



Collective Power for an **Inclusive & Equitable Economy**

Table of Contents

LETTER FROM JOE SCANTLEBURY, LIVING CITIES PRESIDENT AND CEO	1
DRIVING ALIGNED ACTION	3
DEMONSTRATING EQUITABLE ECONOMIC OPPORTUNITIES IN CITIES	5
DEVELOPING INCLUSIVE APPROACHES TO INVESTING AND LENDING	13
DEMOCRATIZING ACCESS TO KNOWLEDGE CAPITAL	19
DISRUPTING HARMFUL NARRATIVES	22
INSIDE LIVING CITIES	26


LETTER FROM LIVING CITIES' PRESIDENT & CEO

Joe Scantlebury

Living Cities' Steadfast Momentum in Fiscal Year 2024

Looking back on my first three years as CEO at Living Cities, I can see how much has changed. When I came into this role in 2021, we were in the middle of a pandemic, which thankfully receded in the last few years. Our nation still rode the wave of energy and enthusiasm for racial equity that came from the global protest movement, following the lynching of George Floyd.

As in the past, that wave of awareness, empathy, and shared humanity inevitably waned, and in some places, reversed. In 2020, politicians of all stripes declared "Black Lives Matter." Now attacks against diversity, equity and inclusion and equitable opportunity chill all conversations of shared prosperity and progress. By some counts, almost 400 pieces of anti-DEI legislation have been introduced in recent years, representing a coordinated push to set back hard won progress towards a more inclusive economy and society. Following the end of World War II, Black, Latiné, Indigenous, and Asian American veterans insisted that their military victory against global racism required a civil and human rights victory at home in the U.S. Similar demands around the globe sought a similar end to colonialism and an affirmation of human rights – like the right to thrive embodied in the Declaration of Human Rights.



Joe Scantlebury, Living Cities President
& CEO

Living Cities, Inc: The National Community Development Initiative is the sole member of Living Cities Blended Catalyst Fund LLC. Notwithstanding the foregoing, affiliates of Known and Living Cities Inc. have partnered to serve as general partner of the Living Cities Catalyst Fund III, Known LP. Known is the d/b/a for Known Holdings LLC, and Known Private Wealth and Asset Management ("KPWAM") is the d/b/a for Known Wealth LLC. Known Asset Management is a division of KPWAM. KPWAM serves as a sub-adviser to Living Cities Blended Catalyst Fund LLC but is otherwise not affiliated. Investment advice is provided by KPWAM.

The struggle for civil and human rights and equitable opportunity will continue despite this season of pushback and fear. Over three decades, Living Cities members looked beyond the rhetoric of the moment and strove towards ideas, innovations, and initiatives which fostered equitable and inclusive economic opportunity. Our resolve is unchanged. We envision a near future in which all people in U.S. cities are economically secure, building wealth, and living abundant, dignified, and connected lives. Thus, our collective action continues to grow the inherent power of people in cities and communities to lead and organize, invest and build, communicate and govern for shared and mutual benefit.

In the past year, an anchor investment from the Ewing Marion Kauffman Foundation enabled us to launch Living Cities Catalyst Fund III, Known LP, designed to deliver capital to the places and people who need it and to demonstrate the promise of inclusive investment.

Our Closing the Gaps network of city leaders identified ways to maintain their commitments to racial equity, and began to address the racial wealth gap through homeownership and business ownership innovations and local policies. Cities across our network – from Miami, FL to Albuquerque, NM to Rochester, NY – are testing new approaches and building evidence for systems changes that may provide long excluded residents with new wealth-building opportunities.

The illustrative stories contained in this report are directional. Over the next four years, Living Cities will continue to build upon many lessons learned by financial sector investors, grantmakers, and public and civic leaders. With knowledge and abundant social capital, Living Cities collective action will contribute to securing a vibrant and flourishing economy for current and future generations.

We look forward to writing this next chapter with you and to beginning the movement for the inclusive and equitable economy we and future generations deserve.

JOE SCANTLEBURY

President and CEO
Living Cities



Driving Aligned Action

The Future State of Inclusive Capital and Collaboration

Over three decades, Living Cities marshaled the collective will of philanthropy and the financial sector to achieve bold results: We helped create infrastructure for community development, leading to the maturation of the affordable housing industry. We redefined the use of capital for equitable outcomes, including piloting innovative financial products such as the “pay for success” model. Through our direct work with cities, we were able to invest in and scale successful approaches to equitable development, including inclusive procurement activities. We convened municipal leaders and fostered non-partisan and shared learning.

April 2024 Living Cities Board Meeting





Living Cities board members and staff engage in a panel discussion during the April 2024 board evening program.

TO ACHIEVE OUR VISION, WE WILL:

- **Demonstrate Equitable Economic Opportunities in Cities.** Through our partnerships with cities and regions, we can further test what works. These lessons will inform our knowledge base, allowing us to share and spread what works to other places, further strengthening the inclusive economic ecosystem.
- **Develop Inclusive Approaches to Investing and Lending.** The need for more – and more flexible – capital has never been stronger. Through the collective action of our members and our impact investing joint venture with Known, we will deploy capital to the places and people who need it, and design capital products that meet the needs of an equitable economy.
- **Democratize Access to Knowledge Capital.** By bringing together leading thinkers on inclusive economic activity, including our collaborative members and their grantees, we generate actionable insights about what works to close the racial wealth gap.
- **Disrupt Harmful Narratives.** We will tackle the conflation of race and risk, particularly where this narrative influences access to capital and financial wellbeing – from personal finance to homeownership to investment capital to business ownership. Living Cities is currently laying the groundwork for this narrative campaign through the Capital for Well Being partnership with the Brookings Institution, FUSE Corps, and HUMANLEVEL.

By demonstrating what's possible, sharing knowledge and shifting insidious narratives that shape how capital flows, we can create a stronger, more aligned national movement for racial wealth equity. This will generate a growing momentum that can overcome the fear of acting in the current climate of uncertainty and lead the way to a more equitable and inclusive economy where all people in cities can be economically secure, build wealth and live abundant, dignified, and connected lives.

The remainder of this report will outline how we are doing exactly that.

Living Cities, Inc: The National Community Development Initiative is the sole member of Living Cities Blended Catalyst Fund LLC. Notwithstanding the foregoing, affiliates of Known and Living Cities Inc. have partnered to serve as general partner of the Living Cities Catalyst Fund III, Known LP. Known is the d/b/a for Known Holdings LLC, and Known Private Wealth and Asset Management ("KPWAM") is the d/b/a for Known Wealth LLC. Known Asset Management is a division of KPWAM. KPWAM serves as a sub-adviser to Living Cities Blended Catalyst Fund LLC but is otherwise not affiliated. Investment advice is provided by KPWAM.

Demonstrating Equitable Economic Opportunities in Cities

City and Community Engagement

In the past year, Living Cities actively engaged and supported municipal and community leaders from 24 cities across the country to advance racial wealth equity through the Closing the Gaps (CTG) Network. Leveraging the continued commitment of these cities, we laid substantial groundwork for our long-term efforts to help city leaders build a deep racial equity analysis, collaborate with the community to identify existing barriers and solutions, and ultimately drive sustained systems change.

Within the broader CTG Network, we partnered with city governments and community partners in six cities through the CTG cohort and five cities in the Breaking Barriers to Business

(B3) cohort to test new or adapted approaches to inclusive wealth building. We also strengthened local ecosystems to address barriers to home and business ownership. Living Cities has supported CTG cohort cities to implement their work plan priorities for innovative and sustainable home and business ownership, including collective ownership models, community land trusts, reparative approaches to capital access, and efforts to build the knowledge and social capital of local entrepreneurs.

In the B3 cohort, Living Cities and partner, Main Street America, helped city business-serving agencies (BSAs) and local business-serving organizations (BSOs) to align and share data supporting co-developed plans to unlock capital for business owners of color in commercial corridors across the southeast.

More than 75% of all CTG and B3 Network participants rated Living Cities' resources and support – including training, technical assistance, webinars, convenings, peer learning, cross-city connections and Living Cities calls with mayors – as very

WEALTH BUILDING PATHWAYS

Living Cities Business Ownership strategy focuses on creating equitable wealth building opportunities via business ownership by increasing the flow of financial, knowledge and social capital to firms owned by Black, Latino, Indigenous and other people of color. We do this by enabling connections between national funders, Business Serving Agencies within city governments and Community Based Capital Allocators with a track record of supporting firms owned by Black, Latine, Indigenous and other people of color (BIPOC).

Living Cities Homeownership strategy focuses on increasing access to homeownership, preserving homeownership and fostering collective learning and action. By partnering with cities to target policies, programs, practices, zoning, community development and investments, wealth building and protection methods, and funding that local government has control over towards Living Cities aims to improve the conditions and results of BIPOC homeownership.

useful to their work to close the racial wealth gap in their cities. Across CTG and B3 cohort cities, 54% were able to use Living Cities grant funds or network participation to leverage additional funding. As a result, new strategies for equitable economic opportunities are taking root in Living Cities cohort cities.

The Closing the Gaps Network continues to promote peer sharing to uplift creative and impactful city efforts to address racial economic inequities. For example, the City of New

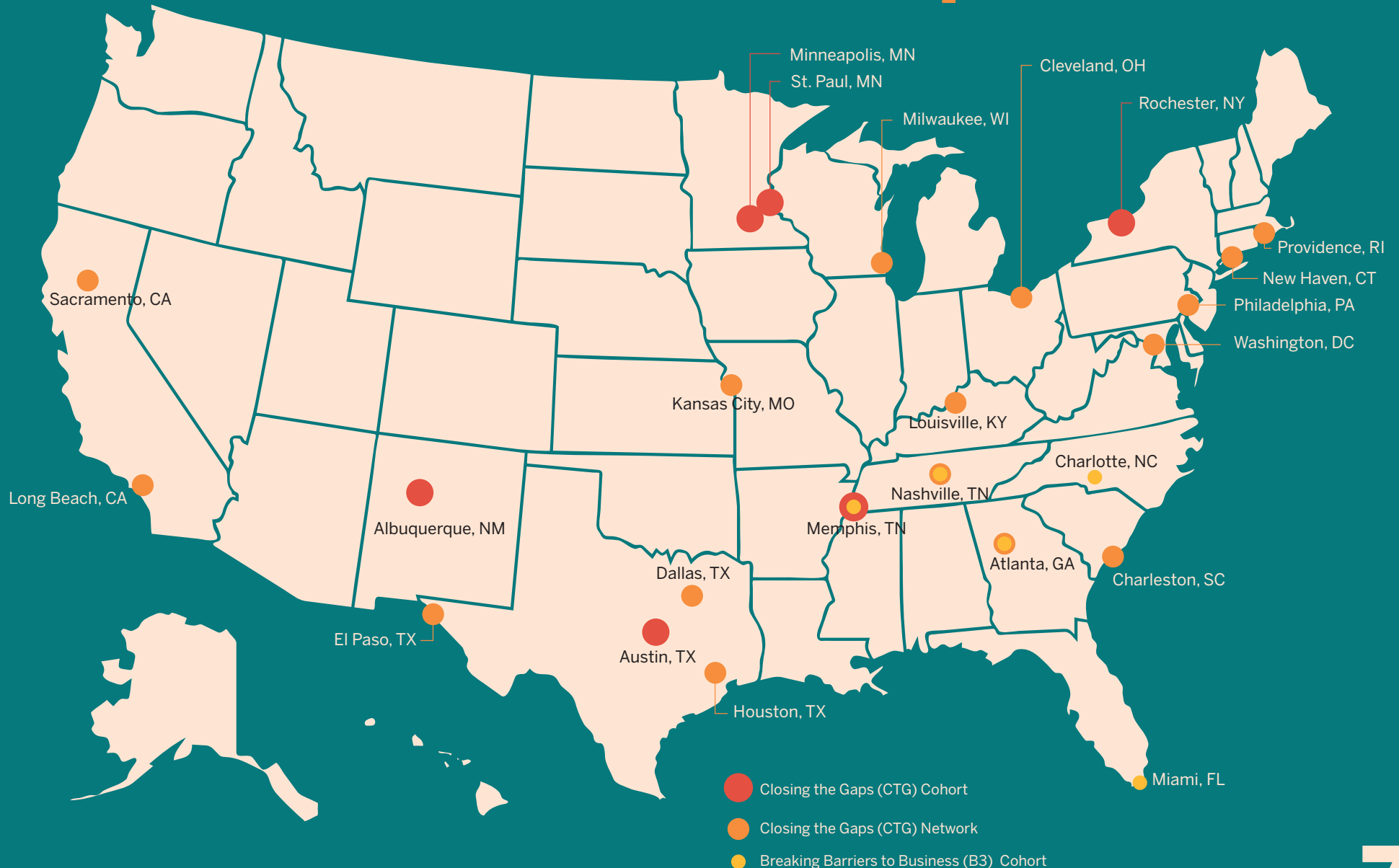
Haven led a CTG Network session highlighting co-creative city planning practices that meaningfully engage local community members. New Haven representatives utilized the development of the City's Cultural Arts Plan, which involved significant community decision-making, to offer concrete action steps that other Network cities can implement. The City of New Haven continues to develop economic empowerment through the arts with the Black Wall Street Festival. On August 19th, 2023, the City of New Haven hosted the second annual festival leading with strategic components of entertainment, education, business, and networking. The festival hosted 7,000 attendees in one day and 150 Black vendors with \$400,000 in sales and an approximate \$640,000 in economic impact.



The training stipend was an unexpected and powerful resource to help access trainings and content that would not otherwise have been accessible due to limited government budgets for professional development and training.”

- CTG City Member Survey Participant Response

Closing The Gaps Network Map





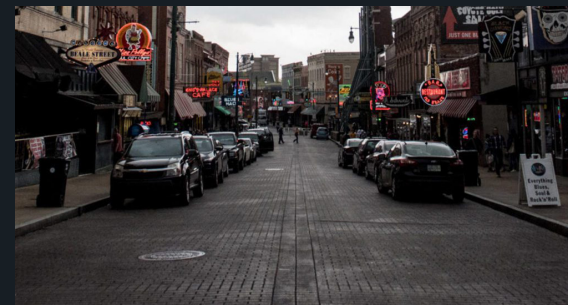
ALBUQUERQUE

The City of Albuquerque offers entrepreneurial training and technical assistance programs led by the Office of Equity and Inclusion. It also modeled an approach to create next generation affordable, workforce, missing middle, and market rate housing for Black, Indigenous and other historically marginalized communities.



AUSTIN

The City of Austin launched entrepreneurial support programs through two community partners. The City provided direct cash assistance to qualified community members to enable them to purchase homes through the City of Austin's land trust.



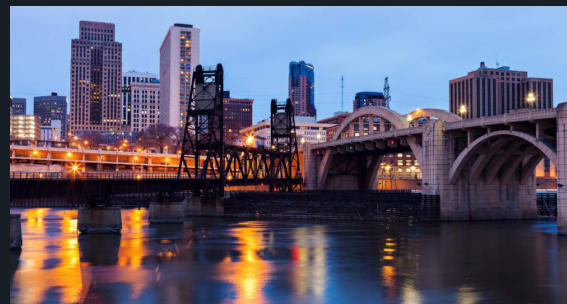
MEMPHIS

The City of Memphis held a four-week entrepreneurial training program for entrepreneurs to strengthen their business operating capacity and networks. The City also established an advisory committee from the Orange Mound neighborhood, which is exploring various operating models of land trusts to provide affordable homeownership.



MINNEAPOLIS

Through the nonprofit Youthprise, the City of Minneapolis is designing cooperative models for business and home ownership to be governed by youth. In 2023, Youthprise convened a 10-month cohort of twelve youth to learn about finance and prepare for cooperative business and home ownership.



ROCHESTER

The City of Rochester is offering grants to early-stage businesses owned by people of color, navigation support, and other technical assistance. The City also developed an outreach effort to support Head Start families with buying homes using Housing Choice, a part of a long-term strategy to promote and incentivize homeownership.



SAINT PAUL

The City of Saint Paul leveraged American Rescue Plan Act funds to support worker-owned and community-owned cooperative businesses. The City also launched the Inheritance Fund, offering forgivable home loans to descendants of Rondo, a once thriving Black neighborhood where Black homes and businesses were destroyed in the late 1950s.

Cooperative Home and Business Ownership in Minneapolis

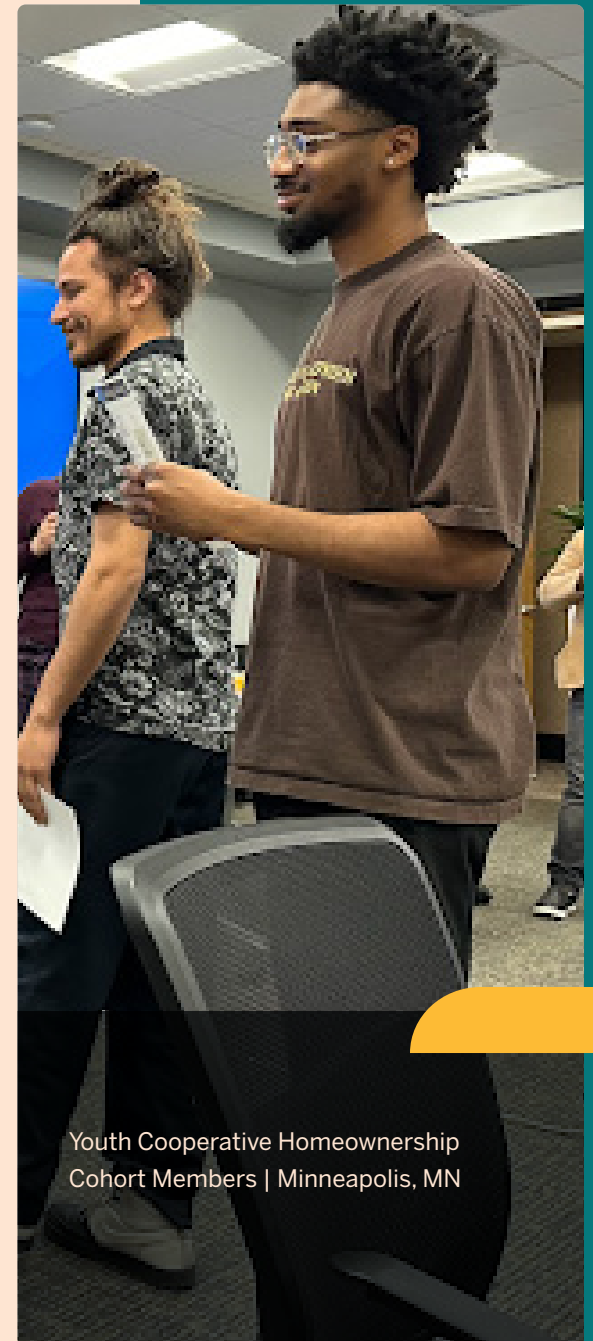
As part of the CTG cohort, the City of Minneapolis partnered with Youthprise – a philanthropic intermediary founded by the McKnight Foundation and focused on increasing equity with and for Minnesota’s indigenous, low-income, and racially diverse youth – to advance entrepreneurship and homeownership among youth and young adults through the Youth Cooperative Homeownership Initiative (YCHI).

Fayise Abraham, Director of Strategic Initiatives for Youthprise, has been with the organization for over 10 years and has worked with Living Cities since the launch of the Closing the Gaps Network in 2020, attending in-person and virtual network convenings, participating in Living Cities’ site visit to Minneapolis, and reviewing and responding to a community-informed report on local needs and opportunities related to entrepreneurship and homeownership that Living Cities commissioned.



Young people in Minneapolis expressed wanting to build wealth in the city in ways that address community issues caused by economic barriers. Their perspective was holistic and they wanted more models for shared wealth building.”

- **Fayise Abraham, Director of Strategic Initiatives for Youthprise**



Youth Cooperative Homeownership
Cohort Members | Minneapolis, MN

Ms. Abraham noted that the idea for YCHI emerged from a “process of learning with Living Cities, the City of Minneapolis, Youthprise, and young people in the city ... [W]hen we had the opportunity to learn from young people, and view the...report including young people’s perspectives, it helped us look at our approach and how we can include young people of color in our process.”

The YCHI initiative will be a collaborative four-year vehicle to empower young people to build wealth through stable housing and entrepreneurship and shift narratives about who can build wealth through ownership and what ownership looks like. As a youth-owned and youth-led effort, the initiative aims to create an equitable path toward homeownership with young people as the owners and community change agents of the effort. The cooperative will develop the governance structure, selection process, expectations and dictate all aspects of the cooperative. YCHI will also include a business incubator training program for the youth and young adults in the cooperative.

The inaugural YCHI cohort currently has 11 diverse youth, ages 18-25, going through an application process to be accepted into the nine-month program. Cohort members bring a wide range of interests and skill sets to contribute to the development of the co-operative, such as architecture, finance, experience with co-op housing, building home-based cooperative business, interior design, early childhood education, environmental work/ community gardens, and interest in the law. The cohort is facilitated by Abraham and receives curriculum, training, and support from the McKnight Foundation’s GroundBreak Coalition.

The initiative already raised \$800,000 dollars in seed funding, including Living Cities’ support. During a Living Cities site visit to Minneapolis, Brian Smith, Founder and CEO of Fortis Capital and former Director of Performance and Innovation with the City of Minneapolis, affirmed that the Living Cities “strategy gives us an opportunity to build wealth for youth and share knowledge in the way it was supposed to be done. Living Cities

said we’re going to close the gaps, but they didn’t tell us how we have to do that. They worked with us to figure that out and let us decide how we wanted to do that in Minneapolis with youth.” Inspired by what they heard, a representative from the Sundance Family Foundation, a local funder, announced a \$50,000 commitment to Youthprise. Youthprise is moving forward with plans to develop a five-acre multi-use space for storefront and residential units called “The Village.” By offering young people the opportunity to pursue entrepreneurship and purchase housing, the City and Youthprise hope to create effective pathways to wealth-building through shared ownership models.

COOPERATIVE OWNERSHIP IN SAINT PAUL

In alignment with Mayor Carter’s vision to transform Saint Paul into a national hub for cooperative ownership, Living Cities works with the Financial Empowerment Office to position the city as a key leader in the local ecosystem as well as a major provider of social, knowledge and financial capital to existing and prospective cooperatives.

The funding from Living Cities helped the City hire dedicated staff to specifically focus on managing the LOCAL Fund, promote and educate on shared ownership in order to move forward a shared ownership strategy within the larger City’s infrastructure (including their work with Project Equity on the business landscape study, policy feasibility study, and summit), and build the ecosystem of shared ownership (relationship building through individual meetings, group convenings, etc.)

Building Entrepreneurial Pipelines Through Training and Support in Memphis, Tenn. and Rochester, N.Y.

In both Memphis, TN, and Rochester, NY, entrepreneurial pipeline programs offer a supportive network of resources and opportunities to assist the sustainability and growth of diverse and undercapitalized businesses. This includes helping business owners to build important knowledge of what it takes to run and successfully grow a business, as well as offer social capital to help create connections within the entrepreneurial ecosystem of the local places. The City of Memphis developed Contractor's University and the City of Rochester developed the Prosper Entrepreneurship Training Program in service of these goals. Each of these programs emphasize the power of intentionally and inclusively investing in diverse local entrepreneurs.



Living Cities has been a great partner for Memphis as a whole, for the past two years... huge in how we support our client base."

- **Zanderia Davidson, Director of the City of Memphis Office of Business Diversity (OBDC) and Compliance office**



Rochester's City Prosper Entrepreneurship Training Program

MEMPHIS

Building on lessons from the City Accelerator on Inclusive Procurement—a Living Cities cohort from 2017-19—and expert technical assistance provided by the Living Cities and Regionerate, the City of Memphis proposed the creation of Contractor's University. As a part of the Closing the Gaps Network, Zanderia Davidson, Director of the City of Memphis Office of Business Diversity (OBDC) and Compliance Office, was able to partner with Living Cities to develop the scope of this initiative. With initial Living Cities funding to host "100 Businesses in One Day," Davidson witnessed the huge success of assisting Black residents and residents from other historically disenfranchised groups to kick-start business development.

Building on the success of the "100 Businesses in One Day" event, the first cohort of nine entrepreneurs were selected for Contractor's University. This initiative was designed to demystify the city's procurement system by educating business owners on existing bidding portals, providing key guidance around certification, and facilitating connections between participating business owners and representatives from city departments. On April 30th participants successfully graduated from Contractor's University. Each graduate of the program received \$3,000 in seed funding dollars for their business. These entrepreneurs are now on a list of trusted contractors for work opportunities with the city.

ROCHESTER

Leveraging ecosystem building efforts catalyzed by Living Cities' City Accelerator cohort focused on helping city government design equitable economic development systems, and as a result of Living Cities' ongoing support, the City of Rochester's Mayor's Office of Financial Empowerment launched the Prosper Entrepreneurship Training Program. This pipeline program for diverse entrepreneurs is designed to strengthen coalition building among banks, local initiatives and regional coalition efforts to address the lack of racial wealth equity.

With over 50 city entrepreneurs engaged, the City's Prosper Entrepreneurship Training Program incorporates an expert business education model to foster sustainable and profitable businesses at each stage of development. The program productively disrupts traditional economic development by positioning city government as a key player in ensuring that social, knowledge and financial capital flow equitably within the local ecosystem.

Based on Living Cities' needs assessments, the Prosper Entrepreneurship Training Program developed a 12-month pilot program to offer a one-stop shop for diverse businesses, to engage stakeholders and curate networking events by industry clusters to help entrepreneurs meet other businesses, financial institutions, tax professionals, attorneys, mentors, suppliers, and distributors.

The launch of the event included a fireside chat with local banks and business service providers, offering entrepreneurs an opportunity for open dialogue. This event helped participants understand the role of entrepreneurship for Black Americans, Indigenous people, or people from other historically disenfranchised groups in driving a robust local economy, shifting participants' views of Rochester from a "town of companies" to a "town of diverse small businesses."

Developing Inclusive Approaches to Investing & Lending

Impact Investing

The Living Cities Catalyst Family of Funds launched its third investment vehicle in December 2023 as part of the joint venture with Known. Building on the innovation of the Blended Catalyst Fund, Living Cities Catalyst Fund III, Known LP (Fund III) is a fund of funds seeking to invest in private equity and venture capital funds that further the charitable purpose of Living Cities.

Through the joint venture, Living Cities strives to showcase a potential model for scaling impact investing work through the partnership of a nonprofit and a registered investment advisor. Morgan Lewis, the fund counsel, presented the joint venture structure at NYU School of Law's annual conference Legal Issues in Social Entrepreneurship and Impact Investing - In the US and Beyond.

Maturing in 2025, the Blended Catalyst Fund (BCF) is fully committed with 26 investments totaling \$33.5 million. As of June 30, 2023, 13 of the investments are actively invested and being managed. The portfolio has produced a plethora of lessons learned for the Living Cities and Known teams including influencing the strategy for Fund III, providing connections and learnings for the Business Starts and Growth work at Living Cities, and showcasing innovative fund structures in BCF's portfolio investments. The [BCF Annual Impact Report](#) is shared on the Living Cities website, and further details this work.

The Catalyst Family of Funds is honored to have received recognition as part of IA50 for the 13th consecutive year by ImpactAssets and as an Emeritus Manager for the 4th consecutive year.

Living Cities, Inc: The National Community Development Initiative is the sole member of Living Cities Blended Catalyst Fund LLC. Notwithstanding the foregoing, affiliates of Known and Living Cities Inc. have partnered to serve as general partner of the Living Cities Catalyst Fund III, Known LP. Known is the d/b/a for Known Holdings LLC, and Known Private Wealth and Asset Management ("KPWAM") is the d/b/a for Known Wealth LLC. Known Asset Management is a division of KPWAM. KPWAM serves as a sub-adviser to Living Cities Blended Catalyst Fund LLC but is otherwise not affiliated. Investment advice is provided by KPWAM. On March 11, 2024, Living Cities was recognized on the ImpactAssets IA50 list for information provided as of December 31, 2023. Inclusion on the list should not be deemed an endorsement and is not indicative of a fund manager's performance. The IA 50 Review Committee selects firms according to a set of criteria developed to ensure that the list includes a diverse set of firms with experience in the field, scale in terms of AUM and investor base, commitment to impact and representing a range of approaches, asset classes and impact areas. For more information on the selection process, visit <https://impactassets.org/ia-50/>

Blended Catalyst Fund

FEATURE INVESTMENT: MELISSA BRADLEY OF 1863 VENTURES

Melissa Bradley is an active member of the Living Cities ecosystem participating in the Builders and Benefactors community, a network of private equity investors, venture capitalists, and founders of color who are intentionally investing to close racial wealth and income gaps; partnering with the Living Cities Closing the Gaps team on the Beyond 5 study; and leading 1863 Ventures Fund I, a portfolio fund in Living Cities Blended Catalyst Fund, LLC.

Bradley founded 1863 Ventures bringing with her the expertise of a tri-sector leader with more than 20 years of entrepreneurship, investment, and leadership experience. Throughout her career, Bradley has developed a deep understanding of the negative impacts of barriers to capital for New Majority founders (i.e., individuals who have been historically underestimated, including Black and Latiné men and women).

Driven by 1863's research, the 1863 Venture Fund I seeks to close the "friends and family" financing gap for high-growth, early-stage businesses founded by New Majority entrepreneurs by providing flexible, non-extractive capital. The revenue-based financing ("RBF") model employed by 1863 Venture Fund I uses an alternative investment structure that they see as a promising substitute for venture capital and bank loans.

RBF is a non-dilutive model that mixes aspects of debt and equity. RBF is structured as a loan, but returns are tied directly to the company's performance, resembling equity. There is no dilution of ownership and control, and the structure of the loan incentivizes investors to help the company grow.

1863 Venture Fund I has made 30 portfolio investments as of June 30, 2024, across sectors including retail, service, software as a service, marketplace, and creator brands. Portfolio investments include companies such as Brown Toy Box and Richualist. Brown Toy Box is an educational toy company curating STEM toys, media, and experiences for centering and celebrating Black children where all children can enjoy, learn, and have fun. Richualist is a company that develops tech-enabled hair styling appliances tailored for textured hair. Their flagship product, The Mint, is an all-in-one hair tool that detangles, applies product, and styles with just one stroke.

Bradley's work reinforces the belief that overcoming the barriers presented to New Majority founders will not only unlock increased economic activity and investment into communities but also help support our country to thrive for years into the future.

The Blended Catalyst Fund is proud to support 1863 Venture Fund I as an investor. It is our belief that the fund's commitment to exploring alternative investment structures to find the investment product best suited for the challenges facing New Majority entrepreneurs exemplifies how financial systems can be adapted to better serve economic growth.

Living Cities, Inc: The National Community Development Initiative is the sole member of Living Cities Blended Catalyst Fund LLC. Notwithstanding the foregoing, affiliates of Known and Living Cities Inc. have partnered to serve as general partner of the Living Cities Catalyst Fund III, Known LP. Known is the d/b/a for Known Holdings LLC, and Known Private Wealth and Asset Management ("KPWAM") is the d/b/a for Known Wealth LLC. Known Asset Management is a division of KPWAM. KPWAM serves as a sub-adviser to Living Cities Blended Catalyst Fund LLC but is otherwise not affiliated. Investment advice is provided by KPWAM.

Living Cities Catalyst Fund III, Known LP

FEATURE INVESTMENT

Symphonic Capital Sydney Thomas

The Living Cities team first met Sydney Thomas at the 2019 gathering of the Builders and Benefactors community in Miami, Florida. Builders and Benefactors was a network of private equity investors, venture capitalists, and founders of color who are intentionally investing to close racial wealth and income gaps.

Thomas was working with one of Silicon Valley's first pre-seed funds and helped to scale it from a Solo Operating GP with 10 investments to a 3-person team with 400+ investments and \$200 million + in assets under management (AUM). As a fund builder and investor, Thomas decided to step out and found her own firm in 2022, Symphonic Capital.

Living Cities, Inc: The National Community Development Initiative is the sole member of Living Cities Blended Catalyst Fund LLC. Notwithstanding the foregoing, affiliates of Known and Living Cities Inc. have partnered to serve as general partner of the Living Cities Catalyst Fund III, Known LP. Known is the d/b/a for Known Holdings LLC, and Known Private Wealth and Asset Management ("KPWAM") is the d/b/a for Known Wealth LLC. Known Asset Management is a division of KPWAM. KPWAM serves as a sub-adviser to Living Cities Blended Catalyst Fund LLC but is otherwise not affiliated. Investment advice is provided by KPWAM.



At the beginning I thought I should launch how other people launch, but I needed to launch the fund in a way that was authentic to me"



Sydney Thomas, Founder and General Partner of Symphonic Capital

Living Cities Catalyst Fund III, Known LP

Symphonic Capital invests in companies that are decreasing access gaps for overlooked communities particularly with regards to digital health and fintech focused on solutions to everyday problems and guiding the companies from pre-launch to product-market fit. Thomas sees Symphonic Capital as her life's work, informed by disparities she saw throughout her childhood and in her early career in public service.

Symphonic Capital thinks of traditional and impact metrics as mutually beneficial throughout the investment process. Given the investment areas in which Thomas is working, she invests in companies where their impact grows only if the company is successful with a focus on impact KPIs that correlate with the efficacy of the product.

Invested in eight portfolio companies as of June 30, 2024, Symphonic Capital has worked to build a portfolio of tech-enabled solutions including Canopie and Scout. Canopie is a prevention-based mental health care tech platform for new and expecting mothers designed to overcome traditional barriers to accessing perinatal mental health care. Scout is a tech platform designed to empower student athletes leveraging financial decision-making and planning for long-term prosperity during and beyond their playing careers.

With a focus on building and launching Symphonic Capital in a way that is authentic to herself, Thomas has embraced a mindset of continual growth and adaptation. She is interrogating traditional venture capital perspectives by working to build a portfolio that does not assume a high failure rate with only a few winners but the hopeful success of numerous portfolio companies with the belief that building start ups is messy and even your best founders need help and advice.

Living Cities Catalyst Fund III, Known LP is proud to support Symphonic Capital's Fund I as a limited partner. Thomas' approach to pre-seed investing while rethinking traditional institutional structures showcases how emerging fund managers can drive systems change.

Living Cities, Inc: The National Community Development Initiative is the sole member of Living Cities Blended Catalyst Fund LLC. Notwithstanding the foregoing, affiliates of Known and Living Cities Inc. have partnered to serve as general partner of the Living Cities Catalyst Fund III, Known LP. Known is the d/b/a for Known Holdings LLC, and Known Private Wealth and Asset Management ("KPWAM") is the d/b/a for Known Wealth LLC. Known Asset Management is a division of KPWAM. KPWAM serves as a sub-adviser to Living Cities Blended Catalyst Fund LLC but is otherwise not affiliated. Investment advice is provided by KPWAM.

Financial Product Innovation

Living Cities continues to explore opportunities to advance inclusive financial products and investment practices. Moving beyond city policy and practice, we have launched a research partnership to advance market tools to accelerate homeownership for Black Americans, Indigenous people, and people from other historically disenfranchised groups, and convened a financial sector collaborative group to address barriers to business ownership, growth and innovation.

This fiscal year, we have partnered with Urban Institute to learn and share how Special Purpose Credit Programs (SPCP) can be leveraged to support homeownership for Black Americans, Indigenous people, or people from other historically disenfranchised groups. By exploring the scalability of SPCP, the research partnership pilot will delve into mortgages enhanced by insurance or savings and borrowers' insurance products aimed at de-risking such products in order to address racial equity disparities and unlock capital for homeownership. Across this effort, the pilot aims to gather lessons, models, and increase SPCP's target focus towards racial and ethnic demographics.

In the fall of 2023, Living Cities gathered local capital allocators and business serving organizations in Atlanta, GA, to investigate barriers to business ownership, growth and innovation within cities. With successful networking, opportunity, and aligned vision for equitable flow of business capital to Black and Latiné led enterprises, the group has now developed into the Inclusive Capital Council (ICC). Since the initial meeting, attendees and invited additions found a desire to continue the conversation and develop working relationships to navigate, support, and execute solutions. This group is moving forward with a multi-city sectoral effort for solutions and approaches beyond municipal geographies.

The ICC offers space for funders, allocators, and beneficiaries to discuss opportunities, co-create products and underwriting practices, scale strategies, and share lessons with members across Living Cities Cohort cities. By creating strategic synergy across each ICC stakeholder, Living Cities is creating an opportunity to collaborate and produce an inclusive capital development space. As the ICC continues to develop, the effort builds on Living Cities racial equity commitment to focus on closing the racial wealth gap by increasing access to inclusive, targeted, and sustained capital in U.S. cities.



Inclusive Capital Council fall 2023 kick-off event in Atlanta, GA.

Fiscal Sponsorship

Living Cities is intentionally using our capacity to provide fiscal sponsorship – receiving and disbursing grant dollars on behalf of other entities, like Activest – to address barriers to capital that exacerbate the racial wealth gap. Activest is an organization pursuing racial justice through municipal finance. Through investment research and community engagement, Activest aims to advance fiscal justice. With community-accountable investments, the Fiscal Justice Municipal Strategy explores pathways from social justice to fiscal justice, highlighting fiscal justice risks and opportunities in municipal finances. Activest's ground-level community engagement supports the organization's opportunities to scale fiscal justice research and identifies root causes for local municipal finance decisions and the impact on communities. Activest is also funded by Living Cities collaborative members, Surdna Foundation, W.K. Kellogg Foundation, and Robert Wood Johnson Foundation.



Activest team together, a Fiscal Justice investment research firm that analyzes racial, social and economic justice risks in municipal finance.

Democratizing Access to Knowledge Capital

Building the Center for Wealth Equity

In this past year, Living Cities members committed to sharing the knowledge they are generating – through their grant and investment portfolios, commissioned research, operations, engagement in a wide variety of networks, and more – to advance racial wealth equity. Living Cities will host a Center for Wealth Equity to serve as a knowledge-to-action hub: aggregating, curating, synthesizing and strategically sharing actionable insights to accelerate the pace of progress.

Living Cities staff conducted an initial pilot in Fall 2023, gathering the knowledge of members, city partners, and others in our extended network related to the opportunities to advance racial economic equity through new federal clean energy tax credits. The insights generated by this process were shared with members,

highlighting the role philanthropy could play, and also adapted for a municipal audience and shared with city leaders in Living Cities' Closing the Gaps Network.

In Spring 2024, representatives from seven member institutions – Annie E. Casey Foundation, Deutsche Bank, Kresge Foundation, MacArthur Foundation, McKnight Foundation, Robert Wood Johnson Foundation, and Truist Foundation – joined together with representatives of partner organizations and local government to design a standing center within Living Cities to spark institutional and collective action based on key process insights and systemic solutions. In addition, this center will generate and update over time a roadmap of what we know contributes to racial wealth equity and how we can best implement those strategies.

For the past 33 years, our cross-sector collaborative of philanthropic foundations and financial institutions has continued to convene for one reason: We know we can learn and do more together than we can individually. Living Cities has always provided a table for member-to-member sharing and collective action, and FY2024 was no exception.

MEMBER ENGAGEMENT THIS YEAR HAS PROMOTED EQUITABLE CAPITAL ACCESS IN MULTIPLE CONTEXTS:

- At the July 2023 board meeting, Living Cities, Known and the MacArthur Foundation shared examples of how risk assessment affects access to capital investment and the unique role of philanthropy to de-risk investment capital.
- Members engaged with Janis Bowdler of the U.S. Treasury to better understand the historic opportunity to support and guide diverse stakeholders – local leaders, business owners, contractors, investors and more – to leverage federal grants and tax credits to generate inclusive economic opportunity. Individually and collectively, Living Cities members shared information about how best to leverage this infusion of federal funds.
- Living Cities members heard from Barry Wides, Deputy Comptroller Community Affairs, from the Office of the Comptroller of the Currency and Jesse Van Tol, President and CEO of the National Community Reinvestment Coalition who walked members through updates intended to strengthen and modernize the Community Reinvestment Act (CRA) to more effectively encourage certain financial institutions to meet the credit needs of the communities in which they are chartered, particularly low- and moderate income communities.

- McKnight Foundation President Tonya Allen shared inspiring stories and lessons from—and tapped the knowledge of the collective for—the [GroundBreak Coalition](#), a Twin Cities initiative organized by the foundation, which has already mobilized nearly \$1 billion through a new shared financial system.
- The MacArthur Foundation demonstrated how philanthropy can shift power over funding decisions to the community through a presentation to the full board that emphasized that if we want different results we need to put money into different hands. For MacArthur Foundation this means both increased trust-based philanthropy (i.e., general operating grants that allow grantees to pursue the solutions they see are needed) and a participatory grantmaking process, with rotating external reviewers who are compensated for their time.



April 2024 Living Cities Board Meeting

Reimagining Local Capital Access



The McKnight Foundation

The McKnight Foundation catalyzed and continues to innovate through the GroundBreak Coalition, which includes over 40 corporate, civic, and philanthropic leaders seeking to disrupt the status quo, close racial disparities and transform their community. The Coalition has already mobilized nearly \$1 billion in capital – towards a goal of \$5.3 billion – through a new shared financial system.

Investing in Community-Based Capital Allocators (CBCAs)



Citi Foundation

As a member of the Inclusive Capital Council, Kristen Scheyder of Citi Foundation participated in a panel at the Living Cities Spring 2024 board meeting **highlighting innovative approaches** employed by Citi Foundation and their grantees to capitalize Community Development Financial Institutions (CDFIs).

Investing in Community-Driven Collective Action



The Kresge Foundation

During their Centennial celebration, the Kresge Foundation reflected on key lessons for philanthropy, including the need to take risks commensurate with the magnitude of the challenge, embrace cross-sector partnerships, and utilize a full spectrum of tools – from grants to social investments – and roles (convening, capacity building, risk absorption, public space investment, stewarding civic ties and guiding federal resources to the local level).

Leveraging Federal Funding for Clean Energy for Inclusive Wealth-Building



The Annie E. Casey Foundation

Based on research conducted as part of Living Cities' Fall 2023 pilot of the Center for Wealth Equity, which focused on leveraging federal clean energy tax credits for equitable economic opportunity, the Annie E. Casey Foundation commissioned additional research to highlight what philanthropy can do and shared that with the full collaborative.

Disrupting Harmful Narratives

NARRATIVE AND STORYTELLING

A New Foundation Storytelling Initiative

Living Cities continues to reinforce a narrative of abundance for Black, Indigenous, Latiné, and other communities of color. Partnering with Gumbo Media, Living Cities curated the “*A New Foundation*” storytelling initiative, uplifting economic equity through the lenses of community, justice, the creative economy, homeownership and small business.

Through A New Foundation, we offer dynamic storytelling about history and the impacts of race across the Closing the Gaps (CTG) cohort cities: Albuquerque, NM, Austin, TX, Memphis, TN, Minneapolis, MN, Rochester, NY, Saint Paul, MN. Through an examination of language and the realities of generational wealth building, these stories use qualitative and quantitative data to analyze systemic racism and economic inequities.

Our human-centered approach offers a creative expression to highlight the possibilities that can emerge from Black Americans, Indigenous people, and people from other historically disenfranchised groups. Each story offers a lens to interrogate and uplift pathways for homeownership and business ownership to reorient the narrative on wealth as a source of security and facilitator of joy and agency for all.

Article Title: Orange Mound | Memphis, TN
by Amanzi Arnett



Article Title: Cultivate & Retain | Austin, TX
by Eric Byrd



Article Title: The Withered Clover
St. Paul, MN | by Atlese Robinson

A Look Ahead

Inclusive Capital Council Narrative Action Committee

In February 2024, the Inclusive Capital Council (ICC) group launched the Impact and Narrative Action Committee. Within this committee, members come together to develop storytelling strategies to disrupt the conflation of risk and race. The committee uplifts opportunities to humanize existing bodies of research, highlight barriers along the capital continuum, and reframe shared value propositions to overcome current and future obstacles to Diversity, Equity and Inclusion (DEI) efforts.

The intended goals for the committee include leveraging conversations to envision shared efforts and reinforce the value of advancing equitable business development. Moving the work forward the committee is focused on amplifying original assets, including founder stories, data-informed messaging, research briefs and public statements to be released to media outlets in strategic markets.

As the group develops, participants are shaping strategies, models, and data-driven benchmarks to move the work forward in a challenging environment.

Inclusive Capital Council fall 2023 kick-off event in Atlanta, GA



Strategic Partnerships to Promote Capital for Well Being

As Living Cities continues to build momentum with our efforts to unlock capital to close racial wealth and income gaps, we are initiating strategic partnerships to advance our mission.

In the coming fiscal year, Living Cities looks forward to our new multi-partner campaign with Brookings Institute, FUSE Corps, and HUMANLEVEL. This effort aims to shift the narrative on race, risk, and well-being in regards to access to capital with a place-based fellow program and narrative change storytelling efforts.

In partnership with FUSE Corps, Living Cities will assist in placing high impact executive fellows in target cities across the country. As a result of our impact and efforts in city and community engagement, Living Cities will be able to bring our history and expertise in providing support and capacity to cities, offering an opportunity to see the expansion of social capital towards closing racial wealth and income gaps. As Living Cities moves forward in developing innovative capital solutions, the placed fellows will be able to offer observations and experiences to inform our strategies to catalyze action and unlock capital. Brookings Center for Community Uplift will provide quantifiable equity research that centers the voices and well-being perspectives of Black, Latiné, Asian and Indigenous Americans.

This campaign is a call to shift the narrative around racial wealth and income inequities, reinforcing that when given the opportunity and capital, cities and communities can drive solutions.

Joe Scantlebury, President & CEO, Living Cities; Cecilia Rouse, President, Brookings Institution; John Legend, Founder, HUMANLEVEL; and Dr. Andre Perry, Senior Fellow and Director, Brookings' Center for Community Uplift



Inside Living Cities

Living Cities' Member Collaborative, Leadership, and Staff

Living Cities continued to build and benefit from strong, diverse leadership on the board and staff.

Six powerful leaders of color comprise the Living Cities Executive Committee: Lisa Hamilton, President, Annie E. Casey Foundation (co-chair); Shané Harris, President, Prudential Foundation (co-chair), Don Chen, President, Surdna Foundation (Secretary), Tia Hodges, President, MetLife Foundation (Treasurer), as well as two new members, Susan Thomas, President, Melville Charitable Trust, and Lynette Bell, President, Truist Foundation. Each leader is spearheading bold and impactful efforts through their own institutions, while also leading Living Cities' member collaborative towards our larger mission and vision.

Living Cities member collaborative, Spring 2024
Board Meeting



In the past year, Dominique Goss, President, M&T Foundation, joined the member board, bringing Living Cities' membership to 18. The M&T Charitable Foundation brings voice to special purpose credit programs, Community Reinvestment Act (CRA) and impact investment. Living Cities' growing membership continues to expand our social and knowledge capital across philanthropic and financial institutions.

As a member collaborative supported by expert staff, we have also increased our staff capacity. This year, Living Cities added 17 new staff members, including a new Chief of Staff; Chief Strategy Officer; Director of Communications and Narrative Change; Director of Talent and Organizational Development; and expert talent to meet the needs of our city and community engagement, strategic partnerships, finance and operations teams. Living Cities is stronger today due to the expanded capacity and increased diversity of our leadership and staff.



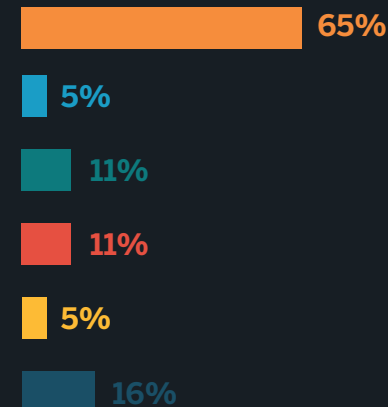
Living Cities staff, Winter 2023 Retreat

LIVING CITIES ETHNIC & RACIAL DEMOGRAPHICS IN FY24

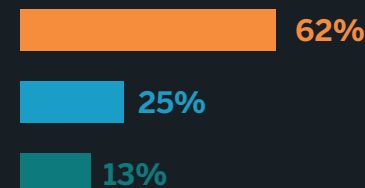
Executive Committee



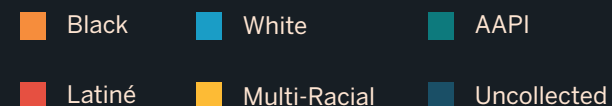
Board Members



Living Cities Executive Leadership Team



KEY



Reinforcing Racial Equity in our Culture and Operations

Living Cities continues to take steps to align our internal operations to our mission and values. Those efforts include crystallization of a theory of change and theory of action rooted in our racial equity mission and values; a relaunch of Colleagues Operationalizing Racial Equity (CORE) group; a new bonus policy for staff; and an ongoing emphasis on prioritizing vendors and contractors owned by Black Americans, Indigenous people, or people from other historically disenfranchised groups.

In this past year, Living Cities developed stronger alignment in service of our mission of closing the racial wealth gap and reflecting our value of racial equity and inclusion through a new Theory of Change, Theory of Action, Logic Model and Executive Leadership KPIs. Across these models, the organization developed greater cohesion and clarity in what we do, how we do it, how we track our activities and impact, and lastly how we track our progress as an organization. We hope to further catalyze the field with a new strategic partnerships team to share knowledge, leverage social impact, and elevate diverse approaches to close racial wealth and income gaps for an inclusive economy.

We also refreshed the CORE team, our staff-led organizing group that operationalizes racial equity and inclusion within our organization, spreads lessons learned to the field, and supports colleagues in being agents of systems change in service of liberation. CORE



Living Cities staff, Winter 2023 Retreat



My team is taking concrete actions to increase equity in team processes and infrastructure.”

- REI survey participant

was formed in 2017, and over the years, this cross-cutting team has offered racial equity competency frameworks, integrated arts and culture, promoted healing justice efforts, and provided ongoing training about intersectionality and combating anti-Blackness. This year, after reinstating the team, CORE centered opportunities to increase racial equity competency, normalizing racial equity in the workplace and developing staff as agents of change. CORE also brought back Living Cities racial equity and inclusion survey to determine the pulse of the organization since staffing shifts over the past fiscal years.

To support our vision of all people being economically secure and living abundant, dignified and connected lives, we have continued building a liberatory culture, with training, shared language, tools and support for our executive leadership team and all-staff provided by Lead4Liberation (L4L).

Living Cities is committed to ensuring that our employee bonus program is linked to our core values of collaboration, innovation, leadership, impact, racial equity, and inclusion. As of July 2023, Living Cities updated our bonus program with three categories of eligibility: modeling organizational values, covering gaps in capacity (for example, while refilling a vacant role or while a colleague is on leave), and sunburst awards nominated by colleagues. Our bonus program emphasizes the strength and impact that each employee contributes to Living Cities' success towards our mission, vision, and strategic goals and objectives. Living Cities strives to compensate all staff fairly and competitively through total rewards, inclusive of bonuses.

In line with our strategy of unlocking capital of all types for wealth building for Black Americans, Indigenous people, or people from other historically disenfranchised groups, Living Cities prioritizes equitable and inclusive procurement. For example, in successfully moving our Washington, DC staff to a new building, Living Cities operations intentionally partnered with diverse and women owned/led agencies across interior design, furnishing,

logo design, office greenery. In total over the past year, 55% of organizational procurement dollars went to vendors, contractors and consultants owned by Black Americans, Indigenous people, or people from other historically disenfranchised groups, up from 47% in the prior fiscal year.



We have fully engaged L4L consultants to help the leadership team and entire [organization] understand liberatory culture, self-awareness and training on how to deal with conflict... We also use our CORE team to help point out areas where equity ... may be an issue."

- REI survey participant

Building Living Cities' Brand & Communications

Over this past year, our organization has implemented an integrated communications strategy that includes evidence-based messaging, human-centered storytelling, thought leadership activities, and social and digital content to elevate Living Cities brand, amplify the lessons we are learning, and share our vision of an economy that works for all.

Our current social promotions efforts have developed an audience of 75,443 across all Living Cities social media platforms with 73,986 impressions, 5,883 engagements, and 4,512 post link clicks. Living Cities continues to share our lessons and impact, by expanding our reach with media placements such as Essence, The Chronicle of Philanthropy, Inside Philanthropy, Minority Reporter, Livability Podcast, Charlotte Business Journal, Albert Lea Tribune, Austin Daily Herald, Rochester Beacon, MSN, Capital B News, Public News Service, PR Web and more, with over 1.7 million estimated views.

Living Cities is further expanding and deepening its brand footprint in digital spaces by executing a strategy to increase brand awareness and audience engagement on platforms such as LinkedIn and Instagram. Living Cities launched a new version of its website, which is designed to highlight our work to shift and change harmful narratives in a dynamic and visually compelling way.

Within this fiscal year, our editorial strategy has produced blog posts that tell the story of our community-driven solutions to homeownership policy and capital flow for small businesses, and we continue to use current events and cultural moments to bring to the fore racial wealth and income inequities. We are using media opportunities strategically to spotlight our collaboration with communities to shift systems so that they work for everyone. Examples include Living Cities storytelling initiative “*A New Foundation*” featuring six Closing the Gaps cohort cities, a Livability Podcast interview with our CEO and President Joe Scantlebury, and a Charlotte Business Journal interview with Norris Williams, Living Cities Associate Director of Business Ownership, that discusses our Breaking Barriers to Business (B3) initiative.

We continue to catalyze the impactful work of our collaborative and Living Cities' initiatives through our communications and narrative change strategies.

Social Media Audience	75,400
Impressions	74,000
Engagements	5,900
Post Link Clicks	4,500

Join Us To Create Our Inclusive Future State

We have learned from our decades of past work to know what it will take to create an inclusive economy that benefits all. Living Cities has vision to advance racial equity and catalyze that and inclusive economy. Yet our collective action will face many challenges on our journey towards this goal. No matter what comes our way, Living Cities will continue to carry the torch that all people in American cities should have what they need to be economically secure, build wealth, and live abundant, dignified, and connected lives.

By leveraging our membership, contributions, and partnerships, we will spend the next several decades forging pathways to change local systems, inform policies and practices, and shift power and capital to close racial income and wealth gaps. Our efforts continue to build on our call for an economy without barriers to full participation.

Together we can close the racial income and wealth gap and create an inclusive and equitable economy in which all people thrive.





Follow Along On Our Journey At:



Livingcities.org



facebook.com/LivingCitiesInc



instagram.com/living.cities



linkedin.com/company/living-cities



twitter.com/Living_Cities

lets
love our
community



For more information please visit: [Livingcities.org](https://livingcities.org)

Photo Credit: City of Rochester