



Detroit Equitable Development Initiative Overview & Application

The Initiative: In an effort to better ensure that minority real estate developers in Detroit are able to participate in the city's revitalization in a way that reflects the city's diversity, Capital Impact Partners is launching the Equitable Development Initiative. Charting a new path toward inclusive economic opportunity, this initiative combines our mission-driven commitment, catalytic capital support, and significant development expertise to empower minority real estate developers in Detroit.

We invite minority developers in Detroit who qualify for the initiative [to apply](#) for this two-year program.

Program Overview: Over the course of a two-year pilot, the Equitable Development Initiative will provide program participants with real estate training; assistance related to the development process in general, project financing, general contracting, and legal compliance; and one-on-one support. The first program round will launch in Q1 of 2018 with 3-5 Detroit-based minority developers. Capital Impact's financing tools for this program support multi-family and mixed-use projects located in the City of Detroit. If accepted into the program, participants should expect to dedicate approximately ten (10) hours per week over the first six months to project development, one-on-one conversation, and -- to a lesser extent -- training.

Applications are now open through November 30, 2017. Application materials must be submitted via "Submittable," a web based submission platform [you can access here](#). Semi-finalists will be contacted in December 2017, with the initial round of program participants selected in early 2018. For application questions please contact **Justin Williams, Inclusive Growth Program and Policy Manager**, at jwilliams@capitalimpact.org or by phone at 313-230-1118.

Applications will be reviewed using the following criteria:

- Connection to Detroit, and commitment to real estate development in the city
- Development experience (candidates should have completed at least 1 real estate project)
- Compatibility of proposed project (if applicable) with Capital Impact's financing tools for this program, and desired financing timeline (12-24 months)
- Potential to complete a real estate development project in Detroit within the next 2-3 years

FREQUENTLY ASKED QUESTIONS

- **How do I submit the application?** You can submit the application at www.capitalimpact.org/equitabledevelopmentdetroit. You will need to create an account in *Submittable*, the online platform we are using for the application process.
- **When does the application close?** The Equitable Development Initiative application closes November 30, 2017 at 11:59pm.
- **Does my résumé have to be specific to my work as a developer?** A résumé that highlights real estate development experience is encouraged.
- **When will applicants know if they're moving forward, and when should they expect to hear back from the program?** All applicants will be notified of their status in mid-December, with finalists selected in mid-January.
- **What are the next steps once individuals are notified?** Participants invited to the semi-finalist stage may be asked to provide additional supporting documentation that includes greater detail related to their proposed project, or, the kind of project they would like to pursue (to aid in connecting applicants to partner organizations with potential projects).
- **How are applications scored?** Applications are evaluated for fit based on eligibility criteria and scored accordingly. Applications with the highest composite score will be invited to the semi-finalist stage, providing additional supporting documents to aid internal and external evaluators in determining fit as a participant in Cohort I.
- **How will applications be reviewed?** A team internal to Capital Impact will vet applications to ensure that they are complete and review applications based on the scoring criteria described above. An external review team of local partners will then review semi-finalist applications to inform final recommendations.
- **Do you have notes from the information from the info sessions held on November 13 and 14, 2017?** This FAQ document has been amended to address feedback and questions from those information sessions. Additionally, a video recording of the program-specific portion of the session on November 14 is available here: <http://impact.adobeconnect.com/pksq1n50do6d/>.



- **How much experience should an applicant have for the program?** Applicants should have some experience in real estate development and be looking to work on larger projects. A good example of past development experience would be having acquired, rehabbed, and rented/sold a four-unit residential development.
- **What is your definition of a minority?** We ask program applicants to self-identify as racial or ethnic minorities during the application process. Our goal is for program demographics to roughly represent the city of Detroit's demographics, including a gender balance.
- **Can non-profits apply?** Non-profit applications will be handled on a case-by-case basis. To the extent that a non-profit project falls within the range of projects that Capital Impact is looking to finance through this program, it may be eligible.
- **Can a non-minority individual apply to the program?** The Equitable Development Initiative is structured to support minority developers in Detroit. Non-minority applicants interested in the program are invited to contact Justin Williams (jwilliams@capitalimpact.org) with their interest, and he will work to connect them to resources.
- **How much time should a participant be prepared to dedicate to the program?**
 - Track 1: Participants should expect to dedicate a minimum of 5-10 hours/week to their real estate development efforts through fall 2018.
 - Track 2: Approximately 20 hrs/month in February and March, and 5hrs/month through September 2017.
- **What happens to participants who apply but aren't accepted into the program?** Applicants who do not move forward as full participants will be directed to programs for which they may be a better fit or invited to participate in a limited capacity in EDI programming.
- **Are Capital Impact's loans recourse or non-recourse loans?** Borrowers from Capital Impact need to provide a personal guarantee. Additionally, anyone with over 20% ownership will be required to provide a guarantee.
- **Would you finance development in tranches?** We would consider financing a phased development if the first phase is not dependent on a second phase. Generally, tranche financing structures are more appropriate for projects that are larger than the project size we're targeting for this program. As a general rule, we assess each project on its own merits.



- **Would you finance multiple locations or projects in a neighborhood (e.g. a development plan for a neighborhood)?** We evaluate on a per-project basis, and look at the neighborhood to see if any given project is a fit. As a general rule, we assess each project on its own merits.
- **Will the terms for this program be more lenient in terms of qualifying for financing? What are Capital Impact's base-level criteria for a "finance-able" borrower?** Capital Impact does not underwrite to credit scores per se, but we do expect our developers to have resources in order to contribute equity to a project. We do pull a credit report and ask potential borrowers to explain any discrepancies.
- **Would you finance a development that is for-sale as opposed to rental?** For this program, Capital Impact is looking to finance mixed-use and multifamily development(s) with rental housing units.
- **What are your geographic targets?** For this program, Capital Impact will consider projects along the Woodward Corridor, in one of six target neighborhoods assessed in this study (https://www.capitalimpact.org/wp-content/uploads/2017/11/capital_Impact_Detroit_Housing_Market_Study_Final.pdf), or in the City of Detroit's multifamily target areas.
- **How much are we actually willing to spend on developments in the program (is there a range of financing per project)?** Projects in this program will have an average size of \$2MM.
- **Will there be other lenders in projects in this program?** There are no prescribed lending partners for this program, but we are open to and interested in working with other locally active community development financial institutions (CDFIs) for participants' projects.
- **Can this program cover pre-development costs (architectural fees, etc.)?** Yes, Capital Impact can provide predevelopment financing to projects within this program if you have site control.
- **Do you have to wait until a certain point to see if your project is financeable, or no?** Program participants will meet with Capital Impact's business development team early on (first quarter of 2018) to assess project stage and financing needs. For those participating in the program in 2018, September 2018 is a deadline for assessing whether a project is eligible for Capital Impact financing or not.
- **What topics will be covered in the training?** Basics of mixed-use and multifamily real estate development in Detroit, including project financing, site control issues (acquisition, environmental assessment), site plan approval processes, other permitting processes, use of entitlements (e.g. tax abatements and credits), construction management, and project stabilization.



- **Where does program funding come from?** Funding for the Equitable Development Initiative includes: grant capital from JPMorgan Chase, and additional lending capital from Capital Impact in the form of senior debt and sub debt for real estate development projects. Capital Impact is also fundraising for additional capital to support the financing of EDI projects.
- **Who are program partners?** Partner CDFIs, the National Development Corporation, JPMorgan Chase, CDFI partners, and local city and state agencies. We are currently working on agreements with technical assistance providers and will share updates on program partners as appropriate.