

Enterprise Community Partners

# Equitable Path Forward

## 2021 Annual Impact Report



Dear Investors and Supporters,

It is with tremendous gratitude to our financial supporters that we share the foundational success of Equitable Path Forward (EPF). EPF is a nationwide initiative Enterprise Community Partners launched in December 2020 to help dismantle the legacy of racism in housing – from the types of homes that are built, where they get built, who builds them, and the wealth that is generated from them. This vision can only be achieved when capital accessibility is race blind. EPF is targeted to support Black, Indigenous, and People of Color (BIPOC)-led housing providers by providing 1) critical capital through our Growth Fund in the form of debt, equity, grants and innovative credit enhancement, and 2) developer advisory services to help cultivate the capacity of local development organizations. We anticipate that – over a five-year horizon – our \$350 million Growth Fund will leverage at least \$3.5 billion in new capital investment into BIPOC-led and other marginalized companies, projects, and communities.

Our aspiration even exceeds this direct support. Through EPF, we hope to move the larger needle on how “risk” is perceived in real estate underwriting. We will track the effectiveness of our work by documenting specific performance indicators in the organizations we capitalize and support, and share those results with industry leaders, including capital providers and regulators. We will advocate for more equitable underwriting standards within the industry – and, by extension, more equitable outcomes in communities.

Through grants, loans, equity, tax credits and guarantees, Enterprise is achieving marked progress against our goals and vision. From grant capital to help grow organizational capacity, an unsecured line of credit – among the hardest-to-access capital – or equity to finance an affordable housing development, our investments and technical supports are catalyzing demonstrable change in the industry. We are honored to share the success achieved in our raise and deployment of resources for a more equitable path forward.

Sincerely,



**Lori Chatman**

President, Capital Division  
Enterprise Community Partners



Capital and  
Grants Raised

**\$350**  
MILLION

Capital  
and Grants  
Committed

**\$163**  
MILLION

Capital  
Leveraged

**\$1.8**  
BILLION

Capital  
Recipients

**35**

Advisory  
Services  
Participants

**20**

Evaluation  
Plan in Place  
to Collect Data  
and Measure  
Incremental  
& Long-Term  
Success

# Overview of Capital Utilization

To date, **35 Developer Partners**, have been approved through our EPF Growth Fund. Many of these partners have closed or are in underwriting for multiple forms of funding from Enterprise, and our pipeline of developers continues to grow, pointing to both the great need and the compelling structure of these capital products.

Preliminary findings appear to confirm the unique value of the products we are offering. For example, our lines of credit are being used for general working capital purposes, predevelopment costs, and balance sheet liquidity – the latter of which EPF borrowers cite as their greatest typical hurdle to secure financing for projects.

## EPF Growth Fund Approvals

- 16 working capital lines of credit to EPF borrowers closed, approved or in underwriting
- 5 small dollar lines of credit (\$250-750K) from our Solutions Division approved or in underwriting
- 7 Low Income Housing Tax Credit (LIHTC) deals closed, approved or in underwriting, 1 of which has utilized the Standby Guarantee Facility (SGF)
- 3 Real Estate Equity transactions closed, \$22M equity invested
- 26 loans through Bellwether Enterprise totaling \$551M invested

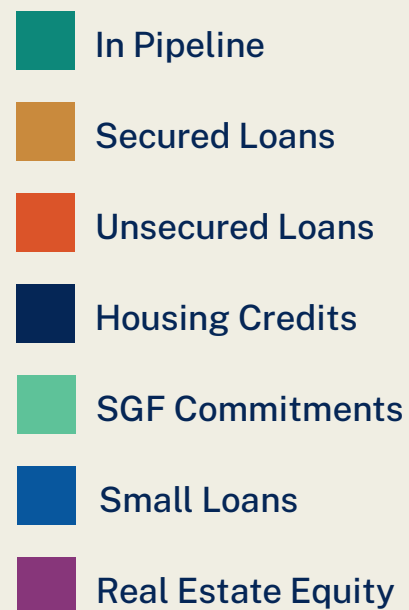
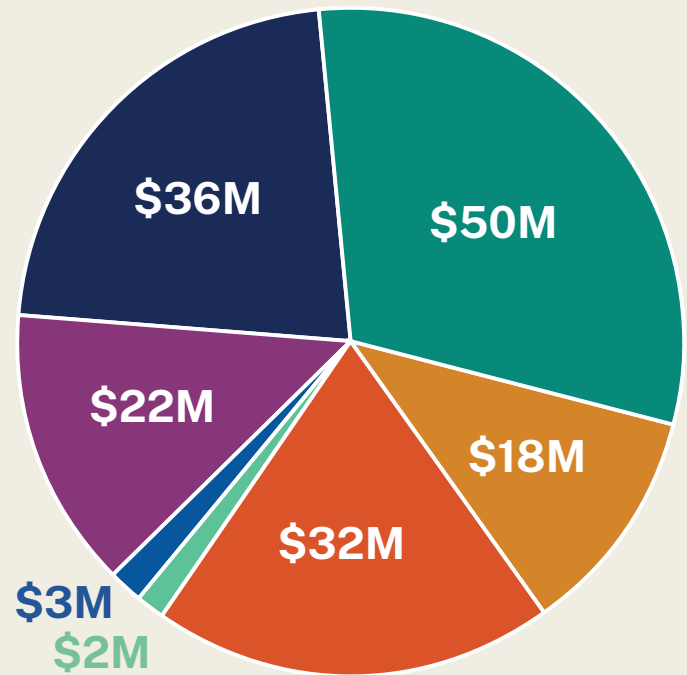
Similarly, our Standby Guarantee Facility, designed to provide EPF investors with the necessary comfort for a developer whose balance sheet or liquidity might not otherwise meet those investor's requirements, saw its first utilization in December 2021. That developer, whose project will provide 150 units of affordable housing, will now be able to grow their balance sheet. This support is helping the developer avoid the cycle of needing to rely on a joint venture partner's balance sheet strength at the cost of losing out on the economic value of the deal.



**EPF Resource Inflows (\$M)**  
 (\$350M of \$350M secured)



**EPF Resource Outflows (\$M)**  
 (\$163M of \$350M allocated)



# Overview of Advisory Services and Capacity Building

Enterprise has created a variety of supports for our developer partners to help expand their capacity to absorb and leverage capital, grants, and subsidy sources. We have completed needs assessments with **20 EPF developer partners**, all of whom have been approved for or are in discussions to receive some form of EPF capital. We are now working with them to build individualized work plans, prioritizing the most impactful topics on which we will fund technical consulting engagements.

To deliver these specific support engagements, we work in coordination with local Enterprise market staff, industry experts across our national teams and business lines, as well as culturally competent consultants within our networks. Our partners have identified a wide range of topics of interest that are obstacles to growth, but a few have been recurring themes across our EPF network.

The single most frequently cited area of interest is help with asset management strategy, including specific interest in analytics, staffing, and organizational structure in this area. We have also seen interest from multiple partners in organizational accounting and financial planning, HR, IT, commercial/mixed use strategies, sustainability best practices and assistance with accessing specific local funding and subsidy programs. The consistent theme of these needs appears to reflect the multiple ways, beyond just access to project funding, that these organizations are resource constrained.

As we complete advisory service engagements, we are cataloguing the recommendations and learnings and anonymizing the data so it is a broadly available resource. To expand EPF offerings to an even wider audience, we also completed five in-depth webinars focusing on financing and business practice issues of interest to BIPOC developers and attracted 972 registrants in total. The webinars included sessions on utilizing joint venture equity and preparing strong financing requests. All remain [publicly available online.](#)

As a complement to these advisory services, we are launching a national peer-to-peer exchange group of BIPOC real estate leaders in an interactive forum to:

- share successes and challenges,
- discuss best practices,
- foster relationship building and connection with other EPF participants,
- facilitate access to other industry leaders,
- generate opportunities for developing joint venture partnerships (high-capacity developers partnering with emerging developers, etc.),
- build real time policy recommendations that will inform our collective local, state, and federal policy agenda,
- inform the evolution and execution of this initiative over the next four years by providing recommendations to Enterprise on the ways we can most effectively help spur BIPOC developer growth.



# Evaluation Plan: Tracking Key Performance Indicators

Enterprise is undertaking a mixed-method evaluation of EPF to measure the specific impacts of the program on our developer partners, as well as help demonstrate that capital can be made more accessible without increasing risk for investors.

The evaluation is using both deal data and annual partner surveys to monitor outcomes. This will enable us to measure our effectiveness from several angles: tracking the EPF portfolio and deal performance, monitoring capital lending practices, as well as learning from developer experiences and folding all that feedback into our overall program design. In short, continuous tracking and reporting allows the program team to make course-corrections as needed to

maximize program impact. As the program matures, KPI tracking will be augmented by in-depth interviews with participating developers to investigate the impact of the EPF on our partners and the communities in which they are working.

Since EPF launched, we have invested substantial time and interdepartmental coordination on systems and tracking for ongoing data collection. We also developed annual and baseline survey instruments to track—across all our capital and program teams—consistent metrics on our financial and advisory services supports to BIPOC partners. These new processes began to roll out in 2021, and we are analyzing early, baseline KPIs. Initial data will be ready to share by July 2022.

## EPF Impact - Key Performance Indicators

Impact Area	KPIs
<b>Enterprise Capital Development</b>	<ol style="list-style-type: none"> <li># and % of deals closed with all BIPOC-led developers</li> <li>\$ and % of capital invested through all BIPOC-led developers</li> </ol>
<b>Developer Capital Capacity</b>	<ol style="list-style-type: none"> <li>Annual unit production/commercial space square footage</li> <li>\$ of capital leveraged and type of sources (public, private, philanthropic) based on Total Development Costs</li> </ol>
<b>Developer Organizational Capacity</b>	<ol style="list-style-type: none"> <li>% Increase in Total Revenue</li> <li>% Net Assets (nonprofit) or Total equity (for-profit)</li> <li># sole vs. JV deals</li> <li>of staff/racial composition of staff</li> <li>Majority BIPOC Board</li> </ol>
<b>Community Impact</b>	<ol style="list-style-type: none"> <li>Demographics of communities invested in (by race and ethnicity, income, poverty rate)</li> <li>Jobs created</li> <li>Discretionary income (resident savings)</li> <li>Income levels served through units produced</li> </ol>

## Regional CDO Funds

One of the earliest down payments Enterprise made on its execution of EPF was in the raise and deployment of two regional Community Development Organization (CDO) Funds—one in Detroit and one in New Orleans. The CDO Funds are foundation-backed initiatives delivering critical operating funding support to nearly 40 nonprofits that serve or are led by Black, Indigenous and People of Color (BIPOC).

Key to the vision of the CDO Funds is the provision of sustained, multi-year financial resources and technical assistance to support both organizational sustainability and equitable community revitalization.

This means delivering critical investments in organizational systems, staff training, leadership development, and offering opportunities for organizations to learn from one another through peer sharing networks.

**\$14M to 25**

BIPOC-led nonprofit organizations in Detroit

**\$1,050,000 to 13**

BIPOC-led nonprofit organizations in New Orleans

Some shining examples of how this approach is transformative to both organizations and the communities they serve:

- Enterprise supported a CDO Fund grantee/cohort member in Detroit with its organizational sustainability needs, including resources needed to hire a grants compliance manager and to engage a financial consultant to help them implement more sound fiscal management strategies.
- Enterprise closed a construction line of credit with CDO Fund grantee/cohort member this year to support the construction of energy efficient single-family homes to be sold to buyers with incomes below 80 % of AMI in the Tremé/7th Ward neighborhood of New Orleans. This is a historically Black neighborhood, and the area has the highest proportion of people living below the federal poverty level in New Orleans.

These regionally tailored initiatives within EPF are central to Enterprise's goal of building sustainable and equitable community development and affordable housing production systems in New Orleans and Detroit. We see these programs as imperative tools in the deployment of creative solutions to challenges that keep individuals and neighborhoods from fully recovering from historical disinvestment and natural disasters.

Participants in both funds also have access to other Equitable Path Forward program resources and capital.



## Lessons Learned & Looking Ahead

Given the rarity of our breadth of expertise, Enterprise is uniquely positioned to be able to meet the bespoke capital, grant and advisory support needs of our partners, whatever they may be. Over the past year we have heard from our EPF developer network that the capital products and supports we have developed are both needed and currently difficult to obtain elsewhere. Most of the nonprofit and many of the for-profit developers with whom we are working have a long history and deep ties to the communities where they are seeking to develop. We are learning that many of them undertook the years of advocacy needed to make the development opportunity real/happen, only to then see the project and related economics slip away.

Enterprise believes — and EPF seeks to substantiate — that the tenacity and longevity of these developers are factors to be considered in the risk models of investors and the assessment of bank regulators. We are proving that there is a “market” for what EPF is trying to achieve, both from investors looking to support the effort and developers looking to utilize it. Enterprise is helping “make the market” for products designed to support diverse, community-oriented developers. We firmly believe that this performance record for both our developer partners and our investors will help generate exponentially greater investment in this historically marginalized group of housing providers and the communities they serve.



## EPF Partner Profiles



### Iris Development Company

New Orleans & Harlem, New York

Driven by a community-centered approach, Iris Development Company begins a new project by introducing themselves to residents to explain their goals, invite feedback and address concerns. To CEO Curtis Doucette Jr., it's a critical component of his company's philosophy.

With offices in New Orleans and Harlem, N.Y., Iris manages 400+ affordable homes. Their work includes new construction and substantial rehabs of mixed-income rental communities along with affordable home ownership.

A \$2 million loan for working capital through Equitable Path Forward (EPF) has enabled Iris to:

- Double their staff size while adding needed payroll flexibility. "There have been times when we've almost had to sell our souls to get dollars toward a project without collateral," Curtis says. "So the loan from Enterprise makes a world of difference."
- Explore new opportunities and stabilize existing projects. When pre-development costs can climb to several hundred thousand dollars, Enterprise's loan enables Iris to pursue new projects with more certainty. "The more cash we have at our disposal, the more projects we can do," he says.

Developer fees — one of the primary sources of income for developers — often take years to materialize. For a smaller developer, the delay can be detrimental — paralyzing payroll, limiting growth and obstructing new opportunities. A loan like EPF's helps provide flexibility while mitigating against the long wait times.

Curtis considers himself a "financial abolitionist, personally and financially. A century of policies has prevented too many from building wealth. We need more creative access to capital for people who have been excluded from the game."

Knocking down barriers-to-entry and easing the access to capital remain vital constituents of the EPF plan to support developers of color.



## Partner Profiles



### Ginosko Development Company

Novi, Michigan

The organization's eponymous name — Ginosko Development Company — is indicative of their approach to real estate development. In Greek, Ginosko means 'to understand completely.' According to president and CEO Amin Irving, it's the secret behind their growth since 2002. That and learning to do more with less.

"Ginosko has had 19 years where we've kind of scrapped at crumbs ... [figuratively] eating crumbs fallen off the table," Amin says. But with Enterprise's \$2.3 million working capital loan through Equitable Path Forward (EPF), now Ginosko has "access to the type of capital that allows us to tackle deals with money but have the strategy as though we don't. That puts us at a unique advantage."

When discussing barriers that developers of color face in the housing industry, Amin points to the inaccessibility of capital. "In today's world, you can have all the cash you want and still effectuate a bad idea. But if you have a great idea and don't have any cash, it's harder to get that done," he says. "That puts people who have generationally not had access to cash at a disadvantage."

A program like EPF enables a company like Ginosko to be more nimble. "Being more nimble allows us to be more creative. Being more creative allows us to effectuate deals in a unique and profitable way," Amin says.

A reexamination of risk is another part of the solution. For developers without traditionally deep pockets, they're disadvantaged when the underwriting process focuses on net worth. According to Amin, the solution is to respect ideas. "Wonderful ideas should mitigate the risk."

In large part, this is why Enterprise created a first-of-its kind Standby Guaranty Facility, a credit enhancement tool for developers whose balance sheets don't meet traditional investor requirements.

The other piece Amin cites about EPF is the people. Our philosophy has always been 'in the multitude of counsel there's safety.' So, being a part of a program that not only provides capital but provides counsel fits the ethos of Ginosko."

# Thank you to our Investors and Supporters!

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