

Community-Based Approach to Commercial Development

Goal

Contribute to the revival of this historic neighborhood by combating community deterioration and empowering low-income populations that often lack access and opportunity.

Lower the cost of debt on an impact-focused commercial redevelopment project so that a low-income community can see economic growth and the developer can offer subsidized commercial spaces to new and minority-owned businesses. We hope this model can then be applied in other Alabama communities.

Partners

Alabama Power Foundation, Five Points Cultural Commission, Gulf Coast Housing Authority

Project Summary

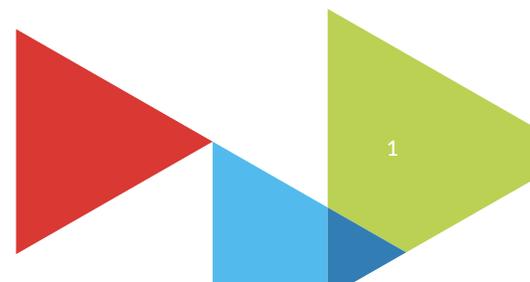
Alabama Power Foundation made a \$250,000 investment in a commercial revitalization project in Montgomery's historic Cotton Hill neighborhood. The project will renovate three buildings consisting of nine spaces and more than 9,000 square feet of rentable space.

The spaces will be filled with community-oriented tenants, potentially including restaurants, art galleries, academic organizations and small businesses. The list of potential tenants is almost entirely composed of new or minority-owned businesses. The project site is located mere blocks from The National Memorial for Justice and Peace and the Equal Justice Initiative Museum.

Because of its proximity to these tourism hotspots, the area is at risk for gentrification by developers without Five Points Cultural Commission's (FPCC) community focus and involvement. Supporting FPCC's project puts the development in the hands of an organization with deep community ties and involvement.

Community Impact

FPCC is dedicated to ensuring its work benefits the surrounding community. To this end, there are several community benefit provisions in tenant agreements that aim to promote community engagement and growth, including:



Community Impact (cont.)

- Tenants are encouraged to include local labor when possible.
- Tenants are required to be open on Fridays and Saturdays.
- Tenants are encouraged to engage with and market products/services to local residents and churches.

As many of the future tenants likely will be new or minority-owned businesses, FPCC plans to offer subsidized rent to help those businesses grow and succeed. FPCC is also exploring possible implementation of several anti-displacement strategies, including a community land trust. FPCC is looking to possibly stand up a separate organization that owns land in the community primarily for residential renovation or construction and enables lower cost points of entry into the directly adjacent housing market.

FPCC is also researching the possibility of implementing a housing renovation fund to help empower homeowners to remain in the neighborhoods and avoid pressure from realtors or developers that may seek out properties in disrepair for purchase at low cost.

Backbone Organization

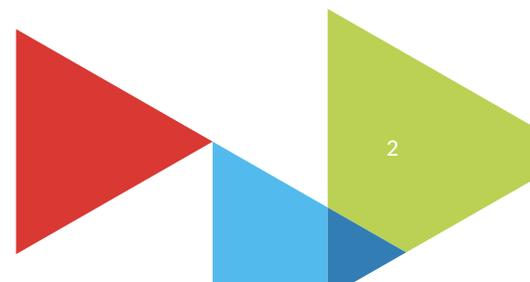
Five Points Cultural Commission (FPCC) is a nonprofit real estate development group started in 2015 to revitalize neighborhood corridors in low income neighborhoods.

The money to renovate these properties requires higher development costs and ownership over land leases to make the deals work. Ultimately, deals in low-income neighborhoods require philanthropic subsidy to work. FPCC has worked hard to get the appropriate structure in place to make itself a sustainable organization that will impact the blighted urban landscape in Montgomery and stimulate growth in areas all over the city that currently have little to no forward progress. FPCC has received grant dollars from ArtPlace America and the Montgomery Riverfront Development Foundation for this project.

Investment Structure

Type PRI structured as a Balloon Loan

Funding \$250,000



**Investment Structure
(cont.)****Horizon** 5 years**Interest** Compounding annually**Return** 1.5%

Additional Note: Option to reinvest loan principal into a neighborhood revitalization fund that will continue this work in additional neighborhoods.