



Connecting Developers of Color To Capital

Diversity in Development — DMV Loan Fund

In an effort to support a more diverse pool of local real estate developers, Capital Impact Partners has launched the \$20 million Diversity in Development - DMV Loan Fund (DiD-DMV), along with a corresponding equity grant program.

This Fund provides a new tool to increase Capital Impact's long-time commitment to equitable development and inclusive growth in the Washington Metropolitan region, by deploying low-cost and flexible financing to local developers of color.

It is our goal to clear pathways to success for developers of color who face barriers to entering the real estate industry due to lack of capital, equity, and experience as a result of structural racism and disinvestment over the course of generations. In doing so, we can help ensure that developers in the Washington Metropolitan region are more representative of and responsive to residents of color, who make up roughly half of the region's population.

Advantages of borrowing through Capital Impact Partners:

- ▶ With our headquarters in Arlington, VA, we have invested more than \$200 million locally into projects including multifamily affordable and workforce housing, health care facilities, healthy food businesses, and education facilities.
- ▶ Through the DiD-DMV Loan Fund, Capital Impact is offering flexible low-cost capital with companion grants specifically designed to support local developers of color.
- ▶ We are familiar with local market conditions across the DMV and have worked with developers of color in D.C., MD, & VA; through our Equitable Development Initiative, we have deepened our commitment to fostering an environment where developers of color can advance.

Key Loan Terms & Features

Loan Purpose:	Predevelopment, acquisition, & critical repairs for housing and community facility projects. Refinancing of existing debt will be considered on a case-by-case basis
Eligible Borrowers:	Local developers of color, with projects in the D.C. Metro region that include: <ul style="list-style-type: none"> • At least 5 residential units with at least 20% of units affordable to households earning up to 80% Median Family Income (MFI); OR • Community facilities serving low-income persons or communities <p><i>*Note: Preference given to Equitable Development Initiative participants</i></p>
Loan Amount:	\$500,000 to \$5 million
Term:	Up to 5 Years
Payments:	Interest only for most loans (some amortization may be required on a case-by-case basis)
Interest Rate:	Applicable Treasury rate plus 500 basis points
Fees:	1.25% origination fee
Collateral:	Recorded lien on real estate; first position preferred, but subordinate positions will be considered on a case-by-case basis
Loan-to-Cost (LTC) or Loan-to-Value (LTV):	Predevelopment loans up to 75% LTC Acquisition loans up to 100% LTV Predevelopment + acquisition loans up to 125% LTV
Sponsor Equity:	Minimum equity contribution of 5%
Guarantees:	Personal guarantees required from those with at least 20% ownership interest in for-profit borrowers. No minimum liquidity covenant required

Equity Grants

Grant Amount:	The lesser of 5% of project costs or \$100,000
Eligibility:	Projects must either (a) be sponsored by an EDI participant or graduate or (b) have at least 20% of residential units affordable to households earning no more than 60% MFI

***Note:** Project sponsors that have liquid assets in excess of \$1 million or a net worth in excess of \$2 million will not be eligible

We invite you to apply for a loan through Capital Impact Partners

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BUILDING COMMUNITIES OF OPPORTUNITY



A New Chapter Supporting Our Equitable Development Initiative

The Diversity in Development - DMV Loan Fund builds on our effort through the Equitable Development Initiative (EDI) to work more directly with real estate developers who reflect the Washington Metropolitan region's demographics. EDI is working to build knowledge and connections within the local real estate development industry as a means to amplify the ability for communities of color to stabilize neighborhoods and build wealth.

In conjunction with EDI, this new loan fund leverages our experience working with local developers and community partners. Combined with our key strengths - including program design and project financing - we are better able to support developers of color to more easily enter the real estate development sector, grow their careers, and support local solutions to spur community growth.

EDI Program Goals

EDI supports local developers who identify as persons of color - who have historically experienced disinvestment due to structural racism. The program provides this support through training, technical assistance, and real estate development financing connections. The program has three broad goals:

- ▶ Increasing knowledge and network building for real estate developers of color
- ▶ Contributing to neighborhood stabilization and revitalization
- ▶ Supporting pathways for communities of color to build wealth

Creating Impact Through Local Projects

As we foster equitable access and opportunity, these projects exemplify how we are financing projects led by developers of color:

4726 Sheriff Rd NE | Ward 7

- ▶ Two DMV-EDI graduates - Thomas Houston and Talayah Jackson - are project sponsors.
- ▶ Capital Impact provided a nearly \$1 million loan to support Mr. Houston's nonprofit community development corporation, Medici Road, with the acquisition of a vacant lot to be developed into a 17,000-square-foot building with affordable housing, retail, and office space.
- ▶ The 12 condo units are anticipated to house 54 residents and will be for sale at prices affordable to D.C. residents earning 80% MFI.
- ▶ The ground floor will include co-working space to support local entrepreneurs and a locally owned and operated grocery store - the only true grocery store this far east in D.C.

Alabama Ave Apartments | Ward 8

- ▶ Capital Impact is providing a \$2.475 million acquisition loan and a \$900,000 predevelopment loan for this project, which will transform under-developed lots into a three-story affordable housing community.
- ▶ The project is led by Durrani Development Corporation, whose principal, Mustafa Durrani, has lived and worked in the D.C. area since arriving in the United States as a political refugee at the age of 3.
- ▶ The development includes 32 one-bedroom units, 28 two-bedroom units, and 26 three-bedroom units.
- ▶ Eighteen of the family-sized units will serve as permanent supportive housing for residents earning 30% MFI. Of the remaining units, 9 will serve residents earning 60% MFI and 59 will serve residents earning 50% MFI.