RENEWING CITIES

Restoring Opportunity through Community Ownership

Renewing Cities helps communities across Indiana restore their historic downtowns to boost community pride and make small-town America a place where people have enhanced opportunities for personal and professional growth. Rather than a piecemeal approach to development, we restore an entire downtown of 50-100 buildings in under 10 years. A typical project consists of 60-70% housing and 30-40% commercial and retail space that becomes locally owned and operated.

DEVELOPMENT OVERVIEW

There are five basic steps to the development process:

1. Property Acquisition (12-24 months)
2. Design and Financing (12-18 months)
3. Construction (18 months from closing)
4. Property Management (ongoing)
5. Event Planning (ongoing)

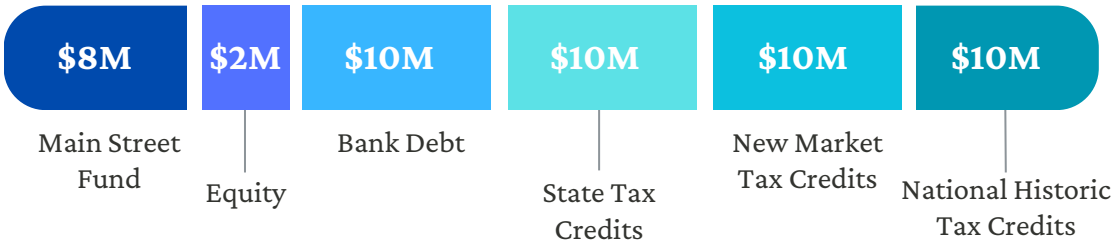
The average historical building is 6500 sf. and costs $2.5M to restore to modern standards. By undertaking at least 10 buildings at a time, the project has the scale and density to anchor a transformation and is large enough to qualify for federal and state tax credit programs.

SAMPLE CAPITAL STACK

Below is a sample capital stack for a $50M project leveraging local investment, state and federal tax credits, and traditional capital sources. Typically, $2-$3M is required for property acquisition followed by funding for construction and redevelopment.

VAN WERT CASE STUDY

In 2019, a group of business and civic leaders in Van Wert, Ohio, decided to take action to address their community's steady and drastic decline. They secured $3M from local investors and, with the assistance of PAGO USA, acquired 44 properties in under 20 months. The initial effort led to a $46M investment to restore 20 of those properties, which are owned and leased by the community foundation. The mixed use properties now house residents and small businesses that have returned downtown, showing that decades of decline can be overcome with vision, strategy, and leadership.



Learn more at RenewingCities.org

RENEWING CITIES FUND

The Renewing Cities Fund provides public, private, and philanthropic investors the opportunity to support the redevelopment of small towns across Indiana, while providing the catalytic capital needed to unlock tax credits and bank debt for the construction phase. The Fund is managed by Commonwealth Impact Foundation, a nonprofit impact investing platform affiliated with Sagamore Institute. Commonwealth also offers community-specific funds to facilitate local investment.

RENEWING CITIES FUND TERMS

Type: Impact Investment

Size: $300M

Return: 6-8% for Qualified Investors; 3-5% for Foundations and DAFs

Guaranty: Negotiated with local government and/or philanthropic institution

Dividend: Semi-annually

Period: 10 years

Manager: Commonwealth Impact Foundation

Fee: 50 bps annual management fee on deployed capital; 1% construction closing fee

HOW IT WORKS

1. Commonwealth establishes the Renewing Cities Fund, a limited liability company.
2. Investors complete an onboarding form, then sign a Master Investment Agreement and Promissory Note loaning money to the Fund.
3. Commonwealth calls investment and loans matching capital to Downtown Trusts for property acquisition and development.
4. Commonwealth monitors progress and provides ongoing financial and impact reporting to investors.
5. The Downtown Trusts repay the Renewing Cities Fund according to the investment terms, which in turn repays investors.

CHARITABLE CAPITAL AS INVESTMENT

In addition to private investment, institutions can invest charitable assets from foundations, donor advised funds, and endowments in the Renewing Cities Fund. Investment earnings are tax free and returned to the investing entity for grantmaking, thus multiplying the impact of those dollars. This is a great way to deploy low-risk capital alongside private investment for the betterment of Indiana's communities.

PROJECT PARTNERS

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Commonwealth Impact Foundation manages the Renewing Cities Fund and supports community leaders through its think tank affiliate, Sagamore Institute. Commonwealth's partner, Gingras Global, provides investor relations and accounting support.

PAGO USA

PAGO USA leads property acquisition and development in partnership with the Board of Advisors of the Downtown Trust, which is comprised of local business and civic leaders.