



COMMUNITY ADVANCEMENT CASE STUDY

Roseland Center Chicago, IL

Owner

Chicago TREND

Management Company

Chicago TREND

Type of Project

Mixed-Use Medical and Retail Center

Size

15,000 square feet

Architects

Development Company - DL3 Realty

Major Tenants

Chicago Family Health Center, Cermak Immediate Care, Fresenius Kidney Care, Seashell on 11th, Skylake Chinese Restaurant, Subway Restaurant and Roseland Nail Spa

Demographic

The Roseland neighborhood is located on the South Side of Chicago, IL, and has a population of approximately 37,000, with a median household income of \$49,000. Within a 5-mile radius, there are around 469,000 residents.

Public Sector Support

Illinois' Roseland Medical District initiative, established in 2011, supports healthcare and economic development in the area.

Challenges

Securing traditional debt financing that supported the local ownership investment model.

Revitalizing an Underserved Neighborhood

The Roseland Center acquisition highlights Chicago TREND's mission of using commercial real estate as a tool for community revitalization. Situated in the Roseland neighborhood on Chicago's South Side, this property serves as a critical healthcare and retail hub in an underserved area. Established in 2007, the center complements the nearby Roseland Community Hospital by offering outpatient care and other essential health services.

Chicago TREND saw this acquisition as a cornerstone for addressing systemic disinvestment in the Roseland community. The project aligns with TREND's goal of creating spaces that reflect community needs while fostering economic growth. By integrating an inclusive ownership model, TREND ensures that community investors are directly involved in and benefit from the property's success, fostering shared prosperity and empowerment among local stakeholders.



Investment Criteria and Roseland's Alignment

Chicago TREND employs a rigorous set of investment criteria to ensure that its acquisitions align with its mission of community revitalization and wealth-building. The criteria include:

- **Positive Financial Viability:** Properties must generate a positive net operating income (NOI) with a minimum 1.1 debt service coverage ratio (DSCR) to ensure stable debt servicing.
- **Community Impact:** Properties should enable significant local community ownership, fostering economic empowerment in historically underserved areas.

- **Location:** Preferred properties are in neighborhoods with over 50% African American population within a 3-mile radius or in designated opportunity zones.
- **Size and Vacancy:** Suitable properties range from 20,000 to 200,000 square feet, with less than 30% vacancy at acquisition.
- **Tenant Stability:** No more than 30% of leases should expire within the first year of acquisition, ensuring operational consistency.
- **Targeted Returns:** An internal rate of return (IRR) exceeding 12% is required to attract and sustain investor interest.

Roseland Center met these criteria in several key areas:

1. **Economic Viability:** The property had a positive NOI, met the DSCR threshold and offered a projected IRR exceeding 12%, ensuring financial stability and growth potential.
2. **Community Impact:** The center's inclusive ownership model aligned with TREND's goal of democratizing real estate investment, enabling over 380 investors to participate in the project.
3. **Strategic Location:** Situated in a predominantly underserved urban community within an opportunity zone, the center is positioned in an area poised for transformation.
4. **Tenant Mix:** Roseland Center had a strong roster of healthcare and retail tenants, ensuring both financial stability and alignment with community needs.

Public-Private Collaboration

The success of this project was grounded in a strong public-private collaboration. The Roseland Medical District initiative provided a supportive environment, aiming to enhance healthcare access and stimulate local economic activity. Chicago TREND worked closely with local stakeholders, leveraging innovative financing methods like a crowdfunding platform to allow community members to own a stake in the center.

Community Ownership Model

A defining feature of the Roseland Center project is its innovative community ownership model, which promotes local economic empowerment by enabling residents to own a stake in the property. Chicago TREND employed several strategies to implement this model:

1. **Crowdfunding Platform:** TREND partnered with SmallChange.org, a real estate crowdfunding platform, to democratize the investment process. This allowed residents of South Side, many of whom had never invested in commercial real estate, to participate in the acquisition with investments as low as \$100.



2. **Outreach and Engagement:** TREND conducted a series of six community meetings, both in-person and virtual, to educate residents about the investment opportunity. These meetings provided detailed insights into the project, fostering trust and transparency among potential investors.
3. **Inclusive Campaigns:** The #WeOwnThis initiative served as a call for local stakeholders, emphasizing collective ownership and pride in the neighborhood's future.
4. **Investor Demographics:** The final investor pool included a diverse group, with 63% identifying as Black or African American and 40% as women. Nearly half of the investors were from the Chicago area, reinforcing local engagement.
5. **Equity Structure:** The project's capital stack included contributions from community investors alongside institutional partners, ensuring that benefits were shared equitably across stakeholders.

Challenges and Opportunities

The acquisition process presented challenges in securing financing that supported TREND's inclusive ownership goals and engaging local residents as investors. Despite these hurdles, TREND successfully raised funds through a mix of traditional and innovative financial mechanisms, including the assumption of a \$4.4 million mortgage and community investment contributions.

These efforts resulted in a property that is fully occupied, with long-term tenants that offer essential services. The project not only stabilized the center but also created opportunities for wealth-building and economic growth among local residents.

Economic Impact

The Roseland Center serves as a catalyst for broader community revitalization by providing:

- **Improved Access:** The center provided healthcare and retail services tailored to local needs.
- **Economic Opportunities:** The project fostered job creation and increased foot traffic for nearby businesses.
- **Inclusive Ownership:** Over 380 investors, many from the local community, now share in the property's equity.

TREND's financial model projects sustainable returns for investors while maintaining the center as a vital community resource.



A Model for Inclusive Development

The Roseland Center stands as a powerful example of Chicago TREND's commitment to addressing economic disparities through innovative community-based real estate strategies. By transforming a struggling asset into a thriving community hub, the project demonstrates the potential of inclusive ownership models in driving sustainable urban development. This project highlights the power of leveraging public-private partnerships, thoughtful planning and community engagement to foster economic and social equity. •