

# Chicago Prize 2022

## Appendix I: Frequently Asked Questions



# Frequently Asked Questions

**1. NEW For the Property Details section of the business plan, should teams organize the project sites by parcel of land or by structures?**

Teams should present the overall project. If that includes multiple project sites, teams should present evidence of site control or a path to obtaining site control for each project site.

**2. NEW What documentation should be included from funding sources to demonstrate that projects are ready to go?**

Per the Final Submission Guidelines, documentation may include commitment letters, term sheets, letters of intent, written agreements with government agencies, city council resolutions, etc.

**3. NEW What specific budgets should be submitted and what should they include?**

Teams should submit an aggregate budget for initiative that includes sources and uses for each project. The budget should include a cash flow projection and clearly state how the \$10 million award will be disbursed over 5 years. Please note that no more than 50% of the award may be accessed in the first year.

**4. NEW Can we leverage relationships with other nominees to share resources (i.e. share market analysis and research data if two or more teams are working in the same region)?**

Yes, teams can collaborate with one another to share resources like market studies.

**5. NEW Is there a preference for projects that are completed within the 5-year timeframe, or should teams be more inclusive of projects that have a longer runway to completion?**

It is up to teams to decide what they want to include as projects in their final Chicago Prize submission. Teams should think about what can be accomplished in five years and which projects may be best included in future planning.

**6. NEW Can a team update or refine their ask in this final phase?**

Teams can modify their plans but should maintain the integrity of their original proposal. Teams can drop projects that may fall outside of the 5-year timeframe or if excluded, may strengthen their final submission. However, the original proposal cannot fundamentally change.

**7. NEW Can the \$10 million Chicago Prize award be used to secure a bridge loan?**

Yes, the Chicago Prize award may be used as leverage to secure a bridge loan.

**8. NEW Can teams request funds for carrying costs and pair with a bridge loan?**

Teams may use the \$10 million award to cover carrying costs. No additional funds outside of the award will be granted for carrying costs.

**9. NEW What percentage of the \$10 million award can be used for startup costs versus capital costs?**

The \$10 million award can be allocated for startup and/or capital costs.

**10. NEW If a team's external measurement and evaluation partner submits a proposal for less than \$500,000, can the remaining balance be allocated elsewhere in the initiative?**

Teams must hold \$500,000 for measurement and evaluation in their budget that they submit. If they do not end up using the full amount, the remaining balance can be redirected.

**11. NEW What is the draw-down process for the \$10 million award?**

The full award should be disbursed within five years, with no more than 50% disbursed in a single year. PTF will work with the awarded initiative to develop appropriate triggers for payment disbursements.

Chicago Prize reserves the right to make grant awards of less than the total requested amount. In addition to giving the final awards, we anticipate sharing proposals with other funders and exploring co-funding opportunities.

**12. REVISED What "counts" as economic impact for Chicago Prize 2022?**

Chicago Prize 2022 believes there is no "one size fits all" solution to community change and does not have strict requirements for how eligible initiatives propose to create economic impact and build wealth beyond the guidelines and definitions described in this FAQ and the [Request for Application](#). We want to hear from you on what investments would create change in your community and we recognize that different communities will pursue different visions based on their needs and opportunities. Some communities may prioritize industrial development to create jobs, income, and attract daytime population; others may pursue commercial and retail development to create local amenities and attract further investment; others may pursue homeownership to build density and wealth. In each instance, Chicago Prize 2022 will apply the same criteria to evaluate the strength of the team, potential for impact, feasibility of the plan, and ability to leverage the Chicago Prize award.

**13. REVISED What does the Chicago Prize mean when it refers to "community wealth building"?**

Decades of policies, practices, and events – from redlining and urban renewal to the targeting of sub-prime mortgages to the Great Recession and the COVID-19 pandemic – have drained the wealth from communities, local businesses, and people of color. It is critical that these disparities be addressed, and that wealth is created and returned.

In addition to the wealth created directly for developers, owners, operators, and employees of community development projects, it is sometimes possible to share the profits (via income, asset appreciation, or other means) more broadly with the community. There are many different approaches to structuring these opportunities. Two common approaches include:

- Wealth shared via a *community organization*. Through this approach, a community organization is a shareholder in a revenue-generating project or business. The

organization does not directly share the profits with individual community residents but uses the profits to otherwise re-invest in and strengthen the community.

- Wealth shared with *individual as investors*. This occurs when a project(s) offers opportunities to invest to individual community residents. This approach is often possible through financial models like limited or preferred stock offerings, specialized debt or equity instruments or community trusts which hold the asset(s) but in turn offer participation to individual residents. The return on investment of the project or local business is thereby shared with individual community members who invested in it.

These two approaches are not mutually exclusive: a project can share the wealth it creates with both local organizations *and* individual community residents.

Community wealth building as used here is not meant to refer to the wealth created for individual owners of the deal or income created for employees, nor the broader economic impacts and improvements that will occur in the community from a well-executed development. These kinds of impacts are an important factor in the Chicago Prize and will be a part of every competitive application.

#### **14. NEW Is community wealth building as defined here a required component of qualifying projects?**

No.

There are countless approaches to community economic impact which fit the goals of the Chicago Prize. Community wealth building (CWB) is just one strategy and does NOT necessarily need to be a component of a competitive Chicago Prize application. While the Chicago Prize does value projects that create wealth and share wealth broadly with community organizations and/or individuals, we recognize that CWB is not appropriate for every transformational development project.

#### **15. NEW What factors will Chicago Prize consider for projects with community wealth building components?**

Community wealth building strategies can present complex legal, financial, and operational issues. In evaluating community wealth building components of proposed initiatives, Chicago Prize will consider the following factors:

- Does the community wealth building strategy meaningfully advance the initiative's overall economic impact and charitable purpose?
- Is the community wealth building strategy well-tailored to the types of developments it will launch and operate? Do the proposed institutional or individual investment structures make sense for this project?
- Are the legal structures and financial vehicles that support the community wealth building strategy sufficiently developed? Has the team engaged appropriate expertise? Has the team adequately anticipated the operating costs to maintain those structures?

- Does the community wealth building strategy adequately anticipate and mitigate potential risks to community participants such as loss, illiquidity, unanticipated costs, or legal/tax liability?
- Has the community wealth building strategy's governance, particularly in instances of shared community ownership, been adequately structured to enable the long-term viability of the initiative?

Applicants to the Chicago Prize pursuing a community wealth building strategy are not expected to have resolved all of these issues but should demonstrate familiarity with the challenges and complexities of these strategies.

#### **16. NEW How should we approach the short video portion of the application?**

The goal of the video is to learn things about your team and community that cannot be conveyed through a written application. Your video does not need to be flashy or professionally produced – it should simply give our team an opportunity to learn more about your team and the work you are doing. For examples, we recommend watching the video submissions from the Chicago Prize 2020 Finalists:

- [Working Together to Reinvigorate South Chicago](#)
- [Catalytic Development of Auburn Gresham](#)
- [The Aspire Initiative](#)
- [Economic Equity & Opportunity via A Little Village Community Hub](#)
- [Go Green on Racine: An Englewood Rising Project](#)
- [Now is the Time: Advancing North Lawndale Together](#)

#### **17. What is the Chicago Prize?**

Chicago Prize 2022 is offered by the [Pritzker Traubert Foundation](#). This award opportunity invites proposals for collaborative, community-driven initiatives focused on using neighborhood revitalization and real estate development to create economic impact and build wealth on Chicago's South and/or West Side. Based on an initial application, Chicago Prize 2022 will invite a group of applicants to submit full business plans for consideration for the Chicago Prize capital award.

#### **18. Why \$10 million?**

The Chicago Prize hopes to provide a significant amount of flexible funding for capital expenses to support larger scale, more transformative development providing lasting positive change. Providing a no-cost, flexible \$10 million capital infusion is intended to encourage and enable funding from other sources, as well as inspire creative collaborations that will amplify the impact of our investment.

#### **19. Why focus on real estate as a lever for change?**

The South and West sides of Chicago have been marked by decades of disinvestment and inequitable development due to structural barriers and racism, leading to a perception of communities that are deficit-based. In this context, we believe that many of these neighborhoods have under-developed real estate assets and opportunities, and that real estate development is an essential tool to strengthen communities and create meaningful economic impact. Community-oriented, thoughtful industrial, commercial, residential and other real estate investments contribute to quality of life through the services, amenities, and connections to jobs they offer; visibly and tangibly influence the “look and feel” of a community and thus influence how residents and outsiders alike perceive neighborhoods and its opportunities, and its challenges; create spaces for deeper community engagement and interaction; and, as income-producing and appreciating assets, provide a meaningful path to community wealth creation.

## **20. What types of initiatives are you looking for?**

The Chicago Prize award seeks applications from community-led partnerships that harness real estate development in their community to create economic impact and build community wealth. Initiatives should reflect deep community engagement and include one or more “investment-ready” initiatives. Compelling projects will be tailored to the status, trends, challenges and opportunities in the community, including building upon other investments underway in the community and leveraging the Chicago Prize award to attract other private, philanthropic, and public resources. The selected initiative will demonstrate a capable team, developmental feasibility, and operational sustainability.

## **21. What does the Chicago Prize mean and what is it really looking for when it refers to:**

- “Economic Impact” – These are the initiative's effects that improve the economic conditions of residents and businesses in the community: promote new and higher-quality jobs, business starts and growth, increased quality housing options including homeownership, etc. There are two levels to this impact to consider:
  - A development project will have direct economic impact and beneficiaries – for example, a new restaurant results in an entrepreneur gaining wealth and creating new jobs for residents.
  - The Chicago Prize seeks to support projects that – because they are strategically tailored to the specific conditions and opportunities of the community – have impacts beyond the direct beneficiaries of the investment itself. These more systemic or “market level” effects occur, for example, when a major commercial development is likely to revitalize a commercial corridor by attracting follow-on private sector businesses and investment; or renovating a major dilapidated building unleashes private housing market activity; or industrial development attracts more daytime pedestrian traffic and activity, supporting nearby enterprises and amenities. With a project that is large enough and strategically leverages other investments and activities in the community, the economic effects expand and may extend beyond the neighborhood, into neighboring areas or even across the region.
- “Catalytic” – The ideal initiative will help cause additional investments to be drawn to the neighborhood, creating a ripple effect that will spread to other properties and projects. It will strengthen the neighborhoods market activity (as described above), which can happen in multiple ways: increased foot traffic in a retail corridor attracts more stores;

new employers in a specific industry and their workers will cause suppliers or other industry companies to locate in the area; new housing development will increase the appeal of the neighborhood and attract more rehab and construction activity. It is imperative that this new activity largely benefit those who are currently in the neighborhood (while acknowledging that people and businesses continually move in and out). The investments that these initiatives catalyze should not result in displacement.

- “Investment-Readiness” – An investment-ready project is one that has advanced to the point that it can begin securing funding commitments and anticipates commencing site development and/or construction activities within no more than 12 months. To be considered investment-ready, the project should already have in place most or all of the following elements:
  - Site control
  - Preliminary architectural and design plans
  - Detailed development and operating budgets
  - Letters of interest from key tenants
  - Conditional letters of interest from one or more capital sources
- “Theory of Change” – A logic model for describing how a set of activities or investments will lead to larger or long-term outcomes. It seeks to articulate the interim and incremental impacts that link an initial activity (such as a new real estate project) to broader community effects or objectives (such as improved health outcomes). For more information and resources, visit: <https://www.macfound.org/videos/100change-webinar-2-from-theory-to-logic-to-action>

## **22. May we submit more than one application for the same initiative?**

No. Organizations may serve as partners across more than one application; however, lead applicants can only serve as the lead on one submission. The lead organization must be a US-based 501(c)(3) non-profit organization with the capability and expertise to accept and manage a multi-million-dollar grant award.

While some programmatic and complementary aspects of an initiative may be included in multiple submissions, the main physical components of the initiative should not be included across multiple applications. Partners are advised to choose the most suitable lead organization and submit for your initiative under one application. Please do not submit more than one application for the same initiative or you may disqualify both submissions.

## **23. Who should be on my team? How do we apply together?**

Successful teams will assemble the expertise needed to make their project a success. While teams will vary by initiative and community, collaborations should be able to demonstrate:

- Team members that currently live or work in the geographic footprint of the initiative or surrounding neighborhood(s). Ideally, the project lead will be a local, community-based non-profit or intermediary with a proven track-record of deep community ties and experiences.
- Experience implementing real estate development, construction, or rehab activities for initiatives of similar scale.

- Experience managing project financials and workflows for initiatives of similar scale.
- Experience leading and achieving social or economic impact in similar communities.
- Capacity to manage a \$10 million multi-year grant, including reporting and compliance activities.

Teams may include experts and partners based outside of Chicago. Proposed initiatives must take place in, and benefit residents from, Chicago's South and/or West Side to remain eligible.

As you form your collaboration, teams should identify a lead organization, ideally a community-based non-profit or intermediary, that will submit the application. All members of a team are encouraged to review the application and its goals and requirements. Lead organizations are welcome to partner with for-profit companies, foundations, schools, colleges and universities, government agencies, and other entities to implement the initiative. If you have further questions on eligibility, please contact us.

#### **24. Does the lead organization applying for Chicago Prize need to be the fiscal agent?**

There are no requirements for the lead organization to be the fiscal agent.

Please note that successful teams will be collaborative, led by a community-based 501(c)(3) non-profit organization that assembles the right community partners as well as members with the applicable development, financial, and project management expertise needed to successfully implement a multi-million-dollar, comprehensive neighborhood initiative. If you find that your lead organization lacks demonstrable experience in fiscal management of an initiative of similar scale, you may decide to include a partner such as a fiscal agent or sponsor with that expertise on your team.

#### **25. My organization just learned about this opportunity. Should we brainstorm ideas to develop our application?**

The Chicago Prize seeks to invest in community-led initiatives that are to some degree investment-ready, having moved beyond initial visioning and planning. New ideas that have not already been embraced by the community or have not completed significant pre-development work are not likely ready for a competitive application.

#### **26. What are important dates for the Chicago Prize?**

The initial phase of Chicago Prize 2022 invites teams to express their interest in participating through an initial application. The application submission window will be open from February 15 – March 1, 2022.

The second phase will begin in mid-May 2022. During this phase, a group of applicants will be invited to create and submit full business plans for their initiative.

#### **27. What happens if I receive an award through the Chicago Prize?**

Applicants that receive invitations to the business planning phase and planning grants will be asked to sign a simple grant agreement and provide a report summarizing their use of planning grant funds.

The final Awardee team will be required to sign a multi-year grant agreement with Pritzker Traubert Foundation to receive a \$10 million grant. The agreement terms will be based on the specifics of the Grantee's initiative. The Grantee should expect a period of grant agreement discussions after award in which the terms of the Chicago Prize 2022 will be developed, including payment timing and triggers. Thereafter, PTF and the Grantee should expect periodic check-in meetings.

Applicants that submit business plans but are not selected for the Chicago Prize may be offered other types of planning, match and capacity awards, customized to their project needs and opportunities. A unique grant agreement describing the terms, conditions, and reporting requirements of those awards will be developed in partnership with the grantee at that time.

**28. What is the period of performance for this grant?**

The period of performance is 10 years. The 10-year lifecycle provides more time for the recipient to implement its strategies, begin to see short- and mid-term outcomes, and stay with the effort long enough to demonstrate lasting impact. Award funds should be disbursed in no more than five years.

**29. Can an entity or team apply in partnership with a 501c3 fiscal agent?**

Yes, applicants may partner with a 501c3 fiscal agent for Chicago Prize 2022 but should also demonstrate why a fiscal agent is needed and how the fiscal agent is a meaningful participant in the project.

**30. How will the \$5MM in capacity supports be awarded between the business planning phase and final awards?**

Chicago Prize 2022 has committed \$5 million to support community led plans with potential to create neighborhood transformation and build wealth. These funds will be provided as a mix of planning grants to teams who are deemed eligible to apply to the second phase. In addition to planning grants, we will be providing matching grants to those who may have projects ready for investment but did not receive the Chicago Prize. Chicago Prize's pipeline awards will be based on the needs and opportunities of individual teams. However, we anticipate that 5-10 teams will be invited to participate in the business planning phase.