



Detroit Equitable Development Initiative

Overview and Frequently Asked Questions

The Initiative: In an effort to ensure that Detroit’s pool of real estate developers truly reflects the city’s diversity and that minority real estate developers are able to participate in the myriad revitalization efforts currently taking place here, we have launched the Equitable Development Initiative. This program combines our local knowledge, partnerships, and key strengths - including program design and project financing, catalytic capital support, real development expertise, and local knowledge - to support minority developers in Detroit.

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

Program Overview: Over the course of a two-year pilot, the Equitable Development Initiative will provide program participants with classroom training, one-on-one assistance, and proposal development and presentation experience specific to the multifamily/mixed-use real estate development process in Detroit. The program will cover topics specific to Detroit, challenges and opportunities for less-experienced and/or undercapitalized developers, the full real estate development process, and the full real estate development financing process. The first program round launched in January 2018 with 28 Detroit-based minority developers, and the second round will launch in February 2019.

Capital Impact’s training and technical assistance tools for this program are developed in partnership with both national and local experts. These tools focus on supporting emerging, minority real estate development professionals in Detroit as they seek to scale up their multifamily/mixed-use real estate development efforts in Detroit. Specifically, the program seeks to:

- Support Detroit’s neighborhoods by connecting local real estate developers of color with opportunities to decrease vacancy, increase density, and contribute to strong, mixed-income corridors;
- Build capacity within the local real estate development profession, specifically among real estate developers of color; and
- Provide program participants with opportunities for learning, technical assistance, networking, and other professional opportunities that they would not have had otherwise.



Applications will be reviewed based on applicants' alignment with the following criteria:

- Identify as racial or ethnic minorities.
- Be actively working to further careers in real estate development in the Detroit area.
- Live in metro Detroit and have a strong connection to the city.
- Have some real estate development experience; this is not an introductory program.
- Demonstrate a commitment to Detroit's revitalization.
- Be working on a specific real estate project in Detroit OR be interested in responding to requests for proposals (RFPs) for Detroit-based real estate development opportunities with or without a development partner in the next 1-2 years.

If working on a specific real estate project, the project should:

- Have a multifamily rental component, with at least 20 percent of the units programmed to serve households earning less than 80 percent of the [Area Median Income for Wayne County](#)
- Be located in the [greater downtown or a City of Detroit Multifamily Planning Study Area](#)
- If NOT working on a specific real estate project, be prepared to use a current or recent Detroit project as a case study in order to complete the program objectives and coursework.
- Be able to commit to in-class training sessions on a weekday for up to five (5) hours per week from February through mid-June 2019.

Application Details: Apply starting on October 1, 2018; the application closes at 11:59 p.m. on November 9, 2018. Application materials must be submitted via "Submittable," a web-based submission platform [that you can access here](#). Semi-finalists will be contacted in December 2018, with the initial round of program participants selected in early 2019.

For application questions, please contact

Justin Williams, Inclusive Growth Program and Policy Manager

jwilliams@capitalimpact.org | 313-230-1118



Equitable Development Initiative

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How do I submit the application? You can submit your application [online here](#). You will need to create an account in Submittable, the online platform that we are using for the application process.

When does the application close? The Equitable Development Initiative application closes November 9, 2018 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 are 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 will be asked to schedule an in-person interview the week of December 10, 2018 with Capital Impact Partners staff, and may be asked to provide additional supporting documentation, e.g. references or work examples.

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.

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.

How much experience should an applicant have for the program? Ideally, applicants should have experience leading a real estate development project (new construction or a significant rehabilitation) from start to finish, including identifying a site/structure, choosing a team (partners and/or contractors), determining how to cover project costs, overseeing the construction process, and managing and/or selling the property. We are looking for candidates with an interest in scaling up their business, portfolio, and/or project size, so experience with a smaller project (e.g. a four-unit development) is acceptable. Applicants who have significant experience in parts of the process (e.g. construction management or development finance) will also be considered.



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 nonprofits apply? Nonprofit 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? Participants should expect to dedicate a minimum of 5-10 hours/week to their real estate development efforts from February through June 2019.

What happens to participants who apply but are not accepted into the program? Applicants who do not move forward will be directed to other programs and resources for which they may be a better fit.

Is financing from Capital Impact Partners for a development project guaranteed as part of the participation in this program? No.

Do loans from Capital Impact require personal guarantees? The principals of a borrower receiving financing from Capital Impact need to provide personal guarantees. A principal is anyone who has decision-making authority for the borrower and anyone with more than 20% ownership of the borrower.

Would you finance development in tranches? Capital Impact would generally 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 targeted by this program. As a 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 rule, we assess each project on its own merits.

If Capital Impact considers financing for my development project, will my participation in EDI mean Capital Impact provides more lenient terms to qualify for financing? What are Capital Impact's base-level criteria for a "financeable" borrower? Capital Impact's underwriting looks at both the economics of the development project and the financial capacity of the developer. Capital Impact does not underwrite to credit scores per se,



but we do expect our developers to have financial resources in order to contribute equity to a project and to cover cost overruns. In addition, 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? Capital Impact does not currently finance for-sale housing in Detroit.

What are your geographic targets? For this program, if an applicant is already working on a specific real estate project, the project should:

- Have a multifamily rental component, with at least 20 percent of the units programmed to serve households earning less than [80 percent of the Area Median Income for Wayne County](#); and
- Be located in the greater downtown, in one of six target neighborhoods assessed in this [2016 Capital Impact Partners market study](#), or [a City of Detroit Multifamily Planning Area](#).

What topics will be covered in the training? Basics of mixed-use and multifamily real estate development in Detroit, including predevelopment activities (developing an idea, choosing a site and a team, responding to a City of Detroit RFP, etc.), project financing, site control (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 Detroit Equitable Development Initiative includes grant support from JPMorgan Chase, paired with general support for Capital Impact's Detroit Program from the Kresge and Ford Foundations. Capital Impact is also actively fundraising for additional capital to support the financing of EDI projects.

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