

March 15-16, 2022

Lansing Center

CAP CON 2022



Leveraging the Power of Community Capital

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The What?

COMMUNITY CAPITAL – financial capital that is sourced from and invested in the community, providing an opportunity for a return on investment, local individual and community wealth-building

SECURITIES AND EXCHANGE COMMISSION – (SEC) the federal agency established after 1929 Stock Market Crash. The SEC's role is to protect investors from fraud

ACCREDITED INVESTOR – high net worth individuals allowed to make direct investments in private markets (not publicly traded)

The What? Pg2

NON-ACCREDITED INVESTOR – individuals not allowed under federal law to make direct investments in private markets (except when special exemptions in place)

JOBS Act – 2012 Act of Congress allowing direct investment in private markets by all investors

INVESTMENT CROWDFUNDING – the most commonly used investment tool for non-accredited investors, allows them to make direct investments in private markets

The Why?

Since 2016...

- **Over 1.3 million investments were made using investment crowdfunding**
- **Average amount raised \$284,371**
- **451 different industries**
- **185,00+ jobs supported**
- **\$1.16+ billion dollars raised**

(data courtesy of Crowdfund Capital Advisors)

The Why? Pg2

From Honeycomb Credit:

- 49% of businesses women owned
- 24% of businesses minority owned

From April 2020 SEC Report:

- 13% of Venture Capital funding received by women founders
- Black, Latinx, and Middle-Eastern founders received 5% of Venture Capital funding

The Why? Pg3

Harvard Business Review - Research: How Entrepreneurship Can Revitalize Local Communities *“...we need to think about entrepreneurial ventures not as investment vehicles designed to maximize return, but as collaborative platforms that enable us to leverage local resources in creative ways to address urgent local problems.”*

Nova Scotia Community Economic Development Investment Fund - *“Nova Scotia CEDIFs invested \$2 million in 116 small businesses whose annual economic impacts in 2019 were * \$118 million annually in GDP value-add * 1,200 FTEs * \$52 million in annual wages and salaries * \$25 million in annual taxes”*

MML – Building Community Wealth – *“Community wealth building is about developing assets in such a way that the wealth stays local...helping families and communities control their own economic destiny.”* Marjorie Kelly, Democracy Collaborative

The How?

Educate

Convene

Leverage

Lead

Donation-based

Reward-based

Zero Interest Loans (mission driven)

Investor Return

100+
Women Who Care
Vassar Chapter



KICKSTARTER

Grace Fields Farm: An Urban Market Garden in Flint, MI
Using regenerative and bio-intensive methods to do good for people, the economy, and the environment.

Pledge US\$ 50 or more

Farm Swag Bundle

Local Pick up in Flint, MI

INCLUDES:

- Private FB Group Access
- Grace Fields Farm Cloth Tote Bag
- Grace Fields Farm T-shirt
- Farm Recipe

ESTIMATED DELIVERY
May 2022

kiva



Nikyah

5 days
REMAINING

\$550 to go
93% FUNDED

A loan of \$7,500 helps a woman-owned small business purchase more raw materials, marketing, and sustain our location.

DETROIT, MI, UNITED STATES CLOTHING

LOCALSTAKE

FUNDED

Real Estate Traverse City, MI

COMMONGROUNDS COOPERATIVE

WE ARE A REAL ESTATE DEVELOPMENT COOPERATIVE IN TRAVERSE CITY,...

→ Our building is owned and financed by its tenants and our comm...
→ Owner-investors earn a financial, social, and quality of life ...

\$546,000 RAISED

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PUBLIC SPACES
COMMUNITY PLACES



WILLIAMSTON, MI

**Volunteers
Community Park
Picnic Shelter**

To enhance Volunteers Community Park's ability to serve the Williamston community as a gathering space by constructing a picnic shelter and other

\$29,610
of \$29,000 Project Closed

★ Matching Grant: Michigan Economic Development Corporation

VIEW

⚡ SUCCESS!

Burke Park Universally Accessible Playscape

Raise funds to build a new universally accessible playscape at Walter and Mary Burke Park in downtown New Baltimore.



Burke Park Universally Accessible Playscape

Story

Updates

Donors

New Baltimore, MI
Placemaking Community

\$14,285

funded of \$50,000 goal

32

patrons

35

days left

Support



This campaign is eligible for a grant from **Michigan Economic Development Corporation**

Help Us Make New Baltimore A Place for Everyone!



PUBLIC SPACES COMMUNITY PLACES

\$11,267,674



Funded

51976



Patrons

303



Projects

\$9,842,068



Matched by Sponsor

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MI LOCAL BIZ

\$532,192



Funded

6393



Patrons

113

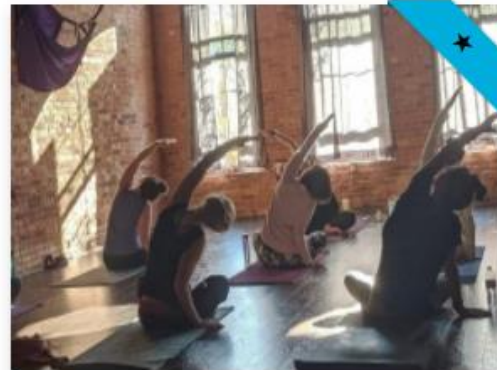


Businesses Supported

\$432,618



Matched by MEDC



HOWELL, MI

SoulShine Strong

We whole heartedly appreciate your donation, which will allow us to continue to pay our SoulShine leases, utilities, and invaluable teachers.

\$5,050

of \$5,000

Project Closed

★ Matching Grant: MI Local Biz

[VIEW](#)

⚡ SUCCESS!



MARQUETTE, MI

MadGoodies Studio

MadGoodies Studio could use a little help to get through this rough patch.

\$3,101

of \$3,000

Project Closed

★ Matching Grant: MI Local Biz

[VIEW](#)

⚡ SUCCESS!



KALAMAZOO, MI

Save the Icing @ Layla's Cool Pops!

Help us add equipment to grow our youth employment and homeless outreach programs!

\$6,000

of \$5,000

Project Closed

★ Matching Grant: MI Local Biz

[VIEW](#)

⚡ SUCCESS!

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MEDC IS COMMITTED TO ENABLING LONG-TERM UPWARD ECONOMIC MOBILITY FOR ALL MICHIGANDERS



MISSION

Achieve long-term economic prosperity for Michiganders by investing in communities, enabling the growth of good jobs and promoting Michigan's strong image worldwide



VISION

Make Michigan's economy the nation's fastest growing, most equitable and most resilient by:

Achieving 'Top 10' status for:

- Job growth in targeted sectors
- Equitable job growth
- Real median household income growth

Attaining the largest net gain of talent in the Midwest

Becoming top ranked EDO

GUIDING PRINCIPLES



Sustained, long-term growth

Accelerate long-term job growth to address impacts of automation and protect Michigan's economy against downturns.



Regional impact

Support every region – from rural areas to urban centers – to improve economic outcomes for all.



Equitable, high-wage growth

Provide equitable pathways toward high-wage growth that supports opportunities for all.



Customer focus

Bring a customer-first, partner-driven mentality to all we do.

STRATEGIC FOCUS AREAS



Attract, retain, and grow business
Attract, keep and grow businesses in industries that support maximum growth in jobs, wages and investments



Support and grow our talent
Cultivate the skills and talent needed for in-demand and high-growth occupations statewide



Develop attractive places
Collaborate with local communities and partners to create places in which people and talent want to live, work, visit and play



Accelerate high-tech innovation
Support entrepreneurial growth to enable commercialization and new high-tech business creation



Market the state
Promote Michigan's image as a world-class business location and travel destination



Support small business
Help existing small and microbusinesses grow and thrive and improve economic prosperity for all through small business ownership





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Trends...

Community Capital gets invested into the food industry: If we combine Breweries, Distilleries, Wineries, and Restaurants, (the kinds of unique places we find in each of our communities) they raised more money than any of the Top 15 Sectors: \$49.1 million dollars since 2016 (2021 CCA Annual Report)



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Trends...Pg 2

- **2021 saw an increase in offerings of 30%**
- **Companies that raised community capital saw revenues increase by 35.4% the year after the raise**
- **31% of all offerings since 2016 happened in 2021**
- **The average investment size is \$1,057 dollars with small dollar investments at \$100 or less often available for community investors**
- **66.2% of investments were made into small businesses, the kind that support Michigan communities**

(2021 CCA Annual Report)

Commongrounds Cooperative

Mission:

To develop real estate designed to meet community needs and improve quality of life for all people in our region

Vision:

4-story, 47,000sq ft mixed use building with underground parking. Co-locate workforce housing with businesses focused on food, family, art & wellness

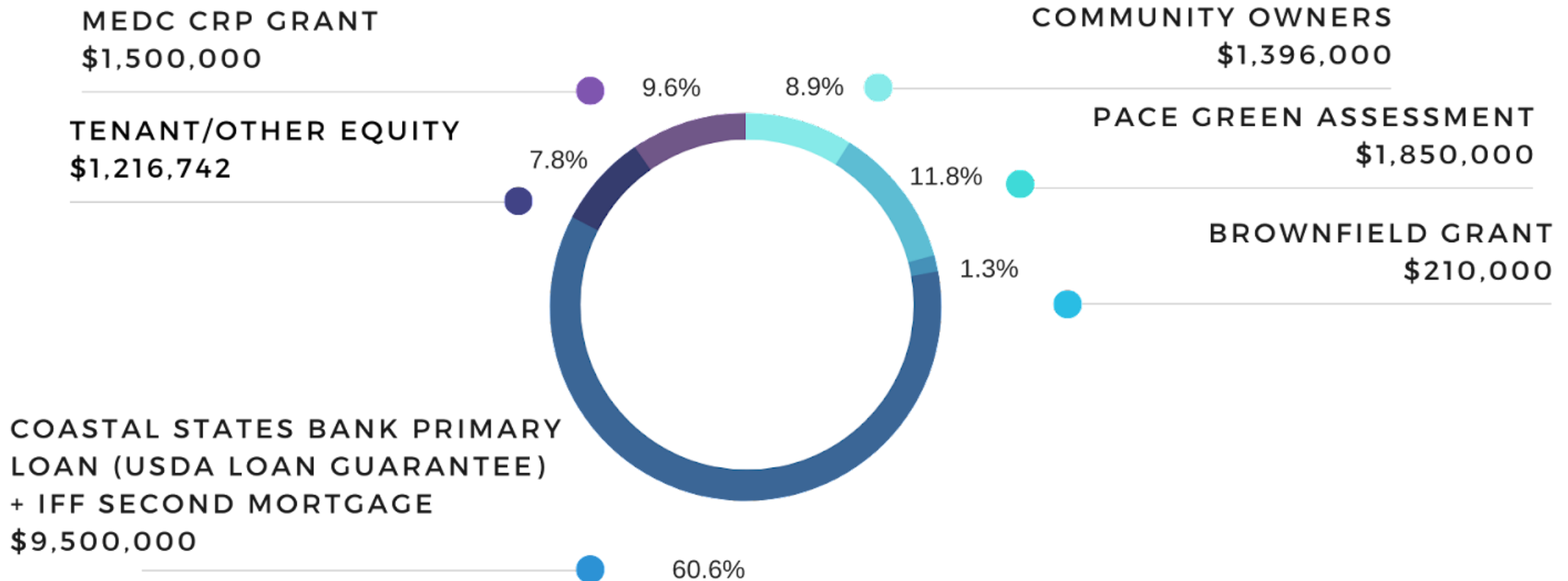


Outcomes: Meeting Community Needs...

- **Workforce Housing**
2016 Networks Northwest Study – severe housing shortage, including 1- and 2-bedroom units
- **Early Childhood Care**
2019 Great Start Coll Study – region has 1/3 of capacity needed for infant/toddler care
- **Culture of Health: Food, Movement, Multi-modal Transport, Connect**
2019 Community Health Needs Assessment – obesity, mental health, social connection priorities
- **Attract and Retain Young Talent for Year-Round Economy**
2019 Traverse CONNECT Study – region has labor shortage and is losing working families
- **Green and Multi-Modal Design** – to develop 8th Street corridor as compact, pedestrian friendly
2017 City of TC 8th Street Plan, 2019 TCCF Health & Wellness Corridor Study
- **Support and attract artists**
- **Build social infrastructure to increase community resilience**

Commongrounds Proposed Funding Sources

Total Project Cost: \$15,672,642



2019 Crowdfunding: Final Results

Campaign open April-June 2019

- 132 investors
- 104 from 5-county region (and from 7 states total)
- Median investment of \$2000
- All different ages, 30-70+
- 94 non-accredited investors
- 15 self-directed IRA investors

TOGETHER
we raised
1.37 MILLION
IN COMMUNITY INVESTMENT

TOGETHER
WE DID IT.





Timeline

2016-17

- Chris Treter of Higher Grounds partners with Joe Sarafa to create design of BIG IDEA

2018

- Commongrounds Cooperative is formed and raises money to purchase property
- Tenant-owners commit
- Community investment brings in over 350 owners

2019

- Building design and zoning approval finished
- \$1.4 million raised from community owners

2020-21

- Complete financing approvals and break ground
- Organization and partnership development

2022 Commongrounds Opens!

HB4116

- **Create incentive for Michigan citizens to invest in Michigan businesses**
- **Support Michigan communities and the businesses that provide tax base, employment, quality of life, unique assets**
- **Would provide a State of Michigan Income Tax Credit equal to 50% of amount invested by MI resident into MI business**
- **Legislation supported by MML**
- **Legislation supported by MI Chamber of Commerce**

