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Trust Talks Episode #8: Building Neighborhood Wealth with Community Investment Vehicles

Chris Eagan: Hello and welcome to *Trust Talks*, episode eight, *Building Neighborhood Wealth with Community Investment Vehicles*. I have the great pleasure of being your host. My name is Chris Eagan. I'm with The Chicago Community Trust and I represent the Catalyzing Neighborhood Investment team. Shout out to Hector and Mike, who are part of the team. I mean, we have an illustrious group of guests here that I'm delighted to have this conversation with. We have Nneka, from the City of Chicago. We have Max from Nico, and we have Tonya from the South Shore Chamber of Commerce. Why don't y'all just say hello.

Tonya Trice: Hi everyone. Chris. Great to be here with you. I am Tanya Trice, executive director of the South Shore Community Development Corp.

Nneka Onwuzurike: Hi everyone. I'm Nneka Onwuzurike. I work for the City of Chicago in the Mayor's Office. I'm our community wealth building lead.

Max Levine: And I'm Max Levine. I'm the co-founder and CEO of Nico, the Neighborhood Investment Company. I'm based here in LA and thrilled to be with y'all today.

CE: These folks really are among the best and brightest. They do incredible work. We're delighted to have them here as guests. We're going to talk about this term that was coined by the wonderful Ms. Ja'Net Defell, Community Investment Vehicles. What is that? But there's a greater context for that. So we have a bunch of questions we're going to queue up just to kind of get you started.

Know that if you've tuned in to have and listen in to an incredible, friendly conversation around economic development, you're in for a treat. This is going to be quite the show. We hope you have a good time. We hope you learn, and we hope you reach out to us. We'd love to collaborate with you and tell you how you can plug in.

So right off the top, we're going to do our best to avoid jargon. We're going to try to explain these concepts as straightforward as we can. These are pretty complex things, and you got some experts here at the table with us. So we're going to kick it started with Nneka. We want to have you really kind of set the table by talking a little bit about your role at the City of Chicago. Explain how CIV is kind of an important subset of your broader community wealth building agenda. And just give us some insights into the resources the city is putting forward towards this issue we're talking about.

NO: For sure. Yeah. Thanks for having me. And thanks for allowing the city to participate in this. Our work with community wealth building started about two years ago. The mayor at the time, Mayor Lori Lightfoot was really keen on tackling inequitable economic development, so she had launched her INVEST South/West program that focused on 10 neighborhoods in the south and west side. We had launched our STEP anti-poverty campaign and she had tasked Candace Moore, our chief equity officer, with this problem of let's think through how we can tackle inequitable economic development.

And so, through a lot of conversations with community leaders and researchers in this space, we really landed on community wealth building. I think we, as a city, were doing a lot with economic development thinking through small business development and, of course, real estate development on south and west side, thinking about how do we integrate developers of color into these initiatives? And I think there was a gap, honestly, in our strategy that we were doing a lot of work, but in the very neighborhoods in which we were investing in, we saw that the folks who actually lived there were not getting an equity share in the actual real estate development that was happening in the community.

Candace, through her leadership, was really keen on focusing on how do we think about actually building ownership? It's one thing to say, when we do real estate development to build wealth by bringing in jobs into the neighborhood, whether they're permanent or temporary jobs to be bringing in developers of a color. But it's another thing to actually say how can the actual residents who are living in low income, low wealth communities actually have an equity stake in the actual development in their community?

And so, community wealth building was launched about two years ago. It was 2020, the summer of the pandemic, the summer of the racial uprising. I think there was a lot of things that happened that summer that made us really realize the importance of these models. Right? To be thinking about equity centric, racial justice centric, solidarity centric models.

So that's kind of the origins of the project. And over the course of the last two years, the city has convened a number of community leaders to really guide us in our strategy and our approach and help us define what community wealth building even means. The City of Chicago defines community wealth building as local, democratic, and shared ownership and control in community assets. And I always say we chose those words very intentionally. And then we decided that we would focus on community wealth building in four different pillars: business ownership, home ownership, land stewardship, and commercial real estate.

And so, within community wealth building and business ownership, our focus models were worker cooperatives. Within home ownership our focus is limited equity housing cooperatives. Within land stewardship, our focus is community land trust. And then lastly, the focus of this conversation within commercial real estate, our focus is on Community Investment Vehicles.

Last year when the federal government announced the American Rescue Plan Act and the City of Chicago got about \$2 billion worth of investment, we knew that this was the opportunity to say that community wealth building needs to be a part of our strategy when it comes to recovery and economic recovery from the pandemic. And Mayor Lightfoot in her budget address made a commitment to \$15 million to support community wealth building.

And so that's kind of where we are right now. We're working with a lot of great leaders in communities to help us understand how do we design this pilot project that both can build out this ecosystem. We know there's a number of players involved that are necessary when it comes to Community Investment Vehicles to help start, sustain, and scale them. So we want to invest in those players. And then we also want to invest in some large scale models to kind of prove out this concept in Chicago.

CE: Yeah. You said it really well, because the Trust through our Catalyzing Neighborhood Investment strategy has really zeroed in on that commercial real estate piece. Because we recognize that regular folks have long felt locked out of ownership of commercial buildings. That doesn't even seem accessible or real, I mean, even in the realm of their wildest dreams. And yet we know what would build wealth. That is one of the most important pathways. And it's not just enough to say, "Hey, there hasn't been investment in the neighborhood," but how does that investment actually own and controlled and led by?

So anyways, wildly interesting stuff. And we're very excited to, of course, partner with you on this in a multitude of ways. But this kind of concept of Community Investment Vehicles, it is broad. And that's why I think having Max here is great. Max is phoning in from sunny Los Angeles. And what makes him very special is that his group, Nico, they actually have experience with a CIV and putting it into practice. And so, I really want to ask you, Max, tell us a little bit about your model. How could that model have been improved? I know that you're engaged in an assessment of the Chicago landscape. So what do you see as maybe some of the high level opportunities of what CIV might look like here in our city?

ML: Absolutely. And again, I'm so grateful to be here with y'all talking about this topic here today. It's such an exciting moment for this movement towards different models of community wealth building. And I think, as Nneka has said, within that is this concept of community investment funds, which is really centered on the community ownership and decision making and other elements specific to commercial real estate.

My company, Nico, which stands for the Neighborhood Investment Company, we launched a pilot, a type of Community Investment Vehicle called a Neighborhood Real Estate Investment trust for our neighborhood in Los Angeles. And the premise of that company, which is called Nico Echo Park, is that it was the world's first neighborhood REIT, which was a public company designed to allow local folks and outside investors to own a portfolio of income producing real estate in a specific neighborhood. And our theory of change with that company was that we are animated by this idea that if everybody within a community had aligned interests through ownership of real estate, that it could really deliver some incredible and differentiated outcomes for that community over time.

We launched the pilot, Nico Echo Park, in late March of 2020. So we launched right into the early days of Covid, and we were confronted right away with managing through what I think become what I now understand to be one of the great moments of challenge within an ongoing set of housing crises, which was around tenant stability and security. And generally just the housing stability and security that folks in neighborhoods like Echo Park have experienced for many years and are continuing to experience with this housing shortage. And that I think do speak to the intention of this type of model.

We supported our residents with cash and share assistance grants to support them during COVID. And I would say more foundationally to the model, our model for neighborhood for community investment fund is really centered around making ownership through shareholding very accessible. So our minimum investment was \$95. That was the minimum that it took to become a shareholder in Nico Echo Park.

And I think that we learned a lot in the process of launching, and the managing of that company. And I think one of the most important lessons, we knew intellectually coming into the project is there is no overnight solution to equitable economic development, which is from my perspective, been broadly the circumstance through our recent multi-decade multi-generational history. And so the X factor is time. And so I think that the way that I view this moment, and I think I'll then come to speak a little bit about why we're so excited to be doing some work with you all in Chicago, is this is about planting the earliest seeds towards these ideas.

They're not new ideas, coincidentally. These are old ideas that we've lost and we've forgotten, that we're now coming back to in new way. This is going to take time, and so I sort of view this moment that we're in right now as sowing the seeds for what the next 20 or 30 years in these communities could look like if people in this communities want to support these types of Community Investment Vehicles, and I think more broadly community wealth building efforts.

The landscape, as we understand it now is. And when I say landscape, I mean for Community Investment Vehicles, community investment funds, and community wealth building movement broadly. The efforts over the last five or 10 years, I think, have been very local, fairly grassroots, typically a combination of

support from community-based organizations and philanthropic actors. And I think that we're starting to move towards an acknowledgement in the sort of presence of potentially policy and regulation that advantages community wealth building efforts when compared to parts that are not community wealth oriented.

And so, I think to have the City of Chicago as an entity take this on in such a programmatic way, I think speaks to what we really do as the next chapter that's needed to grow these types of models, which is public policy. And so, I think that having this group together, having the City of Chicago at the table, along with the Trust and other actors here who are supportive of this movement, I think is really, really exciting

CE: Yeah, Max. I appreciate you setting the table like that because it is hard to unravel, as you said, a multi-generational problem and CIV is not going to do that overnight. Absolutely, time is an important ingredient to this, and factor. But one of the things I want to lift up is this price point. You talked about \$95 as an entry point to owning something that's as significant as a commercial building.

I mean, in Los Angeles I'll bet a cup of coffee cost \$95, those certain kind of pour over. So this is important though. How do you create a price point where people can start to get into feeling like it's actually for them? And so I want to quickly quote a wonderful operator here in the Chicago ecosystem, Kim Dowdall who says, and I'm misquoting probably, but "Nothing for us without us." And I'll say that again, "Nothing for us without us."

I think that is really poignant. And Nneka pointed to this earlier. She said the key ingredient are local folks. And what does local mean? And so this is why Tonya Trice is absolutely necessary for this conversation, because as we explore the philanthropic role in this, as we think about how do institutions support this, we cannot forget how does community play a role in this?

And so, Tonya, being a leader within the South Shore community, give us your perspective on why community ownership of assets is so critical. Give us anecdotes about the challenges in acquiring and renovating properties in your experience with the chamber. And lastly, if a vehicle becomes available, how do you see that as a game changer for your neighborhood specifically?

TT: Absolutely. Chris, when I started this work with the South Shore Chamber, I think it was about 2015, we were providing small business services, access to capital, training, networking opportunities for the businesses in the neighborhood. But we soon realized that we wanted to make a broader impact. We wanted to have a broader economic development lens over the entire South Shore community. So in 2019 we formed the Community Development Corporation.

The Community Development Corporation was formed to direct increased attention to community focused economic development ventures. We realized that most of the properties in the community were not owned by local residents. Most of the businesses in the community were not owned by local residents. But all of their customers were right there from the South Shore community. We realized that in order to have control and to elicit the businesses and the services that the residents in the community want, the only way to do that is to have ownership.

So, we form the CDC in 2019, and we have participated in a number of studies and surveys. The residents in the community want to have a say in what comes into the community, and not just have a say, but they also want to invest in some of the properties. They want to invest in some of the businesses. And a vehicle like a CIV is an opportunity to create wealth building amongst the residents in the South Shore community.

So, we are very fortunate to have been selected by Ja'Net Defell and the Neighborhood Developers Initiative to participate in that program and also to create a CIV in South Shore. We feel that it's an

opportunity for us to bring in the businesses that the community wants to see. It's an opportunity for us to acquire some of the businesses that have been blighted and left vacant on our corridors for many years, and also give residents an opportunity, like you said, Max, to invest at small entry levels of \$95 or slightly higher than that, and to teach them the importance of having ownership within their own community.

Many of the property owners in South Shore do not live there. Most of them are not just out of state, but out of the country. So they don't have that vested interest in what happens in South Shore. Many of our property owners are legacy property owners, who have had the buildings for years and may not have had the opportunity to invest in the properties or make renovations and repairs needed. And so many of these properties sit vacant along our commercial corridors.

And Chris, you know. You and I have done a lot of work on the vacancy relief tax credit along the 71st and 75th street corridors in the South Shore community. And there's definitely a need for us to take ownership and control of many of these properties and reactivate them, put them back on the tax roles for the city, those that are vacant and have been vacant for many years, and to attract businesses in the community that are not duplicate, multiple businesses that are on every block, that do not extract resources from our community. And by that, I mean, business owners that do not live in the community, do not hire from the community, but they operate and they do not circulate the dollar back in the community.

We are looking for locally owned businesses and entrepreneurs, and the only way to create those opportunities is to have resources like the CIV and all of the resources that have come out of the City of Chicago that Nneka mentioned. The Neighborhood Opportunity Fund. INVEST South/West. The Chicago Recovery Program. And even the programs that the Trust has developed over the years with the catalyzing neighborhood investments. We rise together.

Those programs have been able to provide local entrepreneurs resources that they may not have been able to acquire to open their businesses. But a CIV is another vehicle where we can pull our resources together and help those entrepreneurs that are interested in taking advantage and leveraging those public resources to get those doors open and bring new businesses into the community.

CE: Yeah, absolutely an important layer in the capital stack. And I'll also mention the pre-development funnel. I'll give a quick plug for that program, which the Trust runs and manages. I also want to highlight someone you and I both referenced here, which is Ja'Net Defell. Ja'Net is a trust affiliate. She is the principal executive director, proforma wizard at Community Desk Chicago. She truly does so much. And if you don't know her or you don't know about Community Desk Chicago, check them out. They're doing incredible work.

I want to circle back to some of the themes that we kind of already touched on because these are really dense and complex and really interesting topics connected to Community Investment Vehicles. Nneka, this is kind of directed to you. How do you think about equity as you're thinking about building CIV? Because I know that's actually a pretty difficult question, and I also want to say in the context of the racial reckoning, we talked about the civil unrest. What would've been different if CIVs have been a strategy we had invested in five, six years ago? How might that look different? How do you think forward five to six years?

NO: Candace Moore is our chief equity officer. She was appointed in 2019, so when the mayor came in office, appointed the first ever chief equity officer for the. And Candace created the team of the Office of Equity and Racial Justice. And I always say my role actually sits at the intersection of her office, so the Office of Equity and Racial Justice, as well as the Economic and Neighborhood Development team. I

always say that, I think that is critically important that it sits at the intersection and not just one or the other. Because this work, and I think Tonya mentioned this too, it is both about economic development and building financial wealth. It is about building power. It's about building cultural power, social power, political power for your community. And one of the things that we talk about all the time is equity is both a process and a product. It's not just where we end up. It's how we get there.

And as we talk about Community Investment Vehicles needing to be community led and community controlled and community owned that process of building that Community Investment Vehicle should be community led and community owned and community controlled. And I think oftentimes too, as someone sitting in government now, really conscious of my position of power, and being conscious of my affiliation and partnership with philanthropy and ways in which it can be easy for us to do things for, not with, community regardless of the intention there. And so I think for us, equity means we have \$15 million. We need to assemble a table of 20 community leaders to guide us and listen, and not just talk to folks that don't even live in Chicago, to even folks who've done a lot of research on this nationally, without first rooting it first and foremost with the work here.

And so, I think there we've had some hiccups, I will say, admittedly, throughout this process. And I think one big lesson learned was we really need to center folks locally and not try to build national credibility around this work. It's really local credibility that we need to be building. And as a city who has been a perpetrator of a lot of the disinvestment and discrimination and racism that these communities are still living in, I think it's important for us to think about trust more. When we talk about the success of this work, it's not just the models that we're going to launch at the end of this, but it's the fact that I feel like there's community members who now feel comfortable emailing someone who works in the mayor's office, and building relationships with them to come and think about how do we revitalize neighborhoods and invest in neighborhoods. So I think that's first and foremost.

And the second thing I think always think about in this work is to be race explicit, not exclusive, and clearly understanding the histories of the racial wealth gap and the histories of disinvestment that start from the theft of native land, that go into the enslavement of African peoples, that have led to a long history of redlining and racial covenants. And so many things that we don't have time to fully unpack, but need to be named. And because of that, we need to be really explicit about the fact that we need to be building models that build wealth for Black folks. We need to be building models that build wealth for Latinx folks. We need to be building models that build wealth for Indigenous folks. And being explicit in naming that, and also recognize that we're not exclusive to that, that these models will lift. All boats will rise. The more we can center those most impacted, all boats will rise.

And I think the last thing I will add is I was actually at a meeting in Englewood last week. The Englewood Trail that is being developed, and folks are talking about community wealth building as it relates to that project. Lyneir Richardson who works at Chicago Trend, I think, is a partner to many of us who has been in this work of inclusive ownership and community wealth building. He made a comment of, we need to be really explicit about the fact that we're trying to make some money here. Let's talk about that. And so for me, it kind of added some new language for me of let's also be wealth explicit, not exclusive. Let's be really vocal and unabashed and unapologetic about the fact that we are trying to make money.

And, that's not the only thing. We're also stabilizing communities. We also want to have control over the properties in our development, and we're not trying to recreate the exploitive systems that got us here, but and also let's make some money.

CE: Yeah. Well said, well said. And again, folks, best and brightest, these folks could all have their own podcast. Max to you, I think that as Nneka is talking about bringing people along, making sure that the process is part of the product. That's key. Tell us a little bit about what are the resources needed.

Obviously cash, but that's not the only thing. Tell us just about what are the key ingredients you need to build a CIV? Who are the players? What kind of technical skills do you need?

ML: It's a great question. And I would say, I don't think there's a complete answer to that available now, because I don't think anybody has fully done it, myself included, Nico included. The main thing that's needed, the community's got to want to do this. The community's got to believe in it. So much of the energy that I think is required to animate these vehicles and this idea has to really come from the community.

When I think about what's needed, I think about what tools and what infrastructure can be provided such that it's easy for the community's desire for ownership and agency to be realized into vehicles like this. And so, I go to a place of getting communities that have a desire to launch and self-govern at least to some degree, these types of vehicles, where do we create the infrastructure that makes that something that can be done without having to recreate infrastructure every time somebody wants to do something like this?

As a startup founder, I go to a place of being really interested in the work that we've done to develop technology that plays a role in that, can be an operating system for these types of things for communities to use in managing and implementing Community Investment Vehicles. Capital is obviously a big one.

I would say what differentiates these things, and I think it goes to the tooling and the infrastructure that's needed, is these have the potential to be permanent, local, permanent capital structures. And what that means is that you get the benefit of compounding money and power on behalf of a community over a long period of time. And so I think the tooling and the lensing has to be really engineered towards how do you create a community of invested stakeholders over a long period of time, such that they are fully empowered to utilize that wealth on behalf of each other and the community at large?

So, I think all that stuff is needed, but maybe the sort of psychological and emotional tool for a community to understand what they're getting into, is to simultaneously create excitement and storytelling around what does this community wealth building journey, what could it mean for this community? While also moderating the expectation that just launching of these things is going to create game changing wealth for everybody in the first year or maybe even five years. This a ten, a 20-year project to change how these economies are structured and disintermediated on behalf of a broad group of local folks.

CE: That's actually brilliant. I appreciate that because Tonya, that this is going to be the final question, and it dovetails directly off what Max is saying here, which is that I feel like we're dipping our toes right now into Community Investment Vehicles, but we want to eventually cannonball. We want to get way, way more involved. We want to make splashes and waves and ripples. But as we start to do that, what's been the reaction of community members? You're working on all sorts of projects. You may or may not have introduced this concept. What's been people's reactions, fears, excitement? Tell us about a few instances where you've brought the topic up to folks in the kind of South Shore Chamber network.

TT: Well, I think South Shore is very excited about this. It is new, and we are still kind of rolling this concept out. And Max, to your point, there is definitely an educational component that will have to come along with this type of investment for local residents that may not have much experience in acquiring real estate or investing in properties. But this is the most democratic process that I can think of to revitalizing a marginalized community.

So, we have one example of a shared ownership model in South Shore where a group of residents acquired a property along the 71st Street corridor. It's a mixed use property with about 24 units,. I believe it's been vacant and an eyesore for many years. They acquired that property, and now they have turned that vacant eyesore to viable housing for many local residents. They are seeking businesses to go on the ground floor, and it's really going to be an asset to the community.

And it was just because they get tired of driving past this vacant building for so long and not having the resources, but having vacant space available where a nice restaurant can easily be located there, or general merchandise stores where you don't have to drive outside of your community. I think that the residents of South Shore will definitely become more excited about it as we roll it out. The concept is ideal, and I think it's something that will allow us to attract the resources to the community, not just from governmental, but also from the philanthropic community as well.

CE: Well, folks, we are at time. I could talk to you about this for many more episodes, but we are going to wrap up here. First and foremost, I just want to thank you for coming on. Each of you have provided an incredible perspective into this topic. Again, I encourage folks, if you had the kind of knee-slapping good time that we intended you to have, we encourage you to reach back out to us. We really do. This is an invitation to come work on behalf of this. We really believe this is done in collaboration, the city, the neighborhood organizations, The Chicago Community Trust.

We want to play a role in convening and bringing folks together around this topic. So again, just want to thank Max, Nneka, Tonya. Thank you so much for being here. And we can't leave without thanking our sound and production team, Juneteenth Productions, Creative Decisions. Maurice and Cylk, thank you so much. This is a first-class studio you got here for us. It's been a delight and just thank you so much for the time. And roll the credits.

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