



FY25 Community Wealth-Building Grant Program Pilot Project Annual Report

As required by 2023 Minn. Laws, Chap. 53, Art. 15, Sec. 33, Subd. 5

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Community Wealth-Building Grant Program Pilot Project

The Laws of Minnesota 2023, Chapter 53, Article 15, Section 33, Subdivision 5 requires the Department of Employment and Economic Development to report to the legislature on the pilot project. The report is to include the following:

- (1) A report on program outcomes including copies of all reports received by the partner organization.

Program Background

The Community Wealth-Building Grant Program Pilot Project (Program) was established to encourage tax-base revitalization, private investment, job creation for targeted groups, creation and strengthening of business enterprises, assistance to displaced businesses, and promotion of economic development in low-income areas. It provides funding for low-interest loans to be deployed statewide to community businesses. Community businesses are defined as cooperatives, employee-owned businesses, or commercial land trusts that are at least 51 percent owned by individuals from targeted groups. Targeted groups are defined as persons who are Black, Indigenous, People of Color, immigrants, low-income, women, veterans, or persons with disabilities.

The legislature directly appropriated \$3,000,000 to the Metropolitan Consortium of Community Developers (MCCD) to administer the Program. On September 1, 2023, the Minnesota Department of Employment and Economic Development (DEED) and MCCD entered into a grant contract agreement. Per the agreement, MCCD established a plan, approved by the Commissioner, to make loans of \$50,000 to \$500,000 to community businesses at an interest rate or fee no higher than two percent over Wall Street Journal prime rate with a maximum rate of ten percent. The maximum origination fee that can be charged is one percent or less. Up to fifteen percent of a loan's principal amount may be forgiven if prescribed criteria are met including job retention and/or job creation goals; loan payments must be remitted timely for twenty-four consecutive months. Fifty percent of the loan Program allocation each year is reserved for use in Greater Minnesota for the first 180 days. Loans are for projects that are unlikely to be undertaken unless a loan is received under the Program and priority is given to borrowers located in the lowest income areas.

To assist in the formation and growth of shared ownership and community businesses, MCCD also provides specialized technical and legal assistance either directly or through a partnership free of charge to recipients to help businesses become loan ready. Shared ownership models, including employee ownership, cooperatives and commercial land trusts, are proven methods for economic recovery and growth. They retain and grow businesses and jobs, revitalize distressed areas, prevent displacement, and expand ownership opportunities for BIPOC and other underrepresented groups.

Legislative History

This pilot program was authorized by the Legislature pursuant to Laws of Minnesota 2023, chapter 53, article 15, section 33. The appropriation to fund this pilot program with \$1.5 million in SFY24 and \$1.5

million in SFY25 was made pursuant to Laws of Minnesota 2023, chapter 53, article 20, section 2, subdivision 2(bb).

The legislature modified the Program during the 2024 legislative session to provide for a fee in lieu of interest, increased the interest rate from the Wall Street Journal prime rate to the prime rate plus two percent, added the ability to provide up to fifteen percent forgiveness of the loan's principal balance, and modified reporting deadlines.

Program Outcomes and Loan Detail

Since the Program's inception, DEED has disbursed \$1,034,106 in loan capital to MCCC supporting four loans. These investments supported a range of community wealth-building strategies, including the development of permanently affordable commercial space, the conversion of an existing business to worker ownership, interim acquisition of commercial properties to advance community ownership, and the first acquisition by a resident-led real estate investment cooperative. Collectively, these projects demonstrate multiple pathways for stabilizing businesses, creating and preserving jobs, and anchoring assets in community control. A summary of loans supported in 2024 and 2025 is included herein and a copy of the partner organization report is attached as Appendix A.

2025 - May Day Café Workers Cooperative

The Program provided \$325,000 in financing to support the transition of a business to a worker-owned cooperative. The May Day Café transition preserved a long-standing, community-serving business in South Minneapolis while converting wage jobs into shared ownership opportunities. The project stabilized a neighborhood anchor business, retained local control of commercial real estate, and shifted ownership and decision-making authority to workers. The conversion advances racial and economic equity by creating pathways to ownership for workers rather than transferring the business to outside buyers.

The conversion was financed through a layered finance package totaling approximately \$774,000 and leveraged capital from the Shared Capital Cooperative, the City of Minneapolis Opportunity Fund, the City of Minneapolis 2 percent loan program, approximately \$100,000 in community-raised equity, and \$19,000 in grant funding. The project retains local control of commercial real estate and shifts ownership and decisions to workers.

2025 - Northside Investment Cooperative Enterprise

The Program provided \$101,131 through an interim acquisition loan to support its equity participation in commercial properties located at 35th Avenue and Penn Avenue North. Northside Investment Cooperative Enterprise (NICE) was formed to expand community ownership of neighborhood commercial properties, stabilize space for locally rooted businesses, and counter displacement driven by rising commercial rents in North Minneapolis. This interim acquisition loan supports an early but critical step in that strategy by helping stabilize existing commercial uses during the acquisition process. By reducing displacement risk for small businesses and maintaining neighborhood commercial

activity, the project contributes to local economic stability and lays the groundwork for long-term community stewardship and future tax base revitalization once permanent ownership structures are established. The combined REIC–commercial land trust model is intended to preserve affordability over time while enabling community members to collectively invest in and steward neighborhood commercial real estate.

2025 - South Como Community Investment Cooperative

The Program provided \$307,975 to finance its first property acquisition, a mixed-use building located at 978 Front Avenue in Saint Paul. The South Como Community Investment Cooperative was formed by neighborhood residents to acquire and steward small-scale mixed-use and commercial properties, keeping them affordable, community-serving, and permanently off the speculative market. This first acquisition anchors the cooperative’s Priority Investment Zone in the Como-Front-Dale corridor and is intended to preserve neighborhood-serving commercial activity and resident housing while preventing displacement driven by rising rents. The project is expected to support localized economic activity, neighborhood stability, and long-term community wealth building through shared ownership, while reinforcing corridor vitality and contributing to long-term tax base stability. The project leveraged additional capital including \$112,473 in member equity, a \$2,800 Ramsey County Site Assessment Grant, and \$125,000 from the City of Saint Paul’s LOCAL Fund.

2024 – Rondo Community Land Trust

In 2024, the Program provided \$300,000 to the Rondo Community Land Trust (RCLT). The RCLT is a community-based organization dedicated to facilitating affordable housing and commercial spaces through a land trust model in St. Paul and suburban Ramsey County, with a special emphasis on the historic Rondo neighborhood. The \$454,000 project was for construction and improvements of the Rondo Selby-Milton-Victoria (SMV) small business incubator currently owned by a subsidiary of RCLT. The improvements aimed to create low cost, low risk commercial space for local entrepreneurs. The space includes four-to-five incubator spaces where tenants pay only \$7 per square-foot in base rent compared to the average cost of \$25 per square-foot in Saint Paul. Challenges like rising rents, high insurance costs, and insufficient access to capital disproportionately impact low to moderate-income BIPOC entrepreneurs, restricting business growth and job creation. For nearly 30 years, RCLT’s expansion into commercial development is rooted in its mission to restore prosperity and intergenerational wealth lost due to the construction of I-94. By using a land trust model, RCLT ensures permanent affordability within this commercial space, creating a sustainable environment that not only supports local entrepreneurs but also strengthens the economic resilience of the Rondo community.

Administrative Expenses

The Grant Contract Agreement total amount is \$2,940,000 of which \$394,000 is dedicated to administrative and technical assistance expenses. In 2025, DEED reimbursed MCCD \$189,117 to support the following activities: \$141,291 for technical assistance to borrowers and potential

borrowers; \$4,432 for marketing, promotion, and travel; \$33,394 for personnel costs to administer the program; and \$10,000 in third party audit fees. The partner organization met with 27 potential borrowers, conducted more than 30 individual or small group consultations, held eight panels and workshops, provided 1,282 hours of technical assistance, and responded to more than 70 inquiries.

Audited financial statements for year ending December 31, 2024 were provided by MCCD. The independent auditors' report stated, the accompanying financial statements present fairly, in all material respects, the financial position of Metropolitan Consortium of Community Developers as of December 31, 2024, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Appendix A



Grant Contract Agreement No. SPAP-23-0004-P-FY24 Reporting Period: 1/1/2025-12/31/2025

Executive Summary

During the 2025 program year, MCCD implemented the Community Wealth Building Loan Pilot Program as a combined technical assistance, lending, and ecosystem-building effort to advance shared ownership, preserve locally rooted businesses and real estate assets, and support equitable wealth building across Minnesota. Over the course of the year, the program delivered intensive technical assistance, deployed and leveraged capital, and strengthened regional and sector-based partnerships to support cooperative development, business conversions, and community ownership.

To date, four loans have been approved and reviewed by MCCD's Loan Committee and the Minnesota Department of Employment and Economic Development (DEED), three of which closed in 2025. These investments supported a range of community wealth-building strategies, including the development of permanently affordable commercial space, the conversion of an existing business to worker ownership, interim acquisition of commercial properties to advance community ownership, and the first acquisition by a resident-led real estate investment cooperative. Collectively, these projects demonstrate multiple pathways for stabilizing businesses, creating and preserving jobs, and anchoring assets in community control.

In parallel, MCCD delivered sustained, relationship-based technical assistance to cooperative and shared ownership enterprises at varying stages of development. Over the course of the year, Shared Ownership advisors supported several early-stage cooperatives, prospective conversion candidates, and established cooperatives seeking stabilization or growth. This work spanned governance and ownership structure design, financial readiness, operational planning, and preparation for potential financing. Demand for this assistance remained strong throughout the year, and by year-end MCCD had fully utilized the technical assistance funding associated with this contract.

Program activity during 2025 also underscored the importance of intentional pipeline management and readiness-based pacing. While early quarters anticipated a faster pace of loan deployment, several prospective projects experienced changes in leadership, readiness, or external conditions that extended development timelines. MCCD responded by concentrating resources on enterprises already in our project pipeline and those positioned to be serious candidates for financing as well as strengthening referral coordination with partner organizations.

Finally, the year reflected growing interest in shared ownership across Greater Minnesota, particularly in Central and Northern regions. Through targeted outreach, participation in regional convenings, and relationship-building with economic development, workforce, and professional service partners, MCCD laid groundwork for continued lead generation and prop while contributing to broader ecosystem capacity for business succession and cooperative ownership.

Taken together, 2025 demonstrates both the complexity and promise of community wealth building work.

The program's outcomes reflect deliberate stewardship of public resources, sustained engagement with

communities and partners, and a long-term approach to advancing shared ownership as a tool for economic stability, job retention, and equitable asset ownership.

Clarifications and Reporting Context

Over the course of the 2025 reporting year, information related to individual projects supported through the Community Wealth Building Loan Program became more complete as transactions were finalized and enterprises moved from early-stage planning into implementation. Early quarterly reports reflected preliminary projections related to loan sizing, pipeline timing, staffing expectations, and technical assistance demand based on information available at the time. Subsequent reporting incorporates finalized loan structures, updated borrower conditions, and more complete operational data to ensure accuracy and transparency.

In particular, final Community Wealth Building Loan Program financing amounts for certain projects differed from early estimates once transactions were fully structured and layered capital stacks were confirmed. For example, initial reporting on the May Day Café conversion referenced total project capitalization, while final Community Wealth Building Loan Program financing totaled \$325,000.

Similarly, reporting related to the Northside Investment Cooperative Enterprise (NICE) reflected a multi-part acquisition strategy involving several partners; the Community Wealth Building Loan Program supported a \$101,131 interim acquisition loan as one component of a broader, multi-step financing approach.

Pipeline projections also shifted over the course of the year as prospective borrowers experienced changes in readiness, leadership, or external market and regulatory conditions. In these cases, MCCD paused or removed projects from active underwriting to maintain responsible lending standards and align capital deployment with enterprise stability and long-term viability.

Staffing levels and job impacts at borrower enterprises likewise changed over time as projects evolved, businesses navigated post-transition realities and broader economic pressures. Later-quarter reporting reflects updated staffing information and current conditions to provide an accurate picture of outcomes at the end of the reporting period.

Collectively, these clarifications are intended to provide context for cumulative reporting and reinforce MCCD's commitment to accurate, consistent, and responsible stewardship of public resources.

Lending Activity to Date

To date, the Community Wealth Building Loan Program has supported four approved loans, each reviewed through MCCD's Loan Committee and DEED's oversight process. Three of these loans were closed in 2025 and are described in this report. These financings span multiple shared ownership applications, including worker-owned businesses and community-owned real estate structured through real estate investment cooperatives, acquisition strategies designed to advance long-term community stewardship of neighborhood assets.

Taken together, the approved loans illustrate a range of development pathways available to achieve durable community wealth-building outcomes and reflect an approach that pairs affordable, flexible patient capital with ongoing technical assistance to support enterprise stabilization, job retention, and equitable ownership over time.

May Day Café Workers Cooperative – Minneapolis, MN (Hennepin County)

Loan purpose and use of funds

Through the Community Wealth Building Loan Program, MCCD provided \$335,000 in financing to support

the transition of May Day Café to worker ownership. The transaction was structured through two cooperative entities: May Day Workers Cooperative (operating entity) and May Day Workers Cooperative Real Estate LLC (property-owning entity), preserving local ownership of both the business and the underlying real estate.

The conversion was financed through a layered capital stack totaling approximately \$774,000, including \$335,000 from MCCD, \$125,000 from Shared Capital Cooperative, \$130,000 from the City of Minneapolis Opportunity Fund structured as a forgivable loan, \$75,000 through the City of Minneapolis 2 percent loan program, approximately \$100,000 in community-raised equity, and \$19,000 in grant funding. Funds supported the \$600,000 acquisition of business assets and real estate, along with working capital, soft costs, and contingencies. MCCD’s financing carries a 4 percent interest rate and is structured with long-term amortization to support early-stage stabilization following the ownership transition.

MCCD Loan #1 Amount	\$310,000	CWB/Shared Ownership Fund
Term	60 months	
Amortization	240 months	
Interest Only Period?	No	
Interest Rate:	4%	
Monthly Payment:	\$1848.54	
Origination Fee:	\$3,100	1% of total loan amount
MCCD Loan #2 Amount	Up to \$15,000	CWB/Shared Ownership Fund
Term	60 months	
Amortization	120 months	
Draw Period	36 months	
Interest Rate:	4%	
Monthly Payment:	\$151.87	
Origination Fee:	\$150	1% of total loan amount

Forgivable loan component and criteria

A portion of the Community Wealth Building Loan Program financing includes a forgivable loan component, designed to reduce transition risk, support early-stage stabilization, and align public investment with long-term community benefit. Forgiveness is contingent upon the borrower remaining in good standing and achieving defined community benefit outcomes, including the retention and creation of qualifying jobs maintained for a minimum of 24 consecutive months.

Business and community impact

The May Day Café transition preserved a long-standing, community-serving business in South Minneapolis while converting wage jobs into shared ownership opportunities. The project stabilized a neighborhood anchor business, retained local control of commercial real estate, and shifted ownership and decision-making authority to workers. The conversion advances racial and economic equity by creating pathways to ownership for workers rather than transferring the business to outside buyers.

Job creation and retention

At the time of loan closing, the cooperative consisted of three worker-owners and approximately 15 part-time

employees. Following the ownership transition, one additional worker-owner joined the cooperative, and two additional part-time employees were hired.

During 2025, sales performance lagged behind payroll and operating expenses, prompting a staffing adjustment in December to align costs with current revenue. As of the end of the reporting period, the cooperative consists of four worker-owners and two part-time employees, reflecting an approximate 65 percent reduction in non-owner staffing relative to post-transition levels.

As a result of these staffing changes, job-related forgiveness milestones have not yet been met and will require reassessment as the cooperative stabilizes and rebuilds staffing over time.

Impact on targeted groups

The May Day Café transition directly benefits workers from historically underrepresented and low-wealth backgrounds by converting wage employment into ownership opportunities. Cooperative members identify as majority women, non-binary, and LGBTQIA+, with leadership drawn from long-time South Minneapolis residents and workers. The project aligns with the Community Wealth Building Pilot’s focus on inclusive ownership, job preservation, and equitable access to asset-building opportunities.

Post-loan support and monitoring

The cooperative remains in good standing with MCCD. MCCD continues to provide post-loan technical assistance focused on cash flow management, operational stabilization, governance support, and planning for 2026, including weekly monitoring of sales performance and expenses. Forgivability criteria will continue to be evaluated as part of standard post-loan oversight.

Northside Investment Cooperative Enterprise (NICE) – Minneapolis, MN (Hennepin County) Loan purpose and use of funds

Through the Community Wealth Building Loan Program, MCCD provided a \$101,131 interim acquisition loan to Northside Investment Cooperative Enterprise (NICE) to support its equity participation in commercial properties located at 35th Avenue and Penn Avenue North. The loan financed an interim acquisition phase required to advance a coordinated, multi-party transaction with Partnership in Property Commercial Land Trust (PIPCLT) and Land Bank Twin Cities, with the long-term goal of placing four commercial buildings under community ownership.

This loan represents one component of a multi-step financing and acquisition strategy, supporting NICE’s participation during a time-limited acquisition window while permanent ownership and financing structures continue to be negotiated.

MCCD Loan Amount	\$101,131	CWB/Shared Ownership Fund
Term	12 months	
Interest Only Period?	Yes	12 months
Interest Rate:	4%	
Monthly Payment:	\$337.10	
Origination Fee:	\$1,011.31	1% of total loan amount

Business and community impact

NICE was formed to expand community ownership of neighborhood commercial properties, stabilize space for locally rooted businesses, and counter displacement driven by rising commercial rents in North Minneapolis. This interim acquisition loan supports an early but critical step in that strategy by helping stabilize existing commercial uses during the acquisition process. By reducing displacement risk for small

businesses and maintaining neighborhood commercial activity, the project contributes to local economic stability and lays groundwork for long-term community stewardship and future tax base revitalization once permanent ownership structures are established.

The combined REIC–commercial land trust model is intended to preserve affordability over time while enabling community members to collectively invest in and steward neighborhood commercial real estate.

Current status and progress

The Community Wealth Building Loan Program financing supported NICE’s participation in the interim acquisition phase for the subject commercial properties. Negotiations related to the next phase of acquisition and permanent ownership are ongoing. In the interim, efforts are focused on stabilizing the cooperative, strengthening leadership capacity, and supporting effective stewardship to protect the investment and position the project for future advancement.

Following loan closing, NICE experienced executive leadership and board turnover, including the separation of its Executive Director. The cooperative has since hired a new Executive Director and is focused on organizational stabilization and leadership development.

Job creation and retention

The workforce impact of this loan is primarily indirect and preventative, supporting job retention within tenant businesses by stabilizing commercial properties during a multi-stage ownership transition. The loan does not directly finance employment at NICE. Staffing and leadership changes at the cooperative reflect internal capacity-building efforts rather than workforce outcomes tied to the loan itself.

Impact on targeted groups

NICE is a community-based cooperative rooted in North Minneapolis that prioritizes BIPOC-owned businesses and residents as member-owners. By enabling community members to collectively invest in and steward neighborhood commercial properties, the cooperative lowers barriers to ownership for low-wealth residents and supports long-term economic participation. The project aligns with the Community Wealth Building Pilot’s target populations by centering BIPOC leadership, stabilizing affordable commercial space, and advancing community-controlled economic development in a historically disinvested area.

Post-loan support and monitoring

MCCD is providing ongoing post-loan technical assistance focused on organizational stabilization, leadership development, cash flow management, and recovery planning. Monitoring remains active as the cooperative advances negotiations related to the next phase of acquisition and works to strengthen internal capacity to steward community-owned assets over the long term.

South Como Community Investment Cooperative – Saint Paul, MN (Ramsey County) Loan purpose and use of funds

MCCD provided a \$307,975 loan to South Como Community Investment Cooperative to finance its first property acquisition, a mixed-use building located at 978 Front Avenue in Saint Paul. Loan proceeds supported property acquisition, limited contingencies, and working capital, as well as soft and closing costs to stabilize early operations during the cooperative’s start-up phase.

The project leveraged additional capital, including \$112,473 in member equity, a \$2,800 Ramsey County Site Assessment Grant, and \$125,000 from the City of Saint Paul’s LOCAL Fund, toward total project costs of approximately \$423,248. The loan carries a 4 percent interest rate, a 120-month term, and includes six months of interest-only payments, secured by a first mortgage on the property.

MCCD Loan Amount	\$307,975	CWB/Shared Ownership Fund
Term	120 months	
Interest Only Period?	Yes	6 months; \$1026
Interest Rate:	4%	
Monthly Payment:	\$1644.96	
Origination Fee:	\$3079.75	1% of total loan amount

Business and community impact

South Como Community Investment Cooperative was formed by neighborhood residents to acquire and steward small-scale mixed-use and commercial properties, keeping them affordable, community-serving, and permanently off the speculative market. This first acquisition anchors the cooperative’s Priority Investment Zone in the Como–Front-Dale corridor and is intended to preserve neighborhood-serving commercial activity and resident housing while preventing displacement driven by rising rents.

Over time, the project is expected to support localized economic activity, neighborhood stability, and long-term community wealth building through shared ownership, while reinforcing corridor vitality and contributing to long-term tax base stability.

Current status and progress

The acquisition has closed, and the cooperative has assumed ownership of the property. The building includes two residential units and one commercial unit. Residential units are occupied by long-term tenants, while the commercial space is expected to lease following closing. Early operations are focused on lease-up of the commercial unit, membership growth, and organizational stabilization during the first year of ownership.

Job creation and retention

This loan does not directly finance employment. Workforce impacts are indirect and preventative, supporting job retention and future job creation by stabilizing mixed-use space for neighborhood-serving businesses and maintaining long-term residential tenancy. As the commercial space is leased and economic activity increases, the project is expected to contribute to sustained local employment and corridor vitality.

Impact on targeted groups

South Como Community Investment Cooperative meets Shared Ownership Loan Fund eligibility requirements, with majority ownership held by women, low-income individuals, and other underrepresented residents. By pooling capital from working-class and first-time community investors, the cooperative lowers barriers to real estate ownership and expands access to asset-building opportunities for populations historically excluded from commercial real estate markets.

Post-loan support and monitoring

MCCD is providing ongoing post-loan technical assistance and monitoring to support financial management, lease-up of the commercial space, membership growth, and governance capacity. Reporting will be more frequent during the initial stabilization period and transition to standard monitoring once the commercial unit is leased and operations are stabilized.

Job Creation and Workforce Outcomes

Workforce outcomes across the four loans approved to date vary based on project type, sequencing, and stage of development. The portfolio includes three real estate-based investments and one operating business conversion, each of which shapes how and when employment impacts occur.

The Rondo Exchange, South Como Community Investment Cooperative, and NICE loans are all place-based real estate interventions. Workforce impacts associated with these investments are indirect and time-dependent, supporting job retention and future job creation by stabilizing affordable commercial or mixed-use space and reducing displacement risk for tenant businesses. At Rondo, tenant businesses are onboarding during the incubator's initial operating phase, with employment expected to increase as businesses launch. At South Como, workforce impacts are expected to emerge as the commercial unit is leased and neighborhood-serving economic activity increases. At NICE, the interim acquisition loan supports job retention by maintaining continuity for existing tenant businesses during a multi-stage ownership transition.

The May Day Café loan directly affected employment by financing an ownership transition within an operating business. Following loan closing, staffing initially expanded before being reduced in response to sales performance and cost pressures during the first year of worker ownership. While overall employment declined, the number of worker-owners increased, reflecting a shift toward ownership-based job quality improvements alongside ongoing stabilization efforts.

Taken together, workforce outcomes to date reflect the nonlinear and cumulative nature of community wealth building, where employment impacts often follow acquisition, stabilization, and governance transitions rather than occurring immediately at loan closing.

Technical Assistance Delivered (Cumulative, Year Two)

During Year Two of the Community Wealth Building Loan Program, MCCD delivered intensive, relationship-based technical assistance to cooperative and shared ownership enterprises at varying stages of development. This support emphasized depth, continuity, and readiness, reflecting the realities of shared ownership development, where governance, ownership design, finances, and operations are interdependent and often must be developed in coordination over time.

The majority of projects supported during this reporting year were pre-development start-ups, early-stage cooperatives operating for less than two years, and existing businesses exploring ownership transition or conversion. These enterprises typically require sustained, iterative technical assistance as foundational elements are built or restructured, often concurrently rather than sequentially.

Technical assistance during the year prioritized governance and ownership foundations, including ownership structure exploration, entity design, policy drafting, meeting facilitation, and board and member education. This work established clear decision-making processes, accountability structures, and shared understanding that informed subsequent financial and operational planning.

Building on these foundations, MCCD provided support related to operational and financial readiness, including feasibility assessment, business planning, budgeting, cash flow projections and analysis, and capitalization and fundraising strategies. For conversion candidates, this work included ownership transition planning and coordination with external advisors to align valuation, transaction structure, and financing pathways.

Technical assistance also addressed operational and market-facing needs, including strategic planning, marketing and positioning, and internal infrastructure and systems development. These efforts helped enterprises translate governance and financial decisions into viable operations and prepare for stabilization, growth, or financing.

In addition to direct advisory support, MCCD played an active role in referrals and network-building,

connecting clients to attorneys, accountants, valuers, lenders, and other technical experts essential to cooperative development and ownership transitions. This connective work helped ensure enterprises received coordinated, high-quality support aligned with their stage of development and capacity.

Over the course of the reporting year, Shared Ownership staff delivered approximately 1,282 hours of technical assistance to 34 distinct enterprises across the Twin Cities metro and Greater Minnesota. Because many supported projects were in pre-development or early stages with long pathways to financing readiness, the technical assistance funding allocated under this contract was fully utilized by the end of the reporting period.

In response, MCCD deliberately paced new intake and prioritized focused, sustained support for existing clients, including a temporary pause on onboarding new start-up cooperative projects. MCCD will continue to provide no-cost technical assistance aligned with program priorities, while also exploring fee-for-service options for start-up enterprises that require deeper or longer-term support to reach financing readiness.

At the same time, MCCD is intentionally refining its overall strategy to align technical assistance and lending activity with the extended pilot timeline. By prioritizing growth-stage cooperatives and ownership conversion projects, the program is better positioned to lend to borrowers with an established performance history and clear growth or expansion ambitions, ensuring responsible deployment of available capital. This approach also allows additional time for Greater Minnesota projects currently in the pipeline to mature, supporting geographic diversity, underwriting discipline, and long-term community wealth-building outcomes.

Community Engagement and Pipeline Development (Cumulative, Year Two)

During year two of the Community Wealth Building Loan Program, MCCD's community engagement and pipeline development efforts focused on intentional pipeline stewardship, education, and ecosystem coordination to support cooperative, conversion, and growth-stage enterprises across Minnesota. Engagement activities were designed not only to raise awareness of shared ownership pathways, but to actively align prospective applicants with appropriate development support and realistic financing readiness over time.

Intake, Education, and Pipeline Stewardship

Client engagement emphasized education and alignment at intake. Each new inquiry was approached as an opportunity to help entrepreneurs and business owners understand the range of shared ownership options, assess readiness, and identify the most appropriate pathway. Depending on fit and timing, this included cooperative formation support, targeted technical assistance, or referral to another MCCD program or external partner better positioned to meet a client's needs as a conventional small business.

Pipeline development also included active stewardship of prospective applicants, including supporting some prospects in pausing, redirecting, or exiting the pipeline when applying for debt financing was not an appropriate next step. Through intake conversations, group education, and follow-up, MCCD helped ensure that entrepreneurs and organizations were connected to appropriate resources while allowing the Community Wealth Building Loan Program to focus its technical assistance and lending capacity on projects positioned to advance toward shared ownership readiness.

In addition to one-on-one intake conversations, the Shared Ownership team participated in multiple group-based intake and educational activities, including panels, webinars, lending information sessions, and partner-hosted events. These forums allowed staff to reach prospective clients efficiently, provide shared ownership education at scale, and screen for readiness before advancing inquiries to individualized technical assistance.

As part of this process, MCCD also served a connector and referral role for inquiries not aligned with

shared ownership development. Prospective clients seeking conventional small business assistance or nonprofit-specific support were connected to MCCD's Open to Business program or referred to consortium partners with specialized expertise, ensuring appropriate support while maintaining the program's focus on shared ownership and conversion pathways.

Throughout the year, MCCD maintained a consistent cadence of hybrid lending information sessions, hosting 21 sessions statewide (approximately two per month, excluding three months). These sessions served as a primary entry point for prospective borrowers and partners, clarifying program scope, eligibility, timelines, readiness expectations, and application requirements. Over the course of the year, the Shared Ownership team received 71 new inquiries, reflecting interest from both the Twin Cities metro and Greater Minnesota and spanning a range of sectors and business stages.

MCCD maintained ongoing engagement with prospective borrowers through newsletters, follow-up outreach, and relationship management, including reconnecting with inactive leads who had previously expressed interest but were not yet ready to proceed. This approach supported long-term pipeline cultivation while allowing enterprises to re-engage when conditions aligned.

Strategic Lead Generation and Pipeline Alignment

Toward the end of Q4, engagement efforts became more targeted in response to program learnings and lending priorities. MCCD focused on developing a pipeline of growth loan opportunities for existing cooperatives and strengthening outreach to economic development partners who regularly advise established businesses. This included preparation for coordinated partner outreach and referral communications planned for early Q1 2026. These efforts are intended to surface borrowers with demonstrated performance histories and clear growth or expansion ambitions, supporting disciplined and timely deployment of capital during the next phase of the pilot.

Ecosystem and Field-Building Partnerships

A significant focus during year two was deepening relationships with advisors and partners involved in ownership transitions and succession planning. MCCD strengthened connections with business valuers and appraisers, small business brokers and intermediaries, transactional and tax attorneys, accountants, lenders and CDFIs, succession planning advisors, and exit planners. These relationships are critical to successful conversions and help ensure businesses exploring ownership transition have access to coordinated, high-quality advisory and financing support.

MCCD also participates in working groups, steering committees, and coalitions spanning a range of focus areas, including cross-sector shared ownership initiatives; employee ownership and conversion-focused groups; real estate- and housing-focused collaborations; place-based coalitions; and succession and transition planning efforts. Participation in these forums supports coordination across public agencies, lenders, technical assistance providers, and ecosystem partners, strengthens referral pathways, and allows MCCD to contribute implementation insights from the Community Wealth Building Loan Program while staying aligned with evolving field needs across Minnesota.

Regional Engagement and Greater Minnesota Reach

MCCD expanded engagement with regional economic development and workforce partners in Greater Minnesota, including regional development commissions, chambers of commerce, and local economic development staff. Outreach in Central and Northern Minnesota focused on identifying conversion-ready businesses, aligning referral pathways, and strengthening regional capacity to support locally rooted ownership transitions.

Beyond formal convenings and events, Shared Ownership staff engaged in ongoing relationship-building

with regional economic development intermediaries, chambers of commerce, workforce organizations, and place-based business networks across Greater Minnesota. These conversations focused on ownership succession challenges, workforce stability, and early identification of conversion-ready businesses, particularly in manufacturing, trades, and legacy service sectors. While many Greater Minnesota inquiries were early-stage and not yet positioned to advance toward financing, this engagement contributed to longer-term pipeline development and strengthened regional awareness of shared ownership as a viable economic development tool.

These efforts included participation in regional convenings that situated shared ownership strategies within broader economic development conversations. Additional field-building activities included participation in the CoMinnesota Cooperative Summit, Cooperative Professionals Guild Conference, Co-op Month convenings, a national community of practice focused on advanced employee-owned cooperative conversions, and targeted engagement in cannabis and hemp industry events.

Together, these community engagement and pipeline development activities support disciplined intake, appropriate exits, long-term relationship-building, and readiness-based advancement toward financing, ensuring alignment between outreach efforts, available technical assistance capacity, and lending priorities.

Lessons Learned and Looking Ahead

Year two of the Community Wealth Building Loan Program reaffirmed that shared ownership development is complex, time-intensive, and deeply relational, particularly for start-up cooperatives, early-stage enterprises, and businesses exploring ownership transition. These pathways require sustained coordination across governance, ownership design, finances, and operations, which are interdependent and often develop simultaneously rather than sequentially. A key lesson from the past year is that financing readiness is not linear and depends as much on organizational capacity and alignment as on financial metrics alone.

The program also underscored the importance of disciplined pipeline stewardship. Not every inquiry is a good fit for shared ownership financing, and supporting prospective applicants to pause, redirect, or exit the pipeline when appropriate is essential to responsible deployment of capital and technical assistance. This approach protects limited capacity, reduces risk, and ensures that enterprises receive support aligned with their needs and stage of development.

At the same time, year two demonstrated the value of patient, flexible capital paired with ongoing technical assistance. The loans approved to date reflect a range of shared ownership strategies and show that when capital is integrated with advisory support and ecosystem coordination, shared ownership can preserve businesses, stabilize jobs, and advance long-term community wealth. Experience this year also highlighted the relative efficiency and impact of lending to growth-stage cooperatives and ownership conversions, where enterprises bring performance history, organizational readiness, and clearer near-term investment pathways.

Finally, year two reinforced that education, outreach, and field-building are core program functions, not ancillary activities. Strong relationships with advisors, economic development partners, and community-based organizations are essential to surfacing viable projects, supporting geographic reach, and building durable pathways to shared ownership, particularly in Greater Minnesota.

Looking ahead, MCCD enters the next phase of the Community Wealth Building Loan Program with clarity and momentum. The program is well positioned to deploy remaining capital within the extended pilot timeline while continuing to cultivate a strong future pipeline. By prioritizing growth loans and ownership conversions, MCCD can advance near-term investments while allowing additional time for early-stage and Greater Minnesota projects to mature toward financing readiness.

MCCD will continue to provide no-cost technical assistance aligned with program priorities, while also exploring fee-for-service options for start-up enterprises that require deeper or more extended support than the program can sustainably provide at no cost.

In parallel, MCCD is revamping its shared ownership education and lending readiness curriculum to reflect principles of popular education and respond more effectively to the needs of diverse adult learners. Updated curricula will center participant experience, build on existing knowledge, and emphasize practical application. New formats will incorporate plain-language tools, peer learning, multiple modalities, and real-world examples, making complex topics such as governance, capital structure, and ownership transition more accessible and actionable.

MCCD will continue to deepen partnerships with economic development organizations, lenders, advisors, and community-based partners across Minnesota, strengthening referral pathways and supporting conversion-ready and growth-stage enterprises. Engagement in Greater Minnesota will remain a priority, with a focus on legacy businesses, workforce stability, and locally rooted ownership transitions.

Taken together, these lessons and strategic adjustments position the Community Wealth Building Loan Program to deploy capital effectively, support strong enterprises, and demonstrate a durable approach to shared ownership financing. The experience of year two affirms that this work is challenging and necessary, and that with discipline, partnership, and adaptability, the program is well positioned to deliver lasting community benefit.

Activity	Amount	Highlights & Impact
Loans	\$734,106	<ul style="list-style-type: none"> ● Closed on a \$734k in loans supporting a worker-owned conversion, and 2 real estate cooperatives.
Technical Assistance	\$145,573	<ul style="list-style-type: none"> ● Responded to 70+ inquiries. ● Delivered 1,282 hours of 1:1 and small group technical assistance and hosted 21 virtual info sessions (5–7 participants/session). ● Met with 27 potential borrowers. ● Conducted 30+ individual or small-group consultations. ● Engaged the community through 8 panels and workshops.
Marketing, Promotion, Travel	\$3,233.16	Expenses include travel, meal and lodging costs for client meetings, workshops, panels, and conferences, as well as marketing expenses such as brochures and website updates.
Personnel	\$39,033.91	This amount includes costs for staff supporting the program through marketing design, website updates, administration, accounting and finance, and assistance with loan underwriting, closings and operations.
Third-Party Audit	\$5,000	
Total	\$926,946.07	