

# Next Gen

## Illinois Housing Development Authority Special Achievement

### HFA Staff Contact

Andrew Field

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*"Being part of the Next Generation Capacity Building Initiative is a tremendous opportunity for me. I'm excited to engage with industry professionals, learn from experienced mentors, and contribute to a more diverse and inclusive housing development sector. This program opens doors for aspiring developers like me, and I'm eager to make a meaningful impact."*

-Next Gen cohort participant, Michele Jarrell (Chicago)

## **Creating New Developers**

Affordable housing development is complex work that has a number of high barriers for new and emerging developers. The high costs, regulatory hurdles, and long-term compliance requirements make it challenging for those without extensive experience and connections to leverage the private partnerships and programs that Housing Finance Agencies administer. This is a niche business, and if you don't have the financial and social capital, it can be difficult to break in.

For this reason, the Illinois Housing Development Authority (IHDA) views capacity building in the development community as an important part of its mission and has been actively exploring opportunities to expand the field of housing professionals in Illinois. As a part of this commitment to diversity, equity and inclusion, IHDA created the Next Generation Capacity Building Initiative (Next Gen) to provide direct support for emerging housing developers to enter and succeed within the Low-Income Housing Tax Credit (LIHTC) program. The initiative supports both for-profit and nonprofit developers from across Illinois as they become experienced in the LIHTC industry by providing affordable housing development training, project-specific technical assistance, and more.

## **High Barriers to Entry**

The LIHTC has long been the primary engine behind the development of affordable housing and provides most of the capital available to developers of affordable housing each year. However, the technical knowledge, high cost of entry, and relationships required to develop tax credit properties has historically made it challenging for new developers, particularly BIPOC developers, to access this resource. While IHDA appreciates the consistent and ongoing efforts of our niche developers, consultants, and architects, most proposals submitted are not created by diverse teams. IHDA seeks an expanded pool of developers and proposals that are reflective of the ethnicities and demographics as diverse as Illinois.

To address these challenges, an internal working group researched capacity building models from across the country and engaged in discussions with more than 50 stakeholders and developers to better understand the challenges and goals of emerging developers. It was evident through these conversations that it is particularly challenging for emerging and BIPOC developers to navigate LIHTC program requirements or form equitable joint ventures without prior experience. IHDA also heard concerns about a "one-size-fits-all" approach to capacity building, the disadvantages of standalone classroom training, and the importance of project-specific technical assistance. Finally, stakeholders consistently mentioned the high cost of entry to the LIHTC program and the lack of pre-development funding to support early project costs, especially costs that occur prior to site control.

## **Next Gen Program Overview**

The Next Gen initiative seeks to address disparity in the LIHTC industry by lowering the systematic barriers emerging developers encounter in three key ways.

1. An in-depth training series will be provided to program participants. This includes 160 hours of training curriculum delivered by a housing partner on affordable housing development and LIHTC, with specific training on IHDA's programs and processes. The training partner will also coordinate networking opportunities for program participants to connect with seasoned industry professionals.
2. A predevelopment loan fund administered by a partner agency to support the pre-construction and planning costs necessary to establish project design, scope, site control, and other early costs. Eligible Next Gen participants may receive interest-free loans of up to \$250,000, and repayment is only required if the project is successfully developed. As funds are repaid, they will be recycled and lent out to additional emerging developers.
3. Project specific technical assistance will be provided to each participating developer or development team who receives a loan from the predevelopment loan fund as they work on their proposal and move their project along IHDA's application process. The technical assistance will be curated to participants' specific needs with a focus on building their capacity and potential development project.

While other programs address one or two of these issues, IHDA believes Next Gen may be one of the only initiatives in the country that is designed to support emerging developers with a holistic approach that features a training curriculum, pre-development fund, and curated technical assistance.

### **Finding a Partner**

From the beginning, the Next Gen initiative was a program IHDA sought an outside partner to carry out. As a result, IHDA issued a Request for Applications seeking a partnership with one or more Community Development Financial Institutions (CDFIs) for the program. IHDA sought a CDFI partner who was capable and experienced in providing pre-development loans, training, and technical assistance to affordable housing developers. This would help avoid conflicts of interest and allow for those in the program to truly work with the "boots on the ground" in bringing affordable housing to Illinois.

After reviewing the submitted RFAs, LISC Chicago and Central Illinois were selected as IHDA's Next Gen partner. LISC is a nonprofit, community-based organization that helps to develop community-led plans, affordable housing, commercial development, commercial enterprises, and community facilities as well as investing in small businesses. LISC also invests in health, economic development, financial well-being, and environmental sustainability so that the community partners they serve are good places to live and thrive in wellness and economic stability. It was a perfect fit to help us finally launch the program.

### **Initial Cohort**

LISC and IHDA worked closely over the next couple of months to fine-tune and finalize the Next Gen program. Then LISC put out a request for interested candidates to apply for the inaugural program. LISC

received nearly 100 applications from BIPOC developers across Illinois eager to take part in the opportunity.

LISC reviewed all the applications through a previously established scoring criteria created by IHDA and LISC, and interviewed 30 candidates. A cohort of 22 emerging developers were selected to be part of the initial class in Illinois' continuing efforts to support the capacity and growth of a diverse pool of affordable housing developers. Of the 22 selected applicants, 18 (82%) are African American or Asian American/Pacific Islander, three (14%) are Hispanic/Latinx, and four (18%) are women real estate development professionals.

The program kicked off in February, 2024. Over the course of ten months, the participants will receive 160 hours of curriculum focused on developing affordable housing utilizing the Low-Income Housing Tax Credit. The training and individualized technical assistance combines industry-leading content and real-world education as a platform for supporting the next generation of underrepresented real estate professionals able to contribute tangible and lasting benefits to the community.

Modules will include real estate development topics focused on LIHTC development, including:

- Finance and deal structuring;
- LIHTC application process;
- Legal structure and protections;
- Managing a large team; and
- Property management v. asset management.

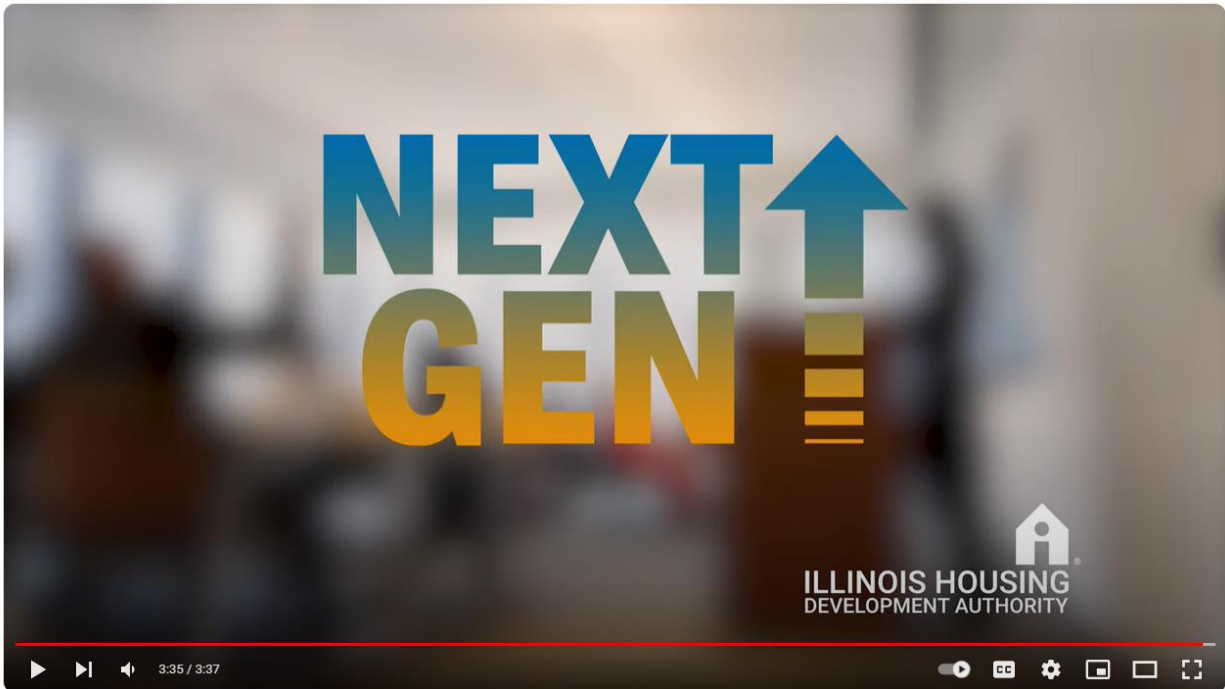
Participants will have access to related training, industry speakers, and networking events. The program also features the basics of structuring a real estate business and project-specific work, leading towards access to predevelopment financing and individualized coaching. Throughout the year, participants will also be given opportunities to network with housing developers to ask questions, learn best practices, and receive advice during their journey.

## **Conclusion**

Next Gen will provide capital, training, and technical assistance focused on reducing barriers to entry within the LIHTC program. The initial cohort of 22 emerging developers are part of the State's continuing efforts to support the capacity and growth of a diverse pool of affordable housing developers in Illinois. This work is founded on the belief that greater diversity among developers will lead to more inclusive outcomes, including greater community engagement in the development process, greater diversity in the type of projects IHDA sees in the LIHTC rounds, and a more equitable distribution of the wealth generated by developer fees. It is also IHDA's hope that the developers that complete this initiative will share their experience and knowledge with future generations of developers to create better housing and outcomes for residents across the state.

IHDA cannot wait to see how they progress through the program and eventually submit their very own LIHTC application. This is a positive step forward for Illinois and affordable housing and IHDA hope other HFAs reach out and start their own programs to bring additional equity to affordable housing development.

# IHDA Next Gen Introductory Video



IHDA Next Gen



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<https://www.youtube.com/watch?v=y9ADMLV1ops>



# ILLINOIS HOUSING DEVELOPMENT AUTHORITY

## NEXT GENERATION BLACK, INDIGENOUS, AND PEOPLE OF COLOR DEVELOPER CAPACITY BUILDING INITIATIVE ("NEXT GEN")

### REQUEST FOR APPLICATION

### SUBMISSION DEADLINE:

**FRIDAY, NOVEMBER 18, 2022, 3:00 PM CDT**

Submit completed application electronically to

[NextGen@ihda.org](mailto:NextGen@ihda.org)

For questions and comments, please contact

[NextGen@ihda.org](mailto:NextGen@ihda.org)



# APPLICATION GUIDE

## ABOUT THE ILLINOIS HOUSING DEVELOPMENT AUTHORITY

Illinois Housing Development Authority (“IHDA” or “the Authority”) is the state’s housing finance agency and was created by the state legislature in 1967 pursuant to the Illinois Housing Development Act (20 ILCS 3805/1 *et seq.*) as a self-supporting agency to finance affordable housing across Illinois. The Authority does not use taxpayer dollars to sustain its operations, although it does administer publicly funded programs on behalf of the state. Since its creation, the Authority has provided more than \$20 billion to finance more than a quarter million affordable homes. The Authority accomplishes its mission through several avenues. The Authority:

- Connects people with financing programs for their homes.
- Partners with lenders, developers, local governments, nonprofits, community groups, and others to deliver low-cost financing programs.
- Provides financial assistance to low-and moderate-income homebuyers and homeowners.
- Offers resources to developers who build or preserve affordable and mixed-income rental housing.
- Provides oversight for hundreds of affordable rental communities across the state.

## AUTHORITY POLICY PRIORITIES & OBJECTIVES

The Authority employs various planning and research methods to better understand the diverse housing needs of Illinois residents, identifies policy priorities and goals, and develops policy objectives in support of those goals. These methods are dynamic and designed to identify opportunities for the Authority to target its investments effectively and efficiently, nimbly responding to an ever-changing social and economic climate.

Some of the Authority’s current policy priorities, goals, and objectives for the coming years are outlined below. These priorities have been identified in the 2021 Illinois Housing Blueprint and in response to broader economic and socio-demographic conditions, as well as key housing needs at the state level.

1. **Racial Equity.** Discrimination in the US housing market has contributed to both social and economic inequity and manifested in the widening of the racial wealth gap and historic disinvestment in communities of color. The Authority’s approach to address racial equity is rooted in increasing opportunities for wealth building for Black, Indigenous, or people-of-color (“BIPOC”), while also prioritizing projects that improve resident outcomes.
2. **Access to Funding.** Challenges to accessing affordable housing development financing, especially for small to mid-sized firms, has an adverse impact on innovation, dampening creativity, and flexibility in the provision of affordable housing that serves Illinoisans. The Authority continues to work to make the application processes more user friendly, and to diversify the types of developers we work with, geographic areas, and the projects that we fund.
3. **Special Populations.** The Authority continues its mission to finance housing development for persons with disabilities, populations experiencing homelessness or at risk of homelessness, recently incarcerated populations, and veterans, among others.
4. **Sustainability.** The Authority continues to improve housing quality by incentivizing the use of highly efficient building materials, housing sites that are integrated within community fabric, and reduced utility costs. These tenant-focused initiatives can, over the long-term, contribute to long-term resident wellbeing.

## BIPOC DEVELOPER DEFINITION

For the purposes of this Request for Applications (“RFA”), for profit and nonprofit affordable housing developers fitting the criteria defined by the most recent Low Income Housing Tax Credit (LIHTC) Qualified Allocation Plan (“QAP”) and clarified within any approved “Frequently Asked Questions” will be considered “BIPOC Developers”. Links to the current QAP and “Frequently Asked Questions” appear below. Applicants should note that it will be necessary to review both documents to view the full criteria for “BIPOC Developer” as defined within this RFA:

### Qualified Allocation Plan

[https://www.ihda.org/wp-content/uploads/2021/09/QAP\\_2022-2023\\_Website.pdf](https://www.ihda.org/wp-content/uploads/2021/09/QAP_2022-2023_Website.pdf)

## Frequently Asked Questions

<https://www.ihda.org/wp-content/uploads/2021/11/2022-LIHTC-Application-Round-FAQs-Development-Team.pdf>

While the applicant may assist both for-profit and non-profit BIPOC developers, IHDA is asking all applicants to focus their efforts on for-profit BIPOC developers.

### PROJECT PURPOSE

As part of IHDA's continuing diversity, equity, and inclusion efforts, Next Gen seeks to provide support for BIPOC for-profit and BIPOC led/governed non-profit housing developers to enter and succeed within the LIHTC program. IHDA believes Next Gen can leverage the recent changes to the LIHTC QAP and provide the support needed to be the next step in our continuing efforts to bring greater diversity to the LIHTC developer pool. This work began with the belief that greater diversity among LIHTC developers could lead to more inclusive outcomes, including greater community engagement in the development process, greater diversity in the type of projects we see in the LIHTC rounds, and a more equitable distribution of the wealth generated by developer fees.

IHDA has identified three important barriers to LIHTC participation that we believe IHDA can positively impact:

- Challenges within IHDA's policies, procedures, and practices;
- Developers' lack of access to capital; and
- Developers' lack of organizational capacity, specialized knowledge, and networks.

One of the Authority's major efforts to build BIPOC Developer capacity statewide is the approval of the 2022-2023 QAP, which includes updates to scoring criteria that heavily rewards project teams with BIPOC-lead enterprises, rewards equitable partnerships between BIPOC-led and majority-led firms and widens the scope of acceptable MBE and WBE credentials. Additionally, engagement work with stakeholders and BIPOC Developers both through the 2021 Illinois Housing Blueprint and beyond helped shape racial equity recommendations and program design of this initiative, further promoting efforts to diversify developers and program partners for greater community impact.

LIHTC has long been the primary engine behind the development of affordable housing and provides most of the funding capital available to developers of affordable housing each year. The Next Gen initiative seeks to lower the systemic barriers BIPOC Developers encounter in developing affordable housing. **The initiative will support BIPOC Developers in becoming experienced LIHTC developers by providing access to pre-development financing, affordable housing development training, and project specific technical assistance.**

Through this RFA, the Authority seeks partnerships with one or more Community Development Financial Institutions ("CDFIs") to build the capacity of BIPOC Developers, expand access, and increase their LIHTC participation. IHDA is seeking CDFI partners who are capable and experienced in providing pre-development loans, training, and technical assistance to affordable housing developers. IHDA envisions the Next Gen initiative as containing three facets:

- Pre-development Loan Fund ("Fund") will support the pre-construction and planning costs necessary to establish preliminary project design, scope, and assemble a team to assess the feasibility of a project. The Fund will provide loans to BIPOC Developers. Loans are anticipated to target project initiation costs and not require security. The loan will only require repayment (from the BIPOC Developer to the CDFI) if the project is successfully developed. Specifics on the structure of the fund, acceptable uses and underwriting criteria will be finalized with the selected CDFI(s). This portion of the funding will be structured as a forgivable loan from the Authority to the selected CDFI(s).
- Training Series ("Training") will be provided to BIPOC Developers and include an overview of affordable housing development and specific, in-depth training on LIHTC funding, requirements, timing, and other relevant topics. The selected CDFI(s) will be responsible for developing or obtaining the training content, which will require IHDA's approval. This portion of the funding will be structured as a grant to the selected CDFI(s).
- Project Specific Technical Assistance ("Technical Assistance") will be provided to each BIPOC Developer or

development team who receives a loan from the Fund. The Technical Assistance should be based on an assessment of the needs of the BIPOC Developer and be curated to build their capacity and potential project. Technical assistance can be provided by third party providers or by CDFI staff. Based on discussions with stakeholders and BIPOC Developers, this curated technical assistance should be the focus of the CDFI efforts to assist developers. This portion of the funding will be structured as a grant to the selected CDFI(s).

IHDA will collaborate with the CDFI(s) selected on the final form and specifics of all three facets of the initiative.

## FUNDING

An allocation of \$5 million has been set aside for the Next Gen initiative to support the Fund, the Training, and the Technical Assistance. IHDA reserves the right to award lower amounts than are requested and then has been allocated. The funding is derived solely from the Illinois Affordable Housing “Trust Fund Bond Indenture”. All projects supported by funds within the Trust Fund Bond Indenture must meet the requirements of the Illinois Housing Development Act (20 ILCS 3805/1 *et seq.*) and the Illinois Affordable Housing Act (310 ILCS 65/1 *et seq.*), and the rules promulgated thereunder. These statutes and rules can be found at the following links:

- <https://www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=384&ChapterID=5>
- <https://www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=1435&ChapterID=29>
- <https://www.ilga.gov/commission/jcar/admincode/047/04700365sections.html>

Any funding provided for the Fund will be available for a period to be negotiated between IHDA and the selected CDFI. Any funding provided for Training and Technical Assistance will be disbursed on a quarterly basis over a two-year period, provided established benchmarks are met to the Authority’s satisfaction. Specific benchmarks and funding schedule will be established with any selected CDFI at the sole discretion of the Authority. The Authority will consider, but not guarantee, the funding of indirect costs up to a maximum of 10% with the CDFI’s previously established cost allocation plan.

## ELIGIBLE APPLICANTS

**U.S. Department of Treasury Certified CDFIs** are defined by the Office of the Comptroller of the Currency as mission-driven financial institutions that create economic opportunity for individuals and small businesses, quality affordable housing, and essential community services in the United States. CDFIs are banks, credit unions, loan funds, or venture capital funds. The CDFI must be in good standing in Illinois, and meet the minimum requirements outlined in the CDFI Applicant Eligibility below.

## ELIGIBLE ACTIVITIES

1. Pre-development loans to BIPOC affordable housing developers.
2. Costs associated with the origination of pre-development loans to BIPOC Developers for possible affordable housing projects.
3. Costs associated with the management of any pre-development loans supported by funds awarded under this RFA. Applicants should assume monthly reporting requirements through the start-up phase converting to quarterly reporting thereafter. Specific measurable and reporting milestones will be determined in collaboration with any selected CDFI.
4. Costs associated with the provision of training in the LIHTC program and related affordable housing topics.
5. Costs associated with the provision of technical assistance to selected BIPOC affordable housing developers.

IHDA may cap the amount permitted under items 2-5 above, in its sole and absolute discretion. All Initiative requirements, regulatory compliance, and certifications must be met in accordance with the funding agreement(s) for eligible activities to be funded. The LIHTC program has a complex application and compliance structure. It may require significant assistance to prepare each developer to successfully apply for LIHTC funding. Applicants should be aware this may have implications for program design. IHDA is seeking a comprehensive approach to the program design, with an emphasis on providing more supports, including larger predevelopment loan amounts, to fewer developers rather than providing less supports to a larger number of developers. These supports may include technical assistance in

back-office or other aspects of business operations that directly impact the ability of the BIPOC Developer to successfully complete and manage a LIHTC program.

A LIHTC project often has a lengthy planning period prior to applying to IHDA for an award and thus developers may need assistance over a long period of time to be prepared to successfully complete a project. Applicants should consider how to select BIPOC Developers to participate in their proposed program that appear likely to have the capacity, after receiving the training and technical assistance, to develop a LIHTC eligible project within five years.

## **CDFI APPLICANT ELIGIBILITY**

### **MINIMUM APPLICANT REQUIREMENTS**

*All applicants must meet the following requirements to apply for funding available under this RFA. If a response to this RFA does not meet these minimum requirements, IHDA will not score the application.*

1. Proof of certification as a CDFI by the United States Department of Treasury. Applicants must be able to provide a valid and current certificate.
2. Most recent financial audit demonstrating financial capacity to undertake activities contemplated within this RFA.
3. Statement of experience and organizational capacity in pre-development lending, lending to LIHTC affordable housing developments and related compliance reporting. Applicants must demonstrate previous experience sufficient to undertake the activities contemplated within this RFA.
4. Statement of experience and organizational capacity in providing project-specific technical assistance and comprehensive training related to affordable housing development and LIHTC. Applicants must demonstrate previous experience sufficient to undertake the activities contemplated within this RFA. Applicants should include examples of previous successful capacity building efforts.
5. Statement of experience working with BIPOC affordable housing developers. Please include any evidence of past successful efforts to build capacity of BIPOC affordable housing developers. Applicants must demonstrate previous experience sufficient to undertake the activities contemplated within this RFA.
6. Please provide a narrative of the applicant's prior success in building the capacity of non-profit and for-profit developers. Please provide specific evidence of increased capacity of developers receiving assistance through the applicant.
7. Proposed loan term sheet for predevelopment loans that would be provided to developers through this program along with a narrative of the underwriting processes applicant will undertake in considering each loan request. Applicants should assume loans will carry no interest and will be repaid only if a project moves forward. Term sheet should include the following, at a minimum: eligible costs, any loan minimums and maximums, maturity, and closing requirements. This is collected for information purposes and will not be scored. IHDA reserves the right to determine, in collaboration with the CDFI, the final underwriting requirements of any predevelopment loans made under this initiative. Please include Term Sheet as Exhibit C.

## **SCORING CATEGORIES (100 POINTS TOTAL)**

*Only responses that meet the minimum requirements above will receive scores in the following categories.*

1. **Geographic Coverage Areas– maximum 10 points**  
Applicants who have a defined and thorough plan for providing the activities contemplated within this RFA to BIPOC Developers throughout the state will receive greater points within this category. Responses that serve Non-Metro and Other Metro areas as defined by the LIHTC QAP will receive more points as these areas are traditionally underserved by capacity building efforts.
2. **Depth and Readiness Outreach to BIPOC Developers - maximum 10 points**  
Applicants must demonstrate how they will perform outreach activities to ensure that BIPOC Developers are aware of the opportunities available through the Next Gen Program. Responses that demonstrate more depth and readiness using existing ongoing efforts, relationships, experience, and resources will receive more points than those that are proposing new actions or activities.
3. **Depth and Readiness of Participant Selection Plan – maximum 15 points**  
Applicants must demonstrate how BIPOC Developers will be selected to receive training, technical assistance,

and predevelopment loan funds. Responses that demonstrate more depth and readiness using existing ongoing efforts, relationships, experience, and resources will receive more points than those that are proposing new actions or activities. While both for-profit and non-profit developers may participate, IHDA is asking all applicants to focus their efforts on for-profit developers.

4. **Presence of BIPOC Leadership /Key Staff – maximum 10 points**

Applicants must provide information on the BIPOC representation within the leadership and key staff relevant to the activities contemplated within this RFA. Organizations that can demonstrate significant BIPOC representation within leadership roles and relevant staff will receive points within this category.

5. **Depth and Readiness of Training and Technical Assistance Plan – maximum 20 points**

Applicants must demonstrate how training and technical assistance will be provided to the selected BIPOC Developers. Responses that demonstrate a clear process for assessing developer needs and the provision of technical assistance based on those needs will receive more points within this category. Responses that demonstrate more depth and readiness using existing ongoing efforts, relationships, experience, and resources will receive more points than those that are proposing new actions or activities.

6. **Costs of the Project – maximum 10 points**

Applicants must propose a complete and reasonable budget that includes all costs associated with provision of technical assistance and training activities, pre-development loans provided to BIPOC Developers, costs associated with the management of the loan funds, required compliance and reporting activities and any other costs the applicant believes are necessary to accomplish the activities and goals of this RFA. Submitted budgets will be compared for feasibility and reasonableness. Loan dollars passed through to BIPOC Developers will not be included in the comparison of projected budgets.

7. **Additional Capital Provided/Match – maximum 15 points**

Applicants should describe other capital sources currently dedicated to efforts to build capacity or otherwise assist BIPOC affordable housing developers, including information on how those additional capital dollars may leverage or be combined with any IHDA funds awarded under this RFA. Proposals demonstrating the availability of additional capital to augment the impact of the IHDA dollars will receive greater points within this category.

8. **Program Timeline – maximum 10 points**

Applicants should provide a timeline of the proposal with major milestones identified. The timeline should begin with the closing and provision of funding from IHDA. Please include as Exhibit E.

## **APPLICATION FEE**

IHDA will not charge a fee for processing applications under this Initiative.

## **APPLICATION**

Applications are due by Friday, November 18, 2022, by 3:00pm CDT. Funding considerations will be based upon the eligibility requirements described above. A completed application must be submitted to the Authority via email. All materials must be digital; no hard copies will be accepted. Each exhibit must be included at the end of the application and labeled according to the Application Checklist below. Email one copy of your completed application package to [NextGen@ihda.org](mailto:NextGen@ihda.org). Please direct all questions to [NextGen@ihda.org](mailto:NextGen@ihda.org).

## **AWARD REQUIREMENTS**

If the Authority's Board Members approve an Application, a commitment will be issued specifying the terms and conditions upon which the Authority will award and fund the Application ("Commitment"). If the Applicant does not satisfy the terms and conditions of the Commitment within the timeframe specified therein, the Authority has the sole and absolute discretion to withdraw and not award funds.

Closing will occur after the Applicant satisfies the terms and conditions of the Commitment, as determined by the Authority in its sole and absolute discretion. Funds will not be disbursed until all the requirements contained in the applicable funding agreement(s) have been completed to the Authority's satisfaction, in its sole and absolute discretion.

Applicants must agree to comply with all applicable federal, state, and local requirements, including but not limited to the Illinois Housing Development Act, Illinois Affordable Housing Act, Grant Funds Recovery Act, Grant Accountability and Transparency Act, and any rules promulgated under each Act. Such requirements may have an impact on the costs and complexity of the Initiative.

# NEXT GEN BIPOC DEVELOPER CAPACITY BUILDING INITIATIVE

## APPLICANT INFORMATION

Community Development Financial Institution

Main Office Street Address, Line 1

Street Address, Line 2

City

State

Zip Code

Website

Primary Contact Name

*Individual to be the primary recipient of all funding correspondence*

Title

Telephone Number

E-mail Address

Secondary Contact Name

Title

Telephone Number

E-mail Address

FUNDING REQUESTED TO SUPPORT TECHNICAL ASSISTANCE:

FUNDING REQUESTED TO SUPPORT TRAINING:

FUNDING REQUESTED TO THE PROVISION OF PRE-DEVELOPMENT LOANS:

FUNDING REQUESTED FOR ADMINISTRATION:

TOTAL FUNDING REQUEST:

*If multiple entities are applying jointly,  
duplicate this page to include additional partner contact information*

# MINIMUM REQUIREMENTS

1. Applicant must include proof of certification as a Community Development Financial Institution by the United States Department of Treasury as Exhibit A.
2. Applicant must demonstrate financial health and capacity by including its most recent audited financial statements as Exhibit B.

If a Management Letter was issued, a copy of the letter must also include along with any Management Response and/or Corrective Action Plan. The Management Response and/or Corrective Action Plan MUST be on applicant's letterhead and be signed by the Mayor, Chief Executive Officer, or chief executive of the applicant. IHDA reserves the right to use lack of corrective action or lack of response to findings to determine funding.

- ✓ Date that audit was performed.
  - ✓ Dates which audit covered (fiscal year).
  - ✓ Summarize any audit findings, including page numbers of findings and solutions. If no findings, indicate "N/A".
  - ✓ Summarize any Management Response and/or Corrective Action Plan and indicate page number if contained within the audit. If not applicable, indicate "N/A".
3. Please provide a narrative description of the applicant's experience in lending pre-development dollars for affordable housing development projects, particularly LIHTC projects. At a minimum, narratives should include:
    - ✓ The volume and aggregate amount of pre-development lending provided to borrowers over the last five years.
    - ✓ The performance of pre-development loans made by the applicant over the last five years.
    - ✓ Experience providing accurate and complete compliance reporting for loans originated by the applicant.
    - ✓ Experience providing compliance reports for state or federal funding, including experience providing narrative progress reporting.
    - ✓ Explanation of existing compliance reporting procedures in place within the organization and how those existing processes will be leveraged to carry out required reporting agreed upon for these dollars.
    - ✓ Identification of staff responsible for carrying out predevelopment lending along with their relevant experience.
    - ✓ Any roles or responsibilities required for performance under this RFA that will require hiring additional staff.

Response capped at 750 words.

4. Please provide a description of the applicant's experience in providing project specific technical assistance to developers of affordable housing projects, highlighting LIHTC experience and any comprehensive training related to affordable housing development and LIHTC. At a minimum, narratives should include:
- ✓ Whether the applicant provides technical assistance directly or through third-party providers.
  - ✓ Experience of relevant staff or third-party provider(s) in providing technical assistance for affordable housing projects.
  - ✓ Existing affordable housing developers that have received technical assistance through your organization. Please make the list extensive enough to demonstrate the applicant's capacity to provide the services outlined within this RFA.

Response capped at 750 words.

5. Please provide a narrative of the applicant's experience working with BIPOC affordable housing developers. Please be specific and in-depth enough to demonstrate the applicant's history of engagement and outreach to BIPOC communities and commitment to lending to BIPOC Developers including evidence of successful capacity building and aggregate amounts of lending to BIPOC borrowers, if available.

Response capped at 750 words.

6. Please provide a narrative of the applicant's prior success in building the capacity of non-profit and for-profit developers. Please provide specific evidence of increased capacity of developers receiving assistance through the applicant.

Response capped at 750 words.

7. Please include a proposed loan term sheet for predevelopment loans that would be provided to developers through this program along with a narrative of the underwriting processes applicant will undertake in considering each loan request. Applicants should assume loans will carry no interest and will be repaid only if a project moves forward. Term sheet should include the below at a minimum: eligible costs, any loan minimums and maximums, maturity, and closing requirements. This is collected for information purposes and will not be scored. IHDA reserves the right to determine, in collaboration with the CDFI, the final underwriting requirements of any predevelopment loans made under this initiative. Please include Term Sheet as Exhibit C.

# **SCORING CRITERIA**

## **CRITERIA 1: GEOGRAPHY**

MAXIMUM 10 POINTS

8. Describe the geographic areas within which the lending activities, training, and technical assistance contemplated within this RFA will be provided. If partnerships with additional organizations will be used to expand geographic reach, please fully describe the roles of each partner organization.

Response capped at 750 words.

## CRITERIA 2: OUTREACH PLAN TO BIPOC DEVELOPERS

MAXIMUM 10 POINTS

9. Please describe how the applicant will perform outreach activities to ensure that BIPOC Developers will learn of the activities contemplated within this RFA. At a minimum, responses should include:
- A description of how the applicant is connected to BIPOC, minority and/or marginalized communities and how these connections will be leveraged to find appropriate participants for the activities contemplated within this RFA.
  - What organizations will you partner with to connect with BIPOC communities? Responses that demonstrate a significant number of organizations as partners will receive greater points. Please describe any prior work with these organizations and their relative success.
  - What specific marketing strategies will be employed to identify and connect with individuals or organizations that match the participant profile the applicant identified within the RFA?
  - Will any special outreach strategies be employed to include for-profit developers?

Response capped at 750 words.

### CRITERIA 3: PARTICIPANT SELECTION PLAN

MAXIMUM 15 POINTS

10. Please describe how BIPOC Developers will be selected to receive training, technical assistance, and predevelopment loan funds. Please be detailed to clearly describe the proposed process. Where processes have already been established, clearly indicate this within your narrative and include any evidence that the process has been successfully utilized in the past. At a minimum, responses should include:

- a. Any requirements or prerequisites developers must have to be considered as participants and the reasoning behind the requirements. Answers should include the following along with any other requirements of potential participants:
  - i. What level of previous development and real estate experience will be required of the participants?
  - ii. Will there be balance sheet or liquidity minimums for the participants?
  - iii. How will the applicant assess the readiness of participant? How will the applicant determine that participants appear likely, with the provision of training and technical assistance, to participate in a LIHTC development within 5 years?
  - iv. Will participants need to have a possible project identified prior to selection? If so, what will be the requirements of the project? If not, will participants be assisted in identifying an appropriate project?
- b. Please describe the process that will be utilized to select participants with a clear description of the steps within the process.
  - i. Will the participants be grouped into a cohort or assisted individually? Please explain and describe if and how participants in either model will be given opportunities to connect with one another.
  - ii. How many participants will participate simultaneously?
  - iii. IHDA is requesting a focus on for-profit developers, how will the applicant prioritize for-profit developers within the selection process?
  - iv. Please describe if any of these processes have been utilized successfully in the past or are currently being utilized.
  - v. Include a timeline of the selection process.

Response capped at 750 words.

## CRITERIA 4: PRESENCE OF BIPOC LEADERSHIP

MAXIMUM 10 POINTS

11. Please describe the BIPOC representation of the leadership and key staff of the applicant.

Response capped at 750 words.

## CRITERIA 5: TRAINING AND TECHNICAL ASSISTANCE PLAN

MAXIMUM 20 POINTS

12. Describe how training in LIHTC and related development topics will be provided to participants? Training should provide an in-depth understanding of LIHTC and its process. At a minimum, responses should include answers to the following questions:

- a. Will an existing curriculum be utilized? If so, which one? If a new curriculum will be developed, please describe how it will be developed including by whom and over what timeframe. When will the training be ready to provide to participants?
- b. What topics will be covered within the training?
- c. Will the training be held virtually or in-person?
- d. How long will the training take to complete?
- e. What role will IHDA staff have in the training?
- f. How will the training provide participants with knowledge necessary to pursue LIHTC resources?

Response capped at 750 words.

13. How technical assistance will be provided to the selected BIPOC Developers. At a minimum, responses should include answers to the following questions:

- a. How will the applicant assess the technical assistance needs of the participating BIPOC developers?
- b. How will technical assistance be provided? Will technical assistance be provided by in-house staff or third-party providers?
- c. If third party providers are utilized, please describe if the relationships with necessary providers are already established or will need to be identified. How will providers be paired with participants? How will applicant ensure there are sufficient providers to meet the needs of participants and that providers have the necessary expertise to properly assist the participant?
- d. How will participants' progress be tracked and how long will they be engaged or have access to technical assistance?
- e. Will there be any limits on the amount of technical assistance any one participant can receive?
- f. Will in-person meetings or virtual meetings be utilized?
- g. Describe how participants' readiness to participate within LIHTC will be improved by participating in this Initiative.
- h. Will there be any infrastructure put in place to connect alumni of the Initiative with each other and with other important persons or organizations active in affordable housing? Will this infrastructure enable ongoing connection(s)?

Response capped at 750 words.

## CRITERIA 6: BUDGET AND COSTS OF THE PROJECT

MAXIMUM 10 POINTS

14. Please provide a budget for the activities proposed within this RFA. The proposed budget should be broken down by the main **Eligible Activities** as fully described above: amount for predevelopment loans, the provision of technical assistance, training costs, and administrative costs associated with the Next Gen Initiative. The budget should be complete and reasonable and include all other sources of funding. Applicants should assume a budget period of two years for training and technical assistance as that is the longest period funds may be made available. Please include the proposed budget as Exhibit D and include any narrative explanation needed within the space provided below.

Response capped at 750 words.

## CRITERIA 7: ADDITIONAL CAPITAL PROVIDED/MATCH

MAXIMUM 15 POINTS

15. Applicants should describe other capital sources available to assist BIPOC Developers within Illinois. At a minimum, responses should include:

- a. The sources and allowable uses of other capital committed to these efforts.
- b. How the sources may be combined or leverage any funds awarded under this RFA.

Response capped at 750 words.

## CRITERIA 8: PROGRAM TIMELINE

MAXIMUM 10 POINTS

16. Please provide a detailed timeline of the launch of the proposed initiative from the time that the Applicant has closed on the funding with IHDA. Please include all major milestones including outreach efforts, participant selection, training schedule and all other milestones you believe should be included. Please include the proposed Program Timeline as Exhibit E.

*You have completed the application.*

# APPLICATION CHECKLIST

Submit your completed application to the Authority via email at [NextGen@ihda.org](mailto:NextGen@ihda.org). All materials must be digital; no hard copies will be accepted. The application should be assembled into one PDF in the below order and following the naming conventions indicated below.

- ✓ Application  
*Name: Application for <insert applicant name>*
- ✓ Proof of Certification by US Treasury as a Community Development Financial Institution  
*Name: Exhibit A- CDFI Certification for <insert applicant name>*
- ✓ Audit- Applicants for funds must provide a copy of their most recent independent financial audit. If a Management Letter was issued, a copy of the letter must also be included. NOTE: Include any Management Response and/or Corrective Action Plan. The Management Response and/or Corrective Action Plan MUST be on applicant's letterhead and be signed by the Chief Executive Officer, or chief executive of the applicant. IHDA reserves the right to use lack of corrective action or lack of response to findings to determine funding.  
*Name: Exhibit B- Financial Audit for <insert applicant name>*
- ✓ Proposed Pre-development Loan Term Sheet  
*Name Exhibit C for <insert applicant name>*
- ✓ Program Budget  
*Name: Exhibit D- Budget for <insert applicant name>*
- ✓ Program Timeline  
*Name: Exhibit E- Program Timeline for <insert applicant name>*
- ✓ Any additional and appropriate documents to support your proposal  
Examples of additional information can include other statements of experience  
*Name: Exhibit F- Additional information for <insert applicant name>*

# STANDARD REQUIREMENTS AND CERTIFICATIONS

Every Next Gen grantee will be required to comply with these certifications and requirements:

1. Applicant certifies that all statements herein are true, accurate, and complete;
2. Applicant is an eligible recipient of funds based on requirements per the application;
3. Applicant will not permit any discrimination based on gender, race, religion, national origin, ancestry, creed, pregnancy, marital or parental status, sexual orientation, or physical, mental, emotional, or learning disability in connection with its participation in the Initiative;
4. Applicant will ensure expenditures of funds are for eligible uses under the Initiative;
5. Applicant will maintain records in connection with administration of the Initiative for at least five years after the date of termination of the funding agreement(s);
6. Applicant will comply with the terms and conditions of the Initiative;
7. Applicant will comply with monitoring and evaluation of the Initiative through the full funding agreement(s) period and at least five years thereafter;
8. Should the Applicant be awarded funds under the Initiative, Applicant will comply with all requirements, as set forth in the Commitment and any funding agreements.

On behalf of \_\_\_\_\_, I certify that the information contained herein accurately reflects my organization's commitment and ability to participate fully in the Next Gen BIPOC Developer Capacity Building Initiative.

**Name**

**Title**

**Date**

**Signature of Authorized Official**

# **Application for Participation in the 2024 Next Gen BIPOC Developer Capacity Initiative**

## **Mission and Overview**

Next Gen seeks to provide support for Black, Indigenous, and People of Color (BIPOC) housing developers to enter and succeed within the Low-Income Housing Tax Credit (LIHTC) program. The initiative will support BIPOC for-profit and nonprofit developers to become experienced in the LIHTC industry by providing access to affordable housing development training and project-specific technical assistance. Developers who complete the training program will also be eligible to apply for predevelopment loans for their projects.

### **Why LIHTC Development?**

LIHTC was created by the United States Congress in 1986 to promote the development of affordable housing for low-income individuals and families. LIHTC is a powerful financing tool that developers use to create quality affordable rental housing and spur community development in coordination with Tax Credit allocating agencies.

LIHTC housing reduces economic segregation and spurs new development in disinvested communities. It is often the first significant new investment of any kind in low-income or disinvested neighborhoods; it can also offer rarely available quality affordable apartments in higher-income neighborhoods. Renter households may include working families, people with disabilities, veterans, and senior citizens and are often BIPOC persons. Well-managed LIHTC housing and its residents blend seamlessly into neighborhoods and benefit both residents and neighbors.

The LIHTC and other financing structures enable developers to build and rent apartments at rents well below the cost to build those apartments. In exchange for these funding sources, developers commit to long-term affordability. LIHTC housing developments are typically more than 60 apartments in urban areas and at least 35 apartments in rural areas due to the complexity and related costs of the financing structure. Developers must navigate the financing process and provide guarantees for substantial loans. Developers earn a fee which is typically paid out at benchmarks from deal closing to stabilized occupancy.

### **Why Next Gen?**

The LIHTC has long been the primary engine behind the development of affordable housing and provides most of the capital available to developers of affordable housing each year. However, the technical knowledge, high cost of entry, and relationships required to develop tax credit properties have historically made it challenging for new developers, particularly BIPOC developers, to access this resource. The Next Gen initiative seeks to address this disparity by lowering the systematic barriers BIPOC developers encounter in three key ways.

## **Application for Participation in the 2024 Next Gen BIPOC Developer Capacity Initiative**

1. An in-depth training series will be provided to program participants. This will include 160 hours of training curriculum delivered by LISC on affordable housing development and housing tax credits, with additions to provide specific training on IHDA's tax credit program and processes. **LISC will also coordinate networking opportunities for participants to connect with seasoned industry professionals.**
2. Developers who complete the training program will be eligible to apply for financing under a pre-development loan program, funded with Next Gen funds provided by IHDA and administered by LISC, to support the pre-construction and planning costs necessary to establish project design, scope, site control, and other early costs. Participation in the training program does not guarantee that a loan will be provided.
3. Project-specific technical assistance will be provided to each BIPOC developer or development team who receives a loan from the pre-development loan fund. The technical assistance will be curated to participants' specific needs with a focus on building their capacity and potential LIHTC development projects.

### **About Next Gen Program Sponsors**

#### **Local Initiatives Support Corporation**

Together with residents and partners, Local Initiatives Support Corporation ("LISC") forges resilient and inclusive communities of opportunity across America—great places to live, work, visit, do business, and raise families.

Over the last 40+ years, LISC and its affiliates have invested approximately \$29.7 billion in businesses, affordable housing, health, educational mobility, community and recreational facilities, public safety, employment, and other projects that help to revitalize and stabilize underinvested communities. Headquartered in NYC, LISC's reach spans the country from East Coast to West Coast in 38 markets with offices extending from Buffalo to San Francisco and in 2,400 rural counties across 49 states and Puerto Rico.

In Illinois, LISC founded its first office in Chicago in 1979 and its second office in Peoria in 2012. LISC Chicago and Central Illinois work with nonprofit, community-based organizations to develop community-led plans, affordable housing, commercial development, commercial enterprises, and community facilities as well as investing in small businesses. LISC also invests in health, economic development, financial well-being, and environmental sustainability so that the community partners they serve are good places to live and thrive in wellness and economic stability.

#### **Illinois Housing Development Authority**

Illinois Housing Development Authority ("IHDA" or "the Authority") is the state's housing finance agency and was created by the state legislature in 1967 pursuant to the Illinois Housing Development Act (20 ILCS 3805/1 *et seq.*) as a self-supporting agency to finance affordable

## **Application for Participation in the 2024 Next Gen BIPOC Developer Capacity Initiative**

housing across Illinois. The Authority does not use taxpayer dollars to sustain its operations, although it does administer publicly funded programs on behalf of the state. Since its creation, the Authority has provided more than \$20 billion to finance more than a quarter million affordable homes. The Authority accomplishes its mission through several avenues. The Authority:

- Connects people with financing programs for their homes.
- Partners with lenders, developers, local governments, nonprofits, community groups, and others to deliver low-cost financing programs.
- Provides financial assistance to low-and moderate-income homebuyers and homeowners.
- Offers resources to developers who build or preserve affordable and mixed-income rental housing.
- Provides oversight for hundreds of affordable rental communities across the state.

## Application for Participation in the 2024 Next Gen BIPOC Developer Capacity Initiative

### Who Should Apply?

Next Gen is a professional program to introduce BIPOC real estate development and finance practitioners to the essentials of LIHTC development.

Applicants should be professionals working in real estate development and/ or finance who want to expand their expertise to successfully complete a LIHTC project. BIPOC for-profit and BIPOC-led/governed nonprofit developers in Illinois are eligible to apply for participation.

- Do you have real estate development experience? For example, building or rehabbing two to four flats or other multi-unit properties, and you want to grow your work to benefit your community?
- Have you been a junior Joint Venture partner with a larger LIHTC developer and want to branch out on your own?
- Are you a LIHTC professional, and now you want to understand how to leverage your knowledge to become a developer?
- Do you work for a development firm and want to start your own LIHTC development company?

The curriculum assumes knowledge and experience with real estate fundamentals including the creation of a basic Excel proforma, loan applications, market analysis, and income/ expense tracking. It uses this base as a starting point for participants' entry into LIHTC development.

As this class is intended for professionals, a basic skill set with financial functions in Excel and financial concepts is required, including financial functions, such as inserting addition/ subtraction/ multiplication formulae, labeling columns, and rows, linking cells, and using multiple tabs. Database knowledge is not necessary (pivot tables, etc). Participants should be conversant in financial concepts such as income/ expense, profit/ loss, and cash flow analysis.

Class time will not be spent on the basics. Students in need of this basic Excel experience should register for a workshop or view free Microsoft Excel videos [here](#).

**Applications are due Friday, December 1, 2023, by 5 p.m. The Next Gen 2024 cohort is limited to 15 participants.**

### Class Structure

**Next Gen** includes approximately 160 hours of training and individualized technical assistance. It combines industry-leading content and real-world education as a platform for supporting the next generation of underrepresented real estate professionals able to contribute tangible and lasting benefits to the community.

Modules will include real estate development topics focused on LIHTC development, including:

## **Application for Participation in the 2024 Next Gen BIPOC Developer Capacity Initiative**

- Finance and deal structuring
- LIHTC application process
- Legal structure and protections
- Managing a large team
- Property management v. asset management

Cohort members will have access to related training, industry speakers, and networking events. The program also features the basics of structuring a real estate business and project-specific work that students will develop, leading towards access to predevelopment financing and individualized coaching.

### **Schedule**

Classes will be a combination of in-person and hybrid. Classes will begin February 2024 through September 2024. Students are expected to arrive by the class start time and remain through the class's entirety. A written notification should be submitted to the Next Gen administrator at least one week prior to an absence so that the instructor and the Next Gen team can prepare accordingly. More than two absences may lead to dismissal from the program.

# Application for Participation in the 2024 Next Gen BIPOC Developer Capacity Initiative

## Admissions Process

Developers interested in the Next Gen Initiative should apply online and include the required documentation. After reviewing completed applications, the Next Gen review panel may request an in-person or Zoom meeting with the applicant.

### Application Details

#### REQUIRED - Personal Information

- ***Online form***  
Please complete the [online form](#) in its entirety.
  
- ***Resume***  
Please include a copy of your resume and your development team members – Up to 2 pages.
  
- ***Letter of Interest***  
Please provide a one-page (max 350 words) letter of interest discussing why you are suited for inclusion in the Next Gen program. The Letter of Interest should minimally address the following:
  - Why are you interested in the Next Gen program?
  - What applicable real estate and/ or LIHTC experience do you have?
  - What specific characteristics make you a good candidate for the Next Gen Program?
  - How do you plan to use the knowledge gained from the program?
  - How will your participation in the program help fulfill NextGen’s mission of increasing the capacity of BIPOC developers?
  - How is increasing diversity among developers beneficial to both the development industry and Illinois residents in need of affordable housing?
  
- ***Letters of Recommendation***  
Please provide 1 to 2 letters of recommendation on the recommender’s company/ business letterhead addressed to the Next Gen Program Selection Committee. Letters of recommendation should be from a professional / business relationship such as a lender, community leader, elected official, or instructor (among others) and should speak to the following:
  - Nature of relationship with the applicant and number of years known.
  - Comments and observations on the applicant’s quality of work and character.
  - Comments on why the applicant should be considered for the Next Gen program within the context of the program’s focus on building the capacity of BIPOC developers.

**OPTIONAL** – Provide Company information and/or Proposed Project or both.

- Real Estate Development Company Information

## Application for Participation in the 2024 Next Gen BIPOC Developer Capacity Initiative

Please provide as much information as you have available describing your real estate development business.

- *Summary business plan*  
1 page/ 350 words
- *Excel portfolio description by building including:*
  - Building information (number of units, rents, bedroom count)
  - Financial information (estimated value, equity, loan balances)
  - Operating information (rent per year, debt, typical expenses, cash flow)
  - Photos
- *Excel balance sheet for the company*
  
- Proposed Project

Please provide as much information as you have available describing a project you would like to develop using LIHTC.

  - 1 page concept narrative (required)
  - Excel Proforma to the extent available please provide:
    - Sources & Uses
    - Rents
    - Operating expenses
    - Cash flow
  - Renderings/sketches/photos if available

### Cohort Member Commitment

I understand that if accepted into the Next Gen program, I will need to comply with the commitments below:

1. I understand that some classes will be in-person and I agree to attend all sessions.
2. I acknowledge that access to financial resources is contingent on meeting the requirements of this program and the determination of Next Gen leadership that the Proposed Project is or can become financially feasible.
3. I agree to attend the Announcement Event, all class sessions, and final presentations.
4. I will actively participate in informed discussions with the experts/technical assistance providers and cohort participants and complete assignments in advance. I understand that active participation is central to gaining actionable knowledge for me and the other cohort members.
5. I acknowledge that participation does not guarantee a LIHTC award from IHDA or a completed project.
6. I agree to sign a media disclaimer if selected to participate in the cohort.

Member Signature and Date

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## **Application for Participation in the 2024 Next Gen BIPOC Developer Capacity Initiative**

Please complete the application online and upload the required documentation by **5 p.m. on Friday, December 1, 2023**.

Space is limited. Up to 15 candidates will be selected for the 2024 Next Gen cohort.