Initiative believes that it can best support the creation of resilient local economies by using a range of integrated capital tools: loans, credit enhancements, equity investments, royalty finance, direct public offerings, crowdfunding, grants and more. By using this “whole portfolio” approach, BII is able to choose the best capital instrument for the age and stage of each organization in its portfolio. BII also has pioneered Impact Covenants that formalize each enterprise’s commitment to closing the wealth divide and strengthening the local economy.

**Investment Offerings**

BII's Fund has three Note offerings.

**Community Notes:**
- Open to non-accredited investors, including faith-based institutions
- 3-year term with interest rate of 3%
- 50% default protection

**Solidarity Notes:**
- Open to accredited investors, foundations, institutions, family offices
- 3-year term with interest rate of 3% OR 7-year term with interest rate of 4%
- 10% default protection

**Philanthropic Notes:**
- Open to individuals, family offices and foundations
- 5-year term with interest rate of 1%

**Financing**

BII Fund is a flexible capital alternative for locally owned enterprises that may not qualify for traditional bank financing. They provide equity, debt and grants from $50,000 to $250,000 with below-market interest rates and flexible terms. Financing is available for early-stage enterprises as well as more mature organizations seeking growth capital.
Why Invest in BII?

Boston Impact Initiative is innovating the field of impact investing with their unique focus on advancing economic justice in their community. Because economic disparities in Boston and eastern Massachusetts are highly racialized, BII’s investment strategy is designed to create and support asset-building opportunities for communities of color. The fund measures successful social impact through an adapted “triple bottom line” framework, seeking to support economic justice, community resilience, and healthy enterprises. Through a 35-question Impact Assessment, BII measures the impact of each business in closing the wealth gap through metrics such as ownership by people of color and access to quality jobs for economically marginalized groups. As founding partner Deborah Frieze said,

“Local banks, local universities, local foundations—anyone who says that part of their mission has something to do with the community they’re based in—should be thinking about how a portion of their investment dollars could be allocated locally. Then instead of getting zero return on mission with their investments, they can get a financial return and a mission return when they invest.”

Investing in Good Green Jobs

In the pilot round, BII affirmed their investment strategy hypothesis-- that it was possible to make a financial return while focusing on closing the racial wealth gap in Boston. They made 30 investments, predominantly to female business leaders and business leaders of color. Among their successful investments was CERO, an award-winning commercial composting cooperative based in Dorchester, which diverts food waste and transports compostables to local farms. CERO exemplifies a new set of business values, by increasing economic justice and helping achieve zero waste. CERO is run by a team of worker-owners from Boston’s working class, immigrant and communities of color.

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The Boston Ujima Project is working to create a democratic investment model in working class communities of color in Boston. Ujima was launched in 2015 as a result of a yearlong learning initiative hosted by the Center for Economic Democracy and co-sponsored by Boston Impact Initiative and City Life Vida Urbana. Dozens of local leaders across sectors explored new models for community controlled wealth building to address the racial wealth gap, poverty, and displacement in Boston's working class communities of color. The Ujima Project model is bringing together together neighbors, workers, business owners, investors, grassroots organizers, and culture-makers, to put development decisions back in the hands of the communities whose families and futures are impacted. Ujima's strategy incorporates many innovative tools, including partnerships with local institutions and an alliance of certified Ujima “Good Businesses.” At the heart of the Ujima Project’s strategy is a community-controlled investment fund.

### The Loan Fund:

Ujima’s vision is to launch an investment fund in the second half of 2018, which will combine traditional underwriting with participatory budgeting processes. The Community Capital Fund will pool dollars from community members, philanthropic investors, and foundations into one fund. Because Ujima is based on a belief that members of the community know best what their neighborhoods need, the fund has been designed so that community knowledge will guide the investment process. Ujima’s capital fund will find local investment opportunities based on the priorities determined in neighborhood assemblies. The Investment Committee, made up of local, mission aligned finance professionals, grassroots partners, and elected Ujima members, will conduct due diligence to determine that businesses are ready for investment, and will present the final list to Ujima members. Ujima’s local residents will then vote to democratically decide where the fund should invest its capital.

**Fostering Collectivity**

UJIMA (oo-JEE-mah) is a Swahili word, and the celebrated Kwanzaa principle for "collective work and responsibility". Ujima inspires people to take responsibility for their communities, to see their neighbor’s problems as their own, and to build collective power to solve them together.
Why Invest in Boston Ujima Project?

In 2016, Ujima launched a pilot investment program where over 175 community members raised $20,000 to give 0% percent interest loans to five black and immigrant-owned businesses. One of the businesses, Bowdoin Bike School, used the investment to buy a point of sale system. This allowed them to expand and serve more residents of the Dorchester community as they sell and repair bicycles. Ujima’s innovating financing approach will make it unique nationwide. When the fund launches, it will be distinct from other community funds, because it centers the voices and needs of the neighborhoods where investment is happening, at every step of the way.

Boston has a history of discriminatory lending and the largest racial wealth gap in the country. Per capita, Boston is one of the five wealthiest regions on the globe, but median household wealth for US Black families in Boston is just $8, compared to $247,000 for white families. The Boston Ujima project is challenging this enormous inequality, with creative tools to build a healthy and resilient community-controlled economy.

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Common Capital is bringing community members, institutions, and small businesses together to foster creative and resilient local economies. In November 2012, Common Capital, a CDFI based in Holyoke, MA, launched the Community First Fund. The Fund’s mission is to create an opportunity for community members to invest in their local economy and to support small businesses in building community wealth and economic opportunity in low to moderate income communities in Massachusetts.

The Loan Fund

**Investment Offerings**

**Assets under management:** $825,000. They are accepting new investments, with a goal to raise $2.5 million.

**Investment products:**
- 3 year note at 2 percent, paid semi-annually
- Minimum investment: $500. No stated maximum investment.
- Open to accredited and unaccredited investors.

**Historical Performance:** Community First Fund is a direct obligation of Common Capital as a corporation. No investor has ever lost money through the Community First Fund.

**Financing**

Common Capital Community First Fund gives both fixed and variable rate loans, ranging between 5-10 years. They give loans as low as $500 and as high as $350,000, with interest rates between 5 to 8 percent.

Common Capital’s investment in businesses and projects is guided by **seven major aims:**
- Creating and retaining jobs
- Providing opportunity for low-income people
- Providing essential community services
- Rejuvenating neighborhoods
- Developing sustainable environmental practices
- Supporting businesses with local ownership
- Recirculating local dollars

“I believe we should all share a local connection and one way to do that is to invest locally.”

-Garth Shaneyfelt, Community First Fund Investor and Local Business Owner
Why Invest in the Community First Fund?

As the only certified CDFI in the region, the Community First Fund is uniquely positioned to invest in local communities in Western Massachusetts. Most of the clients they work with are unable to qualify for traditional bank financing, and the majority live in Holyoke and Springfield, two of the poorest cities in Massachusetts. Common Capital’s investment strategy emphasizes strong relationships with borrowers and they often give recurring loans to businesses. The CDFI also provides support to all their clients through a business assistance program.

They are connected to a network of local non-profits and are currently working to invest in solutions to local housing shortages through a partnership with a local housing organization called Wayfinders. Investing in Common Capital’s Community First Fund is an opportunity to align capital with community needs and to build stronger connections between neighbors.

Success Story: Tortilla Triumph!

In 2013, the beloved Hadley, MA restaurant, Mi Tierra, was destroyed in a major fire, along with the tortilla machine they used to run wholesale tortilla business, through a partnership with local preservative-free corn growers. While they got to work making hundreds of tortillas by hand, Mi Tierra’s owners, Dora Saravia and Jorge Sosa, looked for a solution to get their dream back on its feet. Soon after the fire, Common Capital, working in partnership with the Samuel Adams Brewing the American Dream program, provided Saravia and Sosa the business assistance and access to capital they needed to buy a new tortilla machine, and to reinvigorate their business. Through continued support from Common Capital, Mi Tierra opened a new 180-seat location in November, 2014.

From left to right: Mi Tierra’s Miguel Ixcuna, Derek Gavegnano, Dora Saravia, Jorge Sosa.

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The Cooperative Fund of New England was founded in 1975 by co-op activists and social investors with the original purpose of providing financial assistance to food co-ops. Today, their mission encompasses economic, social, and racial justice work through the financial and nonfinancial support of cooperative enterprises. Originally, the founders of CFNE focused solely on funding food co-ops, which had limited access to capital through traditional avenues, and on promoting access to healthy food in underserved communities. In the 1980s, CFNE began lending to worker co-ops, cooperative housing and land trusts. It now funds a wide variety of co-ops and organizations that align with its values - promoting healthy food access, quality jobs, and safe affordable housing - although it is still rare among CDFIs for its focus on co-ops. CFNE is actively networking between co-ops, lenders, community organizations, and consultants, and frequently collaborates with other lenders.

The Loan Fund:
As of 2017, CFNE held over $26 million in total assets, including $18 million in outstanding loans. CFNE has an over 40 year track record with no loss of investor funds.

Investment Offerings
CFNE does not specify fixed terms on investments; rather, when lending to CFNE, investors choose most features of the loan.
- Minimum investment: $1000
- Interest rate specified per individual loan: at or below market rate (currently a maximum of 2%), paid annually or accumulates on principal
- Repayment (fixed or indefinite) specified per individual loan.
- Protected by designated loan loss reserve and first loss money, designated by investor at the time of investment.

CFNE helped New Roots Cooperative in Lewiston, ME, finance this tractor in compliance with Islamic financial law. New Roots Cooperative was founded by four Somali refugees who use their knowledge from decades of farming to

Financing
CFNE offers many types of financing to borrowers and is known for flexibility. Examples:
- Seasonal and hybrid revolving lines of credit that reduce like a term loan but can be drawn on again
- Loans for workers to buy equity in a new co-op
- Financial instruments that conform to Islamic Law
- Collateral assistance pool
Why invest in Cooperative Fund of New England?

CFNE’s impact reaches across all sectors in which it works: its financing has led to creation/retention of more than 11,700 jobs and the creation of more than 5800 units of affordable housing, and true to its roots, has supported over 90% of the food co-ops in New England. More broadly, both through traditional loans to co-ops and conversions and through other programs such as public education and grant-based fiscal sponsorship, CFNE is helping to grow and support the burgeoning co-op economy in New England.

Supporting Healthy Food Infrastructure

Outside of its work financing co-ops, CFNE has started or become a member of several additional initiatives. In the food space, CFNE, along with the Neighboring Food Co-op Association and Hunger Free Vermont, created and co-leads the Healthy Food Access Initiative. This program encourages food co-ops to increase their relevancy and accessibility to low-income customers and members by offering community-by-community support in designing and implementing food access solutions. CFNE and NFCA surveyed co-ops about their current efforts and developed a set of resources to share knowledge around best practices. They now work with individual co-ops to develop partnerships, inclusive marketing, and affordable products and shares.4,5

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LEAF (Local Enterprise Assistance Fund) is a Boston-based Community Development Financial Institution founded in 1982 to “promote human and economic development” through investments in cooperatives as well as other ventures that create and maintain jobs for low-income people. LEAF works both locally and nationally, adding a one-on-one technical assistance program for diverse business owners in the Greater Boston Area to its national financing program for worker co-ops, food co-ops, and housing co-ops. LEAF’s housing co-op beneficiaries are mainly manufactured home communities, jointly-owned parcels of land which allow their low-income residents to avoid the financial insecurities of renting through ownership. These resident-owners live knowing their homes and community is secure and stable. Over the course of their 35 years, LEAF has invested a total of over $110 million dollars into various communities, creating over 10,000 jobs.

**The Loan Fund**

LEAF’s assets total over nine million dollars, and the fund receives investments from both institutions and individuals. All invested assets go into LEAF’s central fund, but institutional investors investing over $50,000 can choose whether that money goes to fund technical assistance programs, to fund co-ops, or is left up to LEAF’s discretion.

**Investment Offerings**

The minimum length of an investment is one year, but most investments range from two to five years. At the end of the term, investors can choose to have their principal returned or reinvest for another term. Interest rates for investments of 1-2 years in length range from 0-2%; rates for terms of 3-4 years range from 0-2.5%; and for terms of five years, rates range from 0-3%. Many investors intentionally choose lower rates of return to lower the interest rates that borrowers have to pay. In all of LEAF’s 35 years, investors have always received their interest and principal payments on time.

**Financing**

Businesses looking to take out loans are evaluated in part on the basis of the ‘fit’ with LEAF’s social mission, the number of low-income individuals served compared to the size of the investment, the visibility of the project, and the available collateral. The interest and size of potential loans are then discussed with business applicants.
Why Invest in LEAF?

LEAF provides technical assistance and financing for cooperative small businesses, both locally and nationally, that allow communities to create the solutions they need to thrive. Wellspring Upholstery, a worker co-op located in Springfield, MA, for example, provides upholstery services for both commercial and institutional customers. LEAF contributed loans as well as technical assistance to this business, which opened in 2014 and is owned and operated by low-income Springfield residents. An investment in LEAF supports these alternative models of business ownership, which empower workers and combats rising inequity in the United States.

To become the owner of [one’s] own business... this is what it’s all about, it’s about creating business, creating employment, moving up the ladder. Really, this is what we need..."

-Carlos Perez Nieves, a worker-owner at LEAF-supported Wellspring Upholstery
The New Hampshire Community Loan Fund seeks to increase the self-sufficiency and stability of low- and moderate-income people, families, and communities in New Hampshire by increasing access to fair credit. The Community Loan Fund was founded in Concord, New Hampshire, in 1983 as one of the first community development financial institutions (CDFI) to earn certification by the U.S. Treasury.

The Loan Fund:
The Community Loan Fund’s portfolio of $104.2 million is invested in a variety of loans, divided into the categories of affordable housing (88% of the portfolio), community facilities (7%), and business finance (6%). They lend to people based on their opportunities and their ability to repay, not their credit scores.

Investment Offerings
• The fund’s Opportunity NH Investments offers unsecured promissory notes to institutions and individuals on an ongoing basis. The minimum investment is $1,000.
• Investors choose a fixed annual interest rate dependent on the lifetime of the loan: from up to 1% for a 1- to 2-year loan, to up to 5% for a 10-year investment.
• The aggregate borrower loan loss rate, from the organization’s founding in 1983 to January 2018, was 3.5%. The Welcome Home loan product, for example, performs better than government-sponsored mortgage enterprises Fannie Mae and Freddie Mac, with losses only slightly over 2%.
• The Community Loan Fund has not failed to pay any scheduled payment or principal or interest to an investor since its inception.

Financing
• Affordable Housing 88% ($91,466,637)
  • Resident-owned communities
  • Welcome Home Loans for manufactured homes
  • Nonprofit housing development
• Community Facilities 6% ($7,019,659)
  • Nonprofit Facilities
  • Child Care Facilities
• Business Finance 6% ($5,736,016)
  • Business Builder
  • Vested for Growth

When Thanh Ho lost the lease on his Saigon Asian Market, which serves the refugee and immigrant families in N.H.’s largest city, the Community Loan Fund helped finance a new, bigger, store. Photo: Kate & Keith Photography, courtesy NH Community Loan Fund
The Community Loan Fund is known for their ROC-NH program, started in 1984, in which they help residents in manufactured-home (mobile home) parks cooperatively purchase the parks and run them as resident-owned communities. The Community Loan Fund provides technical assistance and financing to these resident cooperatives to help them purchase the land under their manufactured homes. This model kicked off the creation of ROC USA, a national association that provides assistance to manufactured-home-park residents across the country.

Why Invest in the NH Community Loan Fund?
Since its founding, the New Hampshire Community Loan Fund has lent $220 million into New Hampshire communities. The success of their ROC-NH program for manufactured home parks has lead to residents in more than 120 New Hampshire communities becoming cooperative owners of their mobile home parks. Sixty-five percent of the Community Loan Fund’s mortgage borrowers are first time homebuyers, while the national average share of first time mortgage borrowers is only 35%. This is helping an unprecedented amount of people in New Hampshire to build wealth for their futures. The Community Loan Fund is also a leader in place-based, circular lending, a term that describes when most lending and borrowing is occurring with money from the same regional economy. The Community Loan Fund deserves much acclaim for the fact that a total of 31 New Hampshire communities contain both borrowers and investors.

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Sheila Dickerson at home in Soda Brook Cooperative in Northfield, N.H., the 51st resident-owned community in N.H. Photo: Forester Photography, courtesy NH Community Loan Fund
PIONEER VALLEY GROWS
INVESTMENT FUND

The PV Grows Investment Fund, Inc (PVGIF) is a place-based fund focused on creating a healthy and resilient local food economy. PV Grows Investment Fund, Inc was launched in 2010, with the aim of addressing the economic challenges faced by small food and agricultural businesses. Their pilot fund provided loans of up to $250,000 to Pioneer Valley businesses involved in the local food economy, as well as access to business development assistance through PV Grows Network member organizations. Following the success of the pilot fund, the PVGIF’s community investment offering launched in October 2015.

PV Grows Investment Fund provides financing and technical assistance to small businesses through community investments to create “more vibrant farm and food businesses, more local jobs, and more access to healthy food in the Pioneer Valley”. It is a 501(c)3 administered by the Franklin County Community Development Corporation. The Franklin County CDC runs many other programs, including the Western Mass Food Processing Center, which gives entrepreneurs opportunities and support to bring their recipes to the market. Currently, PVGIF is managing $800,000 of patient capital and $200,000 of community capital.

The Investment Fund has a mission screening group, comprised of lenders, community groups and agencies. The fund also has three philanthropic partners, Solidago Foundation, Lydia B. Stokes Foundation and the Kendall Foundation, each of whom provides a blend of grant and flexible capital to the project.

“The PV Grows finance folks are experts in local food business. They were essential partners in helping us find a financing option that worked with our needs and values.”

- Dan Rosenburg of Real Pickles

Real Pickles, a PVGIF-supported cooperative business in Greenfield, MA
Investment Offerings:
The fund is divided into three pools.

The Community Investment Pool
- Minimum investment: $1,000. Maximum investment: $10,000.
- Open to all investors.
- 5-year terms, with an interest rate of 0-2% per year.
- If the Community Investment Pool experiences losses, all or a portion of those losses may be covered by the Risk Capital Pool, as described below.
- The Community Investment Pool will be capped at $500,000.

The Patient Capital Pool
- Minimum investment: $10,000. Maximum investment: $250,000.
- Open to accredited investors and other qualified investors.
- 8-year terms with a target interest rate of 0-4% per year, but subject to the performance of this pool. Any losses in this pool will not be covered by the Risk Capital Pool, as described below.
- The Patient Capital Pool will be capped at $2,000,000.

The Risk Capital Pool
- Only open to accredited investors and Foundations and is intended to serve as a loan loss reserve for the Community Investment Pool.
- The Risk Capital Pool will be used to cover (in whole or in part) any losses on investments made in the Community Investment Pool for the first five-year term. The PV Grows Risk Capital Pool capped at $100,000 and is full.

Financing
The PV Grows Investment Fund is designed as an alternative for borrowers in the farm and food sector, who may not qualify for more traditional bank financing. They provide loans for farms, restaurants, food retailers, food processors, wholesalers, and more. PVGIF offers loan amounts ranging from $1,000 to $250,000, with competitive interest rates and flexible terms.

Why invest in PVGIF?
PVGIF has played an essential role in supporting the development of a resilient regional food system by bringing mission-driven investors together with local businesses to enhance local economies and provide accessible healthy food. Mycoterra Farm, a Western Mass-based mushroom producer, is a great example of the impact that PVGIF’s investment is having on the local food system. With support from PVGIF, owner Julia Coffey’s business went from producing 500 pounds of mushrooms per batch in her original location in Westhampton, to producing 1,500 pounds of mushrooms in her new location, in a former horse arena in South Deerfield. In this new incarnation, Mycoterra Farm has the capacity to cultivate and grow up to 6,000 pounds of mushrooms per batch.

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Divestment movements continue to succeed in weakening the social legitimacy and profitability of industries that violate human rights and undermine the ecological stability of our planet. This report brings light to the enormous potential of both divesting from a system of harm, and reinvesting in a system of justice, democracy, and sustainability. What if all of the funds that were divested from fossil fuels, prisons, and corporations profiting from violence were reinvested into solutions led by communities on the frontlines?

This report has highlighted the importance of reinvestment as a tool for systemic transformation and has provided examples of local place-based community investment funds that have affected change in their communities. These community funds support low-income people to own their own homes, increase healthy food access in communities, and provide funding and resources for women and people of color-owned businesses. They contribute to the vitality and security of communities while still providing stable rates of returns to individual and institutional investors. In fact, of the over $7 billion invested in community development loan funds across the country, rates of loss on loans have proven lower for community based funds than for large banks. Investing in place-based funds and projects that support people in their communities is a step towards transitioning from an exploitative economy dictated by the interests of the few, to one that is rooted in solidarity and governed by the needs of real people.

“Transition is inevitable... Justice is not,” says Quinton Sankofa, a Black climate justice advocate with Movement Generation. Campaigns and institutions facing this critical moment of social and economic crisis have an opportunity to use divestment and reinvestment to shift the way that power & resources flow in our economy. It's time to reinvest in a just transition to the world we want future generations to inherit.
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