

Investor Program Update: 2017 in Review

2017 was an exciting year for JCUA's Community Ventures Program (CVP). With two new loans approved, increased money in the revolving grant fund, a very successful Neighborhood Impact Tour, new CVP staff, and a diverse pipeline of projects, CVP is making a significant impact in affordable housing, and community and economic development throughout Chicago neighborhoods. Through this program, and with the vital support of our donors and investors, JCUA is contributing to preserving and developing much needed affordable housing and supporting job growth and creation.

At a time when the cost of living in the city is rising, there is increased need for decent and safe affordable housing for low-income individuals and families. Since 1991, CVP has provided more than \$4.7 million in zero-percent interest loans to 36 separate development projects, helping to keep and/or preserve 4,000 affordable housing units. CVP loans have served as a catalyst during the early development stage. Funds have been used for site acquisition, architectural fees, assessments and other related expenses. For several projects, funds disbursed through the Community Ventures Program have been among the first financing secured for a project. This early money helped to add credibility to projects and paved the way for additional investment. As JCUA continues to pool resources to provide loans that are flexible and easy-to-access, the impact of the program remains strong and constantly growing.

Here is a snap shot and detailed description of the projects currently supported by CVP.

Program Update:

CURRENT PROJECTS					
Project Name	Site Address	Neighborhood	Loan Amount	Loan Deployment Date	Number of Units/Jobs
Warren Apartments	1527-33 Warren	Near West	\$ 100,000	7-12-2017 first \$50,000. Balance funded January 2018	75 units mixed income housing
Lincoln Park Interim Supportive Housing	1541 N. Sedgewick	Old Town	\$100,000	Approved. Funding provided in January 2018	48 units of interim supportive housing
The Hatchery	Lake and Kedzie	East Garfield Park	\$ 100,000	09/28/16	900 new jobs to be created
Gracie's Café	1517 W. Warren Blvd.	Near West	\$50,000 (\$10,000 balance after repayments)	09/20/2013	9 new jobs created

Current Projects:

Warren Apartments

CVP approved a \$100,000 loan to Heartland Housing (the housing arm of Heartland Alliance) to enable its development of Warren Apartments, a 75 unit mixed-income development. Warren Apartments will complement the 89 units of supportive housing at Heartland’s award-winning neighboring Harvest Commons apartments (renovated in 2013), and address the great need for affordable workforce housing in the rapidly gentrifying Near West Side and West Loop neighborhoods.



The development will include two new construction buildings. The first will be a 6-story 65-unit apartment building with studio and 1-bedroom units and a second 3-story structure will include 12 2-bedrooms units. The Warren site is ideally located across from Union Park, close to jobs and transportation (the project qualifies as Transit Oriented Development under the new City of Chicago ordinance), as well as amenities such as health care, jobs, shopping, religious institutions, and entertainment. Financing would largely consist of equity from the 9% Low Income Housing Tax Credit that Heartland secured in June 2017. Other sources include a permanent mortgage, DCEO funds as available, and TIF (or other City of Chicago gap financing) as available. Heartland will also approach market-rate developers for whom this site could help them achieve the off-site affordable housing requirements of the City’s Affordable Requirements Ordinance.

The project is situated in an area which had been home to one of the most dilapidated public housing projects in the City – Henry Horner Homes. Since most of the development was torn down almost 20 years ago, the neighborhood has been consistently gentrifying with market rents commanding as much as \$2000 for a two-bedroom unit. Meanwhile, the gentrifying West Loop community continues its rapid march west. At the time Horner was torn down, the City and developers committed to replace it with a “mixed income” community. In order to realize that commitment, it is crucial that the affordable housing component be included in the fabric of the design of the neighborhood rather than plugged in at a later date after the “boundary lines” have been established. JCUA expects the loan to be repaid in full by the Fall 2018.

Lincoln Park Interim Supportive Housing

CVP approved a \$100,000 to Lincoln Park Community Services (LPCS) to develop 48 units of Interim Supportive Housing (ISH) in Chicago’s Old Town community. The project is part of a 68-unit development that will include an additional 20 units of permanent supportive housing on the same campus. The proposed development will be located at 1521 North Sedgwick, and will build on LPCS’s success as a provider of both interim and permanent supportive housing throughout the City. For the past 32 years, LPCS has served Chicago’s homeless community through its commitment to moving individuals to stability, employment, and permanent



housing. It currently operates a 35-bed ISH co-ed facility at Lincoln Park Presbyterian Church and a 17-unit scattered site Independent Community Living program.

LPCS is one of the most successful programs in the City, noted for returning homeless persons to stability and employment. Over the past five years, approximately 70% of LPCS' ISH guests have moved into permanent housing with a consistent level of 80% of them remaining housed after six months. The social services LPCS provides have been recognized as instrumental in returning thousands of homeless persons to long term stability and employment. This project, located in one of the City's most affluent areas, serves as a reminder that the problem of homelessness is pervasive and must be addressed in every community if it is ever to be truly eradicated. With this project, LPCS would relocate and expand its current ISH program and increase its Independent Community Living program. JCUA expects \$50,000 to be repaid by December 2018 with the second half being repaid by December 2019.

The Hatchery – Food and Business Incubator

CVP has lent \$100,000 to the Hatchery, a new food and beverage business incubator in East Garfield Park at the corner of Lake and Kedzie. Building on Chicago's history and roots in the food industry, the new 67,000 sq. ft. space will provide shared kitchens, dry/cold storage, loading docks, meeting/office spaces and business development services for 50-75 food industry entrepreneurs. The Hatchery will be a premiere business incubator for those working out of the physical space and a virtual community for other like-minded businesses.



The Hatchery will create jobs, build businesses and strengthen neighborhoods. It is predicted that over 900 jobs will be created in 5 years, 25 new local companies will be launched and more than 100 new products will be made. The positive impact of this project will be felt not only on the West Side of Chicago, but across the entire city as local food and beverage entrepreneurs build and grow successful businesses, creating job opportunities for individuals in Garfield Park and around Chicago.

The Hatchery is a joint venture between three Chicago-based nonprofit organizations: Accion Chicago (a small business development lender), the Industrial Council of the Nearwest (ICNC, business incubator manager) and IFF (developer and community development consultant). The pre-development loan was used to cover the costs associated with architectural and schematic design services. The Hatchery's groundbreaking occurred in October 2017 and JCUA expects the loan to be repaid in January of 2018.

Gracie's Café: Employment Training Café of St. Leonard's Ministries

Gracie's Café is a social enterprise of St. Leonard's Ministry (SLM), an organization with almost 60 years of experience in providing comprehensive residential, case management and employment development services for formerly incarcerated men and women. Partnering with SLM's culinary training program, Gracie's Café opened in September 2013 to provide individuals with real world culinary and business experience before applying for work throughout the Chicago area. In 2013, CVP loaned SLM \$50,000 to provide employment training to residents gaining the skills necessary to become self-sufficient.

Gracie's Café was situated on the first floor of Heartland Alliance's affordable housing building, Harvest Commons, on the near West Side, adjacent to their urban garden on the corner. Gracie's Café trained a total of 22 individuals in the culinary arts and café management business. In 2015, Gracie's Café trained 9 people, all of whom found jobs after graduating from the program.

Unfortunately, the Gracie's Café storefront had to close in 2016. As SLM continued to struggle with the State of Illinois budget cuts, the Executive Team at SLM made the difficult decision to close its doors. Gracie's Café Catering Business is still operating and looking to grow. Individuals from SLM were provided the opportunity to work for and train in the culinary field through this catering business rather than in a storefront cafe. Despite the closing of the storefront café, SLM still continues to stay on schedule with their loan repayment plan. The \$50,000 loan is expected to be fully repaid by the fall of 2018.

Recently Repaid:

Mayfair Commons – Affordable Senior Housing of the North River Commission

The North River Commission (NRC) is a community-based organization founded in 1962 by concerned residents and neighborhood institutions. NRC's mission is to unite over 100 civic associations, businesses, schools and institutions on the northwest side of Chicago to improve the quality of life for all constituents by creating affordable housing, quality education, arts & cultural endeavors, open spaces, and stable neighborhood businesses. As part of a larger community development plan, NRC developed Mayfair Commons in the late 1990's, building 97 total units of much needed affordable senior housing.



When the original financing expired, NRC was tasked with refinancing the entire project to preserve the affordability of the building. JCUA loaned NRC \$100,000 in June, 2014 to cover a portion of the costs with preserving the affordability and updating and rehabbing the building. After several unexpected delays, NRC gained 100% ownership interest in Mayfair Commons from its equity partner and was able to secure permanent financing for the project in order to rehab the property. The total project renovation budget of \$3,000,000 is being used to install a new roof, new air conditioning, solar thermal panels and unit upgrades, all of which will improve the quality of life for the residents. JCUA's pre-development loan for the project leveraged other project financing sources including federal HOME funds, the Illinois Housing Development Authority (IHDA) Affordable Housing Trust Fund, Federal Home Loan Bank, and a Tax Exempt Bond-Construction loan. NRC successfully repaid the \$100,000 CVP loan in December 2017.

Projects Being Vetted

CVP staff is creating a pipeline for future investments so that CVP is able to fund new projects as loan funds are repaid and new investments received. Current projects in discussion include:

- **Experimental Station/Blackstone Bicycle Works** - Blackstone Bicycle Works (BBW) is a community bike shop and youth education program of the Experimental Station in the Woodlawn neighborhood on Chicago's South Side. The mission of Blackstone is to provide educational and vocational opportunities to youth ages 8-18 from some of Chicago's most underserved neighborhoods. BBW also provides externship opportunities, job placement, as well as college mentoring and tuition assistance for its graduates. CVP could provide a predevelopment loan as they move through the stages of acquiring and redeveloping a local fire station to expand their bike shop and create economic opportunities for local businesses.
- **Opportunity Investment Fund** – CVP could partner with Community Investment Corporation's Opportunity Investment Fund – a new \$30 million initiative for entrepreneurial developers to create affordable rental units in stronger markets.
- **Paul Stewart Apartments** – CVP could provide a predevelopment loan to rehab approximately 87 units of senior affordable housing in Chicago's Bronzeville community.
- **Chicago Cottages** – LaCasa Norte and Pride Action Tank are seeking funding to build 10 'Tiny Homes' in Englewood to provide affordable housing for college bound homeless youth.
- **SACRED** – Interfaith Housing Development Corp (IHDC) and the Claretian Associates are seeking funding to develop 72 units of affordable housing for individuals and families in the South Chicago neighborhood. The project will also include commercial and office space. The office space will be occupied by Claretian Associates, providing a new office for the organization. The commercial space will be utilized for retail, based on the surrounding neighborhood and community needs. The proposed site is located at the corner of 92nd and Burley.
- **Dett School** – IFF and Christy Webber Landscaping are co-developers of the re-purposing of the former Nathaniel Dett Elementary School in the heart of the former Henry Horner Homes community. The developers have identified the need for a center that focuses solely on women and girls, crucial threads in the social fabric of the Near West Side of Chicago. They seek to create a safe, holistic center that will effectively reach and empower the most vulnerable women and girls to improve their health, economic and psycho-emotional development, and overall gender equality.

Financial Snapshot as of 12/31/2017

Financial Snap Shot	
Total CVP Funds	\$378,880.14
Total Outstanding Loans/Loan Commitments	\$310,000.00
Number of Contributors	13
Current Funds Available to lend	\$68,880.14

Today, the loan fund is supported by the generous loans and grants of thirteen individuals, banks and foundations. The CVP Advisory Committee is currently in the process of identifying

new donors that are able to both lend and grant money to the fund. Overall, the CVP Advisory Committee, in partnership with JCUA staff set a fundraising goal to raise funds to \$1 million by 2020. JCUA believes that the loan fund is an exceptional effective philanthropic vehicle to engage in social investment.

Other news

- This past year, CVP renewed investor commitments totaling \$59,500; recaptured \$25,000 through repayment of legacy loans; secured increased investment from two current CVP investors; received \$30,000 in new investments from new individual investors; and converted one investor’s investment from CVP’s Loan Fund to its Grant Fund. In addition, CVP has submitted five proposals to financial institutions and foundations for new investments. CVP continues to look for ways to connect current and potential JCUA and CVP donors and investors with the program.
- In March 2017, JCUA hired Brenda Grauer as its part-time Community Development/CVP Program Manager to focus exclusively on CVP. Ms. Grauer is an experienced affordable housing professional having worked at both the policy and transactional levels. Since that time, CVP has (a) developed a new simplified and standardized application process that allows the CVP Advisory Council to review projects when presented; (b) expanded CVP’s reach as evidenced by the number and diversity of opportunities being reviewed; (c) developed new marketing materials; and (d) begun to formulate a diversified capital fundraising strategy to approach individuals, foundations and financial institutions to increase the size the loan fund and reach our \$1 Million goal.
- In October, JCUA organized its second “CVP Impact Tour” that showcased CVP’s community investments on Chicago’s West Side, highlighting Heartland Housing and Warren Apartments in the Near West Side community; Breaking Ground (rehabilitation and construction of 1-4 unit homes in North Lawndale); and the Hatchery in East Garfield. The tour was facilitated by JCUA staff, with presentations by CVP Advisory Council members, CVP loan recipients, and community members impacted by CVP-funded projects. Over 35 participants attended the event. The new CVP investors all attended the event and stated that they ultimately decided to invest in CVP as a result of the work they observed during the Tour.



JCUA acknowledges and deeply appreciates the continued commitment investment, and partnership of donors to the fund. Established in 1991, the fund provides an enormously valued resource for nonprofit developers and mission-driven for-profits, providing key early funds that serve as catalysts for much-needed housing and jobs.