

2022 ANNUAL REPORT

NC3

NATIONAL COALITION
for COMMUNITY CAPITAL



NC3NOW.ORG

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A LETTER FROM THE BOARD CHAIR

2022 marked a significant change for NC3, as we made the decision to work on the ground in communities seeking to include community investors in high-value projects. This change came about because we realized that the movement to expand local investing and wealth-building was being hindered by the lack of local expertise. Essentially, few communities have securities attorneys, bankers, investment advisors, educators or even economic developers who know about and are aligned with the movement.

Taking a page from the human services industry, we created our Community Capital Accelerator Program, a “wrap-around program,” bringing those experts to the table. Now, when a project needs aligned expertise, and if there is not a local provider, we fill the gap with folks in our network.

We're excited about the response that the Accelerator Program has received, and we're particularly excited about our friends at Local Return in Rhode Island, who are looking to do housing and local business investing; the small community of Petoskey in northern lower Michigan, where a group of local leaders have concluded community capital is a part of the solution to address affordable housing and small business support; a long-standing trusted non-profit in Detroit leading the work to rebuild an entire SW Detroit neighborhood; and the promise of a similarly large project in Cincinnati, Ohio where visionaries and a robust local faith-based network are working on a riverfront project.

Key to the Accelerator Program's progress was the development of the Diversified Community Investment Fund or DCIF. The brain-child of NC3 Board Member Brian Beckon, the fund is a unique strategy that creates an opportunity for communities or organizations to create a fund that can invest in both real estate and traditional securities like community businesses. The fund also speaks to NC3's commitment to equitable opportunities and benefits, is easy to raise capital into, and can scale up and down to smaller communities.

Thanks to our supporters, Board Members, and partners in the field who are making a difference.

With Best Wishes,



CHRIS MILLER
BOARD CHAIR



SUPPORT

The [Adrian Dominican Sisters](#) (ADS) is a congregation who trace their roots to Saint Dominic of the 13th century. The ADS work to “walk in solidarity with people who are poor and challenge structures that impoverish them.” NC3's work resonates, as we aim to build a more robust economic system for all. With this aligned perspective, the ADS provided funding for NC3's first conference in Detroit in 2019. Since then, the ADS has been one of NC3's core supporters.

In 2022, their support enabled NC3's creation of accessible online resources for anyone who was interested in understanding and engaging with community capital. Once these resources were created, they were provided to NC3's cohort-style learning group to support those seeking further engagement with our online resources, and to many others looking to engage community members in local investing.

NEW BOARD MEMBER

[Topiltzin Gomez](#)

Head of Capital Strategies, [Honeycomb Credit](#)

Location: New York

Topiltzin Gomez is the Head of Capital Strategies at Honeycomb Credit, a community capital platform where small businesses can issue investment offerings to raise capital from their fans, community, and the growing network of Honeycomb impact investors. With prior professional experience in technology, entrepreneurship, and community developments, Topiltzin's professional passion is to create new markets that align financial success with social progress. Topiltzin sits on the board of the Lake County Community Foundation, the Adelante Center for Entrepreneurship, and NC3. Topiltzin is a graduate of Yale College where he studied Ethics, Politics, and Economics.



NEW PARTNERSHIPS

In partnership with NC3 and [Michael Shuman](#), the [Center for Community Ownership](#) (CCO) hosted a month-long course covering the basics of local investing. CCO recruited 43 participants with the support of local economic development organizations, business associations, and credit unions. NC3, with the support of the [Adrian Dominican Sisters](#) (ADS), sponsored the project and conducted a research project throughout the course of the workshops.



RESEARCH

The goal of the research project was to determine what factors (human resources, organizational alliances, economic resources, support systems, etc.) lead to an increase in general local investing activity in a region and the successful development of new community capital projects in particular.

OUTCOMES

The research gathered from this partnership clarified that NC3 needs to continue providing educational materials and experiences for everyday people to understand the opportunity and process of local investing. Through 2023, we look forward to engaging more in this work!

LISTENING TOUR

Building on our work in 2021 to expand our reach in the ecosystem, we embarked on a Listening Tour through 2022. A main goal of this Tour was to clarify our mission and the meaning of community capital. We did this by listening to our constituency and setting up one-on-one conversations with over 20 activists and economic developers across the country. These conversations informed the online resources and cohort-style learning groups we created with support from ADS.

DIVERSIFIED COMMUNITY INVESTMENT FUND (DCIF) DEVELOPMENT

Alongside NC3's development of community capital online resources and learning groups, we continued to search for ways that communities could use these ideas to fund their projects and initiatives. Given the complex landscape of securities regulations, many communities don't know where to start with raising funds, let alone asking for investments from their local community.

After searching the securities regulations for a way to make this work more accessible to communities, it became clear that one fund strategy under the securities laws could provide such an opening. From this, NC3 developed what is now called the [Diversified Community Investment Fund](#) (DCIF): a fund structure that is not regulated under the [Investment Company Act of 1940](#), meaning it is a structure through which communities can raise

investments from their members without needing to navigate the incredibly complex and expensive fund registration processes.

The DCIF is not covered by the Investment Company Act because it is not primarily in the business of securities, and at least 60% of its assets are allocated toward real estate or other non-securities investments. While this can't work for every community-based project, it does work for many who need a building or land to enact their vision. With this, the other 40% of the funds are free to go toward just about anything the community wants or needs.

With this structure to offer communities, NC3 is eager to walk those who are interested through the process of setting up, managing, and engaging their community in a locally-owned DCIF! For more information, please visit our [website](#).

COMMUNITY CAPITAL ACCELERATOR PROGRAM

NC3's [Accelerator Program](#) seeks to individually engage community builders interested in raising community capital. NC3's definition of community capital is the broad engagement of community members in local investing. The means of locally investing can be complicated, which NC3's educational work seeks to address. Educational materials alone, we've found, aren't able to walk individual community builders through the nuanced process of launching a community investment fund to finance their work. This is what NC3's Accelerator Program was built for. For more information, visit our [website](#).

Beginning our pilot Accelerator Program cohort of four communities, each has already made progress in 2022.

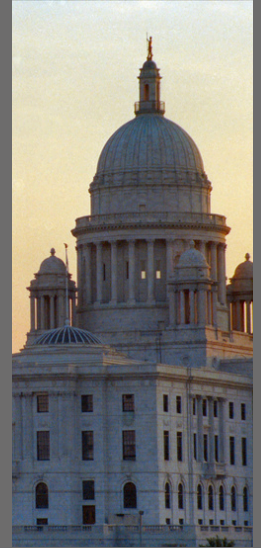
DETROIT

In Detroit, the local [United Way](#) issued a challenge for transformative projects. [Southwest Solutions](#), a 501(c)(3) working in southwest Detroit, had been working in Detroit for over 30 years, and had provided a broad menu of services to the community, including housing and business support. They identified the East Chadsey Condon (ECC) neighborhood in southwest Detroit as their target community. In ECC, approximately 60% of residential and commercial units have been demolished due to blight. The remainder of the land is owned by the [Detroit Land Bank](#), the city, and the remaining community members. The envisioned project is bold: reinvigorate the existing neighborhood by building on 800 parcels, including single- and multi-family, mixed-use and commercial structures. Innovative construction such as modular and 3D printing, as well as geothermal and solar energy, are being evaluated in the community-informed planning and designing process. Southwest Solutions has enlisted NC3 to work with them in creating a DCIF that allows community members to invest in the project and to engage in the governing process that will determine how funds are allocated.



RHODE ISLAND

In Rhode Island, a group of community members called [Local Return](#) read and participated in [Michael Shuman's](#) trainings on local investing and hoped to formulate some way for local people to help raise capital for local businesses. In 2022, the group reached out to NC3 for help and we introduced them to our Accelerator Program and ultimately to our [Diversified Community Investment Fund \(DCIF\)](#), making Local Return the first project in the nation to work within our Accelerator Program with the goal to create a DCIF. The Local Return team has been actively working with our Accelerator partners, determining where and how the DCIF will be set up, what governance will look like, how to protect the least-able investors, and what kinds of projects, real estate and business, the fund will support.

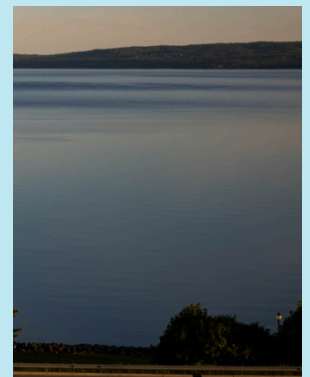


CINCINNATI

In Cincinnati, Ohio, a group of community leaders called the [Common Good Alliance](#) reached out to NC3 for support. Their Alliance includes faith-based community members, local government officials, and philanthropy. The Alliance has identified riverfront property with the hopes of transforming it for housing and commercial opportunities. Alongside the physical revitalization of this space, the Alliance dreams of creating a Black Wall Street, focused on providing opportunities to the local Black community.

PETOSKEY

In Petoskey, Michigan, a group not unlike Local Return in Rhode Island had been meeting and discussing how to support affordable housing availability and how to help the local business community. They reached out to NC3 and contracted with us, supported by their local community foundation, to build a DCIF. They will be considering a whole host of variables as they move forward, including where to host the DCIF, determining investment goals, community partners, fund governance and more.



Your support allows us to build momentum as an organization and a movement.

Thank you for a powerful 2022, and we look forward to making even more impact in 2023.