

Trust Neighborhoods

MICD Just City Mayoral Fellowship

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We're Trust Neighborhoods

We are a nonprofit creating community-governed real estate where gentrification threatens displacement



Our mission

Working for neighborhoods to harness growth to prevent displacement and benefit existing residents

Our vision

Diverse, mixed-income neighborhoods that grow opportunity for everyone

Our work

A new tool for existing neighborhood-based organizations: the Mixed-Income Neighborhood Trust (MINT)

Today, investment displaces renters

Philanthropy and public institutions invest billions to undo disinvestment and racism in the US

But now the very residents those investments aimed to benefit risk getting displaced from their communities

These renters are disproportionately women and BIPOC, and they are losing access to high-opportunity neighborhoods

“Lower-income renters are significantly more likely to exit from gentrifying neighborhoods. Moreover, they tend to move to neighborhoods with significantly lower school quality and higher crime rates and have a higher probability of changing jobs and receiving lower incomes.”

Qiang, Timmins, Wang, 2021

An aerial photograph of a city neighborhood, showing a dense grid of residential buildings and streets. A multi-lane highway runs diagonally across the lower-left portion of the image. The overall scene is overlaid with a semi-transparent blue filter.

Hundreds of neighborhoods will gentrify
in the next decade. Ensuring today's residents
also benefit is possible and necessary.

That's why neighborhoods need **MINTs**

Mixed-income neighborhood trusts preserve affordability and belonging

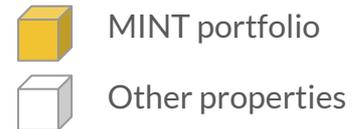
A mixed-income neighborhood trust (MINT) **develops, owns, and operates mixed-income rental properties** throughout a neighborhood

Over time, **unrestricted rents pay for keeping today's affordable rents in perpetuity**, preempting displacement by preserving affordability

A **community-centric governance model** ensures accountable operations to both capital and community

An illustrative MINT neighborhood:

A scattered-site portfolio alongside homeowners and other rental properties



MINTs are focused on neighborhoods where an anti-displacement intervention is meaningful

Priority MINT Criteria



High-capacity neighborhood group prioritizing renting residents and businesses



Anticipated rising values that risk pricing out current renters



Large-scale acquisition potential



Pathway to securing necessary capital

MINTs create community control over development



Trust Neighborhoods backs a legitimate neighborhood-based org

Trust Neighborhoods only works where an **existing neighborhood-based organization** wants a MINT to further its priorities



Neighborhood priorities drive set-up process

Custom priorities are set by the partner with resident workshops that **authorize the MINT's legal purpose**



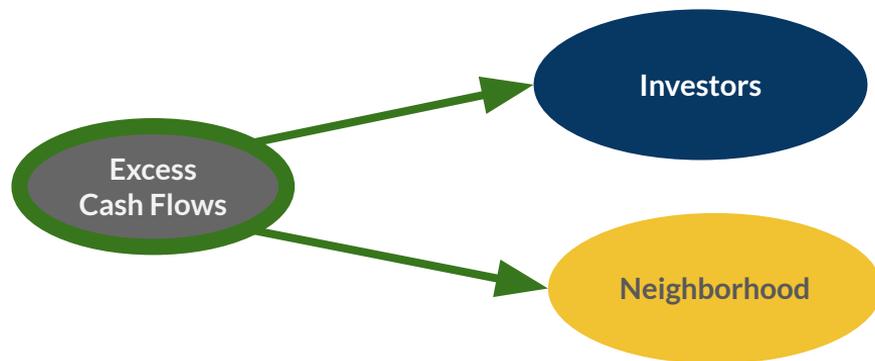
Ongoing management & governance resides locally

Control is held by a perpetual purpose trust, with **residents** sitting on governance boards and the neighborhood partner as the MINT's general manager

And create long-term financial sustainability that is non-extractive and ensures that existing residents benefit



Unrestricted rents help pay for maintaining **quality affordable rental units**



Profit sharing between neighborhood and investors avoids extractive legacies of investment and creates long-term income for community priorities

A MINT's governance shifts traditional power dynamics

Beyond engagement, residents actually shape legal purpose and sit on the MINT's governing boards



MINTs are delivering impact today in five US cities

5 MINTs
250 homes
\$70+ million
in deployed capital
450+ residents

The Northeast Neighborhood Trust



with Lykins Neighborhood Association
Kansas City, Missouri, est. 2021
Immigrant & refugee neighborhood

49 units acquired to date
Capitalized for 65 units
Current project size: ~\$6 million

Early vacant property renovation focus

The Kendall-Whittier Neighborhood Trust



with Growing Together
Tulsa, Oklahoma, est. 2021
Immigrant neighborhood

47 units acquired to date
Capitalized for 70 units
Current project size: ~\$6 million

Schools & family focused

The East Boston Neighborhood Trust



with East Boston CDC
Boston, Massachusetts, est. 2022
Immigrant & refugee neighborhood

114 units in 36 buildings
Current project size: ~\$53 million

City Life / Vida Urbana tenant
organizing & City of Boston close
partnership

The Central Fresno Neighborhood Trust



with Lowell CDC
Fresno, California, est. 2022
Immigrant neighborhoods

17 units in 3 buildings
Phase one sized for 50 units
Current project size: ~\$3 million

Multi-neighborhood governance

The East Colfax MINT



with East Colfax Community Collective
East Colfax, Colorado, est. 2024
Immigrant neighborhoods

23 units in one building
Phase one sized for 100 units
Current project size: ~\$3 million

Strong roots in community organizing

This work helps create high-opportunity mixed-income neighborhoods through three primary forms of impact:

Changing power structures



Example: Denver/Aurora tenant organizing group EC3 established a MINT at the direction of community members

Increasing revitalization



Example: KWNT completing a newly constructed home on vacant land to serve families in Tulsa

Reducing displacement



Example: in 2024, NENT acquired three historic multi-family buildings, preserving existing rents for current residents

Combined, these can secure place and power for residents in mixed-income neighborhoods that deliver better economic, health, educational, and social outcomes for all

Trust Neighborhoods is an entrepreneurial team focused on MINTs

What we do

- Serve as immediate capacity for MINT set-up and launch
- Refine and grow the MINT model in response to neighborhood needs
- Provide ongoing support, including serving on governance
- Build and support MINT peer ecosystem

Our thesis

We're motivated by supporting neighborhoods suffering from decades of unjust and racist policies; we believe a different future for neighborhoods is possible, necessary, and urgent



TN operating support donors include:



Jeannie & Jonathan Lavine
Beth & Russ Siegelman



Investment capital partners for MINTs include:



City funding participation in MINTs

The Northeast Neighborhood Trust

Source: City Housing Trust Fund

Awarded: \$683,000

Structure: Grant

Details: Reimbursable for acquisition & renovation



The Kendall-Whittier Neighborhood Trust

Source: City Housing Trust Fund

Awarded: \$500,000

Structure: 10-year, 0% interest forgivable loan

Details: Reimbursable for acquisition & renovation (capped at \$50k per unit)



The East Boston Neighborhood Trust

Source: City Acquisition Opportunity Program (AOP) – ARPA, CDBG, IDF

Awarded: \$12 million

Structure: 50-year, 0% interest loan with bullet maturity

Details: Acquisition of portfolio



The Central Fresno Neighborhood Trust

Source: City – ARPA

Awarded: \$1.95 million

Structure: Grant

Details: Reimbursable for acquisition & renovation



The East Colfax MINT

Source: City – Department of Housing Stability (HOST)

Awarded: \$1 million

Structure: 30-year, 1% interest-only

Details: Reimbursable for acquisition & renovation



Themes along & beyond MINTs

Broader lessons from our work with Mixed-Income Neighborhood Trusts



Identify where change is happening or likely

Identify where outsized change is likely to occur and match in relevant tools to harness that change

Harness growth through cross-subsidy

Alongside neighborhood catalysts (new parks, eds, meds, employers) use land value capture to subsidize more impact

Be proactive not reactive on displacement

Rather than displacement being an afterthought of neighborhood investment, use it proactively as a chance to secure place in growing opportunity areas for residents

Build community power & authorship on existing assets

When possible, use shared resources and expertise or partners in service of building up lasting local institutions

Goal-oriented housing and ownership

Complement broader city goals with the right mix of focus and flexibility to serve goals beyond unit counts

Appendix



East Boston's EBNT demonstrates a MINT operating at scale

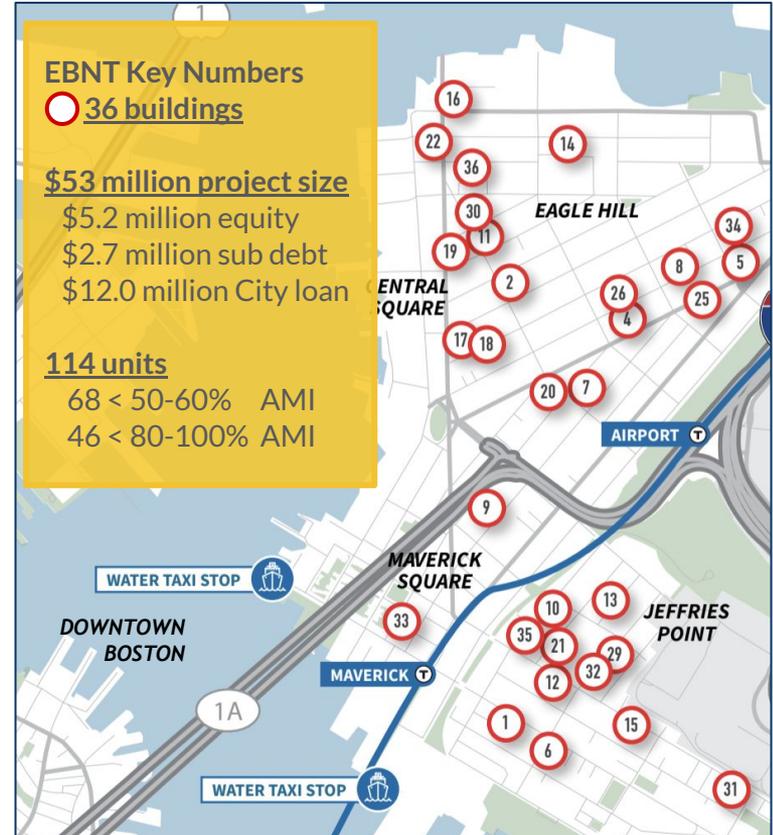
East Boston Case Study

Established in September 2022

The East Boston Neighborhood Trust highlights strengths of the MINT model:

- Prioritization of most needed affordable housing stock – EBNT is heavily family-sized units
- Acquisition of an existing portfolio (114 units across 36 buildings) on the market at close
- Ability to roll back displacement in a neighborhood already undergoing gentrification pressures through a City of Boston subsidized loan
- Partnership between MINT and tenant organizing group (City Life Vida Urbana) through governance and equity investment

\$7.9 million in equity and sub debt participation includes:



MINTs serve unmet needs of neighborhood organizations

Neighborhood pain point

MINT solution



“We don’t have capital at the scale we need”

The **flexible capital stack** allows scaled funding from equity investors, debt, and subsidy programs, going beyond many limits of today’s housing toolkit



“We don’t have good, accountable owners to replace bad actors”

MINTs can be used to **buy out negligent and/or predatory landlords**, placing those units into community control



“We need the flexibility to work within our neighborhood’s typology”

MINTs can acquire existing or build new housing, and work in a **range of typologies** from single-family homes to larger multi-family properties



“We can’t compete at the speed of the private market”

Upfront funding means neighborhoods can **quickly acquire properties on the market**, competing against private investors as a cash buyer

With community members already driving their impact



Eva has been working with Growing Together for five years, fulfilling different roles before starting work with the neighborhood trust

Now she manages a MINT, overseeing acquisitions, contractors, and property management



Andres has worked through City Life/Vida Urbana with residents in East Boston to organize around tenants' rights and fight displacement

Now he's a trustee, ensuring EBNT is effectively serving affordability and belonging for East Boston residents



Kirby has been a homeowner in the historic Northeast for over 10 years and cares about the quality of life for herself, residents, and neighbors

Now she's a trustee, directing NENT to provide affordable, stable housing to her community



Blanca currently rents her home in the Kendall-Whittier, Tulsa neighborhood from a unit with no air conditioning where summer temperatures are regularly 80-100 degrees

Now she's serving on the task force, interviewing board members, writing the purpose agreement and identifying priority properties

Bringing more capital into alignment with policy & impact priorities

MINTs are working with growing community of investors and institutions

Equity PRIs

Foundations have invested PRIs as equity in MINTs; TN has worked with foundations new to PRIs as equity on structuring

Ex. Sunderland Foundation, KC

RIAs

TN has worked with RIAs interested in matching investors with MINTs impact

Ex. Nia Impact, Boston

National impact funds

TN has secured multi-MINT funding for early national capital participation in MINTs

Ex. BDT & MSD Catalyst Fund

Place-based impact funds

Place-based impact funds have been a strong match with MINT structure

Ex. Boston Impact Initiative

Family offices

Place-based family offices have been a strong match with MINT structure

Ex. Blitt Family, KC

Constructing the EBNT Capital Stack

\$52.5 million of transaction uses were funded through a diverse mix of sources; these were carefully structured and combined to meet the needs both of the project and of the funders

	Amount	Sizing & Notable Terms	Function & Highlights
Senior Mortgage	\$31.6 million	<ul style="list-style-type: none"> Driven by 1.10x debt service coverage 40-year amortization schedule 5.25% interest rate 	<ul style="list-style-type: none"> Traditional debt provides critical base leverage Longer amortization periods will increase capacity Guarantee requirements can present challenges
Boston AOP Funding	\$12.0 million	<ul style="list-style-type: none"> Typical max \$100k funding per unit 50-year term with bullet maturity 0.0% interest rate 	<ul style="list-style-type: none"> Substantial boost to project viability Grant funding is even better, but this comes close
Deferred Developer Fee	\$1.0 million	<ul style="list-style-type: none"> EBCDC agreed to fully defer fee 50% of available cash swept to payment until fully repaid 	<ul style="list-style-type: none"> Effectively a zero-interest subordinated loan Serves to reduce equity gap and support returns
Subordinated Loans	\$2.7 million	<ul style="list-style-type: none"> Sizing tied to initial 10-15 years' cash flow Two tranches accruing interest at 1.0-3.0% ⁽²⁾ Partial cash sweeps fund P&I payments ⁽²⁾ 	<ul style="list-style-type: none"> Serves to reduce equity gap and support returns Designed to cater to traditional PRI loan terms
Common Equity	\$5.2 million	<ul style="list-style-type: none"> Non-controlling membership interest Profits shared with community Permanent equity (no liquidation terms) 	<ul style="list-style-type: none"> MINTs typically need permanent equity to pencil Liquidity through secondary sales is an issue Cash flow sharing is flexible / often deal-specific

Collaborative and creative approach to funding played a critical role in successful execution

- (1) Includes (a) \$47.0 million purchase price, (b) \$3.3mm of cash reserves required to secure senior financing and to fund near-term renovation work / operating shortfalls during portfolio turnover, (c) \$1.0 million developer fee payable to EBCDC, (d) \$250k fee to Trust Neighborhoods, and (e) \$0.9 million of senior lender fees, legal fees, and other closing costs.
- (2) Subordinated loans include (a) \$1.0 million accruing interest at 1.0 - 3.0% with 75% of EBNT available cash (as adjusted for the deferred developer fee sweep) sweeping to repay P&I, and (b) \$1.7 million accruing interest at 1.0% with 50% of EBNT available cash (as adjusted for the deferred developer fee sweep and for any sweep to the other subordinated loan tranche) sweeping to repay P&I. As a result of this waterfall structure, (a) the \$1.0 million tranche is projected to be fully repaid in year 9 with a weighted-average duration of 6.3 years, and (b) the \$1.7 million tranche is projected to be fully repaid in year 14 with a weighted average duration of 11.4 years. Importantly, neither of these tranches has any fixed charges, which provides valuable flexibility and results in repayment schedules that may vary from projections.

Illustrative MINT Economics

MINT size & capital stack

Units in portfolio	150
(x) Investment per unit	\$160,000
Investment capital	\$24,000,000
Fees & working capital	\$1,000,000
Use of capital	\$25,000,000
Equity investors	\$6,000,000
Private impact loans (2%)	\$6,000,000
Public subsidy (0% loan)	\$3,000,000
Senior secured borrowings (6.5%)	\$10,000,000
Sources of capital (\$000s)	\$25,000,000

¹All figures are provided for illustrative purposes only. More robust financial model available upon request

²Represents a weighted average monthly rate across preserved affordable units (2/3 of units) and unrestricted market-rate units

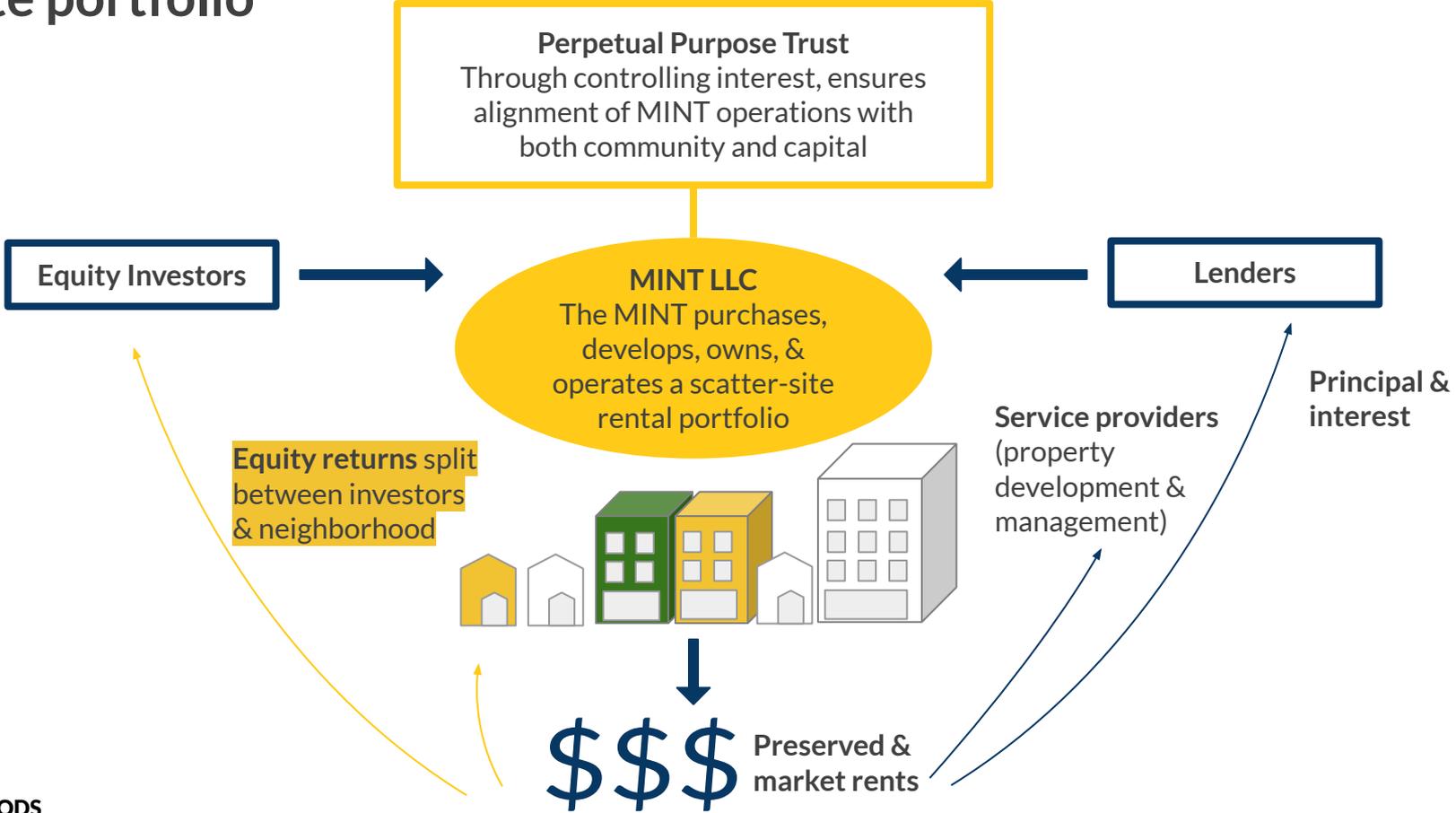
³Cash ROE is 7.0% and equity cash-on-cash yield is 5.0%; exact split of distributions varies neighborhood-by-neighborhood

Summary steady-state profitability¹

Units in portfolio	150
(x) Average monthly rent ²	\$1,200
Rental income	\$2,160,000
(x) Operating margin	~55%
Net operating income	\$1,188,000
(-) Interest expense - Impact loans	(120,000)
(-) Interest expense - Senior loans	(550,000)
Cash net income (\$000s)	\$310,000

Distributions are shared between equity investors & the neighborhood³

A MINT sets up a neighborhood-scale, financially sustainable real estate portfolio



MINTs are distinct from but can complement CLTs

MINTs complement available community development tools, including Community Land Trusts (CLTs)

	MINT	CLT
Ownership	MINT owns land and properties	CLT owns land and leases it to property owners
Beneficiaries	Serves renters of both housing and retail	Typically focused on homeownership
Financing	Broader capital compatibility with traditional debt and equity	Predominantly subsidized by grants and public funds
Focus & Scale	Focused on a single neighborhood and at a meaningful scale within it	Varies from neighborhood to regional scale