

# Taking Ownership

Community empowerment  
through crowdfunded investment

Rosalyn Old, Jonathan Bone, Dave Boyle and Peter Baeck

May 2019

**nesta**



SUPPORTED BY  
**MAYOR OF LONDON**



# Executive summary

**Community-led projects have the power to transform local areas socially, economically and environmentally. This report explores how investment crowdfunding models can be used to fund projects which are owned and run by the communities they serve, enabling community-led regeneration and boosting local resilience. Local governments, city authorities and institutional funders have a crucial role to play in supporting and growing this sector, to make the most of the opportunity in using these tools to boost social infrastructure and community empowerment across the country.**

**Chapter 1** Describes what is meant by crowdfunding community investment, with an outline of the variety of projects which can be supported – from pubs to community gardens – and its five elements (project, community, investment model, sustainability business plan and governance model), before giving an overview of the crowdfunding process and the main financial and governance models available to community groups.

**Chapter 2** Provides a 'how-to' guide for crowdfunding community investment, with guidance on choosing a financial and governance model to suit the project context, through analysis of the pros and cons of a range of options.

**Chapter 3** Uses insights from interviews with community projects and institutions to identify and provide an analysis of the main opportunities and challenges for community investment, governance and ownership.

Opportunities	Challenges
<p><b>Community empowerment through financial and non-financial contribution</b></p>	<p><b>Transitioning from grassroots fundraising to running a community organisation and avoiding negative impacts on diversity and inclusion</b></p>
<p>Helping fund projects that would not otherwise get funded through more traditional routes (e.g. grants or bank loans).</p> <p>Creating more financially stable community initiatives by facilitating the creation of new revenue streams and increasing use by the community.</p> <p>Increasing volunteering and other non-financial contributions (e.g. access to space and local knowledge).</p> <p>Strengthening local resilience, self-determination and social infrastructure by bringing communities together to improve their area.</p>	<p>Gaining access to assets for community use due to conflicting priorities, lack of finance or expertise.</p> <p>Planning and running a successful investment crowdfunding campaign.</p> <p>Transitioning from fundraising to running a community business and maintaining community engagement throughout.</p> <p>Representing the community – ensuring equality, participation and inclusion.</p> <p>Concerns about relationship with government funding.</p>

**Chapter 4** Shares examples of the roles that institutions such as local government, city authorities and foundations can have in supporting community groups undertaking such projects, to enable the biggest social impact. The table below summarises how best to address the previously-identified challenges.

Theme	Challenge	What can institutions do
<b>Flexible funding</b> 	Planning and running a successful investment crowdfunding campaign. Transitioning from fundraising to running a community business.	Provide flexible grant options to cover both set-up and operational costs. Use loans to help bridge funding gaps. Set up a matched (investment) crowdfunding scheme. Provide convertible grants.
<b>Access to land</b> 	Gaining access to assets for community use.	Help groups find space by providing data on who owns unused land and acting as matchmaker between projects and land owners. Ease the process of asset transfer by providing information and support. Coordinate financial support for purchase of assets by offering bridging loans or securing assets while groups raise community investment. Lend unused space and support meanwhile use of buildings by speeding up processes and giving clear expectations about how long groups can use spaces for.
<b>Developing active communities</b> 	Planning and running a successful investment crowdfunding campaign Transitioning from fundraising to running a community business. Representing the community – ensuring equality, participation, and inclusion.	Facilitate community building by running both formal and informal events in the local area. Go beyond consultation by using digital tools to aid collaboration. Create a strategy for the role of community groups. Champion proactive outreach, skill and resource sharing with community groups working in priority areas. Use influence to raise awareness and help community projects overcome barriers. Listen to community groups and help advocate for policy change to break down barriers.
<b>Skills awareness and capacity</b> 	Representing the community – ensuring equality, participation and inclusion. Planning and running a successful investment crowdfunding campaign. Transitioning from fundraising to running a community business.	Share success stories online, in print or through events. Produce or share online and printed information on models and governance options. Provide tools and training on: <ul style="list-style-type: none"> <li>• Running a crowdfunding campaign</li> <li>• Planning and running a business</li> <li>• Investment and fundraising</li> <li>• Organisational governance</li> <li>• Project management</li> </ul> Create and support peer networks.