

Community Development Fund: Frequently Asked Questions

The South Baltimore Gateway Partnership (SBGP) is excited to announce the formation of its Community Development Fund (CDF)– a fund designed to equitably support real estate projects in the [neighborhoods of the SBGP District](#). In total, the CDF and South Baltimore Gateway Funding Consortium may be able to provide qualified applicants with access to more than \$35 million in grants, loans, and other types of financing.

Why?

Successful neighborhoods usually have three important elements: (1) committed residents; (2) a clean and green environment; and (3) a housing and/or commercial real estate market that reflects the community's needs and aspirations.

SBGP has already made great strides on the first two of these. Through grants to community organizations, SBGP is fostering the involvement of residents in their neighborhoods. SBGP's Enhanced Services program is creating a clean and green environment in these communities as well as strengthening neighborhood parks. These programs are bolstered by major Transformational Projects, such as Reimagine Middle Branch.

This new Community Development Fund will result in SBGP directly supporting new real estate projects in the neighborhoods it serves.

How does this fit into SBGP's Strategic Plan?

This Fund is part of the Community Development and Revitalization strategic priority: Improving the quality of neighborhoods by increasing the marketability of properties, stabilizing and improving housing and promoting redevelopment and investment.

What are the goals of the Fund?

The goals are to attract investments which further a community's aspirations and plans, support legacy homeowners, preserve affordability and address vacancies. SBGP does not intend to be a developer or start a venture capital fund. The monies are to permit nonprofit community organizations to partner with developers in order to develop projects which will transform their neighborhoods. The CDF exists to help fund initial pre-development costs; assist with acquisitions of property; and finally, help a project attract the funds necessary to complete its capital requirements.

How much money is in the fund?

The Board of Directors of SBGP has allocated \$1.5 million in FY 2023, \$1 million in FY 2024 and \$1 million in FY 2025 to provide the necessary funding and staffing support. The Mayor's Office and the Department of Housing and Community Development are providing \$2 million in additional support. Additionally, these funds are expected to leverage an additional \$30 million from consortium of regional Community Development Financial Institutions (CDFIs). Each of the members will independently review and underwrite potential transactions. In total, the South Baltimore Gateway Funding Consortium may be able to provide qualified applicants with access to more than \$35 million in grants, loans, and other types of financing.

What kind of projects will this receive consideration for grants?

The fund will prioritize real estate projects supporting neighborhoods. These projects may range from redeveloping vacant houses or properties to construction of larger projects which could include commercial buildings. The CDF will focus on three different types of development activities.

The first type includes those projects requiring pre-development funds for activities such as concept design and feasibility planning, or to assist with property acquisition, which in turn will position a project to attract additional financing.

The second type are those projects which are well under way, but which require additional capital to close a final funding gap.

The third type involves supporting grass-roots groups that require funds to assist with strategic acquisitions of properties in their communities.

What is the application process? Is there a deadline?

The application is located on the SBGP website here:

<https://sbgpartnership.org/our-programs/community-development-fund/>

Applications will be accepted on a rolling basis.

The application must be submitted by a nonprofit organization which is aligned with a developer who is committed to ensuring that the community will play a meaningful role in the development process. If the application is successful, the funds will be distributed to the nonprofit organization which in turn will transfer the funds to the developer.

How is SBGP ensuring that this funding is distributed equitably as part of the funding approval?

SBGP has a long and well-documented track record of ensuring that funds are distributed equitably across its District. In this case, the CDF is designed to support projects that align with SBGP's Strategic Plan.

Each application, in addition to being reviewed by the SBGP staff, will also be analyzed by an independent consultant. As part of each review, the questions of whether the project is both strategic and feasible will be critical in deciding whether to support the project. As with all programs, SBGP strives to distribute funding equitably across District neighborhoods.

Additionally, before the decision by the Fund to support a given project is made, it must be approved by a committee of the SBGP board.

Following the awarding of application, the SBGP CDF staff will closely monitor the progress of the project until completion.

Will the involved communities be consulted in the projects taking place in their neighborhoods?

Funds will only be given to nonprofit organizations, not to for-profit developers. Those recipients will either be nonprofit developers, such as CDCs, or nonprofits partnering with for-profit partners. Moreover, as part of the application process, letter(s) of support from the neighborhood/community association in the project area are necessary. Waivers of this last requirement may only be granted if requesting a letter of support interferes with already existing private contracts.

How can communities use this fund to address gentrification?

Communities can apply for funding to acquire properties before gentrification, build affordable housing, and support projects that address their vision for their neighborhood. This could include affordable, for-sale housing, mixed-income apartment buildings, or other innovative solutions to preserve affordability.

Will the Mayor's Office and the Department of Housing and Community Development (DHCD) be involved?

Baltimore City and DHCD have pledged to support this process and are supplementing the Fund's resources with additional monies.

Will these funds have to be paid back?

The funds will be awarded as grants. If there is a good faith effort by the development team to advance the project, the grant will be forgiven, with one possible exception. If a particular project results in a windfall success by the development team, the amount of the original grant may be recaptured to replenish the pool of funds available for other projects.

What is the role of each neighborhood in the process?

Each of the SBGP neighborhoods should take the opportunity provided by the Community Development Fund to prioritize real estate projects in their community. These projects may range from redevelopment of vacant houses to construction of larger projects which may include commercial buildings. The neighborhoods should

attempt to identify developers who recognize that the community will need to play a meaningful role in the development process for the project to succeed.

Each neighborhood should continue to work with the Code Enforcement Division of DHCD through the 311 process to make property owners conform to the City Code. Additionally, each neighborhood should encourage tenants who want to become homeowners or homeowners whose homes require improvements to take advantage of existing DHCD and Baltimore City programs.

What is the role of a for-profit developer in the process?

While for-profit developers are prohibited from applying for funds, they are encouraged to partner with local nonprofit organizations who can serve as applicants.

A developer should identify community nonprofits with whom it is prepared to partner in a meaningful way in order to develop the project. The developer should consider soliciting additional support from the community.

The grant may cover a variety of initial development costs such as predevelopment costs, acquisition costs, stabilization, demolition, gap financing, home buyer incentives and/or marketing. It may also be used to complete the initial financing of a project so the project can begin construction.

What is the role of the investment and philanthropic communities?

As the projects which have received the support of the Community Development Fund are announced, the investment community should understand that each project, prior to receiving that support, has undergone an analysis by an independent consultant whose opinion is that the project is both strategic and feasible. It will also have been reviewed and approved by the Strategic Planning Committee of the Board of SBGP. It may also have received support from Baltimore City.

We hope that that the investment community will approach each of these projects with the understanding of how important they are to the future of the neighborhoods which are supporting these projects and will partner with the SBGP in funding the future of our city.

For additional questions, please contact SBGP's Senior Real Estate Development Manager, Faith Ohai: fohai@sbgpartnership.org