

## Vision Team Ideas Template

1. Who are the members of this Vision Team?

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2. What was the focus of your Vision Team at the beginning of the process?

Community Investment Cooperatives

3. Describe the project/key ideas in detail. If there are several being suggested, please describe each separately below.

Community Investment Cooperatives (CICs) are a mechanism for pooling local investment capital for use in local projects. Sometimes called 'barnraising for the 21<sup>st</sup> century', CICs provide an opportunity for communities to pool their resources to create or support new initiatives which are needed and desired in the community.

The group is structured as a cooperative so that there is democratic decisionmaking in terms of how projects are selected. People become voting shareholders by investing a minimum amount of money (for example \$1000). People can invest more money but they will still only have one vote. The total body of shareholders decided together where the pool of money will be invested in the community.

The fund of money provides capital for strategic local investments, such as the purchase and rehabilitation of key buildings in a community, such as in or around Fayetteville's square. CICs that invest in real estate can then resell the improved properties for profit or they can own the buildings long-term and seek particular tenants/businesses which are desired in the community, for example a microbrewery. The CIC would then make money from rent paid by the tenants of the property. To help anchor the new business in the community, the CIC might sell the building to the desired tenant business.

Over the long term, members of the CIC receive financial dividends from their investment, just like other investments, through appreciation of the value of the property or through rents. Return on investment can run from 2% upwards to 5-6%, depending on the projects and goals of the shareholders.

In addition to financial returns, the CICs pay secondary dividends to the shareholders and wider community through improvement of key properties, through attracting valued businesses, and by creating employment through new businesses which are invited to the community by the CIC.

4. What are cities/examples, if any, that you are drawing ideas/inspiration from for this project?

The NorthEast Investment Cooperative (NEIC) in Minneapolis, MN, is the best known example in the US. Their website is: <http://www.neic.coop/>

There also many examples of this model in Canada. A rural example is the Sangudo Opportunity Development Cooperative (SODC), which focuses supporting on rural businesses such as local meat processors who are a resource to the town's small-scale meat producing farmers and hunters. Their website is <https://sangudocoop.weebly.com/>

5. Are any of these cities/examples nearby that could be visited in a day trip? If so, which ones?

No, these would require a flight to see in person.

6. What community needs are being addressed through this project?

There is a significant lack of investment in buildings in downtown Fayetteville. Many historic and factory buildings have fallen into disuse and disrepair. One partially collapsed just last year. They have much character and potential if rehabilitated. Owners may not have the capital to effectively renovate the buildings and so issues remain unaddressed and conditions worsen and eventually the buildings go completely empty and may need to be torn down. CICs provide an opportunity for community-minded investors to buy these properties at fair prices and to use collective resources to do necessary improvements and to put these properties back on the market for a profit, or to strategically seek tenants who can use these properties to add new services and amenities for the community-- micro-breweries, bakeries, co-working spaces, etc.

7. What is the expected cost to implement the project? Please include a *rough* estimate of core costs.

The costs are variable depending on what properties or projects the CIC undertakes. For property investments, the CIC would need to raise capital to both purchase as well as to provide needed repairs and improvements to the property to resell or make it functional for the intended type of tenant business that the group desires to attract.

Additionally, the group should also note the other costs of making the CIC work: the lawyer, the real estate broker, the architect. These costs can be reduced through volunteer and pro-bono work but in the long term these are real costs which must be address so that the CIC can function and work in an ongoing way, not just as a one-off project.

8. What activities, if any, are already underway in the community that can be built upon to support this project?

There is much interest increasing the vitality of the Fayetteville square. A CIC is a means of improving infrastructure and adding new businesses which can make the downtown more of a regular destination for community members, an attraction for tourists and well as a way attracting new people to settle in the community. Such investment has a net benefit to all other business in the downtown areas as well.

Many of the project ideas generated by the Vision Team process—microbrewery, indoor farmers' market, co-working spaces, etc, could even work from a shared space. A CIC could purchase one of the larger spaces downtown and turn it in an attractive multifunctional space.

9. Who are the target groups that would participate in and/or benefit from this project/activity?

There are multiple layers of benefit. Members of the CIC can invest their capital in improving the local community and will receive a modest return on investment (2-5%). The downtown will be revitalized one property at a time. This will raise value of other properties in the area. New businesses will occupy improved buildings, providing new jobs. Increased business and foot traffic in downtown will provide increased income for downtown businesses. Overall vibrancy of downtown will increase, benefiting the whole of the community.

10. What support and resources (if any) are needed from the city?

No financial support is needed, only endorsement and promotion of the idea in attracting investors to the CIC.

11. Given that city resources are limited, what resources that are not related to city/county funding can be gathered to implement the project? These could include volunteer labor, public-private partnerships, unused facilities in the community, etc.

No financial support is needed, only endorsement and promotion of the idea in attracting investors to the CIC. Perhaps down the road, used/abandoned properties owned by the city could be donated or sold at low prices to the CIC so that the CIC could use its capital to develop the properties and fill gaps in the fabric of the city.

12. Please provide an estimated timeline for how long it would take to implement the project.

Examples provided above in Minnesota and Canada took approximately 3 years from inception of CIC idea to business opening in improved building. About 1.5 years to get CIC formed and to attract sufficient investors, and another 1.5 years to purchase building, complete remodel and move in new tenants. Future projects move more quickly after the initial project is completed.

Potential challenge:

Further research is needed to determine if Tennessee law, allows cooperatives to raise capital directly from their members, above and beyond the purchase of membership shares, without having to go through the complex and prohibitively expensive process of registering a securities offering. Tennessee had done a lot to promote agriculture cooperatives, so existing laws might be conducive.

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