

## CATALYTIC INVESTMENTS INITIATIVE

Despite their assets and human capital, many communities throughout the Chicago region grapple with deep, persistent disparities in financial and other resources. Caused in large part by systemic racism, these disparities further perpetuate racial, social, and economic inequities. **The Corporate Coalition’s Catalytic Investments Initiative is a challenge to the corporate community to think differently and invest collectively to expand access to capital and create a sustainable mechanism for corporate investment in historically-disinvested communities.**

To address documented needs, and to complement and expand the existing infrastructure for community development, the Catalytic Investments Initiative addresses capital gaps in financing and other barriers to the success of catalytic real estate projects and their sponsor organizations.

Catalytic real estate projects are community-driven, community-led, or community-supported commercial, retail, industrial, community facility, or mixed-use projects that provide needed jobs, amenities, and services. Of sufficient scale on their own, or as part of a significant plan or development, such projects:

- Demonstrably and sustainably increase the level of local economic activity
- Help increase the value of surrounding properties
- Represent visible investment
- Show neighborhood progress and stability
- Spur additional investment and nearby economic activity
- Create opportunities to build wealth
- Help retain existing and attract new residents
- Increase business and resident confidence and optimism

Over time, and in concert with other development, catalytic real estate projects are intended to help create the conditions that support conventional, market-rate investment and economic activity. Reflecting community aspirations, and often led by people of color, these projects have the potential to contribute to significant change in a community’s economy, build wealth, and improve quality of life.

**Background:** The Catalytic Investments Initiative is designed to respond to **five critical needs for community-led development projects** that were identified in discussions with local public, private, and nonprofit groups involved in community development, and through research on successful transformative community development efforts in other cities:

**Equity/grants for real estate projects** to serve as flexible, patient capital that can unlock access to other financial resources.

**Enterprise-level equity/grants** to community development organizations or businesses that could benefit from a stronger balance sheet or additional organizational capacity.

**Advisory services** to support business planning, pro forma development, marketing, and other needs.

**Corporate partnerships** such as tenancy, supply chain opportunities, and program partnerships that enhance the viability of a project.

**Pre-development funds** for expenses such as due diligence, feasibility, and other professional fees. The Chicago Community Trust’s new Pre-Development Fund

Participating corporations have the opportunity to collaborate, aggregate resources for greater scale and impact, and help reduce inequities, through:

**CORPORATE CONNECTOR:** The Corporate Connector fosters **business partnerships** between Coalition members and other interested companies and sponsors of catalytic projects in the form of tenancy, supply chain opportunities, and program partnerships. It also makes connections to member companies for **technical supports** for projects and their sponsors that could benefit from industry-specific advice or relationships, professional services at the project or enterprise level, including strategy, analytics, legal, finance, accounting, marketing, and more.

**EPIC FUND Equity Products for Investing in Communities:** The EPIC Fund provides generally-unavailable equity or equity-like capital in the form of a grant, recoverable grant, or equity investment. Flexible, patient, and risk-tolerant, such capital can be used for multiple purposes, “unlock” other resources (grant, public subsidies, debt, etc.), and make it possible for a project to proceed. Such capital may also go to project sponsors, to strengthen their balance sheets, invest in the human capital, technology, and other infrastructure necessary for growth and expansion, and help ensure that multiple projects are in the pipeline for community development. The EPIC Fund is a project of the **EPIC Fund Collaborative**, a consortium of leading CDFI lenders to catalytic real estate projects, including CCLF, IFF, and LISC Chicago. The Fund will be housed at and managed by CCLF.

An impact measurement system will track outputs, leverage, and other outcomes, and yield lessons that will help lay the foundation for equitable, sustained corporate investment in the vitality and well-being of local neighborhoods and their residents. It also will have national implications, as communities across the country grapple with the disparities that undermine inclusive growth and shared prosperity.

In addition to its own ambitions, the Initiative advances the goals of the City of Chicago’s Invest South/West program, the Pritzker Traubert Foundation’s Chicago Prize, and other place-based efforts. Contributions and investments in the Fund also serve as a contribution to We Rise Together at the Chicago Community Trust, which is working to ensure a just and equitable recovery for the Chicago region.