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.
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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
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.
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:
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- 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.
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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**
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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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.