Minneapolis Youth Live/Work Cooperative Model Research

BIPOC youth are often left out of conversations around homeownership, entrepreneurship, and wealth building more broadly. Providing resources and education to youth around wealth building can help them become financially stable adults and build generational wealth. According to data collected by the Urban Institute, only 16% of Black young adults in Minneapolis are mortgage ready, compared to 34.5% of White young adults.¹ Young adults are not exempt from the stark disparities that plague Black communities in the city, and investing in early mechanisms of wealth building for BIPOC young people can create a stronger Minneapolis for all. The city of Minneapolis has committed to exploring a pilot for a youth owned live/ work cooperative model as an opportunity to address wealth-building access for BIPOC youth in the city. FSG probed this pilot concept during our broader needs assessment research in Minneapolis and Saint Paul through our secondary research, interviews, and focus groups. This document outlines our findings specific to the youth live/work pilot concept and is provided as a complement to the general needs assessment for Minneapolis.

The sections in this document include:

1. Focus Group Takeaways (pages 3 - 8)
2. Interview Takeaways (pages 8 - 10)
4. Profile of NASCO, a Potential TA and Financing Partner (page 14)
Focus group takeaways
As a part of our research, FSG conducted two focus groups with youth participants between the ages of 16-30 to gauge their experiences with homeownership and entrepreneurship, their perspectives on wealth building, and their excitement around the potential for a youth owned cooperative live/work model in Minneapolis. The themes below reflect the opportunity for Minneapolis to equip the next generation of BIPOC residents with wealth building investments that allow them to grow and repair past harms of disinvestment.

Wealth building
Focus group participants were asked how they defined wealth, what it meant to them, and what it would mean to build wealth as an individual and as a community.

<table>
<thead>
<tr>
<th>Themes</th>
<th>Representative Quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participants believe that wealth goes beyond finances and extends to access, opportunity, and time.</td>
<td>“I feel like wealth can look like money, but I think wealth ultimately is having the means to pour resources into solving a problem, or into a community that needs more of something. Or infrastructure for people. And generally, just building people’s means of happiness.”</td>
</tr>
<tr>
<td>There was an emphasis on collective wealth, providing for community and others, and ensuring that wealth building was not exploitative.</td>
<td>“I've personally been thinking about the definition of wealth as also the ability to have access to anything. It’s really about having access to that education, to the necessities of life, or access to having a hobby. The access to have time, as we talked about earlier.”</td>
</tr>
<tr>
<td>Participants did not desire to be “rich” but rather wanted to be able to meet their needs comfortably and have a little extra to enjoy life and support their community.</td>
<td>“One thing I really want to add, I think another part of wealth is who you know, is exactly what you have.”</td>
</tr>
<tr>
<td>Wealth in community meant that a community had a good quality of life and had all of their needs met.</td>
<td>“If you can use the capital for other people to be able to thrive, then I think that’s the responsibility.”</td>
</tr>
</tbody>
</table>

1Data compiled by the Urban Institute.
Minneapolis Needs Assessment: Youth Focus

Changes to their community
Participants shared what they would change about their communities.

<table>
<thead>
<tr>
<th>Themes</th>
<th>Representative Quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participants wanted more spaces that fostered and valued their creativity. They all agreed that much of the trouble youth are getting into is because they are bored and don't have extracurriculars. They also mentioned a desire to be fairly compensated for their time and other opportunities to make money.</td>
<td>“Fixing sh** in schools, man. Make it become a mandated requirement. If you're supposed to be able to leave school and learn how to govern your every day, you should learn how to be able to get a house, get a credit card, and be a functioning adult.” “So that would be simple too if you think about it. Set the new generations up for success. There wouldn't be so much crime and stuff, because you don't have to get it illegally.” “Pay people.”</td>
</tr>
</tbody>
</table>

Homeownership
The focus group spent a significant amount of time discussing homeownership. They shared what they knew about homeownership from family, school, and their community and what their respective experiences were. Many shared their aspirations for homeownership and wanted to learn more about how to achieve it.

<table>
<thead>
<tr>
<th>Themes</th>
<th>Representative Quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Some participants had conversations with their families about ownership but did not feel like it was robust enough. They recognized that generational knowledge was missing. Cultural differences impacted how ownership was perceived in many of their families</td>
<td>“My parents are advocates. And so is my dad who would always say, ‘Own land.’” “It's interesting because my grandma, she owns a home now. And she grew up very poor, but she went through this process of owning a home. But yet she never really told me about it. She never told me how she went about it or the importance of having a home. She was just like, ‘I just worked for it.’” “My parents, they didn't know how to use credit. So they told me to be afraid of credit. Now I'm laughing at them, but they told me to be afraid of credit.”</td>
</tr>
</tbody>
</table>
Others lacked conversations about financial literacy all together. Participants across the board did not learn about ownership or finances in school, and felt like it was a real missed opportunity.

For some participants, ownership felt intimidating and a huge commitment.

| "Nobody in my family is a homeowner. So I feel like whenever I'd ask, 'Oh, when are we going to buy a house?' They're like, 'Oh, it's unrealistic.' Or my parents are scared of credit. Or there's this whole, I guess, taboo thing with Muslims of not messing with credit. And so my parents have never had a credit card. And so it's just always been renting." |
| "I feel like teachers are in the same boat as most people are, living paycheck to paycheck...You can't even get the answers from them, because they don't know." |
| "I mean, I talk with my friends about home ownership. They're kind of set up for the future. My friends have family members that are passing down homes to them."

| "I feel like everybody should have the right to own a home. I feel like just in general, it shouldn't be so hard for people. There shouldn't be so much red tape for people to buy a house. I just feel like that just contributes to the disparities that we were talking about at the beginning of this session. I kind of feel like it's done by design in a way to make it hard for people on purpose so [other] people can make more money." |
| "It's a lot of responsibility. A 30-year mortgage." |
| "I feel like it's a lot easier to have a house if your family already has multiple properties and stuff like that, already embedded in your generation. My granny has a house in Linden Hills. She owns it, and they're trying to sell it. I'm like, why would you sell it? If you could just fix it up and then rent it out and you're making a passive income that you could just...You know what I'm saying? But I can guess that they didn't have that knowledge about it, and ain't nobody going to teach them because 90% of everybody is just renting." |
Participants named the history of racist policies as a major contributor to homeownership disparities today.

They recognized the criminal justice system as a major barrier for BIPOC communities.

Participants feel like the standards for them as BIPOC youth have always been different.

“It comes down to the education part. The generation ahead of you, they had a house. They're probably like, hey, yeah, this is sounding good. You know what I mean? It just made it feel a little more feasible because it was in your world.”

“I think it’s very obvious how all of these things are intertwined. We talked about education. In our group we were talking about redlining and how historically black people have been pushed out of neighborhoods, right? Like white people, white flight, white people have ran away from to live in the suburbs and to move away from majority black populations. I think that’s kind of the same thing...not the same thing but it's the aftermath, dealing with the aftermath of race and racism-black people continuing to be pushed out.”

“I think it comes back to that weaponized ignorance. I really do think the education system is a way to weaponize ignorance. Because white folks are having money conversations at the dinner table. They're leaving life insurance down to their kids. They're leaving all this stuff. And because black and brown folks have never really had the opportunities, where they've been pushed out of the opportunities time and time and time again, we can't even have those conversations at the dinner table. What are we going to talk about? What are we going to talk about?”

“It's like, black and brown people are incarcerated at a higher rate than white people. And if you're a felon for a nonviolent crime, you ain't getting no house. So you got that you're black. Now, let's say you got caught because the cop is racist. You got put in jail, you got a felony. Now you really can't do nothing. So how are you going to have us come back if we can't do nothing?”

“On top of that, they're blocking you from student loans. They're blocking you from the mortgages.”
Minneapolis Needs Assessment: Youth Focus

Entrepreneurship
Because a significant amount of their perspective around wealth building was captured through the homeownership conversation, the focus group spent less time discussing entrepreneurship explicitly. However, participants discussed their experiences as small business owners and the challenges they are learning through.

<table>
<thead>
<tr>
<th>Themes</th>
<th>Representative Quotes</th>
</tr>
</thead>
</table>
| Many participants are entrepreneurs at different stages of their journeys, but all wish they had more guidance, support, resources, and the space to make and learn from mistakes. | “Nobody can teach you the way mistakes can teach you.”
| | “BIPOC entrepreneurs are over-mentored and under-invested. So to be so honest, everybody wants to be a mentor. And I think more mentors are important, but we do have to recognize when someone's getting advice and advice and advice and advice and advice, but never a chance. Sometimes bro, you just have to cut to chase. You just have to cut to the chase. It is that simple sometimes.”
| | “So I got a small business I've run for like four years. I find it's almost entirely just problem-solving and just committing to it. Like you were saying, you got to just say, 'Fu** it,' and go forward. And then to sustain it, it's like every day is just solving problems and if there's no problem to solve, then you have to find a problem to solve. Every day it's just problem solving for me.”

Emerging hypotheses about youth owned live/work space
We asked participants to imagine a youth owned live/work space in Minneapolis. The youth were excited about the concept and shared aspects of the space they would love to see incorporated. The things they shared reflected gaps they believed were missing in their current quality of life, e.g., access to mental health support, reskilling resources, and affordable ownership opportunities.

<table>
<thead>
<tr>
<th>Themes</th>
<th>Representative Quotes</th>
</tr>
</thead>
</table>
| All of the participants were excited by the idea of a youth owned housing project. They all named aspects they would like to see including gardens, barbershops, mental health specialists, financial resources, and other spaces | “It just mainly sounds so convenient.”
| | “Very accessible.”
| | ‘I was going to say definitely also spaces to be creative. Like studios would be dope, and then people could make money out of there too. And I don’t know. It would just be dope. You'd have like this community of artists and people just making cool stuff.”
| | “I also would kind of see it as like, instead of paying rent specifically, you'd be providing something. So like somebody would be helping
that could help feed their creativity.

They all liked the idea of community and being able to support each other.

out with like gardening. Somebody would be helping out at like the grocery store, the convenience store. Like everybody would be helping out instead of like paying.”

“Computer lab. I think it’d be a really dope. Project for Private Living does it sometimes where they actually have like somebody in there who’s a career connection specialist. So that’s just another way to help the community out. Like if anybody in the community loses income, we could help you make a resume. We could hook you up with some other people. We could get you like reskilled or into some programs.”

“I imagine like one of those houses where like you live on top and your business is on the bottom. Know what I’m saying? Everybody’s all up in there. Everybody working together. And it’s POC.”

Interview takeaways
Six interviewees shared reflections specifically on the prospect of creating a mixed-use space in which young adults aged 18-30 could be both homeowners and entrepreneurs. Interviewees agreed that there is a lack of targeted programs and strategies for young people (aside from children living with their parents) in Minneapolis. They were generally excited about the idea, but acknowledged that they have not often considered this age demographic in their work to date. They see some unique opportunities associated with an initiative targeted at youth, but also surfaced specific conditions and supports that would be needed to make it succeed. The following themes represent emerging hypotheses that the CTG leaders can continue to test with youth and other stakeholders.

1. Thinking expansively about the definition of success: Interviewees reflected that shared ownership models such as community land trusts often have constraints on financial returns because they are designed to preserve affordability and community control in perpetuity rather than maximizing individual gains. However, they can benefit individuals by enabling financial stability and can be considered part of a portfolio approach to wealth building. Applied to the youth context, participation in a live/work space with opportunities for ownership and entrepreneurship could be an opportunity for modest financial gains and lay a foundation for a lifetime of engaging in multiple wealth building strategies. While youth may not make huge financial returns through participating, they could start on the path to wealth building and gain skills and relationships that will benefit them in the longer term. Specifically, interviewees named a range of skills associated with being an owner of real estate and landlord. Some felt that only a small percentage of youth would be interested in developing the skills required, but that those who did participate could have a profound experience.

“Nobody is thinking young people when they think housing...They don’t have the conversation of young people being actual stakeholders who work, pay taxes, etc.”

“I think that’s totally rad.”
2. **Healing from racial trauma and creating a mindset of abundance:** Interviewees across the CTG cohort cities emphasized the mindsets or “mental mountains” that act as barriers to potential BIPOC homeowners and entrepreneurs and our interviews in Minneapolis underscored the role that racial trauma and a sense of scarcity plays in making homeownership and business success out of reach. Interviewees also reflected that whereas these mindsets may be challenges for older adults, they are likely to be especially difficult for younger adults with less life experience and fewer assets or knowledge about how to build wealth or manage their finances. CTG leaders can consider how to integrate trauma-informed practices and healing into the program design so that young adults who participate can overcome the scarcity mindset and develop a belief in what is possible.

> “We mainly view [shared ownership of real estate] as a way to have community guidance in commercial development, not a way to make investment returns or a profit. You are balancing all these things. You want an affordable space for local business and to not be extractive. You need to balance the types of return you are trying to get.”

> “To back up, wealth building doesn’t have to be crazy high returns on your investment. It can be stabilization. If it’s in a land trust you can’t sell it at market rate, but at least you have an asset and it’s stable and you can sell it if you need to move. I do include that in wealth building...So these cooperatives and land trust models, I include them in wealth building, but [the goals are] patient wealth building, stabilization and governance, and community engagement.”

> “To as much extent as there can be narrative building around pathways [to wealth building], confidence building first-hand experience would be significant.”

> “This is not going to impact huge numbers [of youth], but definitely could create deep impact for those who participate.”

3. **Building business acumen:** Interviewees highlighted the difference between having an idea or skills related to a product or service and having the business acumen to build a successful business around it. Capacity building will likely be a critical part of the initiative.

> “Part of the problem is the mindset of you can’t do xyz because you don’t have enough money--you won’t even go after the money. The education system doesn't even teach you to be financially literate or to be an entrepreneur. The colonized mind is actually more powerful to keep people oppressed than the system.”

> “Everybody’s eyes all glaze over and...they start seeing the numbers. ‘Oh it’s going to cost half a million dollars, $200k, $100k.’ When you have a mindset of lack those numbers can be very intimidating, very scary. I think the trauma plays into that, specifically for the African Descendants of Slaves community, that sense of lack, that sense of scarcity is embedded in ancestors going through experiences of slavery and oppression since.”
4. **Designing to enable shared risk and reward:** Cooperative ownership models require thoughtfully designed legal structures that provide clarity on ownership and decision-making rights and distribute risk and reward fairly.

“We want people to have a stake in the economy – control, profit sharing, asset building...You can have a democratic organization but it doesn’t necessarily automatically solve all of the issues, so there are internal dynamics to focus on. And every entity is complex, so you want to make sure folks are getting a fair shake.”

5. **Building trust and strong relationships among owners:** In any cooperative ownership model, the importance of **trust and strong relationships among participants** cannot be underestimated. Aside from the very real challenges associated with accessing capital and designing the initiative, it will be critical to invest in building the narrative/shared vision, setting norms, aligning on roles, and fostering trusting relationships among those involved.

“The upfront community building/organizing piece of it...there has to be the element of trust and roles. We get focused on the idea [of the initiative] versus the idea that you need folks with a working relationship to make that successful.”

6. **Identifying a project manager and institutions to accept risk:** Minneapolis has many assets that could be leveraged for this initiative, including the potential to secure **funding through a future bond measure** and the **opportunity to leverage city owned lots or existing structures**. However, a critical condition for success will be a **strong project manager** who will coordinate the various stakeholders and project components. Additionally, **one or more institutions need to be willing and able to accept a significant degree of financial risk**. Both homeownership/property ownership and entrepreneurship involve risk and youth -- especially youth of color who do not benefit from generational wealth -- are not well positioned to take on the risk involved with an endeavor such as this through their own collateral. That being said, young people should be expected to contribute something so as to have skin in the game.

“Someone needs to sit down and do a deep dive, build understanding, and build the supports necessary so they can sustain it. That will take investment, time, and technical assistance, from people who are older and more experienced not just in life, but entrepreneurship, and commercial and residential development. It’s a lot to build. We could get a building tomorrow, put some apartments upstairs, businesses downstairs. We could raise money for that in six months, but then what? There’s a lot more that goes into helping them sustain it, who will own, how do you maintain the equity?”
Live/work case studies
The following live/work and cooperative entrepreneurial spaces are potential models to provide inspiration. CTG Minneapolis leaders can consider reaching out to the founders, funders, and participants to learn more about what has made them successful and how they have overcome challenges.

Live/work spaces

Makerhoods

Based in Newark, NJ, Makerhoods seeks to support local micro-entrepreneurs by offering affordable housing combined with shared spaces for growing their businesses in the pursuit of economic prosperity, starting at a cost of $1,800 per month. The concept consists of a 3-building complex with sixty-six apartments (36% of which qualify as affordable housing), ten “Makershops,” and provision of business consulting and marketing services, in addition to shared food, kitchen, greenhouse, and event space. The Makershops are designed to provide a variety of neighborhood services, from coffee shops to fashion to food and beverages. To be eligible to reside in the Makerhood, a person must meet a set of criteria including generating at least $2,000 a month in sales, agreeing to produce/manufacture/create products on site, and working full-time in the business.

Habitat for Humanity / MasterCard Work-Live

Habitat for Humanity Genesee County and the MasterCard Center for Inclusive Growth partnered in 2014 to support homeownership for low-income families that operate small businesses to own and operate their own live-work space in Flint, Michigan. This program built upon a pilot run by Habitat via its Neighborhood Revitalization Initiative (launched in 2010) which, amongst other efforts, awards grants to affiliates to construct live/work spaces as well as research and training. MasterCard provided a $400,000 grant for Habitat to construct its own live-work builds and to support scaling the model. Part of this effort was centered on MasterCard’s understanding that “small businesses are a key driver of economic growth and revitalization in communities.” (note that we were unable to determine if this initiative is ongoing but it could be an opportunity to gage lessons learned)

---

2 https://www.makerhoods.com/about
3 https://www.habitat.org/newsroom/5-13-14-Work-Live-Mastercard
Siler Yard: Arts + Creativity Center

The Siler Yard Arts+Creativity Center brings a fresh approach to affordable housing and community development by combining affordable live/work rental space with shared facilities and economic development and social support programming. The space serves creative entrepreneurs and their families with income restricted rents that range from $427-$1185.

Other models of coworking spaces

The Gentlemen’s Factory

The Gentlemen’s Factory started in Brooklyn in 2014 and is a co-working space that offers a workspace, podcast studio, conference room, events, and professional development opportunities for men of color, specifically Black and Brown male entrepreneurs. The purpose of the space is to encourage men to network and innovate together, share resources, and collaborate with one another. The community expanded to global since COVID-19 and is now an ecosystem of over 500 members with multiple locations.

Ethel’s Club

Launched in 2019 in Brooklyn, the co-working space, social club, and event space was designed as a wellness and safety community for people of color to experience authentic human connection. Entrepreneurs of color offer wellness services, including therapy, meditation, reiki, and financial education to club members, who initially paid a flat monthly subscription. After the pandemic halted in-person operations, the club moved to a hybrid format that fosters an online and in-person wellness community. The newly relaunched model seeks to be more inclusive by allowing members to pay per item for services rather than charging a monthly fee, and offering free products including written and recorded content. The platform also has a boutique and online marketplace that showcases fashion and other products created by minority-owned businesses.

4 https://sileryard.org/
5 https://gentlemensfactory.com/
6 https://www.ethelsclub.com/
CoBiz\(^7\)  
Born out of a 2014 Chevron economic revitalization initiative called eQuip Richmond, CoBiz is a co-working space and business incubator seeking to promote community, wellness, economic resilience, and quality of life. Since opening in 2019 in Richmond, CA, CoBiz has a mission “to disrupt the debilitating spirit of poverty that sabotages the potential of under-invested communities” and to spur entrepreneurship and workforce development that will lead to wealth building. Throughout its development, CoBiz collaborated with local leaders to serve as the developer, architect, interior designer, and project leader for the initiative. CoBiz continues to be sponsored by Chevron, with a model that offers a variety of structures, allowing members to pay for day passes, single offices, or become monthly members.

The Blue Lacuna\(^8\)  
The Blue Lacuna is a Black-owned co-working space and startup incubator sponsored by Ignite Technology & Innovation, a nonprofit with a mission to “create equitable wealth and a shared prosperity in under-resourced communities.” Located in Chicago’s Pilsen area, The Blue Lacuna offers affordable and accessible space to gather in community, collaborate, and share resources. The tech innovation hub has provided mentorship and resources to underrepresented entrepreneurs, including a worker-owned commercial kitchen cooperative led by formerly incarcerated women and a BIPOC-owned coffee shop.

American Underground\(^9\)  
Launched in 2010 in a historic American Tobacco Campus basement in Durham, NC, the American Underground is a co-working and community space for startups and entrepreneurs. The AU promotes diverse economic opportunity and offers curated content as well as access to a job board for its members. One particular curated program is the Black Founders Exchange, established in 2016 in partnership with Google for Startups. The program offers Black entrepreneurs training to successfully raise seed capital for their startups. The AU has now grown to multiple locations in Durham and is home to hundreds of entrepreneurs.

\(^7\) [https://www.cobizrichmond.com/](https://www.cobizrichmond.com/)  
\(^8\) [https://www.thebluelacuna.com/en](https://www.thebluelacuna.com/en)  
\(^9\) [https://americanunderground.com](https://americanunderground.com)
NASCO – a potential partner

One opportunity to address some of the concerns raised by interviewees would be to work with a partner with expertise in co-operative housing models to support design and management of a live/work development in Minneapolis. One such potential partner organization is NASCO.

- NASCO’s mission is to “organize and educate affordable group equity co-ops and their members for the purpose of promoting a community-oriented cooperative movement”

- NASCO holds many educational events\(^\text{10}\)
  - NASCO hosts an annual training institute, where attendees can get operational training, caucus, and network
  - NASCO also hosts a staff and member leadership convening, where attendees receive training on meeting the needs of staff, managers, and member-leaders of cooperative housing

- NASCO has property management and development services\(^\text{11, 12}\)
  - NASCO property management is a holding and management corporation that assists new cooperatives with financing and management
  - This is designed to fill a gap in both cash needed to finance projects and TA
  - NASCO leverages equity in its own buildings to provide collateral that can help get new cooperatives secure the financing they need; NASCO owns the property and has leasing agreements with the supported coop
  - This service also provides management services; one person on each co-op’s board is a NASCO rep
  - NASCO also offers development support / consulting services at below market rates
  - NASCO could work with Minneapolis youth cooperatives to finance and manage cooperative housing, or the city could partner with NASCO to develop properties and establish cooperative corporations that can provide flexible, affordable leases to young residents

---

\(^{10}\) https://www.nasco.coop/educational-events
\(^{11}\) https://www.nasco.coop/nasco-properties
\(^{12}\) https://www.nasco.coop/development
Living Cities Closing the Gaps Network
Homeownership and Business Starts and Growth
Minneapolis Needs Assessment: Youth Focus

The Closing the Gaps Needs Assessments were primarily authored by the following FSG team:

Waheera Mardah, Senior Consultant
Victor Tavarez, Senior Consultant
Kendra Joy Berenson, Associate Director
Chris Carlson, Director
Jeff Cohen, Managing Director

The FSG team would like to thank their colleagues David Claps, Gabriella Cova, Neyat Daniel, Colleen McCann, Christine McDow, Ruchi Nadkarni, Camila Novo-Viaño, Mayerly Smith, Michael Webb, and Anthony Zhang for their thought partnership and contributions to the Needs Assessments.