



INVESTMENT SPOTLIGHT

Advancing Equitable Community-Centered Development on Cleveland's East Side

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Investment Spotlight

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With a \$33MM impact investment, the Cleveland Foundation is building a new headquarters in a historically redlined Cleveland neighborhood that will anchor a growing movement of equitable, community-centered development in the area.



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RECAP



At the Cleveland Foundation, we're using our balance sheet and spending policy to transform a major district of Cleveland.

Investor: Cleveland Foundation

The Need

Despite its rich history and central location, Cleveland's near east side suffers the long-term effects of systemic disinvestment: unemployment, poor health outcomes, blight and vacancy.

The Opportunity

With the lease expiring on its 13th floor downtown Cleveland office space, the Cleveland Foundation saw an opportunity to build on its history of transformative neighborhood investments with a new, more accessible and environmentally friendly headquarters that will change the way it serves the community while expanding amenities and catalyzing equitable development in a historically redlined east-side neighborhood.

The Impact

- **A new way of working with the community:** A more accessible and welcoming home for the community's foundation; programmatic design informed by neighborhood residents
- **Enhanced neighborhood amenities:** Expanded event, meeting and activity space for nonprofits and community groups as well as expanded greenspace/parkland in Cleveland's MidTown and Hough neighborhoods; co-locating with Neighborhood Connections, a grassroots community development organization and grantmaker
- **Improved environmental health:** Remediated land parcels allow for new development; LEED Gold building design will reduce carbon footprint; sustainable massed timber construction; 250-kilowatt solar canopy over the surface parking lot
- **Stewardship of community foundation resources:** 0.77% target return and financing that recycles the foundation's capital; long-term savings of ownership vs. lease of building



“ The Cleveland Foundation’s decision to invest in and move into Cleveland’s near east side neighborhoods will demonstrate what’s possible when philanthropic organizations show up to be more proximate and accessible to the communities we serve. ”

RONN RICHARD
CLEVELAND FOUNDATION

WHO

The Cleveland Foundation's mission is to enhance the lives of all residents of Greater Cleveland, now and for generations to come, by working together with its donors to build community endowment, address needs through grantmaking, and provide leadership on key community issues.

Investor: Cleveland Foundation

About the Cleveland Foundation

- World's first community foundation and one of the largest today; founded in 1914
- National leader in impact investing with long history of transformative neighborhood investments
- In 1982, became first community foundation to make PRI; investment saved Playhouse Square Theater District, the foundation's home for 40+ years
- Now, investing in a new home in Cleveland's MidTown neighborhood with potential for similar impact

Geography

Equitable: At the intersection of MidTown and Hough, two historically redlined neighborhoods on Cleveland's near east side

Catalytic: Connects Cleveland's two civic and cultural centers: Downtown and University Circle

Accessible: Street-level presence; located on public transit line; free parking for grantees, staff and visitors

Sectors & SDGs



CLEVELAND FOUNDATION'S NEW HEADQUARTERS



PORTRAIT CREDIT: ANGELO MERENDINO | BACKGROUND IMAGES: S9 & VOCON

WHAT

The Cleveland Foundation is using creative hybrid financing to catalyze an underserved neighborhood and help transform the district into a vibrant destination.

Total Investment

\$33MM

Target Return

0.77%

PRI return, payable over 20 years

INVESTOR	SIZE	TYPE	POOL	DURATION
KeyBank Trustee Pool	\$19.3MM	Debt	PRI	2021-2041
Cleveland Foundation	\$10.7MM	Cash	MRI	2021
Donors	\$3MM	Grant	Pledge	2020-26+

Investment Structure

The Cleveland Foundation is using its balance sheet to finance this long-term investment:

- Cash MRI: saved admin. fees for 10+ years
- Borrowed from our trust assets with a 20-year PRI at affordable arms-length rate
- Completed capital stack with naming donations

Buy vs. lease decision made sense: an opportunity to build equity and make catalytic community impact



“ The Cleveland Foundation’s headquarters project exemplifies how we go beyond traditional grantmaking and use our entire balance sheet to promote equitable community and economic development in Greater Cleveland. ”

ROSANNE POTTER
CLEVELAND FOUNDATION

HOW

The stakeholders

Cleveland Foundation co-financed \$33M long-term investment with founding trustee bank partner, KeyBank, and donors to support equitable and catalytic development in historic Cleveland neighborhood



KeyBank Trustee Pool is largest investment endowment fund at the Cleveland Foundation. Donors recognized the importance of this major project.

Cleveland Foundation new headquarters as well as a redesigned park and garden between the foundation and next-door neighbor Dunham Tavern Museum (oldest building in Cleveland).

- Neighborhood residents benefit from more pedestrian-friendly landscape and expanded greenspace.
- Local nonprofits benefit from additional free meeting and event space.
- City benefits from stronger connections between neighborhoods east-west and north-south.

IMPACT & MEASUREMENT



Impact

- 0.77% return on \$19.3MM PRI
- Approx. 26,000 square feet of new, accessible event, meeting and activity space for nonprofit and community groups
- Visible project for female architect and owner's rep
- New public café employing individuals with developmental disabilities on first floor
- New community art gallery showcasing work of local artists on ground floor
- 1 acre (net) of additional park and greenspace in neighborhood
- Approx. 110–120 full-time equivalents (FTEs) in building
- 542,080 pounds of carbon dioxide offset annually from 250-kilowatt solar canopy
- Launch of additional community-centered developments on 10+ acre/three-block site surrounding the headquarters

Measurement

To measure long-term neighborhood impact of our headquarters and associated developments in the area, we intend to track:

- Utilization of building space (annual # visitors)
- Energy savings and carbon offset (lbs. of carbon)
- Additional new developments in the neighborhood (measured in square feet and investment value)
- Neighborhood/resident wealth building (home values, small business investments, growth in Hough Community Land Trust assets)
- Job growth in the neighborhood (measured in FTEs)
- Health disparities in neighborhood (average life expectancy)
- Economic disparities (employment rate and household income)

INSIGHTS



Catalytic impact investing using balance sheet capital to de-risk development in historically underserved neighborhood for transformational impact.

Investor: Cleveland Foundation

Lessons Learned

- The importance of centering community needs and inviting community members to inform design of real estate/building projects
- The utility of balance sheet investments to de-risk development of historically underserved or underinvested areas

Advice to Fellow Practitioners

Consider using balance sheet investments for fixed returns that provide significant development opportunities for underserved or underinvested areas



“ Our headquarters project is about far more than office space – it’s part of a larger movement of equitable growth and placekeeping efforts that will strengthen the fabric of our city and bring new resources and opportunities into historically disinvested neighborhoods. ”

LILLIAN KURI
CLEVELAND FOUNDATION