

BENEFIT CHICAGO

FAQs: Applying for Capital

What organizations are eligible for financing?

Eligible organizations include Community Development Financial institutions (CDFIs) and other financial intermediaries that lend and invest in underserved areas; nonprofit organizations looking to expand their reach; and businesses that have a clear social purpose based on their mission and operations (i.e., social enterprises). Underwriters will consider key factors like organizational strength and readiness for borrowing, as well as the proposed use of capital and its impact on communities or populations in need.

What are “social enterprises”? Why not just support nonprofits?

Social enterprises are for-profit businesses with a positive social impact. Nonprofits, in fact, often create social enterprises as another way to fulfill their missions, providing valuable services while generating income that can support their other programs.

How will organizations use the capital?

Loans and investments must be used to support work in the six-county Chicago region. They can be focused on a variety of purposes, both directly and through intermediaries. For example, this financing can help attract new businesses, such as grocery stores in food deserts; create jobs and expand workforce skills; build up development pipelines for affordable housing; help health centers and child care centers grow their operations; finance green energy/building solutions; and support responsible mortgages and auto loans that help families save money and build a more secure future.

What forms could financing take?

Capital can be disbursed as loans, equity, bank deposits, loan participations, guarantees or contingent contractual obligations, such as “pay for success” contracts/social impact bonds. Because these are loans and investments to spur long-term organizational growth, innovation and impact, they generally cannot be used for construction financing or as a source of commercial mortgage financing. However, while Benefit Chicago will not be directly providing construction or commercial mortgage financing, it is possible that this capital could expand the pool of resources that intermediaries have available to provide construction or commercial mortgage financing.

How much could my organization borrow?

Loans and investments made directly via Benefit Chicago will range from \$500,000 to \$15 million; intermediaries, however, could use this capital to provide smaller loans in the communities they serve. The amount of the loan or investment will depend, in part, on the organization’s ability to generate sufficient income to repay the loan.

What will be the interest rate for the loans?

Interest rates will vary based on the terms of the transaction and the level of risk. Rates are expected to range from 3-6 percent.

Does this new capital replace grants?

No. Grants and government resources are the lifeblood of many organizations. Benefit Chicago provides a different kind of support that adds to the financial resources available to address Chicago's needs.

Do nonprofits really need investment capital in addition to grants?

Yes, in fact they say the need is urgent. Research has identified \$100 million in unmet local need—financing that nonprofits, intermediaries and entrepreneurs could use to build new facilities, expand operations, jumpstart community development projects and spur economic opportunity. Communities need investment capital to attract a range of businesses and services that contribute to a good quality of life for residents.

How do I know if my organization qualifies?

Benefit Chicago “navigators” will review your information and contact you to discuss your status and next steps, including referrals to other capital providers as needed. The information you provide will also help the Benefit Chicago team better understand the pressing needs in our communities and inform our ongoing work to support nonprofits and social enterprises throughout the region.

How long does the process take?

If your organization qualifies for a loan through Benefit Chicago, the underwriting process can take from three to six months, depending on the complexity of the application.

How do I get started?

Go to www.benefitChi.org to begin the process by answering a few questions to help determine your eligibility.