



---

## Community and Economic Development in North Carolina and Beyond Blog: Mission investing by community foundations

By Tyler Mulligan

Article: <https://ced.sog.unc.edu/mission-investing-by-community-foundations/>

This entry was posted on October 16, 2009 and is filed under Built Assets & Housing, Community Development, Financial Assets, Financing Development, Social & Civic Assets

---

*Tyler Mulligan is a School of Government faculty member.*

In the traditional model of philanthropic foundations, the principal (or endowment) is invested in a conservative investment portfolio to generate a predictable return. The returns on investment become the operating funds of the foundation, with the principal remaining untouched in a portfolio of investments which aren't closely related to the mission of the foundation. Community foundations are challenging that model, sometimes using aggressive portions of their principal to make riskier "mission investments" that support the foundation's broader goals. A report entitled **Equity Advancing Equity** describes "mission investing" in detail and examines several community foundations that are using mission investments to make a difference in distressed communities.

The report defines mission investments as "foundation financial investments made with the intention of (1) furthering a foundation's mission and (2) recovering the principal invested or earning financial return." Interesting mission investments highlighted in the report include:

- making market-rate venture capital investments in businesses creating local jobs.
- innovative investments in low-income housing, such as financing the purchase of manufactured housing park land by resident cooperatives and financing community land trusts for affordable housing.
- making an equity investment in a for-profit HMO to retain local service
- capitalizing a revolving loan fund for revitalization of an historic district
- making investments in otherwise "unbankable" real estate transactions to achieve "catalytic" results, such as a financing a full-service grocery in a minority community that had gone without one for decades; financing a developer's purchase of an adult entertainment establishment "that drew crime to the ... neighborhood" and renovation into a benign use; and providing early financing for a charter school in a minority neighborhood.

There are several community foundations active in North Carolina. How are they using mission investing to improve your community?