

PURPOSE[®]



Transitioning into community stewardship

How the Purpose Foundation is helping one community-led
initiative design and implement community stewardship

—
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Acknowledgements

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Executive summary

The Kensington Corridor Trust (KCT) is building a new model of economic development for communities that have been historically disinvested from by public and private interests. Their unique “Neighborhood Trust” model seeks to galvanize neighborhood power and support self-determination by transitioning assets directly into the commons, under long-term neighborhood stewardship. Its goal is to ensure that the community directly benefits from redevelopment and local investment and has authorship over its future.

Purpose, an expert in alternative ownership, governance, and financing models, has been supporting the KCT in designing and implementing its innovative Neighborhood Trust model. This report summarizes key takeaways from a two-day engagement process Purpose led at the end of 2019 with fifteen community members, interviewing board members, residents, and business owners. The goal of which was to better understand the Kensington neighborhood, its history, and needs and to identify the KCT’s objectives, key opportunities, and challenges. This report showcases some learnings and presents suggestions for the KCT’s structure and strategy.

Going Against the Grain

Adriana Abizadeh, Executive Director of the Kensington Corridor Trust

America was built on democracy. A democracy that was built on the backs of disenfranchised black people. How can we push the core principles of democracy (representation, voting, and collective decision making) to the center of a neighborhood for the purposes of equitable development? By going against the grain.

The status quo in economic and community development has been fueled by the interests of outside capital and a bottom line. Power is something that we are all inherently born with but in common and seemingly simple ways many in our society, the disenfranchised, are locked out of that power. The power to vote (incarcerated), the power to purchase homes (redlining), the power to give our children quality education (school districts fed by property taxes). Power is having choice. Power is having information. Power is access.

The rebirth of a commercial corridor and its culture is not a zero sum game. There will be winners and losers. There will be those who benefit and those who do not. In building the Neighborhood Trust model, we ask ourselves constantly "who wins when the neighborhood changes?". If it's not the neighborhood, it's not equitable, it's not advancing racial or social justice, and it's not prioritizing the economic gains of those that have called Kensington home.

The single most important thing that a neighborhood has in combating extractive capital practices is their collective power. Community authorship and decision making power give a neighborhood the opportunity to not only create a vision but implement it. Through the direct use of their power to govern and control the activity, the indicators of success, and ultimately the outcomes.

The neighborhood trust model is one that is complementary to an existing ecosystem. It's another tool in the toolbox of equitable development. It works alongside the community development corporations, the community development financial institutions, and prioritizes the neighborhood associations and groups that are the most impacted by all of the decisions being made around them and for them by others (ie: government, developers, organizations, etc.).

Utilizing collective ownership a neighborhood can quickly intercede when gentrification is looming; the power is placed back into the hands of residents and small business owners to decide the future of their neighborhood. Further, the neighborhood trust model doesn't lock individuals out from their own intergenerational wealth building, because the Trust can exit assets (with neighborhood approval) to long-term tenants of an asset stewarded by the Trust. The decommodification of the assets makes possible local ownership in the long-term, for intergenerational stewardship and neighborhood benefit.

Community prosperity is possible when impacted folks have autonomy and true control. Economic justice is putting people over profits. It's time we elevate the power of neighborhoods to decide their own future, tipping the scales towards justice through equitable development.

Supporting Community Stewardship

Camille Canon, Co-Founder and Executive Director Purpose

At the Purpose Foundation, our mission is to help create a more just economy by changing the underlying dynamics of who benefits and has control over assets in the economy. We do this by directly supporting founders, business owners, and community leaders in designing and implementing shared ownership models that prevent extraction and ensure co-governance among stakeholders intergenerationally.

The objectives of these initiatives are diverse: from bridging the racial wealth gap to protecting quality jobs and supporting housing affordability. **Their common goal: to move assets out of the service of capital and into the service of community.** We have supported more than a dozen businesses and investors in creating permanent, long-term ownership vehicles, inclusive stakeholder governance schemes, and alternative financing structures. Through this work, we developed a unique expertise in legally executing innovative co-benefit and co-governance models.

Our first community-led project began with the Kensington Corridor Trust (KCT) in 2019. When the KCT board approached us to support in developing an ownership structure for the trust, we were excited to apply our knowledge from the enterprise sector to the real estate realm. We saw an enormous overlap in our missions and were excited about the opportunity the KCT represents to forge a new model for urban development that ensures current community members benefit from economic changes, by protecting assets in the commons and returning control over assets and programs directly to community members.

Our work on this project began with a two-day facilitated workshop with fifteen community members, interviewing board members, residents, and business owners. Our goal was to better understand the Kensington neighborhood, its history, and needs and to identify the KCT's objectives, key opportunities, and challenges. This report showcases some learnings and reflections from this initial work. The following pages summarize the key takeaways from our workshops and propose next steps for the KCT's structure and process as examples of how our work can be applied to community-led projects.

It should be noted that the KCT is still in development. At the time of this publication, the KCT is about to kick off a six-month community engagement process to define the purpose and long-term governance of the trust. The KCT is also still closing its initial fundraising for property acquisition and filing for its independent nonprofit status.

Yet despite being still in development, the KCT has already had an enormous impact on the field of community ownership and wealth building, inspiring dozens of communities around the country, including Trust Neighborhoods and The Guild, to pursue replicable innovative shared ownership models. This reflects the exceptional leadership of Adriana Abizadeh, the KCT's Executive Director. It has been Adriana's conviction for the power of the community and shared ownership that has transformed the KCT into a lighthouse example for a more inclusive and equitable community institution. All of which has been made possible thanks to the collaborative support of the KCT's philanthropic and investment partners: Spring Point Partners, The Barra Foundation, and Kataly Foundation.



Demand for community inclusive shared ownership models is growing, as communities across the country that have been underserved by conventional models hunt for innovative, alternative solutions to common challenges. We are enthusiastic about models like the KCT and the impact they are already having on neighborhoods and communities. They represent new opportunities for civic engagement and economic development, and have the potential to drive intergenerational impact.

We are meeting this burgeoning need through our programming and direct support. Our objective is to scale these models to hundreds of communities over the coming years, tap into local and state level public funds, and move billions of dollars into community stewardship models. Thank you to our funders who have made this work possible. We look forward to sharing this work with all of you, and hope you will join us in enabling the next generation to build the foundation of an equitable economy.

Introduction

The Kensington/Harrowgate neighborhood of Philadelphia is the story of many communities in the United States: historically overlooked by conventional real estate developers aimed at market-rate returns and underinvested in public funds. For decades the dearth of economic opportunities has left the neighborhood vulnerable to extractive businesses, made it a destination market for drug and sex trade, and contributed to a large unhoused population. These factors have made it difficult for businesses, which could serve and add value to the neighborhood, to return to the corridor.

Now, in response to impending gentrification the Kensington neighborhood is taking actions to ensure current residents and businesses owners benefit from economic development and are able to stay in their neighborhood. We here at the Purpose Foundation have been working closely with the KCT and its Executive Director Adriana Abizadeh, who is a part of our inaugural cohort of Purpose Future Fellows, to design an ownership and governance structure that achieves these goals through intergenerational community ownership. Our Purpose Future Fellows leverage new ownership, governance, and finance models to drive systems change and create intergenerational impact, with the goals of bridging the racial wealth gap, preventing displacement and extraction, and fostering ecologically compatible economies.

The KCT is building a new model of economic development for communities that have been historically disinvested from by public and private interests. Their unique “Neighborhood Trust” model seeks to galvanize neighborhood power and support self-determination by transitioning assets directly into the commons, under long-term neighborhood stewardship.

To accomplish this, the KCT intends to use philanthropic funding to purchase real estate into an evergreen holding structure, which will be controlled by local civic and business leaders, renters, and community organizers— all residents and business owners of the Kensington area. Real estate assets will be managed according to local needs, with the community deciding how excess profits should be reinvested in the neighborhood.

While most economic development strategies focus on catalyzing outside investment and philanthropy to support communities from the outside-in, the KCT is different in a few ways. Firstly, the KCT wants to keep value in the neighborhood by transitioning real estate off of speculative markets and into the commons. The goal is to ensure that the community directly benefits from redevelopment and local investment. Secondly, the KCT has decided to meaningfully transition power to local residents and business owners. Rather than making decisions on behalf of community members, the KCT is ceding control to the community to self-determine what’s best for their neighborhood through majority governance control of the KCT.

The KCT is a story of a new kind of institution for economic development. The KCT transfers power from big foundations and private developers into the hands of low-income community members, who are primarily people of color who have historically been prohibited from accessing that power. With the KCT’s model, the community’s voice is truly in charge and its role is legally protected.

We are excited to share the in's and out's of how the Purpose Foundation and the KCT have collaborated towards these goals both because of the benefit to the Kensington neighborhood and for the example the KCT sets for organizations and neighborhoods across the country. Our work with the KCT is proof that Purpose US has the expertise to help create actionable real-life solutions for communities, companies, and organizations across the country.



Community Inclusion

In order to create a better model of equitable ownership, Purpose and the KCT worked with community organizations, residents, and other stakeholders to gain insight on how to best achieve the KCT's mission to reclaim control over a once thriving commercial corridor by equitably reactivating real estate, fostering local entrepreneurship, and reinvesting capital in the neighborhood. These conversations with people who work at community development organizations in the area, people who had businesses on the corridor, and local residents were made possible due to connections and introductions from members of the KCT board. Purpose then also facilitated a 3-hour workshop where we deeply explored what success for the KCT might look like, how to organize the KCT while being accountable to the neighborhood, and how to define community and community ownership for the KCT. In 2021, we moved to a majority minority board increasing inclusion among community members.

Goals

During the community conversations and the facilitated workshop, we developed a list of what a successful community-governed and community-rooted KCT would do. One of the main goals was for the KCT to contribute to improved quality of life in the neighborhood. Some examples of an "improved quality of life" in the neighborhood that emerged were:

- incentivize people to stay in the neighborhood through quality jobs and career opportunities;
- cultivate the entrepreneurial spirit of Kensington;
- encourage collective efficacy, social cohesion, connection, and trust among neighbors;
- reduce the crime rate and drug tourism; and transition Kensington/Harrowgate into a mixed-income neighborhood.

Beyond improving the quality of life for the residents of the Kensington neighborhood, there were several other goals that arose directly from the Kensington community. These goals offer insights into how the stewardship model for the KCT might look. The other community goals included:

- reactivating the commercial corridor;
- improving vibrancy and safety;
- maintaining affordability and access for local entrepreneurs;
- slowing displacement of current residents;
- attracting businesses that both draw patrons from other parts of the city ;
- attracting businesses that address community needs with accessible goods and services;
- allowing for self-determination from the community;
- another key factor was the ability for the community to self-determine how the Kensington corridor is revitalized;
- fostering diversity, equity, and inclusion by creating different types of opportunities; and
- rebranding the neighborhood as a thriving community.

Running through all of these goals was also the desire that the KCT would be an example for what development should look like in Kensington/Harrowgate.

Identifying and Solving for Community Concerns

It was an important part of our process to identify the community's fears about the KCT work and its organizational structure. By working with community stakeholders, we were able to identify some of the community's core concerns and then move forward with ways to address those concerns.

Concern: That politics and/or outside capital would become too influential in the KCT. Community partners had worked with city representatives and council members in the past and were concerned that the KCT could be leveraged for political gain.

Our Solution: Control over the development of the KCT and its ongoing stewardship should remain directly connected to the community.

Concern: That power and control over the KCT and its assets would not lie with the community. Fear was that the KCT's board would fail to select/elect members that are representative of the community and connected to the neighborhood.

Our Solution: The KCT's governance structure should ensure that the community is represented in the future and shares in the control and stewardship of assets.

Concern: The corridor could attract businesses that are unwelcoming to current community members. Current residents shared experiences of feeling unwelcome in new businesses popping up on the edges of the neighborhood. A new co-op grocery store was given as an example, in which pricing was inaccessible, food stamps could not be used, and residents of color felt unwelcomed and policed by staff.

Our Solution: New businesses along the corridor should serve the community's needs and be accessible in pricing and culture. Tenants should be selected where possible for a good "cultural fit" of the KCT and neighborhood. Ideally, but not exclusively, this would directly involve neighborhood entrepreneurs.

Concern: That the current strategy's focus on retail would not create the impact envisioned by the KCT and the community. A lot is needed to make any neighborhood an attractive, safe place for retail businesses and residents. Regardless of location, retail businesses struggle in our current economy. Residents wondered if the KCT's focus on commercial spaces and encouraging the return of retail businesses would create the desired change in their neighborhood.

Our Solution: The KCT should be agile enough to shift its strategy should retail prove too challenging or weak a driver for change.

Concern: That the KCT could distract from private wealth building for community members. The concern was that the KCT's activities could divert funds away from initiatives that provide local community members with access to capital and a pathway to private wealth generation.

Our Solution: The KCT's financing structure should reflect a commitment to local community wealth generation.

Concern: The community expressed the very real fear that the KCT's very existence and goals might accelerate gentrification and cause the neighborhood to become too expensive for residents. Community members expressed fears that reactivating the corridor could vastly accelerate change and attract folks from outside the neighborhood, thus displacing current residents and businesses. They worried that Kensington could become like Fishtown, where the majority of restaurants and retail spaces cater to a wealthier demographic than those who live in the neighborhood.



Our Solution: Gentrification cannot be entirely prevented. The KCT should strive for a diverse mix of businesses, which balance the immediate needs of residents with the potential of more expensive establishments to provide quality jobs. The KCT's board must carefully balance the risk of displacement and the potential economic upside attracting businesses from outside the neighborhood in its acquisition and tenant strategies.

The KCT's Theory of Change

Phase 1

Securing critical economic infrastructure for community stewardship

The KCT exists to support economic development and maintain long-term affordability along the Kensington Corridor and surrounding areas. In this initial phase, the KCT will acquire assets along the Kensington Corridor to support the development of these spaces with the goal of re-activating business activity. Improving the retail spaces along the corridor will help reduce drug-related crimes, thereby improving safety and ensuring local business success.

Improved safety in turn will attract new businesses and renters to the corridor. A portion of the retail space along the Kensington Corridor will be reserved at a reduced rent for local entrepreneurs. This reduced rate will be subsidized by rents generated from other assets stewarded by the KCT. New businesses in the neighborhood will provide quality employment opportunities to neighborhood residents. These businesses will also provide needed goods and services to residents.

Phase 2

Long-term community-governed economic development institution

After the initial phase, the KCT will serve as a long-term institution with members of the community stewarding its mission and assets. The KCT will work for the explicit **purpose of maintaining long-term affordability in Kensington/Harrowgate, fostering economic development and community prosperity, encouraging and supporting local entrepreneurship, and protecting community ownership and maintaining its self-determination.** The KCT's governance structure will equip community members (i.e., board members), with the entrepreneurial freedom to make decisions based on the evolving needs of the community and neighborhood. Each aspect of the KCT's purpose in this phase is more fully outlined below.

- **Maintaining long-term affordability in Kensington and Harrowgate** - Trust assets are to be understood as "commons property" and cannot be sold for private benefit. By de-commodifying assets and holding them for the long-term, the KCT will maintain affordability in the neighborhood, enabling it to prevent or impede the displacement commonly caused by gentrification. Maintaining long-term affordability will support Kensington and Harrowgate to become mixed-income neighborhoods.
- **Fostering economic development and community prosperity** - The KCT will be a "self-owned" entity, meaning that any profits generated by the KCT through rent or sale of property are to be reinvested in the neighborhood.

The KCT's board will decide on the appropriate method for this reinvestment in support of the KCT's purpose of fostering economic development, supporting community prosperity, maintaining long-term affordability, and supporting entrepreneurialism among community members. Possible uses may include: acquiring property, donating to community nonprofits, investing in local businesses, etc.

Encouraging and supporting local entrepreneurship - Reinvestments of the KCT profits should encourage and support entrepreneurship among neighborhood residents and entrepreneurs. . This support may take the form of small business lending, technical assistance, subsidized rent for local entrepreneurs, or other support programs aimed at supporting local entrepreneurs.

Protecting community ownership, self-determination, and self-governance - Stewardship of the KCT and governance of its assets and future should reside with community members. In a context in which city organizations and other government and agencies typically hold power, it is important that the KCT is controlled by and for the benefit of the neighborhood.

Defining Community Ownership and Governance

Defining community ownership in the KCT's governance and purpose has been a core theme during this project. The KCT is intended to be "owned" and governed by the "community". Over the course of this project we have explored the questions of how to define "community," who the KCT belongs to, how "community" differs from the "neighborhood," and how to define community in a way that is both protected and can evolve in the future.

The terms "community" and "ownership" can mean different things to different people in different contexts. Within the context of our steward-ownership work at Purpose, we believe "community" should be self-defined within a given institutional, neighborhood, or organizational setting. We also believe that this definition should be broad enough to allow for evolution over time as organizations and neighborhoods change. We define "ownership" within the context of this work as the right to self-govern and self-determine how value is used or distributed. "Community ownership" can therefore be understood as a stakeholder inclusive governing structure that serves to economically benefit the community beyond private ownership where the community has determined for themselves who is included as a stakeholder. With these ideas in mind, we wanted our community inclusion work with the KCT to focus on these community defined definitions.

In the workshop Purpose facilitated, the topic of how to define belonging to the Kensington Corridor community was thoroughly discussed. In the broadest strokes the Kensington community defined their community as follows:

- Geography is a relevant factor for defining community members, but not a prerequisite.

- Community should be defined by people who share a common vision and purpose for the neighborhood and who are invested (as business owners, residents, patrons, investors, or civic leaders) in the long-term revitalization of the neighborhood.
- Community representatives should reflect the diversity of the neighborhood. Board members should have a personal connection to Kensington/Harrowgate, a deep understanding of its history, challenges, and potential.

In more specific terms, the following list of community members and stakeholders was generated through the workshop:

- business owners along the avenue;
- Kensington/Harrowgate residents;
- aligned community partners and organizations such as community development corporations, nonprofits providing social services, etc.;
- patrons of local businesses; and
- people with personal history and connection to the neighborhood.

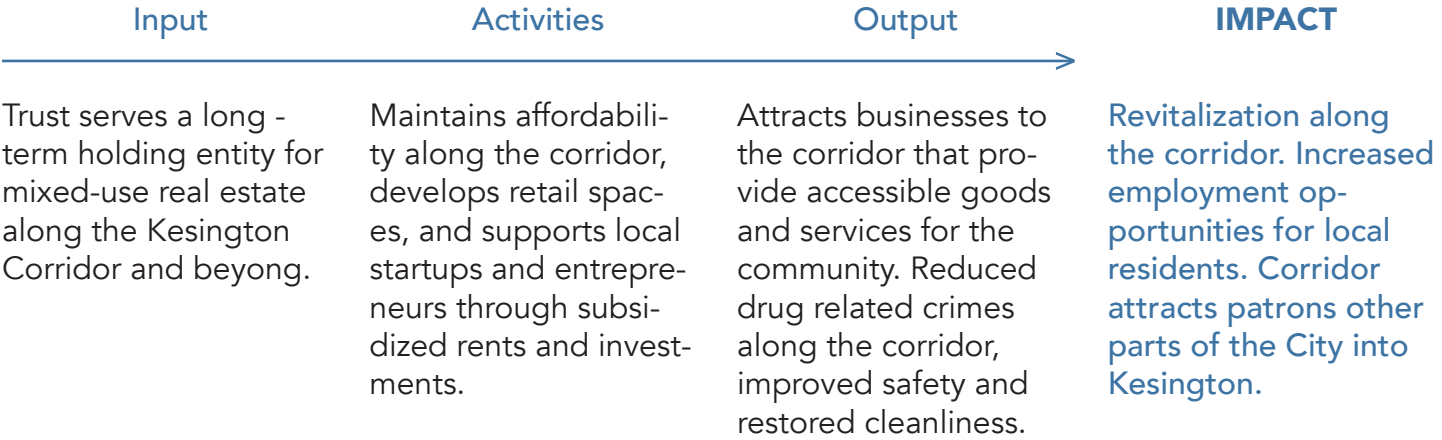
Kensington Community's Guiding Definitions of Community Governance

Through the combination of community dialogue and Purpose's expertise, the KCT was able to define the following governance values in clear terms that align with their visions of steward ownership.

- **Stewardship** - The KCT should be stewarded by community members for the purpose of the KCT and the benefit of the neighborhood and current and future generations of residents, community members, and partners. Decisions made by the Board (purchasing, tenants, sales, and reinvestments) should be made with the principle of stewardship in mind.
- **Entrepreneurialism and Innovation** - The KCT exists to support local entrepreneurialism and foster economic development. Future generations should be guided by the KCT's founding mission, but should also make informed, entrepreneurial, innovative decisions about the best path forward for the KCT as the needs, demographics, and challenges the neighborhood faces evolve.
- **Economic Development** - The KCT is focused on fostering economic development in the Kensington/Harrowgate neighborhood. Although the neighborhood and community would benefit from a broad range of initiatives to address the opioid crisis, affordable housing, education and programming, etc.; the KCT is specifically focused on economic development and community wealth building. It should in its acquisition and reinvestment strategies focus on encouraging economic development through employment opportunities, local entrepreneurship, and attracting aligned business partners from other parts of the City.
- **Diversity, Equity, and Inclusion** - The KCT was founded by applying a theoretical framework and model to see what could happen when real estate assets were owned and controlled in a manner that contradicted the neighborhood's history of racial, cultural, and economic disempowerment and displacement. The KCT should strive in its governance, operations, and strategy to uphold the principles of diversity (racial, demographic, gender, and age), equity, and inclusion as it stewards these assets for the benefit of the neighborhood.

With these definitions, we were able to help the KCT integrate their values, definitions of community, and steward ownership goals into some clear processes showing input from the KCT and their impact through various lenses.

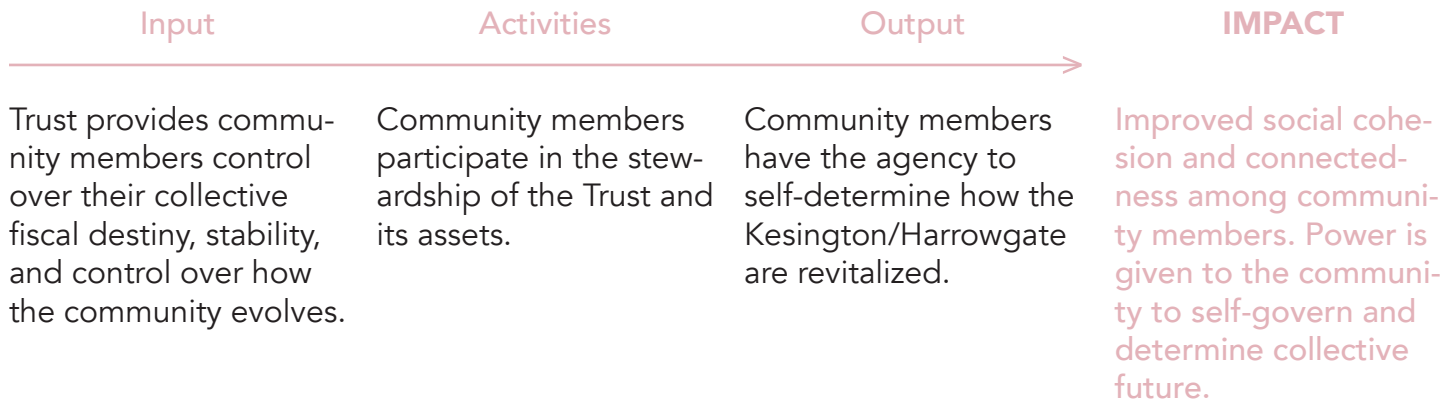
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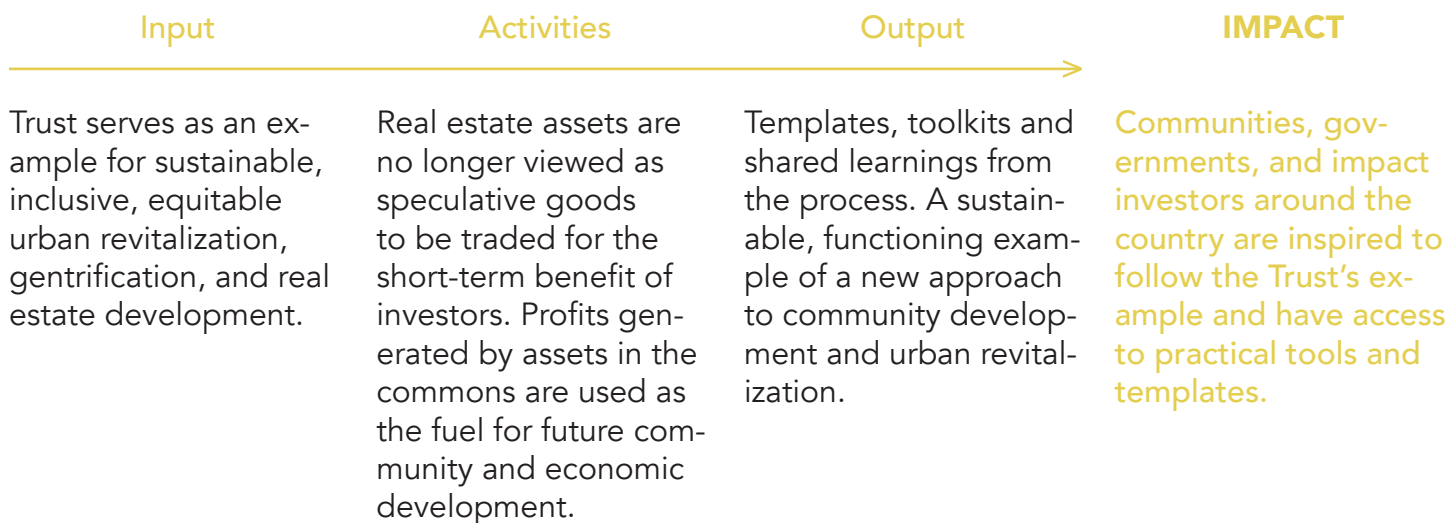
Neighborhood



Community



System



Ultimately, we are so excited to have concrete examples of how community inclusion can look when creating steward ownership models. The process of community inclusion is undeniably important in creating new just economies and consists of more than just a few workshops and conversations. This initial work we did with the KCT to facilitate community inclusion has led to further recommendations from Purpose that are still being implemented. The work towards a just economy continues.

Purpose recommendations

Shifting governance to community members

Challenge: To achieve the KCT's commitment to community ownership, the board composition needed to shift away from institutional representation to community stakeholder representation.

Solution: The progressive rolling off of institutional board members over the course of 12 months. Replacing former board members with community members who represented the KCT's key stakeholder groups: neighborhood residents, business owners, and activists.

Structural options

Goals for the KCT's legal structure:

- ensure the organization can raise philanthropic funds (PRIs, grants, etc.) to both acquire assets and use for operational funding;
- provide the neighborhood with the option to distribute future value generated by assets to community members either through donations, community re-investments, or longer-term as direct cash distributions;
- enable the KCT to take on funding from foundations, federal and local governments, individual donors, and financial institutions;
- define community ownership as: community members holding control over the voting rights of assets in trust through an intergenerational evergreen structure;
- create a structure that can hold and de-commodify portfolio assets in perpetuity;

- administer operations and property management out of the 501(c)3/charitable entity; and
- fund work through philanthropic donations as well as value generated from assets.

Solution:

We are researching a hybrid legal structure, which would combine a nonprofit entity, into which government and philanthropic funding would be received and operations run, with a Purpose Trust, to serve as the long-term community-stewarded holding entity.

Community engagement process

Challenge: The process to date at the time of this workshop had been conducted primarily on behalf of the community, rather than in engagement with the community or with community authorship. Without community authorship over the process or in the definition of the trust's purpose and governance, we feared that the community would not develop a sense of stewardship or responsibility for the project, which we believe is a key risk mitigation factor to the long-term viability of these types of institutions.

Solution: We are supporting the KCT in conducting a longer, more in-depth community engagement process in the fall of 2021 through summer 2022 with twenty of their community members to define the trust's legal purpose, design the trust's governance structure, and integrate feedback from the community on the organization's approach to community development.



Final Note

Despite still being in development, the KCT is a lighthouse example of a burgeoning community of projects seeking to leverage innovative institutional structures to enact local, community-driven change. Since beginning our collaboration with the KCT in 2019, we have been contacted by dozens of initiatives across the country looking to replicate or adapt the KCT's model in their communities. We look forward to continuing to support these community wealth building initiatives through the next cohort of our Purpose Future Fellowship, which will directly support 10+ community-led projects to design and implement community stewardship projects. Each Purpose Futures Fellowship is designed in response to market demand. Many who reached out to us had proven track records as investors, but were struggling to put their shared ownership fund concepts into practice, running up against both structural limitations and issues in finding capital partners. Executing on new models remains hard, which is why our programming and services focus on practical support and technical assistance. Through our learned experiences at the KCT and the visionary Purpose Future Fellows, we look forward to greater impact and success in the year to come.