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Combining Traditional Development Financing with Community Crowdfunding

The Chicago TREND Model for Inclusively Owned Commercial Real Estate

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ABOUT THE ASPEN FSP WEALTH INNOVATORS COHORT AND THIS PUBLICATION SERIES

In 2024, Aspen FSP invited leaders who are working at the forefront of inclusive ownership of commercial real estate (CRE) to participate in a Wealth Innovators Cohort. In addition to facilitating peer learning and networking, we have worked together over the past year to more deeply understand and communicate the opportunities this strategy presents for investors. More information about the Cohort is available at https://bit.ly/AspenFSPWealthCohort.

This case study is part of a suite of five publications, including a primer for investors on inclusively owned commercial real estate and case studies on Community Investment Trust, Chicago TREND, LocalCode Kansas City and LocalCode, and Partners in Equity. The primer[1] provides an overview of a variety of development strategies and approaches to inclusive ownership, including an examination of the legal structures, financing models, and strategies to make ownership possible for lower-income and lower-wealth investors. The case studies provide in-depth looks at four examples of how this type of development can work in practice. While each organization has a unique strategy, the Cohort members are united in their goal to change how and to whom capital is allocated to address long-standing racial inequities in real estate development. Both systemic injustices and real estate development practices that prioritize rapid returns to investors over long-term community benefits have made it challenging for people and families of color to build generational wealth. By expanding residents' ownership stakes in local CRE, Wealth Innovation Cohort members seek to disrupt practices that neither account for the needs of low- and moderate-income (LMI) residents and business owners nor share the benefits of development projects in their neighborhoods.

Together, these five publications demonstrate proof of concept: Developing commercial property for inclusive ownership benefits developers, accredited investors and non-accredited investors, neighborhood residents, and local economies. What is needed now is greater awareness among investors and more capital to enable growth and replication across the United States.

Chicago TREND: Facts and Figures

Established: 2016

Location: Chicago, Illinois, and Baltimore, Maryland

Current portfolio: 6 shopping centers valued at $36 million

Acquisition and development financing: equity and debt from impact investors, traditional commercial loans, philanthropic Program Related Investments (PRIs), crowdfunded contributions from non-accredited investors

- Goal to acquire 12 additional properties

Chicago TREND Real Estate Fund LP: $11 million raised of $20 million goal

Community investment mechanism: equity crowdfunding

Community-based investors: 380

- Average investment: $2,270
- Average annual dividend: 5%

Background: Chicago TREND brings capital, amenities, and ownership opportunities to majority Black neighborhoods

Across the United States, structural factors that create deep income inequality and perpetuate racial wealth gaps have led to a situation in which thousands of communities and households lack the wealth necessary to manage life's ups and downs and invest in their futures. Families in LMI communities with majority Black populations have faced persistent, systemic barriers to wealth building, including redlining, restrictive covenants, credit discrimination, and other forms of bias, contributing significantly to the gap between white households' and Black households' typical wealth.[2] Recent research from the Brookings Institution finds that commercial properties in predominantly Black low- and moderate-income neighborhoods are undervalued by 7 percent, contributing to an aggregate wealth loss of $171 billion.[3] Chicago TREND is at the forefront of a new approach to community development that brings residents and other stakeholders into—rather than leaving them out of—the benefits of commercial development through a combination of traditional redevelopment financing of shopping centers with crowdfunded equity investments from local residents.[4] Its model enables residents to participate directly in property ownership, invest in their neighborhoods, and reclaim economic power.

Founded in 2016 by experienced developers Lyneir Richardson and Robert Weissbourd, Chicago TREND was established as a social enterprise to strengthen urban commercial corridors through strategic, community-driven commercial real estate investment and small business support. Chicago TREND first purchased four shopping centers in Chicago and assembled a team that supports every aspect of community ownership projects, including business capacity building, credit underwriting, portfolio management, capital improvements, public outreach, and mixed-use transactions. In 2021, TREND expanded to Baltimore, Maryland, where it has completed two more acquisitions to date. TREND's projects are designed to earn returns for investors while bringing critical amenities to disinvested, segregated, predominantly Black neighborhoods.

Richardson also established an affiliated nonprofit community development corporation, TREND CDC, which works with community residents and local nonprofit organizations on community outreach and provides technical assistance to small businesses that lease space in TREND's shopping centers. Together, Chicago TREND and TREND CDC have directed $11.8 million of equity capital and grant funding toward capital improvements, technical assistance and financial support for small businesses operating within their shopping centers, and programs to strengthen neighborhood vitality and economic participation.[5]

Chicago TREND employs a rigorous set of place-based criteria to identify and select impactful commercial real estate projects, including the following:

1. **Underserved Location:** The property must be situated in an underserved area, such as a Community Development Financial Institution (CDFI) Investment Area or an Opportunity Zone.
2. **Tenant Resilience and Community Services:** The property should be tenanted by businesses resilient to e-commerce and economic downturns and able to provide essential goods and services to the local community.

3. **Majority Black Neighborhood:** The property must be situated in a neighborhood where at least 50 percent of the population in the surrounding three-mile radius are Black (there are no restrictions on the identity of community investors).[6]
4. **Neighborhood on the Cusp of Change:** The area surrounding the property should be poised for positive transformation or at risk of decline, signaling an opportunity for meaningful intervention.
5. **Tenant Composition:** At least 30 percent of tenants should offer personal and health-related services, further enriching the local quality of life.
6. **Purchase Price:** The property acquisition price is established with the goal of achieving a target return of 8 to 12 percent for equity investors.

As of December 2024, Chicago TREND had a $36 million portfolio across six properties in Chicago and Baltimore. They are in the process of transforming urban shopping centers into vibrant community assets and have introduced 380 individuals to real estate ownership. Community residents have contributed an average of $2,270 each,[7] investing not just in a property but also in a shared vision of economic revitalization that supports neighborhood needs and shares the financial benefits of development.

This case study explores how Chicago TREND has enabled non-accredited investors,[8] most of whom are Black or LMI residents, to gain an ownership stake in their community. Where possible, publicly available information is cited in the case study, but much of the content is drawn from Aspen FSP and the authors' structured interviews, meetings of the Wealth Innovators Cohort, and additional conversations with Chicago TREND leadership throughout 2024.

Organizational structure

Chicago TREND's organizational structure includes several for-profit and nonprofit entities, each with distinct, yet complementary, roles:

- The Chicago TREND Corporation is the backbone social enterprise that catalyzes and accelerates commercial development that strengthens communities.
- TREND CDC, the nonprofit arm, is responsible for investor education, communications, and community engagement, ensuring a holistic approach to project management and support.
- In 2023, the Chicago Real Estate TREND Fund LP was established to mobilize capital for acquisition and redevelopment of these commercial developments. The TREND Fund is a vehicle for impact investors seeking an innovative opportunity to scale the work of an experienced and visionary first-time fund manager.

For each new development, Chicago TREND establishes a limited liability company (LLC) and then invites community stakeholders to invest. The relationships between TREND and investors for one property, Edmondson Village Shopping Center in Baltimore, Maryland, is illustrated in Figure 1.

Figure 1. Legal Structure for Edmondson Village Shopping Center

Edmondson Village Shopping Center: An inclusive approach to economic development in Baltimore

Edmondson Village Shopping Center in West Baltimore, Maryland, once a thriving retail destination, fell into disrepair and distress in recent years. As some shops sat vacant, the site suffered from crime and neighbors began avoiding the shopping center.[9] Chicago TREND's leaders saw an opportunity to redevelop the property, bring back retail and other amenities, create new jobs, and help the neighborhood thrive once again.

However, the organization discovered that the property's deed included an 80-year-old restrictive legal covenant.[10] Such covenants were commonly used to prevent Black people and others (for example, Jewish families) from owning commercial or residential property in many communities. They remain present on many property deeds, symbolizing the lasting impact of systemic racism on racial wealth gaps. After a lengthy legal process, Chicago TREND was able to amend the deed to eliminate the covenant and purchased the property for $17 million. Local residents invested $454,000.[11]

Reflecting on the impact, Baltimore Mayor Brandon M. Scott shared, "Opening this door to the next era of the historic Edmondson Village Shopping Center's future was a community effort through and through. I am so grateful that Lyneir Richardson and the TREND team have led this effort by including the community's voices, needs, and input every step of the way. After years of fighting to help change this shopping center's situation to no avail, we are finally able to pursue a redevelopment that will help bring 21st-century facilities, good jobs, and national retailers to this neighborhood."[12]

Sources and uses of capital

Chicago TREND launched the TREND Real Estate Fund in 2023 to purchase and redevelop community shopping centers in underserved areas of the country, with an initial focus on Chicago, Baltimore, and Minneapolis. Chicago TREND contributes 2.5 percent of the Fund's total capital as the general partner. The Fund launched with $10 million from MacArthur Foundation, Kresge Foundation, Pritzker Traubert Foundation, Surdna Foundation, and McKnight Foundation, which serve as limited partners (LPs). Smaller impact investors, including private foundations, family foundations, religious institutions, and high-net-worth individuals, have also made equity capital commitments. LPs provide flexible, patient, and low-cost capital to advance TREND's mission of narrowing the racial wealth gap by democratizing ownership of commercial property in LMI, majority-Black communities. They contribute 97.5 percent of the Fund's capital.

Chicago TREND has raised $11 million of their $20 million goal and is actively seeking additional accredited impact investors interested in becoming LPs and making investments of $250,000 to $2,000,000.

Figure 2. Chicago TREND Real Estate Fund LP: Summary of Key Terms

The Partnership	Limited Partnership with noteworthy impact investors; Chicago TREND Corporation is the general partner
Target fund size	$20 million
Investment objective	Acquire and revitalize community-serving shopping centers and structure co-investment opportunities for residents of majority Black neighborhoods, entrepreneurs, and small-dollar impact investors
Transaction size	No more than 20% of the Fund equity, or $5 million, will be invested in any one transaction
Target return	8% (with option to donate returns above this level to TREND CDC or other nonprofit)
Investment period	3 years from initial closing
Term	10 years from initial closing
Anticipated leverage	70% debt financing from bank or CDFI
Leasing and property management	Third-party leasing and property management firms engaged—intentional effort to identify Black-owned firms in each market
Fund management fee	3% maximum
Preferred return	Return of LP capital plus a 5% preferred return
Carried interest[13]	50-50%

For all Chicago TREND properties, community investors own a minority share of the development. In the case of the Edmondson Village shopping center, community-based investors own 11.2 percent of the property, while the Fund owns 88.7 percent. This inclusive investment model brings residents in as co-investors alongside outside investors, giving them a stake in the success of each development.

The Aspen FSP primer on inclusively owned commercial real estate provides a deeper discussion of the strategies developers can use to comply with federal laws while offering ownership opportunities to non-accredited, low-wealth investors.[14] Chicago TREND uses equity crowdfunding, as allowed under the 2012 JOBS Act. That law allows firms to raise funds from non-accredited investors through registered crowdfunding portals that are subject to oversight from the U.S. Securities and Exchange Commission (SEC).[15] SEC allows non-accredited investors with an annual income or net worth of less than $107,000 to invest the lesser of $2,200 or 5 percent of their annual income or net worth in equity crowdfunding.[16] Investors with higher income or net worth can invest up to the lesser of $100,000 or 10 percent of their net worth. These limits apply to all investments made through registered equity crowdfunding platforms over a 12-month period.[17]

Chicago TREND uses the platform SmallChange.co. Each development listed on SmallChange.co has a dedicated page, presenting essential details for prospective investors, including a comprehensive business plan, financial disclosure packet, return calculations, LLC and investor agreements, and an overview of potential risks. SmallChange.co enables Chicago TREND to meet the SEC's rigorous financial reporting requirements, while creating an accessible, straightforward pathway for non-accredited individuals to invest in local commercial real estate projects.

In any given development project, equity from the Chicago TREND Real Estate Fund LLP provides the down payment, representing approximately 30 percent of the deal value. The other 70 percent is financed with conventional commercial mortgage loans from banks or CDFIs. Community-based investors' funds support rehabilitation and revitalization costs.

Community investor eligibility and benefits

> **"As a result of our strategy to open equity investment opportunities to more diverse people, 380 individuals now respect, protect, and patronize neighborhood shopping centers from the perspective of ownership. We are addressing community challenges—such as social determinants of health, crime, a lack of economic opportunity, climate change—by owning and improving commercial real estate assets. We want to create opportunities for more individuals to have an equity stake in commercial real estate, receive an attractive financial return, and deal with larger societal problems related to racism and systemic inequality."**
>
> ***–Lyneir Richardson***

Chicago TREND CDC conducts extensive outreach within the neighborhoods around shopping centers the Corporation intends to acquire to inform residents about the opportunity to invest.[18] With a minimum investment of $1,000,[19] TREND extends wealth-building opportunities to those who have historically been excluded from commercial real estate investment. While not affordable to all residents, nearly 400 people have invested in TREND properties through SmallChange.co. About 60 percent of these investors reside in low- to moderate-income areas; 54 percent identify as Black; and 42 percent are women. The median amount invested through the crowdfunding platform is just over the $1,000 minimum, with an average of $2,270.

For most TREND properties, crowdfund investors currently own a relatively small share, but the Corporation aims for the properties to eventually be up to 49 percent owned by non-accredited, community-based investors.[20] These small-dollar contributions nevertheless play a vital role in the revitalization and rehabilitation of the acquired retail centers.

After a period of stabilization following each acquisition, all investors receive annual dividends. To date, dividends have averaged 5 percent per year. As each development matures and financial performance strengthens, Chicago TREND projects that dividends will rise, producing an average annual return of 8 to 12 percent.[21]

Beyond providing financial returns, TREND and TREND CDC provide robust technical assistance to community development organizations and small businesses operating on or near the properties, enhancing the economic health and vitality of each community. Combined with ongoing community education, the TREND ownership model empowers investors to adopt a mindset of stewardship. Community members not only see themselves as owners but take active responsibility for the success of each project, fostering a sense of pride, increased patronage of businesses in the development, and a commitment to property upkeep. This shared sense of ownership strengthens community solidarity, ensuring that the positive socio-economic impacts of each project are reinforced by engaged local stakeholders.

Community engagement and governance

Once Chicago TREND initiates the acquisition of a property and begins the 60-to-90-day due diligence process, the team engages in intentional, targeted community outreach. They meet residents where they are—at church gatherings, neighborhood association meetings, senior centers, or other local hubs—ensuring that everyone can learn about the investment opportunity in their neighborhood. Using the SmallChange.co platform, Chicago TREND empowers residents to ask questions, connect directly with the TREND team, and explore the opportunity to own a stake in the property. This approach makes it possible for interested community members to make informed, confident decisions about participating in local economic growth.

After a property is secured, Chicago TREND remains fully committed to supporting community investors through ongoing financial education, local partnerships, and the resources of TREND CDC. By sharing the evolving story of each project, Chicago TREND fosters a lasting network of community support and shared ownership that goes beyond the initial investment. This approach creates a robust foundation for sustained, inclusive growth—empowering community members not just as investors, but as co-stewards of their neighborhood's future.

Expansion and replication

Chicago TREND is actively increasing the scale of its business and its base of non-accredited investors. It aims to raise the additional $9 million required to meet the Chicago Real Estate TREND Fund LP's $20 million by 2026. TREND has used some of the $11 million already raised to finance two acquisitions. It plans to use the remaining funds, plus the $9 million they are currently raising, to acquire 12 additional properties and build a portfolio valued at over $125 million. Their goal is to provide an on-ramp for 1,000 Black and low-income residents to participate in commercial real estate ownership within their own communities.

Conclusion

Chicago TREND is showcasing how community-owned commercial real estate, supported by impact investors and an SEC-authorized crowdfunding platform, can empower local residents to gain an ownership stake in their neighborhoods. By investing in commercial properties, community members not only build personal wealth but also help provide essential services in Black and underserved communities.

Through a model that pairs investment opportunities with business assistance, Chicago TREND is revitalizing neighborhoods and equipping residents with the tools for sustained economic growth. It is enabling outside impact investors to co-invest alongside local stakeholders, fostering partnerships that are grounded in shared commitment to success. As Chicago TREND continues to expand, it offers a powerful vision of inclusive real estate ownership—one that can inspire other communities to reimagine local wealth building and embrace strategies that put economic power directly into the hands of residents. This approach serves as a blueprint for sustainable, community-centered economic development.

Citations

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