

# IMPACT & INVESTMENT

JCUA Community Ventures Program

## 2018 Annual Report



Thank you for your continued support of JCUA's Community Ventures Program (CVP). With your support, we continue to have an active role in preserving and developing much needed affordable housing and supporting job growth throughout Chicago.

2018 was a productive year for the Community Ventures Program. Highlights include:

- Funded five new loans that will create 148 units of affordable housing in Chicago's Near North, Near West, and West Englewood neighborhoods and will create 67 permanent and 70 temporary jobs in Pullman and Marshall Square;
- Approval of an additional loan in late 2018 (funded in early 2019) to preserve 65 units of Single Room Occupancy (SRO) housing in Humboldt Park;
- \$255,000 in new investments from new individual investors and renewed investor commitments totaling \$15,000;
- Pipeline of new projects that will expand the availability of affordable housing throughout the City;
- Third annual "CVP Impact Tour" that showcased CVP's community investments on Chicago's South Side, highlighting successful projects and a variety of uses of CVP loan funds.

The CVP loan fund is a unique philanthropic vehicle to engage in meaningful social investment that strengthens Chicago's neighborhoods. Thank you again for your ongoing support and commitment to the work of both JCUA and the Community Ventures Program.

Regards,

A handwritten signature in black ink, appearing to read 'Brenda'.

Brenda Grauer  
Community Development Manager

A handwritten signature in black ink, appearing to read 'Judy Levey'.

Judy Levey  
Executive Director

## Annual Report, Community Ventures Program 2018

2018 was a hugely successful year for JCUA's Community Ventures Program (CVP). With five new loans funded, one additional loan approved, a 70% increase in the size of the fund, a successful Neighborhood Impact Tour, and our first Investor Breakfast, CVP continued to make a significant impact in affordable housing, and community and economic development in Chicago neighborhoods. Through CVP, and with the vital support of our donors and investors, JCUA is helping to preserve and develop much-needed affordable housing and supporting job growth and creation in underserved communities.

According to a recent study conducted by DePaul University's Institute for Housing Studies, approximately 182,000 people who need low-cost housing are struggling to find a place to live in Cook County. While developers in the City have been building new apartments, most have been targeted to higher-income renters whose ranks are growing. Meanwhile, in neighborhoods across the City, Chicago is losing too many affordably-priced apartments to rising rents, conversion of small apartments to single-family homes, and neglect. There is increased need for decent and safe affordable housing for low-income individuals and families throughout the City. Since 1991, CVP has provided more than \$5.4 million in zero-percent interest loans to 42 separate development projects, helping to create and/or preserve more than 4,000 affordable housing units. In addition, CVP has financed initiatives to create more than 1,000 living wage-paying jobs in Chicago. 2018 saw the largest number of loans to projects than in any of the past 20 years, underscoring the need for CVP financing.

CVP loans serve as a catalyst for projects during their early development stage. For several projects, funds disbursed through the Community Ventures Program have been among the first financing secured for a project. This early money helps to add credibility to projects and paves the way for additional investment.

Here is a snapshot and detailed description of the projects currently supported by CVP:

<b>CURRENT PROJECTS</b>					
<b>Project Name</b>	<b>Site Address</b>	<b>Neighborhood</b>	<b>Loan Amount</b>	<b>Loan Deployment Date</b>	<b>Impact</b>
Humboldt Park Residence	3339 W. Division St.	Humboldt Park	\$100,000 (approved)	To be funded January 2019	Preservation of 65 Single Room Occupancy Units
Ogden Apartments	1223 W. Marquette Rd.	West Englewood	\$100,000	\$50,000 funded 8/29/2018 \$50,000 to be funded upon approval of permanent financing	25 units of Permanent Supportive Housing

## CURRENT PROJECTS CONTINUED

Project Name	Site Address	Neighborhood	Loan Amount	Loan Deployment Date	Impact
Latinos Progresando	2724 W. Cermak Road	Marshall Square/Little Village	\$100,000	\$50,000 funded 7/25/2018 \$50,000 to be funded upon reaching fundraising goal	7 permanent jobs
Gotham Greens Extension	10007 S. Doty	Pullman	\$100,000	5/22/2018	60 permanent jobs; 70 temporary construction jobs
Warren Apartments	1527-33 W. Warren Blvd.	Near West Side/United Center	\$ 100,000	7/12/2017 and 1/8/2018	75 units mixed income housing
Lincoln Park Interim Supportive Housing	1541 N. Sedgwick	Old Town	\$100,000	1/16/2018	48 units of interim supportive housing

### Current Project Descriptions:

#### ***Humboldt Park Residence***

CVP approved a \$100,000 loan to Latin United Community Housing Association (LUCHA) to enable the rehabilitation of the Humboldt Park Residence (HPR), a 68-unit single-room occupancy (SRO) development. Built in 1995 with support from CVP predevelopment funds, the property is now in need of updating and systems repairs. As Chicago is losing many SRO buildings and Humboldt Park experiences continued gentrification pressure, HPR helps fill a critical need for affordable housing in the neighborhood.



The rehabilitation project will result in 65 studio units with private baths (currently bathrooms are shared in all but 6 units), a new roof, energy efficient windows, brick repairs, masonry window sills, kitchen cabinets, appliances, bathrooms, lighting, boilers, sprinkler system, air-conditioning, and updates to the elevator, security, and fire alarm systems. At 500 square feet, the HPR units are considered spacious for an SRO. The building is located near many amenities and services, including Humboldt Park and access to several public transit routes. This new CVP loan is a reminder that while funds are needed to create new affordable housing opportunities, there also is a need to invest in our current affordable housing stock to keep it safe and sustainable.

**Ogden Apartments**

CVP provided a \$100,000 loan to Interfaith Housing Development Corporation (IHDC) to cover a portion of the predevelopment costs associated with the development of Ogden Park Apartments, a 25-unit Permanent Supportive Housing (PSH) facility in the West Englewood neighborhood of Chicago.

This development involves substantial rehabilitation of a three-story brick building which formerly had been a convent for St. Brendan’s Parish and closed in 1988. IHDC will reconfigure the building to make it fully accessible with the addition of an elevator that will provide access to all three floors plus the basement.



Nineteen of these units will be targeted to homeless individuals with a chronic disability. The remaining 6 units will be targeted to persons from the State Referral Network who are very low-income and have disabilities, are homeless, or who are risk of becoming homeless. Rents for all of the units will be affordable to individuals with incomes at 30% of the Area Median Income (AMI), currently \$17,800 for a single-person household. Delays in closing on the permanent financing have pushed the project construction date back to Fall 2019.

**Latinos Progresando**

CVP provided a \$100,000 loan to Latinos Progresando (LP) to acquire and rehabilitate a 9330 sq. ft. facility to expand their services and move their offices. LP, a 20- year old community organization offering low-cost/sliding scale immigration legal services, currently operates in Our Lady of Tepeyac Church and has outgrown the space. This new site is a vacant former Chicago Public Library branch, which has had a blighting effect on Marshall Square’s main commercial corridor. The City of Chicago has offered to sell the property to LP for \$1 provided they meet certain fundraising requirements. That fundraising is in progress.



The development of the new space will expand LP’s service capacity, creating opportunities for partnerships that will better meet the community’s needs. Within the space, the organization will provide high-quality, low-cost immigration legal services and expand current programs and staff to provide technical assistance to small businesses in the area. As part of its expansion plans, LP has partnered with Esperanza Health Centers and Sinai Health Systems which will rent space to provide wellness and mental health services.

**Chicago Neighborhood Initiatives -**

**Gotham Greens Extension**

CVP provided a \$100,000 predevelopment loan to Chicago Neighborhood Initiatives (CNI), a Pullman-based not-for-profit development corporation. CNI is working with Gotham Greens for the construction of a 100,000 sq. ft. greenhouse facility on the long-vacant Ryerson Steel site in the Pullman neighborhood. CNI is completing demolition, installation of environmental barriers, utility



installation and necessary site preparation. CNI will then sell the improved land to Gotham Greens which will construct the greenhouse facility, creating community jobs and bringing new opportunities to the neighborhood.

The new facility will be owned and operated by Gotham Greens, which currently operates a 75,000 sq. ft. rooftop greenhouse - the world's biggest rooftop farm - above the Method Soap plant also in the Pullman neighborhood. Gotham Greens' pesticide-free produce is grown using ecologically sustainable methods in 100% renewable electricity-powered climate-controlled greenhouses.

This second farm will create 60 permanent jobs after completion of construction. Gotham Greens has committed to hiring from the far South Side and is partnering with local organizations for job training. Their commitment to the City is that at least 35% of the jobs will go to local residents. The project will also create 70 temporary construction jobs, also sourced from the neighborhood and surrounding communities. This project is an important piece of the redevelopment story in Pullman that is bringing economic development to an area of the City with a 24.4% unemployment rate, where 21.6% of the residents live below the poverty line.

### ***Warren Apartments***

CVP provided a \$100,000 loan to Heartland Housing to support the development of Warren Apartments, a 75-unit mixed-income development. This project complements the 89 units of supportive housing at Heartland's award-winning neighboring Harvest Commons apartments, renovated in 2013. This development helps to address the need for affordable workforce housing in the rapidly gentrifying Near West Side and West Loop neighborhoods.



Warren Apartments includes two new construction buildings: (1) a 6-story 65-unit apartment building with studio and 1-bedroom units; and (2) a 3-story structure with twelve 2-bedroom units. The Warren site is located across from Union Park, close to jobs and transportation, as well as amenities such as health care, jobs, shopping, religious institutions, and entertainment.

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 up to \$2000/mo. for a two-bedroom unit. At the time Horner was torn down, the City and developers committed to replace it with a “mixed income” community. In order to fulfill that commitment, it is crucial that the affordable housing component be included in the fabric of the design of the neighborhood rather than as an afterthought. After several project delays, JCUA expects the loan to be repaid in full by Spring 2019.

### ***Lincoln Park Interim Supportive Housing***

CVP provided a \$100,000 loan to Lincoln Park Community Services 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. For the past 33 years, LPCS has served Chicago's homeless community through its commitment to moving individuals to



stability, employment, and permanent housing.

LPCS is one of the most successful programs in the City 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 instrumental in the success of guests. With this project, LPCS is relocating and expanding its current ISH program and increasing its Independent Community Living program. The campus development is moving quickly toward its occupancy date of March 2019. LPCS has already repaid the first \$50,000 of the loan and is scheduled to repay the \$50,000 second half in the last quarter of 2019.

### **Recently Repaid:**

#### ***The Hatchery – Food and Business Incubator***

CVP was one of the first sources of funds for the Hatchery, a new food and beverage business incubator in East Garfield Park . Building on Chicago's history and roots in the food industry, the new 67,000 sq. ft. space provides shared kitchens, dry/cold storage, loading docks, meeting/office spaces and business development services for 50-75 food industry entrepreneurs. The Hatchery is a premier business incubator for those working out of the physical space and a virtual community for other like-minded businesses.

It is expected that over the next 5 years 900 jobs will be created, 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 (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 from JCUA was used to cover the costs associated with architectural and schematic design services. The Hatchery repaid its CVP loan in early 2018.

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

Gracie's Café was 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. 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.

While the Gracie's Café storefront closed in 2016, the Gracie's Catering Business continues to provide individuals from SLM the opportunity to work for and train in the culinary field. SLM repaid the loan in full and on time in Fall 2018.

## Projects Being Vetted:

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

- **The Roosevelt Road Veterans Housing Project** – The Safe Haven is developing 88 efficiency apartments and 2 one-bedroom apartments for very low-income homeless and disabled veterans. Each unit will have an individual kitchen and bath. The newly constructed building on Chicago’s west side will be a five-story facility with first floor common spaces that will house on-site supportive services, a computer room, classrooms, a lounge, and office space. The site is located two blocks from a VA clinic, on a major bus line, and in close proximity to the Medical District just west of University Village.
- **Voice of the People** – Voice of the People (VOP) currently owns and manages 5 properties in the Uptown community containing 35 apartments. These units are a vital source of affordable housing in a rapidly gentrifying neighborhood. The buildings, several of which are nearly 100 years old, are in need of repairs and updating including boilers and tuckpointing. CVP is working with VOP to identify a development team and may consider a predevelopment loan once the necessary team is in place and potential financing resources identified.
- **Opportunity Investment Fund** – CVP has considered partnering with Community Investment Corporation’s Opportunity Investment Fund – a new \$30 million initiative for entrepreneurial developers to create affordable rental units in stronger markets. JCUA is in conversation with CIC to explore this opportunity.
- **Claretian Associates** – The Claretian Associates have approached CVP for gap financing for the rehabilitation of an 8-unit property in South Chicago.

## Financial Snapshot as of 12/31/2018

FINANCIAL SNAP SHOT	
Total CVP Funds	\$612,915.64
Total Outstanding Loans/Loan Commitments	\$550,000.00
Number of Contributors	16
<b>Current Funds Available to Lend</b>	<b>\$ 62,915.64</b>

## **Additional Updates:**

- This past year, CVP renewed investor commitments totaling \$15,000, secured two new investments totaling \$255,000, and converted two investments from loans to the fund into grants to the fund. In addition, CVP has submitted seven 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 August, CVP held its first Investor Breakfast where existing and potential CVP investors learned about program updates and plans for growth. One of the program presenters, Stephanie Murray, Vice President of CRA for First Bank and Trust (a CVP investor), noted that her bank's CRA rating increased from "Satisfactory" to "Outstanding" due in large part to its participation in CVP.
- In October, JCUA organized its third annual "CVP Impact Tour" that showcased CVP's community investments on Chicago's South Side. The tour visited Latinos Progresando in Little Village, Ogden Apartments in West Englewood, and Gotham Greens Extension in Pullman. The tour was facilitated by CVP/JCUA staff with presentations by current CVP loan recipients. Over 25 participants attended the event. JCUA provides opportunities for partners and potential partners to see the impact of CVP and its connection to the organization's larger mission.



In order to expand the impact of the CVP loan fund, it is essential to increase the amount of funds available for lending. While there have been and will be repayments to the loan fund, the need for new loan capital does not always match the timeline of those repayments. Today, the loan fund is supported by generous loans and grants from sixteen individuals, banks and foundations. JCUA's CVP Advisory Committee has set a fundraising goal to increase the fund to \$1 million by 2020. We are working to identify investors to support CVP with loans or grants to the fund. The CVP loan fund is a unique philanthropic vehicle to engage in meaningful social investment that strengthens Chicago's neighborhoods.

*JCUA is deeply grateful to the generous CVP partners and supporters that make this program possible.*

Annual CVP Report 2018  
January, 2019