

## RECOMMENDATIONS FOR PHILANTHROPY

Through its various financial, human capital, and other assets, philanthropy is well positioned to support the development of inclusively owned CRE models and the growth and replication of such projects.

**1**

### DIRECT INVESTMENTS

Philanthropy can make *direct investments* in inclusively owned CRE. Developers often seek flexible capital to complete or catalyze their funding strategies. In addition to grants or recoverable grants to support due diligence, startup, or administrative costs, philanthropy may consider loans or other investments, especially PRIs, that can make property acquisition and other large drivers of the total project cost more affordable. Finally, philanthropy can consider providing funding from an institution's corpus for such uses.

**2**

### INDIRECT INVESTMENTS

Philanthropy can make *indirect investments* that seed or strengthen the funding ecosystem for inclusively owned CRE projects. For example, philanthropy can guarantee loans made by CDFIs or support lender capacity-building initiatives that would allow the lender to use government loan guarantee programs to fund inclusively owned CRE projects. In addition, philanthropic support may be able to incentivize market-rate lenders to participate in a deal by capitalizing loan loss reserve funds or similar vehicles. Such blended capital models can encourage market-rate lenders to participate in more transactions structured as inclusively owned CRE opportunities.

**3**

### COLLABORATIVE INVESTMENTS

Philanthropy can make *collaborative investments* with its peers. Co-funding can help smaller foundations participate, providing different forms of capital based on foundations' institutional priorities and funding tools. For example, one foundation may offer PRIs for the acquisition while another can offer grant dollars for due diligence on the same project; together, these investments can expedite a project's market entry. The various forms of capital may serve to mitigate investment risk (or perceived risk) for all funders.

**4**

### OFFER EXPERTISE

Foundation staff can *offer expertise* that is relevant to inclusively owned CRE projects, particularly those that are emerging or going through certain transitions. Foundation team members could offer pro bono financial or legal support, perhaps through board membership. Additionally, senior management and program staff can provide strategic advice around a grantee's coalition building, community wealth-building approaches, and complementary local efforts; financial modeling for shared equity; governance; capital flows; and other core elements of an inclusively owned CRE project's rollout or scale up.

**5**

### STRATEGIC USE OF CONVENING POWER

Grantmakers can make *strategic use of convening power* among their peer institutions and other relevant stakeholders to encourage the growth and development of the inclusively owned CRE sector. Funders can develop and share case studies and success stories with philanthropic colleagues, through conference sessions or a hosted convening for a larger audience. These sessions can support aggregation or pooling of capital resources.