

Report Summary

Investing to Revitalize Rural America

Practical ways to tackle the growing urban/rural divide

- Rising income and wealth inequality is widely recognized as significant social concern in the United States. This is a multi-faceted issue, with root causes that vary according to demographics.
- Since the 1990s, there has been a growing disparity in economic opportunity for rural Americans. This economic divide could weigh on the U.S. economy and exacerbate divisions within American society.
- Rural America's economic growth and employment has lagged far behind urban areas since the 1990s, reflecting structural changes in the economy. In some areas, there are few employment opportunities; in others, employers struggle to find qualified workers.
- Obstacles to economic growth facing rural America today include lack of access to capital to create jobs and poor infrastructure such as a lack of broadband Internet, quality healthcare, and local banking services. Public transportation is also limited or nonexistent. These challenges are exacerbated by the opioid epidemic.
- Below we highlight approaches to rural revitalization that have proven effective, particularly asset-based community development.

ABCD

Asset-based community development (ABCD) is a “self-help” strategy that sets the stage to eventually attract private loans and investments. Initially a community might use public or private grants to develop community assets, e.g. supporting local entrepreneurs or developing local natural resources. Once an initiative proves viable it may be possible to attract private investment.

CDFIs

Community Development Finance Institutions (CDFIs) and other local intermediaries can help aggregate capital to support local investment. Aggregators attract capital to an investment theme and allocate sums to projects that need funding.

Real Estate Development

Real estate development is another possible path to revitalization, with Opportunity Zones potentially attracting investment that might not otherwise be economically feasible.

Broadband

Broadband projects in small communities tend to be difficult to make profitable, but there are initiatives under way that may finally begin to deploy this critical infrastructure

Attracting & Retaining Youth

Some communities are making a concerted effort to attract a younger population and stem the “brain drain” of rural youth to urban areas.

Investment opportunities for revitalizing rural America

	Job and Business Creation	Infrastructure	Health Care
Public Equity	<ul style="list-style-type: none"> ▪ Banks which actively engage in farm lending and/or maintain a branch network in rural communities. 	<ul style="list-style-type: none"> ▪ Equity portfolios that invest in rural infrastructure. ▪ ETFs focused on infrastructure inclusive of rural areas. 	
Alternative Investments	<ul style="list-style-type: none"> ▪ Agribusiness venture capital or private equity funds focused on providing capital to businesses in rural areas. ▪ Rural Business Investment companies (RBICs) focused on providing equity or fixed income capital to small enterprises in rural communities. 	<ul style="list-style-type: none"> ▪ Real asset REIT that provides leases/mortgage to organic farmers especially funding needed during critical period of transition from conventional to organic farming. ▪ Real assets funds focused on providing capital for rural infrastructure. 	<ul style="list-style-type: none"> ▪ Healthcare oriented fund that invests in developing facilities for underserved communities inclusive of rural areas, with the goal of improving health outcomes.
Fixed Income	<ul style="list-style-type: none"> ▪ Community Development Financial Institutions (CDFIs) that benefit rural populations by investing in environmentally sustainable enterprises and help grow good jobs in rural communities. Additionally, funding for affordable housing helps support local economies. 	<ul style="list-style-type: none"> ▪ Municipal securities that benefit rural areas, especially those targeting education systems, renewable energy infrastructure and clean water infrastructure. Fixed income fund can customize portfolio to invest in rural farmland and rural infrastructure in specific areas. 	<ul style="list-style-type: none"> ▪ Municipal bonds that benefit rural areas, especially those targeting hospitals and health care services.
Cash	<ul style="list-style-type: none"> ▪ Banks that maintain a presence in rural communities and use deposits to fund lending to local enterprises and entrepreneurs to grow the local economies. 	<ul style="list-style-type: none"> ▪ Banks that maintain a presence in rural communities and utilize funding from deposits to fund local infrastructure needs in rural areas. 	<ul style="list-style-type: none"> ▪ CDFI that invests in healthcare services and facilities for underserved communities including rural ones.

Note: Access to these investments will vary based on investor type and size. Not all investment opportunities will be available to every investor. Investment returns associated with specific managers or strategies are available upon discussion with our business development team.

Source: Cornerstone Capital Group

Contact us

To learn more, speak with a representative of Cornerstone Capital Group. We would be happy to discuss your impact interests and offer ideas and investment examples.

Alison Smith, Managing Director, Head of Business Development | alison.smith@cornerstonecapinc.com | 646-808-3666
Randall Strickland, Director, Client Relationship Management | randall.strickland@cornerstonecapinc.com | 646-650-2175

New York
550 Fifth Avenue, 11th flr
New York, NY 10017
+1 212-874-7400

Denver
Alliance Center
1536 Wynkoop Street, Suite 521
Denver, CO 80202
+1 646-650-2234

Website: cornerstonecapinc.com
Email: info@cornerstonecapinc.com

