Economic Architecture Podcast Episode 26 Transcript:

The following transcript has been edited for clarity:

Stuart Yasgur: I'm Stuart Yasgur, and this is Economic Architecture, the podcast.

Stuart Yasgur: There are innovations that show us that it's time to rethink the norms that we've accepted. John Haines's work at the Community Investment Trust does this in a surprisingly profound and understated way.

John W. Haines: They're coming back 'cause it's a good investment and they like the connectedness and the relationship with the property itself, kind of a love affair between the building and the community that gets built.

Stuart Yasgur: In this week's conversation, I spoke with John Haines from the Community Investment Trust. Their work is democratizing real estate investment by creating groundbreaking models that enables local residents to invest in and co-own commercial properties in their own neighborhoods.

John W. Haines: So, anybody can invest—a preacher, plumber, the fireman across the street—anybody. But of course, it's kind of tailored for those that are on the sidelines of investing. So, we are really targeting first-time investors, so making it low dollar, 10, 25, 50, or a hundred dollars.

Stuart Yasgur: John and his colleagues used a 1933 securities exemption law to create a community investment trust that enables people from the surrounding communities to become investors in the building for as little as $10. It challenges our notion of who gets to be a landlord, and it provides the opportunity for members of the community to build wealth through local commercial activity in their own neighborhood. It also changes the nature of people's relationships with their local shops. They're not just customers anymore, they're owners.

Stuart Yasgur: As John says, they've structured it so that the preacher, the plumber, and the fireman across the street can become the owners of the commercial real estate inside their own communities.

Stuart Yasgur: Let me give you an example of this. Plaza 122 is a modest strip mall in the larger Centennial area in Portland, Oregon. The neighborhood itself is diverse. It has lots of families and a median salary of about $65,000, which is about 15% lower than the national level. What's remarkable about Plaza 122 is not the building itself, but how John and his colleagues have structured the ownership of the building and the impact that has had on the community. Plaza 122 belongs to them.

John W. Haines: And then the community level that we're really proud of is the sense of belonging. How people, in our case, have voted when they didn't vote before, they're volunteering, and they've built new relationships through other people that are also, you know, investors. So they built a wider network in their own community, where they didn't as much. It kind of opens some doors that people may not have opened otherwise.

Stuart Yasgur: As John says, there's a kind of love affair that's growing between the community and the building, and amazingly, this is growing into a sense of belonging that's resulting in growing civic engagement. There are people who are voting and volunteering for the first time. This is a powerful example of the fact that when we design economic architecture with intentionality, we can change who has the opportunity to become owners of assets in their communities, and we can build economic relationships that reinforce and are reinforced by relationships within the community.

John W. Haines: We were looking at renters, so we called this renter equity to start. How do you put renters in a position of building net worth by the default mechanism of paying down a mortgage?

John W. Haines: But we're really working at working poor, disabled, formerly incarcerated—the kind of people that are in high poverty neighborhood where we were—refugees and immigrants, and went out and talked with them first. We didn't postulate anything. We simply went in many meetings in various affordable housing and international farmers' markets, and asked people what's missing in the neighborhood?

John W. Haines: Do you feel part of what's happening, the changes? Do you save? Do you invest? Nobody was investing, and why? We don't understand investing. That's for other people. I only have $10 a month, maybe a hundred dollars a month. What do you do with that? Buy a lottery ticket, one woman suggested. So, we postulated, what if you could own a building down the street?

John W. Haines: And their eyes lit up, and we knew, wow, they're motivated. They told us what their limitations were, and we went about building a new kind of financial product called the Community Investment Trust.

Stuart Yasgur: I think a lot of people can relate to the idea of not really understanding investing, or if they understand it, or if there was some awareness, still isn't really translating into what they're doing on a daily basis.

Stuart Yasgur: And also, with tight budgets, do they have enough resources to invest in that for the prospect of saying somebody who has $10 to invest in something that could enable them to be a part-owner of a building down the street. It's almost provocative, right? It's an amazing prospect to introduce.

John W. Haines: Yeah. And kind of hard to believe, like really, you know, they had to trust us. So building trust was, building trust in a relationship in the neighborhood was first and foremost for us. And luckily, our organization had been well known anyway, so we had a good amount of trust to build upon.

Stuart Yasgur: And one of the reasons it's hard to believe is because there's no, before you did this work, there was no easy vehicle that people could use to do that. Can you introduce this a little bit to the Community Investment Trust and how you set out to create it?

John W. Haines: Yeah. It's an investment in commercial real estate. In our case, we bought a $1.2 million building with 450,000 down payment, acquisition money. And that 450,000 framed a public offering, a localized public offering by zip codes, in our case, for zip codes. And the only requirement for being an investor…

John W. Haines: So, anybody can invest—a preacher, plumber, the fireman across the street, anybody. But of course, it's kind of tailored for those that are on the sidelines of investing. So we are really targeting first-time investors, so making it low dollar, 10, 25, 50, or a hundred dollars. The legal path we had to do this offering was to, nobody had used the security exemption from a 1933 law. And we uncovered it with the help of some super smart attorneys.

John W. Haines: We provide both liquidity so anybody can cash out anytime they want, and they're guaranteed not to lose their money. So, we issued 45,000 shares at $10 a share. So that 450 down payment became an equity shift. So the investors are, they're not buying the building, they're buying out the equity. So their owners, from the first month they make an investment.

Stuart Yasgur: That's amazing. So, they put in as little as $10. And that $10 actually gets converted into equity in the building itself. And you're standing behind it to say, at any time you could sell. And we guarantee that you won't lose money. You might gain money, but you're not gonna lose money.

John W. Haines: That's right.

Stuart Yasgur: That's remarkable. And how many people participate in this? You said 45,000?

John W. Haines: 45,000 in shares at $10 a share. We have roughly now, we just passed our eighth anniversary on November 1st. And we have north of 350 investors. We track it on the family level. Most people consider it a family investment, so we're touching 12, 1300 people at a family level now, and we've had a good number cash out, and resubscribe. And also, like cashed out for emergencies during COVID or for other family needs.

John W. Haines: People are putting together enough money to put a down payment on a home, and then they come back and restart their investment. They've cashed out at this point close to 500,000. Then they're coming back 'cause it's a good investment and they like the connectedness and the relationship with the property itself, which is a mid-century strip mall with nonprofits, roughly 25, 30 nonprofits, and for-profit tenants. So, it's kind of a love affair between the building and the community that gets built.

Stuart Yasgur: You know, in learning about your work, one of the things that it does is it really kind of changes the nature of your relationship with the commercial buildings in your location, right? Like, we live in a place where the local businesses and nonprofits are important to us, but we don't really have any control or way to interact with the building and all that kind of infrastructure. But here, local residents actually become owners of that.

John W. Haines: And what we found is that the nonprofits and for-profits, it activates their space because the neighborhood patronizes, gets their hair cut, gets their taxes done, comes to community events of the Air Tree and

Ethiopian community, when they have a public event. They do plantings. So, it really activates the space and makes the tenants do better because it's owned by 12, 1300 people in the neighborhood.

Stuart Yasgur: Yeah, because your neighbors and your customers are also the owners of the building that you're renting from.

John W. Haines: Yeah. So it, you know, it knits the community together in a really surprisingly, I mean, we aspire for something like this to happen. The extent to which it has is, has just been really heartening.

Stuart Yasgur: So how does this incredible model, like wealth building, actually helps knit together the community in a new way? Where does this go from here? Is this applicable in other places?

John W. Haines: We built it for replication. Of course, we had to do a proof of concept first, then COVID hit. But we're now working in 15 or so cities nationwide to replicate the model. They're starting their own CIT, and we basically hand over the assets. We did spreadsheets, the legal path going to owning curriculum. So, we have a mandatory class for investors to take on moving from owing to owning, that explains, you know, budget and goal planning, risk and return of investments, of which the CIT is one.

John W. Haines: And the range of, you know, mapping tools and other things that, that we went through, we built. We share that with other communities to replicate the model and then, you know, a key attribute to what we were able to create as an investor portal.

John W. Haines: So, all our investors go online, they make their investment. And are issued stock through an online portal that was built out, especially for this model. So, we're kind of a plug and go. And so what we look for is a nonprofit that people already know and appreciate and trust. We train them, and they join a community practice of other replicators. And we're really trying to build a big network. Goal is a hundred cities in the next 10 years.

Stuart Yasgur: The goal is a hundred cities in the next 10 years. And you're already working with how many others to replicate this?

John W. Haines: We're gonna have three or four launch in 2026. You know, very diverse places. Albany, New York, had rehabbed an old historic building. In downtown Albany, and they're gonna, it’s a CDFI, so they're gonna populate it with the kind of small businesses that they work with.

John W. Haines: But again, historic buildings, so very different from say Dallas, Texas, that's looking at a string of buildings that are smaller, smaller square footage. So, they refer to it as their pearl necklace of buildings in a neighborhood.

John W. Haines: Each with kind of a different tenant curation, I think based upon the size of the building and the configuration. And then Omaha, Nebraska had a nonprofit that's mostly housing, but also community development. So again, different kinds of nonprofits and they were given a burned-out mortuary. What do you do with that?

John W. Haines: Well, they rehabbed it, put in a workforce center, a coffee shop, and a couple of offices. And that's ready to launch as well. Another one that's likely to go pretty quickly I hope, is Minneapolis along George Floyd Square, but it's a nonprofit that has been there for 40 plus years. So, it's the people that have lived in that neighborhood for a long time. They're also looking at doing a necklace approach, a few properties along Chicago Avenue, and other places in the neighborhood.

Stuart Yasgur: That’s incredible. I wonder if I could share some of what, as I learned about your work and the success you're having, some of what we see as our impressions of it, for your kind of pushback or reorientation.

Stuart Yasgur: But I think one of the things that your work does, it really challenges how we think about markets and the role of markets and ownership and investing and et cetera, right? This is not each person in it for themselves to maximize the returns they're gonna get from an investment in these kind of esoteric, complicated, sophisticated vehicles.

Stuart Yasgur: This is also looking at ownership in a community. With your neighbors in a way that knits together the fabric of the community, kind of enabling commercial space or nonprofit space with an eye to the role of that building, really within your community. And it also kinda increases your agency as a community member, a neighbor 'cause you're, not only are you a customer, but you're also an owner of that space.

John W. Haines: Yeah, it's not esoteric 'cause you can walk down and get your hair cut there, you know, and get a cup of coffee and, you know, what's compelling, I think too, I mean it's certainly compelling and necessary is to generate an annual yield based upon the performance of the property.

John W. Haines: So, we've been fortunate to average around a 7% return, and people get that annually, first quarter after we do our audit and generate the cashflow numbers for the dividends.

John W. Haines : So that's a nice, modest but meaningful, insertion into their bank account and then their long-term return, really, they realized that when they cash out, and that's gone from $10 when we launched in 2017 to $20 and 21 cents, a year ago. And then we've just recalculated based on the appraisal that we've received we'll announce at a shareholder dinner, and in a week, our new share price, and it's gonna be touching $21 a share.

John W. Haines: So that's, that'll be eight years going into nine years, more than double their share price for those that came in early.

Stuart Yasgur: Wow. Those are great, great results. And in some ways, I'm envious. If we were participating as kind of owners in of our own local community, kind of commercial areas, to help make sure that it's stable and encouraging the right businesses that are conducive to the community to enter.

Stuart Yasgur: Also your approach to replicating. I think a lot of people, when they think of, when they think about it, somebody innovating, they often think of the models. They think about technology models where people create a new product, a physical product, or a digital product that a company owns and then scales and sells to many, many, many more customers, and that's how it spreads.

Stuart Yasgur: But, when we think about structural changes, like the kind you're introducing, they often have a really different pathway to creating impact. Right? As you described it, the goal here isn't necessarily for your organization to be starting many, many of these. It's instead to kind of replicate this, enable other people, or situate it in different communities to take this up and move forward with it.

John W. Haines: Yeah, that's right. I think had we chosen to expand on our own, you know, and we plop ourselves in any of the cities that are launching—Albany, New York, Dallas, Minneapolis, they would've said, who in the heck are you coming in here with a great idea? No, we need to work with local partners in each place, and we effectively work as the quiet backbone and then also the builder.

John W. Haines: We built a community of practice for replicators at any stage when they start to research. So, there's a network that is, ultimately gonna be more important than us. And the phone call is, the network's gonna be the source of ongoing information and learning, and also a way to keep each other accountable and feel like the networks, your supporting source, not, not me, or one of my three staff, although we're always available but the network needs to be, you know, the authenticator for impact. And the impact is on the financial, it's on the building level. So we track that as a group through annually. And we provide that through the portal with surveys that we do of all investors.

John W. Haines: And then the community level that we're really proud of is the sense of belonging. How people, in our case, have voted when they didn't vote before. They're volunteering. And they've built new relationships through other people that are also, you know, investors. So they built a wider network in their own community, where they didn't as much. It kind of opens some doors that people may not have opened otherwise.

Stuart Yasgur: If you set out to talk about the impact of this before you started. You said, you know, I don't know that you would've necessarily imagined that voting participation would've been one of the indicators of success of this, but it's remarkable that that's one of the effects that this is having. How long does this take to set up? How big an undertaking is this if somebody wants to do this in their own community?

John W. Haines: The feasibility study takes, generally, about three months, and each stage of it involves the hard parts, which are finding the right property, number one, vetting it with the community, and getting the trust built up.

John W. Haines: And then finding a bank to do the structure of the loan and then the direct pay letter credit, which is part of the structure, it's like a guarantee source for the community investors. That's how we legally are able to do this. So you have to structure that direct pay letter credit with the primary mortgage, and all of the capital stack formation is something that we spend a good deal of time coaching people on.

John W. Haines: 'Cause that's very unusual. Where to get that capital, how to structure it, and to mitigate the risk for the investors. So it's a lot of work for each local group to do, but we, you know, we stand with them to work, and very often we do them in cohorts of three or four together. So, they build their own network from the start of each feasibility study.

John W. Haines: So, the last one we did. Stuart, I'll tell you the last cohort we did was really fascinating because it involved the University of Utah and Salt Lake. It's building a hospital across town, a branch, you know, a wing of their hospital, and it's in a poor neighborhood in Salt Lake.

John W. Haines: A very refugee immigrant-focused neighborhood. Just populated. And they realize, you know, these hospitals have historically disrupted neighborhoods. We don't wanna do that. So, before they build the hospital expansion, they're gonna build a community investment trust building that would house the kind of support, ancillary support for the hospital itself, and then some things the neighborhood needs.

John W. Haines: So, really wisely preemptively thinking ahead. Then Charlottesville, Virginia, is working in a neighborhood where they had built an expanded hospital, you know, many decades ago, and are still feeling the stress of that expansion. That's a historic disruption in a lot of places around the nation.

John W. Haines: And they're putting together both a co-op and the community ownership in this neighborhood that's been, you know, a little bit blighted or overlooked because of the hospital that came in many decades ago. And the third one in that cohort is Newark, New Jersey. So deal with a different kind of dynamics, and so they learn a lot from each other in the compare and contrasting during the course of the feasibility study.

John W. Haines: I think it is fascinating for people to see and learn from each other.

Stuart Yasgur: That's fascinating, and it is a really interesting use of, kind of like, engagement of anchor institutions within a community to also encourage and enable local community ownership.

John W. Haines: Yeah. In every case, they need to find local funders.

John W. Haines: We encourage them to, you know, if they've, they have a university that wants to step in and help 'em run numbers or do surveys or mapping, whatever. If they've got some gaps in their own skillset, to add a university, get a community foundation, or some foundation locally that may be a future funder of operations to sit in on the feasibility study so they understand that when they're done with the feasibility study, they've got a plan in hand.

John W. Haines: And, you know, the foundation has been sitting along with it during various sessions, so they know, you know, the local group has put in their time and energy to do it right.

Stuart Yasgur: You're kind of walking us through the process of the steps that are involved. And obviously, this is complicated. This is not necessarily entirely easy stuff to do, but timeline in a year, if from when you start, you have the folks to say, okay, these are people in the community who are stepping forward and saying they wanna do this. They have trust within the community, they're ready to start the process. Is it a year? 18 months? So you've identified the property, and you have people.

John W. Haines: Yeah, certainly an organization if they had really… most don't have the capacity yet, or they'd have to split existing staff. they’re doing other things onto the community investment trust. So that's kind of a gap, is getting the funding for staff people.

John W. Haines: We've had a core of AmeriCorps Vistas going out. It's been really helpful in getting some energy, but you know, a year is conceivable for sure. It could go more quickly. But the ones that are launching now, we've been, these were stalled by COVID, but some of them we started working with in 2012, 13.

John W. Haines: So it takes, you know, two to three years, sometimes more.

Stuart Yasgur: That's interesting. And who's usually the first person who steps forward and kinda raises their hand and says like, okay, we wanna start working with you on this. Is it a community member? Is it a local, nonprofit, a foundation? Who is that?

John W. Haines: It's usually somebody from the organization, the lead organization. We act as advisors to the board of directors, and our board of directors are a community-led board, an investor-led board. And that's something we coach cities if they want to do that. If the organization of the city wants to have it be investor-led, community-led board, great. Sometimes they want somebody from their own team or staff to mitigate to be on the board. But that's fine. We try to advocate for community members to be on the board.

Stuart Yasgur: If you're in your community and you're looking around and saying like, you know, I could, we could imagine how powerful this could be. There are communities where, you know, people don't have any ability to participate in the ownership of their local commercial district or their local commercial area has businesses that are not really serving that local community or the local community's interests.

Stuart Yasgur: Or maybe there's a higher vacancy and you really want to find a way that you can mobilize with other members of your community to help change that, you know. They're picturing how they can start to think about a community investment trust, which is helpful, I think.

Stuart Yasgur: Can I ask another side of it, which is, dealing with banks is not always easy. It can be a little bit complicated. Are you going to CFIs to do this? Or is this mainstream banks? How do the banks respond when you walk in the door? Because good chance a banker's never done one of these before.

John W. Haines: Yeah. Thank goodness we had a bank now pushing nine years, eight, nine years of a relationship. So at least we have a bank to turn to and say, this is how it worked for us over the years. So it's not from outer space, but you know, it tends to be, we're seeing that more of the smaller local regional banks seem to be more inclined to take an interest in it.

John W. Haines: I think driven by some community reinvestment focus, even though this doesn't get explicit support for the evolving changes in the CRA laws that had been percolating for the last two, three years, and I think probably stalled. The big banks, on the other hand, have come in, in some communities, and certainly to us as an organization.

John W. Haines: JPMorgan Chase has been a phenomenal supporter of us now for, you know, going on four, five years. And they're supporting the whole network with a particular interest in certain urban areas. In some of the cities, you're seeing other big banks get involved, supporting more operations. I think when it comes to getting the direct pay letter credit, you know, that's gonna take some coaching, and it's more likely to be the banks that have kind of the operational capacity at a kind of branch level to be able to manage, you know, the operations of setting up the direct pay letter credit.

John W. Haines: It's not complicated from an underwriting standpoint. It's basically, you know, we explain it like it's, you buy a home, and you have your mortgage, and you need to put a new roof or fix the kitchen, you take a second mortgage—it's like a second mortgage. We just don't ever drop on that.

John W. Haines: It needs to be in place, but we don't draw on it. We keep liquidity, and we manage liquidity to be able to pay down cash outs of investors cashing out.

Stuart Yasgur: On this kind of approach to replication and scale. Through our work at Economic Architecture and elsewhere, we look at structural innovations all the time, and we've had a chance to see structural innovations across the U.S., but also in countries around the world.

Stuart Yasgur: And what you're sketching out is kinda, your strategy definitely resonates with strategies that we've seen be incredibly successful in areas that are as diverse as micro hydropower plants in Indonesia, to organic farming in Northern Germany, to building of homes and infrastructure in Africa, and in Latin America.

Stuart Yasgur: So, it's a model that we've seen that's robust, that is effective, but I think doesn't get as much appreciation and awareness and understanding as I think it should. For a long time, we talked about it as kind of a change maker capital model, like venture capital organizations have a certain trajectory to growth.

Stuart Yasgur: Organizations like this, where you're introducing an innovation that, in that structural innovation, has a totally different pathway to growth. And you need to think about it differently. You have to get rid of the old model. You have to recognize that you're on a new, different journey.

Stuart Yasgur: Some of the critical aspects that we see in those models, and tell me if this, 'cause I think you've named a couple of them, but wanna check in with you about whether some of the others resonate as well. First is after the initial kind of proof of concept, if you're gonna spread it to, if you're gonna enable replication in a new area, you're not coming in and doing it.

Stuart Yasgur: You have to work with a local group. The local group has to be the one who's actually standing up and saying, we want to do this often. Often, they have to do something that's relatively difficult for them to do. Which could be, you know, identifying leaders. It could be identifying a building, it could be mobilizing certain kinds of internal resources and commitment.

Stuart Yasgur: So it kind of polarizes that local group to action. Often that group is supported with a range of technical expertise, right? To deal with the technical problems. But the goal here isn't to bring in an external expert to do it, but rather kind of enable the local group to take ownership of it.

Stuart Yasgur: And build internally the expertise that they would need to move it forward. Sometimes that's kind of enabled by bringing external seed funding, but also working with the local group so that they can raise the funding that they would need to take ownership of it, kind of going forward.

Stuart Yasgur: So, the local group actually steps forward, and they're the ones who are deciding what happens with this and what form it takes, identifying how those decisions will be made, who takes ownership of those kind of decisions. Sorry John, I know I'm going on for quite a bit…

John W. Haines: This resonates. These are all exactly, I think if I were articulate, I would list the same list that we've learned, so thank you.

Stuart Yasgur: Okay, so often what ends up happening is one, the local group takes ownership of this, their reliance on kind of the central provider diminishes. As you go from one, working with one group to working with multiple groups, the key then is to really start to create relationships between those different local communities. So, they serve each other as kind of the support group.

Stuart Yasgur: The phone calls are no longer going to the organization, the catalytic organization in your role, but they're now starting to go to one another, and they start to drive forward and say, okay, how do we accomplish this? How did you do this? How do we kinda mobilize funding?

Stuart Yasgur: Where are the expertise? How do we find somebody else who has new expertise? What are the new opportunities you're exploring? We might think about exploring those. Interestingly, we've also seen them maybe in the third level of that generation and that progression. They start to mobilize capital also as a network because…

John W. Haines: Hoping to see more of that. That's great. Yeah.

Stuart Yasgur: So, where they go from raising local capital to now, that's maybe enabled by kind of a seed funding from externally raising local capital. Operationally, it starts to generate success, and then you could start to, the network itself can start to mobilize capital 'cause now if you put multiple of these communities together, you have capital investment opportunities at scale.

Stuart Yasgur: And so, they can access capital, sometimes it orders the magnitude larger, but that has a distribution mechanism to put that capital to work in local communities in ways that are kind of locally vetted and kind of engaged. And at that level you start to see, you know, we've seen large kind of regional or kind of continental wide, kinda scale come out of a model like that.

John W. Haines: That's certainly our aspiration. That's next in my… and I'm working on billing a fund that could work nationally for the acquisition of these properties. Pretty much to align terms with a local match funder for the acquisition and support needed to build one of these models. And if we were able to put together a fund as a test, that would align terms and synthesize kind of, the right local community foundation or whoever would step in.

John W. Haines: That's really the next path for this year.

Stuart Yasgur: That's interesting. So you're already looking and saying like, how do we build, how do we kind of build network-based kind of capital that could work with local funders?

John W. Haines: Yeah, exactly. And we have some seed funding from JPMorgan Chase to help initiate that. That's a good credibility for funders elsewhere to say, you know, that JPMorgan Chase is involved in this.

John W. Haines: Ultimately, we see ourselves as being a compatible addition to that network because of the ownership. The ownership matters when people have an ownership stake, not just an ability to sit in a meeting and make choices, and not just to maintain affordability when they have an ownership stake when they, particularly when they've never had an ownership stake in anything. It really is an enhancing way to get the community engaged.

Stuart Yasgur: We've been really supportive of community land trusts as well, and Grounded Solutions Network is an incredible network who plays a similar role to the role that you're kind of articulating here, as well. Incredible organization that did some great work. We've seen the growth and the spread of community land trusts really increase as a result of that work. And where you can own commercial assets in your local community and have an ownership role and a voice in what that community looks like. These things work really well together.

John W. Haines: Yeah. And you know, the other thing we're open to in places where the land costs are so high, and property costs are high, is to put the land under the commercial building. We're in a CLT. That's something we'd love to see emerge in one of these higher-cost markets.

Stuart Yasgur: What does this look like if we zoom out 3, 5, 10 years into the future?

John W. Haines: I'll tell you one thing that we're really focused on in the future is touching rural America, which we haven't done, so the idea of this applying in, you know, near tribal lands or rural parts of the nation, I think, is a place that we need to touch next.

John W. Haines: We're very much and predictably city-focused, urban, you know, certain neighborhood cities, which are great, but to build a network in, you know, various places that are overlooked for all the reasons rural America's overlooked, it's gonna be a different twist on the model. I think the kinds of properties they're gonna have and the nature of who their investors are, it's gonna be interesting.

Stuart Yasgur: That's fascinating, and somebody's hearing us today, they're compelled, they have an opportunity to act, what should they do?

John W. Haines: Get a hold of us. At investcit.org. We're open for conversations anytime, you know, run through what our feasibility study is, and you know, learn about it. Read our case study, and we're not a secret anymore, but it's still surprising who finds this out of the blue. We're wide open for having any level of conversation with any group, anywhere.

Stuart Yasgur: John, let's leave that as the last note. Thank you so much for taking the time. It's been great getting a chance to speak with you at more length.

John W. Haines: Stuart, thank you very much.

Stuart Yasgur: Take care.

John W. Haines: Take care.

Stuart Yasgur: In our conversation today, John and I also had the opportunity to touch base on another topic that I think is worth noting. How do innovations, structural innovations like John's scale, or to use the phrasing that we prefer, how do structural innovations come to fruition?

Stuart Yasgur: One really important starting point is that structural innovations do not scale or grow or spread in the way that traditional innovations do.

Stuart Yasgur: Apple, LinkedIn, Stripe, Nvidia—they're all incredible stories, but they're not good models for how structural innovations come to fruition. Instead, during the episode, John and I talk a little bit about a model for spreading structural innovations that we've seen in micro hydropower plants in Indonesia, smallholder farmers in Western Europe, in formal settlements in Africa, and financial institutions in Latin America.

Stuart Yasgur: At Economic Architecture, we call this model the change maker capital model. It proceeds through seven core steps and enables innovators like John to create large-scale change that mobilizes significant capital while putting it to work in distributed communities, in a locally appropriate and valuable way.

Stuart Yasgur: This is yet another way in which we can learn from innovators like John and his colleagues as we speak to them in conversations like this one.

Stuart Yasgur: I'm Stuart Yasgur, and this is Economic Architecture, the podcast.