

# Vision for Implementation

The CIT team envisions the implementation of our model under criteria ensuring that participating organizations possess the competence and capacity to implement a CIT successfully. To ensure success, we developed the CIT Tool Kit, which we will license. We are committed to assisting organizations who have variations from our pilot project with guidance on range of project types with case studies, strategies and solutions on ten primary areas of project feasibility and design: 1) Organizational Dashboard; 2) Community Mapping; 3) Property Evaluation and Neighborhood Viability; 3) Property Financial Analysis; 4) Capitalization and financing steps and options; 5) Owning to Owning Investor Education; 6) Legal structures; 7) Capitalization Strategy; 8) Operations; 9) Impact and Learning Strategy; 10) Organizational Assessment (see details below).

## CIT Implementation Principles and Goals:

First, **Identify Partners** who agree to the following guiding principles to support the implementation of the CIT model in places of need and with a lead organization in each location with the capacity to create and manage a CIT. These may include Non-profits / Cities / Housing Agencies / Churches / Economic Development Agencies or a collaboration of these or other appropriate stakeholders.

- **Purchase, Capitalize and Manage a Property** – To achieve the needs and desires of the community while maintaining a strong tenant mix and strong financial return for investors.
- **Maintain Focus on Improving Financial Decision Making** – Through engaged community leadership, fiscal literacy and financial action trainings, and shared learning, community members will improve financial planning, decision making and take affirmative long-term action for themselves through investing.
- **Increase Financial Inclusion, Equitable Development and Reduce Asset Poverty** – Among low-income communities and with renters in diverse urban and rural communities by providing investors a path to build assets by investing in a profitable CIT. Engage also with people who have an “affinity stake” in the neighborhood as potential impact investors or supporters.
- **Improve Community Health** by engaging community members in a common cause to increase safety, unity, and community engagement through making an investment in the community in which they live.
- **Maintain and Build Community Oversight to Companion Community Ownership** by fostering leadership and the skills of a board of directors in corporate and fiduciary oversight, community social responsibility and accountability, and the promotion of environment and community health.

**Products for Initial CIT Implementation Feasibility Study (10 sessions done with the CIT team leading a local lead organization and its partners to coach, counsel and build their capacity; One-time fee of \$50K, including post FS support and in-person convening in Portland, OR):**

### 1. Organizational Dashboard, Self-assessment Tool and Staffing Requirements

(Helps assess an organization’s requisite skills to create and manage a CIT)

### 2. Community Mapping Tool

(Helps scan for the assets and gaps in a project’s geography)

### 3. Property Evaluation Tool and Neighborhood Viability

(Helps evaluate and score eight important project categories)

#### **4. Property Financial Analysis and Spreadsheets**

(Excel spreadsheet for project financial projections, analysis of capitalization and profitability)

#### **5. Capitalization Options: Debt / Subordinated Debt / Equity / Grant Subsidy**

(Augments the spreadsheets above with strategy on capitalization; see greater detail below)

#### **6. Education - Owing to Owning classes**

(Financial literacy, goal planning and investing course)

#### **7. Operations**

(Outlines aspects of operating CIT, position description, budget and long-term funding strategies)

#### **8. Legal Structures for entities**

(Overview of the formation of entities and novel SEC security registration exemption)

#### **9. Impact and Learning**

(What and how we track performance, demographics and impact. Design, Monitoring, Evaluation, Research and Learning framework)

#### **10. Organizational Assessment and Next Steps**

The resource tools above comprise a comprehensive **Feasibility Study**, a capacity building training to imbed the understanding and tools necessary to implement a multi-faceted and complex CIT project into their community. We think the focus on the steps to be helpful in building the foundation for success that is aligned with:

**People and Place:** Human Centered Design framework for research with target community and leaders.

- a. Target an area by zip codes and census tracts with research on demographics (age, ethnicity, education, income, renter- owner, time lived there-displaced from elsewhere. Perform short survey on savings, investing, voting, attendance at community meetings, joining neighborhood groups.
- b. Map institutions such as schools, churches, community spaces, parks, affordable housing, libraries and other community spaces.
- c. Survey and gain feedback on pilot models, real or not.
- d. Survey what businesses people feel they would like but is missing in their neighborhood.

**Prospects (building on People and Place):** Institutional Scan and Evaluation

- a. From people above and throughout the community, identify leaders, influencers, funders.
- b. List and rank to a matrix of roles, competence, longevity and commitment.
- c. Gauge government, foundation, university, bank and real estate expertise and interest.

**Property and Product**

- a. On-off market utilizing CIT property evaluation tool.
- b. Fit with needs and desires from #1 above.

**Plan for Required Capitalization**

- a. Acquisition plan
- b. De-risking options
- c. Debt: Equity stack (senior bank debt, PRI/impact subordinated loan, grant/equity gap
- d. Community Investment Amount
  - Capitalization will address:
    - Who takes risk in the development phase?
    - Who is the patient equity capital and how long?
    - Capital stack form, terms and over what time?

## Analysis, Recommendations and Action Steps

- End Game – financial social returns calculation
- Rating of feasibility prospects

## Products for License and Launch: One-time fee based on project size and # of investors, at 3% of property acquisition cost:

### 1. Investor Training and Curriculum

(Owning to Owning class curriculum, translations into five languages and delivery strategy)

### 2. Legal Framework and Entity Formation

(Templates and rationale for legal structure to guide your own local legal counsel)

### 3. Board of Director Training

(Guides how to form, shift and maintain competent fiduciary oversight for the CIT in the community)

### 4. Communications, Public Relations Guidance

(Media and marketing strategy and examples)

### 5. Website: InvestCIT.com

(Updated with relevant information for investors, locally focused. Platform for replicator projects)

### 6. Access to Online Investment Management Portal and Customer Service Provider

(Site for all investor and fund flow management)

### 7. CIT and Investor Management

(In addition to the portal above, we have developed a project flow chart and an operations plan. We will provide guidance on project operations and finance management and investor management for a wide range of ethnic, religious and age groups)

### 8. Annual Monitoring, Evaluation, Research, Learning and Impact Evaluation

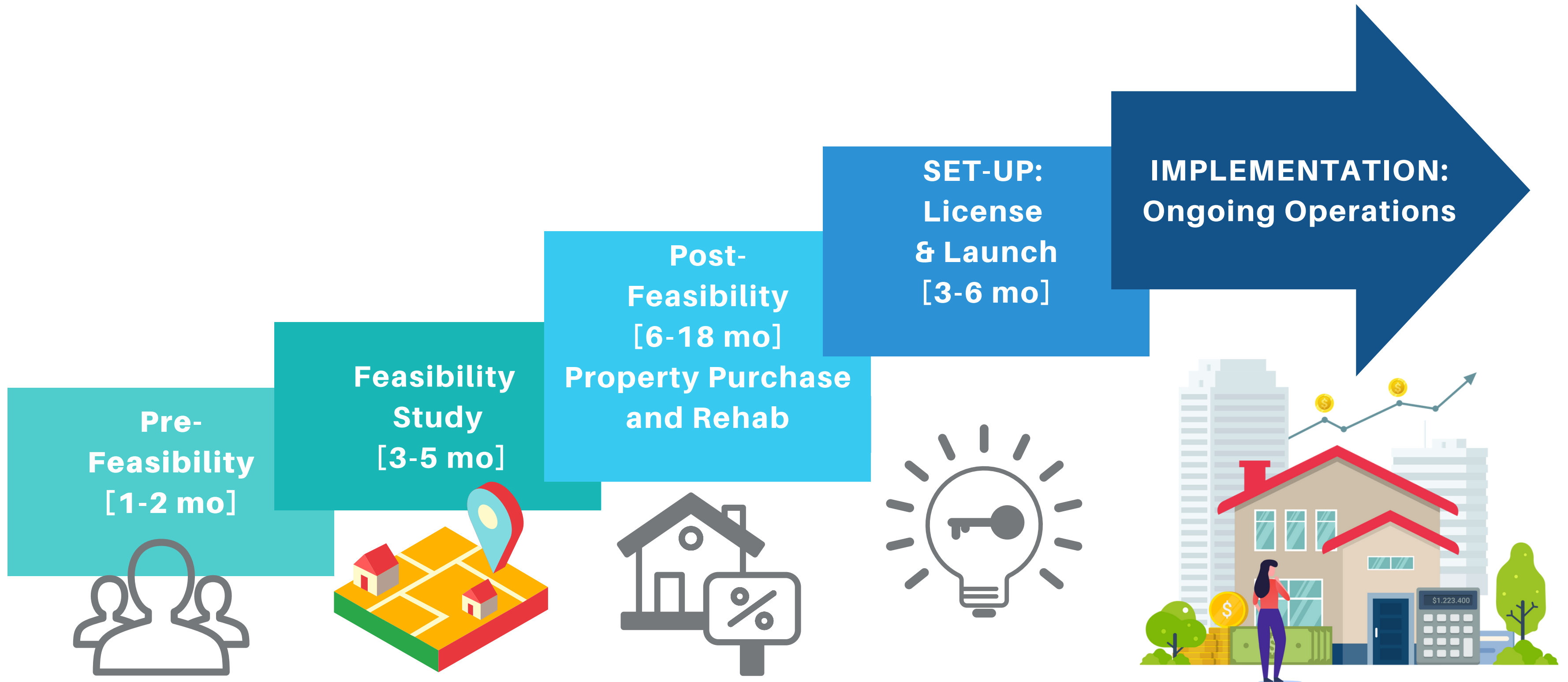
(This menu of impact tracking is both a design service and a monitoring and reporting service)

### 9. Community of Practice Sharing and ongoing Learning with Implementers

(This tool will be built as a method of sharing replicator learning and their experiences for the betterment of the model as it is replicated and for existing CIT projects to improve management over time)

**10. Products for Ongoing Operations** (annual service fee, depending on project size and number of investors estimated at \$18K for under 400 investors and \$24K for 400-1,000 investors).

# CIT IMPLEMENTATION TIMELINE



# CIT Implementation Overview

*A step-by-step route from CIT initiation to completion with a proven legal framework, web platform, and investor relations portal.*



[3-5 mo]

One-time fee of \$50k including post FS support and in-person convening in Portland, OR

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## PLANNING: Feasibility Study

*Step 1: Engage with CIT Services in a 10-step planning process to evaluate need, capacity, and overall feasibility for a CIT:*



### Products:

- Organizational Self-Assessment Tool
- Community Mapping Tool
- Property Evaluation Tool
- Property Financial Spreadsheets
- Online Financial Action Class Materials
- Legal Coaching
- Operations Guides & Model Budget
- Capitalization Resources & Guidance
- Impact and Learning Framework
- Community of Practice



[6-12 mo]

One-time fee: 3% of property acquisition cost

One-time fee: \$35k to Orrick Legal for entity formation, offering document templates, support with state exemption

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## SET-UP: License & Launch

*Step 2: Get your CIT off the ground!*



### Products:

- Facilitator Training Curriculum
- "Owing to Owning" Investor Education Curriculum (multiple languages)
- Legal Framework & Entity Formation
- Board of Directors Training Curriculum
- Communications & Marketing Guidance
- Design, Monitoring, & Evaluation Framework and Guidance
- Onboarding to the investment portal
- License & Launch workflow support



[on-going]

Annual fee of \$18K (under 400 investors) to \$24K (over 400 investors)

Annual fee of \$4.5K for the Letter of Credit Trustee

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## IMPLEMENTATION: Ongoing Operations

*Step 3: Continue to operate, grow, and evaluate your CIT.*



### Products:

- Website (investcit.com)
- Online Investment Management Portal
- CIT & Investor Management Guidance
- Annual Monitoring, Evaluation, & Impact Guidance and reports
- Community of Practice Ongoing Learning