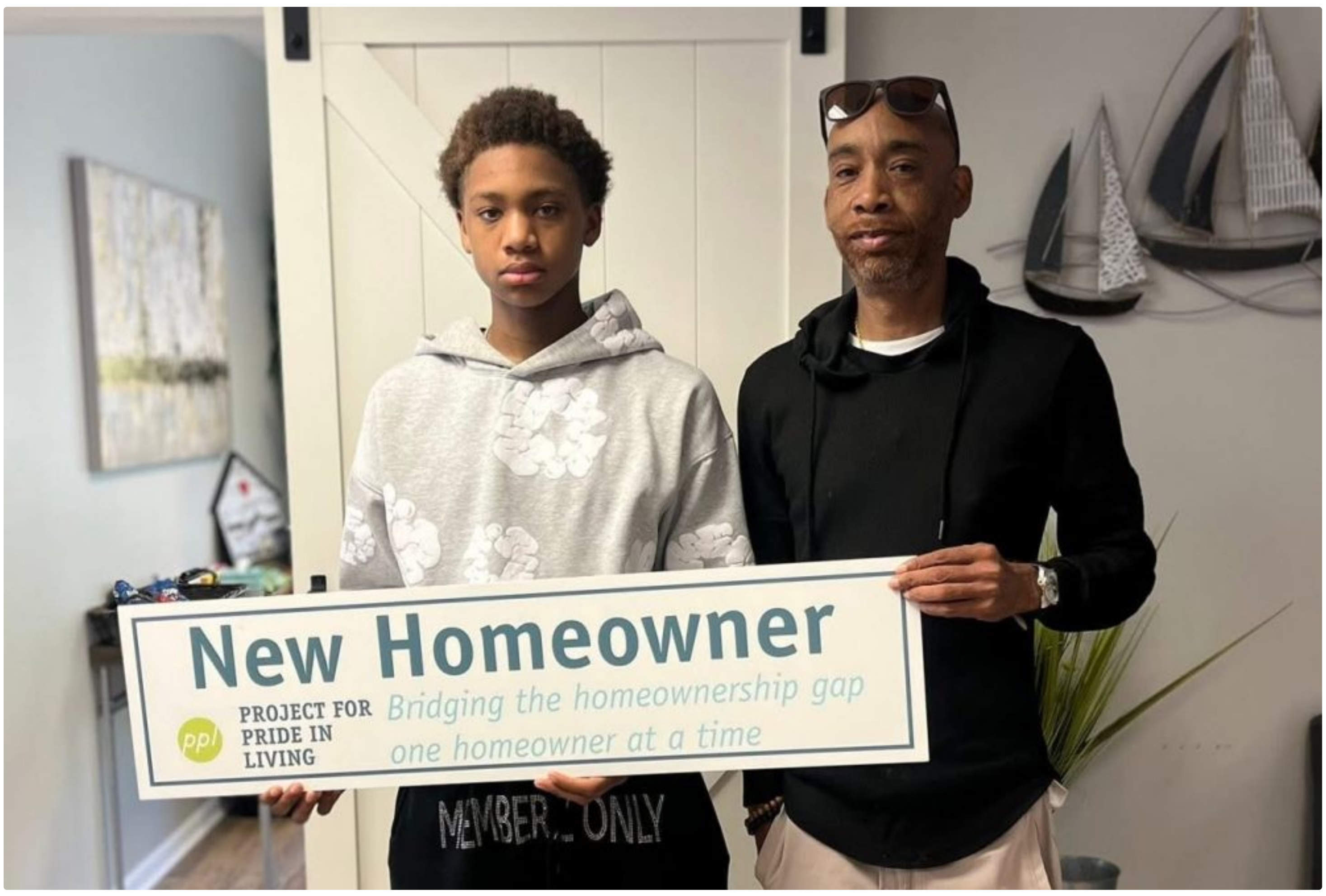
How the GroundBreak Coalition Is Taking on the Racial Home Ownership Gap

Dawn Wolfe | July 18, 2025



NEW HOME OWNER MICHAEL SHELTON WITH HIS SON MYLES. CREDIT: GROUNDBREAK

KJ Rolenc and Michael Shelton have been doing everything society expects from them. The two men, both single fathers, are present and raising their children. Shelton works for a Minneapolis sports-related nonprofit that supports kids and, on the side, serves as executive director of another sports-related nonprofit that's also focused on young people. Rolenc is one of those people who — if the American myth that hard work alone pays off were actually true — would probably be a wealthy CEO by now. In addition to working as a program manager at a drop-in shelter for homeless youth, Rolenc has formed his own nonprofit, does consulting and trainings for other nonprofits, *and* he's a licensed Minneapolis realtor.

In other words, both men check every box we'd expect a mortgage company to look for: They are responsible members of the community with stable employment and decent credit ratings. Neither, though, were able to buy a home for their families.

That changed last year thanks to a pilot program launched by GroundBreak, a Minneapolis/St. Paul-based, cross-sector coalition that debuted in 2023 with nearly $1 billion in funding from area funders including the Bush Foundation, McKnight Foundation, GHR Foundation and Pohlad Foundation, and financial institutions including Huntington and U.S. Bank. GroundBreak also boasts an extremely ambitious goal: to tackle racial wealth inequality in the Twin Cities. The pilot program took the form of a $1.5 million effort to provide down payment and other assistance to would-be homeowners from underserved communities.

Philanthrosphere observers may be forgiven for initially thinking this would be just another example of a big, ambitious plan announced with plenty of financial backing that only ends up releasing funds in a trickle. But that's not the case with GroundBreak. Since May, according to a spokesperson, the coalition has moved roughly $10 million to its lending pools and $2.2 million in grants to 12 community-based nonprofits.

GroundBreak isn't stopping there; in the next several months, the collective plans to direct another $15 million to its lending pool and an additional $8.8 million in grants. In addition, the coalition is expanding beyond home ownership and plans to spur investments in new businesses and commercial developments. "Over the last year, we've laid the groundwork for transformational systems change, positioning our partners to reach significantly more people in the future," the spokesperson said.

GroundBreak navigates diverse stakeholders and a DEI backlash

To be sure, more than $37.5 million moved in two years is impressive, and bodes well for this cross-sector coalition of foundations, civic leaders and financial institutions; its aim to build an alternative financial system that competes with traditional lenders is no light lift.

But even at that speed, McKnight Foundation President Tonya Allen said that the amount of time it has taken to put GroundBreak's systems in place surprised her. "I think I wanted it to go a lot faster than it did," she told me during the Council on Foundations' Leading Locally conference in Minneapolis last month, but there were just too many moving parts. "You had to build this capacity alignment at the banking level, and you had to do it at the funder level," she said. "You had to then do it at the nonprofit partner level," after first issuing RFPs and getting the right partners. "It was a lot [of] process that we had to put in place in order to make the systems go well and fair and ensure they were reliable."

Another holdup came from caution the partners felt around the ongoing anti-DEI backlash. Allen said she found the "ferociousness" of the anti-DEI movement surprising. "Of course, we knew that there was going to be some pushback" from anti-DEI forces, "and we, honestly, felt very prepared for that," thinking about the issues involved constantly and considering them in designing the coalition's systems, processes and practice, she said.

Today, the "About Us" section of GroundBreak's website describes the coalition's mission as "creating a more inclusive, racially equitable and climate-ready Minneapolis-St. Paul region," while the site's home page says that "GroundBreak aims to create a region where every person, no matter their race or background can achieve their aspirations." That's in accord with Allen's 2023 assertion that the GroundBreak model is a "targeted, universalist approach," and that closing the racial wealth gap involves "all racial groups." By centering people who are furthest away from power "starting with Black families and Black borrowers," Allen said in 2023, the coalition hoped to learn lessons to inspire similar programs serving people from all racial backgrounds whose life circumstances have kept them from benefiting from generational wealth.

The impact of generational wealth — and a chance for first-time homebuyers to build their own

"I would say the average participant we serve is probably between 60 to 80% AMI (average medium income for a given area) [and has] OK, good credit," but they don't come from families where their grandparents or parents owned a home and thus they haven't been able to build the kind of wealth that makes a home down payment possible, said Henry Rucker, associate director of home ownership and financial coaching at Minneapolis' Project for Pride in Living, one of the nonprofits that received funding through GroundBreak's 2024 pilot program.

"People think [the barrier between Black families and home ownership] is credit, [but] it's not always credit for the African American community," Rucker said. Instead, the issues include simply having a down payment on hand that doesn't break a family's bank. In 2023, for example, *Forbes* reported that 40% of home buyers under the age of 30 received down payment assistance from their families. But families that haven't been able to build up their own reserves, including because they don't own homes themselves, have little to nothing to give to launch their adult children into home ownership.

Lack of knowledge also plays a huge role. In addition to being unable to count on extended family for help with a down payment, many first-time, would-be homeowners also don't have family members to show them the ropes of applying for a mortgage, doing their own credit check, etc. This means they mostly have to rely on information from other sources that may not be correct. “People believe you have to have 20% down, you have to have a 700 credit score, versus [knowing that] there’s a program out there I can qualify for with 10% down or 5% down,” Rucker said, so they don’t even try to save down payment money because they believe doing so is impossible.

Here’s a case in point about the difference that kind of knowledge can make: KJ Rolenc was denied a $160K mortgage when he first tried to buy a home in 2023. After working with Project for Pride in Living through GroundBreak’s pilot program, Rolenc was approved for $360,000 to purchase a duplex, which is serving as both a family home and an income opportunity.

The Rolenc family home and small business has also given Rolenc an opportunity to make his own children’s home ownership journey easier. When we talked in June, Rolenc said that he had made a point of walking his 14-year-old son through the entire process first hand, from choosing and buying their townhouse to finding a tenant and managing issues like upkeep and maintenance. “It’s his job to shovel and take care of the lawn, and really see what it takes when you are managing your own property,” Rolenc said. “It’s not because I don’t want to — I mean, don’t get me wrong, it does help me out — but it’s also because you got to have some responsibility.”

Rolenc, who said he was incarcerated as a 19-year-old, told me that being able to go from those circumstances to buying his first house has given him the chance to get back on his feet and “start building a positive legacy,” including setting an example for his son. “I’m saying you can have setbacks and you can have situations that you have to bounce back from,” Rolenc said. “And, you know, kind of take lemons and make lemonade, right?”

Rolenc also said that there are a lot of people like him and his family out there who “have a desire to do something different, to do better, to trail-blaze and pave a way for their family,” but what they need is “something tangible, something that’s real, that they can touch and see” to help make it possible for them to do so. “I couldn’t tell you how I got denied for $160K and then, less than a year later, got approved for $360K,” he said, but now he uses his story to inspire his real estate clients.

For his part, Shelton said that his family’s two-bedroom home has allowed him to create stability in his son’s life. Prior to owning the house, Shelton was renting a room while his son lived with the boy’s mother, who has since moved to Arizona. Shelton’s ninth grader is “a very active kid,” Shelton said, who participates in both travel basketball and travel baseball, activities that Shelton had a far more difficult time coordinating when the two lived apart. “Now we can communicate a little better,” Shelton said, because “we’re in the same house, and I can start teaching him some things. We’re really building our relationship.”

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