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**Jan-Michele Lemon Kearney**  
*Vice Mayor*

November 30, 2023

## MOTION

**WE MOVE FOR A REPORT** within sixty (60) days on establishing a Community Investment Trust (CIT) program in Cincinnati, including feasibility, costs, and steps for implementation. Portland, Oregon established its CIT program in 2015. The mission of the CIT “Learn-Invest-Profit” program is to move investors from “owing to owning.” Residents of the building and of the surrounding communities, especially low to moderate income residents, are encouraged to be investors. Each investor invests a small dollar amount (\$10-\$100) every month into the building in which they are living. As time passes, the investors buy more shares in the building as the building value appreciates and the loan amount decreases. The investors pay expenses for the property. They receive an annual dividend when there is a profit. There is also a provision, a Letter of Credit, to protect the investors from losses. Investors may cash out at any time. Being an investor requires residency in the building or the surrounding community (as defined by zip codes), and participation in financial literacy classes.

Vice Mayor Jan-Michele Lemon Kearney

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## **STATEMENT**

Portland, Oregon's Community Investment Trust (CIT) program uses a "Learn-Invest-Profit" model to break the cycle of poverty by moving investors from "owing to owning." The goal is to build generational wealth through ownership of real estate. The program focuses on low to moderate income families, but can also help young people just starting their careers as well as older residents who want to pass on wealth to their heirs.

CIT is a low-dollar, loss protected investment opportunity for all community residents. Investors build equity in a commercial property. CIT offers a long-term path to collective, communal ownership of real-estate for investors for \$10 - \$100/month. CIT aims to help all community residents benefit from economic prosperity and build community through financial inclusion. Portland start its CIT in 2015. By 2019, 33% of investors reported improved credit scores, 65% reported becoming more involved in their community by participating in neighborhood events, and 96% reported using the financial planning techniques to stay on track for their financial goals.

Cal: Equitable Housing

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**Memo**

To: Vice Mayor Kearney

From: Anthony Stevens

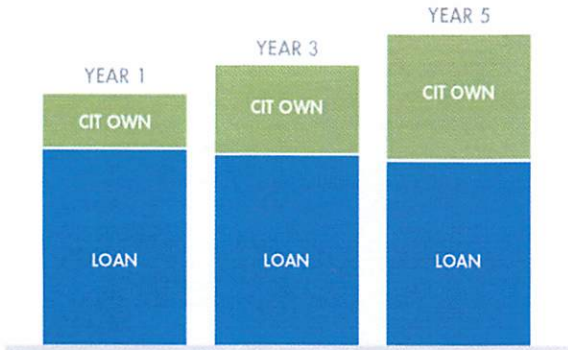
Date: 11/30/2023

Subject: Community Investment Trust

- Investors make money by following our Learn-Invest-Profit steps:
- Through the CIT class, investors LEARN how to Move from Owing to Owning, then enroll to INVEST \$10, \$25, \$50, or \$100 per month.



- As time passes, investors buy more shares in the building. During that time, the property appreciates, and the loan owed on the property goes down.
- The combination of the two factors increases the value of the CIT shares.



**POTENTIAL VALUE OF CIT BUILDING**

- During the year the building tenants pay rent and expenses for the property. When there is money in the end that is PROFIT, investors receive an annual dividend.



- What sets the CIT model apart is that we have built-in a provision to protect the shareholder's investment from losses through a Letter of Credit.
- Start investing and build assets
- Earn Annual Dividend (minimum 2%)
- See the value of your shares appreciate over time with the appreciation of the property value and the pay-down of commercial mortgage

- Build your investment that's protected from loss
- You can cash out at any time and every year you know what your sale price will be
- Property Viability evaluates the property's price and estimate of improvement costs relative to assessed and market values.
- 2. Government Support evaluates the potential for government funding (is the property in an urban renewal area, transportation corridor or area of other public sector attention and potential support?) Governmental support can influence the financial bottom line of a project in a variety of positive ways, including subordinated debt (increasing potential transaction size) and soft cost offset programs. Government support is not necessarily expected or required in each transaction, but it can have significant implications for the feasibility of a given project.
- 3. Housing lists the number of units of affordable housing and housing agencies within a two-mile radius of the property.
- 4. Partners lists and evaluates the number and quality of potential partner groups such as neighborhood associations, non-profits, schools, churches, libraries and community-based groups. Partner organizations will play a key role in outreach, community engagement, and education in any project location.
- 5. Flexibility lists and scores the flexibility of the property through its property value, land to improvement value, lot size, building to lot size, age, condition and zoning.
- 6. Location relates to various aspects of the property's location visibility, proximity to public transportation and current or potential tenant mix.
- 7. Neighborhood lists the conditions of the neighborhood such as the poverty rate, median income, ethnic diversity and primary languages spoken.

Entity	Date	Value	Financing/ Debt	Notes
Plaza 122 Community Investment LLC (single member LLC of MCNW)	12/18/14	\$1,200,000	\$900,000 Beneficial State Bank (interest only loan) \$115,000 Impact Investor Loan \$115,000 Impact Investor Loan \$122,782 Loan MCNW	See closing document for detailed reconciliation
Plaza 122 Community Investment LLC	6/6/17	\$1,540,000	\$920,000 Northwest Bank (included \$20K cash deposit) \$115,000 Impact Investor Loan \$115,000 Impact Investor Loan \$220,000 Loan MCNW	Loan to LLC without recourse to Mercy Corps. Loan increased due to capex on Plaza 122
Plaza 122 Community Investment LLC	7/14/17	\$1,540,000	\$150,000 Letter of Credit Note: LC with primary mortgage of \$920,000 subject to a 75% LTV (Loan to Value) of Plaza 122 at \$1,540,000	Loan to LLC without recourse after ownership transfer below
Plaza 122 Community Investment LLC (single member LLC ownership transferred to East Portland CIT Corporation)	7/31/17	\$1,540,000 <sup>5</sup>	\$181,597 Capital appreciation Mercy Corps <sup>6</sup> \$243,824 Loan MCNW	Loan to Mercy Corps increased due to asset transfers (cash, deposits) to Plaza 122 Community Investment LLC

**Table 1: Transaction History of East Portland CIT Corporation (aka Plaza 122)**