Requests for Proposals: Pre-Development Fund

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<th>Requests for Proposals: Pre-Development Fund</th>
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<tbody>
<tr>
<td><strong>RFP Release Date:</strong> Monday, September 14, 2020</td>
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<tr>
<td><strong>Information Sessions:</strong> Oct 13th 3pm - 4pm &amp; Nov 16th 1pm - 2pm</td>
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<td><strong>LOI Deadline:</strong> Rolling</td>
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<td><strong>Full Application Deadline:</strong> Rolling, dependent on LOI approval</td>
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<tr>
<td><strong>Site Visits:</strong> As-needed</td>
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<td><strong>Funding Decisions:</strong> Rolling</td>
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<td><strong>Announcements:</strong> Rolling</td>
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**Background:**

The Chicago Community Trust is committed to the goal of closing the racial and ethnic wealth gap. Catalyzing Neighborhood Investment is one of the strategies helping to achieve this goal. The strategy focuses on the ecosystem that conditions how investment happens in underinvested majority Black and Latinx communities.

Through the Neighborhood Investment Strategy, The Chicago Community Trust has created a fund to support the pre-development phase of real estate development projects in Cook County. Equitable real estate development is an important outcome of an impactful and just investment ecosystem, one in which developers of color are able to compete fairly with their White counterparts for project opportunities and capital to finance those projects. Using non-recoverable grants, the Pre-Development Fund aims to support community-based Black and Latinx developers in covering the costs of pre-development services, which are incurred prior to site acquisition and construction and pertain to due diligence and preliminary plans and specifications. The grants are not to support the administrative functions of an organization or company. Real estate development experts from The Community Desk at the Chicago Community Trust and Enterprise Community Partners are advisors to the Pre-Development Fund and will provide technical support on select projects that receive grants from the Fund.

**Need/Opportunity Statement:**

In real estate development, 70 percent of decisions that pertain to project outcomes are made within the first 10 percent of the development life cycle. For community developers working in difficult markets, pre-development is fraught with multiple competing deadlines that complicate an already precarious development outlook. Developers speak frequently of the need for “no-cost capital” (i.e., non-recoverable grants) to cover pre-development services. These dollars bring a welcome degree of certainty to the project and allow community developers to compete with large for-profit developers who have the financial resources to navigate pre-development.

Real estate development in underinvested communities is complex during the best of times. The disproportionate impact of COVID-19 on Black and Latinx communities exacerbates that...
complexity, but it also underscores the need to leverage catalytic real estate development as an economic recovery measure. According to recent data, 27.1 percent of COVID-19 deaths in Illinois are Black residents and 20.6 percent are Latinx residents, and yet the state’s total population is just 14 percent Black and 17.5 percent Latinx. Even before COVID-19, residents of many South and West Side communities in Chicago were twice as likely to be unemployed, four times less likely to hold a bachelor’s degree, and had a life expectancy of up to 16 years lower than nearby majority White communities. The spread of a dangerous respiratory virus in already-struggling communities is a recipe for crisis. Urban pollution; the absence of some combination of basic needs such as quality grocery stores, safe open space, accessible transportation options and healthcare facilities; and the extremes of either overcrowding or social isolation make it all worse. As the region pivots from the immediate needs of the crisis to building back better, real estate projects that incorporate racial equity, public health and the environment should take precedence. COVID-19 is a clarion call for sustainable development. The Pre-Development Fund will help communities answer that call.

**Goals and Outcomes:**

One of the Trust’s 10-year goals to close the racial wealth gap is to increase financial investments in underinvested majority Black and Latinx communities. The Neighborhood Investment strategy has four “interventions” pertinent to the Pre-Development Fund that help the Trust achieve this goal. Full applications will require completion of the indicators and outcomes in this section.

<table>
<thead>
<tr>
<th>Trust’s 10-Year Goal</th>
<th>Catalyzing Neighborhood Investment – Strategy Intervention</th>
<th>Quantitative Indicators</th>
<th>Outcomes</th>
<th>Qualitative Indicators</th>
<th>Narrative response</th>
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<tbody>
<tr>
<td>Increase neighborhood-driven financial investments in underinvested communities.</td>
<td>Pathways for private sector investment in underinvested majority Black and Latinx communities.</td>
<td>Total public and private $ leveraged into projects that start construction</td>
<td>How the knowledge and capital of the community is valued</td>
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<td></td>
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<td>Total $ invested in Black/Latinx vendors contracted for the project</td>
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<td></td>
<td>Creation and implementation of place-based and issue-area plans and initiatives that advance neighborhood investment goals.</td>
<td># of measures the project is aligned with in existing Quality of Life plans and/or other inclusively developed neighborhood plans.</td>
<td>How community engagement is co-designed with the community two-way communication &amp; learning is enabled</td>
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<td># of measures the project is aligned with in existing Quality of Life plans and/or other inclusively developed neighborhood plans with explicit outcomes for racial equity, public health, environmental sustainability and future-of-work scenarios.</td>
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<td>Creative use of community assets that serve as catalysts for neighborhood investment.</td>
<td>Total square footage/acreage of vacant land put back into real estate production.</td>
<td>How cultural competency and empathy is promoted</td>
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<td>Total square footage/acreage of community asset(s) revitalized or restored.</td>
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<td>Finance and development tools that facilitate neighborhood investment.</td>
<td>Total # of development structures leveraged for the project. (e.g., land trusts, co-ops)</td>
<td>How community capital is redefined and amplified</td>
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<td>Total $ of financial resources and incentives leveraged for the project (e.g., Opportunity Zones, Chicago Neighborhood Opportunity Fund, New Market Tax Credits, TIF)</td>
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Priority Strategies and Activities:

Eligible uses for the Pre-Development Fund include costs incurred in connection with:

- Economic, market and other feasibility analyses for the project.
- Architectural services limited to zoning analysis, test fits, cost estimating, space planning and/or preliminary schematic design.
- Site due diligence, including but not limited to, environmental studies, soil testing, appraisals and surveys.
- Earnest money and deposits to execute purchase agreements and/or options for site control.
- Professional services and initial fees related to project funding to support deal structuring, financial packaging, tax credit applications and/or grant applications.
- Project management professionals and consultants, including attorneys, accountants and project managers used to support project approvals.
- Community engagement and coordination.

Grantmaking Criteria:

Eligible pre-development projects will be assessed against the priority requirements outlined below (in no order of importance). Please refer to them often during the inquiry and application process.

- Catalytic real estate projects, including residential and commercial development; mixed-use and transit-oriented development, nonprofit and community facilities development, and neighborhood-scale infrastructure development.
- Projects identified in neighborhood or municipal citywide plans.
- Projects that enhance local market conditions and can attract private capital to underserved Black and Latinx communities without displacing residents.
- Projects in Chicago's INVEST South/West communities. Special attention will be given to community-based developers responding to City-issued development RFPs.
- Projects that leverage place-based tools and resources such as Cook County Opportunity Zones and the City of Chicago Neighborhood Opportunity Fund.
- Projects that are part of high-profile and collaborative place-based initiatives, including the Chicago Prize, Elevated Chicago, Great Rivers Chicago, United Way of Metro Chicago Neighborhood Networks (in Cook County), and others.
- Projects that leverage catalytic place-based assets such as transit stations, commercial corridors, job centers, cultural and anchor institutions, major parks, or natural amenities.
- Projects with an economic development focus that incorporate intersectional issues such as racial equity, public health, environmental sustainability and future of work outcomes.
- Projects with the most potential to attract private capital.
- Projects from developers of color, including women.
- Projects that partner with pre-development service providers of color, including women.
- Projects that demonstrate pre-development knowledge through in-house competencies or through partnership with external technical assistance providers.*
- Timeline and the potential for project success.

*The Trust is partnering with The Community Desk and Enterprise Community Partners to provide no-cost pre-development technical assistance to qualifying projects that receive Pre-Development Fund grants. All projects will be assessed with the grantee to develop a technical
assistance plan that complements the expertise and knowledge base of the development team. The technical assistance is optional based upon the strength and experience of the development team.

**Grant Amounts Available and Grant Term:**

The Pre-Development Fund will award grants up to $100,000 with an average grant size expected to be $75,000. Funds are to be used for pre-development activities as outlined in this RFP. Grants from the Pre-Development Fund are one-time investments, and thus not eligible for renewal. Grant recipients are expected to meet the Trust’s requirements for the submission of financial and narrative reports at the end of an annual grant cycle, including a final report. Requests from the Pre-Development Fund must be made in a Letter of Inquiry (LOI) before moving on to a full application pending approval by Trust staff.

**Eligible Applicants:**

To be eligible for a grant award, an applicant must be a community-based developer and:

- A nonprofit organization with evidence that it (a) has been recognized by the Internal Revenue Service as an organization described in Section 501(c)(3) of the Code; (b) is fiscally sponsored* by a Section 501(c)(3) organization; (c) or is a governmental unit within the meaning of Section 170(c)(1) of the Code;
- Described in Section 170(b)(1)(A) of the Code; and
- Located within and/or primarily serving residents of Cook County, Illinois.

For-profit development companies are eligible to receive dollars from the Pre-Development Fund, provided these criteria are met and approved by staff of The Chicago Community Trust:

- Grant awards pass through a nonprofit organization or governmental unit fiscal agent applicant*, as qualified in Eligible Applicants;
- The for-profit development company has a mission and business plan with the explicit goal of lifting up and improving majority Black and Latinx communities;
- The for-profit development company is small to mid-sized with annual revenues under $10 million;
- The for-profit development company is Black or Latinx-owned or otherwise focused on majority Black and Latinx communities; and
- The for-profit development company meets the requirements of this RFP.
- The for-profit development company completes a Developer Profile provided during the application process.

*Sponsored organizations without 501(c)(3) status must identify their fiscal sponsor as soon as possible and ask them to complete an organization profile in The Chicago Community Trust’s grants management system, GrantCentral, prior to the sponsored organization’s application submission. Fiscal sponsors must log in and complete and certify an organization profile in GrantCentral at https://cct.smartsimple.com prior to application submission.

**Ineligible Uses:**

The following uses are ineligible for the Pre-Development Fund:

- Projects that do not align with Priority Strategies and Activities as outlined in this RFP.
- Projects that do not align with Grantmaking Criteria as outlined in this RFP.
- Applicants that do not meet the Eligible Applicants requirements as outlined in this RFP.
- Planning activities that span beyond the scope of the site of the project.
- Community engagement activities that span beyond the scope of the site of the project.
- Zoning activities that span beyond the scope of the site of the project.
- Administrative expenses that span beyond the scope of the site of the project.
- Projects at the conceptual stage.
- Site remediation.
- Project construction.
- Lobbying expenses.

**Evaluation and Learning:**

Sharing successes or challenges in achieving measures of progress is critical to our collective learning, decision-making and impact.

The Trust is committed to achieving our long-term goals and outcomes by developing outcome measures both internally and with our partners that inform progress towards our shared mission. The project outcomes should be informed by why the project or strategy will lead to the anticipated result or long-term change (i.e., theory of change). After identifying those outcomes, grant applicants will be asked to develop specific, time-limited measures of progress. For shorter term grants (1-year), these outcomes may not be achieved during the duration of the project. Measures of Progress provide measurable and reportable evidence that a proposed project and/or organization has effectively achieved – or is on the path to achieving - its objectives. These are what can be measured during the term of the grant period and contribute to your longer-term outcomes and are aligned to the Trust’s strategic priorities. The Trust also recognizes that there could be challenges to the implementation of any grant, many of which are not under the control of grant recipients, which may prevent you from achieving your targets. Learning about the progress made towards anticipated outcomes and measures is part of the Trust's evaluation and learning efforts.

For potential grantees from whom developing metrics or workplans is a new activity or for those individuals who would like to learn more about developing Measures of Progress, the Trust and Enterprise Community Partners will be providing webinars, in-person sessions, and opportunities for ongoing peer learning.

**Collection of Diversity, Equity, and Inclusion Demographic Data:**

The Trust asks that grant-seekers provide demographic data on board and staff as well as clients/beneficiaries of programs and services. The Trust believes that the board and staff composition of grantees should be inclusive and reflect the diversity of the demographics of the region and the individuals they serve. Diversity for the Trust encompasses but is not limited to ethnicity, race, gender, sexual orientation and identification, age, economic circumstance, class, disability, geography and philosophy. For this reason, the Trust does take into consideration the demographic make-up of the board, staff and clients of a grant applicant as an important proposal evaluation criterion.

**Application Process:**

The application process has two steps: a letter of inquiry (LOI) phase and a full application phase. Only select LOI applicants will be invited to the full application phase. All LOI applicants
will be notified whether they will be invited to the full application phase and invited applicants will be given ample time to complete the full application.

Applicants must complete their application via GrantCentral, The Chicago Community Trust’s online grants management system. To access an application, grant seekers must log into GrantCentral at https://cct.smartsimple.com.

Applicants must complete an Organization Profile, which is on the last tab within their GrantCentral account. If the Organization Profile was completed for a previous funding opportunity, it must be reviewed and, if needed, updated and certified prior to application submission.

Sponsored organizations without 501(c)(3) status must identify their fiscal sponsor as soon as possible and ask them to complete an organization profile in GrantCentral prior to the sponsored organization’s application submission. Fiscal sponsors must log in and complete and certify an organization profile in GrantCentral at https://cct.smartsimple.com prior to application submission.

Late or incomplete LOIs or full applications will not be considered. Applicants may receive a site visit, telephone call or other communication from foundation staff as part of the application review process.

LOI and full application review and approval for the Pre-Development Fund is executed as follows:

- Initial LOI review by Trust staff to determine alignment with the RFP. Non-qualifying LOIs are notified about not advancing to full application.
- Second LOI review by Trust staff and Technical Advisors to determine level of competitiveness against the requirements of the RFP. Non-competitive LOIs are notified about not advancing to full application.
- Competitive LOIs are invited by Trust staff to submit a full application to the Pre-Development Fund. Full application due diligence requirements and deadline provided.
- Full applications are reviewed by the Trust staff and Technical Advisors. Site visits, communications and other due diligence pertaining to the full application will occur during this time. Dates and deadlines provided.
- Pending due diligence, non-competitive full applications are notified about not receiving a grant from the Pre-Development Fund. Decline communication provided.
- Pending due diligence, full applications that align most competitively with the requirements of the RFP are notified about receiving a grant from the Pre-Development Fund. Grant award amount determined. Acceptance communication and grant agreement provided.
- Select real estate projects will have access to Technical Advisors for the duration of the grant to ensure project success.

Prompt Questions:

We understand the difficulty of responding to myriad requirements of an RFP. The prompt questions that follow capture the most critical themes of competitive proposals: community support, financing, and the ability to catalyze change.
• Viability. Does the project appear to have a business model or development pathway that suggests project success?
• Financing. Does the project appear to have sufficient financing to move beyond pre-development?
• Community. Does the project appear to be aligned with the goals of the community as presented in a community plan or other expression of community priorities?
• Catalytic. Based on location, nearby assets and the project itself, does the project appear to have the potential to catalyze additional development in the community?

Information Sessions:

The Trust and its Technical Advisors will host two inaugural information sessions on the Pre-Development Fund. These sessions will be virtual and recorded.

- Oct 13th from 3pm - 4pm
- Nov 16th from 1pm - 2pm

https://www.eventbrite.com/e/pre-development-information-session-tickets-121070672641?ref=estw

Because the Pre-Development Fund is an evergreen opportunity, future information sessions will occur on an as-needed basis.

Contact Information:

For technical questions regarding GrantCentral, email grants@cct.org.

For programmatic and application content questions, email Michael Davidson, Senior Director of Community Impact, at mdavidson@cct.org, or Cora Marquez, Community Impact Coordinator, at cmarquez@cct.org.

Pre-Development Fund Partners:

About The Chicago Community Trust

The Chicago Community Trust, our region’s community foundation, partners with donors to leverage their philanthropy in ways that transform lives and communities. For the past century, we have connected the generosity of donors with community needs by making grants to nonprofit organizations working to improve metropolitan Chicago. Since our founding in 1915, the Trust has awarded over $2 billion in grant funding to more than 11,000 local nonprofit organizations – including more than $300 million in 2017. Our region is home to people passionate about their neighborhoods. People committed to making a difference. People divided by a legacy of segregation, separated by lines of class and races and opportunity – but there is much more that unites us than divides us. We pledge to bridge these divisions and to champion the common good, creating a place where no one is left behind. To learn more about how the Trust has improved the quality of life in metropolitan Chicago, we invite you to visit our website at www.cct.org.

About The Community Desk
The Community Desk (“the Desk”) is a recently launched initiative currently housed at The Chicago Community Trust in partnership with the Boston Consulting Group (BCG) and JPMorgan Chase Foundation, with its mission to catalyze community-oriented development investment in Chicago’s underserved and disinvested neighborhoods. The Desk serves as a conduit between community projects or plans, and the resources and capital necessary to bring those plans to reality.

About Enterprise Community Partners – Chicago

Enterprise Community Partners brings together nationwide know-how, partners, policy leadership and investment to multiply the impact of local affordable housing development. Our mission is to create opportunity for low- and moderate-income people through affordable housing in diverse, thriving communities. Enterprise – Chicago is focused on advancing programs, policies and capital investments that improve the health and well-being of all Chicago residents and improve the economic, social and climate resiliency of our neighborhoods. Enterprise – Chicago has invested over $500M in capital and provided over $4.5M in capacity building grants to nonprofits throughout Chicago and Illinois.

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[1] Ecosystem – the interplay of the actors (nonprofits and mission-oriented for-profit developers, providers of support to small businesses, community development corporations, community development financial institutions, foundations, public sector, residents, etc.) and functions that produces an environment for community investment (Source: Initiative for Responsible Investment/Living Cities)
