

Opportunity Zone Investment Profile



Hope Manor Village

Location: **Chicago, IL**

Congressional District: **IL-7**

Opportunity Fund Name: **NEF Fifth Third
Opportunity Zone Fund 1**

Opportunity Fund Manager: **National Equity
Fund**

Investment Date: **Q3 2020**

Project Details: **New affordable homes for
Veterans and their families**

Volunteers of America Illinois Creates Affordable Homes for Veterans

In Chicago's South Side neighborhood, [Volunteers of America \(VOA\) Illinois](#) has created one of the nation's first large-scale, supportive housing developments specifically designed for Veterans and their families. The Hope Manor campus spans six city blocks and is comprised of new, affordably-priced homes, outdoor recreation areas, and dedicated space where residents can access counseling, case management services, youth enrichment programs, employment services, parent training and support, as well as peer support. The latest addition to the campus is a 16-building project called [Hope Manor Village](#), which was financed in part with Opportunity Zones equity.

Hope Manor Village adds 36 two-bedroom apartments to the Hope Manor campus. These newly constructed homes are located on 16 formerly vacant lots that VOA Illinois purchased from the City of Chicago for one dollar each. The project serves families earning 15 - 60% of Area Median Income, and its energy-efficient design will help residents save money on their utility bills. VOA Illinois received a \$3.3 million OZ investment from Fifth Third Bank through an Opportunity Fund managed by the [National Equity Fund](#).

Like the other properties on the campus, Hope Manor Village was designed to address the growing need for services to support Veterans struggling with unemployment, mental health challenges, and homelessness. By expanding the availability of affordable homes connected to supportive services, VOA Illinois is providing a comprehensive response to the challenges facing all Veterans who are homeless or at-risk of homelessness – especially female Veterans and Veterans with children. Approximately half of the current residents at Hope Manor Village are Veterans, and other residents are low-income families who were at risk of homelessness.



“Because of the Opportunity Zones initiative, we were able to expand our total community investment activity and help respond to this critical need. Good housing is really at the heart of our communities. That’s why we were so intent on using this new form of financing to help more families build financial security and help communities increase local economic activity and growth.”

– Catherine Cawthorn, President, Fifth Third Community Development Corporation



Projected Impact*

Full-time equivalent jobs supported:	40
Construction jobs supported:	24
Total wages generated:	\$4.1 million
Local fee revenue during construction:	\$194,000
Annual state and local tax revenue:	\$234,000

*The National Association of Home Builder's National Impact of Home Building model was used to project the economic impact of this investment. These estimates are calculated on a nationwide basis. Actual impact may vary.

Community Stats

	Census Tract: 8343	MSA: Chicago-Naperville-Elgin
Median Family Income:	\$75,847	\$89,208
Poverty Rate:	26.5%	11.8%
Adults Not Working:	28.6%	19.4%
Minority Population:	99.2%	47.1%
Bachelor's Degree or Higher:	32.0%	38.0%
Housing Vacancy:	10.8%	7.8%

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About the Investment

In early 2020, Fifth Third Bank announced it would partner with four Opportunity Fund managers to commit [\\$100 million in OZ equity](#) investments to projects that deliver community revitalization. Later that year, NEF Fifth Third Opportunity Zone Fund 1 shared that it had [deployed \\$25 million](#) through its partnership with Fifth Third Bank to support the development of nearly 300 rental homes for low- and moderate-income families, including the 36 affordable homes at Hope Manor Village.

Hope Manor Village solely serves low-income residents, including families [earning as little as \\$12,510 annually](#). VOA Illinois' model for utilizing OZ financing alongside the Low Income Housing Tax Credit (LIHTC) and other various sources of community and economic development programs demonstrates how OZ investments can be deployed to expand the availability of affordable homes. NEF Fifth Third Opportunity Zone Fund 1 provided a 15-year OZ investment to coincide with the LIHTC compliance period.

The Impact of Opportunity Zone Financing

With legal support from [Applegate Thorne-Thomsen](#), VOA Illinois closed on its \$3.3 million OZ investment halfway through the construction of Hope Manor Village. Because of the timing deadlines stipulated by the OZ policy, OZ capital was immediately deployed to help finance the second half of construction. By tapping OZ equity to cover construction costs, VOA Illinois was able to reduce its original construction loan. Doing so eliminated a portion of the interest fees charged on that loan, which resulted in cost savings for VOA Illinois.

For a non-profit developer like VOA Illinois, the cost savings realized by utilizing OZ equity for construction costs means that more money can be spent developing additional affordable homes and providing critical services to low-income families.

Capital Stack

NEF Fifth Third Opportunity Zone Fund 1 made a \$3.3 million OZ equity investment. VOA Illinois also received a \$3.6 million loan from BMO Harris, and tapped multiple city and federal community and economic development programs to finance Hope Manor Village.

Other capital sources were leveraged throughout the development process, including the Federal Home Loan Bank and the Capital Magnet Fund.

Total development cost: \$14.5 million



Key sources of financing:

- \$385,000 - Home Depot Foundation
- \$463,000 - Project sponsor equity
- \$2.6 million - City of Chicago HOME Funds
- \$3.3 million - OZ equity - NEF Fifth Third Opportunity Zone Fund 1
- \$3.6 million - Loan from BMO Harris
- \$4.1 million - Low Income Housing Tax Credit equity from NEF Multi-Investor Fund

About Opportunity Zones

Opportunity Zones are a new national investment tool designed to spur economic growth and community development by encouraging long-term private equity investment in distressed urban, suburban, and rural communities across America. In 2018, local leaders in every state, U.S. territory, and Washington, D.C. supported the nomination of more than 8,700 low-income census tracts for Opportunity Zone designation. Individuals and companies can receive a series of graduated tax benefits based on the amount of time invested in a Qualified Opportunity Fund, which must have 90 percent of assets invested in real property or operating businesses located in Opportunity Zones. The Opportunity Zones policy is based on the bipartisan Investing in Opportunity Act, which was championed by a regionally and politically diverse coalition of congressional cosponsors.

About The Economic Innovation Group (EIG)

EIG is a bipartisan ideas laboratory and advocacy organization whose mission is to advance solutions that empower entrepreneurs and investors to forge a more dynamic American economy. Headquartered in Washington, D.C., EIG convenes leading experts from the public and private sectors, produces original research, and works to advance creative legislative proposals that will bring new jobs, investment, and economic growth to communities across the nation.

EIG leads a coalition of stakeholders as part of its efforts to support the formation of a robust Opportunity Zones ecosystem. For more information, contact info@eig.org