



# Community Investment Vehicles Playbook

How to Leverage Community  
Ownership Models to  
Raise Capital and Control  
Real Estate Assets





# Acknowledgements

Portions of this report are based on the initial research of Community Investment Vehicles (CIV) as part of an eight-month study of shared ownership models in 2021.

Community Desk Chicago and The Chicago Community Trust collaborated through the support of a Kresge Foundation grant to explore CIVs for both commercial and housing projects to help address the racial wealth gap in Black and Latinx communities and to identify opportunities for mission-driven investments to support these efforts. This report expands on the initial research to take a deeper dive into the mechanics of CIVs and outline implementation strategies. Tools and templates to start the planning process are also included.

We would like to acknowledge our partners, experts, community groups and the various ownership models across the country that collectively contributed to the initial research. Some of these individuals have moved on to other opportunities since the initial research, but this was their affiliation at the time of the research.

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# Executive Summary

**The CIV Playbook outlines the design elements of active community ownership models leveraged to support community revitalization and wealth-building opportunities for local residents.**

Shared ownership models such as housing cooperatives have existed for decades. However, there is a growing national movement toward intentional local ownership. Communities are leveraging ownership models to raise the necessary capital to acquire and control key real estate assets. This form of community capital pooling serves as an alternative funding mechanism to traditional lending and investments.

Real estate shared ownership models are formed under various legal structures. Community Investment Vehicle (CIV) is used throughout the report as the umbrella term for commercial real estate shared ownership models regardless of the legal structure (e.g., Perpetual Purpose Trust, C Corporation, etc.). A CIV is a legal investment mechanism that provides collective community investment in neighborhood assets based on shared development goal(s). In its perfect form, it is majority-controlled, majority-owned and designed by residents or local members.

*There are five key elements critical to the success of a CIV and must be calibrated to the individual community. Elements include:*



**PURPOSE AND PROCESS:** The CIV's north star and shared goals, general parameters, design and launch team, and community outreach strategies.



**ASSETS AND OPERATIONS:** The CIV's asset(s), target end users, and operating plan.



**LEGAL AND GOVERNANCE:** The CIV's legal organizing structure and governance, determined by the shared goals.



**FUNDING AND INVESTMENTS:** The CIV's expected capital sources, investor profiles, investment returns and community equity.



**EXTERNAL STAKEHOLDERS AND ALLIES:** The role of external stakeholders, such as philanthropy and municipal partners, in launching and sustaining the CIV.

The proper planning and evaluation of these elements helps to ensure there is a clear north star and purpose for the CIV that will impact and drive the anticipated community outcomes.

CIVs can be designed to fund and invest in various project types, from commercial corridors to multi-family housing. The feasibility of these projects will depend on the balance of the cost of capital, affordability (e.g., rents) and investment objectives (e.g., dividends returned to residents).

Launching a CIV is time intensive because of the overall commitment to be inclusive to the community and engage the appropriate investors – both community and mission-driven. For this reason, CIVs require the appropriate capitalization at each phase of implementation. External stakeholders, including philanthropy and local municipalities, can play a role in supporting the financial feasibility and affordability of the CIV through launch and operating grants, patient and low-cost capital, below-market properties (e.g., tax-foreclosed properties), and other creative strategies.

Communities interested in launching CIVs should be prepared for a 1-2 year launch timeframe, depending on the complexities of the structure. Funding support is also critical for early-stage planning and community outreach, raising investment capital, acquiring asset(s) and ongoing operations. Initial planning efforts leveraging paid professionals could range as high as \$100,000, depending on the market, with the actual CIV formation as high as 3-5% of the capital raise.

**CASE STUDY PROFILE**



*A “low-dollar, loss protected investment opportunity in commercial real estate for residents in a low-income community”*

Visit [investcit.com](http://investcit.com) →

**Who is the Coordinating Agent?**

Mercy Corps

**Why was this project needed?**

→ To create a wealth-building path for families and a community economic development strategy in Portland, Oregon

**What did they buy?**

- Acquired a foreclosed 29,000 SF shopping center w/approximately 30 businesses
- Mercy Corps initially acquired the property and held in an LLC
- LLC later transferred to East Portland CIT Corporation

**How did they pay for it?**

- Impact investors including Mercy Corps (36%) and bank interest-only loan (64%)
- Overtime resident investments pay-off initial acquisition and capex capital

**What are the benefits to the community?**

- Direct investment in the shopping center
- Resident-investing between \$10-\$100 per month
- Financial literacy training
- Guaranteed return (2%) – leveraged a bank line of credit

**How is it managed?**

- Governed by a board – initial board all nonprofit leaders
- A separate Mercy Corps wholly owned LLC provides asset management, property management and other supports

# 01. CIV Fundamentals

## INTRODUCTION TO CIVS

This section takes a deep dive into Community Investment Vehicles (CIVs), including the definition, CIV drivers, and considerations for community readiness. Active models across the country are weaved into the discussion to provide examples for additional context.

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### CIV DEFINITION

Community Investment Vehicle (CIV) is an umbrella term for commercial real estate shared ownership models, regardless of their legal structure (e.g., Perpetual Purpose Trust, C Corporation, etc.). A CIV is a legal investment mechanism that provides collective community investment in neighborhood assets based on shared development goal(s). In its perfect form, it is majority-controlled, majority-owned and designed by residents or local members.

CIVs enable residents to have greater control over their communities while providing an opportunity to grow their wealth. Communities are leveraging these models to raise the necessary capital to acquire and control key assets in their community that impact their quality-of-life, such as blighted or foreclosed commercial properties. Additionally, this form of community capital pooling serves as an alternative funding mechanism to traditional lending and investments.

There are more than 20 CIVs nationally, with most models established within the last five years.

[Market Creek Plaza](#) in San Diego appears to be the oldest model, completed in 2004. Other well-known models include the [East Portland Community Investment Trust \(CIT\)](#) and [Neighborhood Investment Company \(NICO\)](#). While legal structure and capital stack varied across these models, the common theme is community-centered investment opportunities for residents.

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### CIV DRIVERS

In addition to the desire to increase community control and wealth-building opportunities, CIVs are often motivated by a need or void within the established community. Residents organize around shared goals, often directly connected to one or many of the following drivers:

- ➔ **THREAT OF GENTRIFICATION AND DISPLACEMENT:** Residents and small businesses are being displaced because of new developments that drive up the costs of living and make it attractive for existing property owners to cash in on investment opportunities and leave the area. Residents and small businesses can no longer afford to live and operate businesses in the community. [Trust Neighborhoods Mixed-Income Neighborhood Trust \(MINT\)](#), a neighborhood-based trust model leveraging investments coming into a neighborhood to keep rents affordable for existing residents, is designed to preserve affordable housing while creating an inclusive mixed-income community.
- ➔ **GAP IN AFFORDABLE HOUSING OPTIONS:** Affordable housing is declining or limited in the community, and there is a community desire to preserve, protect and grow affordable housing options.

- ➔ **DISINVESTMENT AND DIVESTMENT OF BUSINESS CORRIDORS:** Residents are seeking opportunities to revitalize commercial corridors and commercial properties that are disinvested, extractive and/or divested over the years. The [Kensington Corridor Trust](#) is a trust designed to foster equitable revitalization of a targeted corridor in Philadelphia. The CIV is focused on property acquisitions and new developments directly controlled by residents.
- ➔ **DESIRE TO CREATE A CIRCULAR ECONOMY:** Residents are seeking opportunities to foster a circular economy that keeps wealth local — properties and businesses operating in the properties are owned by local residents. [E.G. Woode](#) and the [Boston Ujima Project](#), both member-based organizations, are designed to build and support local economies through small businesses.
- ➔ **EQUITABLE DEVELOPMENT OPPORTUNITIES:** Research in Chicago also highlighted a direct desire for residents to have maximum control related to economic development opportunities in their neighborhoods, including participation in developer-led real estate development. Residents want to be positioned as equity partners in large-scale developments and/or to directly compete with cash buyers that contribute to the threat of displacement.

CASE STUDY PROFILE



*“Nico is a neighborhood investment company that makes it possible for people who love their neighborhood to build a long-term financial stake in their community by investing in local real estate.”*

Visit [mynico.com](https://mynico.com) ➔

**Who is the Coordinating Agent?**

The Neighborhood Investment Company (Nico), Inc.

**Why was this project needed?**

- ➔ To introduce an alternative ownership model for neighborhood real estate that allowed for a broad and diverse group of stakeholders within a community to participate in place-based wealth creation and in decision-making

**What did they buy?**

- ➔ A portfolio of rent-stabilized multi-family and mixed-use properties in the Echo Park neighborhood of Los Angeles, CA, approximately 80 residential units and 4 small businesses across three properties
- ➔ Properties initially purchased and held in a Limited Partnership (LP)
- ➔ Once formed and SEC-approved, a Neighborhood Real Estate Investment Trust (Neighborhood REIT), organized as a Benefit Corporation, owned the properties

**How did they pay for it?**

- ➔ Conventional real estate loans (approx. 49%)
- ➔ Mission-aligned investors (approx. 49%)
- ➔ Reg A+ capital raise targeting local investors (approx. 2%)

**What are the benefits to the community?**

- ➔ Access to rent-stabilized housing units
- ➔ New local businesses
- ➔ Resident investing starting at 10 shares (<\$100)

**How is it managed?**

- ➔ Governed by a board of directors
- ➔ NICO as the overarching management company with separate property management and asset management LLCs



## CIV COMMUNITY READINESS

Launching and sustaining a CIV is an incredibly time-intensive endeavor, both because of the complexity of the legal, financial, and real estate factors, as well as because of the commitment it takes to engage with and be inclusive of the entire community. To assess a community's readiness to launch a CIV, leaders should consider two key important factors: (1) a clear community objective or need and (2) an enabling launch environment.

### Clear Community Objective

1. Is there a shared desire for local, community ownership and control over the neighborhood's future development?
2. Is there a desire to provide direct investment and wealth-building opportunities for residents?
3. Is there a potential threat impacting the stability of housing and other quality of life amenities that requires a coordinated community response (e.g., gentrification)?
4. Is the community ready to launch and run a business? A CIV is potentially a long-term commitment with the holding of real estate assets. The community must be prepared for a collective and intentional partnership with the necessary infrastructure.

### Enabling Launch Environment

1. Is there a trusted community group with the capacity and willingness to lead the CIV project and potentially acquire and hold properties in the interim?
2. Are properties meeting the community's objective available for CIV acquisition (e.g., vacant commercial property)?



South Shore Chamber Community Development Corporation

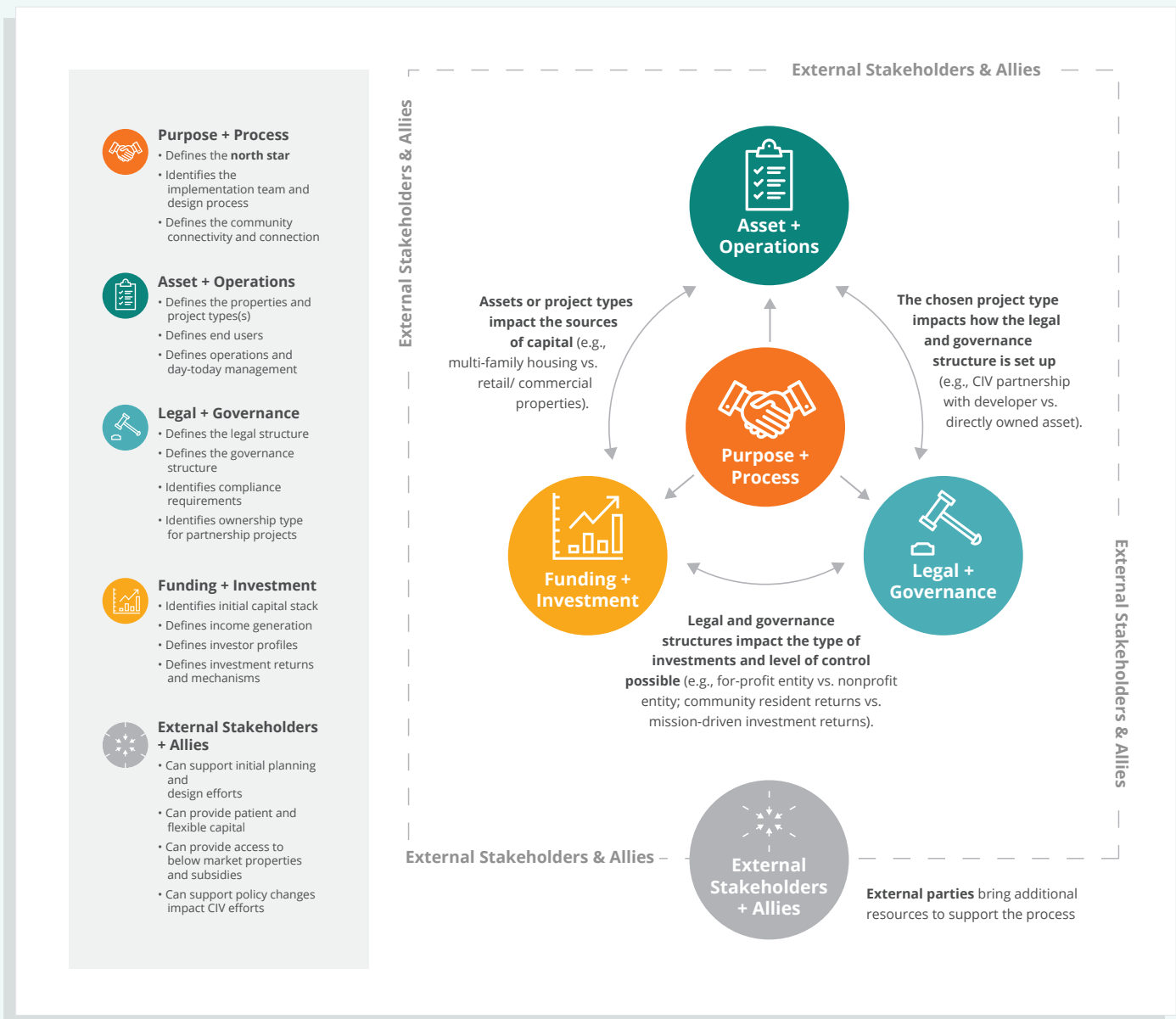


## CIV ELEMENTS

This section maps out five key elements of a CIV that should be defined as part of the design process, their interconnectivity and how those elements impact community outcomes. These elements resonated across active models as critical to the success of a CIV. *See Exhibit A below for more detailed information.*

The five key elements must be calibrated to the individual community. The first element Purpose + Process sits at the center and directly impacts all other elements. It's important to understand and consider the interconnectivity of these elements.

### Exhibit A: Interconnectivity of CIV Elements





## PURPOSE AND PROCESS

The Purpose and Process element defines the north star and shared goals of the CIV; sets general parameters; identifies the design and launch team; and outlines the community outreach strategy. It is also the most important stage of the work because it lays the foundation that will ultimately shape all other elements and sets the stage for the CIV's launch.

Individual wealth-building, community wealth-building, community empowerment and community stabilization and revitalization are common goals of CIVs. However, the path to get there is often different and driven by the design of the CIV. If the CIV wants residents to receive dividends and build their individual wealth, the CIV's legal structure has to allow for it. If the goal of the CIV is community stabilization, the legal structure and financial returns might be less of an issue because the community owns the assets and controls the long-term impact. Time should be spent to clearly define the north star to manage any competing priorities and build consensus as to the CIV's purpose and desired long-term outcomes.

The design and launch team — including any specialized consultants, such as a securities attorney — and the local community team leading the work should be identified. Specialized consultants and experts can support communities in considering financial, legal and other implications of the model. A local lead agency is required to champion the effort. This organization is necessary because in some cases they may need to serve as the intermediary property owner until the CIV is fully launched. The local lead agency also drives the north star and strategies for community connectivity.

A clearly defined role of and connectivity to the community at large at each stage of design and launch is important. For example, will the design process be open for broader input by the community, or will a subset of the community design the CIV and then seek feedback? Do the residents require investment education to be prepared to explore their options for investing in the CIV? For example, the East Portland CIT requires that residents attend "From Owing to Owning" financial literacy training prior to investing.



## LEGAL AND GOVERNANCE

Legal and Governance is the second most important element because it shapes and controls the anticipated CIV outcomes. Because of legal parameters and tax implications, the legal structure impacts options for individual wealth-building versus community wealth-building. The governance of the CIV is important because it sets expectations about who has control over decision-making—community members, investors, or some combination. ***Here are some examples of legal structures and how they impact wealth-building and decision-making:***

- ➔ **Nonprofits prohibit direct dividends offered to residents** and are governed by a Board of Directors.
- ➔ **Trusts could also limit the ability for profit-sharing opportunities** if defined as such in the trust agreement and are often governed by a trust stewardship committee.

➔ **Traditional structures, such as C-Corporations and LLCs, provide direct opportunities for dividends and profit-sharing** and are governed by a board of directors or managing members.

There are pros/cons to every legal structure, and they should be carefully considered by legal professionals to create the appropriate structure for the community's long-term objectives. For example, if the goal of the CIV is to protect and preserve community assets, receiving dividends might not be a priority and therefore a trust or nonprofit structure would be appropriate. If the goal is to provide direct profits or investment returns to residents, a more traditional structure would be required.

The East Portland CIT's legal structure as a C-Corporation provides dividends to residents. NICO was established as the first residential Real Estate Investment Trust (REIT), which also provided returns to residents. Both the Kensington Corridor Trust and the Trust Neighborhoods MINT models are currently designed as trusts that do not provide direct returns to residents.

If launching a more traditional structure, communities will need to consider the implications and management of potential grant funding. Philanthropic grants are issued for charitable purposes to 501c3 tax-exempt entities—nonprofits. There could be tax implementations for investors if grant funding is received by a for-profit entity. There are possible workarounds—such as creating or partnering with a separate 501c3 to support the non-income generating activities of the CIV, such as community outreach and investment education for residents—but the time and legal expertise required to manage an additional structure should also be considered.

Similarly, the compliance and management of investment reporting—required for all investors accredited and non-accredited—should be considered. There is a volume and quality of reporting that the CIV structure must be able to absorb.

Finally, it's also important to note that if CIVs are partnering on projects with local developers, the legal and governance structure of that project must be negotiated. In Chicago, communities consistently express a desire to be equity partners on large-scale developments coming to their communities. An organized CIV can be the mechanism for providing that opportunity.



## FUNDING AND INVESTMENTS

The Funding and Investments element defines how the CIV will be capitalized and how those funds will be allocated toward projects and operations. In this stage of the design process, the capital stack to acquire properties must be considered. Specifically, will the funding be entirely raised by the community or with external funding support?

In most models, CIVs are funded by three sources – grants, loans and/or equity investments. CIVs receive grants and/or Program Related Investments (PRIs) from philanthropic organizations. Interest-only or low-interest loans from community banks are also a source of starter capital.



Equity investment capital is the third source which allows residents to contribute capital and own a percentage of the CIV. Some CIVs also allow for equity investors beyond the local neighborhood. As part of the CIV design process, residents can decide if the initial capital raise is short-term with no equity interest in the CIV or longer-term with mission-driven investors allowed some level of equity or ownership options. The more affordable the capital, the higher the likelihood of a return within the first few years. There are federal and state laws that directly impact the capital raise from non-accredited investors (e.g., residents). Investment limits and requirements should be considered when determining the feasibility and duration to raise capital at the local level.

The East Portland CIT leveraged impact investing dollars and an interest-only bank loan to acquire a foreclosed shopping center in Portland, OR. Over time, investments from residents will replace the initial seed funding. The [Kensington Corridor Trust](#) received both operational grants and deferred interest-only PRI funding to acquire vacant lots in a targeted commercial corridor in the Kensington neighborhood of Philadelphia.

Investor types, return mechanisms and return expectations must also be considered. Depending on the CIV’s north star, communities can intentionally provide a higher return to residents. In other cases, the legal structure can prohibit direct dividends and instead reinvest the funds to continue implementing stated community goals. The [Boston Ujima Project](#) — an investment vehicle financing small businesses, real estate and infrastructure projects in Boston — has an investment structure that yields a higher and more frequent return to local non-accredited investors or residents compared to accredited and philanthropic investors. *See Exhibit B below for more detailed information.*



**Exhibit B: Boston Ujima Project Investment Types**

Investment Type	Investor Type	Investment Range	Return Target	Term Length	Rights	Fundraising Goals
Kujichagulia Note (Self Determination)	Non-Accredited Investors (Massachusetts only)	\$50 - \$10,000	3.0% Annually	3 years	Partial Security	\$500,000
Umoja Note (Unity)	Non-Accredited Investors (MA, CT, ME, RI, NY, CO only) & Accredited Investors (anywhere in US, UK, CAN)	\$1,000 - \$250,000	2.0% at Maturity 3.0% at Maturity	3 years 7 years	Partial Security	\$3,250,000
Nia Note (Purpose)	Philanthropic Investors, (Accredited Investors only) (Anywhere in US, UK, CAN)	\$5,000+	1.5% at Maturity	7 years	Partial Security, Subordinated Debt	\$750,000
Imani Gift (Faith)	Donors and Foundations	\$5+	None	None	Gifted, Not Repayable	\$500,000

Investor types vary and should be managed based on the CIV’s expectations of their role. Are investors short-term seed capital or longer-term partners? Which investors will be allowed to provide input on governance and operations?

Other considerations include the investor’s expectations of both risk and returns. What is the investor’s risk tolerance? Does the CIV meet their investment targets? In the case of the Kensington Corridor Trust, it is acquiring vacant lots that are non-income-producing properties. As a result, it is likely unattractive to accredited investors with return expectations in the immediate. *Exhibit C below highlights potential investor-types.*

**Exhibit C: Potential CIV Investor Profiles**

Investor Profiles	Motivation	Example
 <b>Community Investor</b>	Improve neighbor conditions Wealth building opportunity	Neighborhood resident
 <b>Crowdfunders</b>	Opportunity to invest in meaningful project while making a return	Investor via crowdfunding platform
 <b>Pride Investors</b>	Pride in community, support mission	Person of wealth; recommitting to childhood neighborhood
 <b>Local, Institutional Investor</b>	Investment in current service area	Local hospital, or universities
 <b>Mission-Driven, Institutional Investor</b>	Support mission advance org’s goals	Local foundation
 <b>Traditional, Accredited Investor</b>	Earn returns in socially responsible manner	Bank, Impact investor



**ASSETS AND OPERATIONS**

Assets and Operations outlines property types and projects, along with the day-to-day management of those assets. The asset type impacts the anticipated community outcomes and financial expectations. Consider these factors:

- ➔ **HANDS-ON MANAGEMENT:** Some properties might require more hands-on management than others. For example, a mixed-use development requires more involvement because of the 24/7 utilization of the space and need for potential repairs to the residential units compared to a commercial property with single retail users and direct responsibility for maintenance and repairs.

- ➔ **EXPECTED FINANCIAL RETURN:** The asset type also drives the potential income stream and feasibility to meet loan obligations or generate investor returns. As mentioned previously, non-income-producing assets like vacant land will require grant funding and patient capital because there is likely no revenue to support debt financing or to attract investors who expect returns in the immediate.
- ➔ **END USERS:** The end-users of the assets are also important because they play a significant role in the financial model. For example, below-market commercial leases for small businesses or non-subsidized below-market housing will impact project feasibility and should be accounted for in the model. The CIV should also clearly define ownership options or exit strategies for end-users. For example, if a small business rents a storefront from the CIV, will the small business have an option to acquire the property later? The Kensington Corridor Trust is currently exploring a direct purchase by a small business; however, should the small business decide to sell the property later, it will revert to the Trust.
- ➔ **PROPERTY MANAGEMENT:** While it is tempting to self-manage assets, communities should evaluate the pros and cons of hiring paid professionals—including property managers and bookkeepers—to manage the assets. The engagement of licensed and trained professionals will also make the CIV more attractive to investors and lenders.
- ➔ **OWNERSHIP STAKES:** In addition to directly-owned assets, residents can also leverage the capital raise of the CIV to invest in partnerships with local developers. The CIV could be an equity partner with the lead real estate developer. The benefit to the residents is potentially a share of the developer fee and an ownership stake in the development. For assets potentially owned in partnership with local developers, the management of those properties should be negotiated and controlled by an operating agreement.




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## EXTERNAL STAKEHOLDERS AND ALLIES

External Stakeholders are the final element. Most external stakeholders that have a shared interest in the CIV outcomes can be strong allies in supporting the CIV's feasibility. Philanthropy and local government agencies are two key stakeholder groups worth engaging in the CIV process.

Philanthropy is positioned to offer grant funding to support the initial planning and design of the CIV, as well as operating dollars to defray the cost of managing the complexities of a resident-driven ownership model. Unlike traditional investment structures, CIVs typically require some level of investor education and outreach efforts for residents. This detailed and recurring engagement requires a funding source to support ongoing feasibility at least for the earlier years of start-up. Philanthropy can also bring the most flexible capital through impact investing and PRIs that can be structured to improve financial feasibility. Their balance sheets can also be leveraged to support a CIV in attracting other funding sources, such as bank loans. They have the flexibility to offer guarantees and other risk-mitigating tools (e.g., rent reserves) to manage the uncertainty of these newly formed structures.

Municipal agencies are also potential allies because they are positioned to seed CIVs with initial



investment through below-market or no-cost municipal-owned assets. Many cities and local land banks often have inventory in the community that can be acquired at an affordable price. Municipalities can also provide subsidies, such as Community Development Block Grant (CDBG) and Tax-Increment Financing (TIF), or structure bond financing to support the initial capital stack to acquire and develop the initial CIV real estate asset.

CASE STUDY PROFILE



*“We provide a sustainable platform where entrepreneurs leverage the capital and assets of our institution to rebuild commercial corridors within their neighborhood.”*

Visit [egwoode.com](http://egwoode.com) →

**Who is the Coordinating Agent?**

Beehyvve, as the founding member

**Why was this project needed?**

→ To leverage the collective power of local entrepreneurs to grow small businesses while revitalizing commercial corridors

**What did they buy?**

- 4000 SF mixed-use property housing four local entrepreneurs
- Property purchased and held in an LLC
- E.G. Woode established as an L3C and sole owner of the LLC

**How did they pay for it?**

- City of Chicago Retail Thrive Grant - grant funding awarded to member entrepreneurs (25%)
- LISC Bridge Loan (20%)
- Impact Investors (35%)
- Founding Member Contribution (20%)
- Beehyvve as the finance guarantor

**What are the benefits to the community?**

- Member entrepreneurs receive a turn-key commercial space and have an equity stake in E.G. Woode
- Reactivation of an existing blighted property
- New services and products on the corridor (coffee shop, consignment store, barber shop, professional services firm)
- Job creation
- Non-extractive wealth-building

**How is it managed?**

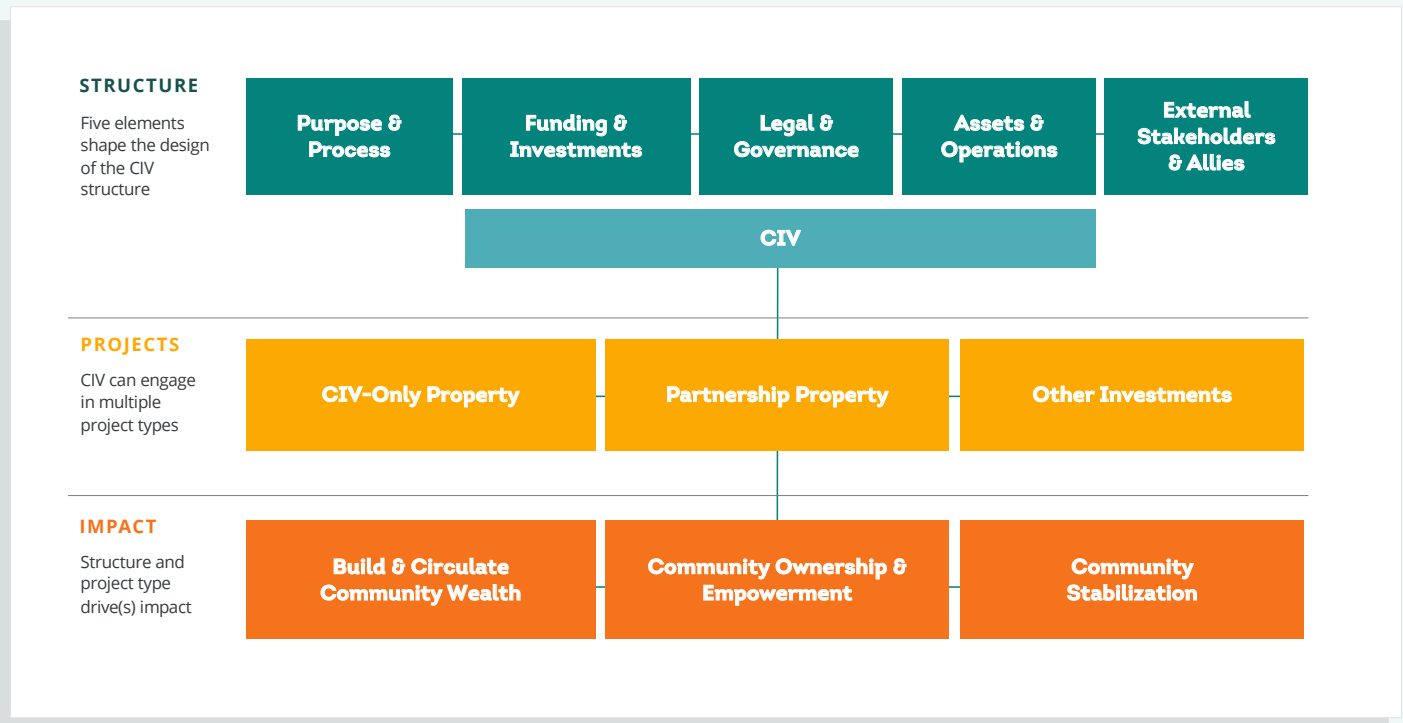
- Board of Directors
- Voting rights - 51% entrepreneurs, 49% investors
- Self-managed under the leadership of Beehyvve

## CIV PROJECTS

When the five CIV elements are taken into account, the community can design the appropriate CIV to meet its objectives. Individual wealth-building, community wealth-building, community empowerment and community stabilization are common goals of CIVs with multiple paths to get there. Both the CIV structure and its projects will drive impact. *As depicted below in Exhibit D, a CIV can invest in multiple project types once the structure is set.*

- 1. CIV-ONLY PROPERTY:** The CIV raises the necessary capital and directly owns and manages the property. The East Portland CIT is an example of a CIV-only project.
- 2. PARTNERSHIP PROPERTY:** The CIV is a partner with another legal entity to own the property. These types of projects allow community residents to raise capital to directly invest in developer-led projects or other large-scale investments happening in their community.
- 3. OTHER INVESTMENTS:** The CIV raises capital to invest in both properties and other areas of need in the community. The Boston Ujima Project is community-owned and provides financing for small businesses.

### Exhibit D: CIV Structure, Projects, and Impact



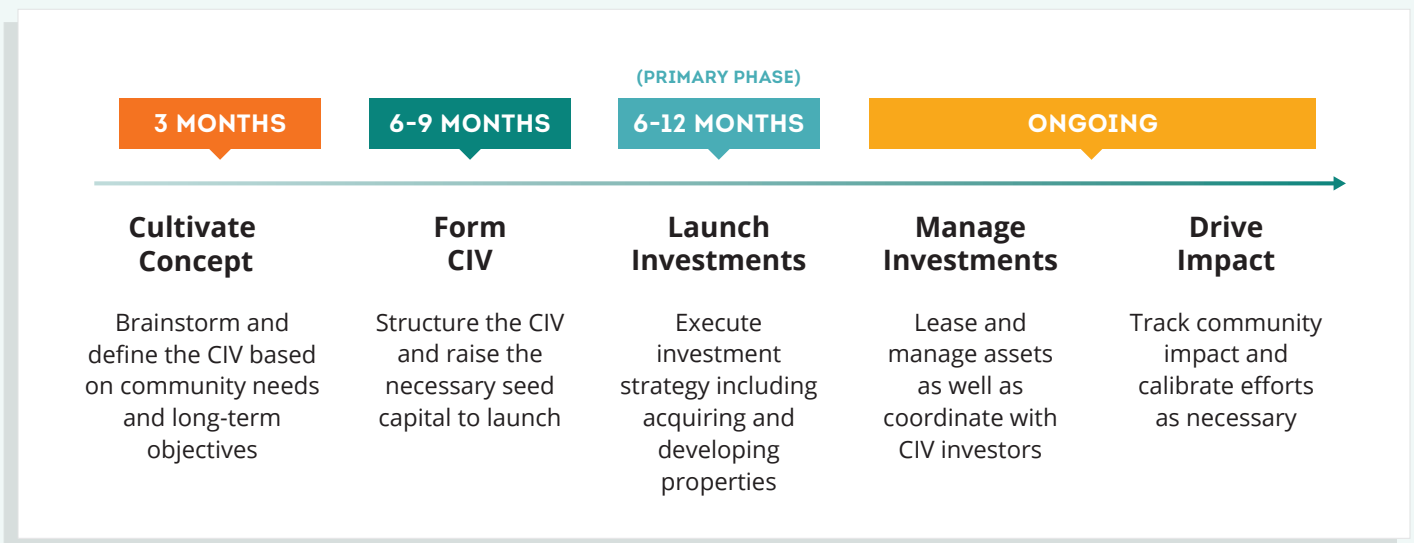
When considering project types, the community should understand how those projects connect to their intended impact and whether or not they can be supported by the CIV structure. Ideally, as the CIV structure is being designed, there are projects in mind and under consideration.

## CIV TIMELINE

Each CIV is unique. However, the stages of implementation are the same. Communities interested in launching CIVs should be prepared for a 1-2 year design and launch timeframe, depending on the complexities of the structure. *Exhibit E below provides a sample timeline.*

1. **CULTIVATE CONCEPT:** Time must be allotted for planning and conceptual design. Philanthropic planning grants can be helpful at this stage to offset the cost of hiring professionals to explore the concept.
2. **FORM CIV:** During this stage, the community has committed to moving forward with the CIV. The infrastructure is established including the legal structure, operating agreements, back-office operations, and community outreach plans. The capital raise also happens in the stage. The local lead agency or an intermediary plays a significant role in this stage to potentially acquire assets until the CIV is fully launched and operational.
3. **LAUNCH INVESTMENTS:** With funds committed, the CIV can begin to acquire and activate properties and other CIV investments (e.g., partnerships). The cost of acquisition and operations will vary by market.
4. **MANAGE INVESTMENTS:** Investor management and asset management become part of an operational plan leveraging software and hired professionals for property management and investment compliance.
5. **DRIVE IMPACT:** Tracking and sharing community impact should be considered to help with ongoing fundraising and investor retention.

**Exhibit E: CIV Lifecycle**





# 02. Implementation Guide

Outlined below is a sample work plan that includes action items at each stage of design and development. It should be calibrated based on the needs of the community and project type.

## SAMPLE WORK PLAN

	Cultivate Concept (~3 months)	Cultivate Concept (~6 months)	Launch Strategy (~6-12 months)	Manage Investments (Ongoing)	Drive Impact (Ongoing)
<b>Purpose and Process</b>	<ul style="list-style-type: none"> <li>Identify community lead(s) and project partners to spearhead initial discussions</li> <li>Conduct a feasibility study at the neighborhood level to gauge opportunities including inventorying potential properties, identifying project costs and assessing overall community interest and capacity</li> <li>Host a series of discussions with residents, community partners and other stakeholders to collect input on north star, scale and scope of the CIV</li> <li>Define the CIV design approach</li> </ul>	<ul style="list-style-type: none"> <li>Confirm purpose and scope of the CIV</li> <li>Train core CIV team</li> <li>Confirm community resources and support for active participation (e.g., financial literacy courses)</li> <li>Formalize community partners and project partners</li> <li>Confirm initial and ongoing community outreach strategy</li> </ul>	<ul style="list-style-type: none"> <li>Host convening meetings to review proposed projects and keep stakeholders aware of progress</li> </ul>	<ul style="list-style-type: none"> <li>Host quarterly meetings with all community partners</li> <li>Regularly survey community to understand desires as well as CIV strengths and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Define and monitor community goals and metrics for impact (e.g., number of new housing, retail)</li> </ul>
<b>Funding and Investment</b>	<ul style="list-style-type: none"> <li>Research and define investor profiles and build investor database</li> <li>Outline capital stack strategy</li> <li>Determine investment targets and returns for each investor profile</li> <li>Assess community investment potential and constraints</li> <li>Explore income streams to support CIV (e.g., developer fees, rental income)</li> </ul>	<ul style="list-style-type: none"> <li>Develop financial capacity programs (e.g., financial literacy) to “ready” residents for investing</li> <li>Prepare CIV operating pro forma and related financial modeling</li> <li>Develop pitch and investment materials for investors (community, accredited &amp; non-accredited)</li> <li>Launch capital raise efforts across all investor types</li> </ul>	<ul style="list-style-type: none"> <li>Launch financial capacity programs for community investors</li> <li>Continue capital raise efforts</li> <li>Prepare operating pro forma, development budget and other financial modeling for each project</li> <li>Apply for project-specific funding as needed (e.g., debt, subsidies)</li> </ul>	<ul style="list-style-type: none"> <li>Continue financial capacity programs to onboard new community investors</li> <li>Manage investment portfolio including issuing the necessary financial reports</li> <li>Provide investor updates</li> </ul>	<ul style="list-style-type: none"> <li>Define and monitor wealth building measures</li> <li>Define reporting metrics to investors</li> <li>Monitor investor mix and returns</li> </ul>

	<b>Cultivate Concept (~3 months)</b>	<b>Cultivate Concept (~6 months)</b>	<b>Launch Strategy (~6-12 months)</b>	<b>Manage Investments (Ongoing)</b>	<b>Drive Impact (Ongoing)</b>
<b>Legal and Governance</b>	<ul style="list-style-type: none"> <li>• Research and evaluate <b>legal and governance structures</b></li> <li>• Engage with <b>legal experts</b></li> <li>• Research and evaluate <b>compliance requirements</b> based on investment strategy</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Form CIV</b> including legal and governance structures (e.g., Board of Directors, entity type, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Establish any new <b>legal and governance structures</b> to support projects (e.g., co-development)</li> </ul>	<ul style="list-style-type: none"> <li>• Host <b>required governance meetings</b></li> <li>• Manage any <b>required compliance reporting</b></li> </ul>	<ul style="list-style-type: none"> <li>• Define and <b>monitor governance performance</b></li> </ul>
<b>Assets and Operations</b>	<ul style="list-style-type: none"> <li>• Research and map potential <b>CIV properties</b> (e.g., property type, location, size/# of units, etc.)</li> <li>• Explore <b>operating structure</b> (e.g., property management)</li> <li>• Explore <b>target end-users</b> (e.g., retail tenants)</li> </ul>	<ul style="list-style-type: none"> <li>• Confirm <b>project and property types</b></li> <li>• Confirm <b>end-user profiles</b></li> <li>• <b>Target projects for execution</b> (e.g., retail storefronts)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Launch investment strategy</b> (e.g., acquire and renovate 2-4 flats)</li> <li>• <b>Recruit end-users</b> (e.g., tenants)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Manage properties</b> and investments including hiring vendors</li> <li>• <b>Make ongoing investment</b> in projects</li> </ul>	<ul style="list-style-type: none"> <li>• Define and <b>monitor economic impact</b></li> </ul>
<b>External Stakeholders and Allies</b>	<ul style="list-style-type: none"> <li>• Identify and meet with <b>external stakeholders</b> including philanthropy, city officials and policy makers</li> <li>• Brainstorm <b>stakeholder roles and potential support</b> to launch a CIV</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Formalize requests to external stakeholders</b> (e.g., grant funding, government properties, subsidies, policy changes)</li> <li>• <b>Apply for stakeholder funding</b> (e.g., philanthropy, municipal funding)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Apply for stakeholder funding</b> as needed</li> <li>• <b>Collaborate with external stakeholders</b> to execute requests</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Manage required reporting</b> and related compliance</li> <li>• <b>Host updates</b> for external stakeholders</li> <li>• <b>Monitor stakeholder activities</b> (e.g., ticketing blighted properties)</li> </ul>	<ul style="list-style-type: none"> <li>• Define and <b>monitor stakeholder impact</b></li> </ul>

## SAMPLE BUDGET

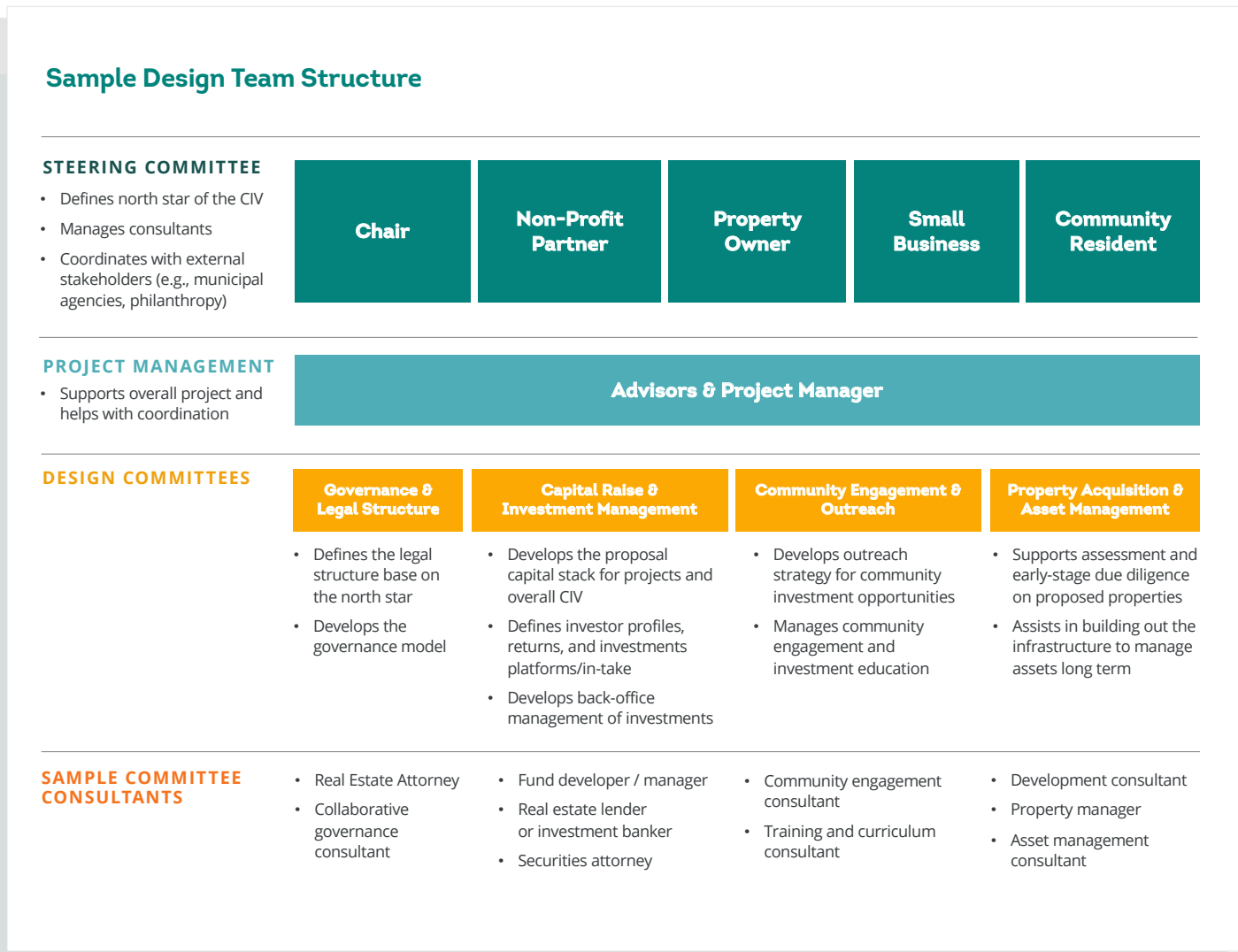
The outline below is an order of magnitude cost for the design and launch of a CIV. The design and launch cost will vary by market and subject to pro bono services and other in-kind efforts that defray the cost of community engagement and outreach, investment education and hiring of the team necessary to structure an inclusive wealth-building model.

Project Stage	Projected Costs	Assumptions
Cultivate Concept	\$75k to \$100k	One-time funding to support hiring consultant(s) for feasibility study and CIV conceptual design
Form CIV	3%-5% of projected investment budget	One-time funding to establish the legal and governance structure, resident capacity programs, raise capital and build infrastructure to manage investments (e.g., investment portal)
Launch Strategy	\$5M to \$10M	Assumes a portfolio of projects; capital raise will depend on community area, project type and mix, return goals and scale of the portfolio
Manage Investments	\$100k to \$150K	Assumes annual funding to support the CIV operations through stabilization likely five years.
Drive Impact	\$10k to \$20k	Assumes annual funding to support monitoring and reporting of key metrics

## SAMPLE DESIGN TEAM

A comprehensive and inclusive design team will help to engage the appropriate stakeholders and hired professionals as necessary throughout the process. Communities can take one of two paths to start their project – directly manage each stage of the process or engage a pre-assembled team. Outlined below is a sample design team to support the planning and launch of the CIV assuming the residents want to directly manage the process.

A steering committee should be established along with subcommittees engaging hired professionals to help ensure all five elements of a CIV have been evaluated and incorporated into the design. It is assumed that given the interconnectivity of the elements, the subcommittees are coordinating at the appropriate intersections.



# 03. CIV Assessment Tool

The CIV assessment tool is designed to gauge CIV readiness for implementation. It is an interactive form that invites teams to input the status and next steps tracking back to the five fundamental elements of a CIV that are described in this playbook: 1) Purpose and Process, 2) Funding and Investments, 3) Legal and Governance, 4) Assets and Operations, and 5) External Stakeholders and Allies. The proper planning and evaluation of these elements help to ensure there is a clear north star and purpose for the CIV, including investment opportunities such as commercial retail or housing.

## PURPOSE AND PROCESS

**Defines the north star of the CIV, general parameters, design and launch team, and community outreach strategies.**

	Questions	Status	Comments and Potential Next Steps
<b>North Star</b>	Have the overarching goals and purposes of the CIV been defined?		
<b>Implementation &amp; Community Leads</b>	Has a lead been identified to support implementation of the CIV?		
	Does the implementation team have the expertise to support the CIV?		
	Is there a community lead?		
	Is community in support of the project?		
<b>Design &amp; Implementation Approach</b>	How are/will key decisions in CIV design and formation be determined?		
<b>Resident Engagement &amp; Education</b>	How does the CIV plan to engage the community?		
	Based on your target community group, will financial education be required?		
<b>Scale &amp; Scope</b>	What the size, scope and geographic footprint of the CIV?		



## FUNDING AND INVESTMENTS

Defines the CIV capital sources, investor profiles, investment returns and community equity.

	Questions	Status	Comments and Potential Next Steps
<b>Capital Stack</b>	What are the proposed sources of funding to support the CIV?		
	Are the funding sources the same or different for the initial launch and overtime?		
	How long will it take to raise the capital?		
	What is the mechanism(s) for raising capital (e.g., crowdfunding platform)?		
<b>Income Generation</b>	How will the CIV generate revenue?		
<b>Investor Return Mechanisms</b>	Have return expectations for the various investors been defined?		
<b>Investment Tiers and Requirements</b>	Are there multiple investor types for the CIV?		
	What are terms and restrictions associated with each investor type?		
<b>Investor Profile</b>	What is the profile of each of the investor types?		

## LEGAL AND GOVERNANCE

Define the legal structure and governance, determined by the shared goals.

	Questions	Status	Comments and Potential Next Steps
<b>Legal Structure</b>	What is the proposed legal structure of the CIV?		
	Does the legal structure consider the CIV long-term objectives (e.g., paying dividends, etc.)?		
<b>Governance</b>	What are the rules, norms and oversight to manage and govern the CIV?		
	What level of control will community have in the governance?		
<b>Compliance</b>	What are the compliance requirements based on the CIV's legal structure and investment model?		
	What are the mechanisms and anticipated systems to comply with relevant laws, financial reporting and other compliance requirements?		
<b>Ownership Type</b>	Will the CIV exclusively own properties and/or invest with other partners (e.g., CIV as equity partners for a large-scale development)?		

## ASSETS AND OPERATIONS

Defines the CIV asset(s), target end users, and operating plan.

	Questions	Status	Comments and Potential Next Steps
<b>Property and Project Types</b>	What is/are the properties/projects held by the CIV (e.g., shopping centers, mixed-used development, single family houses)?		
	Do the proposed projects meet the long-term objectives of the CIV?		
<b>End User</b>	Who are the end-users of the properties/projects (e.g., small businesses)?		
	Are the end-users short-term or long-term?		
	Are the anticipated end users in alignment with investor objectives (e.g., low profit vs high profit generating businesses)?		
<b>Operations &amp; Management</b>	How will the CIV manage day-to-day operations?		

## EXTERNAL STAKEHOLDERS AND ALLIES

Defines the role of external stakeholders, such as philanthropy and municipal partners, in launching and sustaining the CIV

	Questions	Status	Comments and Potential Next Steps
<b>Philanthropy</b>	Will philanthropy play a role in supporting the CIV? If so, how?		
<b>Municipal Agencies</b>	Has local government officials and municipal agencies been engaged?		
	Are there opportunities for government to support the CIV goals?		
<b>Policy Players</b>	Will the CIV need policy support to launch the CIV (e.g., crowdfunding laws)?		



# Final Thoughts

The national movement of collective action toward building restorative economies is exciting. Residents are pooling their resources and talent to directly control their destinies. A Community Investment Vehicle (CIV) is one tool in the tool kit. CIVs are complicated and complex with a short track record of success. However, they are an opportunity for repairing chronic disinvestment, combating gentrification, and changing the power dynamics in communities.

If considering a CIV, residents and other key stakeholders should be prepared and patient as the journey will require balancing objectives and feasibility, navigating new and non-traditional investment structures and weaving all the pieces together to provide a path for community-driven and community-controlled investment opportunities.

**READY, SET, GO!**