

An aerial photograph of a suburban neighborhood, showing a grid of streets, houses with red roofs, and trees with autumn foliage. The image is used as a background for the text.

# DARE

Striving to challenge  
broken conventions to  
create an economy that  
works for all

HERON

# TO CHANGE

# TODAY

Our traditional investment models are often disenfranchising the very people and places we hope to strengthen.

A global pandemic, economic crisis, and movement for racial justice are exposing the cracks in our current systems, laying bare the structural inequities that have left communities more vulnerable than ever before. Today, the United States ranks 27th in the world for social mobility, and the economic divide between white Americans and Black Americans remains as wide as it was in 1968. Poverty, income inequality and job insecurity remain persistent problems that affect the health, wellbeing, and promise of millions of Americans.

And despite all our good intentions, impact investing and philanthropy often reinforce these harmful systems. At a moment of challenge and change, it's time to look in the mirror and hold ourselves to account.

Our sector is entrenched in strategies, structures, and norms that too often serve our own interests over those we were founded to serve.

We tend to rely heavily on our own knowledge instead of local insight that can only come from living in a place. We approach problems as singular and fixed rather than part of a complex ecosystem. We define relationships through needs instead of strengths, and we maintain decision-making authority when we should be ceding power to communities to set a vision for themselves, define their own strategies, and own the implementation over time.

At Heron, our mission is to help people and communities help themselves. Using the principles of servant leadership, we strive to fuel the agency of others in our day-to-day work. And yet, we've stumbled because too often, traditional models disenfranchised the very people and places we hoped to strengthen.

In a unique moment of economic and social transformation, we're adjusting our path and again, daring to change.

# OUR JOURNEY

A reckoning of blind spots and unintended consequences compels us to ask deeper questions about how we leverage our capitals and diffuse power.

Soon after our founding, Heron's board challenged the staff to use the breadth of Heron's resources to further our mission.

In a particularly pivotal moment, our then board chair asked, "Shouldn't we be more than a private investment company using our excess cash flow for good?"

With that question in mind, we realized the traditional foundation model was not enough. Since that day

in 1996, Heron has consistently pushed the bounds, always asking if there was more that we could be doing with our various capitals to be of service to mission.

In order to operationalize that vision, we have worked to break down silos and think creatively about bridging communities and capital markets. But the journey has not always been smooth. In 2012, for example, we were looking for investments that created a lot of jobs to help lift low-income communities out of poverty. Therefore, the team

was excited to discover an investment in our portfolio that was creating a relatively large quantity of jobs.

But when we looked into that specific company, we discovered that the "exciting" investment was actually a private prison. As a foundation dedicated to helping low-income people and communities, we could not justify holding the investment, much less being excited by it. In addition to our social justice concerns, we were also worried that private prisons often profit by employing prison labor for less than minimum wage – an inherently flawed business model in our opinion.



# OUR JOURNEY

We ultimately chose to divest from private prisons, but the experience taught us two important lessons:

- 1 We had to look within our investment vehicles to better understand the impact of each individual enterprise in our portfolio.
- 2 Focusing myopically on one single metric (in this case, jobs per dollar of revenue) blinded us to the many different impacts — both positive and negative, intended and unintended — of our investments.

Our experience with private prisons is just one misstep of many.

- In one instance, we made a major jobs investment, but the construction of new infrastructure unintentionally created environmental runoff for an adjacent low-income community. We learned the importance of consulting with many different voices in a community, not just those in power.
- In another, we invested in Property Assessed Clean Energy (PACE) loans, but soon after learned that it was putting some homeowners at risk of losing their homes. Here, we learned about the importance of evaluating an investment through the lens of net contribution, and therefore considering all of the effects on people, place, and planet.

With every misstep, we were pushed to ask deeper questions, to better understand the knowledge that exists in a place, and ultimately, to cede power into the hands of our partners.

And while we expect many lessons ahead, we are beginning to weave wealth and wisdom to re-imagine value in communities.



# EMERGING PRINCIPLES

We're learning that daring to change requires clear-eyed (and often painful) self-reflection, honest intention-setting, and a steadfast commitment to embody principles as they emerge from our practice.

So far, these five principles have helped guide our work:

**HONORING  
COMMUNITY  
WISDOM**

01



**NURTURING AN  
ECOSYSTEM**

02



**STEWARDED  
FROM  
STRENGTHS**

03



**CEDING  
POWER**

04



**STAYING  
BRAVE**

05



# HONORING COMMUNITY WISDOM

01



*Pastor Trena Turner, Executive Director of Faith in the Valley*

Even with the best of intentions, impact investing and philanthropy have a long history of making decisions from boardrooms that are often far removed from the people and places we seek to serve. And yet, many of Heron's most important lessons surfaced because we took a moment to pause, look beyond traditional investment data, and listen to a wider set of voices.

We're learning to supplement market data from traditional sources with a larger compendium of place-based knowledge and wisdom.

Rating agencies and marketing reports cannot act as shortcuts to understanding the lived experiences of housing service providers in Jackson, interfaith organizers in Fresno, or small business owners in Maine.

By connecting community stories and experiences with quantitative analysis, we are starting to understand each place through a multi-capital framework that re-imagines value. Community organizers in the San Joaquin Valley, for example, have offered insights about the type of housing that they value and informed the housing investments that Heron makes in our fixed income portfolio. These fundamental shifts in perspective are unlocking new opportunities for the very purpose of our portfolio and our potential for impact.



# HONORING COMMUNITY WISDOM

Meet a Local Leader  
**FAITH IN THE VALLEY**



Aaron Foster, Field Coordinator, Faith in the Valley- Fresno

We learned from local partners that the San Joaquin Valley is a place of striking contradictions. On the one hand, the region generates \$31 billion dollars in revenue from agriculture, accounting for 67% of the state's total production.

On the other hand, residents live in some of the most marginalized communities in the country, with 23% of residents living in poverty (compared to 12.7% in the United States as of 2018).



*"The Central Valley is not like the rest of California. We have one of the highest concentrations of poverty in the country. Historically, there has been an awareness that issues exist, but the mentality is that it's someone else's problem."*

Andy Levine, Deputy Director at Faith in the Valley



# HONORING COMMUNITY WISDOM

Meet a Local Leader  
**FAITH IN THE VALLEY**



One of Heron's long standing partners, Faith in the Valley, convenes advocates, elected officials, journalists, and community residents to identify shared values – from housing, to employment,

to education, to health. By listening and surfacing what matters most, the community has been able to organize and push for justice for all Central Valley residents.

*Faith in the Valley Fresno Lead Organizer, Marcel Woodruff, speaking at the 3000+ person protest after the murder of George Floyd. This protest helped push the City of Fresno's creation of the Fresno Commission for Police Reform (which Marcel and other Faith in the Valley members sit on).*

# HONORING COMMUNITY WISDOM

## Meet a Local Leader **FAITH IN THE VALLEY**



The Advance Peace Fresno team (with DeVone Boggan, CEO of Advance Peace) in Richmond, CA, for their first training. Advance Peace is dedicated to ending cyclical and retaliatory gun violence in American urban neighborhoods. Faith in the Valley advocated to bring the program to Fresno.

Their faith-based community organizing model addresses first and foremost the concerns of their constituents. And as a result, the network has grown to 120 congregations representing over 100,000 people in the Central Valley.

*"At the center of this model of faith-based community organizing is a belief in the potential for transformation — of people, institutions, and our larger culture."*

*Andy Levine, Deputy Director at Faith in the Valley*

Faith in the Valley is a community organizing group doing important work in the San Joaquin Valley. But they're not alone — community organizing groups are listening to local voices and advocating for positive change in communities across the country. 📶



# NURTURING AN ECOSYSTEM

02



Historically, Heron invested in siloed interventions like job creation or affordable housing. While those efforts are valuable, focusing on them as standalone investments blinded us to the complexity of the places in which we worked. And, by bringing the same set of interventions to every community in which we worked, we failed to acknowledge that each community is a dynamic and unique ecosystem. Walking in with preconceived ideas of what would

"help" undermined the ability of each community to articulate its own goals, priorities, and plans.

As a practice, we're now trying to map the ecosystem of resources, relationships, cultures and power dynamics that are unique to each place.

A more comprehensive picture helps us to better understand the diverse set of players and sectors

that influence community wellbeing before identifying if, where, and how we might actually add value.

*"Housing is central to every Mainer's life. We're grateful for the work many people do on this issue every day."*

*Daniel Brenna, MaineHousing Director*



# NURTURING AN ECOSYSTEM

Meet a Local Leader  
**MAINEHOUSING**

MaineHousing is an institution founded in 1969 to address problems of unsafe, unsuitable, overcrowded, and unaffordable housing. To do so, MaineHousing brings together a group of commissioners to take a statewide view of housing needs in Maine. The current commissioners come from a diversity of geographies and careers, and provide a diversity of perspectives on how MaineHousing can address affordable housing.



In 2018, over half of the total households in Maine couldn't afford a median-priced home. Rapidly increasing home prices have pushed low and middle-income residents to more suburban and rural areas and increased homelessness in cities.





# NURTURING AN ECOSYSTEM

Meet a Local Leader  
**MAINEHOUSING**


MaineHousing provides services beyond just affordable housing. These services include homeowner education classes, energy cost assistance, resources on homelessness, and rental assistance. Through these programs, MaineHousing takes a holistic view of homeownership beyond just the cost.



# NURTURING AN ECOSYSTEM

Meet a Local Leader  
**MAINEHOUSING**



Heron decided to purchase housing paper from MaineHousing because of its positive impact on communities across Maine. Strong issuers understand the context and complexity of their communities, and then use that knowledge to inform what they issue. 



# STEWARDED FROM STRENGTHS



Relationships in philanthropy have typically been framed through community needs — leading with deficiencies and reinforcing an unbalanced power dynamic between foundations and beneficiaries.

Through many challenging, complicated, and honest conversations, our community partners have helped us re-imagine our relationships by grounding them in assets over deficits.

HERON: DARE TO CHANGE

Now, we're experimenting with vehicles that support the strengths and capacities of people, organizations, and natural environments. We try to invest in companies, hospitals, nonprofits, educational institutions, and service providers in the very places where we have the deepest relationships. Sometimes we use multiple tools to support the same organization. For example, in the case of Self-Help Enterprises, we committed to a program-related investment and a general operating support grant.

In addition, we bought market rate paper that funded one of Self-Help Enterprises' housing initiatives.

*"There is something to be said about working with what communities have already."*

*Barbara VanScoy, Heron Foundation*

# STEWARDED FROM STRENGTHS

Meet a Local Leader  
**SELF-HELP ENTERPRISES**

The Central Valley of California is an agricultural powerhouse but it suffers from a shortage of housing for local farmworkers and low-income families.

*"Though known as a top agricultural production region, the San Joaquin Valley has among the highest poverty rates in the State of California with many rural, unincorporated communities lacking adequate housing, water and sewer services. In particular, the people who provide the source of labor for the agricultural fields can find little except substandard housing in existing stock, and have insufficient incomes to qualify for standard new home loans."*

Self-Help Enterprises





# STEWARDED FROM STRENGTHS

Meet a Local Leader  
**SELF-HELP ENTERPRISES**

Self-Help Enterprises (SHE) emerged as one of the key players who is working to alleviate the housing problem by providing technical assistance, financing, and support to low-income working families as they contribute "sweat equity" and shared labor to build and pay off their homes. SHE continues to be deeply

embedded in the community and responsive to family needs to ensure successful home ownership.

SHE has helped over 6,300 families build homes, and worked with another 2,100 families to reach home ownership. Their homes stand as living proof that, when given the opportunity, people can shape their own future.

*Nupchi Xo' Oy Groundbreaking*



# STEWARDED FROM STRENGTHS


## Meet a Local Leader **SELF-HELP ENTERPRISES**



Self-Help Enterprises has built over 6,300 homes

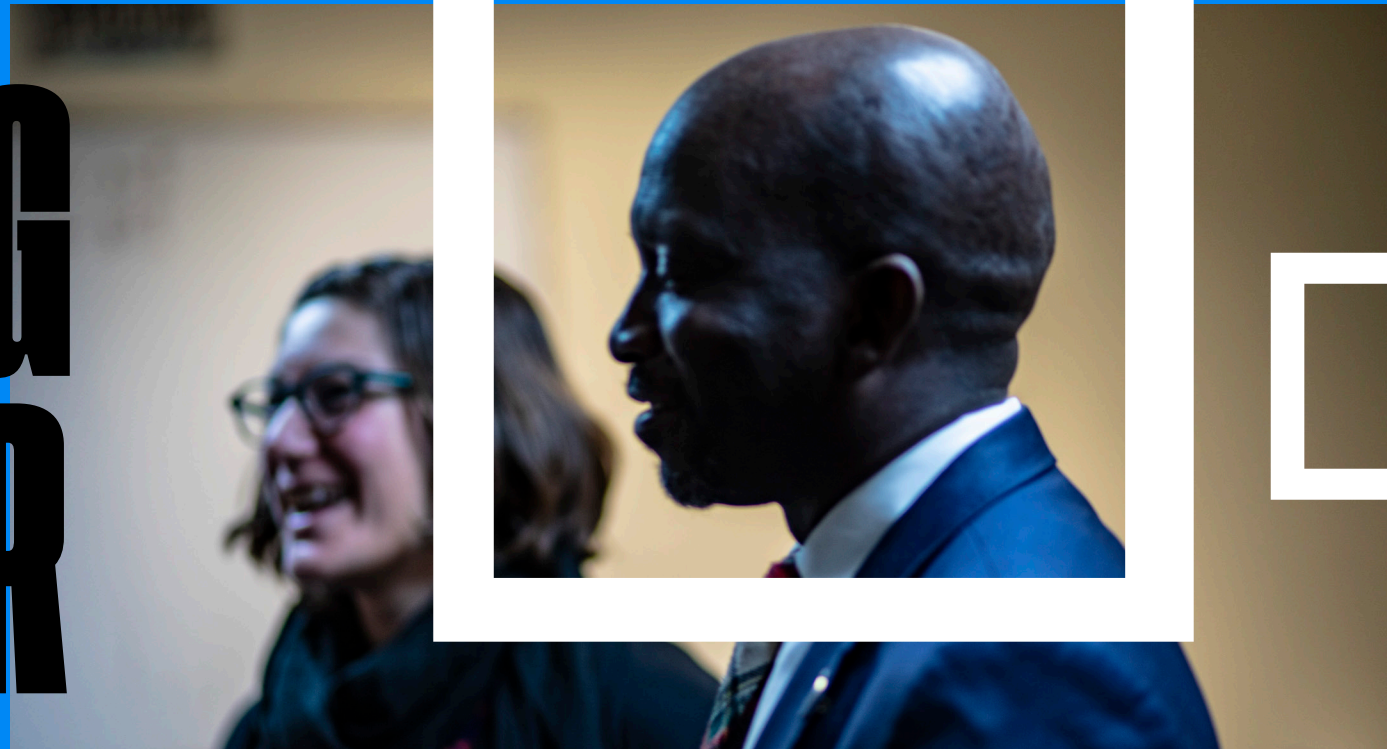
*"We aren't the ones who create or nurture the dream — people come to us because they've already done that. They already have the rocket fuel that is the dream. What we do is provide them the opportunity to pursue their dream....and the rest is up to them. We are the facilitators, the "enablers" if you will. We provide the rocket ship for their fuel."*

*Tom Collishaw, National Self-Help Housing Conference  
Self-Help Enterprises*

The San Joaquin Valley is a region, like many, that is facing an affordable housing shortage. Organizations like SHE are actively working to respond to the local housing need to ensure that communities can prosper. 

# CEDING POWER

04



Andrea Berry (left), Director of Communications and Engagement at Maine Initiatives. Pious Ali (right), Portland City Councillor

Traditionally, investors and grant-makers do their best to do their best to serve community interests by consulting with local stakeholders.

However, the ultimate authority and control over capital still sits with the asset owner, relegating community members to the role of tour guides and teachers when they should be active participants and decision-makers in setting the vision, shaping the strategy, deploying the resources, and learning together through the journey.

HERON: DARE TO CHANGE

We are inspired by organizations like the Buen Vivir Fund, Maine Initiatives, and the Ujima Project who have adopted innovative models of participatory decision-making. And while Heron has a long way to go, we are starting to form integrated capitals committees in a variety of places to realize community interests by leading deployment decisions for the assets at Heron.

*"In order to be effective in power-building (sharing) strategies, we must understand where power lies in a community and the cultural origins of hierarchy, role, and decision-making. How are community decisions taken? Who is left out?"*

*Who has access to information? Who benefits from the status quo and how will efforts to share power be received?"*

*Kelly Ryan, Heron Foundation Fellow*

As Heron ventures into the practice of distributed power, authority, and accountability, we're learning that ceding power is not a forfeit of responsibility but rather a shift in responsibility to embark on a shared journey seeking the "right relationship" with resources, power, and control. This new chapter involves re-imagining the value that Heron might bring to a place as an enduring partner, ally, and champion.



# GEDING POWER

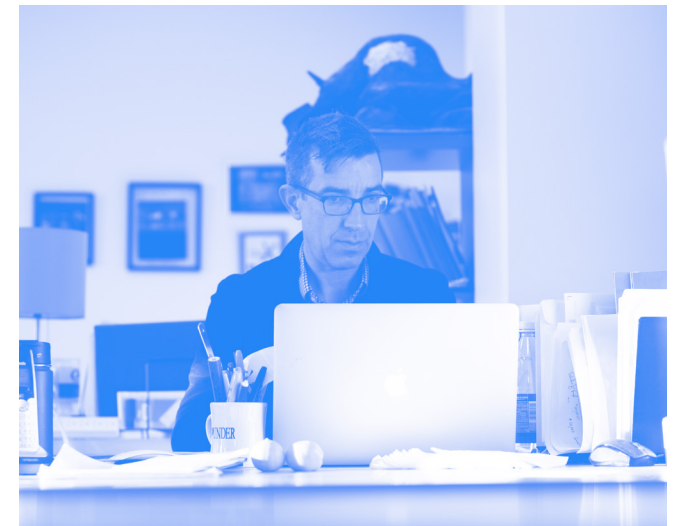
## Meet a Local Leader **MAINE INITIATIVES**



*Simane Ibrahim, Program Assistant at Maine Access Immigrant Network, and Sabine Kangombe, Community Health Worker at Maine Access Immigrant Network*

Despite Maine's reputation as a racially homogeneous state, communities of color grew by 80% between 2000 and 2010 and the state continues to diversify.

Maine Initiatives invited local residents to re-imagine what justice means in their community, articulating a shared vision for the future.



*Phil Walsh, Executive Director of Maine Initiatives*

*"Foundations and philanthropy tend to be exclusive, defining who is in and who is out. That's not useful to advancing social, economic and environmental justice."*

*Phil Walsh, Executive Director at Maine Initiatives*



# CEDING POWER

## Meet a Local Leader **MAINE INITIATIVES**



To amplify the voice and choice of community members, Heron invested in Grants For Change, a participatory process that funds racial justice organizations in Maine. Grants For Change brings together members of the community to read applications, discuss the meaning and importance of racial justice, and ultimately fund local organizations who are doing meaningful work in the space. Through Grants For Change, Maine Initiatives uses the convening power of philanthropy to dismantle structural racism by ceding power to its members and re-imagining the justice system.

*"It requires an incredible amount of courage to do things differently than it has traditionally been done. People here are exhibiting the courage to challenge conventions."*


*Phil Walsh, Executive Director at Maine Initiatives*

*Abdullahi Ali, Founder and CEO of Gateway Community Services*



*Shima Kabirigi (left), Interim Executive Director at the Greater Portland Welcome Center and Program Officer at Maine Initiatives  
Abdullahi Ali (center), Founder and CEO of Gateway Community Services*

While Grants For Change is an important program at Maine Initiatives, the organization also uses other tools in the toolkit to help communities thrive. For example, Maine Initiatives is using funds from their endowment to invest in a local loan fund.

While implementing participatory principles is new to us, it has long been a practice for other organizations in the field. We are learning from these organizations in the hopes that we can cede our own power to the communities we serve. 



*Shima Kabirigi, Interim Executive Director at the Greater Portland Welcome Center and Program Officer at Maine Initiatives*



# STAYING BRAVE

05



For decades, philanthropy and capital markets have taken incremental steps forward — but in a moment of challenge and change, now is our time to abandon incrementalism and dare greatly.

Daring greatly isn't easy, particularly because today's broken economy is full of structural challenges that we reckon with on a daily basis. For example, the financial sector has a systemic bias towards teams with white leadership and decision-makers with conventional financial backgrounds, posing a challenge to diverse communities looking to act on their own agency. In addition, the omnipresence of traditional benchmarks, fee structures, incentive pools, and investment minimums all contribute to making this work harder.

And the obstacles presented in capital markets are just one piece. We're also being challenged within our own walls to think about how we show up in communities. That means continually working to let go of our own egos and biases and to embrace the messiness of the work.

We are taking risks and forging a path into the unknown, constantly asking: "Is this working in service to our communities? How can it be better? Can we do better?"

Whether it's re-evaluating the impact of an index fund, or being held accountable by our community partners, we are constantly reflecting, redefining, and re-imagining our impact. We recognize we have a long way to go, but continue to learn with the help of others.

*"At Heron, we are turning the notion of risk on its head. Rather than analyzing risk relative to the capital markets, we consider risk relative to our mission. In so doing, we find that the risk of perpetuating the status quo is often far greater than the perceived financial risk we might assume with an investment."*

*Dana K. Bezerra, President of Heron Foundation*

As a learning organization, we will remain transparent about our reflections and reckonings so that we can break down our siloed perspectives and welcome a more systemic approach to community development.



# STAYING BRAVE

## Meet a Local Leader **CALIFORNIA HARVESTERS**



In California's Central Valley — a region that produces 25% of the nation's food — growers were facing a severe labor shortage.



*"Growers (or farmers) were leaving fruit in the fields because they didn't have the workers to pick them. We needed to come up with a labor strategy fast."*

*Rupal Patel, Board Chair at California Harvesters*

California Harvesters realized that the solution to the labor shortage would be to create quality jobs that would attract scarce workers. But disrupting the preexisting farm labor contracting model felt like a risk.



# STAYING BRAVE

## Meet a Local Leader **CALIFORNIA HARVESTERS**

By listening to feedback from workers, California Harvesters improved the quality of their jobs and launched with 250 workers, reaching 1200+ employees today (and continuing to serve as a market opportunity in the Central Valley).

HERON: DARE TO CHANGE

*Rupal Patel, Board Chair at California Harvesters*



# STAYING BRAVE

## Meet a Local Leader **CALIFORNIA HARVESTERS**



California Harvesters provides higher wages, access to year-round work opportunities (as opposed to just seasonal), and many benefits such as healthcare and workforce training.

*"What we see as the reasons for the labor shortage in the agricultural industry is not really about the quantity of workers available, but the quality of the job that's available to workers.*

*So, our thesis is that you can bring workers into the industry and solve the problem around the labor shortage if you're able to create a quality job, which requires fair wages, benefits, training, career ladders and other opportunities, and respect and dignity in the workplace. And that's what California Harvesters seeks to achieve."*

*Rupal Patel, Board Chair at California Harvesters*



# STAYING BRAVE


## Meet a Local Leader **CALIFORNIA HARVESTERS**



During the COVID-19 pandemic, California Harvesters' model proved especially effective. California Harvesters mapped out a comprehensive COVID-19 response plan, which includes a robust health and safety protocols as well as partnerships with

local nonprofits that can offer access to childcare, healthcare, and resources to navigate COVID-19. California Harvesters' workforce training program, a week-long paid training program that precedes every harvest, is now critical because it helps workers navigate the new normal of COVID-19.



California Harvesters is adapting to meet both the needs of the market and the needs of farmworkers. However, agriculture is just one sector of many that could benefit from investing in workers and creating better labor conditions. 

# OUR INVITATION

Dare to Change is bigger than Heron — it dares holders of all types of capital to better invest in people and places.

Soon after our founding, Heron's board challenged the staff to use the breadth of Heron's resources to further our mission.

*"If you are not in the arena getting your butt kicked, this is an open invitation to join us. Don't spend time in the cheap seats throwing stones. Show up."*

*Dana K. Bezerra, President of Heron Foundation  
(inspired by Brene Brown)*

We see a future where the capacity of communities transcends the limits of our systems. Where our sector dares to listen to community wisdom; dares to bridge complex ecosystems; dares to build on strengths; dares to imagine a new place for power — and dares to stare down risk in service of our communities.

At Heron, we are challenging broken conventions and trying to champion the people and places and enterprises that are daring to change.

*Special thanks to Greener Media for photos on pages 6, 7, 10, 13, 15, 22-26.*



How are you daring to  
change? Share your story  
with us at [info@heron.org](mailto:info@heron.org)

**HERON**

